Update to Annual Information Statement State of New York

December 3, 2020

Table of Contents

Introduction

Introduction

This second quarterly update to the Annual Information Statement (the "AIS Update") is dated December 3, 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 Mid-Year Update to the Financial Plan for FY 2021 (the "Updated Financial Plan") issued by the Division of the Budget (DOB) in October 2020. The Updated Financial Plan (which is available on the DOB website, www.budget.ny.gov) includes a summary of second quarter operating results for FY 2021 (quarter ended September 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 Updated 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 January 2021 with the release of the FY 2022 Executive Budget 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) and the Office of the Attorney General. 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.

---

[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.

DOB has not undertaken any independent verification of the information contained in these sections of this AIS Update.

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, calculations 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”, "calculates", "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 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.

Usage Notice

This AIS Update has been prepared and made available by the State pursuant to its contractual undertakings under various continuing disclosure agreements (CDAs) entered into by the State in connection with financings of the State, as well as certain issuers, including public authorities of the State, that may depend in whole or in part on State appropriations as sources of payments of their respective bonds, notes or other obligations.

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 and this AIS Update is generally weighted toward the General Fund.

---

[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”. These unrestricted amounts 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.

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 Updated Financial Plan.

FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES (millions of dollars)			
		FY 2021	
	FY 2020 Results	First Quarter	Mid-Year
State Operating Funds Disbursements			
Size of Budget	$102,160	$98,152	$97,908
Annual Growth	0.3%	-3.9%	-4.2%
Other Disbursement Measures			
General Fund (Including Transfers)[1]	$77,469	$70,690	$70,877
Annual Growth	6.4%	-8.8%	-8.5%
Capital Budget (Federal and State)	$11,999	$14,676	$13,959
Annual Growth	-2.2%	22.3%	16.3%
Federal Operating Aid[2]	$58,823	$72,256	$77,970
Annual Growth	0.6%	22.8%	32.6%
All Funds	$172,982	$185,084	$189,837
Annual Growth	1.2%	7.0%	9.7%
Capital Budget (Including "Off-Budget" Capital)[3]	$12,484	$15,035	$14,268
Annual Growth	-2.3%	20.4%	14.3%
All Funds (Including "Off-Budget" Capital)[3]	$173,467	$185,443	$190,146
Annual Growth	1.2%	6.9%	9.6%
Inflation (CPI)	1.9%	0.3%	1.1%
All Funds Receipts			
Taxes	$82,889	$74,461	$74,461
Annual Growth	9.7%	-10.2%	-10.2%
Miscellaneous Receipts	$29,466	$31,066	$30,784
Annual Growth	-5.5%	5.4%	4.5%
Federal Receipts (Operating and Capital)[2]	$65,080	$77,097	$83,058
Annual Growth	6.1%	18.5%	27.6%
Total All Funds Receipts[2]	$177,435	$182,624	$188,303
Annual Growth	5.5%	2.9%	6.1%
General Fund Cash Balance	$8,944	$7,087	$7,237
Rainy Day Reserves	$2,476	$2,476	2,476
Extraordinary Monetary Settlements	$2,610	$2,185	2,185
Economic Uncertainties	$890	$1,340	1,490
All Other Reserves/Fund Balances	$2,968	$1,086	1,086
Debt			
Debt Service as % All Funds Receipts[4]	2.8%	3.3%	3.2%
State-Related Debt Outstanding	$54,447	$60,093	$60,514
Debt Outstanding as % Personal Income	3.9%	4.3%	4.2%
State Workforce FTEs (Subject to Direct Executive Control)	118,193	118,850	118,170

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

2 Includes the receipt and planned use in FY 2021 of $5.1 billion from the Coronavirus Relief Fund, pursuant to the Federal CARES Act.

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

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

Summary

The General Fund is expected to remain in balance in FY 2021. The assured extension of enhanced Federal Medical Assistance Percentage (eFMAP) through December 2020, which is valued at roughly $750 million, offsets updated costs for Medicaid enrollment and an expected decline in HCRA receipts and provider assessments. Both the increased enrollment and the decline in receipts are mainly due to pandemic effects, with the increase in enrollment driven by job losses and the decline in receipts driven by safety and capacity restrictions. Based on results to date and given the extraordinary economic, financial, and political uncertainties ahead, DOB did not make any revisions to the tax receipts forecast in the Updated Financial Plan.

The budget gaps for future years are now projected at $8.7 billion in FY 2022, $9.7 billion in FY 2023, and $9.4 billion in FY 2024. The projected budget gap for FY 2022 has increased by roughly $370 million compared to the prior update to the Financial Plan (the "First Quarterly Update Financial Plan") estimate. This is due mainly to projected health care enrollment through FY 2022 being above prior estimates and the assumed expiration of eFMAP on December 31, 2020.

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 Reduction Authority granted to the Budget Director by State legislation (the "Reduction Authority") enacted in connection with the adoption of the FY 2021 Enacted Budget (the "Enacted Budget"). It has also imposed a rigorous process for reviewing all planned payments for local aid, agency operations, and capital projects. Through the end of September 2020, DOB estimates that approximately $2.4 billion in local aid payments were not made as budgeted. All or a portion of these budgeted payments may not be made during FY 2021, depending on the size and timing of new Federal aid, if any.

The Updated Financial Plan estimates and projections for each year, including FY 2021, reflect $8 billion in local aid reductions that are expected to be executed pursuant to the Reduction Authority. 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. If the U.S. Congress approves substantial new recovery aid to the states and localities in upcoming months, the level of State-planned reductions in local aid may be reduced.

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 30, 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, and closed on a $3 billion line of credit facility. 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 notes are scheduled to be repaid in December 2020 ($1 billion) and March 2021 ($3.5 billion). The State has not drawn down on the line of credit facility, and does not expect to do so prior to the end of FY 2021.

In October 2020, the Department of Financial Services (DFS) announced a $150 million settlement with Goldman Sachs for Goldman's role in the fraudulent misappropriation of funds related to a strategic investment development fund. Consistent with recent settlements, the entire amount is reserved for economic uncertainties, the balance of which is nearly $1.5 billion.

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 respectively reported declines in mass transit, commuter rail, and vehicular traffic which are having an adverse and material impact on their financial conditions 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 further materially and adversely affect the financial position of the MTA, the City of New York, and other localities.

Updated Budget Gap Closing Plan

In comparison to the Executive Budget Financial Plan ("February Plan"), the last plan released before the onset of the pandemic, DOB has reduced the FY 2021 estimate for General Fund receipts by $14.9 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, they 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, creating a total loss of nearly $63 billion through FY 2024 compared to the 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
TOTAL GENERAL FUND REVISIONS	**(14,922)**	**(16,328)**	**(15,922)**	**(15,665)**	**(62,837)**
ENACTED/Q1 UPDATE REVISIONS	**(14,516)**	**(16,207)**	**(15,814)**	**(15,556)**	**(62,093)**
General Fund Tax Receipts	(12,862)	(15,472)	(15,238)	(15,153)	(58,725)
Licenses and Fees	(300)	(200)	(150)	(100)	(750)
Lottery/Gaming Receipts	(1,146)	(479)	(377)	(252)	(2,254)
Dedicated Tax Receipts (DHBTF)	(208)	(56)	(49)	(51)	(364)
MID-YEAR UPDATE REVISIONS	**(406)**	**(121)**	**(108)**	**(109)**	**(744)**
Health Care Receipts	(406)	(121)	(108)	(109)	(744)

[1] Excludes receipts of Extraordinary Monetary Settlements.

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 $14.9 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 Revisions	(14,922)	(16,328)	(15,922)	(15,665)
UPDATED BUDGET SURPLUS/(GAP)	**(14,922)**	**(18,267)**	**(19,235)**	**(18,931)**
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:	**10,165**	**9,178**	**9,170**	**9,224**
Budget Balance Reductions (Aid to Localities)	8,180	8,010	8,010	8,010
Cash Management Withholds (Apr-Sep)	2,354	0	0	0
Financial Plan Reconciliation	(2,354)	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	1,654	872	955	1,000
Debt Service/Other Revisions	331	296	205	214
Resource Changes:	**5,031**	**517**	**(19)**	**2**
Federal Medicaid Share Increase (eFMAP)	2,984	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:	**(1,056)**	**(1,064)**	**(396)**	**(332)**
Health Care: Enrollment Increases/Other	(985)	(785)	(100)	(36)
Ongoing COVID-19 Expenses	0	(200)	(200)	(200)
Delayed Prison Downsizing	(41)	0	0	0
DMV Operation Costs	(30)	(67)	(83)	(83)
Other Costs	0	(12)	(13)	(13)
MID-YEAR UPDATE SURPLUS/(GAP)	**0**	**(8,725)**	**(9,743)**	**(9,419)**

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 First Quarterly Update Financial Plan and 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.

Mid-Year Revisions

The following table summarizes the General Fund revisions to the First Quarterly Update Financial Plan. The table is followed by a brief explanation of the revisions.

FY 2021 MID-YEAR UPDATE
GENERAL FUND BUDGETARY BASIS SURPLUS/(GAP) PROJECTIONS
(millions of dollars)

	FY 2021 Updated	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
FIRST QUARTERLY UPDATE SURPLUS/(GAP)	**0**	**(8,358)**	**(9,849)**	**(9,352)**
Resource Changes	**337**	**250**	**184**	**230**
Tax Receipts:	(14)	(31)	(22)	17
Debt Service	(14)	(31)	(22)	17
Non-Tax Receipts/Transfers:	351	281	206	213
Allocation of Agency Operations Savings	188	265	195	205
Extraordinary Monetary Settlements	150	0	0	0
Debt Service - Mental Hygiene	10	13	8	6
All Other	3	3	3	2
Spending Changes	**(187)**	**(617)**	**(78)**	**(297)**
Local Assistance:	73	(295)	384	491
Enhanced FMAP Extension (10/1 to 12/31)	746	0	0	0
Delayed Implementation of MRT II Savings Actions	(175)	0	0	0
Health Care Receipts (General Fund Offset for Medicaid)	(406)	(121)	(108)	(109)
Health Care Enrollment/Other	(139)	(253)	427	508
Allocation of Agency Operations Savings	14	14	14	14
All Other	33	65	51	78
Agency Operations/Fringe Benefits:	(316)	(416)	(535)	(832)
Allocation of Agency Operations Savings[1]	(328)	(380)	(545)	(545)
Fringe Benefits/Fixed Costs	71	180	225	(72)
Ongoing COVID-19 Expenses	0	(200)	(200)	(200)
All Other	(59)	(16)	(15)	(15)
Transfers to Other Funds	56	94	73	44
Allocation of Agency Operations Savings	61	76	99	99
Debt Service	14	94	66	30
DMV Operations	(30)	(67)	(83)	(83)
All Other	11	(9)	(9)	(2)
Use/(Reserve) of Fund Balances	**(150)**	**0**	**0**	**0**
Economic Uncertainties	(150)	0	0	0
MID-YEAR UPDATE SURPLUS/(GAP)	**0**	**(8,725)**	**(9,743)**	**(9,419)**

[1] A portion of savings has been allocated to other financial plan categories (e.g., transfers).

Resource Changes

Debt Service. General Fund tax receipts are revised downward due exclusively to changes in debt service costs. The Revenue Bond Tax Fund (RBTF) received lower reimbursements from capital programs for transportation and mental hygiene that are used to cover their share of debt service costs as the actual debt service costs were below estimated levels. The variance was due to lower capital spending and related debt issuances. This resulted in a lower transfer of tax receipts from the RBTF to the General Fund. Debt service savings related to refundings and interest rate assumptions are reflected in non-tax transfers from other funds and transfers to other funds, and in total provide net General Fund savings of $10 million in FY 2021.

Allocation of Agency Operations Savings. The annual estimates for transfers from other funds have been increased to reflect changes in available resources in other funds due to expected operational savings consistent with the allocation of the agency budget reduction savings plan. These savings include mental hygiene rate adjustments and additional Federal Disproportionate Share Hospital (DSH) revenues partially offset by COVID related revenue declines attributable to facility patient volume.

Extraordinary Monetary Settlement. In October 2020, the DFS settled with Goldman Sachs for Goldman's role in the fraudulent misappropriation of funds related to a strategic investment development fund. The State's receipt of a $150 million penalty payment has been reserved for economic uncertainties, consistent with the treatment of other recent extraordinary monetary settlements. The amount reserved for this purpose now totals nearly $1.5 billion.

Spending Changes

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

- eFMAP Extension. The First Quarterly Update Financial Plan included $2.2 billion in General Fund savings from the eFMAP rate authorized in the Families First Coronavirus Response Act (FFCRA) through September 30, 2020. The Secretary of Health and Human Services has extended the enhanced rate through January 2021. However, the enhanced rate can be revoked any time prior to the start of a new calendar quarter. Accordingly, DOB is counting only on the assured extension, which runs from October 1 through December 31, 2020.
- Delayed Implementation of MRT II Savings Actions. Certain MRT savings are prohibited by the Federal government if the State intends to draw down the eFMAP rate authorized in FFCRA during the public health emergency declaration ($175 million in FY 2021). These include planned modifications to program enrollment criteria for the Personal Care Services (PCS) program; eligibility standards in the PCS program and Consumer Directed Personal Assistance Program (CDPAP); and an eligibility lookback period for the Homes and Community Bases Services (HCBS) program.

- Health Care Receipts. The estimate for HCRA resources for FY 2021 has been reduced by $345 million. This consists of decreased surcharge collections as hospital services utilization, including elective procedures, dropped sharply during the first half of FY 2021, and reduced Covered Lives Assessments (CLA), consistent with shifting enrollment trends from commercial to public health insurance plans, which are not subject to the CLA. In addition, provider assessments have been reduced by $61 million in FY 2021 to reflect a decline in the assessments levied against providers due to reduced patient volume and service delivery attributable to the COVID-19 pandemic.

- Health Care Enrollment. The spike in unemployment caused by the COVID-19 pandemic is expected to drive increased enrollment in public health insurance programs. At the time of the First Quarterly Update Financial Plan, DOB and the Department of Health (DOH) projected that approximately 518,000 people will become eligible for Medicaid, Child Health Plus (CHP), or Essential Plan (EP) coverage. Based on actual enrollment growth as of September 2020, DOB and DOH have increased this estimate by another 500,000, at a cost of roughly $180 million in FY 2021. This increase is partially attributable to the maintenance of effort requirements that prevents the State from disenrolling individuals from Medicaid. Savings starting in FY 2023 reflect an expected decline in unemployment and downward trend in enrollment compared to the prior update. Other revisions include modest savings related to the updated Global Cap Index forecast and adjustments to CHP spending projections to reflect updated trends.

- Other Revisions. Additional local savings reflect forecast revisions based on results to date and updated information. Revisions are mainly related to the timing of State reimbursement of Nonpublic Science, Technology, Engineering and Mathematics (STEM) program costs for prior academic years and a decline in applications from local governments for State matching grants under the County-Wide Shared Services Initiative. In addition, operational reductions achieved in higher education and HCRA contribute modest local assistance savings. Savings in FY 2022 and beyond reflect the adjustment from the estimated 2.5 percent Human Services Cost-of-Living Adjustment (COLA) to the revised statutory rate of 1 percent.

Agency Operations/Fringe Benefits

- Allocation of Agency Budget Reductions. Executive agency budgets, with exceptions for facility operations and public health and safety, are expected to reduce costs by 10 percent from budgeted levels. The Judiciary and elected officials are expected to achieve comparable reductions in their budgets for FY 2021. These savings were included in the Enacted Budget Financial Plan and have been allocated to agencies in this update. Savings are expected to be achieved through adherence to a strict freeze on hiring and transfers, and limiting new contracts or purchase orders for non-personal service expenditures to those needed to protect the health, safety and security of employees and citizens and to ensure the continuation of high priority operations and services. As a portion of agency operational funding occurs outside of the General Fund, the savings realized in the General Fund include increased transfers from other funds and decreased transfers to other funds, as well as a modest decrease in local assistance spending mainly due to health care spending offsets. In addition, savings related to the Statewide hiring freeze also occur in fringe benefits.

- Fringe Benefits/Fixed Costs. Savings are expected due to lower than expected costs for health and dental insurance, taxes on public lands, State University of New York (SUNY) Teachers Insurance and Annuity Association (TIAA) College Retirement Equities Fund (CREF) pension, and Workers' Compensation. These savings are in part associated with the Statewide hiring freeze and agency adherence to cash controls and mandatory operating reductions.

- Ongoing COVID-19 Expenses. Spending has been increased in FY 2022 and beyond to recognize the prolonged impact of COVID-19 that is expected to continue to drive higher operational costs, particularly in human services and health care settings. The Updated Financial Plan continues to assume that the Federal government will fully fund the State's direct cost of the pandemic response during the public health emergency period that has currently been extended through January 2021.

- Other Revisions. The Updated Financial Plan includes additional costs of $41 million in FY 2021 due to the delayed reduction of excess prison capacity consistent with declines in prison population, which is a direct impact of the COVID-19 pandemic. The delay is necessary as extra bed space is expected to be needed to control disease transmission, and additional areas that would otherwise be decommissioned are being used to isolate inmates that are infected or under quarantine.

Transfers to Other Funds. Estimated transfers to other funds have been updated to reflect expected operational savings consistent with the allocation of the agency budget reduction savings plan, debt service savings based on actual sales to date, and other modest revisions based on operating results to date and updated forecasts. In addition, transfers have been increased to reflect higher costs related to the reopening of the Department of Motor Vehicles (DMV) and necessary operational revisions needed ($30 million in FY 2021).

State Spending

State Operating Funds spending, excluding planned PIT note repayments, is expected to total $93.4 billion in FY 2021, a decrease of $8.8 billion (8.6 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 PIT notes are expected to be repaid in December 2020 ($1 billion) and March 2021 ($3.5 billion). State Operating Funds disbursements, including the planned note repayments, are estimated at $97.9 billion in FY 2021, a decrease of $4.3 billion (4.2 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**	**60,913**	**(7,740)**	**-11.3%**
School Aid (School Year Basis)[2]	27,812	26,780	(1,032)	-3.7%
DOH Medicaid[3]	22,077	23,325	1,248	5.7%
Temporary eFMAP Increase	0	(2,984)	(2,984)	0.0%
Transportation	3,488	3,792	304	8.7%
STAR[4]	2,184	2,073	(111)	-5.1%
Social Services	2,355	3,250	895	38.0%
Higher Education	2,362	3,514	1,152	48.8%
Mental Hygiene[5]	3,427	3,230	(197)	-5.7%
All Other[6]	4,948	5,933	985	19.9%
Budget Balance Reduction	0	(8,000)	(8,000)	0.0%
STATE OPERATIONS/GENERAL STATE CHARGES	**28,591**	**26,641**	**(1,950)**	**-6.8%**
State Operations	**20,168**	**18,576**	**(1,592)**	**-7.9%**
Personal Service:	14,090	13,893	(197)	-1.4%
Executive Agencies	7,814	7,373	(441)	-5.6%
27th Administrative Payroll	0	107	107	0.0%
University Systems	4,128	4,360	232	5.6%
Elected Officials	2,148	2,053	(95)	-4.4%
Non-Personal Service:	6,078	4,683	(1,395)	-23.0%
Executive Agencies	3,226	2,040	(1,186)	-36.8%
University Systems	2,298	2,134	(164)	-7.1%
Elected Officials	554	509	(45)	-8.1%
General State Charges	**8,423**	**8,065**	**(358)**	**-4.3%**
Pension Contribution	2,456	2,552	96	3.9%
Health Insurance	4,303	4,473	170	4.0%
Other Fringe Benefits/Fixed Costs	1,664	1,040	(624)	-37.5%
DEBT SERVICE	**4,916**	**5,854**	**938**	**19.1%**
CAPITAL PROJECTS	**0**	**0**	**0**	**0.0%**
TOTAL STATE OPERATING FUNDS (Excluding Liquidity Financing)	**102,160**	**93,408**	**(8,752)**	**-8.6%**
Liquidity Financing	**0**	**4,500**	**4,500**	**0.0%**
TOTAL STATE OPERATING FUNDS (Including Liquidity Financing)	**102,160**	**97,908**	**(4,252)**	**-4.2%**

[1] 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.

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

[3] 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.

[4] 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.

[5] 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.

[6] "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 Director's powers were activated to maintain budget balance and are in force for the remainder of 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 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.

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

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 later in the State's FY 2021.

In the interim, without assurance of Federal aid, DOB is withholding a minimum of 20 percent of most local aid payments to achieve the cash flow savings anticipated in the Updated Financial Plan pursuant to the Reduction Authority. As of September 30, 2020, DOB has withheld roughly $612 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 through the end of September 2020, approximately $2.6 billion in payments were not made as budgeted. It is expected that, in the absence of unrestricted Federal aid, DOB will continue to withhold a range of payments.

TOTAL BUDGETED PAYMENTS WITHHELD/NOT PAID AS OF SEPTEMBER 30, 2020 (millions of dollars)

Total	**2,639**
Local Assistance[1]	2,354
Payments with Statutory Due Dates	612
All Other Payments	1,742
Transfers	190
General Salary Increases	95

[1] Excludes budgeted payments below $500,000, which are also subject to withholding.

Federal Funding of COVID-19 Related Spending

The pandemic is causing severe and far-ranging effects on public health, economic activity, and tax collections across the State. The State has incurred and is expected to continue to incur substantial direct costs in responding to the pandemic. These costs include, but are not limited to, the purchase of personal protective equipment and medical and sanitation supplies; emergency facilities; testing and contact tracing; housing and food assistance; reopening expenses; and certain personnel and telework expenses.

The Updated Financial Plan continues to assume that the Federal government will fully fund the State's direct cost of the pandemic response during the public health emergency period that has currently been extended through January 2021. On January 20, 2021, President-elect Joe Biden is to be sworn in as the 46th president of the United States.

The two primary Federal resources available to cover the State's direct expenses are the Coronavirus Relief Fund (CRF) and public assistance from the Federal Emergency Management Agency (FEMA).

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, which is limited in its use to cover costs incurred through December 31, 2020. In accordance with section 502 of the Stafford Act, eligible emergency protective measures taken to respond to the COVID-19 emergency, including necessary emergency protective measures for activities taken in response to COVID-19, at the direction or guidance of public health officials, may be reimbursed under FEMA's Public Assistance program.

In evaluating the needs of the State and other entities, the potential for a sustained increase in COVID-19 cases, and evolving Federal rules and guidance pertaining to the eligible uses of both CRF and FEMA funding, DOB is carefully evaluating all COVID-19 spending in order to make appropriate Federal funding determinations for all costs. Expenses that are not deemed eligible for Federal funding through Requests for Public Assistance (RPAs) from FEMA are expected to be funded with CRF resources. In addition, updated Federal guidance permits the use of CRF for personnel expenses of public health and public safety employees. The Updated Financial Plan includes the offset of roughly $500 million in General Fund costs for public health and public safety personnel expenses, including fringe benefits. It also includes reimbursement for certain costs incurred in FY 2020 and reimbursed in FY 2021. DOB is evaluating the need and use for all available Federal funds and will determine the use of CRF to cover additional allowable personnel expenses in subsequent Financial Plan updates. As such, the State expects to completely exhaust the funds by the end of FY 2021. The following table summarizes the estimated direct costs that are eligible for CRF reimbursement.

ESTIMATED STATE EXPENSES ELIGIBLE FOR CRF FUNDING (millions of dollars)	FY 2021 Projected
Public Health and Public Safety Payroll	2,700
Personal Protective Equipment	750
Durable Medical Equipment	600
Mass Transit	500
FEMA Non Federal Requirements	250
Testing	245
Financing - Tax and Revenue Anticipation	170
Other COVID-19 Expenses [1]	1,240
Total	**6,455**

[1] Includes reopening costs, housing and food assistance, and other emergency response activities.

As of September 30, an estimated $1.15 billion of costs identified as eligible for CRF funding have been allocated, reducing the balance to roughly $4 billion at month-end. DOB expects to continue to move costs to the CRF over the next several months.

A more detailed discussion of Federal aid related to the pandemic can be found later in this AIS Update.

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 local assistance budget balance reductions that DOB expects to execute during FY 2021 as a distinct line below the 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 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	69,170	(10,037)	-12.7%
Taxes[1]	73,133	59,514	(13,619)	-18.6%
Miscellaneous Receipts	3,159	6,896	3,737	118.3%
Non-Tax Transfers from Other Funds	2,915	2,760	(155)	-5.3%
Total Disbursements	77,469	70,877	(6,592)	-8.5%
Local Assistance	51,863	46,212	(5,651)	-10.9%
State Operations	19,508	18,219	(1,289)	-6.6%
Transfers to Other Funds	6,098	6,446	348	5.7%
Net Change in Operations	1,738	(1,707)	(3,445)	-198.2%
Closing Fund Balance	8,944	7,237	(1,707)	-19.1%
Rainy Day Reserves	2,476	2,476	0	
Economic Uncertainties	890	1,490	600	
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 cash flow impact of the extension of income tax filing deadlines due to the pandemic. 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)

	FY 2020 Results	FY 2021 Updated	Annual Change Dollar	Annual Change Percent
Opening Balance	4,194	2,610	(1,584)	-37.8%
Total Receipts	889	600	(289)	-32.5%
Settlements Received	895	600	(295)	-33.0%
Funds Retained by Dept. of Law	(6)	0	6	-100.0%
Total Uses	2,473	1,025	(1,448)	-58.6%
Capital Purposes	1,345	425	(920)	-68.4%
Rainy Day Reserves	238	0	(238)	-100.0%
Economic Uncertainties	890	600	(290)	-32.6%
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 $69.2 billion in FY 2021, a decrease of $10 billion (12.7 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 are also impacted by the repayment of $4.5 billion of PIT notes issued earlier in FY 2021. The note proceeds are recorded as miscellaneous receipts, while the repayment results in a reduction of PIT receipts.

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 due to the global pandemic. 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 (CFT) 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 $9.7 billion in FY 2021, an increase of $3.6 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 $600 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 $70.9 billion in FY 2021, a decrease of $6.6 billion (8.5 percent) from FY 2020.

Local assistance spending is estimated at $46.2 billion in FY 2021, a decrease of $5.7 billion (10.9 percent) from FY 2020. This estimate includes $1.9 billion of projected growth in School Aid and Medicaid (excluding eFMAP), prior to the expected allocation of the budget reduction plan. This growth 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 $532 million from FY 2020, 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 decrease by $1.6 billion, driven by the temporary increase in Federal FMAP funds that is expected to provide $3 billion in General Fund savings in FY 2021. Medicaid spending subject to the Global Cap Index is expected to grow by $559 million (2.9 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 $11.2 billion in FY 2021, a decrease of $834 million (6.9 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 the allocation of recurring savings from the planned 10 percent reduction in Executive agency spending compared to the amounts authorized in the Enacted Budget. Limited exceptions were made for facility operations and public health and safety. The Updated Financial Plan also reflects comparable reductions in the Judiciary and elected officials budgets.

General State Charges (GSCs), which include fringe benefits and certain fixed costs, are projected to decline by $455 million (6.1 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 $170 million (4 percent), due to medical inflation and current enrollment levels. The State's annual pension payment is projected to grow by $96 million (3.9 percent). The State's costs for Workers' Compensation are expected to increase by $27 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 $6.4 billion in FY 2021, an increase of $348 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 $7.2 billion, a decrease of $1.7 billion from FY 2020. The change in the balance reflects the deposit of Extraordinary Monetary Settlements received to the reserve for Economic Uncertainties, 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**	**7,237**	**(1,707)**
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	1,490	600
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**	**5,052**	**(1,282)**
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 as a result of the pandemic. 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 made through March 31, 2021, subject to available appropriation. Any balance on the line of credit may be refinanced twice for up to one 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	14,383	13,905	28,288	0	0	23,788
August 2020	13,523	13,934	27,457	0	0	22,957
September 2020	15,442	10,358	25,800	0	0	21,300
October 2020	16,101	10,849	26,950	0	0	22,450
November 2020	13,971	10,193	24,164	0	(750)	18,914
December 2020	14,533	7,929	22,462	1,000	(750)	17,462
January 2021	15,951	9,651	25,602	0	(1,000)	19,602
February 2021	10,896	14,084	24,980	0	(750)	18,230
March 2021	7,237	5,926	13,163	3,382	(4,750)	5,045

[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; changes to 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, the State's COVID-19 caseload is currently climbing, caused in part by a convergence of COVID-19 with the seasonal flu and cold risks driven by colder weather and more in-door gatherings. It is impossible to assess or forecast with any degree of certainty or precision the long-term impacts of COVID-19 on commuting 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 PIT, consumption and corporate taxes, fees and more, and such impacts could be material.

For example, the COVID-19 pandemic has led to changes in the behavior of resident and nonresident taxpayers. Consistent with the growth in remote work arrangements, many non-residents are no longer commuting into New York and instead are working remotely from home offices. However, under long-standing State policy, a nonresident working from home pays New York taxes on wages from a New York employer unless that employer has established the nonresident's home office as a bona fide office of the employer.

The COVID-19 pandemic has also led some New York residents to shelter in locations outside of the State. In addition, some taxpayers domiciled in New York may have relocated during the pandemic.

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 were activated and are in force for the remainder of 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 the 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.

[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

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.

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 Updated Financial Plan 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 administrative reforms.

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.

---

[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.

Other Matters Affecting the Financial Plan

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 table below 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[2]	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[2]	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 the temporary 6.2 percent eFMAP authorized in the CARES Act. The Updated Financial Plan reflects a twelve month, $3.0 billion State share benefit retroactive to January 2020.

[2] A portion of these savings will not be achieved as the Federal government prohibits program modifications through the duration of the Public Health Emergency declaration.

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 experienced a decrease in family income 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 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 at the next Financial Plan update.

Federal Impacts to the Financial Plan

Overview

The Federal government influences the economy and budget of New York State through grants, direct spending on its own programs, such as Medicare and Social Security, and through Federal tax policy. Federal policymakers may place conditions on grants, mandate certain state actions, preempt state laws, change state and local tax (SALT) bases and taxpayer behavior through tax policies, and influence industries through regulatory action. Federal resources support vital services such as health care, education, transportation, as well as severe weather and emergency response and recovery. Any changes to Federal policy or funding levels could have a materially adverse impact on the Financial Plan.

Federal funding is a significant component of New York's budget, approximately a quarter of total All Funds spending in FY 2021. Federal funds are predominantly targeted at programs that support vulnerable populations and those living at or near the poverty level, such as Medicaid, Temporary Assistance for Needy Families (TANF), Elementary and Secondary Education Act (ESEA) Title I grants, and Individuals with Disabilities Education Act (IDEA) grants. Other Federal resources are directed at infrastructure and public protection. Overall, the Federal resources expected to be utilized in the FY 2021 Budget include:

- Medicaid ($45.5 billion). Funding shared by the Federal government helps support health care costs for more than seven million New Yorkers, including more than two million children. Medicaid is the single largest category of Federal funding.

  In response to the COVID-19 pandemic, the Federal government has temporarily increased its share of Medicaid funding (eFMAP) by 6.2 percent for each calendar quarter occurring during the public health emergency. The enhanced funding is retroactive to January 1, 2020 and is currently expected to continue through December 31, 2020, providing $3.6 billion in additional Federal resources, which reduces State and Local government costs by $3.0 billion and $646 million, respectively.

- Education ($3.8 billion). Funding supports K-12 education and special education. Similar to Medicaid and the human service programs, much of Federal education funding received is directed toward vulnerable New Yorkers, such as students in high poverty schools or those with disabilities.

- Temporary and Disability Assistance ($3.6 billion). Funding provides assistance for several programs managed by the Office of Temporary and Disability Assistance (OTDA), including TANF-funded public assistance benefits and the Flexible Fund for Family Services, Home Energy Assistance Program (HEAP) benefits, Supplemental Nutrition Assistance Program (SNAP) administrative costs, and Child Support administrative costs.

Other Matters Affecting the Financial Plan

- Public Health ($7.4 billion). The Federal government provides support for several health programs administered by DOH, including the EP, which provides health care coverage for low-income individuals who do not qualify for Medicaid or CHP.

- Children and Families ($1 billion). Support from the Federal government provides assistance for programs managed by the Office of Children and Family Services (OCFS), such as the Foster Care program.

- Transportation ($1.6 billion). Federal resources support infrastructure investments in highway and transit systems throughout the state, including funding participation in ongoing transportation capital plans.

- Public Protection ($1.6 billion). Federal funding supports various programs and operations of the State Police, the Department of Corrections and Community Supervision (DOCCS), the Office of Victim Services, the Division of Homeland Security and Emergency Services (DHSES), and the Division of Military and Naval Affairs (DMNA). Federal funds are also passed on to municipalities to support a variety of public safety programs.

- All Other Funding ($1.2 billion). Several other programs in the economic development, mental hygiene, parks and environmental conservation, and general government areas are also supported by Federal resources.

- COVID-19 Funding ($10.3 billion). In response to the COVID-19 pandemic, the Federal government has authorized various funding to states and other entities including $5.1 billion from the CRF established in the CARES Act to provide funding for states and local governments to respond to the COVID-19 pandemic, and the LWA program that provides funding to grant eligible claimants that are unemployed or partially unemployed due to the pandemic a supplemental payment of $300 per week, in addition to their unemployment benefits. In addition, the CARES Act provided grants for the purpose of providing educational agencies with emergency assistance to address the impact of COVID-19. Other sources of funding, including aid that is passed directly to other entities, is included in various functions, mainly health care, transportation, and social services.

Federal Funding Trends

Federal Funds spending is expected to total $79.7 billion in FY 2021, an increase of $19.1 billion (31 percent) compared to FY 2020 results. Significant increases are expected for health care, education, and transportation, which in part is due to costs associated with the COVID-19 pandemic.

FEDERAL FUNDS DISBURSEMENTS
(millions of dollars)

	FY 2020 Results	FY 2021 Updated	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
DISBURSEMENTS					
Health	47,684	53,035	54,145	53,924	55,338
eFMAP	0	3,632	0	0	0
Social Welfare	5,551	5,266	5,302	5,303	5,305
Education	3,747	3,858	3,857	3,857	3,857
Transportation	1,646	1,645	1,573	1,573	1,573
Public Protection	1,547	1,632	1,333	1,335	1,306
Coronavirus Relief Fund	0	5,140	0	0	0
Lost Wages Assistance	0	4,200	0	0	0
Education CARES Act Funds	0	842	360	0	0
All Other[1]	513	487	498	494	487
Total Disbursements	**60,688**	**79,738**	**67,068**	**66,487**	**67,867**

[1] All Other includes economic development, mental hygiene, parks, environment, higher education, elected officials, and general government areas.

Other Matters Affecting the Financial Plan

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 $17.1 billion of funding from four Federal bills for expenses related to COVID-19 has been awarded to the State, 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 ($38 million);

(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 ($3.8 billion);

(iii) The 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) (CRF $5.1 billion; Other $7.4 billion) 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 ($700 million).

Assistance to states through the CARES Act is generally restricted to specific purposes and includes the CRF ($5.1 billion State allocation) and the Education Stabilization Fund ($2.2 billion State allocation). In addition, the FFCRA includes an emergency 6.2 percent increase to the Medicaid FMAP during the public health emergency. This increase is estimated to provide the State with roughly $3.0 billion in savings in FY 2021; however, projected Medicaid enrollment growth as a result of the recession erodes the value of the FMAP benefit.

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. However, there can be no assurance that FEMA will approve claims in time for the State to receive reimbursement within the same year the costs are incurred. The State also received 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 in FY 2021. However, the Updated Financial Plan reflects 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 receipts -- nearly $63 billion over four years. 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. In the absence of Federal funding to offset that loss, the State will need to achieve $8.2 billion in savings 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.

Federal Risks

The amount and composition of Federal funds received by the State has changed over time as a result of legislative and regulatory actions at the Federal level and will likely continue to change in the coming year. Notable areas with potential for change include health care, human services and infrastructure policy. Any reductions in Federal aid could have a materially adverse impact on the Financial Plan.

Notable Federal risks include:

- Medicaid 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 Federal Fiscal Year (FFY) 2021, beginning December 12, 2020, reflecting recent provisions included in the FFY 2021 continuing resolution. 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.

- Surface Transportation Reauthorization. The Fixing America's Surface Transportation (FAST) Act, which funds Federal highway, transit, intercity rail, freight, highway traffic safety, and motor carrier safety programs is set to expire on September 30, 2021, after a one year extension was passed into law. In FFY 2020, the final year of the FAST Act, the State and State transit authorities are expected to receive $3.3 billion in highway and transit funding alone. This funding will be at risk if the Federal government does not act to capitalize the Federal Highway Trust Fund and ensure that an extension of current law or a new authorization is in place prior to October 1, 2021.

- Census 2020. The results of recent Censuses indicate that New York State is exposed to being undercounted in the Census. This would have crucial carry-over effects in the population estimates used in a myriad of Federal aid programs, leading New York to receive less funding than it otherwise would. Recent population data also indicates that New York State is anticipated to lose one Federal congressional seat in the 2020 Census.

- Title X. Last year the U.S. DOH and Human Services finalized regulatory changes to the Federal Title X family planning program that block the availability of Federal funds to family planning providers that also offer abortion services with other funds and prohibit participating providers from referring pregnant clients to abortion providers, among other changes. As a result of these changes the State withdrew from the programs, incurring a cost of over $14 million annually to continue the services.

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 or Biden administrations and Congress. Current Federal aid projections and the assumptions on which they rely are subject to revision because of changes in Federal policy.

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 FFYs 2018, 2019, and 2020 which were largely rejected in the final appropriations bills approved for each of those years. On January 20, 2021, President-elect Joe Biden is to be sworn in as the 46th president of the United States.

Other Matters Affecting the Financial Plan

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 currently December 11, 2020, the end of the current continuing resolution. There can be no assurance that a new spending plan will be approved by the deadline. While the Biden Administration is expected to have its own priorities for the Federal partnership with the states, there can be no assurance of levels of Federal aid or other changes affecting the State.

Federal Debt Limit

The 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 SALT payments, effective beginning in Tax Year 2018, is substantial.

The SALT deduction originated with the first Federal income tax implemented to fund the Civil War 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 for the Southern District of New York found that the states failed to allege 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 to the U.S. Court of Appeals for the Second Circuit on November 26, 2019, and briefing for the appeal was completed as of June 29, 2020. Oral argument is scheduled to occur on December 3, 2020.

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 precedent since 1917. The Federal defendants moved to dismiss the complaint, in the alternative for summary judgment, on December 23, 2019, and the states responded and filed 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 in 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 the Department of Taxation and Finance (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.

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 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.

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 eFMAP funding associated with childless adults.

Due to the demonstrated success of the Delivery System Reform Incentive Payment (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.

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 299 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.[8]

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 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.

[8] SUNY Research Foundation, City University of New York (CUNY) Research Foundation, and HRI. are allowed to accept up to $10 million each in charitable gifts on an annual basis. State PIT receipts will also be reduced by the State tax deduction and 85 percent credit for these donations.

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.

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.[9] 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.

[9] 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**	**600**	**13,350**
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	150	445
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

Other Matters Affecting the Financial Plan

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**	**600**	**0**	**0**	**0**	**0**	**13,350**
Use/Transfer of Funds	**7,661**	**2,479**	**1,025**	**959**	**747**	**345**	**134**	**13,350**
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**	**600**	**0**	**0**	**0**	**0**	**2,133**
Rainy Day Reserves	250	238	0	0	0	0	0	488
Reserve for Economic Uncertainties	0	890	600	0	0	0	0	1,490
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.

Other Matters Affecting the Financial Plan

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 2021); 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.

Pension Contributions[10]

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 2022 ERS/PFRS pension estimate of $2.7 billion relied upon the October 2020 estimate from the State Comptroller, which reflects a negative 2.68 percent return in the Common Retirement Fund in FY 2020 and improvements in the mortality of retirees and beneficiaries. This was partially offset by the use of a new mortality improvement scale and lower cost Tier 6 entrants. The estimate does not reflect the State's ability to amortize a portion of the bill. Per the October 2020 estimate the State is eligible to amortize a maximum of $178 million. 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 2023 and beyond are developed by DOB. DOB's forecast assumes growth in the salary base consistent with collective

---

[10] The information contained under this heading was prepared solely by DOB and reflects the budgetary aspects of pension amortization. The information that appears later in this AIS Update, under the section entitled "State Retirement System" was furnished solely by OSC.

[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.

bargaining agreements and a conservative rate of return compared to the actuary's assumed 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.

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 has revised estimates to reflect stronger participation in the program. ERS costs are estimated to be $20 million in FY 2021, $25 million in FY 2022 and $15 million annually in the outyears.

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

[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.

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.

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	2,037.6	(562.9)	32.3	1,507.0	3.75	15.9	21.6	10.5	18.5
2013	2,076.0	(778.5)	100.9	1,398.4	3.00	18.5	25.7	11.5	19.5
2014	2,633.7	(937.0)	192.1	1,888.8	3.67	20.5	28.9	12.5	20.5
2015	2,325.6	(713.1)	305.8	1,918.3	3.15	19.7	27.5	13.5	21.5
2016	1,972.0	(356.1)	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.	1,878.4	0.0	432.2	2,310.6	1.33	14.1	24.4	14.1	24.4
2022 Est.	2,236.3	0.0	399.9	2,636.2	TBD	15.8	28.3	15.1	25.4
Projected by DOB[5]									
2023	2,403.5	0.0	331.3	2,734.8	TBD	17.4	30.7	16.1	26.4
2024	2,805.7	0.0	240.0	3,045.7	TBD	20.9	34.6	17.1	27.4
2025	3,527.6		126.4	3,654.0	TBD	26.2	40.5	18.1	28.4

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.

Other Matters Affecting the Financial Plan

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 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 have assigned the State general credit ratings of AA+, AA+, Aa2, and AA+, respectively. On October 1, 2020, Moody's downgraded the State's credit rating 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 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. See the discussion below regarding the impact of the COVID-19 pandemic on the State's administration of the Debt Reform Act.

The statute requires that limitations on the amount of State-supported debt and debt service costs be calculated by October 31 of each year and reported in the Updated Financial Plan. If the actual amount of new State-supported debt outstanding and debt service costs for the prior fiscal year are below the caps at that time, State-supported debt may continue to be issued. However, if either the debt outstanding or debt service caps are met or exceeded, the State would be precluded from issuing new State-supported debt until the next annual cap calculation is made and the debt is found to be within the applicable limitations.

As shown in the following tables, actual levels of debt outstanding and debt service costs continue to remain below the statutory caps. From April 1, 2000 through March 31, 2020, the State has issued new debt resulting in $49.4 billion of debt outstanding applicable to the debt reform cap. This is about $6.4 billion below the statutory debt outstanding limitation. In addition, the debt service costs on this new debt totaled $5.0 billion in FY 2020, or roughly $3.8 billion below the statutory debt service limitation.

DEBT OUTSTANDING CAP (millions of dollars)		
	Dollar	Percent
Personal Income (CY 2019)[1]	1,395,147	
Max. Allowable Debt Outstanding	55,806	4.00%
Debt Outstanding Subject to Cap	49,433	3.54%
Remaining Capacity	6,373	0.46%

[1] Bureau of Economic Analysis (BEA).

DEBT SERVICE CAP (millions of dollars)		
	Dollar	Percent
All Funds Receipts (FY 2020)	177,435	
Max. Allowable Debt Service	8,872	5.00%
Debt Service Subject to Cap	4,991	2.81%
Remaining Capacity	3,881	2.19%

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 $6.4 billion in FY 2020 to a low point of $4.8 billion in FY 2024. This calculation excludes all State-supported debt issuances in FY 2021 but includes the estimated impact of the COVID-19 pandemic on personal income calculations and 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 $4.3 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	$1,395,147	4.00%	55,806	49,433	6,373	3.54%	0.46%	4,774	54,207
FY 2021	$1,454,674	4.00%	58,187	46,651	11,536	3.21%	0.79%	13,690	60,341
FY 2022	$1,432,537	4.00%	57,301	51,068	6,233	3.56%	0.44%	12,974	64,042
FY 2023	$1,499,311	4.00%	59,972	54,540	5,432	3.64%	0.36%	12,129	66,669
FY 2024	$1,562,400	4.00%	62,496	57,666	4,830	3.69%	0.31%	11,399	69,065
FY 2025	$1,626,902	4.00%	65,076	59,881	5,195	3.68%	0.32%	10,641	70,522

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	4,991	3,881	2.81%	2.19%	959	5,950
FY 2021	$188,299	5.00%	9,415	5,116	4,299	2.72%	2.28%	5,702	10,818
FY 2022	$171,372	5.00%	8,569	5,150	3,419	3.01%	1.99%	1,791	6,941
FY 2023	$173,538	5.00%	8,677	5,659	3,018	3.26%	1.74%	1,725	7,384
FY 2024	$178,553	5.00%	8,928	6,034	2,894	3.38%	1.62%	1,541	7,575
FY 2025	$180,216	5.00%	9,011	6,456	2,555	3.58%	1.42%	1,241	7,697

[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 notes.

[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
First Quarterly Update Financial Plan	**6,143**	**9,671**	**4,126**	**3,100**	**2,425**	**2,747**
Personal Income Forecast Adjustment	230	1,865	2,107	2,332	2,405	2,448
Mid-Year Update Financial Plan	**6,373**	**11,536**	**6,233**	**5,432**	**4,830**	**5,195**

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

[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 $159 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 Langone, 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 Updated 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 Updated 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 Updated 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. Such costs may include, but are not limited to, a wide range of pandemic control activities that could be needed to address a potential increase in COVID-19 cases and the safe, timely distribution of vaccines, if such vaccines become available. 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	59,514	63,632	67,367	71,232
Miscellaneous Receipts	3,159	6,896	1,753	1,776	1,814
Other Transfers	2,915	2,760	2,100	1,717	1,564
Total Receipts	**79,207**	**69,170**	**67,485**	**70,860**	**74,610**
DISBURSEMENTS					
Local Assistance	51,863	46,212	49,954	52,638	55,564
School Aid	23,522	24,054	24,336	25,262	26,094
Medicaid	16,071	14,471	18,268	19,257	20,168
All Other	12,270	15,687	15,350	16,119	17,302
Budget Balance Reduction	0	(8,000)	(8,000)	(8,000)	(8,000)
State Operations	12,054	11,220	12,147	12,326	12,591
Personal Service	8,940	8,923	9,192	9,299	9,411
Non-Personal Service	3,114	2,297	2,955	3,027	3,180
General State Charges	7,454	6,999	8,833	9,334	9,761
Transfers to Other Funds	6,098	6,446	6,783	7,052	6,458
Debt Service	736	308	471	489	545
Capital Projects	3,128	3,334	3,715	3,895	3,139
SUNY Operations	1,179	1,273	1,273	1,267	1,267
All Other	1,055	1,531	1,324	1,401	1,507
Total Disbursements	**77,469**	**70,877**	**77,717**	**81,350**	**84,374**
Use (Reservation) of Fund Balance:	**(1,738)**	**1,707**	**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)	(600)	0	0	0
Extraordinary Monetary Settlements[1]	1,584	425	959	747	345
BUDGET SURPLUS/(GAP) PROJECTIONS	**0**	**0**	**(8,725)**	**(9,743)**	**(9,419)**

[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	22,480	17,846	17,311	16,957
Total Receipts	**104,233**	**95,720**	**91,843**	**95,350**	**98,830**
DISBURSEMENTS					
Local Assistance	68,653	60,913	65,235	67,590	70,340
School Aid (School Year Basis)[1]	27,812	26,780	27,918	28,911	29,854
DOH Medicaid[2]	22,077	20,341	24,281	25,368	26,361
Transportation	3,488	3,792	3,769	3,971	4,161
STAR	2,184	2,073	1,979	1,858	1,750
Higher Education	2,362	3,514	2,920	2,957	2,987
Social Services	2,355	3,250	2,893	3,006	3,043
Mental Hygiene	3,427	3,230	3,855	3,783	4,325
All Other[3]	4,948	5,933	5,620	5,736	5,859
Budget Balance Reduction	0	(8,000)	(8,000)	(8,000)	(8,000)
State Operations	20,168	18,576	19,411	19,524	19,663
Personal Service	14,090	13,893	13,995	14,085	14,143
Non-Personal Service	6,078	4,683	5,416	5,439	5,520
General State Charges	8,423	8,065	9,909	10,437	10,872
Pension Contribution	2,456	2,552	2,884	2,989	3,306
Health Insurance	4,303	4,473	4,761	5,113	5,493
All Other	1,664	1,040	2,264	2,335	2,073
Debt Service	4,916	5,854	6,941	7,384	7,575
Capital Projects	0	0	0	0	0
Total Disbursements (Excluding Liquidity Financing)	**102,160**	**93,408**	**101,496**	**104,935**	**108,450**
Liquidity Financing	**0**	**4,500**	**0**	**0**	**0**
Total Disbursements (Including Liquidity Financing)	**102,160**	**97,908**	**101,496**	**104,935**	**108,450**
Net Other Financing Sources/(Uses)	(28)	(8)	(599)	(982)	(180)
RECONCILIATION TO GENERAL FUND GAP					
Designated Fund Balances:	(2,045)	2,196	1,527	824	381
General Fund	(1,738)	1,707	1,507	747	345
Special Revenue Funds	(309)	484	24	81	56
Debt Service Funds	2	5	(4)	(4)	(20)
GENERAL FUND BUDGET SURPLUS/(GAP)	**0**	**0**	**(8,725)**	**(9,743)**	**(9,419)**

[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 12 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.

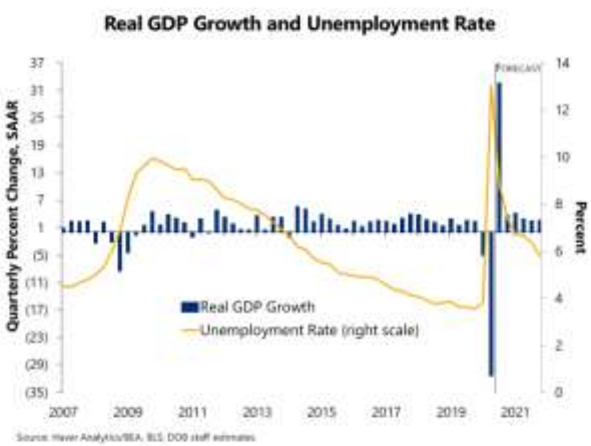
Economic Backdrop

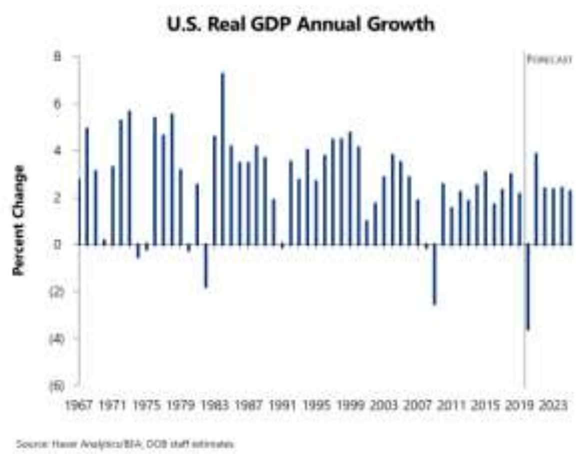
The U.S. and Global Economy

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. During May and June, many advanced economies started to reopen from their lockdowns, and the global economy began its economic recovery trajectory. In its latest World Economic Outlook report (October 2020), the International Monetary Fund's (IMF) projections of global economic growth, for calendar year 2020, compared to its June 2020 outlook, were revised upward.[15] However, the IMF's October 2020 global economic growth projections for calendar year 2021 are slightly weaker than its June 2020 forecast.

U.S. Economic Forecast[16]

BEA reported that real Gross Domestic Product (GDP) plunged at a 31.4 percent 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 73 years since the government began reporting quarterly GDP figures. The previous record was a 10 percent decline during the first quarter of 1958.



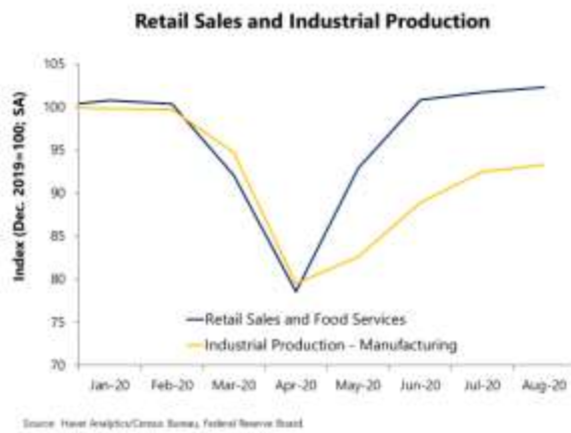


The National Bureau of Economic Research (NBER) Business Cycle Dating Committee designated February 2020 as a business cycle peak. DOB expects that the Committee will ultimately declare that a business cycle trough occurred during the second quarter of 2020. Although the 2020 recession may have been short in length (first and second quarters of 2020), the decline in

[15] https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020

[16] DOB's US Macro forecast incorporates the third estimate of 2020 second quarter GDP report released on September 30, 2020; August 2020 BEA personal income and outlays report released on October 1, 2020; September 2020 employment report released on October 2, 2020; and August 2020 CPI report released on September 11, 2020.

economic activity has been extraordinary in terms of the depth and the pace of the economic contraction. In addition, the economic contraction initiated by the COVID-19 pandemic has been very different than past recessions. In previous U.S. recessions, the services and trade sectors tended to suffer less of a contraction than manufacturing industries. During the initial months of the COVID-19 pandemic, the public policy response implemented to slow the transmission of COVID-19 led to sectors more reliant on face-to-face interactions such as retail trade, travel, restaurants, hospitality, arts, and entertainment witnessing a stronger contraction than most manufacturing sectors. However, retail sales have recovered and surpassed pre-pandemic peaks, while manufacturing is still significantly below December 2019 levels. Monthly data show that the economy started to recover in May and June, especially employment, and consumer spending.



BEA's estimate of U.S. real GDP surged to 33.1 percent in the third quarter; DOB estimates growth of 3.7 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 10.1 percent. Real GDP for 2020 is estimated to decline 3.6 percent, 1.9 percentage points less severe than the First Quarterly Update Financial Plan forecast. As the economy recovers, real GDP growth is expected to remain elevated in the first quarter of 2021 before slowing to 2.6 percent growth by the fourth quarter of 2021. The projection of 2021 real GDP growth is 3.9 percent, 1.2 percentage points weaker than the First Quarterly Update Financial Plan forecast of 5.1 percent. In terms of levels, however, real GDP is expected to surpass its recent peak, achieved in the fourth quarter of 2019, in the fourth quarter of 2021.

The labor market has been recovering since May. The employment report released on October 2, 2020, indicated that while 22.2 million jobs were lost in March and April, 11.4 million jobs were added from May through September. In September, 661,000 jobs were created, while the unemployment rate declined 0.5 percentage point to 7.9 percent. Employment growth has been decelerating since July. Currently, the level of payroll employment is approximately 10.7 million below its February peak. The September unemployment rate is 6.8 percentage points below its April peak of 14.7 percent. DOB expects national employment to gradually improve over the last quarter of 2020. Nonfarm payrolls are expected to decline 5.6 percent in 2020 before a 3.4 percent gain in 2021. The annual average unemployment rate is expected to peak at 8.3 percent for 2020 before dropping to 6.4 percent for 2021.

The S&P 500 stock price index has rebounded sharply since the end of March and surpassed its all-time highs in November 2020. The index retreated around 10 percent in September but returned to above 3,500 in early October. The S&P 500 index is projected to increase 8.3 percent in 2020, up 3.5 percentage points from the First Quarterly Update Financial Plan forecast.

U.S. ECONOMIC INDICATORS
(Calendar Year Growth)

	CY 2019 Actual	CY 2020 Forecast	CY 2021 Forecast
Real U.S. Gross Domestic Product	2.2	-3.6	3.9
Consumer Price Index (CPI)	1.8	1.2	2.1
Personal Income	3.9	5.9	0.1
Nonfarm Employment	1.4	-5.6	3.4
Civilian Unemployment Rate	3.7	8.3	6.4

Source: Haver Analytics; DOB staff estimates.

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 remain well below the early-2020 level of around $60 per barrel.[17] As aggregate demand rebounded in the third quarter of 2020, consumer prices (especially goods prices) surged in July and August. However, the September CPI report shows that the previous upward pressure on goods prices is starting to fade while subdued demand is still weighing on inflation across the services sector. Therefore, there is little concern about core inflation rising sustainably above the Federal Reserve's 2 percent target. DOB's CPI inflation outlook is revised up to 1.2 percent for 2020 and 2.1 percent for 2021.

DOB continues to expect monetary policy to be supportive of the recovery. The Federal Reserve is expected to keep its Federal funds rate target around zero for the next four years and to continue to use its full range of tools to support the U.S. economy and ensure the normal functioning of the financial markets. Fiscal stimulus, on the other hand, is likely to be scaled back. According to the BEA's personal income and outlays report released on October 1, 2020, Federal pandemic response programs boosted personal income by $774 billion from April to August. In September, an additional $42 billion in funding, diverted from FEMA to replace lost wages under President Trump's Executive Order of August 8, was disbursed. However, after September 30, 2020, direct fiscal support to personal income, and therefore consumer spending, is expected to fade rapidly without additional stimulus.

[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.

DOB estimates consumer spending to recover at a stronger pace in the third quarter of 2020 than was expected in July, but its recovery may have shifted into a lower gear coming into the fourth quarter. As construction activities resume, housing permits, pending home sales, and mortgage applications also climbed quickly in the third quarter of 2020. In addition, record-low interest rates may have played an important role in boosting real residential investment to a very robust pace. Real nonresidential fixed investment growth had been declining since the fourth quarter of 2019 due to trade policy uncertainty, slowing global growth, Boeing 737 Max aircraft production delays, and a global manufacturing downturn. With factory closures and production slowdowns, real nonresidential fixed investment growth plunged in the second quarter of 2020, but not as much as the declines in consumer spending. Its recovery is thus not expected to be as fast as that of consumer spending. Real exports and imports, having shrunk considerably during the first half of 2020, are expected to recover strongly as soon as domestic demand and foreign growth start to rise.

Risks

Unsuccessful stimulus negotiations between the White House and Congress are contributing to increased market volatility, as is the continuing coronavirus pandemic. The recent resurgence of COVID-19 cases, especially with winter approaching, threatens the economic recovery and adds more uncertainties to financial markets. Upside considerations, such as containment of the virus, development of a safe and effective vaccine that is widely available and trusted by the public, a stimulus package, and more robust national and global growth, each could result in higher employment and output growth.

The New York State Economy[18]

New York State, and especially New York City, have been hit hard by the COVID-19 pandemic. However, lower cases and continued re-opening of nonessential businesses point to a steady but slow recovery. Between May and August 2020, according to the August State Current Employment Statistics (CES), New York State recovered 35 percent of the jobs lost during March and April. Nonetheless, the seasonally adjusted level of employment in August was 12.8 percent lower than its February 2020 level. These employment figures were worse than expected in the First Quarterly Update Financial Plan forecast. Private sector employment is now expected to decline 9.7 percent in 2020, 1.2 percentage points lower than in the First Quarterly Update Financial Plan forecast. Although private sector employment growth is revised up for 2021, to 5.1 percent 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 2020 Actual	FY 2021 Estimated	FY 2022 Forecast
Personal Income*	4.2	2.3	0.6
Wages	4.6	-5.4	7.3
Nonfarm Employment	1.0	-10.1	6.7

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.

The impact on wages has been relatively smaller since approximately 75 percent of the job losses occurred in relatively low-wage sectors such as leisure and hospitality, retail trade, transportation and warehousing, education, healthcare and social assistance, administrative and support services, and other services. Stock market performance was better than expected. The S&P 500 index has surpassed its pre-COVID levels. The better-than-expected equity market’s performance reduced the projected decline in finance and insurance sector bonuses from 28.0 percent to 21.1 percent in FY 2021. The improved total bonuses forecast, coupled with higher than expected PIT withholdings, justifies an upward revision to total wage growth in FY 2021 to a 5.4 percent decline from a 6.3 percent decline in the First Quarterly Update Financial Plan forecast. Total wages are projected to increase 7.3 percent in FY 2022 as economic and financial conditions improve.

[18] DOB’s New York State economic forecast incorporates the 2020 second quarter BEA State personal income report released on September 24, 2020.

State property income and proprietor's income are projected to decline 2.7 percent and 11.9 percent, respectively, in FY 2021. State transfer income, aided by the CARES Act that provided additional unemployment insurance benefits and stimulus checks, is projected to increase 39.4 percent in FY 2021, revised up from 25.6 percent in the First Quarterly Update Financial Plan forecast. On balance, State personal income is revised up by 3.6 percentage points from the First Quarterly Update Financial Plan forecast to an increase of 2.3 percent in FY 2021, followed by projected growth of 0.6 percent in FY 2022.

All the risks to the U.S. forecast apply to the State forecast as well. As the nation's financial capital, both the volume of financial market activity and volatility in equity markets pose a significant degree of risk for the New York State economy. Although the State was successful in curbing the number of cases after it became an early center of the COVID-19 outbreak in the U.S., the resurgence of the virus could threaten the State's economic recovery.

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 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 $188.3 billion, a 6.1 percent ($10.9 billion) increase from FY 2020 results. FY 2021 State tax receipts are projected to decrease $8.4 billion (10.2 percent) from FY 2020 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	30,784	4.5%	25,461	-17.3%	24,160	-5.1%	23,753	-1.7%
Federal Receipts	65,080	83,058	27.6%	70,567	-15.0%	69,991	-0.8%	71,586	2.3%
Total All Funds Receipts	**177,435**	**188,303**	**6.1%**	**171,370**	**-9.0%**	**173,537**	**1.3%**	**178,555**	**2.9%**

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 were adjusted further, consistent with the economic analysis outlined in the First Quarterly Update Financial Plan. Total tax receipts reductions from the Executive Budget Financial Plan amount to approximately $13 billion as compared to 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 the majority 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**	**-8.9%**	**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 steep declines in capital gains and business 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 receipts are 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 capital gains and business 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 23.1 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 (HUT) 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 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 SUT 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 16.0 percent. The excise tax on opioids is projected to remain flat. Motor fuel tax, auto rental tax, and HUT 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 SUT 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 SUT 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 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 5 percent decline in the PBT rate index effective on January 1, 2021.

General Fund business tax receipts for FY 2021 are estimated to increase due to the trends in bank and CFT 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%	5	25.0%	7	40.0%	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%	3	50.0%	2	-33.3%	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%	2	0.0%	4	100.0%	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%	3	50.0%	2	-33.3%	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 small 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-than-typical 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 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**	**30,784**	**4.5%**	**25,461**	**-17.3%**	**24,160**	**-5.1%**	**23,753**	**-1.7%**
General Fund	3,159	6,896	118.3%	1,753	-74.6%	1,776	1.3%	1,814	2.1%
Special Revenue Funds	19,279	15,393	-20.2%	15,884	3.2%	15,324	-3.5%	14,934	-2.5%
Capital Projects Funds	6,551	8,121	24.0%	7,440	-8.4%	6,673	-10.3%	6,618	-0.8%
Debt Service Funds	477	374	-21.6%	384	2.7%	387	0.8%	387	0.0%

All Funds miscellaneous receipts are projected to total $30.8 billion in FY 2021, an increase of 4.5 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**	**83,058**	**27.6%**	**70,567**	**-15.0%**	**69,991**	**-0.8%**	**71,586**	**2.3%**
General Fund	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Special Revenue Funds	62,897	80,802	28.5%	68,282	-15.5%	67,708	-0.8%	69,334	2.4%
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, funding from the CRF, and funding for the LWA program 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 or Biden administrations and the new 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 $70.9 billion, and disbursements from State Operating Funds are expected to total $97.9 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 $60.9 billion in FY 2021, which is approximately two-thirds of total State Operating Funds spending. School Aid and health care spending account for approximately 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	FY 2022 Projected (Forecast)	FY 2023 Projected (Forecast)	FY 2024 Projected (Forecast)
HEALTH CARE[2]					
Medicaid - Individuals Covered	6,179,986	7,141,716	6,553,946	6,150,548	6,110,194
Essential Plan - Individuals Covered	800,438	871,304	862,915	824,779	806,702
Child Health Plus - Individuals Covered	433,405	418,013	436,838	429,943	431,588
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)	536,550	509,725	509,725	509,725	509,725
Tuition Assistance Program (Recipients)	252,651	242,866	242,866	242,866	242,866
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**	**2,273**	**-2.0%**	**2,387**	**5.0%**	**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	916	-7.3%	959	4.7%	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 decrease for All Other Education programs in FY 2021 is primarily attributable to the discontinuation of one-time aid and grants and timing-related delays in FY 2019 nonpublic school aid payments that instead occurred in FY 2020. The projected spending increases 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**	**3,514**	**48.8%**	**2,920**	**-16.9%**	**2,957**	**1.3%**	**2,987**	**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**	**810**	**-14.7%**	**834**	**3.0%**	**839**	**0.6%**	**839**	**0.0%**
Tuition Assistance Program	833	660	-20.8%	665	0.8%	661	-0.6%	661	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 286,000 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 48.8 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. Accordingly, the spike in unemployment caused by the COVID-19 pandemic has driven increased enrollment. Based on actual enrollment growth to date, the Updated Financial Plan reflects an additional 498,568 enrollees over levels anticipated in the First Quarterly Update Financial Plan. Savings in the outyears reflects an expected decline in unemployment and concomitant decline in program eligibility and enrollment. As new enrollees remain eligible for continuous coverage for 12 months, costs associated with enrollment growth are expected to persist in the outyears, but at reduced levels. Enrollment in Medicaid is also increasing among populations associated with higher service utilization and costs, augmenting growth in the State share of Medicaid spending. These aforementioned spending pressures will be offset by 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**	**24,228**	**-7.9%**	**28,887**	**19.2%**	**29,797**	**3.2%**	**31,246**	**4.9%**
Department of Health Medicaid	**22,037**	**20,247**	**-8.1%**	**24,215**	**19.6%**	**25,276**	**4.4%**	**26,276**	**4.0%**
General Fund - DOH Medicaid Local	16,071	14,471	-10.0%	18,268	26.2%	19,257	5.4%	20,168	4.7%
DOH Medicaid	13,228	13,677	3.4%	14,492	6.0%	14,707	1.5%	15,556	5.8%
Non-DOH Medicaid[1]	611	1,090	78.4%	662	-39.3%	991	49.7%	685	-30.9%
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	(2,984)	0.0%	0	100.0%	0	0.0%	0	0.0%
General Fund - DOH Medicaid State Ops	207	204	-1.4%	232	13.7%	207	-10.8%	214	3.4%
General Fund - Essential Plan	74	64	-13.5%	64	0.0%	63	-1.6%	63	0.0%
Local Assistance	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	74	64	-13.5%	64	0.0%	63	-1.6%	63	0.0%
Other State Funds - DOH Medicaid Local	5,685	5,508	-3.1%	5,651	2.6%	5,749	1.7%	5,831	1.4%
HCRA Financing	3,836	3,916	2.1%	3,991	1.9%	4,050	1.5%	4,106	1.4%
Indigent Care Support	917	717	-21.8%	717	0.0%	717	0.0%	717	0.0%
Provider Assessment Revenue	931	873	-6.2%	941	7.8%	980	4.1%	1,006	2.7%
Medical Indemnity Fund	1	2	100.0%	2	0.0%	2	0.0%	2	0.0%
Other State Agency Medicaid Spending	**4,263**	**3,981**	**-6.6%**	**4,672**	**17.4%**	**4,521**	**-3.2%**	**4,970**	**9.9%**
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**	**7,289**	**-12.7%**	**7,422**	**1.8%**	**7,292**	**-1.8%**	**7,327**	**0.5%**
FEDERAL SHARE OF MEDICAID	**44,756**	**53,916**	**20.5%**	**51,608**	**-4.3%**	**51,366**	**-0.5%**	**52,765**	**2.7%**
DOH Medicaid	40,922	49,120	20.0%	46,746	-4.8%	46,591	-0.3%	48,094	3.2%
Essential Plan	3,834	4,796	25.1%	4,862	1.4%	4,775	-1.8%	4,671	-2.2%
ALL FUNDING SOURCES	**79,730**	**85,795**	**7.6%**	**88,279**	**2.9%**	**88,817**	**0.6%**	**91,700**	**3.2%**

[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 12 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	20,183	24,151	25,213	26,213
Local Assistance	22,077	23,325	24,281	25,368	26,361
State Operations	207	204	232	207	214
MSA Payments (Share of Local Growth)[2]	(321)	(362)	(362)	(362)	(362)
Enhanced FMAP[3]	0	(2,984)	0	0	0
Other State Agency Medicaid Spending	4,263	3,981	4,672	4,521	4,970
Mental Hygiene	4,088	3,768	4,457	4,306	4,755
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**	**24,164**	**28,823**	**29,734**	**31,183**
Annual $ Change		(2,062)	4,659	911	1,449
Annual % Change		-7.9%	19.3%	3.2%	4.9%
Essential Plan[4]	**74**	**64**	**64**	**63**	**63**
Local Assistance	0	0	0	0	0
State Operations	74	64	64	63	63

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 12 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. 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; 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 2.9 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**	**19,992**	**20,572**	**21,188**	**21,820**
Annual $ Change		559	580	616	632
Annual % Change		2.9%	2.9%	3.0%	3.0%

[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, President Trump signed into law the FFCRA in March 2020 which included supplemental Federal funding for various programs, including an eFMAP 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 four of calendar year 2020. The Updated Financial Plan assumes a twelve-month State benefit of approximately $3.0 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.[19]

[19] In October 2020, the Secretary of Health and Human Services extended the public health emergency period through January 2021, which would trigger a fifth quarter of the 6.2 base increase through March 31, 2021. However, the enhanced rate can be revoked any time prior to the start of a new quarter. Accordingly, DOB is counting on the assured extension, which runs from October 1 through December 31, 2020.

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**	**24,590**	**29,249**	**30,159**	**31,608**
State Funds Medicaid Disbursements	26,300	24,228	28,887	29,797	31,246
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 portion of its assets to Centene Corporation, a for-profit health insurer based in St. Louis, Missouri, in order to facilitate Centene's entry into the 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 $118 million in both FY 2021 and FY 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 and represent a component of the estimated $2 billion contribution over five years.

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. In January 2020, the State received the first of three planned installments, which totaled approximately $13 million. Two remaining installments, commensurate with amounts collected in FY 2020, are planned to be collected in FY's 2021 and 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. In February 2020, the State received the first of three annual installments totaling approximately $7 million

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 870,000 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.

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**	**4,860**	**24.4%**	**4,926**	**1.4%**	**4,838**	**-1.8%**	**4,734**	**-2.1%**
State Operating Funds	**74**	**64**	**-13.5%**	**64**	**0.0%**	**63**	**-1.6%**	**63**	**0.0%**
Local Assistance[1]	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	74	64	-13.5%	64	0.0%	63	-1.6%	63	0.0%
Federal Operating Funds	**3,834**	**4,796**	**25.1%**	**4,862**	**1.4%**	**4,775**	**-1.8%**	**4,671**	**-2.2%**

[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.

On an All Funds basis, Essential Plan spending is anticipated to fluctuate over the Updated Financial Plan, reflecting a mix of factors, including growth in costs associated with increased eligibility and program enrollment, in addition to 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 Federal 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 State 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**	**1,830**	**1.4%**	**1,866**	**2.0%**	**1,890**	**1.3%**	**1,905**	**0.8%**
Public Health	**1,669**	**1,689**	**1.2%**	**1,723**	**2.0%**	**1,742**	**1.1%**	**1,751**	**0.5%**
Child Health Plus[1]	735	557	-24.2%	733	31.6%	753	2.7%	761	1.1%
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	225	-29.5%	233	3.6%	232	-0.4%	233	0.4%
Aging	**136**	**141**	**3.7%**	**143**	**1.4%**	**148**	**3.5%**	**154**	**4.1%**

[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 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. Growth in Public Health spending over the multi-year Financial Plan can be attributable to the CHP program from increased enrollment, as well as the full impact of phased down Federal support currently provided under the ACA, which increases the State share of CHP costs. In FY 2021, reduced CHP spending is attributed to the collection of eFMAP through December 31, 2020, as authorized by the Secretary of Health and Human Services.

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 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**	**5,835**	**6,129**	**6,189**	**6,253**
Surcharges	3,875	3,523	3,797	3,872	3,949
Covered Lives Assessment	1,050	1,049	1,110	1,110	1,110
Cigarette Tax Revenue	722	675	641	609	579
Hospital Assessments	503	487	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**	**5,851**	**6,129**	**6,189**	**6,253**
Medicaid Assistance Account	3,836	3,916	3,991	4,050	4,106
Medicaid Costs	*3,639*	*3,741*	*3,816*	*3,875*	*3,931*
Workforce Recruitment & Retention	*197*	*175*	*175*	*175*	*175*
Hospital Indigent Care	917	717	717	717	717
HCRA Program Account	363	292	336	336	336
Child Health Plus[1]	747	568	745	766	774
Elderly Pharmaceutical Insurance Coverage	112	116	114	114	114
Qualified Health Plan Administration	41	40	40	40	40
SHIN-NY/APCD	40	40	40	40	40
All Other	189	162	146	126	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 decline sharply in FY 2021 before gradually reverting back to levels comparable to FY 2020, primarily reflecting the anticipated impacts of the COVID-19 pandemic on hospital services utilization, including elective procedures, and subsequently, surcharge collections. The FY 2021 CLA has been adjusted to levels consistent with prior year collection levels to reflect the impact of shifting enrollment trends from commercial to public health insurance plans, which are not subject to the CLA. Anticipated base declines in cigarette tax revenue, attributable to reduced consumption, and further impacted by the full year impact of FY 2020 enacted legislation that raised the purchasing age for tobacco products to 21, also contributes to reduced HCRA resource availability in FY 2021.

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 in FY 2021 is expected to decline in line with the aforementioned COVID-19 pandemic impacts on receipts collections. Additionally, lower CHP spending is attributed to the collection of eFMAP, providing $77 million in State share savings. 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**	**3,230**	**-5.7%**	**3,855**	**19.3%**	**3,783**	**-1.9%**	**4,325**	**14.3%**
People with Developmental Disabilities	**2,352**	**2,466**	**4.8%**	**2,615**	**6.0%**	**2,778**	**6.2%**	**2,936**	**5.7%**
Residential Services	1,363	1,451	6.5%	1,512	4.2%	1,608	6.3%	1,699	5.7%
Day Programs	693	738	6.5%	769	4.2%	817	6.2%	864	5.8%
Clinic	17	18	5.9%	19	5.6%	20	5.3%	21	5.0%
All Other Services (Net of Offsets)	279	259	-7.2%	315	21.6%	333	5.7%	352	5.7%
Mental Health	**1,322**	**1,485**	**12.3%**	**1,524**	**2.6%**	**1,593**	**4.5%**	**1,653**	**3.8%**
Adult Local Services	1,091	1,229	12.6%	1,262	2.7%	1,321	4.7%	1,371	3.8%
Children Local Services	231	256	10.8%	262	2.3%	272	3.8%	282	3.7%
Addiction Services and Supports	**363**	**368**	**1.4%**	**377**	**2.4%**	**402**	**6.6%**	**420**	**4.5%**
Residential	91	94	3.3%	87	-7.4%	97	11.5%	101	4.1%
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)**	**(1,090)**	**-78.4%**	**(662)**	**39.3%**	**(991)**	**-49.7%**	**(685)**	**30.9%**
People with Developmental Disabilities	(611)	(1,090)	-78.4%	(662)	39.3%	(991)	-49.7%	(685)	30.9%
TOTAL MENTAL HYGIENE SPENDING [1]	**4,038**	**4,320**	**7.0%**	**4,517**	**4.6%**	**4,774**	**5.7%**	**5,010**	**4.9%**

[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 5.5 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 in wages 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 $1.1 billion portion of mental hygiene spending is reported under the DOH Medicaid Global Cap in FY 2021, an increase of roughly $500 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.

Current public assistance caseload increases have been mitigated by 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 at the next Financial Plan update.

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 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 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%**	**1,547**	**-15.6%**	**1,547**	**0.0%**	**1,547**	**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%	391	-18.5%	391	0.0%	391	0.0%
Child Care	191	192	0.5%	209	8.9%	209	0.0%	209	0.0%
Adoption	127	161	26.8%	146	-9.3%	146	0.0%	146	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%	29	0.0%	29	0.0%	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.

Transportation

The Department of Transportation (DOT) 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.

Transit operating aid estimates have been revised since the Enacted Budget due to declining revenue expectations. In FY 2021, the State expects to provide $6.0 billion in operating aid to mass transit systems, including up to $2.2 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.

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%**	**3,769**	**-0.6%**	**3,971**	**5.4%**	**4,161**	**4.8%**
Mass Transit Operating Aid:	2,448	2,709	10.7%	2,593	-4.3%	2,717	4.8%	2,806	3.3%
Metro Mass Transit Aid	2,292	2,571	12.2%	2,440	-5.1%	2,562	5.0%	2,650	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%	289	18.4%	370	28.0%	472	27.6%
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 November 16, 2020, ridership has declined 69 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 on November 16, 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, dated May 1, 2020, to assist MTA in assessing the financial impact of the COVID-19 pandemic on the MTA's operating budget. The McKinsey analysis projected the 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, which accounts for the estimated fare, toll and dedicated tax revenue loss attributable to COVID-19 impacts, and the delay of the Central Business District Tolling Program. The MTA has also issued $451 million of notes to the MLF and prior to the end of the calendar year, MTA expects to issue additional notes to the MLF in an amount of approximately $2.9 billion to replace lost revenues and pay additional expenses of the MTA caused by the COVID-19 pandemic.

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 and in October 2020 to fund $1.8 billion of the State's portion of the MTA's 2015-19 Capital Plan. The Enacted Budget 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 from the Enacted Budget Financial Plan of $31 million in FY 2021 and $79 million in each of the outyears, and an accompanying 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 State 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 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 DOT and 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	118,170	TBD	TBD	TBD
ERS Contribution Rate					
Before Amortization[4]	15.1%	15.2%	16.9%	18.3%	21.8%
After Amortization[5]	18.7%	18.7%	20.1%	20.9%	23.6%
PFRS Contribution Rate					
Before Amortization[4]	24.0%	25.0%	28.6%	30.7%	34.6%
After Amortization[5]	26.8%	27.6%	31.0%	32.8%	36.1%
Employee/Retiree Health Insurance Growth Rates	2.6%	3.9%	6.4%	7.4%	7.4%
PS/Fringe as % of Receipts (All Funds Basis)	13.0%	12.3%	14.3%	14.5%	14.3%

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 December 31, 2020, the general salary increases that were scheduled to take effect on April 1, 2020.

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**	**9,520**	**10,548**	**10,565**	**10,625**
Mental Hygiene[2]	2,882	2,860	2,908	2,954	2,999
Corrections and Community Supervision[2]	2,871	2,665	2,629	2,669	2,666
State Police	774	476	791	810	810
Department of Health[2]	710	697	729	704	711
Information Technology Services	540	491	495	487	487
Children and Family Services	146	343	340	333	338
Tax and Finance	316	329	315	301	302
Transportation	345	308	304	292	292
Environmental Conservation	216	226	219	214	213
COVID-19 Pandemic	503	(501)	200	200	200
All Other	1,737	1,626	1,618	1,601	1,607
UNIVERSITY SYSTEMS	**6,426**	**6,494**	**6,358**	**6,454**	**6,533**
State University	6,324	6,362	6,355	6,451	6,530
City University	102	132	3	3	3
INDEPENDENT AGENCIES	**337**	**321**	**314**	**314**	**314**
Law	185	173	169	169	169
Audit & Control (OSC)	152	148	145	145	145
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	**17,803**	**16,335**	**17,220**	**17,333**	**17,472**
Judiciary	**2,137**	**2,017**	**1,960**	**1,960**	**1,960**
Legislature	**228**	**224**	**231**	**231**	**231**
Statewide Total	**20,168**	**18,576**	**19,411**	**19,524**	**19,663**
Personal Service	14,090	13,893	13,995	14,085	14,143
Non-Personal Service	6,078	4,683	5,416	5,439	5,520

1 FY 2020 results include $185 million in retroactive salary payments for NYSCOPBA, PBA and NYSPIA labor agreements.

2 Excludes costs incurred, or expected to be incurred, in response to the COVID-19 pandemic.

State agencies have been directed to reduce operating expenditures by 10 percent from the levels authorized in the Enacted Budget Financial Plan, with limited exceptions for facility operations and public health and safety. The Judiciary and elected officials are expected to achieve comparable reductions in their budgets for FY 2021. These savings, included in the Enacted Budget Financial Plan, have been allocated to agencies as part of the Updated Financial Plan and are expected to be achieved through adherence to a strict freeze on hiring and transfers, limiting new contracts or purchase orders for non-personal service expenditures to those needed to protect the health, safety and security of employees and citizens, and to ensure the continuation of high priority operations and services. Partially offsetting these savings is the one-time cost of an additional payroll in FY 2021. 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 retroactive salary payments made in FY 2020, partially offset by increasing costs associated with solitary confinement reforms. Savings previously assumed from the reduction of excess prison capacity in FY 2021 will not materialize due to need for additional beds and space in the prison facilities to enable isolation of inmates that are infected with COVID-19 or under quarantine.

- 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.

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

- State University. Spending for SUNY hospitals has been revised upward to adjust for an increase in COVID-related costs, partially offset by lower spending at SUNY campuses that reflects enrollment trends and implementation of spending controls.

- 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. The implementation of this reclassification is deferred from FY 2021 to FY 2022.

- 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. Spending has been increased in FY 2022 and beyond to recognize the prolonged impact of COVID-19 that is expected to continue to drive higher operational costs, particularly in human services and health care settings.

Workforce

In FY 2021, $13.9 billion, or 14.2 percent, of the State Operating Funds budget is dedicated to supporting Full-Time Equivalent (FTE) employees under direct Executive control; individuals employed by SUNY (46,740) and Independent Agencies; employees paid on a nonannual salaried basis; and overtime pay. Roughly two-thirds 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	**7,480**	**97,584**
Mental Hygiene	2,378	32,331
Corrections and Community Supervision	2,198	27,311
State Police	417	5,543
Department of Health	277	4,090
Information Technology Services	292	3,403
Tax and Finance	258	4,085
Children and Family Services	245	2,297
Environmental Conservation	189	2,282
Transportation	152	2,593
Financial Services	158	1,392
All Other	916	12,257
UNIVERSITY SYSTEMS	**4,360**	**47,117**
State University	4,276	46,740
City University[2]	84	377
INDEPENDENT AGENCIES	**2,053**	**18,331**
Law	125	1,490
Audit & Control (OSC)	118	1,565
Judiciary	1,632	15,273
Legislature[3]	178	3
Statewide Total	**13,893**	**163,032**

[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 13,130 FTEs, which are excluded from this table. The $84 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 6.6 percent over the multi-year Financial Plan period mostly due to the deferment of payroll tax payments in the current year. 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 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 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 and lower cost of Tier 6 entrants. The FY 2022 pension estimate of $2.7 billion relied upon the October 2020 estimate from the State Comptroller, which reflects a negative 2.68 percent return in the Common Retirement Fund in FY 2020 and improvements in the mortality of retirees and beneficiaries. DOB's forecast assumes growth in the salary base consistent with collective bargaining agreements and lower projected returns than OSC due to an uncertain economy and last year's negative returns.

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**	**8,065**	**-4.3%**	**9,909**	**22.9%**	**10,437**	**5.3%**	**10,872**	**4.2%**
Fringe Benefits	**8,063**	**7,649**	**-5.1%**	**9,435**	**23.3%**	**9,963**	**5.6%**	**10,398**	**4.4%**
Health Insurance	4,303	4,473	4.0%	4,761	6.4%	5,113	7.4%	5,493	7.4%
Pensions	2,456	2,552	3.9%	2,884	13.0%	2,989	3.6%	3,306	10.6%
Social Security	1,070	463	-56.7%	1,472	217.9%	1,489	1.2%	1,175	-21.1%
Workers' Compensation	452	479	6.0%	527	10.0%	580	10.1%	638	10.0%
Employee Benefits	103	106	2.9%	117	10.4%	121	3.4%	121	0.0%
Dental Insurance	55	59	7.3%	65	10.2%	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)	(495)	-27.9%	(403)	18.6%	(407)	-1.0%	(413)	-1.5%
Fixed Costs	**360**	**416**	**15.6%**	**474**	**13.9%**	**474**	**0.0%**	**474**	**0.0%**
Public Land Taxes/PILOTS	262	280	6.9%	302	7.9%	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**	**6,446**	**6,783**	**7,052**	**6,458**
Debt Service	736	308	471	489	545
SUNY University Operations	1,179	1,273	1,273	1,267	1,267
Capital Projects	3,128	3,334	3,715	3,895	3,139
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	616	330	469	516
Environmental Protection Fund	28	20	19	85	85
All Other Capital	1,358	2,273	2,407	2,594	2,193
ALL OTHER TRANSFERS	**1,055**	**1,531**	**1,324**	**1,401**	**1,507**
Department of Transportation (MTA Payroll Tax)	244	244	290	369	473
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
Dedicated Mass Transportation Trust Fund	66	65	65	65	65
Banking Services	40	44	44	44	44
Indigent Legal Services	22	28	75	75	75
Business Services Center	8	27	30	30	30
Mass Transportation Operating Assistance	23	21	21	21	21
Correctional Industries	21	21	21	21	21
General Services	20	20	13	10	10
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
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	24	201	191	191	191

General Fund transfers to other funds are expected to total $6.4 billion in FY 2021, a $348 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 $206 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, PBT, the motor fuel 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 DOT and the 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 (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	308	-58.2%	471	52.9%	489	3.8%	545	11.5%
Other State Support	4,180	5,664	35.5%	6,470	14.2%	6,895	6.6%	7,030	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**	**10,354**	**110.6%**	**6,941**	**-33.0%**	**7,384**	**6.4%**	**7,575**	**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 $308 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. Bond sale results to date include the issuance of PIT Revenue Bonds to fund $1.8 billion of the State's portion of 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, this AIS Update reflects a decrease in PMT disbursements from the Enacted Budget of $31 million in FY 2021 and $79 million in each of the outyears, and an accompanying 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	9,444,379	5,156,232	4,496,172	4,477,476	3,983,456
Projected Total PIT Bonds Outstanding	37,117,755	44,500,969	47,213,765	48,969,416	50,587,668	51,503,260
Projected Maximum Annual Debt Service	3,950,808	4,454,755	4,915,812	5,317,849	5,551,078	5,561,803
Projected PIT Coverage Ratio	6.8	5.5	4.9	4.8	4.9	5.0

[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 the State's four-cent sales and use tax. 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	9,444	5,156	4,496	4,477	3,983
Sales Tax Revenue Bonds	1,424	0	1,719	1,499	1,492	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	14,675	7,363	6,508	6,383	5,701

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

Debt issuances totaling $10.3 billion are planned to finance new capital spending in FY 2021, an increase of $5.5 billion (113 percent) from FY 2020. First quarter FY 2021 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, $4.4 billion of PIT short-term notes were issued at a premium to generate $4.5 billion of proceeds for State 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 ($1.5 billion), transportation ($3.4 billion), economic development and housing ($3.3 billion), health and mental hygiene ($803 million), State facilities and equipment ($593 million), and the environment ($732 million).

Over the period of the Capital Plan, new debt issuances are projected to total $36.2 billion, excluding liquidity financings. New issuances are expected for education facilities ($6.0 billion), transportation infrastructure ($11.5 billion), economic development and housing ($9.8 billion), mental hygiene and health care facilities ($3.4 billion), State facilities and equipment ($2.1 billion), and the environment ($3.4 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	44,501	47,214	48,969	50,588	51,503
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	1,109	1,011	906	801	693
Service Contract & Lease Purchase	1,475	1,111	975	844	684	539
TOTAL STATE-SUPPORTED [1]	54,207	60,342	64,041	66,669	69,065	70,522

[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	4,232	5,050	5,426	5,566	5,595	28,238
Sales Tax Revenue Bonds	956	1,158	1,248	1,302	1,301	1,368	7,334
General Obligation Bonds	483	241	305	330	358	415	2,133
Local Government Assistance Corporation	301	82	0	0	0	0	383
Other State-Supported Bonds [2,3]	808	258	338	325	350	319	2,398
Tobacco Bonds [3]	0	0	0	0	0	0	0
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	10,400	6,987	7,415	7,575	7,697	45,036

[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 $487 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 5.1 percent annually.

April - September 2020 Operating Results

April - September 2020 Operating Results

This section provides a summary of preliminary operating results for FY 2021 compared to: (1) the projections set forth in the FY 2021 Enacted Budget Financial Plan ("initial estimates"), (2) the most recent projections set forth in the FY 2021 First Quarterly Update Financial Plan ("revised estimates") and (3) prior year FY 2020 results for the same period (April 2019 through September 2019). The following discussions of the variances is focused on the comparison to the initial plan.

State spending through September 2020 reflects the withholding of a minimum of 20 percent of most local aid payments as well as certain other payments, to achieve the cash flow savings anticipated in the Enacted Budget Financial Plan and the net impact of unbudgeted COVID-19 pandemic related spending and the reclassification of certain eligible expenses to the Federal CRF.

Payments planned through September 30 in the initial estimates that were subsequently withheld or not paid 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. In addition, State operations spending is impacted by COVID-19 pandemic related spending that is being incurred by the State in the first instance that is expected to be reclassified to the CRF later in the fiscal year or reimbursed under FEMA.

Summary of General Fund Operating Results

FY 2021 GENERAL FUND OPERATING RESULTS COMPARED TO PLANS
FY 2021 April to September
(millions of dollars)

	Initial Estimate	Revised Estimate	Results	Variance Above/ (Below): Initial Estimate $	Initial Estimate %	Revised Estimate $	Revised Estimate %
OPENING BALANCE	**8,944**	**8,944**	**8,944**	**0**	**0.0%**	**0**	**0.0%**
Total Receipts	**39,570**	**39,676**	**40,735**	**1,165**	**2.9%**	**1,059**	**2.7%**
Taxes:	33,689	33,195	34,230	541	1.6%	1,035	3.1%
Personal Income Tax[1]	23,816	23,959	24,440	624	2.6%	481	2.0%
Consumption / Use Taxes[1]	5,888	5,404	5,988	100	1.7%	584	10.8%
Business Taxes	3,102	2,911	2,931	(171)	-5.5%	20	0.7%
Other Taxes[1]	883	921	871	(12)	-1.4%	(50)	-5.4%
Receipts and Grants	5,193	5,639	5,680	487	9.4%	41	0.7%
Transfers From Other Funds	688	842	825	137	19.9%	(17)	-2.0%
Total Spending	**38,576**	**34,792**	**34,237**	**(4,339)**	**-11.2%**	**(555)**	**-1.6%**
Local Assistance	24,249	22,350	22,262	(1,987)	-8.2%	(88)	-0.4%
Agency Operations (including GSCs)	10,444	9,253	9,423	(1,021)	-9.8%	170	1.8%
Transfers to Other Funds	3,883	3,189	2,552	(1,331)	-34.3%	(637)	-20.0%
Debt Service Transfer	103	79	91	(12)	-11.7%	12	15.2%
Capital Projects Transfer	2,114	1,512	1,068	(1,046)	-49.5%	(444)	-29.4%
SUNY Operations Transfer	1,107	939	865	(242)	-21.9%	(74)	-7.9%
All Other Transfers	559	659	528	(31)	-5.5%	(131)	-19.9%
Change in Operations	**994**	**4,884**	**6,498**	**5,504**	**553.7%**	**1,614**	**33.0%**
CLOSING BALANCE	**9,938**	**13,828**	**15,442**	**5,504**	**55.4%**	**1,614**	**11.7%**

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

Results Compared to Initial Estimates

The State ended September 2020 with a General Fund balance of $15.4 billion, $5.5 billion above the initial estimate, comprised of $4.3 billion in lower spending and $1.2 billion in higher receipts. Lower spending is primarily due to payment withholdings, as well as lower agency operations due to the reclassification of certain eligible costs to the Federal CRF, a strict hiring freeze and spending controls. Transfers supporting Capital Projects are lower than projected due to limits on new capital commitments. Higher receipts are primarily due to stronger than anticipated PIT withholding growth and current year estimated payments growth, and slower than expected current year PIT refund payments, and unplanned monetary settlement payments, partially offset by lower than projected business tax collections.

Through September 2020, General Fund receipts, including transfers from other funds, totaled $40.7 billion, $1.2 billion (2.9 percent) above the initial estimate. PIT collections were $624 million (2.6 percent) higher than expected and reflect a combination of stronger than expected withholding and current year estimated payments growth, augmented by weaker than expected growth in total refunds, offset by weaker than expected growth in extensions, final returns, and delinquencies.

Higher consumption tax receipts are primarily due to stronger-than-projected second quarter sales tax receipts that offset weaker-than-projected first quarter 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 reduced receipts in audits and lower than anticipated gross Insurance Taxes.

Miscellaneous receipts through September include the receipt of an unplanned $220 million Extraordinary Monetary Settlement from Bank Hapoalim for a penalty issued by DFS in relation to assisting U.S. clients with the evasion of state and Federal taxes by conducting illegal cross-border banking business and $150 million from Deutsche Bank for significant compliance failures in connection to its relationships with Jeffrey Epstein, Dankse Bank Estonia, and FBME Bank. In addition, higher receipts also occurred in abandoned property ($100 million) and licenses/fees ($44 million).

General Fund disbursements, including transfers to other funds, totaled $34.2 billion, $4.3 billion (11.2 percent) below the initial estimate of which most of the variances, primarily in local assistance, are due to payment withholds previously noted. Agency operations spending, including fringe benefits, was $1 billion 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 to 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 State's Federal CRF fund over the next few months. Lower than projected transfers to support Capital Projects is attributable to slowed spending in response to the pandemic. Transfers supporting SUNY Operations were also subject to withholding consistent with local assistance payments.

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

FY 2021 GENERAL FUND OPERATING RESULTS
(millions of dollars)

	Initial Estimate	Revised Estimate	Results	Variance Above/ (Below) Initial Estimate	Variance Above/ (Below) Revised Estimate
Opening Fund Balance (Excl. Extr. Monetary Settlements)	**6,334**	**6,334**	**6,334**	**0**	**0**
Total Receipts	**39,490**	**39,226**	**40,285**	**795**	**1,059**
Taxes[1]	33,689	33,195	34,230	541	1,035
Non-Tax Receipts/Transfers[2]	5,801	6,031	6,055	254	24
Total Disbursements	**38,548**	**34,462**	**34,023**	**(4,525)**	**(439)**
Local Assistance	24,249	22,350	22,262	(1,987)	(88)
Agency Operations	10,444	9,253	9,423	(1,021)	170
Transfers to Other Funds[3]	3,855	2,859	2,338	(1,517)	(521)
Net Change in Operations	**942**	**4,764**	**6,262**	**5,320**	**1,498**
Closing Fund Balance (Excl. Extr. Monetary Settlements)	**7,276**	**11,098**	**12,596**	**5,320**	**1,498**
Extraordinary Monetary Settlements					
Opening Balance	2,610	2,610	2,610	0	0
Settlements Received/Expected[4]	80	450	450	370	0
Transfers/Uses	(28)	(330)	(214)	(186)	116
Closing Balance	**2,662**	**2,730**	**2,846**	**184**	**116**
Closing Fund Balance (Incl. Extr. Monetary Settlements)	**9,938**	**13,828**	**15,442**	**5,504**	**1,614**

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 September 2020 with an All Funds balance of $25.8 billion, $11.5 billion above FY 2020, primarily due to a higher opening balance ($4.3 billion) and higher receipts and disbursements than the prior year levels.

Tax receipts are lower than the prior year due to a combination of losses attributable to the economic impact of the public health emergency. Growth in miscellaneous receipts is mainly due to the sale of $4.5 billion in short-term notes to offset the impact of the Federal tax filing deadline extension from April 15, 2020 to July 15, 2020. 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 pandemic response costs, $3.8 billion from the FEMA Disaster Relief Fund for lost wage payments, and $2.3 billion from eFMAP.

In addition to the payment withholds previously noted, lower spending is also attributable to the timing of certain Medicaid payments and the impact of eFMAP, which lowered State-share Medicaid costs. Operational spending is impacted by the one-time NYSCOPBA collective bargaining retro payments made in FY 2020, spending controls and the reclassification of certain COVID related spending to the CRF. Debt service spending was higher than the prior year due mainly to a combination of prepayments, refunding savings, and variation in the timing of payments across the State's debt service credits. Lower than projected support for Capital Projects is attributable to slowed spending driven by COVID-19 pandemic impacts.

April - September 2020 Operating Results

ALL GOVERNMENTAL FUNDS - RESULTS COMPARED TO PRIOR YEAR
FY 2021 April to September
(millions of dollars)

	Results		Increase/(Decrease)	
	FY 2020	**FY 2021**	**$**	**%**
OPENING BALANCE	**9,975**	**14,284**	**4,309**	**43.2%**
ALL FUNDS RECEIPTS:	**87,496**	**98,902**	**11,406**	**13.0%**
Total Taxes	**42,402**	**39,552**	**(2,850)**	**-6.7%**
Personal Income Tax	27,981	26,859	(1,122)	-4.0%
All Other Taxes	14,421	12,693	(1,728)	-12.0%
Miscellaneous Receipts	**13,067**	**16,609**	**3,542**	**27.1%**
Federal Grants	**32,027**	**42,741**	**10,714**	**33.5%**
ALL FUNDS DISBURSEMENTS:	**83,059**	**87,188**	**4,129**	**5.0%**
STATE OPERATING FUNDS	**48,997**	**44,693**	**(4,304)**	**-8.8%**
Local Assistance	**32,969**	**29,685**	**(3,284)**	**-10.0%**
School Aid	11,712	11,405	(307)	-2.6%
DOH Medicaid (incl. admin and EP)	13,212	10,896	(2,316)	-17.5%
All Other	8,045	7,384	(661)	-8.2%
State Operations	**15,051**	**13,729**	**(1,322)**	**-8.8%**
Agency Operations	**9,872**	**8,939**	**(933)**	**-9.5%**
Executive Agencies	5,326	4,429	(897)	-16.8%
University Systems	3,179	3,140	(39)	-1.2%
Elected Officials	1,367	1,370	3	0.2%
Fringe Benefits/Fixed Costs	**5,179**	**4,790**	**(389)**	**-7.5%**
Pension Contribution	2,311	2,298	(13)	-0.6%
Health Insurance	2,114	2,219	105	5.0%
Other Fringe Benefits/Fixed Costs	754	273	(481)	-63.8%
Debt Service	**977**	**1,279**	**302**	**30.9%**
CAPITAL PROJECTS (State and Federal Funds)	**5,904**	**5,424**	**(480)**	**-8.1%**
FEDERAL OPERATING AID	**28,158**	**37,071**	**8,913**	**31.7%**
NET OTHER FINANCING SOURCES	**(102)**	**(198)**	**(96)**	**-94.1%**
CHANGE IN OPERATIONS	**4,335**	**11,516**	**7,181**	**165.7%**
CLOSING BALANCE	**14,310**	**25,800**	**11,490**	**80.3%**

Receipts

PIT collections through September 2020 were $1.1 billion (4 percent) lower than last year, primarily due to a strong decline in current year estimated payments, extension payments and delinquencies. Year-over-year consumption/use tax collections ($1.4 billion) were lower primarily attributable 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 ($214 million) are due to reduced PBT, CFT and Insurance Taxes gross receipts, partially offset by higher bank audits and lower CFT refunds.

Growth in miscellaneous receipts through September 2020 of $3.5 billion was due to the PIT note sales ($4.5 billion) and higher bond reimbursements ($1.1 billion) to capital projects for SUNY ($732 million), DOCCS ($257 million) and ESD ($112 million), partially offset by lower reimbursements to MTA ($324 million). In addition, compared to last year, the State received fewer extraordinary settlements ($310 million) and reduced Lottery receipts ($625 million), HCRA receipts ($280 million), other licenses/fees ($127 million), and motor vehicle fees ($112 million), all of which were negatively impacted by the COVID-19 pandemic.

Federal grants through September 2020 were $10.7 billion higher in FY 2021 than in FY 2020 largely due to the receipt of Federal CARES Act funding, funding for the LWA program and eFMAP.

Spending

State Operating Funds spending totaled $44.7 billion during the first six months of FY 2021, a decrease of $4.3 billion (8.8 percent) from the same period of FY 2020.

Local assistance spending was $3.3 billion lower than the prior year, primarily attributable to Medicaid due to the temporary Federal share (eFMAP) increase ($2.3 billion). Spending declines in other areas are due in part to the ongoing review and withholding process, as well as claiming and processing delays. These areas include Pre-School Special Education ($372 million) and other education programs ($190 million), TAP ($416 million), Transportation ($315 million), and School Aid ($307 million). Areas of underspending were partially offset by CUNY Senior and Community Colleges related to the partial payment of the remaining Academic Year 2020 liabilities in June ($345 million); and Child Welfare Services ($317 million), public assistance payments ($184 million), public health GPHW ($130 million) and Early Intervention ($61 million), all due to delayed payments in the first quarter of FY 2020.

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 increases to health, safety and essential services, and the reclassification of certain eligible expenses to the Federal CRF. Fringe benefits spending declined mostly due to the deferment of Social Security Payments permitted under the CARES Act, partially offset by higher Health Insurance payments ($105 million).

Higher debt service spending is a combination of prepayments, refunding savings, and variation in the timing of payments across the State's debt service credits. Lower Capital Projects spending (State and Federal) mostly occurred in ESD ($351 million) and SIA ($276 million), offset by increased disbursements in DHCR ($201 million) driven by new facility housing construction and rehabilitation.

Federal operating spending growth ($8.9 billion) mainly reflects the lost wage payments, temporary eFMAP, public health and safety costs charged to the Federal CRF, and higher social services spending.

All Governmental Funds Results Compared to Estimates

ALL GOVERNMENTAL FUNDS COMPARED TO PLANS FY 2021 April to September (millions of dollars)							
				Variance Above/ (Below)			
				Initial Estimate		Revised Estimate	
	Initial Estimate	Revised Estimate	Results	$	%	$	%
OPENING BALANCE	**14,284**	**14,284**	**14,284**	**0**	**0.0%**	**0**	**0.0%**
ALL FUNDS RECEIPTS:	**92,132**	**96,661**	**98,902**	**6,770**	**7.3%**	**2,241**	**2.3%**
Total Taxes	**38,533**	**38,404**	**39,552**	**1,019**	**2.6%**	**1,148**	**3.0%**
Personal Income Tax	25,756	26,364	26,859	1,103	4.3%	495	1.9%
Consumption / Use Tax	7,631	7,087	7,725	94	1.2%	638	9.0%
Business Taxes	4,191	3,958	4,025	(166)	-4.0%	67	1.7%
Other Taxes	955	995	943	(12)	-1.3%	(52)	-5.2%
Miscellaneous Receipts	**16,059**	**16,321**	**16,609**	**550**	**3.4%**	**288**	**1.8%**
Federal Grants	**37,540**	**41,936**	**42,741**	**5,201**	**13.9%**	**805**	**1.9%**
ALL FUNDS DISBURSEMENTS:	**87,439**	**84,468**	**87,188**	**(251)**	**-0.3%**	**2,720**	**3.2%**
STATE OPERATING FUNDS	**47,704**	**44,012**	**44,693**	**(3,011)**	**-6.3%**	**681**	**1.5%**
Local Assistance	**31,617**	**29,264**	**29,685**	**(1,932)**	**-6.1%**	**421**	**1.4%**
School Aid	11,832	11,458	11,405	(427)	-3.6%	(53)	-0.5%
DOH Medicaid[1]	11,728	10,841	10,896	(832)	-7.1%	55	0.5%
Higher Education	2,267	1,811	1,458	(809)	-35.7%	(353)	-19.5%
Transportation	1,948	1,596	1,449	(499)	-25.6%	(147)	-9.2%
Social Services	1,688	1,514	1,372	(316)	-18.7%	(142)	-9.4%
Mental Hygiene	1,033	1,116	857	(176)	-17.0%	(259)	-23.2%
All Other	3,121	2,328	2,248	(873)	-28.0%	(80)	-3.4%
Budget Balance Reduction	(2,000)	(1,400)	0	2,000	0.0%	1,400	0.0%
State Operations	**14,766**	**13,444**	**13,729**	**(1,429)**	**-9.7%**	**285**	**2.1%**
Agency Operations	**9,814**	**8,682**	**8,939**	**(1,267)**	**-12.9%**	**257**	**3.0%**
Personal Service:	7,501	6,997	7,082	(419)	-5.6%	85	1.2%
Executive Agencies	3,932	3,620	3,725	(207)	-5.3%	105	2.9%
University Systems	2,307	2,148	2,185	(122)	-5.3%	37	1.7%
Elected Officials	1,262	1,229	1,172	(90)	-7.1%	(57)	-4.6%
Non-Personal Service:	2,705	1,881	1,857	(848)	-31.3%	(24)	-1.3%
Executive Agencies	1,361	597	704	(657)	-48.3%	107	17.9%
University Systems	1,045	1,036	955	(90)	-8.6%	(81)	-7.8%
Elected Officials	299	248	198	(101)	-33.8%	(50)	-20.2%
Budget Balance Reduction	(392)	(196)	0	392	0.0%	196	0.0%
Fringe Benefits/Fixed Costs	**4,952**	**4,762**	**4,790**	**(162)**	**-3.3%**	**28**	**0.6%**
Pension Contribution	2,292	2,302	2,298	6	0.3%	-4	-0.2%
Health Insurance	2,275	2,233	2,219	(56)	-2.5%	-14	-0.6%
Other Fringe Benefits/Fixed Costs	385	227	273	(112)	-29.1%	46	20.3%
Debt Service	**1,321**	**1,304**	**1,279**	**(42)**	**-3.2%**	**(25)**	**-1.9%**
CAPITAL PROJECTS (State and Federal Funds)	**7,279**	**5,836**	**5,424**	**(1,855)**	**-25.5%**	**(412)**	**-7.1%**
FEDERAL OPERATING AID	**32,456**	**34,620**	**37,071**	**4,615**	**14.2%**	**2,451**	**7.1%**
NET OTHER FINANCING SOURCES	**(81)**	**(94)**	**(198)**	**(117)**	**-144.4%**	**(104)**	**-110.6%**
CHANGE IN OPERATIONS	**4,612**	**12,099**	**11,516**	**6,904**	**149.7%**	**(583)**	**-4.8%**
CLOSING BALANCE	**18,896**	**26,383**	**25,800**	**6,904**	**36.5%**	**(583)**	**-2.2%**

1. Includes the Essential Plan

Receipts

Compared to the initial estimates for the period through September 2020, PIT collections ($1.1 billion) and consumption/use tax collections ($94 million) were higher than projected partially offset by lower than anticipated business taxes ($166 million), consistent with the General Fund variances above.

Higher than initially projected miscellaneous receipts ($550 million) were mostly due to the unplanned Extraordinary Monetary Settlements from Bank Hapoalim ($220 million) and Deutsche Bank ($150 million), and higher receipts in SUNY ($101 million) and abandoned property ($100 million); offset by lower than planned receipts in HCRA ($287 million), resulting from a decline in patient volume and fewer general elective surgeries, and lottery ($95 million) during the COVID-19 pandemic.

Federal grants reflect Federal operating aid disbursements, as well as the receipt of Federal CARES Act funding ($5.1 billion).

Compared to the revised estimates, the major change in tax collection is in consumption/use taxes primarily due to stronger than projected August and September sales tax receipts and business taxes related to higher gross and audits for CFT and PBT collections, partially offset by lower Insurance Taxes. Miscellaneous receipts exceed the projection ($288 million) mostly due to higher than anticipated revenues in abandoned property and various special revenue funds. Federal grants are also higher than planned ($805 million).

Spending

In comparison to the initial estimates, State Operating Funds spending through September 2020 was $3 billion under projections of which lower local assistance spending contributed $1.9 billion. This is mainly due to withholding of certain local assistance payments discussed above and reduced Medicaid spending due to lower than anticipated claims and a quarterly extension (July through September) of eFMAP, authorized by the Secretary of Health and Human Services but not reflected in initial estimates. State operations, including GSCs, was $1.4 billion lower mainly due to the reclassification of certain eligible expenses to CRF as well as cost controls put in place to limit spending increases to health, safety and essential services. Lower than projected spending for University systems is mainly attributable to spending declines in SUNY State operated campuses associated with the delayed general salary increases and reduced spending on non-essential items.

Capital Projects spending was $1.9 billion lower than initial projections, which is primarily attributable to lower spending for economic development ($943 million), Education ($323 million), parks and environment ($219 million) and health and social welfare ($178 million). 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 September 2020.

Federal operating aid spending through September 2020 was $4.6 billion (14.2 percent) higher than initial projections and is largely attributable to COVID related spending supported by the Federal government legislation enacted in response to the ongoing COVID-19 pandemic including the CARES Act which provides funding for COVID-19 pandemic related expenses through the CRF, and the LWA program with provided a time limited $300 benefit to unemployed New Yorkers. In addition, underspending was attributable to:

- Medicaid ($15 million lower) driven by lower than anticipated claims ($923 million), almost fully offset by an additional quarter of eFMAP ($908 million).
- Social Services ($259 million lower) driven by timing of public assistance payments ($128 million) and underspending on SNAP ($67 million) and HEAP ($62 million).
- School Aid ($212 million lower) due to underspending on Elementary and Secondary Education Act (ESEA) Title grants ($352 million), offset by higher United States Department of Agriculture School Lunch Act grants ($140 million).
- Medicaid Administration ($159 million lower) attributable to the timing payments to certain districts as a result of spending controls and the timing of contract 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 was issued on November 6, 2020.

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, 2020 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 initial 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 STAR Corp. [2]	Obligations of TSASC, Inc.	Hudson Yards Infrastructure Corporation	Other [3] Obligations	Total
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
2020	38,784	48,978	1,634	1,023	2,724	1,882	95,025

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 Updated 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 2019.

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
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
2019	91,542	0	36,125	5,751	127,667	5,751

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 year ending 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, 2020, is included in NYSLRS' Comprehensive Annual Financial Report ("NYSLRS' CAFR") for the fiscal year ended March 31, 2020 and is available on the OSC website at the following address:

https://www.osc.state.ny.us/files/retirement/resources/pdf/comprehensive-annual-financial-report-2020.pdf.

Additionally, available at the OSC website are the System's asset listing for the fiscal year ended March 31, 2020. 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/files/retirement/resources/pdf/asset-listing-2020.pdf.

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 2020 are available at the OSC website at:

https://www.osc.state.ny.us/retirement/resources/financial-statements-and-supplementary-information#actuarial.

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 2,962 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.[20] 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.

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

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.[21]

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 2022 were released in August 2020. The average ERS rate increased by 1.6 percent from 14.6 percent of salary in FY 2021 to 16.2 percent of salary in FY 2022, while the average PFRS rate increased by 3.9 percent from 24.4 percent of salary in FY 2021 to 28.3 percent of salary in FY 2022. Information regarding average rates for FY 2022 may be found in the 2020 Annual Report to the Comptroller on Actuarial Assumptions which is accessible at:

https://www.osc.state.ny.us/files/retirement/resources/pdf/actuarial-assumptions-2020.pdf.

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, FY 2020, and FY 2021, 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, 2.55 percent and 1.33 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

[21] During 2020, 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 September 2020, the Comptroller announced the assumed rate of return for NYSLRS would remain at 6.8 percent. The 6.8 percent rate of return has been used to determine employer contribution rates in FY 2021 and FY 2022.

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 under the Contribution Stabilization Program 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, 2.87 percent for FY 2020, and 1.60 percent for FY 2021). 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 estimated total State payment (including Judiciary) due to NYSLRS for FY 2021 is approximately $2.392 billion. Several prepayments (including interest credit) have reduced this amount to $66 million.

The estimated total State payment (including Judiciary) due to NYSLRS for FY 2022 is approximately $2.670 billion.

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, 2020 was $198.1 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), a decrease of $17.1 billion or 7.9 percent from the FY 2019 level of $215.2 billion. The decrease in net position restricted for pension benefits from FY 2019 to FY 2020 is primarily the result of the net depreciation of the fair value of the investment portfolio.[22] The System's audited Financial Statement reports a time-weighted investment rate of return of negative 2.7 percent (gross rate of return before the deduction of certain fees) for FY 2020.

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

[22] On August 11, 2020, the State Comptroller announced that the New York State Common Retirement Fund's ("Fund") estimated time-weighted return (gross of certain investment fees) for the first quarter of FY 2021 was 10.35 percent for the three-month period ended June 30, 2020, and the Fund ended the quarter with an estimated value of $216.3 billion. On November 9, 2020, the State Comptroller announced the Fund's estimated return in the second quarter of FY 2021 was 6.24 percent for the three-month period ending September 30, 2020, and the Fund ended the quarter with an estimated value of $226.4 billion. These quarterly returns reflect unaudited data for the invested assets of the System. The value of the invested assets changes daily.

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. [23]

The System reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased to $268.9 billion (including $139.7 billion for retirees and beneficiaries) as of April 1, 2020, up from $260.3 billion as of April 1, 2019. 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 valuation used by the Retirement Systems Actuary was based on audited net position restricted for pension benefits as of March 31, 2020. 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, 2020 in that the determination of actuarial assets utilized a smoothing method that recognized 20 percent of the unexpected loss for FY 2020, 40 percent of the unexpected loss for FY 2019, 60 percent of the unexpected gain for FY 2018, and 80 percent of the unexpected gain for FY 2017. The asset valuation method smooths gains and losses based on the market value of all investments. Actuarial assets increased from $213.0 billion on April 1, 2019 to $214.1 billion on April 1, 2020.

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.

[23] More detail on the CRF's asset allocation as of March 31, 2020, long-term policy and transition target allocation can be found on page 100 of the NYSLRS' CAFR for the fiscal year ending March 31, 2020.

The ratio of fiduciary net position to the total pension liability for ERS, as of March 31, 2020, calculated by the System's Actuary, was 86.4 percent. The ratio of the fiduciary net position to the total pension liability for PFRS, as of March 31, 2020, calculated by the System's Actuary, was 84.9 percent.[24]

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.

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 2020, based on the System's measurement date of March 31, 2020. 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/retirement/resources/financial-statements-and-supplementary-information?redirect=legacy.

The GASB 68 "Schedules of Employer Allocation" and "Schedules of Pension Amounts by Employer" as of March 31, 2020 have been posted to the OSC website at the following link.

https://www.osc.state.ny.us/files/retirement/resources/pdf/schedules-emp-allocations-pen-amounts-2020.pdf.

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.

[24] 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.

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 2020 NYSLRS CAFR is available on the OSC website at the following web address:

http://www.osc.state.ny.us/files/retirement/resources/pdf/comprehensive-annual-financial-report-2020.pdf.

1) Information on the number of members and retirees, including the change in the number of members and retirees and beneficiaries since 2010 can be found on page 29 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 43 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 72-73 at the link noted above.

4) Information on contributions can be found on pages 143-151 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 2010 can be found on page 152 of the NYSLRS CAFR at the link noted above.

6) Information related to the salaries of members can be found on pages 186-189 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 December 31, 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 filed its brief on October 29, 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.[25]

[25] 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 Mid-Year	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	6,896	3,737	118.3%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	25,862	17,607	(8,255)	-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	2,760	(155)	-5.3%
Total Receipts	**79,207**	**69,170**	**(10,037)**	**-12.7%**
Disbursements:				
Local Assistance	51,863	46,212	(5,651)	-10.9%
State Operations:				
Personal Service	8,940	8,923	(17)	-0.2%
Non-Personal Service	3,114	2,297	(817)	-26.2%
General State Charges	7,454	6,999	(455)	-6.1%
Transfers to Other Funds:				
Debt Service	736	308	(428)	-58.2%
Capital Projects	3,128	3,334	206	6.6%
SUNY Operations	1,179	1,273	94	8.0%
Other Purposes	1,055	1,531	476	45.1%
Total Disbursements	**77,469**	**70,877**	**(6,592)**	**-8.5%**
Excess (Deficiency) of Receipts Over Disbursements	**1,738**	**(1,707)**	**(3,445)**	**-198.2%**
Closing Fund Balance	**8,944**	**7,237**	**(1,707)**	**-19.1%**
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	1,490	600	
Extraordinary Monetary Settlements	2,610	2,185	(425)	

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2021 Mid-Year	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	6,896	1,753	1,776	1,814
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	17,607	20,487	21,591	23,130
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	2,140	2,245	2,349
Real Estate Taxes in Excess of CW/CA Debt Service	781	841	905	961
All Other	2,760	2,100	1,717	1,564
Total Receipts	**69,170**	**67,485**	**70,860**	**74,610**
Disbursements:				
Local Assistance	46,212	49,954	52,638	55,564
State Operations:				
Personal Service	8,923	9,192	9,299	9,411
Non-Personal Service	2,297	2,955	3,027	3,180
General State Charges	6,999	8,833	9,334	9,761
Transfers to Other Funds:				
Debt Service	308	471	489	545
Capital Projects	3,334	3,715	3,895	3,139
SUNY Operations	1,273	1,273	1,267	1,267
Other Purposes	1,531	1,324	1,401	1,507
Total Disbursements	**70,877**	**77,717**	**81,350**	**84,374**
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	(600)	0	0	0
Extraordinary Monetary Settlements	425	959	747	345
Total Use (Reservation) of Fund Balance	**1,707**	**1,507**	**747**	**345**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**(8,725)**	**(9,743)**	**(9,419)**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2021 Enacted	Change	FY 2021 First Quarter	Change	FY 2021 Mid-Year
Receipts:					
Taxes:					
Personal Income Tax	22,450	0	22,450	0	22,450
Consumption/Use Taxes	6,934	(488)	6,446	0	6,446
Business Taxes	6,506	0	6,506	0	6,506
Other Taxes	1,115	0	1,115	0	1,115
Miscellaneous Receipts	6,373	371	6,744	152	6,896
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	19,152	(1,531)	17,621	(14)	17,607
ECEP in Excess of Revenue Bond Debt Service	2	0	2	0	2
Sales Tax in Excess of LGAC Bond Debt Service	3,063	(222)	2,841	0	2,841
Sales Tax in Excess of Revenue Bond Debt Service	1,987	(221)	1,766	0	1,766
Real Estate Taxes in Excess of CW/CA Debt Service	781	0	781	0	781
All Other	2,579	(18)	2,561	199	2,760
Total Receipts	**70,942**	**(2,109)**	**68,833**	**337**	**69,170**
Disbursements:					
Local Assistance	46,400	(115)	46,285	(73)	46,212
State Operations:					
Personal Service	9,058	(319)	8,739	184	8,923
Non-Personal Service	2,597	(503)	2,094	203	2,297
General State Charges	7,249	(179)	7,070	(71)	6,999
Transfers to Other Funds:					
Debt Service	1,810	(1,500)	310	(2)	308
Capital Projects	3,512	(116)	3,396	(62)	3,334
SUNY Operations	1,273	0	1,273	0	1,273
Other Purposes	1,270	253	1,523	8	1,531
Total Disbursements	**73,169**	**(2,479)**	**70,690**	**187**	**70,877**
Use (Reservation) of Fund Balance:					
Community Projects	16	0	16	0	16
Timing of Payments	1,313	0	1,313	0	1,313
Undesignated Fund Balance	553	0	553	0	553
Reserve for Economic Uncertainties	(80)	(370)	(450)	(150)	(600)
Extraordinary Monetary Settlements	425	0	425	0	425
Total Use (Reservation) of Fund Balance	**2,227**	**(370)**	**1,857**	**(150)**	**1,707**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**0**	**0**	**0**	**0**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2022 Enacted	Change	FY 2022 First Quarter	Change	FY 2022 Mid-Year
Receipts:					
Taxes:					
Personal Income Tax	22,008	0	22,008	0	22,008
Consumption/Use Taxes	7,462	(82)	7,380	0	7,380
Business Taxes	6,337	0	6,337	0	6,337
Other Taxes	1,047	0	1,047	0	1,047
Miscellaneous Receipts	1,750	0	1,750	3	1,753
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	20,560	(54)	20,506	(19)	20,487
ECEP in Excess of Revenue Bond Debt Service	3	0	3	0	3
Sales Tax in Excess of LGAC Bond Debt Service	3,414	(25)	3,389	0	3,389
Sales Tax in Excess of Revenue Bond Debt Service	2,177	(25)	2,152	(12)	2,140
Real Estate Taxes in Excess of CW/CA Debt Service	841	0	841	0	841
All Other	1,855	(33)	1,822	278	2,100
Total Receipts	**67,454**	**(219)**	**67,235**	**250**	**67,485**
Disbursements:					
Local Assistance	48,967	692	49,659	295	49,954
State Operations:		0			
Personal Service	8,996	3	8,999	193	9,192
Non-Personal Service	2,543	9	2,552	403	2,955
General State Charges	9,013	0	9,013	(180)	8,833
Transfers to Other Funds:					
Debt Service	488	0	488	(17)	471
Capital Projects	3,747	2	3,749	(34)	3,715
SUNY Operations	1,273	0	1,273	0	1,273
Other Purposes	1,407	(40)	1,367	(43)	1,324
Total Disbursements	**76,434**	**666**	**77,100**	**617**	**77,717**
Use (Reservation) of Fund Balance:					
Undesignated Fund Balance	548	0	548	0	548
Extraordinary Monetary Settlements	959	0	959	0	959
Total Use (Reservation) of Fund Balance	**1,507**	**0**	**1,507**	**0**	**1,507**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(7,473)**	**(885)**	**(8,358)**	**(367)**	**(8,725)**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2023 Enacted	Change	FY 2023 First Quarter	Change	FY 2023 Mid-Year
Receipts:					
Taxes:					
Personal Income Tax	23,508	0	23,508	0	23,508
Consumption/Use Taxes	7,686	5	7,691	0	7,691
Business Taxes	6,778	0	6,778	0	6,778
Other Taxes	1,097	0	1,097	0	1,097
Miscellaneous Receipts	1,773	0	1,773	3	1,776
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	21,644	(55)	21,589	2	21,591
ECEP in Excess of Revenue Bond Debt Service	3	0	3	0	3
Sales Tax in Excess of LGAC Bond Debt Service	3,530	19	3,549	0	3,549
Sales Tax in Excess of Revenue Bond Debt Service	2,251	18	2,269	(24)	2,245
Real Estate Taxes in Excess of CW/CA Debt Service	905	0	905	0	905
All Other	1,532	(18)	1,514	203	1,717
Total Receipts	**70,707**	**(31)**	**70,676**	**184**	**70,860**
Disbursements:					
Local Assistance	52,444	578	53,022	(384)	52,638
State Operations:					
Personal Service	9,059	3	9,062	237	9,299
Non-Personal Service	2,494	10	2,504	523	3,027
General State Charges	9,559	0	9,559	(225)	9,334
Transfers to Other Funds:					
Debt Service	501	0	501	(12)	489
Capital Projects	3,917	(4)	3,913	(18)	3,895
SUNY Operations	1,267	0	1,267	0	1,267
Other Purposes	1,484	(40)	1,444	(43)	1,401
Total Disbursements	**80,725**	**547**	**81,272**	**78**	**81,350**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	747	0	747	0	747
Total Use (Reservation) of Fund Balance	**747**	**0**	**747**	**0**	**747**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(9,271)**	**(578)**	**(9,849)**	**106**	**(9,743)**

Source: NYS DOB.

CASH FINANCIAL PLAN GENERAL FUND (millions of dollars)	FY 2024 Enacted	Change	FY 2024 First Quarter	Change	FY 2024 Mid-Year
Receipts:					
Taxes:					
Personal Income Tax	25,181	0	25,181	0	25,181
Consumption/Use Taxes	7,922	(32)	7,890	0	7,890
Business Taxes	6,918	0	6,918	0	6,918
Other Taxes	1,148	0	1,148	0	1,148
Miscellaneous Receipts	1,811	0	1,811	3	1,814
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	23,145	(55)	23,090	40	23,130
ECEP in Excess of Revenue Bond Debt Service	4	0	4	0	4
Sales Tax in Excess of LGAC Bond Debt Service	3,651	0	3,651	0	3,651
Sales Tax in Excess of Revenue Bond Debt Service	2,372	0	2,372	(23)	2,349
Real Estate Taxes in Excess of CW/CA Debt Service	961	0	961	0	961
All Other	1,352	2	1,354	210	1,564
Total Receipts	**74,465**	**(85)**	**74,380**	**230**	**74,610**
Disbursements:					
Local Assistance	55,585	470	56,055	(491)	55,564
State Operations:					
Personal Service	9,199	3	9,202	209	9,411
Non-Personal Service	2,619	10	2,629	551	3,180
General State Charges	9,689	0	9,689	72	9,761
Transfers to Other Funds:					
Debt Service	553	0	553	(8)	545
Capital Projects	3,138	(5)	3,133	6	3,139
SUNY Operations	1,267	0	1,267	0	1,267
Other Purposes	1,590	(41)	1,549	(42)	1,507
Total Disbursements	**83,640**	**437**	**84,077**	**297**	**84,374**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	345	0	345	0	345
		0			
Total Use (Reservation) of Fund Balance	**345**	**0**	**345**	**0**	**345**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(8,830)**	**(522)**	**(9,352)**	**(67)**	**(9,419)**

Source: NYS DOB.

CASH RECEIPTS
GENERAL FUND
(millions of dollars)

	FY 2021 Mid-Year	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	3	2	3
Gross Other Taxes	**2,066**	**2,055**	**2,161**	**2,266**
Real Estate Transfer Tax (Dedicated)	(949)	(1,004)	(1,061)	(1,114)
RBTF (Dedicated Transfers)	(2)	(4)	(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	600	0	0	0
Other Transactions	4,874	398	398	398
Miscellaneous Receipts	**6,896**	**1,753**	**1,776**	**1,814**
Federal Receipts	**0**	**0**	**0**	**0**
Total	**43,413**	**38,525**	**40,850**	**42,951**

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2020
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	**7,206**	**5,091**	**65**	**12,362**
Receipts:				
Taxes	40,141	6,059	35,272	81,472
Miscellaneous Receipts	3,159	19,064	477	22,700
Federal Receipts	0	(13)	74	61
Total Receipts	**43,300**	**25,110**	**35,823**	**104,233**
Disbursements:				
Local Assistance	51,863	16,790	0	68,653
State Operations:				
Personal Service	8,940	5,150	0	14,090
Non-Personal Service	3,114	2,928	36	6,078
General State Charges	7,454	969	0	8,423
Debt Service	0	0	4,916	4,916
Capital Projects	0	0	0	0
Total Disbursements	**71,371**	**25,837**	**4,952**	**102,160**
Other Financing Sources (Uses):				
Transfers from Other Funds	35,907	2,269	3,742	41,918
Transfers to Other Funds	(6,098)	(1,233)	(34,615)	(41,946)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**29,809**	**1,036**	**(30,873)**	**(28)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**1,738**	**309**	**(2)**	**2,045**
Closing Fund Balance	**8,944**	**5,400**	**63**	**14,407**

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
Opening Fund Balance	**8,944**	**5,400**	**63**	**14,407**
Receipts:				
Taxes	36,517	5,518	31,205	73,240
Miscellaneous Receipts	6,896	15,159	374	22,429
Federal Receipts	0	(23)	74	51
Total Receipts	**43,413**	**20,654**	**31,653**	**95,720**
Disbursements:				
Local Assistance	46,212	14,701	0	60,913
State Operations:				
Personal Service	8,923	4,970	0	13,893
Non-Personal Service	2,297	2,342	44	4,683
General State Charges	6,999	1,066	0	8,065
Debt Service	0	0	10,354	10,354
Capital Projects	0	0	0	0
Total Disbursements	**64,431**	**23,079**	**10,398**	**97,908**
Other Financing Sources (Uses):				
Transfers from Other Funds	25,757	2,805	3,272	31,834
Transfers to Other Funds	(6,446)	(864)	(24,532)	(31,842)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**19,311**	**1,941**	**(21,260)**	**(8)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(1,707)**	**(484)**	**(5)**	**(2,196)**
Closing Fund Balance	**7,237**	**4,916**	**58**	**12,211**

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	1,753	15,657	384	17,794
Federal Receipts	0	(20)	72	52
Total Receipts	**38,525**	**21,209**	**32,109**	**91,843**
Disbursements:				
Local Assistance	49,954	15,281	0	65,235
State Operations:				
Personal Service	9,192	4,803	0	13,995
Non-Personal Service	2,955	2,418	43	5,416
General State Charges	8,833	1,076	0	9,909
Debt Service	0	0	6,941	6,941
Capital Projects	0	0	0	0
Total Disbursements	**70,934**	**23,578**	**6,984**	**101,496**
Other Financing Sources (Uses):				
Transfers from Other Funds	28,960	2,589	3,255	34,804
Transfers to Other Funds	(6,783)	(244)	(28,376)	(35,403)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**22,177**	**2,345**	**(25,121)**	**(599)**
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	**(8,725)**	**(24)**	**4**	**(8,745)**

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	1,776	15,097	387	17,260
Federal Receipts	0	(18)	69	51
Total Receipts	**40,850**	**20,637**	**33,863**	**95,350**
Disbursements:				
Local Assistance	52,638	14,952	0	67,590
State Operations:				
Personal Service	9,299	4,786	0	14,085
Non-Personal Service	3,027	2,369	43	5,439
General State Charges	9,334	1,103	0	10,437
Debt Service	0	0	7,384	7,384
Capital Projects	0	0	0	0
Total Disbursements	**74,298**	**23,210**	**7,427**	**104,935**
Other Financing Sources (Uses):				
Transfers from Other Funds	30,010	2,664	3,195	35,869
Transfers to Other Funds	(7,052)	(172)	(29,627)	(36,851)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**22,958**	**2,492**	**(26,432)**	**(982)**
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	**(9,743)**	**(81)**	**4**	**(9,820)**

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	1,814	14,707	387	16,908
Federal Receipts	0	(17)	66	49
Total Receipts	**42,951**	**20,194**	**35,685**	**98,830**
Disbursements:				
Local Assistance	55,564	14,776	0	70,340
State Operations:				
Personal Service	9,411	4,732	0	14,143
Non-Personal Service	3,180	2,297	43	5,520
General State Charges	9,761	1,111	0	10,872
Debt Service	0	0	7,575	7,575
Capital Projects	0	0	0	0
Total Disbursements	**77,916**	**22,916**	**7,618**	**108,450**
Other Financing Sources (Uses):				
Transfers from Other Funds	31,659	2,776	3,285	37,720
Transfers to Other Funds	(6,458)	(110)	(31,332)	(37,900)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**25,201**	**2,666**	**(28,047)**	**(180)**
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	**(9,419)**	**(56)**	**20**	**(9,455)**

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2020
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	7,206	3,842	(1,138)	65	9,975
Receipts:					
Taxes	40,141	6,059	1,417	35,272	82,889
Miscellaneous Receipts	3,159	19,279	6,551	477	29,466
Federal Receipts	0	62,897	2,109	74	65,080
Total Receipts	**43,300**	**88,235**	**10,077**	**35,823**	**177,435**
Disbursements:					
Local Assistance	51,863	73,243	5,013	0	130,119
State Operations:					
Personal Service	8,940	5,787	0	0	14,727
Non-Personal Service	3,114	4,327	0	36	7,477
General State Charges	7,454	1,303	0	0	8,757
Debt Service	0	0	0	4,916	4,916
Capital Projects	0	0	6,986	0	6,986
Total Disbursements	**71,371**	**84,660**	**11,999**	**4,952**	**172,982**
Other Financing Sources (Uses):					
Transfers from Other Funds	35,907	2,269	3,547	3,742	45,465
Transfers to Other Funds	(6,098)	(3,375)	(1,522)	(34,615)	(45,610)
Bond and Note Proceeds	0	0	0	0	0
Net Other Financing Sources (Uses)	**29,809**	**(1,106)**	**2,025**	**(30,873)**	**(145)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**1,738**	**2,469**	**103**	**(2)**	**4,308**
Closing Fund Balance	**8,944**	**6,311**	**(1,035)**	**63**	**14,283**

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	6,896	15,393	8,121	374	30,784
Federal Receipts	0	80,802	2,182	74	83,058
Total Receipts	**43,413**	**101,713**	**11,524**	**31,653**	**188,303**
Disbursements:					
Local Assistance	46,212	85,132	5,121	0	136,465
State Operations:					
Personal Service	8,923	6,057	0	0	14,980
Non-Personal Service	2,297	8,092	0	44	10,433
General State Charges	6,999	1,622	0	0	8,621
Debt Service	0	144	0	10,354	10,498
Capital Projects	0	2	8,838	0	8,840
Total Disbursements	**64,431**	**101,049**	**13,959**	**10,398**	**189,837**
Other Financing Sources (Uses):					
Transfers from Other Funds	25,757	2,805	3,714	3,272	35,548
Transfers to Other Funds	(6,446)	(3,023)	(1,498)	(24,532)	(35,499)
Bond and Note Proceeds	0	0	365	0	365
Net Other Financing Sources (Uses)	**19,311**	**(218)**	**2,581**	**(21,260)**	**414**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(1,707)**	**446**	**146**	**(5)**	**(1,120)**
Closing Fund Balance	**7,237**	**6,757**	**(889)**	**58**	**13,163**

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	1,753	15,884	7,440	384	25,461
Federal Receipts	0	68,282	2,213	72	70,567
Total Receipts	**38,525**	**89,738**	**10,998**	**32,109**	**171,370**
Disbursements:					
Local Assistance	49,954	78,050	5,236	0	133,240
State Operations:					
Personal Service	9,192	5,471	0	0	14,663
Non-Personal Service	2,955	3,843	0	43	6,841
General State Charges	8,833	1,451	0	0	10,284
Debt Service	0	0	0	6,941	6,941
Capital Projects	0	0	9,409	0	9,409
Total Disbursements	**70,934**	**88,815**	**14,645**	**6,984**	**181,378**
Other Financing Sources (Uses):					
Transfers from Other Funds	28,960	2,589	4,080	3,255	38,884
Transfers to Other Funds	(6,783)	(2,406)	(1,363)	(28,376)	(38,928)
Bond and Note Proceeds	0	0	799	0	799
Net Other Financing Sources (Uses)	**22,177**	**183**	**3,516**	**(25,121)**	**755**
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	**(8,725)**	**1,106**	**(131)**	**4**	**(7,746)**

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	1,776	15,324	6,673	387	24,160
Federal Receipts	0	67,708	2,214	69	69,991
Total Receipts	**40,850**	**88,590**	**10,234**	**33,863**	**173,537**
Disbursements:					
Local Assistance	52,638	77,160	4,515	0	134,313
State Operations:					
Personal Service	9,299	5,460	0	0	14,759
Non-Personal Service	3,027	3,767	0	43	6,837
General State Charges	9,334	1,479	0	0	10,813
Debt Service	0	0	0	7,384	7,384
Capital Projects	0	0	8,977	0	8,977
Total Disbursements	**74,298**	**87,866**	**13,492**	**7,427**	**183,083**
Other Financing Sources (Uses):					
Transfers from Other Funds	30,010	2,664	4,273	3,195	40,142
Transfers to Other Funds	(7,052)	(2,140)	(1,513)	(29,627)	(40,332)
Bond and Note Proceeds	0	0	413	0	413
Net Other Financing Sources (Uses)	**22,958**	**524**	**3,173**	**(26,432)**	**223**
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	**(9,743)**	**1,248**	**(85)**	**4**	**(8,576)**

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	1,814	14,934	6,618	387	23,753
Federal Receipts	0	69,334	2,186	66	71,586
Total Receipts	**42,951**	**89,772**	**10,147**	**35,685**	**178,555**
Disbursements:					
Local Assistance	55,564	78,389	3,961	0	137,914
State Operations:					
Personal Service	9,411	5,408	0	0	14,819
Non-Personal Service	3,180	3,704	0	43	6,927
General State Charges	9,761	1,487	0	0	11,248
Debt Service	0	0	0	7,575	7,575
Capital Projects	0	0	8,436	0	8,436
Total Disbursements	**77,916**	**88,988**	**12,397**	**7,618**	**186,919**
Other Financing Sources (Uses):					
Transfers from Other Funds	31,659	2,776	3,502	3,285	41,222
Transfers to Other Funds	(6,458)	(2,069)	(1,553)	(31,332)	(41,412)
Bond and Note Proceeds	0	0	283	0	283
Net Other Financing Sources (Uses)	**25,201**	**707**	**2,232**	**(28,047)**	**93**
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	**(9,419)**	**1,491**	**(18)**	**20**	**(7,926)**

Source: NYS DOB.

CASHFLOW
GENERAL FUND
FY 2021
(dollars in millions)

	2020 April Results	May Results	June Results	July Results	August Results	September Results	October Projected	November Projected	December Projected	2021 January Projected	February Projected	March Projected	Total
OPENING BALANCE	8,944	10,082	7,310	6,864	14,383	13,523	15,442	16,101	13,971	14,533	15,951	10,896	8,944
RECEIPTS:													
Personal Income Tax	1,033	1,100	2,184	5,115	1,362	2,635	1,443	931	1,880	1,612	1,455	1,700	22,450
Consumption/Use Taxes	459	414	621	594	586	804	608	473	485	469	431	502	6,446
Business Taxes	280	(125)	925	491	78	1,282	147	225	1,474	(25)	(79)	1,833	6,506
Other Taxes	74	52	148	149	57	92	102	102	102	80	79	78	1,115
Total Taxes	1,846	1,441	3,878	6,349	2,083	4,813	2,300	1,731	3,941	2,136	1,886	4,113	36,517
Abandoned Property	0	0	0	0	25	85	10	150	0	0	30	150	450
ABC License Fee	2	3	3	5	5	5	5	6	5	8	7	6	60
Investment Income	16	6	2	1	1	2	10	8	8	7	8	10	79
Licenses, Fees, etc.	24	5	21	54	93	2	35	40	35	15	25	29	378
Motor Vehicle Fees	(100)	(49)	127	110	13	43	27	11	46	31	20	52	331
Reimbursements	7	66	30	1	24	(83)	59	9	9	9	9	(16)	124
Extraordinary Settlements	80	220	0	150	0	0	0	150	0	0	0	0	600
Other Transactions	8	1,003	3,570	21	5	74	15	8	66	9	20	75	4,874
Total Miscellaneous Receipts	37	1,254	3,753	342	166	128	161	382	169	79	119	306	6,896
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	4,324	487	1,890	1,443	(240)	1,915	1,873	(2,992)	4,597	17,607
ECEP in Excess of Revenue Bond Debt Service	0	0	0	0	0	0	0	0	1	0	0	1	2
Tax in Excess of LGAC	197	87	384	265	268	354	279	214	220	204	118	251	2,841
Sales Tax Bond Fund	87	75	176	155	159	302	167	102	108	92	88	255	1,766
Real Estate Taxes in Excess of CW/CA Debt Service	44	48	38	50	52	66	80	84	84	84	83	68	781
All Other	75	194	84	126	196	152	231	254	232	269	502	445	2,760
Total Transfers from Other Funds	1,436	1,503	2,860	4,920	1,162	2,764	2,200	414	2,560	2,522	(2,201)	5,617	25,757
TOTAL RECEIPTS	3,319	4,198	10,491	11,611	3,411	7,705	4,661	2,527	6,670	4,737	(196)	10,036	69,170
DISBURSEMENTS:													
School Aid	724	4,024	1,774	53	744	1,465	780	1,690	2,178	570	833	9,219	24,054
Higher Education	5	1	1,333	39	59	22	250	147	172	25	285	1,177	3,515
All Other Education	18	5	18	484	52	83	54	110	493	38	214	692	2,261
Medicaid - DOH	288	1,292	2,408	1,188	1,436	1,479	1,218	1,530	725	1,090	1,364	453	14,471
Public Health	6	9	100	222	26	40	18	54	75	54	54	53	711
Mental Hygiene	57	37	143	242	45	332	243	48	809	102	497	668	3,223
Children and Families	16	2	11	328	4	231	27	193	355	144	167	352	1,830
Temporary & Disability Assistance	63	156	57	249	53	202	61	105	105	105	107	153	1,416
Transportation	0	0	0	25	13	2	0	24	5	0	19	22	110
Unrestricted Aid	0	0	323	0	0	31	6	2	151	2	2	207	724
Budget Balance Reduction	0	0	0	0	0	0	0	(750)	(750)	(1,000)	(750)	(4,750)	(8,000)
All Other	(38)	2	211	10	12	46	(135)	60	76	57	91	1,505	1,897
Total Local Assistance	1,139	5,528	6,378	2,840	2,444	3,933	2,522	3,213	4,394	1,187	2,883	9,751	46,212
Personal Service	894	691	565	739	663	836	600	594	757	667	666	1,251	8,923
Non-Personal Service	313	195	165	(507)	222	261	168	271	28	250	249	682	2,297
Total State Operations	1,207	886	730	232	885	1,097	768	865	785	917	915	1,933	11,220
General State Charges	460	331	2,512	335	272	476	393	340	390	447	518	525	6,999
Debt Service	32	(2)	4	83	(4)	(22)	74	0	(2)	176	(23)	(8)	308
Capital Projects	(800)	204	343	510	566	246	(55)	116	460	548	524	672	3,334
SUNY Operations	0	0	759	62	30	14	44	76	17	17	22	232	1,273
Other Purposes	143	23	211	30	78	42	256	47	64	27	20	590	1,531
Total Transfers to Other Funds	(625)	225	1,317	685	670	280	319	239	539	768	543	1,486	6,446
TOTAL DISBURSEMENTS	2,181	6,970	10,937	4,092	4,271	5,786	4,002	4,657	6,108	3,319	4,859	13,695	70,877
Excess/(Deficiency) of Receipts over Disbursements	1,138	(2,772)	(446)	7,519	(860)	1,919	659	(2,130)	562	1,418	(5,055)	(3,659)	(1,707)
CLOSING BALANCE	10,082	7,310	6,864	14,383	13,523	15,442	16,101	13,971	14,533	15,951	10,896	7,237	7,237
Exclude Budget Balance Reduction	0	0	0	0	0	0	0	(750)	(750)	(1,000)	(750)	(4,750)	(8,000)
Exclude Liquidity Financing	0	(1,000)	(3,500)	475	425	950	600	600	600	876	0	(144)	(118)
CLOSING BALANCE BEFORE REDUCTIONS/BORROWING	10,082	6,310	2,364	10,358	9,923	12,792	14,051	11,771	12,183	13,477	7,672	(881)	(881)

Source: NYS DOB.