Update to Annual Information Statement State of New York

March 9, 2021

Annual Information Statemen Update

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Introduction

This Annual Information Statement (AIS) Update (the “AIS Update”) is dated March 9, 2021 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 related matters and is the third quarterly update to 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. Extracts from the Governor’s Executive Budget Financial Plan for Fiscal Year (FY) 2022, as amended (the “Financial Plan”), issued by the Division of the Budget (DOB) in February 2021. The Financial Plan (which is available on the DOB website, www.budget.ny.gov) includes a summary of third quarter operating results for FY 2021 (quarter ended December 31, 2020) and updates to the State’s official financial projections for FY 2021 through FY 2024[1]. Except for the specific revisions described in these extracts, the projections (and the assumptions upon which these are based) in the Financial Plan are consistent with the projections set forth in the FY 2021 Enacted Budget Financial Plan (the “Enacted Budget Financial Plan”) reflected in the AIS. DOB next expects to update the State’s multi-year financial projections with the FY 2022 Enacted 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. DOB has not undertaken any independent verification of the information contained in these sections of this AIS Update.

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

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

The factors affecting the State's financial condition are numerous and complex. This AIS Update contains "forward-looking statements" relating to future results and economic performance as defined in the Private Securities Litigation Reform Act of 1995. Since many factors may materially affect fiscal and economic conditions in the State, the forecasts, projections, and estimates should not be regarded as a representation that such forecasts, projections, and estimates will occur. The forward-looking statements contained herein are based on the State's expectations at the time they were prepared and are necessarily dependent upon assumptions, estimates, 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.

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

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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 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 Financial Plan is generally weighted toward the General Fund.

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.

[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.

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 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, FY 2021 and FY 2022.

FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES (millions of dollars)

	FY 2020 Results	FY 2021 Current Estimate	FY 2022 Executive Proposal
State Operating Funds Disbursements			
Size of Budget	$102,160	$103,786	$105,005
Annual Growth	0.3%	1.6%	1.2%
Other Disbursement Measures			
General Fund (Including Transfers)[1]	$77,469	$74,747	$82,883
Annual Growth	6.4%	-3.5%	10.9%
Capital Budget (Federal and State)	$11,999	$13,949	$17,209
Annual Growth	-2.2%	16.3%	23.4%
Federal Operating Aid[2]	$58,823	$76,595	$73,809
Annual Growth	0.6%	30.2%	-3.6%
All Funds	$172,982	$194,330	$196,023
Annual Growth	1.2%	12.3%	0.9%
Capital Budget (Including "Off-Budget" Capital)[3]	$12,484	$14,254	$17,609
Annual Growth	-2.3%	14.2%	23.5%
All Funds (Including "Off-Budget" Capital)[3]	$173,467	$194,635	$196,423
Annual Growth	1.2%	12.2%	0.9%
Inflation (CPI)	1.9%	1.1%	2.5%
All Funds Receipts			
Taxes	$82,889	$79,346	$85,106
Annual Growth	9.7%	-4.3%	7.3%
Miscellaneous Receipts	$29,466	$31,707	$27,583
Annual Growth	-5.5%	7.6%	-13.0%
Federal Receipts (Operating and Capital)[2]	$65,080	$84,096	$80,125
Annual Growth	6.1%	29.2%	-4.7%
Total All Funds Receipts[2]	$177,435	$195,149	$192,814
Annual Growth	5.5%	10.0%	-1.2%
General Fund Cash Balance	$8,944	$7,237	$5,730
Rainy Day Reserves	$2,476	$2,476	2,476
Extraordinary Monetary Settlements	$2,610	$2,185	1,226
Economic Uncertainties	$890	$1,490	1,490
All Other Reserves/Fund Balances	$2,968	$1,086	538
Debt			
Debt Service as % All Funds Receipts[4]	2.8%	3.9%	3.7%
State-Related Debt Outstanding	$54,447	$59,852	$67,806
Debt Outstanding as % Personal Income	3.9%	4.1%	4.6%
State Workforce FTEs (Subject to Direct Executive Control)[5]	118,193	115,551	114,721

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.

5 Before hiring freeze savings.

Summary

- The United States remains in the grip of the COVID-19 pandemic. The virus has killed over 500,000 people since it began circulating in the United States in early 2020. The Federal government's response to the evolving public health crisis has been slow and inconsistent. States and local governments have filled the void by instituting a patchwork of public health measures, with mixed results.

- At the same time, the economic well-being of millions of Americans has been shattered by the pandemic-induced recession. The official national unemployment rate stood at 6.3 percent in January 2021, nearly twice as high as the unemployment rate in February 2020, the month before urgent public health measures were instituted to limit the spread of COVID-19. The Bureau of Labor Statistics (BLS) reports that, in addition to the 10.1 million people counted as unemployed in the January 2021 official statistics, an additional 7.0 million people were unable to find employment. The job losses throughout the pandemic have fallen disproportionately on low-wage workers.

- In New York, as in other states, the recession has upended government finances. DOB reports that the estimates for General Fund receipts for FY 2021 through FY 2024 in the Financial Plan is $33 billion lower than in the February 2020 Financial Plan, the last public estimates before the pandemic struck. A modest increase in tax receipts estimates since the Mid-Year Update to the Financial Plan in October 2020 has not fundamentally altered the State's fiscal challenges. The projected aggregate two-year budget gap (FY 2021 and FY 2022) that must be closed in the FY 2022 Executive Budget ("Executive Budget") is projected to total $12.7 billion.

- As states struggle to meet rising service needs amid revenue losses, Federal aid has been confined to pandemic-response, health care, and related costs. Proposals for direct financial relief to state and local governments have been stalled for months in Congress. The results of the inadequate Federal action under the Trump Administration were predictable: a contraction in government employment and spending at a time when health, education, mental health, public safety, and other services are deeply needed. BLS reports that employment in the state and local government sector has fallen by 1.3 million (-6.5 percent) from January 2020 to January 2021. The National Association of State Budget Officers, in its most recent survey, found that expenditures by the states in FY 2021 were anticipated to fall by 1.1 percent compared to FY 2020.

- It appears more likely that the Federal government will approve Federal aid to the states in 2021 following the election of Joseph R. Biden as President and a change in party control in the U.S. Senate. President Biden has submitted a $1.9 trillion plan to stimulate economic recovery and control the COVID-19 pandemic to Congress. The Biden plan includes $350 billion in direct aid to states and localities to maintain essential services that are at risk as governments contend with dramatic losses in tax receipts.

- The timing and amount of new Federal aid, if any, will ultimately determine the level of spending cuts and tax increases that must be enacted by the State in FY 2022. The Governor has asked Congress for $15 billion in COVID relief aid to maintain State services. The requested aid would replace less than half of the State's estimated receipts losses through FY 2024.

- The Financial Plan includes $6 billion in new aid. The aid in the Financial Plan is apportioned evenly over two years, with $3 billion in both FY 2022 and FY 2023, to reduce the FY 2022 budget risk if such aid is delayed or approved at a lower level than expected.

- With this level of new aid, the Executive Budget recommends difficult spending cuts in local aid and agency operations. It also proposes tax increases. Both would slow the State's economic and fiscal recovery. These potential reductions and tax increases are explained in greater detail later in this AIS Update.

- If the Governor's full $15 billion aid request is approved, the State would be able to reverse or modify many of these proposals. The Executive Budget includes a contingency appropriation to enable these restorations in the event that the Federal government provides the full amount of aid requested by the Governor.

- On March 1, 2021, the Director of the Budget, and all secretaries of the Senate Finance Committee and Assembly Ways and Means Committee issued a joint report containing a consensus forecast for the economy and projections of certain receipts for the current and ensuing fiscal years. In the consensus forecast report, the parties forecast the level of receipts over the two-year period (FYs 2021 and 2022) would exceed the Executive Budget forecast by $2.5 billion. All parties agreed that there remain multiple and elevated risks to the economic outlook, including the resolution of the Coronavirus pandemic and the planned reopening of the economy. Note that the consensus forecast is not reflected in the tables, values or narrative discussion throughout this AIS Update. Any revisions to the receipts forecast from the consensus forecast process will be reflected in the FY 2022 Enacted Budget Financial Plan.

Updated "Base" Budget Gaps

The Mid-Year Update to the Financial Plan showed a balanced budget in FY 2021 and a budget gap of $8.7 billion in FY 2022. The estimates in the Mid-Year Update to the Financial Plan were predicated on the assumption that DOB would execute $8.2 billion in mid-year cuts in local assistance programs to maintain a balanced budget in FY 2021. At the time, the cuts were expected to be needed to bridge the estimated difference between $79.1 billion in General Fund disbursements (prior to the execution of mid-year cuts) and $70.9 billion in General Fund resources. It was further anticipated that the FY 2022 Executive Budget would propose making the FY 2021 local assistance cuts permanent. The Mid-Year budget gaps without the reductions were thus $8.2 billion in FY 2021 and $16.7 billion in FY 2022, a two-year gap of $24.9 billion.

The following table shows the reported budget gaps with and without the local assistance cuts included in the Mid-Year Update to the Financial Plan:

GENERAL FUND SURPLUS/(GAP) PROJECTIONS: MID-YEAR UPDATE (millions of dollars)					
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
MID-YEAR SURPLUS/(GAP) ESTIMATE	**0**	**(8,725)**	**(9,743)**	**(9,419)**	**N/A**
Add Back Unallocated Local Assistance Cuts	(8,180)	(8,000)	(8,000)	(8,000)	N/A
MID-YEAR UPDATE SURPLUS/(GAP) WITHOUT CUTS	**(8,180)**	**(16,725)**	**(17,743)**	**(17,419)**	**(18,721)**
FY 2021/FY 2022 Combined Budget Gap		***(24,905)***			

Tax receipts have shown sustained improvement through December 2020 and into the important first week of collections in January 2021. PIT collections, the largest source of State tax receipts, were $2.25 billion above the estimate in the Enacted Budget Financial Plan through the first three quarters of FY 2021. The improvement has continued through January 2021, prompting the revisions to PIT receipts summarized herein.

Sales and use tax (SUT) collections through the same period were $515 million higher than expected. At the same time, business tax collections, principally related to audits, have been weaker than expected, which partially offset the significant improvements in PIT and sales tax collections.

Based on collections to date and an updated economic forecast, DOB is increasing the annual estimates for General Fund tax receipts by $4.9 billion in FY 2021 and $7.9 billion in FY 2022, exclusive of debt service revisions and proposed tax law changes in the Executive Budget, as described below. Changes in the PIT net collection estimates account for $11.6 billion of the increased tax receipts estimate over the two years (FY 2021: $4.0 billion; FY 2022: $7.6 billion), reflecting strength in both the withholding and estimated components of the tax, as well as a downward revision in estimated refunds. SUT collections have been revised upward by $1.5 billion in FY 2021 and $537 million in FY 2022, reflecting strength in consumer purchasing. A reduction of $868 million to the annual estimates over two years for business taxes partially offsets these changes. A minor increase to non-tax receipts has also been made. The improved receipts forecast, net of the growth in Medicaid enrollment costs, has reduced the budget gap by $5.0 billion in the current year and $7.2 billion in FY 2022 – leaving a combined gap of $12.7 billion. The outyear gaps after forecast revisions are projected at $9.3 billion in FY 2023, $9.2 billion in FY 2024, and $10.7 billion in FY 2025.

The following table shows the revised budget gaps that are addressed in the Financial Plan.

GENERAL FUND SURPLUS/(GAP) PROJECTIONS WITH RECEIPTS FORECAST REVISIONS (millions of dollars)					
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
MID-YEAR UPDATE SURPLUS/(GAP) WITHOUT CUTS	**(8,180)**	**(16,725)**	**(17,743)**	**(17,419)**	**(18,721)**
General Fund Taxes	4,948	7,909	8,610	7,976	7,861
Other Receipts	60	215	209	208	206
Medicaid Enrollment	0	(924)	(389)	0	0
UPDATED "BASE" BUDGET GAPS	**(3,172)**	**(9,525)**	**(9,313)**	**(9,235)**	**(10,654)**
FY 2021/FY 2022 Combined Budget Gap		***(12,697)***			

With these changes, estimated General Fund receipts in FY 2021 and FY 2022 are still $18.1 billion below the pre-pandemic February 2020 Financial Plan (FY 2021: -$9.9 billion; FY 2022: -$8.2 billion). On a year-over-year basis, FY 2021 All Fund tax receipts are expected to decline by 4.3 percent from FY 2020. These downward shocks to tax receipts, along with the lack of new Federal aid, drive the need for the spending reductions and tax increases proposed in the Executive Budget.

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-supported revenue bonds affect General Fund tax receipts. The State utilizes bonding programs where tax receipts are deposited into dedicated debt service funds (outside the General Fund) and used to make debt service payments. 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 State supported 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.

FY 2021 Financial Plan

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 Current	Annual Change: Dollar	Annual Change: Percent
Opening Fund Balance	7,206	8,944	1,738	24.1%
Total Receipts	79,207	73,040	(6,167)	-7.8%
Taxes[1]	73,133	62,968	(10,165)	-13.9%
Miscellaneous Receipts	3,159	6,913	3,754	118.8%
Non-Tax Transfers from Other Funds	2,915	3,159	244	8.4%
Total Disbursements	77,469	74,747	(2,722)	-3.5%
Local Assistance	51,863	52,011	148	0.3%
State Operations	19,508	16,699	(2,809)	-14.4%
Transfers to Other Funds	6,098	6,037	(61)	-1.0%
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.

Receipts

General Fund receipts, including transfers from other funds, are estimated to total $73 billion in FY 2021, a decrease of $6.2 billion (7.8 percent) from FY 2020 results due mainly to the shock to the economy brought on by the global pandemic.

General Fund PIT receipts and miscellaneous receipts are affected by the PIT note liquidity financings that the State entered into to manage the budgetary impact caused by the deferral of the April 15, 2020 tax payments to July 15, 2020 on monthly cash flows. The note proceeds are recorded as miscellaneous receipts, while the repayment results in a reduction of PIT receipts. PIT receipts are further affected by planned prepayments, in FY 2021 and FY 2022, of PIT debt service due in FY 2023 through FY 2025. These transactions reduce reported PIT receipts in the fiscal year in which the prepayments are made and increase PIT receipts in the fiscal years in which the debt service was originally scheduled to be paid. Such transactions are expected to reduce reported General Fund PIT receipts by $1.6 billion in FY 2021 and $676 million in FY 2022, and increase reported PIT receipts by $759 million annually in FY 2023 through FY 2025.

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 $42.6 billion in FY 2021, a decrease of $7.9 billion (15.7 percent). The decrease reflects declines in both bonus and non-bonus wages impacting withholding and estimated payments. In addition, refunds are expected to decline as a result of 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. In addition, General Fund PIT receipts in FY 2021 are also estimated to be reduced by the repayment in March 2021 of the remaining $3.5 billion outstanding of PIT notes issued earlier in FY 2021.

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 over $12.5 billion in FY 2021, a drop of $1.7 billion (11.8 percent) from FY 2020. The drop reflects an estimated decline in the sales tax base of 13.1 percent due to the impact of the pandemic. This is partly offset by the full-year impact of the new requirements that online marketplace providers collect SUT on sales that they facilitate and making Energy Service Companies (ESCOs) subject to sales tax.

Business tax receipts are estimated at $5.9 billion in FY 2021, a decrease of $449 million (7.0 percent) from FY 2020. The decrease is primarily attributable to a decline in Corporate Franchise Tax (CFT) receipts, driven by lower gross and audit receipts.

Other tax receipts, including transfers after payment of debt service on Clean Water/Clean Air (CW/CA) Bonds, are expected to total $2.0 billion in FY 2021, a decrease of $83 million (4.1 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 stemming from the impact of COVID-19. This decline is partly offset by an increase in estate tax receipts, primarily due to the receipt of multiple super-large payments through the early part of 2021.

Non-tax receipts and transfers are estimated at $10.1 billion in FY 2021, an increase of nearly $4 billion from FY 2020. This increase reflects $4.5 billion in proceeds from liquidity financing offset by a reduction in new Extraordinary Monetary Settlements from FY 2020 to 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 $74.7 billion in FY 2021, a decrease of $2.7 billion (3.5 percent) from FY 2020. Spending in FY 2021 is reduced by the movement of roughly $3 billion of certain health and public safety payroll costs to the CRF.

Local assistance spending is estimated at $52 billion in FY 2021, an increase of $148 million (0.3 percent) from FY 2020. The modest increase is comprised of projected growth almost entirely offset by $2.2 billion in spending reductions to close the current year budget gap. General Fund spending for education and health care represents 75 percent of total local assistance spending. General Fund support for these programs is affected by the level of financing sources (i.e., HCRA and lottery/gaming receipts) available in other funds, as well as the impact of eFMAP that temporarily lowers State spending and increases the Federal share of Medicaid costs. As such, the explanation of annual spending changes for these programs is summarized later in the "State Financial Plan Multi-Year Projections" section.

General Fund agency operations, including fringe benefits, costs are expected to total $16.7 billion in FY 2021, a decrease of $2.8 billion (14.4 percent) from FY 2020. The decrease mainly reflects the movement of $3 billion of certain health and public safety payroll costs to the CRF, the interest-free deferral of the employer's share of Social Security taxes through December 2020, and savings from the planned 10 percent reduction to agency budgets compared to the amounts authorized in the Enacted Budget beginning in FY 2021. These reductions are partly offset by costs incurred in responding to the pandemic that are expected to be reimbursed through FEMA in the future, as well as projected growth in pension and health insurance costs for State employees and retirees.

General Fund transfers to other funds are projected to total $6 billion in FY 2021, a decrease of $61 million from FY 2020. The decline in transfers to support debt service costs is attributable to the prepayment of FY 2021 debt at the end of FY 2020. The need for hard dollar resources to fund capital projects is expected to decline in FY 2021 mainly due to a slowdown in projects brought on by the pandemic and the timing of bond reimbursements for projects previously funded by the General Fund. Transfers for other purposes are projected to increase primarily to support 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, designated reserves are not used to help close the FY 2021 budget gap, but instead are held to preserve liquidity.

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 balance declines for two reasons. First, the State deferred $1.3 billion in planned payments at the end of FY 2020 as a cash preservation measure at the start of the COVID-19 pandemic. The payments were later made in FY 2021, reducing the temporary balance that occurred at the end of FY 2020. In addition, the FY 2020 Enacted Budget programmed the use of surplus balances over two years, FY 2021 and FY 2022. This includes the use of $1.9 billion in available cash at the end of FY 2020 to fund payments not made at the close of FY 2020 that are expected to be made in FY 2021 ($1.3 billion) and to reduce the budget gap in FY 2021 ($553 million). In addition, the expected use of Extraordinary Monetary Settlements for initiatives approved in prior budgets reduce the balance in the General Fund by $425 million in FY 2021. The State also received a total of $600 million in Extraordinary Monetary Settlements that have been set aside in the reserve for Economic Uncertainties. See "Other Matters Affecting the Financial Plan - Extraordinary Monetary Settlements" herein.

TOTAL BALANCES
(millions of dollars)

	FY 2020 Results	FY 2021 Current	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)**

FY 2022 Detailed Gap-Closing Plan

The following table summarizes the revised budget gaps and the proposed General Fund gap-closing plan. It presents savings and revisions to the reported financial plan categories which differs from the gap-closing table presentation in the Overview.

SUMMARY OF REVISIONS TO MID-YEAR UPDATE
GENERAL FUND BUDGETARY BASIS OF ACCOUNTING
SAVINGS/(COSTS)
(millions of dollars)

	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
MID-YEAR UPDATE SURPLUS/(GAP)	**0**	**(8,725)**	**(9,743)**	**(9,419)**	**(10,721)**
Unallocated Budget Balance Reductions	(8,180)	(8,000)	(8,000)	(8,000)	(8,000)
Revenue Revisions	5,008	8,124	8,819	8,184	8,067
Medicaid Enrollment	0	(924)	(389)	0	0
REVISED SURPLUS/(GAP)	**(3,172)**	**(9,525)**	**(9,313)**	**(9,235)**	**(10,654)**
Receipts[1]	**(1,078)**	**6,021**	**6,636**	**3,210**	**2,284**
Personal Income Tax/STAR	45	1,978	1,897	1,759	1,099
Local District Funding Adjustment	0	1,352	1,243	1,188	1,135
Other Taxes	0	(52)	(145)	(103)	(150)
Miscellaneous Receipts	17	14	(16)	(16)	(16)
Federal Aid	0	3,000	3,000	0	0
Debt Service Transfers	(1,539)	(186)	735	217	52
Non-Tax Transfers	399	(85)	(78)	165	164
Disbursements[1]	**4,250**	**3,504**	**1,775**	**2,391**	**2,128**
Local Assistance	2,208	3,103	2,014	1,934	1,638
Enhanced FMAP Extension	497	995	0	0	0
Proposed Savings/Revisions	1,711	2,108	2,014	1,934	1,638
Agency Operations	1,520	710	(391)	226	43
Fund Eligible Expenses from CRF	2,476	0	0	0	0
Pandemic Expenses/FEMA Reimbursement	(1,000)	600	200	200	0
Proposed Savings/Revisions	44	110	(591)	26	43
Debt Service Transfers	(1)	47	39	25	12
Capital Projects Transfers	464	(480)	(45)	(54)	(87)
Other Transfers	59	124	158	260	522
Reclassification of Debt Service Reimbursement	**0**	**0**	**0**	**0**	**0**
Transfers From PIT Revenue Bond Tax Fund	0	(1,494)	(1,609)	(1,741)	(1,781)
Non-Tax Transfers	0	1,455	1,589	1,721	1,777
Transfers from Dedicated Highway Bridge Tax Fund	0	1,175	1,332	1,384	1,471
Transfers from Mental Hygiene Services Fund	0	280	257	337	306
Local Assistance: HCRA/HEAL Transfers	0	39	20	20	4
EXECUTIVE BUDGET SURPLUS/(GAP)	**0**	**0**	**(902)**	**(3,634)**	**(6,242)**

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

General Fund Gap Closing Plan

The proposed General Fund gap-closing plan, if adopted and executed as proposed, would eliminate the $12.7 billion two-year budget gap and reduce the outyear gaps by $31.1 billion -- from $41.9 billion to $10.8 billion. A brief summary of the significant actions and revisions with an emphasis on the savings projected in FYs 2021 and 2022 follows.

Receipts

The Executive Budget proposes the following tax actions:

- PIT High-Income Rate. The current top PIT rate is 8.82 percent for married taxpayers with a taxable income above $2.155 million. Taxpayers with incomes over $5 million will have the option to pre-pay two years of excess liability based on five new tax brackets. A new deduction will return the prepayment to affected taxpayers between 2024 and 2025.

- Middle-Class PIT Cut Phase-in. The Budget pauses the phase-in of the middle-class tax cut, which began in 2018 and was scheduled to fully phase in by 2025. Tax Year 2020 rates will remain in effect for an additional year.

- Local District Funding Adjustment. The Executive Budget includes a Local District Funding Adjustment that reduces reimbursements to school districts by $1.35 billion in FY 2022. This reduction would not exceed any school district's Federal CRRSA Act allocation[3]. The Adjustment recurs in the outyears.

  In addition, the Executive Budget closes the Enhanced STAR Exemption Program to new entrants who will be required to access the enhanced benefits through the credit program, improves the administration of STAR benefits to mobile homeowners, and moves forward the date to voluntarily switch from a STAR exemption to a STAR credit from June 15 to May 1 in 2021, which has no impact on benefits to taxpayers while making the program easier to administer for assessors.

- Other Revenue Actions. The Executive Budget proposes the expansion to sports wagering that is expected to provide additional State support for education costs. It also includes certain extensions, enforcement initiatives and reforms. Other new tax actions include the imposition of sales tax on vacation rentals, establishment of a regulatory structure for the adult-use of cannabis and creation of a new tax credit to support businesses in rehiring workers that were displaced by the COVID-19 pandemic.

Federal Aid. The Executive Budget includes $6 billion in new direct Federal aid that, if received, will be utilized to offset the budget gaps evenly over the next two years.

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[3] The Federal Coronavirus Relief Response and Relief Supplemental Appropriations (CRRSA) Act, enacted on December 27, 2020, provides $3.9 billion to school districts.

Debt Service Transfers. Debt service spending estimates reflect revised multi-year estimates for debt service spending to reflect bond sale results to date, refunding savings, and the adjustment of debt issuances to align with projected bond-financed capital spending. The spending changes are offset in FY 2021 and FY 2022 by prepayments of debt service due in FY 2023 through FY 2025, as described earlier.

Non-Tax Transfers. Excess balances created by spending reductions in various programs and activities funded outside the General Fund are expected to be transferred to the General Fund, and include transit, gaming, social services, public safety and regulatory activities. In addition, a voluntary contribution of $110 million to the State associated with the managed care organization acquisition of Affinity by Molina is expected to be received in FY 2022 and will be used to offset State only costs funded under the Global Cap.

Disbursements

Local Assistance. Targeted actions, continuation of prior-year cost containment, revisions to estimated costs, and the extension of eFMAP are expected to generate roughly $5.3 billion in General Fund local assistance savings in FYs 2021 and 2022 compared to the current services estimate. The Executive Budget includes the following proposed actions.

- eFMAP Extension. On January 7, 2021, the Secretary of Health and Human Services issued an extension to the public health emergency declaration through April 21, 2021 which would span two additional quarters through June 2021. The Executive Budget includes the assured extension from January 1 through March 30, 2021, as well as the likely extension of an additional quarter (from April 1 through June 30, 2021). The enhanced rate at which the Federal government reimburses eligible State Medicaid expenditures (56.2 percent compared to the regular rate of 50 percent) reduces State-share expenditures and increases Federal expenditures by an equal amount, and therefore has no impact on total Medicaid payments. DOB estimates State-share savings of $497 million in FY 2021 and $995 million in FY 2022.

- Education. General Fund savings are achieved from the consolidation of certain expense-based aids into a new block grant and the reduction of its School Year (SY) 2022 funding level by $693 million compared to the SY 2022 projections of its components under current law. These reductions, as well as the $1.35 billion Local District Funding Adjustment to school districts, would be more than offset by $3.85 billion in CRRSA Act funding to school districts. The Executive Budget recommends a total of $31.7 billion in school district funding for SY 2022, including School Aid, STAR reimbursement payments, the Local District Funding Adjustment, and CRRSA Act funding. This represents an increase of $2.1 billion, or 7.1 percent, over the statewide SY 2021 funding level, including Federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds, driven by $3.9 billion in CRRSA Act funding to districts. Additionally, all formula-based School Aid payments previously on hold (approximately $390 million) would be repaid to school districts before the end of the fiscal year.

Additionally, the Executive Budget proposes to capture roughly half of the savings to school districts from a reduction in 2021-22 charter school tuition rates, lowering State reimbursement through supplemental tuition payments in FY 2022 by roughly $35 million. Further, the Executive Budget proposes to eliminate State reimbursement to New York City for its charter school rental assistance in order to encourage the use of available co-located space in public facilities instead of leasing space in privately owned facilities. Other education aid savings include downward revisions to special education spending related to enrollment declines, 5 percent recurring reductions to library aid and public broadcasting, a temporary two-year elimination of aid to private colleges (Bundy Aid), elimination of certain teacher support and training programs, elimination of New York City's discretionary Fiscal Stabilization Grant, and elimination of funding for school districts' Prior Year Aid claims.

- Health Care. The Executive Budget includes General Fund savings of roughly $1.2 billion in FY 2021 and roughly $600 million in FY 2022 mainly driven by a downward revision to managed care rates based on lower health care utilization due to the pandemic, use of available Inter-Governmental Transfers (IGT) balances and unspent Vital Access Provider Assurance Program (VAPAP) funds to offset costs and other revisions. Prior to revisions and savings, the updated forecast of Medicaid costs are expected to exceed the Global Cap attributable to increased enrollment and utilization. The savings include a comprehensive package of telehealth reforms, achieving programmatic efficiency savings in the home and community-based care sector with the implementation of the new Electronic Visit Verification system, enhancing pharmacy oversight by eliminating “prescriber prevails” and coverage for certain over-the-counter products, reducing supplemental pools for certain health care plans and providers, and other continued cost-containment measures that are expected to control the level of spending permitted under the Global Cap index. Other health care savings include modifying, reducing or eliminating certain public health programs, specifically: reducing New York City reimbursement rates for the General Public Health Work (GPHW) program from 20 percent to 10 percent; savings efficiencies in the Early Intervention (EI) program; and reducing the Excess Medical Malpractice payment by 50 percent and revisions to the payment schedule.

- Mental Hygiene. Spending revisions reflect updated assumptions and revised timelines for ongoing transformation efforts to ensure efficient use of State resources in the mental hygiene service delivery systems as well as continued support of programs and services to ensure individuals with developmental disabilities, mental illness and addiction have appropriate access to care. These investments are supported in part by continued efficiencies in program operations, and reductions in excess institutional capacity. In addition, savings are expected from the reduction in Medicaid rates for Office for People with Developmental Disabilities (OPWDD) services, and 5 percent reductions to OPWDD non-Medicaid local assistance and Office of Mental Health (OMH) non-residential provider payments.

- Human Services. Savings reflect proposed 5 percent reductions for various social services programs, the shift of the State share for Committee on Special Education costs to school districts outside of New York City, the use of available Federal Child Care Development Block Grant (CCDBG) funds to offset State costs for child care, and the use of alternative resources to support the consolidated homeless and Adult Shelter Programs. The savings are partly offset by higher costs for childcare and Safety Net Assistance, resulting from increases in the public assistance caseload forecasts.

- Higher Education. Savings reflect declining enrollments and revised estimates of spending for student financial aid and FY 2022 formula aid for community colleges. Additional savings are realized through a targeted 5 percent reduction in general operating support for the State University of New York (SUNY) State-operated campuses, City University of New York (CUNY) senior colleges and FY 2021 aid for community colleges.

- All Other. Savings are expected as a result of targeted actions, including a 5 percent reduction in Aid and Incentives to Municipalities (AIM) and video lottery terminal (VLT) aid, the shifting of AIM for current towns and villages to AIM-related payments, and elimination of VLT aid to 15 municipalities outside of Yonkers.

Agency Operations. Reductions to agency operations contribute approximately $2.2 billion over two years to the General Fund gap-closing plan.

- Fund Eligible Expenses from CRF. Additional personnel expenses of public health and public safety employees have been charged to the CRF consistent with Federal guidance, which reduces State personal service and fringe benefit costs in FY 2021. The Financial Plan reflects $2.5 billion in payroll charges to the CRF. The Financial Plan includes funding for direct COVID-19 expenses, which DOB continues to assume will be funded from Federal sources. The remaining balance in the CRF is expected to be fully expended for, among other things, vaccine distribution costs by the end of calendar year 2021.

- Pandemic Expenses/FEMA Reimbursement. The Financial Plan continues to assume that the Federal government will fully fund the State's direct pandemic response costs, but timing differences between State outlays and FEMA reimbursement will occur. The State is expected to incur an estimated $1 billion in COVID-19 expenses that are eligible for FEMA reimbursement (at 100 percent of cost). FEMA reimbursement is currently expected in FY 2022 ($600 million), FY 2023 ($200 million), and FY 2024 ($200 million). The timing difference between the State outlay and FEMA reimbursement creates a current-year cost of $1 billion and commensurate savings from FY 2022 through FY 2024.

- Executive Agencies. Executive agency budgets, with exceptions for facility operations and public health and safety, have been reduced by 10 percent from budgeted levels beginning in FY 2021. These reductions were allocated to agencies in the Mid-Year Financial Plan Update 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. Savings are also expected to be achieved in part from the deferral of general salary increases scheduled to go into effect on April 1, 2020 and April 1, 2021, which will instead be paid beginning in FY 2023. In addition, the Executive Budget reflects savings from the planned reduction of excess capacity in the mental health and prison systems.

- Fringe Benefits/Fixed Costs. Pension estimates reflect the planned payment of the full FY 2022 Employees' Retirement System (ERS)/Police and Fire Retirement System (PFRS) pension bills in June 2021. Health insurance savings are projected from eliminating taxpayer-subsidized reimbursements for high-income public sector retirees through the Income-Related Monthly Adjustment Amount (IRMAA) New York State Health Insurance Program (NYSHIP); maintaining Medicare Part B premium reimbursements at $148.50 per month; developing a sliding scale for retiree health insurance coverage for new retirees and developing a Dependent Eligibility Verification audit to assure that divorcees and children who aged out are no longer being covered.

  The Executive Budget also proposes, for the fourth consecutive year, lowering the interest charged on judgments against the State from as high as 9 percent (currently authorized) to a fair-market-based interest rate. The current rate was established in 1982 when interest rates were at 12 percent, to avoid unnecessary taxpayer costs. The recommended rate is in line with the interest rate applied to judgments in Federal courts and would ensure that neither side in a lawsuit will be disadvantaged by an interest rate above or below what otherwise could be earned while cases are being adjudicated. This will save New York taxpayers millions of dollars annually.

Debt Service Transfers. The Executive Budget reflects savings from expected refundings, continued use of competitive bond sales, and other debt management actions.

Capital Projects Transfers. The Executive Budget reflects lower than expected capital spending in FY 2021, as well as higher than anticipated receipts related to the reimbursement of capital spending, previously financed by the General Fund, with bond proceeds. Increased costs in FY 2022 reflects the timing of bond proceed reimbursements and additional costs associated with NYC security and national guard deployment, supportive housing, and the Judiciary's capital budget request.

Reclassifications

Certain debt service expenses are reimbursed or funded in part by program related resources in the areas of Transportation (Dedicated Tax Revenue), Mental Health Services (Medicaid Revenue), and Healthcare (HEAL Revenues) through transfers to the General Fund. The FY 2022 Executive Budget realigns these debt service transfers to simplify reporting of both tax receipts and debt services expenses in the State budget. This realignment would eliminate the unnecessary extra step of transferring reimbursements for program specific debt service costs first through the Revenue Bond Tax Fund and then to the General Fund. This realignment has no Financial Plan impact on the General Fund.

New Unrestricted Federal Aid (FY 2021: $0; FY 2022: $3 billion)

The timing and amount of Federal aid will ultimately determine the level of spending cuts and tax increases that must be enacted in FY 2022. For now, until new information is available, DOB is incorporating a cautious estimate of $3 billion in new Federal aid in both FY 2022 and FY 2023. The aid is apportioned evenly over the two years to reduce the risk to the FY 2022 budget if such aid is delayed or approved at a lower level than expected.

The Executive Budget includes a provision that will trigger automatic across-the-board reductions to planned local assistance appropriations and cash disbursements if unrestricted Federal aid is not approved by August 31, 2021 or is approved at an amount less than the amount budgeted in the Financial Plan. The reductions would be calculated to generate savings equal to the difference between the Federal aid assumed in the Financial Plan and the amount approved.

The Governor has asked Congress for $15 billion in COVID relief aid to maintain State services. The requested aid would replace less than 40 percent of the State's estimated receipts losses over four years. The difference between the new Federal aid assumed in the Financial Plan ($6 billion) and the Governor's request to maintain services ($15 billion) is $9 billion.

If aid were to be approved at the level requested, it would allow the State to reverse or modify the most harmful spending reductions and tax increases. The illustrative table below shows the value of the spending reductions and tax increases that could be avoided, grouped by general categories. The aid amounts are generally two-year totals to conform with the apportionment of the $6 billion in aid assumed in the Financial Plan.

USES OF FEDERAL CONTINGENT APPROPRIATION (billions of dollars)	
Federal Aid Needed	**15.0**
Funding Included in Executive Budget Plan	6.0
Cuts that could be Avoided:	
Education	3.5
Across-the-Board Reductions	0.9
Contractual Salary Increases	0.6
Other Restorations	0.3
Tax Increases that could be Avoided	3.7

Stabilization Payments

The Updated Financial Plan applies the FY 2021 and FY 2022 surpluses to reduce the budget gaps in FY 2023 through FY 2025 by equal amounts. For planning purposes, DOB expects to accomplish this goal through the prepayment of debt service due in those years.

Local Aid Payment Withholds

In June 2020, DOB began temporarily withholding 20 percent of most local aid payments. It initiated the withholds to ensure that up to $8.2 billion in local aid payments could be withheld permanently, if needed, by the end of FY 2021. This was consistent with the assumptions in the Mid-Year Update.

Through December 2020, withholds are estimated to have totaled $2.9 billion. An improved receipts picture, the availability of Coronavirus Relief resources, and the extension of the higher Federal matching rate on Medicaid expenditures through June 30, 2021 has reduced the need for local assistance reductions.

DOB now expects to reduce most local aid payments by a total of 5 percent from the Enacted Budget estimate, rather than the 20 percent anticipated in the Mid-Year Update and executed to date. Amounts that have been withheld in excess of the 5 percent are expected to be reconciled and repaid in the final quarter of FY 2021.

The local aid reductions will be executed pursuant to section 1 (f) of the FY 2021 Aid to Localities (ATL) bill, which allows the Director of the Budget to withhold payments in response to the direct and indirect financial effects of the COVID-19 pandemic.

Liquidity and Debt

In response to the COVID-19 pandemic, the FY 2021 Enacted Budget authorized the State to access external liquidity during FY 2021, in the form of short-term notes and a line of credit. The Executive Budget proposes continuing these authorizations in FY 2022 as the State continues to respond to the pandemic.

Accordingly, legislation supporting the Executive Budget authorizes the issuance of up to $8 billion of short-term borrowing in the form of PIT revenue notes and/or sales tax revenue notes (or bond anticipation notes) during FY 2022. The statutory authorization requires any such notes to be issued, on a subordinated basis, by December 31, 2021, with an initial maturity no later than March 31, 2022. The notes can be renewed once for up to a year, and, as a contingency option, may be refinanced on a long-term basis.

In addition, legislation supporting the Executive Budget continues existing authorization for the State to enter into up to $3 billion of credit facilities in the form of a line of credit with one or more banks. The line of credit would be authorized for a three-year period, through FY 2024, and would allow draws in any year, subject to sufficient annual appropriation. The FY 2021 authorization was for a one-year facility that could be extended, but only allowed draws in the first year. As a contingency option, any line of credit balance may be refinanced on a long-term basis.

The Executive Budget does not currently assume any PIT note sales or use of the line of credit in FY 2022. DOB will evaluate cash results regularly and may adjust the size and use of note sales and/or the line of credit based on liquidity needs, market considerations, and other factors.

In FY 2021, the State issued $4.5 billion of PIT notes to manage a delay in State PIT receipts after the Federal government extended the April 15, 2020 PIT filing deadline. As of the Executive Budget, $3.5 billion of PIT notes remain outstanding. The budget reflects full repayment of the remaining notes when they mature in March 2021. In FY 2021, the interest expense on the notes and the commitment fee on the credit facility are being reimbursed with Federal aid provided for in the CRF, as the financings are due solely to the Federal decision to extend tax filing deadlines in response to the pandemic.

Lastly, legislation supporting the Executive Budget authorizes a continuation of the suspension of the Debt Reform Act for all FY 2022 issuances of State-supported debt in FY 2022. State legislation enacted in connection with the adoption of the FY 2021 Enacted Budget suspended the Debt Reform Act for FY 2021 bond issuances, as part of the State response to the COVID-19 pandemic. Accordingly, any State-supported debt issued in FY 2021 and FY 2022 is not limited to capital purposes and is not counted towards the statutory caps on debt outstanding and debt service. In addition, issuances of State-supported debt in FY 2022 would not be limited by a maximum maturity (currently limited to 30 years by the Debt Reform Act), although such State-supported debt would still be subject to Federal tax law limitations. This change would allow State-supported debt to be issued over the full useful life of the assets being financed, which may be over 30 years in limited circumstances (i.e., MTA projects).

FY 2022 Executive Budget Financial Plan

The following table summarizes the projected annual change in General Fund receipts, disbursements, and fund balances from FY 2021 to FY 2022.

GENERAL FUND FINANCIAL PLAN
(millions of dollars)

	FY 2021 Current	FY 2022 Proposed	Annual Change Dollar	Annual Change Percent
Opening Fund Balance	8,944	7,237	(1,707)	-19.1%
Total Receipts	73,040	81,376	8,336	11.4%
Taxes[1]	62,968	73,139	10,171	16.2%
Miscellaneous Receipts	6,913	1,767	(5,146)	-74.4%
Federal Receipts	0	3,000	3,000	0.0%
Non-Tax Transfers from Other Funds	3,159	3,470	311	9.8%
Total Disbursements	74,747	82,883	8,136	10.9%
Local Assistance	52,011	55,494	3,483	6.7%
State Operations	16,699	20,270	3,571	21.4%
Transfers to Other Funds	6,037	7,119	1,082	17.9%
Net Change in Operations	(1,707)	(1,507)	200	11.7%
Closing Fund Balance	7,237	5,730	(1,507)	-20.8%
Rainy Day Reserves	2,476	2,476	0	
Economic Uncertainties	1,490	1,490	0	
All Other Reserves/Balances	1,086	538	(548)	
Extraordinary Monetary Settlements	2,185	1,226	(959)	

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

Receipts

General Fund receipts, including transfers from other funds, are estimated to total $81.4 billion in FY 2022, an increase of $8.3 billion (11.4 percent) from FY 2021 projections. General Fund PIT receipts and miscellaneous receipts are affected by the PIT note liquidity financings executed to manage the impact of the April 15, 2020 tax filing extension on monthly cash flows. The note proceeds are recorded as miscellaneous receipts, while the repayment results in a reduction of PIT receipts.

PIT receipts, including transfers after payment of debt service on State PIT Revenue Bonds, are estimated to total $51.8 billion in FY 2022, an increase of $9.2 billion from FY 2021. Almost half of the increase is due to the planned repayment of the FY 2021 liquidity financings that reduces PIT receipts by $4.5 billion in FY 2021. The remaining PIT growth is largely attributable to the one-year pause in the phase-in of the middle class tax cut and the enactment of a high-income PIT surcharge.

PIT receipts are further affected by planned prepayments, in FY 2021 and FY 2022, of PIT debt service due in FY 2023 through FY 2025. These transactions reduced reported PIT receipts in the fiscal year in which the payments are made and increase PIT receipts in the fiscal years in which the debt service was originally scheduled to be paid. Such transactions are expected to reduce reported General PIT receipts by $1.6 billion in FY 2021 and $676 million in FY 2022, and increase reported PIT receipts by $759 million annually in FY 2023 through FY 2025.

Consumption/use tax receipts, including transfers after payment of debt service on LGAC and Sales Tax Revenue Bonds, are estimated to total $13.4 billion in FY 2022, an increase of $909 million (7.3 percent) from FY 2021. Increases reflect sales tax base growth of 7.6 percent as the economy continues to recover from the impact of the COVID-19 economic downturn.

Business tax receipts are estimated at $6 billion in FY 2022, an increase of $98 million (1.7 percent) from FY 2021. The increase is primarily attributable to an increase in CFT audit receipts as audits are expected to return to trend levels. CFT gross receipts are also expected to increase slightly over FY 2021.

Other tax receipts, including transfers after payment of debt service on CW/CA Bonds, are expected to total $1.9 billion in FY 2022, a decrease of $47 million (2.4 percent) from FY 2021. This is primarily due to a decline in the estate tax due to a higher-than-typical number of extraordinary payments in FY 2021.

Non-tax receipts and transfers are estimated at $5.2 billion in FY 2022, a decrease of $4.5 billion from FY 2021. The decline largely reflects FY 2021 receipts for liquidity financing ($4.5 billion) and Extraordinary Monetary Settlements ($600 million). In addition, the realignment of certain debt service transfers to simplify reporting increases the transfers from other funds and reduces transfers from the RBTF, with no financial plan impact.

The Executive Budget reflects the expected receipt of $3 billion in unrestricted Federal aid in FY 2022 that would be recorded as a miscellaneous receipt.

Disbursements

General Fund disbursements, including transfers to other funds, are expected to total nearly $82.9 billion in FY 2022, an increase of $8.1 billion (10.9 percent) from FY 2021. The growth is impacted by several transactions in FY 2022 that lower spending, including the shift of $3 billion of certain health and public safety payroll costs to the CRF, three months (April through June) of a higher Federal share of Medicaid (eFMAP) expenses, and the deferment of social security costs. In addition, General Fund disbursements reflect conservative estimates of disbursements in each financial category, a practice that provides a cushion for potential receipts shortfalls and other unanticipated costs.

Local assistance spending is estimated at $55.5 billion in FY 2022, an increase of $3.5 billion (6.7 percent) from FY 2021. The increase is mainly due to the decline in the eFMAP that shifts Medicaid costs from the State to the Federal share of $3.5 billion in FY 2021 to $995 million in FY 2022. General Fund spending for education and health care represent 75 percent of total local assistance spending. General Fund support for these programs are affected by the level of financing sources (i.e., HCRA and lottery/gaming receipts) available in other funds, as well as the impact of eFMAP that temporarily lowers State spending and increases the Federal share of Medicaid costs. As such, the explanation of annual spending changes for these programs is summarized later in the "State Financial Plan Multi-Year Projections" section.

General Fund agency operation costs, including fringe benefits, are expected to total $20.3 billion in FY 2022, an increase of $3.6 billion from FY 2021. The growth is almost entirely due the reclassification of $3 billion of personnel expenses for public health and public safety employees to the CRF in FY 2021, the deferral of the employer's share of Social Security taxes that moved $674 million of expenses from FY 2021 proportionately to FY 2022 and FY 2023, and the 27th administrative payroll in FY 2021. Excluding these anomalies, most executive agencies are expected to hold operations spending at FY 2021 levels that were reduced by 10 percent from the FY 2021 Enacted Budget levels.

General Fund transfers to other funds are projected to total $7.1 billion in FY 2022, an increase of $1.1 billion from FY 2021. Debt service supported by transfers from the General Fund are projected to increase by $115 million. Transfers for capital projects are projected to increase by $1.2 billion reflecting an increase in hard dollar resources to fund capital projects and the timing of bond reimbursements for projects in FY 2021. Transfers for other purposes are projected to decline by $259 million, reflecting non-recurring General Fund support for School Aid in FY 2021.

FY 2022 Closing Balance

DOB projects the State will end FY 2022 with a General Fund cash balance of $5.7 billion, a decrease of $1.5 billion from FY 2021. The decline is due to the planned use of a portion of the FY 2020 cash balance to reduce the budget gap in FY 2022 and the expected use of Extraordinary Monetary Settlements for initiatives approved in prior budgets. See "Other Matters Affecting the Financial Plan - Uses of Extraordinary Monetary Settlements" herein.

The General Fund balance, excluding Extraordinary Monetary Settlements, is estimated at $4.5 billion. The Executive Budget maintains all Rainy Day Reserves, as well as $500 million for debt management purposes and $1.5 billion for economic uncertainties.

TOTAL BALANCES
(millions of dollars)

	FY 2021 Current	FY 2022 Proposed	Annual Change
TOTAL GENERAL FUND BALANCE	**7,237**	**5,730**	**(1,507)**
Statutory Reserves:			
Rainy Day Reserves	2,476	2,476	0
Community Projects	15	15	0
Contingency Reserve	21	21	0
Fund Balance Reserved for:			
Economic Uncertainties	1,490	1,490	0
Debt Management	500	500	0
Undesignated Fund Balance	550	2	(548)
Subtotal Excluding Settlements	**5,052**	**4,504**	**(548)**
Extraordinary Monetary Settlements	**2,185**	**1,226**	**(959)**

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 FY 2021 Enacted Budget amended the statute to permit the borrowings until the end of FY 2021. Previously, the borrowing period was limited to four months from the start of a fiscal year. 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 contained in legislation adopted in connection with the FY 2021 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 State's monthly cash balances shown on the following page. The legislation adopted in connection with the Enacted Budget authorized the State to issue up to $8 billion in PIT notes for cash flow purposes in FY 2021 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 up to $3.0 billion was also established during FY 2021. 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, 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 2022
(millions of dollars)

	General Fund	Other Funds	All Funds
April 2021	11,561	8,064	19,625
May 2021	6,615	7,373	13,988
June 2021	4,134	8,587	12,721
July 2021	6,933	8,503	15,436
August 2021	6,047	8,475	14,522
September 2021	7,635	7,420	15,055
October 2021	6,427	7,517	13,944
November 2021	5,223	7,199	12,422
December 2021	5,888	8,622	14,510
January 2022	11,289	9,672	20,961
February 2022	8,237	11,178	19,415
March 2022	5,730	6,957	12,687

Other Matters Affecting the Financial Plan

Other Matters Affecting the Financial Plan

General

The 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 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. 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 FY 2021 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 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 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 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 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

It is not possible to assess or forecast with any degree of certainty or precision the long-term impacts of COVID-19 on commuting patterns, remote working, business activity, educational opportunities, social gatherings, 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 FY 2021 Enacted Budget grants 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. 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.

The Executive Budget includes a provision that will trigger automatic across-the-board reductions to planned local assistance appropriations and cash disbursements if unrestricted Federal aid is not approved by August 31, 2021 or is approved at an amount less than the amount budgeted in the Financial Plan. The reductions would be calculated to generate savings equal to the difference between the Federal aid assumed in the Financial Plan and the amount approved.

Other Matters Affecting the Financial Plan

The 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 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 FY 2021 Enacted Budget. Such assumptions, if they were not to materialize, could adversely impact the Financial Plan in current or future years, or both.

The 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 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. In FY 2020, the authorized School Aid increase was within the indexed levels. Beginning in FY 2021, the statutory PIGI for School Aid was amended to limit School Aid increases to no more than the average annual income growth over a ten-year period. This change reduces volatility in allowable growth and aligns the School Aid cap with the statutory Medicaid cap.

The FY 2022 Executive Budget recommends an $838 million (3.2 percent) increase in School Aid for SY 2022, or $300 million less than the maximum $1.14 billion increase permitted under the final 4.3 percent PIGI for SY 2022. In SY 2023 and thereafter, School Aid is projected to increase consistent with the rates allowed by the growth cap.

Medicaid Global Cap

A portion of Department of Health (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.[4] 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.[5]

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.

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[4] 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; and increased enrollment and costs in managed long-term care.

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

Additionally, policy initiatives such as the carve out of pharmacy services from Managed Care 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. The Executive Budget continues these reforms, including additional savings to preserve global cap balance for the duration of the Financial Plan.

If these measures are insufficient or Federal approvals necessary to implement such savings do not materialize, the Financial Plan in current or future years, or both, could be adversely impacted.

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 became qualifying enrollees and began to participate in public health insurance programs such as Medicaid, the Essential Plan (EP), and Child Health Plus (CHP). As Medicaid enrollees remain eligible for coverage for 12 continuous months, the costs associated with increased enrollment continues into outyear projections. In FY 2021, the cost of the enrollment increase will be partially offset by eFMAP provided in the FFCRA retroactive to January 2020.

As the economic downturn and associated unemployment related to COVID-19 persist, the public assistance caseload is projected to increase, particularly in New York City. However, Federal aid for rental assistance coupled with the extension of eviction moratoriums will help mitigate sharp increases.

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 40 percent of total revenues in FY 2022, including $3 billion of new unrestricted Federal aid. 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 2022 Budget include:

- Medicaid ($48.4 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.

- eFMAP ($1.2 billion - State and Local Share Benefit). In response to the COVID-19 pandemic, the Federal government increased its share of Medicaid funding (eFMAP) by 6.2 percent for each calendar quarter occurring during the public health emergency. The enhanced funding began January 1, 2020 and is currently expected to continue through June 2021, providing a total of $5.4 billion in additional Federal resources that reduce State and Local government costs. State savings total $3.5 billion and $995 million in FY 2021 and FY 2022, respectively. Due to the timing of reconciliations to draw down the eFMAP, savings for the month of March 2021 will be realized in FY 2022.

- Education ($3.9 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.

- Social Services ($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.

- Public Health ($8 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 ($1.3 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 ($1.1 billion). Other programs supported by Federal resources include housing and homeless services, economic development, mental hygiene, parks and environmental conservation, higher education, and general government areas.

- COVID-19 Funding (FY 2021- $9.0 billion; FY 2022- $5.5 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 Lost Wages Assistance (LWA) program that provided funding to grant eligible claimants that are unemployed or partially unemployed due to the pandemic a supplemental payment of $300 per week through December 27, 2020, 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. CRRSA Act, 2021 established the Emergency Rental Assistance program to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic and provided additional funding for the Elementary and Secondary School Emergency Relief (ESSER) Fund and the Governor's Emergency Education Relief (GEER) Fund.

Other Matters Affecting the Financial Plan

Federal Funding Trends

Federal Funds spending is expected to total $75.6 billion in FY 2022, a decrease of $2.7 billion (3 percent) compared to FY 2021. This reduction is driven primarily by COVID-19 related funding received in FY 2021 that is not enacted at the Federal level for FY 2022.

FEDERAL FUNDS DISBURSEMENTS
(millions of dollars)

	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
DISBURSEMENTS					
Medicaid	44,976	48,357	47,422	47,701	47,861
eFMAP, including local passthrough	4,236	1,210	0	0	0
Health	7,155	8,027	8,173	8,083	8,030
Social Welfare	4,680	4,686	4,687	4,689	4,691
Education	3,862	3,873	3,857	3,857	3,857
Transportation	1,645	1,573	1,573	1,573	1,573
Public Protection	1,732	1,333	1,335	1,306	1,298
Coronavirus Relief Fund	3,947	1,193	0	0	0
Lost Wages Assistance	4,200	0	0	0	0
Education CARES Act Funds	842	360	0	0	0
Education Supplemental Appropriations Act	0	3,104	1,221	0	0
Emergency Rental Assistance Program	0	801	0	0	0
All Other[1]	1,087	1,122	1,116	1,110	1,097
Total Disbursements	**78,363**	**75,640**	**69,385**	**68,319**	**68,407**

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

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 $27.1 billion of funding from five Federal bills for expenses related to COVID-19 has been awarded to the State (not including the latest legislation, the American Rescue Plan Act, which has not been enacted into law as of the date of this AIS Update). 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 five 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 ($40 million).

(ii) FFCRA 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 ($9.8 billion).

(iii) The CARES Act which provides approximately $1.8 trillion in overall aid for Federal agencies, individuals, businesses, states and localities, as well as $100 billion in Provider Relief Funds for hospitals and health care providers, to respond to the COVID-19 pandemic. The law also 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 $3.5 billion).

(iv) The Paycheck Protection Program and Health Care Enhancement Act which provides $484 billion in overall funding for small business programs, and healthcare programs, including $75 billion for hospitals, health care providers, and testing and tracing activities ($704 million).

(v) CRRSA Act 2021 which provides $935 billion in funding for education, testing, tracing and vaccine distribution, unemployment assistance, small business programs, and housing ($7.9 billion).

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 ($1.2 billion State allocation). 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 $3.5 billion in savings in FY 2021 and $995 million in FY 2022; however, projected Medicaid enrollment growth as a result of the recession erodes the value of the FMAP benefit. The majority of additional funds for the State included in CRRSA Act will be additional education funding.

In response to former President Trump's major disaster declaration for the State in 2020, 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.

Other Matters Affecting the Financial Plan

It is expected that State agencies will continue to incur costs to respond to the COVID-19 pandemic in FY 2022. The Financial Plan continues to assume that nearly all direct COVID-19 costs incurred by agencies will be fully covered with Federal aid. In addition, the Financial Plan reflects reclassifications of eligible expenses incurred in FY 2020 and payroll expenses for public health and safety employees through December 31, 2020 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 $33 billion over four years. A modest increase in tax receipts estimates since the Mid-Year Update to the Financial Plan in October 2020 has not fundamentally altered the State's fiscal challenges. The projected aggregate two-year budget gap (FY 2021 and FY 2022) that must be closed in the FY 2022 Executive Budget is projected to total $12.7 billion. The timing and amount of new Federal aid, if any, will ultimately determine the level of spending cuts and tax increases that must be enacted by the State in FY 2022. The Governor has asked Congress for $15 billion in COVID-19 relief aid to maintain State services. About 90 percent of State funding supports schools, healthcare, local grants and services for the most vulnerable populations. The FY 2022 Executive Budget recommends difficult spending cuts in local aid and agency operations. It also proposes tax increases. Both would slow the State's economic and fiscal recovery. If the Governor's full $15 billion aid request is approved, the State would be able to reverse or modify many of these proposals. The Executive Budget includes a contingency appropriation to enable these restorations in the event that the Federal government provides the full amount of aid requested by the Governor.

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:

- Additional COVID-19 Relief. New York State needs an estimated $15 billion, in addition to funds for local governments to close its deficit caused by revenue losses resulting from the pandemic. Without these funds necessary State and local services will be in jeopardy.

- Vaccine Distribution. The Federal government must increase the pace of vaccine distribution to bring the pandemic to an end. The State's economy and revenues cannot completely recover until the pandemic is abated.

- MTA Congestion Pricing. The Federal Highway Administration has delayed approval of the MTA's Congestion Pricing plan by over 18 months. Continued delay of this approval would cost the MTA an estimated $1 billion in annual revenues.

Other Matters Affecting the Financial Plan

- 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. In Federal Fiscal Year (FFY) 2021, 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 enact a new authorization prior to October 1, 2021.

The 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 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

Former President Trump proposed significant cuts to mandatory and discretionary domestic programs in recent FFYs, including the current FFY 2021, which were largely rejected in the final appropriations bills approved for each of those years. FFY 2021 appropriations were enacted on December 27, 2020.

President Biden, who took office on January 20, 2021, has yet to release a FFY 2022 budget proposal (which was expected to be released on February 1, 2021, but often is delayed during transition years). 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. However, to date, the Administration has submitted a $1.9 trillion plan to stimulate economic recovery and control the COVID-19 pandemic to Congress. The Biden plan includes $350 billion in direct aid to states and localities to maintain essential services that are at risk as governments contend with dramatic losses in tax receipts.

Federal Debt Limit

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

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

Federal Tax Law Changes

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

The State's income tax system interacts with the Federal system in numerous ways. Changes to the Federal tax code have significant flow-through effects on State tax burdens and State tax receipts. From the standpoint of certain individual New York State taxpayers, the $10,000 limit on the deductibility of 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.

Other Matters Affecting the Financial Plan

State Response to Federal Tax Law Changes

As part of the State's continuing response to Federal tax law changes, legislation is being proposed for adoption by the State Legislature in support of the Executive Budget that provides for an optional pass-through entity tax (PTET) on the New York sourced income of (i) partnerships and (ii) S corporations that are comprised solely of individual partners or shareholders. Qualifying entities that elect to pay PTET will pay a 6.85 percent tax on their New York sourced ordinary income (and guaranteed payments for partnerships) at the partnership or corporation level and their individual partners, members and shareholders will receive a refundable tax credit equal to 92 percent of the proportionate or pro rata share of taxes paid by the electing entity. Additionally, the proposal includes a resident tax credit that allows reciprocity with other states that have implemented substantially similar taxes, which currently includes Connecticut and New Jersey.

DOB expects that the PTET legislation, if adopted as proposed, would be revenue neutral for the State, although personal income tax receipts (PIT receipts) would decrease to the extent that qualifying entities elected to pay PTET. However, to hold harmless the Revenue Bond Tax Fund (RBTF) and to maintain comparable security for PIT Bondholders, the State is also proposing legislation that would cause 50 percent of receipts from PTET to be deposited into the RBTF. Accordingly, aggregate contributions to the RBTF are expected to be unaffected because 50 percent of net revenues from both PIT and the proposed PTET, as well as 50 percent of the net revenues from the Employer Compensation Expense Program (ECEP), will be deposited into the RBTF.

The Financial Plan does not currently include an estimate for PTET receipts or the corresponding decrease in PIT receipts as the opt-in rates for electing entities will not be known until December 2021. DOB expects to include estimates as opt-in rates and other information becomes known. In November 2020, the IRS released Notice 2020-75 which announced that the Treasury and IRS intend to issue proposed regulations to clarify that State and local income taxes imposed on and paid by a partnership or an S corporation on its income, such as the PTET, are allowable as a Federal deduction to taxable income, which may increase participation in the program.

Previously, 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 was held on December 3, 2020, and a decision is pending.

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 was completed in July 2020 and the states' request for oral argument remains pending. 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 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 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.

Essential Plan (EP)

Due to the economic downturn caused by the COVID-19 pandemic, the number of eligible recipients for EP coverage increased as unemployment increased, employer sponsored coverage ended, and incomes fell 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.

Medicaid Redesign Team (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.

As a result of the Governor's MRT II initiatives, DOH is building on prior successes in transforming the State's ability to provide Medicaid services by preparing a waiver extension of the Medicaid Redesign Team 1115 waiver. DOH is preparing to file a three-year extension to the existing MRT 1115 Waiver by March 2021.

Once the MRT Waiver is extended, additional funding requests can be pursued. New York will explore new initiatives through amendments to the approved waiver on Medicaid policy priorities including telehealth, alternative payment methodologies, workforce and Health Equity and Social Determinants of Health, and to address the COVID-19 pandemic impact on the State's health care delivery system.

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.[6]

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.

[6] SUNY Research Foundation, 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.

Other Matters Affecting the Financial Plan

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.

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 2024 is on average in the range of $22 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 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 change risks affect most market sectors and that climate-related risks should be publicly disclosed to investors in annual financial filings.[7] 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.

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7 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 change risks 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)

The State has multi-year labor agreements in place with most of the unionized workforce and continues to negotiate new agreements with unions whose contracts are expiring or have expired. The State continues to withhold the general salary increases that were scheduled to go into effect on April 1, 2020 and plans to withhold the April 1, 2021 general salary increases.

The following table provides an overview of union labor contract dates:

Union Labor Contracts

Union	Contract Period
GSEU	7/2/2019 - 7/1/2023
NYSTPBA	4/1/2018 - 3/31/2023
NYSPIA	4/1/2018 - 3/31/2023
CUNY PSC	12/1/2017 - 7/1/2023
UUP	7/2/2016 - 7/2/2022
NYSCOPBA	4/1/2016 - 3/31/2023
CSEA	4/2/2016 - 4/1/2021
DC-37 Housing	4/2/2016 - 4/1/2021
PEF	4/2/2016 - 4/1/2019
PBANYS	4/1/2015 - 3/31/2019
Council-82	4/1/2009 - 3/31/2016

The Judiciary also has contracts in place with all 12 unions represented within its workforce through FY 2021, which include the Civil Service Employees Association (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).

Pension Contributions[8]

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.[9] All projections are based on estimated market returns and numerous actuarial assumptions which, if unrealized, could change these projections materially.

New York State Retirement and Social Security Law (RSSL) Section 11 directs the Actuary for NYSLRS to provide a quinquennial report on the Systems' experience and to propose assumptions and methods for the actuarial valuations. The Actuary issued the quinquennial report in August 2020. The report did not recommend significant changes due the economic uncertainty surrounding the COVID-19 pandemic but recommended revisiting the assumptions in August 2021.

As such, in FY 2022, the economic assumptions for NYSLRS remain unchanged, including inflation and cost-of-living adjustment (COLA) (2.5 percent / 1.5 percent), investment return (6.8 percent), salary scale (4.5 percent for ERS and 5.7 percent for PFRS), and asset valuation method (five year level smoothing of gains or losses above or below the assumed return applied to all assets and cash flows). However, demographic assumptions were updated including pension mortality (Gender/Collar specific tables based upon FY 2016-2020 experience with Society of Actuaries Scale MP- 2019 loading for mortality improvement) and active member decrements (based upon FY 2016-2020 experience). The impact of the updated demographic assumptions and a valuation date during a bear market is an increase in the average employer contribution rates for ERS (2020 -- 16.2 percent) and PFRS (2020 - 28.3 percent). The percentage increases are 11 percent higher in ERS and 16 percent higher in PFRS than the previous fiscal year's rates.

The FY 2022 ERS/PFRS pension estimate of $2.7 billion relied upon the December 2020 estimate from the State Comptroller, which reflects a negative 2.68 percent return in the Common Retirement Fund in FY 2020. This was partially offset by the lower cost of Tier 6 entrants and the use of a new mortality improvement scale. The State will continue to pay $400 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 bargaining agreements and a conservative rate of return compared to the assumed rate of return by NYSLRS. The current

[8] 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.

[9] 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).

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 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 $20.7 million in FY 2021 based on actual credit purchased through December 31, 2020. DOB has revised estimates to reflect stronger participation in the program. ERS costs are estimated to be $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[10]) to a system-wide amortization threshold (i.e., the graded rate). Graded rates are determined for ERS and PFRS according to a statutory formula, and generally move toward their system's average normal rate by up to one percentage point per year. When an employer's normal rate is greater than the system-wide graded rate, the employer can elect to amortize the difference. However, when the normal rate of an employer that previously amortized is less than the system-wide graded rate, the employer is required to pay the graded rate. Additional

[10] 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.

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 following table reflects projected pension contributions and amortizations exclusively for Executive branch and Judiciary employers participating in ERS and PFRS.

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

	Statewide Pension Payments[1]					Rates for Determining (Amortization Amount) / Excess Contributions			
Fiscal Year	Normal Costs[2]	(Amortization Amount) / Excess Contributions	Repayment of Amortization	Total Statewide Pension Payments	Interest Rate on Amortization Amount (%)[3]	System Average Normal Rate[4]		Amortization Threshold (Graded Rate)	
						ERS (%)	PFRS (%)	ERS (%)	PFRS (%)
2011	1,543.2	(249.6)	0.0	1,293.6	5.00	11.5	18.1	9.5	17.5
2012	2,037.5	(562.8)	32.3	1,507.0	3.75	15.9	21.6	10.5	18.5
2013	2,077.9	(778.5)	100.9	1,400.3	3.00	18.5	25.7	11.5	19.5
2014	2,633.6	(937.0)	192.1	1,888.7	3.67	20.5	28.9	12.5	20.5
2015	2,328.8	(713.1)	305.7	1,921.4	3.15	19.7	27.5	13.5	21.5
2016	1,972.1	(356.2)	390.0	2,005.9	3.21	17.7	24.7	14.5	22.5
2017	1,789.0	0.0	432.2	2,221.2	2.33	15.1	24.3	15.1	23.5
2018	1,788.7	0.0	432.2	2,220.9	2.84	14.9	24.3	14.9	24.3
2019	1,770.2	0.0	432.2	2,202.4	3.64	14.4	23.5	14.4	23.5
2020	1,782.2	0.0	432.2	2,214.4	2.55	14.2	23.5	14.2	23.5
2021 Est.	1,853.4	0.0	432.2	2,285.6	1.33	14.1	24.4	14.1	24.4
2022 Est.	2,185.2	0.0	399.9	2,585.1	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	0.0	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.

Other Matters Affecting the Financial Plan

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 savings of $556 million and $69 million, respectively.

Other Post-Employment Benefits (OPEB)

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

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

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

Other Matters Affecting the Financial Plan

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 Financial Plan does not currently include any deposits to the Trust Fund.

GASBS 75 is not expected to alter the 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 Financial Plan. For more information, see the "Litigation" section later in this AIS Update.

Other Matters Affecting the Financial Plan

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 annually assesses the maturity of state agencies cyber posture 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 cyber incident reporting and response. CISO distributes real-time advisories and alerts, provides managed security services, and implements statewide information security awareness and training. While controls are routinely reviewed and tested, no assurances can be given that such security and operational control measures will be completely successful at guarding against cyber threats and attacks. The results of any such attack could impact business operations and/or damage State digital networks and systems, State and local infrastructure, and the costs of remedying any such damage could be substantial.

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

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 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 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 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. The facility was authorized to purchase up to $500 billion of short-term notes through December 31, 2020. DOB will continue to monitor any further Federal Reserve actions that impact municipal markets. 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 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 December 11, 2020, Standard & Poor's changed the State's outlook from "stable" to "negative" due to risks including "potentially weaker economic growth compared to the rest of the country, uncertainty surrounding continuing Federal aid, and contagion risk from financial and economic stress associated with the MTA and New York City." 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."

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 was authorized to sell short-term notes to meet temporary liquidity needs caused by the pandemic. The Executive Budget proposes continuing this authorization in FY 2022 as the State continues to respond to the pandemic.

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.

State legislation enacted in connection with the adoption of the FY 2021 Enacted Budget suspended the Debt Reform Act for FY 2021 bond issuances as part of the State response to the COVID-19 pandemic. The Executive Budget proposes continuing the suspension for FY 2022 issuances. Accordingly, any State-supported debt issued in FY 2021 and FY 2022 is not limited to capital purposes and is not counted towards the statutory caps on debt outstanding and debt service. In addition, FY 2022 issuances would not be limited by a maximum maturity (currently capped at 30 years by the Debt Reform Act). Bonds would still be subject to Federal tax law limitations, but this change allows bonds to be issued over the full useful life of the assets being financed, which may be over 30 years in limited circumstances (i.e., MTA capital projects). 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 in FY 2021 and which the Executive Budget proposes reauthorizing in FY 2022, 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 and FY 2022.

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 $12.2 billion in FY 2021 to a low point of $5.8 billion in FY 2026. This calculation excludes all State-supported debt issuances in FY 2021 and FY 2022 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 2022. 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 $4.6 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 2021	$1,472,286	4.00%	58,891	46,651	12,240	3.17%	0.83%	13,029	59,680
FY 2022	$1,479,583	4.00%	59,183	43,783	15,400	2.96%	1.04%	23,915	67,698
FY 2023	$1,526,830	4.00%	61,073	49,523	11,550	3.24%	0.76%	22,764	72,287
FY 2024	$1,592,389	4.00%	63,696	54,943	8,753	3.45%	0.55%	21,602	76,545
FY 2025	$1,660,077	4.00%	66,403	59,490	6,913	3.58%	0.42%	20,353	79,843
FY 2026	$1,730,084	4.00%	69,203	63,410	5,793	3.67%	0.33%	19,144	82,554

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 2021	$195,145	5.00%	9,757	5,116	4,641	2.62%	2.38%	5,640	10,756
FY 2022	$192,814	5.00%	9,641	4,935	4,706	2.56%	2.44%	1,441	6,376
FY 2023	$191,147	5.00%	9,557	5,059	4,498	2.65%	2.35%	2,309	7,368
FY 2024	$190,476	5.00%	9,524	5,617	3,907	2.95%	2.05%	2,488	8,105
FY 2025	$192,037	5.00%	9,602	6,230	3,372	3.24%	1.76%	2,188	8,418
FY 2026	$192,019	5.00%	9,601	6,770	2,831	3.53%	1.47%	1,991	8,761

[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. 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.

Executive Budget - Debt Cap Changes

In the FY 2022 Executive Budget, the State added new bond-financed capital commitments that add $2.7 billion in new debt over the five-year Capital Plan period. To help MTA, the State also converted its $10.3 billion contribution for the MTA's 2015-19 and 2020-24 Capital Plans to bond-financed capital in the Executive Budget; prior to the pandemic, the State had expected to offset debt service on MTA bonds through additional local aid payments to the MTA.

Changes in the State's available debt capacity reflect personal income forecast adjustments, debt amortizations, and bond sale results. The debt capacity reflects the suspension of the Debt Reform Act for FY 2021 and FY 2022 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 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Mid-Year Update	**11,536**	**6,233**	**5,432**	**4,830**	**5,195**
Personal Income Forecast Update	704	1,882	1,100	1,200	1,327
Capital / Bond Sales	0	(2,392)	(4,298)	(6,213)	(8,144)
Exempt FY 2022 Issuances	0	9,677	9,316	8,936	8,535
FY 2022 Executive Budget as Amended	**12,240**	**15,400**	**11,550**	**8,753**	**6,913**

[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 $182 million for debt service costs. DASNY estimates that the State will pay debt service costs of approximately $29 million in FY 2022, $22 million in both FY 2023 and FY 2024, $13 million in FY 2025, and $11 million in FY 2026. 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 in FY 2021 and FY 2022, if all hospitals in the program failed to meet the terms of their agreements with DASNY, and if available reserve funds were depleted.

The Executive Budget includes authorization to issue PIT or Sales Tax bonds to refund bonds issued under the Secured Hospital Program. Therefore, the State plans to refund the remaining hospital debt where the State is responsible for the entirety of the debt service payments, which will provide savings to the State.

Other Matters Affecting the Financial Plan

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 the State's multi-year Financial Plan projections for receipts and disbursements, reflecting the impact of forecast revisions in FY 2021 through FY 2025, with an emphasis on FY 2022 projections, which reflect the impact of the Financial Plan.

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

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

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

In evaluating the State's multi-year operating forecast, it should be noted that the reliability of the estimates and projections as a predictor of the State's future financial position is likely to diminish, the further removed such estimates and projections are from the Financial Plan. Accordingly, in terms of outyear projections, the first "outyear," FY 2023, is the most relevant from a planning perspective. In addition, the reliability of all projections is further complicated by the impacts of the COVID-19 pandemic, given the uncertainty as to its duration and the pace of a sustained recovery.

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

State Financial Plan Multi-Year Projections

The following tables present the Financial Plan multi-year projections for the General Fund and State Operating Funds, as well as reconciliation between State Operating Funds projections and General Fund budget gaps. The Financial Plan continues to assume that all direct COVID-19 pandemic costs incurred by agencies will be fully covered with Federal aid, and thus are 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. The tables are followed by a summary of multi-year receipts and disbursements forecasts.

General Fund Projections

GENERAL FUND PROJECTIONS
(millions of dollars)

	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
RECEIPTS					
Taxes (After Debt Service)	62,968	73,139	78,098	80,528	81,480
Miscellaneous Receipts	6,913	1,767	1,760	1,798	1,860
Federal Receipts	0	3,000	3,000	0	0
Other Transfers	3,159	3,470	3,228	3,450	3,551
Total Receipts	**73,040**	**81,376**	**86,086**	**85,776**	**86,891**
DISBURSEMENTS					
Local Assistance	52,011	55,494	58,733	61,351	63,552
School Aid (SFY)	23,877	23,301	24,119	24,978	26,058
Medicaid	13,761	17,010	19,039	19,930	20,644
All Other	14,373	15,183	15,575	16,443	16,850
State Operations	10,615	11,581	12,779	12,418	12,675
Personal Service	7,372	9,131	9,863	9,422	9,454
Non-Personal Service	3,243	2,450	2,916	2,996	3,221
General State Charges	6,084	8,689	9,272	9,708	10,774
Transfers to Other Funds	6,037	7,119	6,951	6,278	6,266
Debt Service	309	424	450	520	562
Capital Projects	2,983	4,222	3,991	3,244	3,188
SUNY Operations	1,239	1,226	1,221	1,221	1,221
All Other	1,506	1,247	1,289	1,293	1,295
Total Disbursements	**74,747**	**82,883**	**87,735**	**89,755**	**93,267**
Use (Reservation) of Fund Balance:	**1,707**	**1,507**	**747**	**345**	**134**
Community Projects	16	0	0	0	0
Timing of Payments	1,313	0	0	0	0
Undesignated Fund Balance	553	548	0	0	0
Economic Uncertainties	(600)	0	0	0	0
Extraordinary Monetary Settlements[1]	425	959	747	345	134
BUDGET SURPLUS/(GAP) PROJECTIONS	**0**	**0**	**(902)**	**(3,634)**	**(6,242)**

[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 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
RECEIPTS					
Taxes	78,164	83,787	88,399	91,498	92,773
Miscellaneous Receipts/Federal Grants	23,039	20,524	20,646	17,676	18,006
Total Receipts	**101,203**	**104,311**	**109,045**	**109,174**	**110,779**
DISBURSEMENTS					
Local Assistance	66,672	69,370	72,726	75,217	77,474
School Aid (School Year Basis)[1]	26,451	27,289	28,424	29,520	30,629
DOH Medicaid[2]	19,662	23,231	25,312	26,307	27,127
Transportation	3,649	3,503	3,617	3,703	3,699
STAR	2,030	587	538	450	362
Higher Education	3,467	2,763	2,814	2,864	2,917
Social Services	3,195	2,769	2,981	3,009	2,994
Mental Hygiene[3]	2,074	4,278	3,773	3,988	4,262
All Other[4]	6,144	4,950	5,267	5,376	5,484
State Operations	18,077	18,813	19,930	19,447	19,765
Personal Service	12,393	13,914	14,638	14,146	14,217
Non-Personal Service	5,684	4,899	5,292	5,301	5,548
General State Charges	7,146	9,769	10,381	10,831	11,911
Pension Contribution	2,521	2,833	2,989	3,306	3,915
Health Insurance	4,443	4,708	5,076	5,444	5,837
All Other	182	2,228	2,316	2,081	2,159
Debt Service	7,391	7,053	6,609	7,346	7,660
Capital Projects	0	0	0	0	0
Total Disbursements (Excluding Liquidity Financing)	**99,286**	**105,005**	**109,646**	**112,841**	**116,810**
Liquidity Financing	**4,500**	**0**	**0**	**0**	**0**
Total Disbursements (Including Liquidity Financing)	**103,786**	**105,005**	**109,646**	**112,841**	**116,810**
Net Other Financing Sources/(Uses)	358	(1,089)	(1,067)	(261)	(63)
RECONCILIATION TO GENERAL FUND GAP					
Designated Fund Balances:	2,225	1,783	766	294	(148)
General Fund	1,707	1,507	747	345	134
Special Revenue Funds	513	282	22	(33)	(265)
Debt Service Funds	5	(6)	(3)	(18)	(17)
GENERAL FUND BUDGET SURPLUS/(GAP)	**0**	**0**	**(902)**	**(3,634)**	**(6,242)**

[1] SY 2021 and SY 2022 do not reflect federal funding to school districts of $1.1 billion from the CARES Act and $3.9 billion from the CRRSA Act, respectively.

[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 of 6.2 percent for 12 months.

[3] Multi-year estimates exclude a portion of spending reported under the Medicaid Global Cap that has no impact on mental hygiene service delivery or operations.

[4] 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

The International Monetary Fund (IMF) revised upward its forecast for 2021 global economic growth and growth in several key economies in its January 2021 outlook, compared to the October 2020 outlook.[11] As COVID-19 infections continue to persist in various nations across the globe, bringing about new waves of preventive lockdown measures, the timing of the global economy's return to pre-pandemic normalcy remains uncertain. There is considerable downside risk to the Eurozone's economic growth in the first half of calendar year 2021 and therefore to global growth and trade.

The second estimate of U.S. real Gross Domestic Product (GDP) growth in the fourth quarter of calendar year 2020 was 4.1 percent, after surging a record-breaking 33.4 percent in the third quarter. Real GDP fell a record-breaking 31.4 percent in the second quarter of 2020, as economic activity reached a trough in April 2020 and then began to recover in May and June 2020. The level of real GDP in the fourth quarter of 2020 was 2.4 percent below the peak level reached in the fourth quarter of 2019. Overall real GDP growth for 2020 fell 3.5 percent, the weakest annual growth rate since 1946.

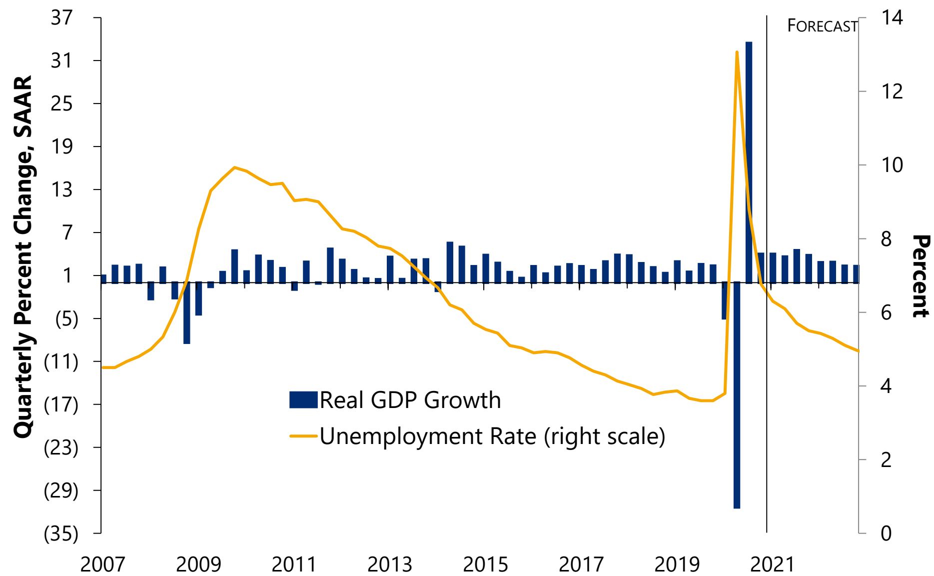
U.S. Economic Forecast

DOB's U.S. economic forecast incorporates the first estimate of 2020 fourth-quarter GDP, the December 2020 personal income and outlays estimates, the December 2020 CPI report, and the initial estimate of January 2021 employment. Real GDP growth is projected at 4.5 percent for 2021, aided by strong growth in real consumption, investment and exports.

The COVID-19 pandemic's damaging effects on labor markets are still mounting and will be a major obstacle to a balanced economic recovery. Real GDP is expected to recover to its previous peak (reached in the fourth quarter of 2019) by the second half of 2021, but employment is not expected to reach a full recovery until the first quarter of 2023. Employment registered a 5.7 percent decline in 2020, with monthly employment decreases occurring in March, April, and December 2020. The employment recovery is continuing to lose momentum, with the level of employment still well below the February 2020 peak. The payroll count in January 2021 was approximately 9.9 million below the level of February 2020. Total nonfarm employment growth of 2.7 percent is projected for 2021. Meanwhile nonfarm employment growth of 3.2 percent is projected for 2022. The unemployment rate went down to 6.3 percent in January 2021, compared to a peak of 14.8 percent in April 2020. The unemployment rate is projected to edge lower in 2021, reaching an estimated 5.5 percent in the fourth quarter of 2021 and 5.0 percent in the fourth quarter of 2022. Growth in wages and salaries for 2021 is estimated to be 6.4 percent, and personal income growth for 2021 is estimated to be 2.4 percent.

[11] International Monetary Fund: https://www.imf.org/en/publications/weo.

Real GDP Growth and Unemployment Rate



Source: Haver Analytics/BEA, BLS; DOB staff estimates.

The main transmission channel for the unprecedented swings in real GDP that occurred in 2020 was consumer spending. Fluctuations were driven by the COVID-19 pandemic as business restrictions and pandemic fears caused consumers to pull back on spending. As a consequence, consumer spending is expected to dictate the path of the recovery, and in turn will be primarily influenced by the future timing and severity of the pandemic. Additional income support due to a second round of Federal fiscal stimulus (as a part of the Consolidated Appropriation Act of 2021 enacted at the end of 2020) is likely to keep consumption growth from entering negative territory in the first quarter of 2021. After a 3.9 percent decline in 2020, real consumption is forecast to grow 4.9 percent in 2021, surpassing its previous peak in the third quarter of that year, and to grow 3.8 percent in 2022.

Consumer price inflation is expected to reach 2.3 percent in 2021, following 1.2 percent price growth in 2020. Acceleration in inflation is expected due to higher oil prices, a weaker dollar and higher inflation expectations.

The outlook for monetary policy is premised on the Federal Reserve's responses to the coronavirus pandemic, and the Federal Open Market Committee's (FOMC) formal adoption of a revised framework for monetary policy at the end of August 2020. The FOMC is expected to remain on hold with respect to monetary policy for the foreseeable future.

U.S. ECONOMIC INDICATORS (Calendar Year Growth)			
	CY 2020 Actual	CY 2021 Forecast	CY 2022 Forecast
Real U.S. Gross Domestic Product	(3.5)	4.5	3.2
Consumer Price Index (CPI)	1.2	2.3	2.3
Personal Income	6.1	2.4	2.6
Nonfarm Employment	(5.7)	2.7	3.2
Civilian Unemployment Rate	8.1	5.9	5.2

Source: Haver Analytics; DOB staff estimates.

The residential housing market evolved into an economic bright spot as the COVID-19 pandemic appears to have increased demand for spacious houses in suburban areas. New and existing home sales have recovered rapidly. Residential building activities were among the first that resumed in the summer of 2020 after the pandemic lockdowns since social distancing is relatively easy to implement among construction workers. Real residential investment is forecast to surge from a 6.0 percent gain in 2020 to an 11.0 percent growth rate in 2021, followed by 0.2 percent growth in 2022.

Real nonresidential fixed investment declined 4.0 percent in 2020. DOB projects real nonresidential investment growth for 2021 of 6.5 percent.

Upside risks include an effective containment of COVID-19 through wide distribution and implementation of vaccinations, fast recovery of the worst-affected service sectors, a housing market boom due to remote-work policies, additional fiscal stimulus such as the Biden Administration's American Rescue Plan, and better global economic conditions. Downside risks to the forecast include a worsening of the COVID-19 pandemic, prolonged business and labor market disruptions, anemic global economic growth, commodity and oil price instability, a stock market correction, and the elevated Federal budget deficit and mounting debt burden.

The New York State Economy

After unprecedented employment declines during March and April of 2020, New York State's steady job recovery came to a halt in December 2020. Employment declined by 37,200 month-over-month due largely to the seasonal surge in confirmed COVID-19 cases. This most recent wave resulted in a tightening of restrictions on restaurants, bars, and other industries where social distancing remains a challenge. Weak U.S. payroll growth in January 2021 and rising unemployment insurance claims for New York State indicate a fragile labor market. On a positive note, increases in vaccine availability and restrictions imposed during January 2021 led to noticeable declines in confirmed COVID-19 cases during February 2021. This progress will allow State and local governments to judiciously roll back some of the restrictions.

Based on the above economic information, DOB's overall 2021 employment forecast is 4.7 percent growth. However, the long-term implications of vaccinations are expected to speed up the recovery in 2022. DOB's overall 2022 employment forecast is 3.5 percent growth.

NEW YORK STATE ECONOMIC INDICATORS
(State Fiscal Year Growth)

	FY 2020 Actual	FY 2021 Estimated	FY 2022 Forecast
Personal Income*	4.2	6.0	-1.0
Wages	4.5	-2.5	5.2
Nonfarm Employment	1.0	-12.2	8.7

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.

Current projections for finance and insurance sector bonuses show a narrow increase for FY 2021. DOB projects a 2.5 percent decline in wage growth for FY 2021As economic and financial conditions continue to improve, total wages are projected to increase 5.2 percent in FY 2022.

The most recent forecast shows a 2.4 percent decline in New York State property income and a 3.1 percent decline in proprietor's income for FY 2021.[12] Aided by the CARES Act and Emergency Coronavirus Relief Act, State transfer income is projected to increase by 49.3 percent in FY 2021. Current projections for personal income growth show a 6.0 percent increase for FY 2021. As the COVID-19 relief payments come to an end, transfer income is projected to decline by 20.4 percent for FY 2022, leading to a decline of 1.0 percent in personal income for the year.[13]

New York State faces many of the same forecasting risks as the U.S. As the nation's financial capital, the volume of financial market activity and volatility in equity markets pose a significant degree of exposure to the New York State economy. The State successfully curbed the number of confirmed COVID-19 cases from the most recent seasonal wave and made advances in vaccine distribution and availability, but the virus' potential resurgence continues to pose a significant downside risk. Furthermore, the threat posed by new variants of the virus, including vaccine-resistant strains, represents a further risk to the State's economy. The American Rescue Plan, if enacted, could provide a substantial boost to incomes and provide aid to state and local governments, all of which would contribute to higher economic growth in the short run.

[12] DOB's New York State economic forecast incorporates the 2020 third quarter BEA State personal income report released on December 17, 2020.

[13] The current forecast does not incorporate the Biden Administration's American Rescue Plan. This plan is still in the process of being negotiated in the U.S. Congress.

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. Multi-year 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 $195.1 billion, a 10.0 percent ($17.7 billion) increase from FY 2020 results. FY 2021 State tax receipts are projected to decrease $3.5 billion (4.3 percent) from FY 2020 results.

ALL FUNDS RECEIPTS (millions of dollars)

	FY 2020 Results	FY 2021 Current	Change	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
Personal Income Tax	53,660	53,042	-1.2%	57,510	8.4%	60,720	5.6%	63,006	3.8%	63,406	0.6%
Consumption/Use Taxes	18,021	16,001	-11.2%	17,085	6.8%	17,954	5.1%	18,406	2.5%	18,899	2.7%
Business Taxes	8,996	8,178	-9.1%	8,438	3.2%	8,838	4.7%	9,095	2.9%	9,372	3.0%
Other Taxes	2,212	2,125	-3.9%	2,073	-2.4%	2,182	5.3%	2,282	4.6%	2,386	4.6%
Total State Taxes	**82,889**	**79,346**	**-4.3%**	**85,106**	**7.3%**	**89,694**	**5.4%**	**92,789**	**3.5%**	**94,063**	**1.4%**
Miscellaneous Receipts	29,466	31,707	7.6%	27,583	-13.0%	25,628	-7.1%	25,682	0.2%	25,627	-0.2%
Federal Receipts	65,080	84,096	29.2%	80,125	-4.7%	75,824	-5.4%	72,005	-5.0%	72,347	0.5%
Total All Funds Receipts	**177,435**	**195,149**	**10.0%**	**192,814**	**-1.2%**	**191,146**	**-0.9%**	**190,476**	**-0.4%**	**192,037**	**0.8%**

The COVID-19 pandemic is projected to continue to have a significant negative impact on tax receipts. The FY 2021 Enacted Budget Financial Plan anticipated reductions to FY 2021 All Funds tax receipts of over $10 billion. These estimates were adjusted further, consistent with the economic analysis outlined in the First Quarterly Update Financial Plan, and finally adjusted once again for the FY 2022 Executive Budget Financial Plan. Total tax receipts are nearly $9 billion below the levels projected in the FY 2021 Executive Budget Financial Plan (February 2020) before factoring in the pandemic.

- Personal income taxes are reduced significantly in FY 2021 with an estimated loss of nearly $3.8 billion.

- Consumption/Use taxes and fees are reduced by nearly $3 billion with the majority of the decline in sales and use taxes.

- Business taxes are reduced by over $1.7 billion in FY 2021 with the largest portion of the decline in corporate franchise tax.

- Other taxes are reduced by over $200 million in FY 2021.

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 Current	Change	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
STATE/ALL FUNDS	**53,660**	**53,042**	**-1.2%**	**57,510**	**8.4%**	**60,720**	**5.6%**	**63,006**	**3.8%**	**63,406**	**0.6%**
Gross Collections	64,985	63,124	-2.9%	68,039	7.8%	71,780	5.5%	75,000	4.5%	76,412	1.9%
Refunds (Incl. State/City Offset)	(11,325)	(10,082)	11.0%	(10,529)	-4.4%	(11,060)	-5.0%	(11,994)	-8.4%	(13,006)	-8.4%
GENERAL FUND[1]	**24,646**	**24,491**	**-0.6%**	**28,168**	**15.0%**	**29,822**	**5.9%**	**31,053**	**4.1%**	**31,341**	**0.9%**
Gross Collections	64,985	63,124	-2.9%	68,039	7.8%	71,780	5.5%	75,000	4.5%	76,412	1.9%
Refunds (Incl. State/City Offset)	(11,325)	(10,082)	11.0%	(10,529)	-4.4%	(11,060)	-5.0%	(11,994)	-8.4%	(13,006)	-8.4%
STAR	(2,184)	(2,030)	7.1%	(587)	71.1%	(538)	8.3%	(450)	16.4%	(362)	19.6%
RBTF	(26,830)	(26,521)	1.2%	(28,755)	-8.4%	(30,360)	-5.6%	(31,503)	-3.8%	(31,703)	-0.6%

[1]Excludes Transfers.

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

The following table summarizes, by component, actual receipts for FY 2020 and forecast amounts through FY 2025.

ALL FUNDS PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS (millions of dollars)	FY 2020 Results	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Receipts						
Withholding	43,118	41,881	44,617	46,287	48,123	48,751
Estimated Payments	17,025	16,349	17,942	20,031	21,296	21,890
Current Year	10,996	10,829	12,905	13,262	13,883	13,913
Prior Year[1]	6,029	5,520	5,037	6,769	7,413	7,977
Final Returns	3,454	3,483	3,982	3,914	3,981	4,117
Current Year	340	313	331	346	367	385
Prior Year[1]	3,114	3,170	3,651	3,568	3,614	3,732
Delinquent	1,388	1,411	1,498	1,548	1,600	1,654
Gross Receipts	64,985	63,124	68,039	71,780	75,000	76,412
Refunds						
Prior Year[1]	5,928	6,121	6,224	6,393	6,976	7,629
Previous Years	531	463	494	525	557	596
Current Year[1]	2,244	1,750	1,750	1,749	1,751	1,751
Advanced Credit Payment	1,505	599	787	994	1,186	1,379
State/City Offset[1]	1,117	1,149	1,274	1,399	1,524	1,651
Total Refunds	11,325	10,082	10,529	11,060	11,994	13,006
Net Receipts	**53,660**	**53,042**	**57,510**	**60,720**	**63,006**	**63,406**

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

FY 2021 withholding is estimated to be lower compared to the prior year, reflecting a moderate decline in wages. The negative impact of the COVID-19 pandemic on NYS employment and wages was mitigated by an unprecedented increase in unemployment insurance income. Estimated payments for Tax Year 2020 are estimated to decrease slightly, driven by a decline in nonwage, non-unemployment insurance income growth. Extension payments (i.e., prior year estimated) for Tax Year 2019 will also decrease. Delinquent collections and final return payments are projected to increase slightly.

The decrease in total refunds reflects a steep decline in advanced credit payments attributable to Tax Year 2020, coupled with declines in the administrative January-March refund cap and refunds related to tax years prior to 2019. These decreases are partially offset by increases in prior-year refunds related to Tax Year 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.

The FY 2022 All Funds PIT receipts are projected to increase reflecting strong growth in withholding and Tax Year 2021 current estimated payments, as well as increases in final returns and delinquencies. Receipts include revenue attributable to multiple FY 2022 Executive Budget proposals, most notably the delay of the Middle Class Tax Cut by one year and the enactment of a high income PIT surcharge. Strong growth in final returns is expected due to elevated unemployment insurance income received in Tax Year 2020. These increases are offset by a decline in Tax Year 2020 extension payments and a moderate increase in total refunds.

The FY 2022 STAR transfer is expected to decline significantly, reflecting necessary reductions in State funding. The Executive Budget proposes reducing reimbursement to school districts by approximately 75 percent in FY 2022, but this would have no impact on the property tax exemptions to eligible homeowners. Over 90 percent of this reduction is expected to be fully offset by school districts' allocations under the Federal CRRSA Act. The FY 2022 RBTF is projected to increase based on the increase in FY 2022 All Funds receipts. General Fund PIT receipts for FY 2022 are also expected to increase, 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. 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 further 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 Current	Change	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
STATE/ALL FUNDS	**18,021**	**16,001**	**-11.2%**	**17,085**	**6.8%**	**17,954**	**5.1%**	**18,406**	**2.5%**	**18,899**	**2.7%**
Sales Tax	15,932	14,030	-11.9%	15,037	7.2%	15,853	5.4%	16,305	2.9%	16,754	2.8%
Cigarette and Tobacco Taxes	1,035	1,019	-1.5%	982	-3.6%	939	-4.4%	898	-4.4%	859	-4.3%
Vapor Excise Tax	10	27	170.0%	16	-40.7%	16	0.0%	16	0.0%	16	0.0%
Motor Fuel Tax	512	426	-16.8%	501	17.6%	498	-0.6%	494	-0.8%	492	-0.4%
Highway Use Tax	142	131	-7.7%	138	5.3%	139	0.7%	140	0.7%	142	1.4%
Alcoholic Beverage Taxes	259	273	5.4%	271	-0.7%	274	1.1%	278	1.5%	281	1.1%
Opioid Excise Tax	19	30	57.9%	34	13.3%	34	0.0%	34	0.0%	34	0.0%
Medical Cannabis Excise Tax	6	8	33.3%	8	0.0%	8	0.0%	8	0.0%	8	0.0%
Adult Use Cannabis Tax	0	0	0.0%	20	0.0%	104	420.0%	140	34.6%	217	55.0%
Auto Rental Tax[1]	106	57	-46.2%	78	36.8%	89	14.1%	93	4.5%	96	3.2%
GENERAL FUND[2]	**8,038**	**7,196**	**-10.5%**	**7,666**	**6.5%**	**8,042**	**4.9%**	**8,248**	**2.6%**	**8,452**	**2.5%**
Sales Tax	7,447	6,579	-11.7%	7,049	7.1%	7,432	5.4%	7,644	2.9%	7,854	2.7%
Cigarette and Tobacco Taxes	313	314	0.3%	312	-0.6%	302	-3.2%	292	-3.3%	283	-3.1%
Alcoholic Beverage Taxes	259	273	5.4%	271	-0.7%	274	1.1%	278	1.5%	281	1.1%
Opioid Excise Tax	19	30	57.9%	34	13.3%	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 13.1 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 due to the first full year impact of the tax, partially offset by legislation in the Enacted Budget banning all flavored vapor products other than tobacco flavored products. Cigarette and tobacco tax collections are projected to decrease, reflecting a continued, albeit less than recent trends, 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 primarily due to a projected increase in sales tax receipts reflecting a rebound in taxable consumption with projected base growth of 7.6 percent and an additional $9 million in projected revenue related to legislation proposed in the Executive Budget. The excise tax on opioids is projected to moderately increase. 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. Legislation proposed in the Budget to regulate and tax adult use cannabis products is projected to generate $20 million in license fees within the first 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.

All Funds consumption/use tax receipts for FY 2023 are projected to increase reflecting a projected increase in sales tax receipts due to projected base growth of 5.3 percent and an additional $32 million in projected revenue related to legislation proposed in the FY 2022 Executive Budget. Along with the second year of license fees, the State's THC-based and retail excise taxes on adult-use cannabis products are projected to generate $104 million combined. Auto rental tax receipts are projected to moderately increase from FY 2022.

FY 2023 General Fund consumption/use tax receipts are projected to increase, mainly due to the SUT trend noted above.

FY 2024 and FY 2025 All Funds consumption/use tax receipts are projected to increase compared to the prior year, largely reflecting moderate 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 2024 and FY 2025 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 Current	Change	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
STATE/ALL FUNDS	**8,996**	**8,178**	**-9.1%**	**8,438**	**3.2%**	**8,838**	**4.7%**	**9,095**	**2.9%**	**9,372**	**3.0%**
Corporate Franchise Tax	4,824	4,303	-10.8%	4,454	3.5%	4,919	10.4%	5,117	4.0%	5,326	4.1%
Corporation and Utilities Tax	705	605	-14.2%	608	0.5%	629	3.5%	635	1.0%	640	0.8%
Insurance Tax	2,306	2,143	-7.1%	2,210	3.1%	2,278	3.1%	2,340	2.7%	2,407	2.9%
Bank Tax	0	160	0.0%	107	-33.1%	0	-100.0%	0	0.0%	0	0.0%
Pass-Through-Entity Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Petroleum Business Tax	1,161	967	-16.7%	1,059	9.5%	1,012	-4.4%	1,003	-0.9%	999	-0.4%
GENERAL FUND	**6,370**	**5,921**	**-7.0%**	**6,019**	**1.7%**	**6,368**	**5.8%**	**6,578**	**3.3%**	**6,801**	**3.4%**
Corporate Franchise Tax	3,791	3,402	-10.3%	3,512	3.2%	3,866	10.1%	4,016	3.9%	4,176	4.0%
Corporation and Utilities Tax	518	460	-11.2%	449	-2.4%	467	4.0%	472	1.1%	476	0.8%
Insurance Tax	2,053	1,919	-6.5%	1,973	2.8%	2,035	3.1%	2,090	2.7%	2,149	2.8%
Bank Tax	8	140	1650.0%	85	-39.3%	0	-100.0%	0	0.0%	0	0.0%
Pass-Through-Entity Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%

FY 2021 All Funds business tax receipts are estimated to decline moderately, driven primarily by a decrease in gross receipts from CFT, insurance taxes, and petroleum business taxes (PBT). These declines are partially offset by lower refunds.

CFT receipts are estimated to decrease in FY 2021, reflecting lower gross receipts due to estimated large declines in corporate profits and investment in equipment and software and the continued phase-out of the capital base that will be complete in 2021. Audit receipts also contribute to the year-over-year decrease as less large cases are expected to materialize compared to FY 2020. 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.

Corporation and utilities tax (CUT) 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.

Insurance tax receipts for FY 2021 are estimated to decrease 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 be slightly lower than the prior year while refunds paid are expected to decline compared to historically high refunds paid last fiscal year.

The Executive Budget proposes an optional PTET on the New York sourced income of partnerships and S corporations that are comprised solely of individual partners or shareholders. Electing entities will pay a 6.85 percent tax on their New York sourced ordinary income (and guaranteed payments for partnerships). The proposal provides partners, members and shareholders of electing entities with a refundable tax credit equal to 92 percent of the proportionate or pro rata share of taxes paid by an electing entity. Additionally, the proposal includes a resident tax credit that allows reciprocity with other states that have implemented substantially similar taxes, which currently includes Connecticut and New Jersey. Finally, the proposed amendments provide that 50 percent of receipts from the new tax will be deposited into the RBTF. The Financial Plan does not currently include an estimate for PTET receipts or the corresponding decrease in PIT receipts as the opt-in rates for electing entities will not be known until December 2021, but the PTET proposal is expected to be revenue neutral for the State. DOB expects to include estimates as opt-in rates and other information becomes know.

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. 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 effective January 1, 2020, paired with a 5 percent decline in the PBT rate index effective January 1, 2021.

General Fund business tax receipts for FY 2021 are estimated to decrease due to the trends in CFT, CUT, insurance taxes, and bank tax receipts described above.

General Fund and All Funds business tax receipts for FY 2022 are projected to increase slightly, primarily reflecting an increase in audit receipts from CFT which are expected to return to historical trend levels. A projected decline in bank tax receipts is offset by increases in CUT, CFT, insurance tax, and PBT receipts.

All Funds business tax receipts for FY 2023 are projected to decline in the bank tax and PBT receipts, offset by increases in CFT, CUT, and insurance tax 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 Current	Change	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
STATE/ALL FUNDS	**2,212**	**2,125**	**-3.9%**	**2,073**	**-2.4%**	**2,182**	**5.3%**	**2,282**	**4.6%**	**2,386**	**4.6%**
Estate Tax	1,070	1,213	13.4%	1,058	-12.8%	1,112	5.1%	1,168	5.0%	1,223	4.7%
Real Estate Transfer Tax	1,124	898	-20.1%	993	10.6%	1,048	5.5%	1,091	4.1%	1,139	4.4%
Employer Compensation Expense Program	2	3	50.0%	6	100.0%	7	16.7%	7	0.0%	8	14.3%
Pari-Mutuel Taxes	14	11	-21.4%	14	27.3%	14	0.0%	14	0.0%	14	0.0%
All Other Taxes	2	0	-100.0%	2	0.0%	1	-50.0%	2	100.0%	2	0.0%
GENERAL FUND[1]	**1,087**	**1,225**	**12.7%**	**1,077**	**-12.1%**	**1,131**	**5.0%**	**1,187**	**5.0%**	**1,243**	**4.7%**
Estate Tax	1,070	1,213	13.4%	1,058	-12.8%	1,112	5.1%	1,168	5.0%	1,223	4.7%
Employer Compensation Expense Program	1	1	0.0%	3	200.0%	4	33.3%	3	-25.0%	4	33.3%
Pari-Mutuel Taxes	14	11	-21.4%	14	27.3%	14	0.0%	14	0.0%	14	0.0%
All Other Taxes	2	0	-100.0%	2	0.0%	1	-50.0%	2	100.0%	2	0.0%

[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 a large estimated decline in housing starts statewide and the devastating impact of COVID-19 early in the fiscal year, especially in New York City. The real estate transfer tax receipts estimated decrease is partially offset by an increase in estate tax receipts, primarily due to the receipt of seven extraordinary payments to date.

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, primarily reflecting a projected year-over-year decline in extraordinary estate tax payments as a more historical amount of payments and average payment value are expected. This is partially offset by a projected increase in real estate transfer tax receipts, which is primarily due to projected growth in housing starts and housing prices as activity rebounds compared to the prior year when COVID-19 severely impacted the real estate market.

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, FY 2024, and FY 2025 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, FY 2024, and FY 2025 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 Current	Change	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
ALL FUNDS	**29,466**	**31,707**	**7.6%**	**27,583**	**-13.0%**	**25,628**	**-7.1%**	**25,682**	**0.2%**	**25,627**	**-0.2%**
General Fund	3,159	6,913	118.8%	1,767	-74.4%	1,760	-0.4%	1,798	2.2%	1,860	3.4%
Special Revenue Funds	19,279	15,921	-17.4%	15,529	-2.5%	15,656	0.8%	15,650	0.0%	15,922	1.7%
Capital Projects Funds	6,551	8,499	29.7%	9,903	16.5%	7,825	-21.0%	7,847	0.3%	7,458	-5.0%
Debt Service Funds	477	374	-21.6%	384	2.7%	387	0.8%	387	0.0%	387	0.0%

All Funds miscellaneous receipts are projected to total $31.7 billion in FY 2021, an increase of 7.6 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. In later years of the Financial Plan Period, receipts begin to recover and increase slowly again.

Federal Grants

FEDERAL GRANTS (millions of dollars)											
	FY 2020 Results	FY 2021 Current	Change	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
ALL FUNDS	**65,080**	**84,096**	**29.2%**	**80,125**	**-4.7%**	**75,824**	**-5.4%**	**72,005**	**-5.0%**	**72,347**	**0.5%**
General Fund	0	0	0.0%	3,000	0.0%	3,000	0.0%	0	-100.0%	0	0.0%
Special Revenue Funds	62,897	81,840	30.1%	74,840	-8.6%	70,541	-5.7%	69,753	-1.1%	70,108	0.5%
Capital Projects Funds	2,109	2,182	3.5%	2,213	1.4%	2,214	0.0%	2,186	-1.3%	2,177	-0.4%
Debt Service Funds	74	74	0.0%	72	-2.7%	69	-4.2%	66	-4.3%	62	-6.1%

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 Biden administration 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 Financial Plan.

Disbursements

In FY 2022, disbursements from the State's General Fund, including transfers, are expected to total $82.9 billion, and disbursements from State Operating Funds are expected to total $105 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.

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 is estimated at $68.4 billion in FY 2022, 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)

		Forecast			
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
HEALTH CARE[1]					
Medicaid - Individuals Covered	7,141,716	6,995,082	6,150,548	6,110,194	6,062,671
Essential Plan - Individuals Covered	871,304	962,915	924,779	906,702	896,464
Child Health Plus - Individuals Covered	418,013	436,838	429,943	431,588	434,168
State Takeover of County/NYC Costs[2]	$4,468	$4,818	$5,179	$5,551	$5,933
CY 2005 Local Medicaid Cap	$3,185	$3,353	$3,531	$3,720	$3,919
FY 2013 Local Takeover Costs	$1,283	$1,465	$1,648	$1,831	$2,014
EDUCATION					
School Aid (School Year-Basis Funding)[3]	$26,451	$27,289	$28,424	$29,520	$30,629
HIGHER EDUCATION					
Public Higher Education Enrollment (FTEs)	509,725	522,468	522,468	522,468	522,468
Tuition Assistance Program (Recipients)	239,592	253,563	253,563	253,563	253,563
PUBLIC ASSISTANCE					
Family Assistance Program (Families)	192,728	209,148	198,646	188,276	181,449
Safety Net Program (Families)	125,229	138,784	130,571	122,396	117,020
Safety Net Program (Singles)	217,838	210,068	207,482	208,728	211,406
MENTAL HYGIENE					
OMH Community Beds	47,306	48,763	50,018	50,618	51,118
OPWDD Community Beds	42,956	43,290	43,516	43,743	43,970
OASAS Community Beds	13,539	13,753	14,075	14,115	14,140
Total	103,801	105,806	107,609	108,476	109,228

[1] Enrollment in public health insurance programs is subject to direct/indirect risks related to the COVID-19 pandemic.
[2] 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.
[3] Excludes STAR and Federal CARES and CRRSA funds.

Education

School Aid

School Aid supports elementary and secondary education for New York pupils enrolled in the State's 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, such as the construction of school facilities and the education of students with disabilities.

School Year (July 1 — June 30)

The FY 2022 Executive Budget recommends a total of $31.7 billion in school district funding for school year (SY) 2022, including School Aid, STAR reimbursement payments, the Local District Funding Adjustment, and Federal Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act funding. This represents an increase of $2.1 billion, or 7.1 percent, over the statewide 2020-21 funding level, including Federal CARES Act funds, driven by $3.9 billion in CRRSA Act funding to districts.

Formula-based School Aid would increase by $849 million, or 3.3 percent. Foundation Aid would be maintained at its SY 2021 level of $18.4 billion and the Pandemic Adjustment aid reduction taken in SY 2021 ($1.13 billion) would be fully restored. Other formula-based aid categories on the run would experience a net year-to-year decrease of $282 million as part of the Executive proposal to consolidate existing aid categories into a new block grant called Services Aid. This new aid category would replace 11 separate existing aid categories, including Transportation Aid and BOCES Aid, and its SY 2022 funding level would be reduced by $693 million compared to the SY 2022 projections of its components under current law. This Services Aid reduction would not exceed any school district's CRRSA Act funding allocation.

Categorical grant programs within School Aid would decrease by $12 million in SY 2022, due to the net impact of growth in aid under current law ($15 million) and a $27 million decrease from the elimination of funding for certain teacher support programs.

Additionally, the Executive Budget proposes a $1.35 billion reduction to other reimbursements to school districts under current law. Like the Services Aid reduction, this Local District Funding Adjustment would not exceed any school district's CRRSA Act funding allocation.

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

SCHOOL AID - SCHOOL YEAR BASIS (JULY 1 - JUNE 30) (millions of dollars)									
	SY 2021[1]	SY 2022[2]	Change	SY 2023	Change	SY 2024	Change	FY 2025	Change
Total	**26,451**	**27,289**	**838**	**28,424**	**1,135**	**29,520**	**1,096**	**30,629**	**1,109**
			3.2%		4.2%		3.9%		3.8%

[1] Does not reflect $1.13 billion in Federal CARES Act funding or STAR reimbursements to School Districts.

[2] Does not reflect $3.85 billion in Federal CRRSA Act funding or STAR reimbursements to School Districts.

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 2021[1] Current	FY 2022[2] Proposed	Change	FY 2023[3] Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**26,860**	**26,693**	**-0.6%**	**27,953**	**4.7%**	**29,045**	**3.9%**	**30,150**	**3.8%**
General Fund Local Assistance	23,737	23,161	-2.4%	23,979	3.5%	24,838	3.6%	25,918	4.3%
Medicaid	140	140	0.0%	140	0.0%	140	0.0%	140	0.0%
Lottery Aid	2,276	2,520	10.7%	2,864	13.7%	2,972	3.8%	3,000	0.9%
VLT Lottery Aid	618	746	20.7%	834	11.8%	943	13.1%	940	-0.3%
Commercial Gaming	89	126	41.6%	136	7.9%	152	11.8%	152	0.0%

[1] Does not reflect $794 million in Federal CARES Act funding or STAR reimbursements to School Districts.

[2] Does not reflect $3.0 billion in Federal CARES Act and CRRSA Act funding or STAR reimbursements to School Districts.

[3] Does not reflect $1.2 billion in Federal CRRSA Act funding or STAR reimbursements to School Districts.

State fiscal year spending for School Aid on a State Operating Funds basis is projected to total $26.7 billion in FY 2022, a $167 million, or 0.6 percent, decrease from FY 2021. The annual decrease is driven by the $693 million Services Aid reduction and reductions in SY 2021 aid under current law, compared to FY 2021 Enacted Budget projections, due to updated data submitted by school districts. In FY 2022, the share of School Aid spending financed by lottery, video lottery and commercial gaming revenues is projected to increase due to the impact of the COVID-19 pandemic on economic activity in FY 2021 and the lifting of capacity limitations at VLT and commercial gaming facilities in FY 2022. If gaming revenues drop 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 Federal aid, excluding CARES Act and CRRSA 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 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,097**	**2,110**	**0.6%**	**2,264**	**7.3%**	**2,339**	**3.3%**	**2,423**	**3.6%**
Special Education	1,312	1,354	3.2%	1,422	5.0%	1,485	4.4%	1,551	4.4%
All Other Education	785	756	-3.7%	842	11.4%	854	1.4%	872	2.1%

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.

Special Education costs in FY 2022 and FY 2023 are expected to increase following anticipated one-time cost savings in FY 2021 resulting from 2019-20 school closures, when certain special education services (e.g., transportation) were either not provided or were provided at a reduced level. Out-year growth is attributable to projected enrollment and cost growth for these programs, as services return to normal levels.

The projected decrease for All Other Education programs in FY 2022 is primarily due to FY 2022 Executive Budget proposals to eliminate funding for school districts' prior year claims, New York City's discretionary fiscal stabilization grant, and New York City charter school facilities aid reimbursement, as well as a temporary elimination of Bundy Aid. Additional savings are attributed to a one-time reduction in State supplemental tuition payments, proposed in tandem with a one-time decrease in school districts' 2021-22 charter school basic tuition rates. These reductions are partially offset by a timing-related increase in 2020-21 school year Nonpublic School Aid payments that would typically be paid in March 2021, but now will not be paid until June 2021.

The projected increase for All Other Education programs in FY 2023 is primarily due to anticipated increases in State reimbursement to school districts for charter tuition payments and the restoration of Bundy Aid.

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. Senior citizens with incomes below $90,550 will receive a $70,700 exemption in FY 2022.

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)
(millions of dollars)

	FY 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,030**	**587**	**-71.1%**	**538**	**-8.3%**	**450**	**-16.4%**	**362**	**-19.6%**
Local District Funding Adjustment[1]	0	(1,352)	0.0%	(1,243)	8.1%	(1,188)	4.4%	(1,135)	4.5%
TOTAL STAR PROGRAM	**2,030**	**1,939**	**-4.5%**	**1,781**	**-8.1%**	**1,638**	**-8.0%**	**1,497**	**-8.6%**
Gross Program Costs	3,322	3,461	4.2%	3,521	1.7%	3,599	2.2%	3,641	1.2%
Personal Income Tax Credit	(1,292)	(1,522)	-17.8%	(1,740)	-14.3%	(1,961)	-12.7%	(2,144)	-9.3%
Basic Exemption	1,188	1,165	-1.9%	1,071	-8.1%	1,002	-6.4%	918	-8.4%
Gross Program Costs	1,686	1,789	6.1%	1,832	2.4%	1,883	2.8%	1,914	1.6%
Personal Income Tax Credit	(498)	(624)	-25.3%	(761)	-22.0%	(881)	-15.8%	(996)	-13.1%
Enhanced (Senior) Exemption	842	774	-8.1%	710	-8.3%	636	-10.4%	579	-9.0%
Gross Program Costs	924	938	1.5%	944	0.6%	942	-0.2%	933	-1.0%
Personal Income Tax Credit	(82)	(164)	-100.0%	(234)	-42.7%	(306)	-30.8%	(354)	-15.7%
New York City PIT	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Gross Program Costs	712	734	3.1%	745	1.5%	774	3.9%	794	2.6%
Personal Income Tax Credit	(712)	(734)	-3.1%	(745)	-1.5%	(774)	-3.9%	(794)	-2.6%

1 The Local District Funding Adjustment shifts a portion of the costs of the STAR exemption program to school districts. In FY 2022, this adjustment to school district costs will be more than offset by the Federal Coronavirus Response and Relief Supplemental Appropriations Act.

The Executive Budget includes a Local District Funding Adjustment that reduces STAR reimbursements to school districts by $1.35 billion in FY 2022. This reduction would not exceed any school district's CRRSA Act allocation. The Adjustment would be made recurring in the outyears.

Other Executive Budget actions include fully closing the Enhanced Exemption program to new applicants and streamlining the administration of STAR for mobile homeowners by transitioning these beneficiaries to the STAR Credit.

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. The decline in reported STAR disbursements in FYs 2023 through 2025 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 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**3,467**	**2,763**	**-20.3%**	**2,814**	**1.8%**	**2,864**	**1.8%**	**2,917**	**1.9%**
City University	**2,274**	**1,554**	**-31.7%**	**1,593**	**2.5%**	**1,635**	**2.6%**	**1,675**	**2.4%**
Senior Colleges	1,852	1,321	-28.7%	1,363	3.2%	1,405	3.1%	1,445	2.8%
Community College	422	233	-44.8%	230	-1.3%	230	0.0%	230	0.0%
Higher Education Services	**756**	**783**	**3.6%**	**797**	**1.8%**	**805**	**1.0%**	**818**	**1.6%**
Tuition Assistance Program	621	642	3.4%	657	2.3%	656	-0.2%	656	0.0%
Scholarships/Awards	123	129	4.9%	128	-0.8%	137	7.0%	150	9.5%
Aid for Part-Time Study	12	12	0.0%	12	0.0%	12	0.0%	12	0.0%
State University	**437**	**426**	**-2.5%**	**424**	**-0.5%**	**424**	**0.0%**	**424**	**0.0%**
Community College	433	422	-2.5%	420	-0.5%	420	0.0%	420	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 285,000 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 nearly $1 billion annually for SUNY campus operations through a General Fund transfer and approximately $2 billion to fully support fringe benefit costs of SUNY employees at State-operated campuses. The State is also projected to pay $1.4 billion in FY 2022 for debt service on bond financed capital projects at SUNY and CUNY. In FY 2022, 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 350,000 students. HESC also partners with OSC in administering the College Choice Tuition Savings program.

The Executive Budget proposes savings necessary to balance the Executive Budget in an equitable way that protects New Yorkers' access to an affordable college education. Beginning in academic year (AY) 2021, general operating support to colleges is reduced by 5 percent as part of the statewide targeted reductions in aid-to-localities payments. On an academic year basis, the reductions will total $46 million for SUNY State-Operated campuses and $26 million for CUNY senior colleges. For community colleges, the AY reduction will total $35 million from funding levels provided for in the FY 2021 Enacted Budget. Funding in FY 2022 will be based on the community college aid formula with no additional 5 percent reduction – an $11 million AY decrease from funding levels in the FY 2021 Enacted Budget due to enrollment declines reflected in the aid formula. These reductions are more than offset by an estimated $1.5 billion in direct Federal aid provided by the CARES Act and the CRRSA Act approved in December 2020.

Total FY 2022 local assistance disbursements for higher education is projected to decrease by $704 million, or 20.3 percent, from FY 2021 to FY 2022, and increase by $51 million, or 1.8 percent, from FY 2022 to FY 2023. The spending decrease in FY 2022 is primarily due to the timing of academic year 2020 payments for CUNY that were made in FY 2021 instead of FY 2020.

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. Most government-financed health care programs are included under DOH, but several 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 observed significant fluctuations in program eligibility and enrollment in the Medicaid program during economic downswings. In FY 2021, unemployment growth attributable to the COVID-19 pandemic has driven an increase of over 1,061,000 individuals covered as compared to FY 2020. The Executive Budget Financial Plan assumes approximately 147,000 fewer individuals will be enrolled in Medicaid in FY 2022, reflecting persistent eligibility through most of the budget year. Costs associated with individuals temporarily enrolled but with continuous twelve-month coverage are expected to decline beginning in FY 2023 as the economy recovers and unemployment trends towards pre-pandemic levels.

Despite an expected decline in total enrollment, populations associated with higher service utilization and costs are expected to augment growth in the State share of Medicaid spending. Enhanced Federal resources, provided through an FMAP increase of 6.2 percent, will be used to offset increased costs associated with robust Medicaid enrollment caused by the COVID-19 pandemic.

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 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
STATE OPERATING FUNDS	**22,374**	**28,247**	**26.2%**	**29,766**	**5.4%**	**30,926**	**3.9%**	**31,969**	**3.4%**
Department of Health Medicaid	**19,574**	**23,170**	**18.4%**	**25,225**	**8.9%**	**26,225**	**4.0%**	**27,048**	**3.1%**
General Fund - DOH Medicaid Local	13,761	17,010	23.6%	19,039	11.9%	19,930	4.7%	20,644	3.6%
DOH Medicaid	12,573	14,892	18.4%	14,729	-1.1%	15,247	3.5%	15,886	4.2%
Non-DOH Medicaid[1]	2,157	49	-97.7%	801	1534.7%	806	0.6%	698	-13.4%
Minimum Wage	1,591	1,961	23.3%	2,223	13.4%	2,408	8.3%	2,408	0.0%
Local Takeover Cost[2]	1,283	1,465	14.2%	1,648	12.5%	1,831	11.1%	2,014	10.0%
MSA Payments (Share of Local Growth)[3]	(362)	(362)	0.0%	(362)	0.0%	(362)	0.0%	(362)	0.0%
Enhanced FMAP[4]	(3,481)	(995)	71.4%	0	100.0%	0	0.0%	0	0.0%
General Fund - DOH Medicaid State Ops	207	236	14.0%	213	-9.7%	218	2.3%	221	1.4%
General Fund - Essential Plan	67	65	-3.0%	62	-4.6%	62	0.0%	62	0.0%
Local Assistance	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	67	65	-3.0%	62	-4.6%	62	0.0%	62	0.0%
Other State Funds - DOH Medicaid Local	5,539	5,859	5.8%	5,911	0.9%	6,015	1.8%	6,121	1.8%
HCRA Financing	3,945	4,330	9.8%	4,342	0.3%	4,420	1.8%	4,499	1.8%
Indigent Care Support	717	586	-18.3%	586	0.0%	586	0.0%	586	0.0%
Provider Assessment Revenue	876	941	7.4%	981	4.3%	1,007	2.7%	1,034	2.7%
Medical Indemnity Fund	1	2	100.0%	2	0.0%	2	0.0%	2	0.0%
Other State Agency Medicaid Spending	**2,800**	**5,077**	**81.3%**	**4,541**	**-10.6%**	**4,701**	**3.5%**	**4,921**	**4.7%**
Use of MSA Payments (Share of Local Growth)[3]	**362**	**362**	**0.0%**	**362**	**0.0%**	**362**	**0.0%**	**362**	**0.0%**
LOCAL SHARE OF MEDICAID[5,6]	**7,660**	**7,998**	**4.4%**	**8,214**	**2.7%**	**8,129**	**-1.0%**	**8,064**	**-0.8%**
FEDERAL SHARE OF MEDICAID	**53,605**	**55,028**	**2.7%**	**53,036**	**-3.6%**	**53,211**	**0.3%**	**53,302**	**0.2%**
DOH Medicaid	49,212	49,567	0.7%	47,422	-4.3%	47,700	0.6%	47,860	0.3%
Essential Plan	4,393	5,461	24.3%	5,614	2.8%	5,511	-1.8%	5,442	-1.3%
ALL FUNDING SOURCES	**84,001**	**91,635**	**9.1%**	**91,378**	**-0.3%**	**92,628**	**1.4%**	**93,697**	**1.2%**

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 eighteen months retroactive 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.

6 Reflects the extension of the delay in the reduction to Federal DSH until October 1,2023.

State-share Medicaid spending also appears in the 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 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Department of Health Medicaid	19,507	23,105	25,163	26,163	26,986
Local Assistance	23,143	24,226	25,312	26,307	27,127
State Operations	207	236	213	218	221
MSA Payments (Share of Local Growth)[2]	(362)	(362)	(362)	(362)	(362)
Enhanced FMAP[3]	(3,481)	(995)	0	0	0
Other State Agency Medicaid Spending	2,800	5,077	4,541	4,701	4,921
Mental Hygiene[4]	2,587	4,863	4,327	4,487	4,707
Foster Care	71	74	74	74	74
Education	140	140	140	140	140
Corrections	2	0	0	0	0
Total State Share Medicaid (All Agencies)	**22,307**	**28,182**	**29,704**	**30,864**	**31,907**
Annual $ Change		5,875	1,522	1,160	1,043
Annual % Change		26.3%	5.4%	3.9%	3.4%
Essential Plan[5]	**67**	**65**	**62**	**62**	**62**
Local Assistance	0	0	0	0	0
State Operations	67	65	62	62	62

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 eighteen months retroactive to January 2020.

4 Multi-year estimates exclude a portion of spending reported under the Medicaid Global Cap that has no impact on mental hygiene service delivery or operations.

5 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 Affordable Care Act (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 the 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 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.

Building on the successes of MRT II, the FY 2022 Executive Budget continues programmatic reforms and targeted support that will expand access to cost effective models and transform care delivery. This includes efforts to limit the rising cost of prescription drugs by extending the Medicaid drug cap through FY 2022 and advancing a comprehensive reform package for telehealth. The Executive Budget reflects savings from reducing rates paid to managed care and long-term care insurance carriers based on lower health care utilization due to the pandemic.

Global Cap spending growth is projected to adhere to statutorily allowable levels due to the MRT II and the identification of additional savings in the Executive Budget. Similarly, the Financial Plan reflects the continuation of the "Global Cap" through FY 2025 and assumes that statutory authority will be extended in subsequent years.

MEDICAID GLOBAL CAP FORECAST
(millions of dollars)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Global Medicaid Cap[1]	**19,992**	**20,572**	**21,188**	**21,820**	**22,461**
Annual $ Change		580	616	632	641
Annual % Change		2.9%	3.0%	3.0%	2.9%

[1] Under the Global Cap, forecasted Medicaid services growth is indexed to the 10-year average of the medical component of the CPI. The Financial Plan assumes spending under the Global Cap to adhere to statutorily allowable growth in all years, which may require the implementation of certain cost controls and savings actions.

Temporary Enhanced FMAP

In response to the COVID-19 pandemic, former 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.

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 spending already eligible for enhanced Federal support, including portions of the ACA expansion. The public health emergency declared by the Secretary of Health and Human Services was set to expire on January 21, 2021. However, on January 7, 2021, the Secretary of Health and Human Services issued an extension to the public health emergency declaration through April 21, which would span two additional quarters through June 2021. The enhanced rate can be revoked any time prior to the start of a new quarter (i.e., prior to April 1, 2021). The Executive Budget includes the assured extension through March 30, 2021, as well as the likely additional quarter from April 1 through June 30, 2021. In total, the multi-year Financial Plan assumes an eighteen-month State benefit of approximately $4.5 billion ($3.5 billion in FY 2021 and $1 billion in FY 2022) that will be used to offset unanticipated General Fund expenses directly or indirectly related to the pandemic, including costs associated with increased Medicaid enrollment, in FY's 2021 and 2022.

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 $1.5 billion in FY 2022, growing to $2 billion in FY 2025. 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 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
State Share Support	**22,736**	**28,609**	**30,128**	**31,288**	**32,331**
State Funds Medicaid Disbursements	22,374	28,247	29,766	30,926	31,969
MSA Payments (Local Growth)	362	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 $370 million to $2.0 billion in FY 2022. 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 $4.8 billion in FY 2022, roughly $2.4 billion for counties outside New York City and $2.4 billion for New York City.

LOCAL GOVERNMENT SAVINGS
STATE TAKEOVER OF LOCAL MEDICAID COSTS (2005 CAP AND GROWTH TAKEOVER)
FY 2021 to FY 2025

County	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Albany	45,924,447	49,145,707	52,460,384	55,871,186	59,380,902
Allegany	7,282,837	7,790,910	8,313,717	8,851,686	9,405,256
Broome	47,571,195	50,099,859	52,701,854	55,379,307	58,134,406
Cattaraugus	16,107,474	17,078,352	18,077,385	19,105,391	20,163,208
Cayuga	16,470,059	17,374,989	18,306,163	19,264,340	20,250,304
Chautauqua	32,422,534	34,300,740	36,233,414	38,222,136	40,268,530
Chemung	17,606,113	18,718,393	19,862,930	21,040,658	22,252,540
Chenango	9,211,451	9,774,926	10,354,742	10,951,372	11,565,305
Clinton	14,054,886	14,982,677	15,937,373	16,919,755	17,930,626
Columbia	13,567,329	14,291,940	15,037,564	15,804,811	16,594,309
Cortland	9,380,674	9,953,023	10,541,971	11,147,998	11,771,599
Delaware	9,433,363	9,966,352	10,514,798	11,079,148	11,659,865
Dutchess	59,419,628	62,411,561	65,490,261	68,658,242	71,918,095
Erie	189,303,042	201,049,829	213,137,272	225,575,252	238,373,933
Essex	6,001,647	6,376,876	6,762,988	7,160,296	7,569,126
Franklin	9,155,077	9,719,964	10,301,233	10,899,359	11,514,830
Fulton	11,419,990	12,162,806	12,927,165	13,713,689	14,523,023
Genesee	9,592,429	10,157,138	10,738,223	11,336,160	11,951,437
Greene	10,145,907	10,731,959	11,335,007	11,955,543	12,594,075
Hamilton	727,545	767,892	809,410	852,132	896,093
Herkimer	13,037,477	13,820,950	14,627,145	15,456,719	16,310,350
Jefferson	19,451,308	20,611,724	21,805,792	23,034,488	24,298,816
Lewis	4,527,009	4,809,201	5,099,576	5,398,373	5,705,834
Livingston	10,117,564	10,687,610	11,274,187	11,877,774	12,498,866
Madison	11,274,217	11,933,972	12,612,860	13,311,436	14,030,271
Monroe	172,706,043	183,074,797	193,744,244	204,723,105	216,020,353
Montgomery	14,050,740	14,815,117	15,601,660	16,411,013	17,243,838
Nassau	250,812,829	265,070,006	279,740,641	294,836,725	310,370,595
Niagara	42,088,881	44,668,758	47,323,452	50,055,132	52,866,031
Oneida	53,309,028	56,517,821	59,819,668	63,217,269	66,713,400
Onondaga	107,166,225	113,336,855	119,686,433	126,220,149	132,943,343
Ontario	17,271,271	18,257,491	19,272,311	20,316,561	21,391,095
Orange	95,303,291	100,206,057	105,251,004	110,442,254	115,784,050
Orleans	8,577,544	9,074,029	9,584,912	10,110,610	10,651,554
Oswego	27,054,376	28,581,761	30,153,439	31,770,697	33,434,854
Otsego	9,117,002	9,694,918	10,289,593	10,901,514	11,531,181
Putnam	12,045,986	12,682,592	13,337,660	14,011,725	14,705,337
Rensselaer	26,323,971	28,097,561	29,922,585	31,800,535	33,732,945
Rockland	88,391,821	92,942,167	97,624,473	102,442,566	107,400,384
St. Lawrence	19,484,562	20,761,529	22,075,528	23,427,634	24,818,950
Saratoga	28,503,780	30,066,880	31,675,310	33,330,384	35,033,456
Schenectady	39,623,716	41,787,173	44,013,370	46,304,127	48,661,316
Schoharie	5,498,147	5,828,803	6,169,049	6,519,161	6,879,427
Schuyler	3,240,753	3,446,828	3,658,879	3,877,080	4,101,609
Seneca	5,972,765	6,324,404	6,686,240	7,058,570	7,441,697
Steuben	18,381,710	19,497,022	20,644,679	21,825,618	23,040,804
Suffolk	300,519,369	316,662,330	333,273,436	350,366,264	367,954,785
Sullivan	23,346,278	24,629,350	25,949,631	27,308,200	28,706,168
Tioga	6,744,480	7,182,606	7,633,439	8,097,345	8,574,705
Tompkins	11,806,747	12,505,782	13,225,089	13,965,256	14,726,888
Ulster	44,016,950	46,377,060	48,805,613	51,304,594	53,876,045
Warren	10,615,110	11,288,103	11,980,612	12,693,204	13,426,461
Washington	12,646,329	13,349,724	14,073,518	14,818,302	15,584,685
Wayne	19,842,160	20,839,092	21,864,935	22,920,527	24,006,732
Westchester	187,832,130	199,747,277	212,007,964	224,624,210	237,606,327
Wyoming	5,861,491	6,193,427	6,534,990	6,886,458	7,248,118
Yates	3,975,272	4,217,903	4,467,571	4,724,478	4,988,836
Rest of State	**2,265,335,960**	**2,396,444,576**	**2,531,355,341**	**2,670,178,519**	**2,813,027,569**
New York City	**2,201,926,595**	**2,421,745,114**	**2,647,938,370**	**2,880,691,230**	**3,120,193,923**
Statewide	**4,467,262,556**	**4,818,189,690**	**5,179,293,711**	**5,550,869,749**	**5,933,221,492**

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 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Opening Balance	**315**	**0**	**0**	**0**	**0**
Receipts	**138**	**248**	**68**	**0**	**0**
Fidelis Payment	50	50	0	0	0
Centene Payment	68	68	68	0	0
CVS Payment	13	13	0	0	0
Cigna Payment	7	7	0	0	0
Affinity Payment	0	110	0	0	0
Planned Uses	**(453)**	**(248)**	**(68)**	**0**	**0**
Housing Rental Subsidies	(272)	(118)	(68)	0	0
State-Only Payments	(160)	(110)	0	0	0
Capital Projects	(21)	(20)	0	0	0
Closing Balance	**0**	**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, followed by a second round of payments totaling $468 million at the end of FY 2020.

In December 2020, the State received Centene's $68 million contribution for FY 2021, with the remaining $50 million contribution from Fidelis expected to be received prior to FY 2022. Future deposits into the HCTF from Centene and Fidelis include a total of $118 million in FY 2022, $68 million and $50 million, respectively, and $68 million in FY 2023 from Centene, at which time the conversion will be complete, and all State commitments fulfilled. 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 December 2020, the State received the second of three planned installments, which totaled approximately $13 million. One remaining installment, commensurate with amounts collected in FY 2020 and FY 2021, is planned for collection in FY 2022, at which time the obligations will be paid in full.

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.

Affinity - Molina Healthcare

In late September 2020, Affinity Health, a not for profit health plan providing Medicaid, EP and CHP services, finalized agreements on the sale of its assets to Molina Healthcare. In the terms of the agreement, Affinity will make a voluntary commitment to the State from the proceeds of liquidation. At the completion of the acquisition, the State estimates a one-time collection estimated at $110 million, which will be used in FY 2022 to offset the cost of State-only payments funded from the Global Cap.

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 960,000 New Yorkers are expected to be enrolled in the EP in FY 2022, an increase of nearly 92,000 over FY 2021.

ESSENTIAL PLAN
(millions of dollars)

	FY 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL ALL FUNDS SPENDING	**4,460**	**5,526**	**23.9%**	**5,676**	**2.7%**	**5,573**	**-1.8%**	**5,504**	**-1.2%**
State Operating Funds	**67**	**65**	**-3.0%**	**62**	**-4.6%**	**62**	**0.0%**	**62**	**0.0%**
Local Assistance[1]	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	67	65	-3.0%	62	-4.6%	62	0.0%	62	0.0%
Federal Operating Funds	**4,393**	**5,461**	**24.3%**	**5,614**	**2.8%**	**5,511**	**-1.8%**	**5,442**	**-1.3%**

[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 Financial Plan, reflecting a mix of factors, including the Executive proposal to eliminate EP premiums for over 400,000 enrollees, as well as the establishment of a $200 million Essential Plan Quality Pool.

Additionally, the Executive Budget reflects a $420 million increase to premiums that will result in increased payments to providers, which drive additional costs in FY 2022 and beyond. Due to a high Federal reimbursement rate for the EP under current methodology, local assistance spending for the EP is not anticipated to drive a commensurate increase in State support for the EP. Spending growth attributable to premium eliminations and increased provider reimbursement rates tapers in the outyears. The Financial Plan assumes the local assistance share of the EP will continue to be fully Federally funded.

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 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,847**	**1,729**	**-6.4%**	**1,735**	**0.3%**	**1,721**	**-0.8%**	**1,738**	**1.0%**
Public Health	**1,713**	**1,592**	**-7.1%**	**1,593**	**0.1%**	**1,574**	**-1.2%**	**1,586**	**0.8%**
Child Health Plus[1]	666	764	14.7%	753	-1.4%	761	1.1%	773	1.6%
Enhanced FMAP[2]	(89)	(31)	65.2%	0	100.0%	0	0.0%	0	0.0%
General Public Health Work	272	143	-47.4%	124	-13.3%	124	0.0%	124	0.0%
EPIC	104	103	-1.0%	103	0.0%	103	0.0%	103	0.0%
Early Intervention	254	151	-40.6%	115	-23.8%	115	0.0%	115	0.0%
HCRA Program	280	251	-10.4%	292	16.3%	266	-8.9%	266	0.0%
All Other	226	211	-6.6%	206	-2.4%	205	-0.5%	205	0.0%
Aging	**134**	**137**	**2.2%**	**142**	**3.6%**	**147**	**3.5%**	**152**	**3.4%**

[1] Increased spending for Child Health Plus in FY 2022 and beyond is attributable to the expiration of enhanced Federal resources.

[2] CHP Enhanced FMAP of 4.34 percent for eighteen months retroactive to January 2020.

The projected spending decrease in Public Health for FY 2022 is primarily attributable to the timing of payment processing at the end of FY 2021, which resulted in higher local assistance grant payments for GPHW and EI.

Public Health spending over the multi-year Financial Plan reflects several factors, including growth attributable to the CHP program from increased enrollment, the scheduled phase down of enhanced resources provided in the ACA and the expiration of enhanced FMAP as provided in the FFCRA. Increased base CHP spending is partially offset by reducing GPHW non-emergency program rates to New York City, program modifications to EI Individualized Service plans, restructuring of the Excess Medical Malpractice program, and shifting the Enough is Enough Sexual Violence Prevention Program to the Office for the Prevention of Domestic Violence. Combined, these actions are projected to generate roughly $118 million in FY 2022 savings and $137 million annually thereafter.

In addition to ongoing program support, the 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 regarding sexually transmitted diseases, and SNAP.

The Executive Budget continues 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 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
OPENING BALANCE	**16**	**0**	**0**	**0**	**0**
TOTAL RECEIPTS	**5,878**	**6,202**	**6,261**	**6,324**	**6,373**
Surcharges	3,523	3,831	3,906	3,983	4,062
Covered Lives Assessment	1,049	1,110	1,110	1,110	1,110
Cigarette Tax Revenue	705	670	637	606	576
Hospital Assessments	487	487	502	518	518
Excise Tax on Vapor Products	27	16	16	16	16
NYC Cigarette Tax Transfer	21	21	21	21	21
EPIC Receipts/ICR Audit Fees	66	67	69	70	70
TOTAL DISBURSEMENTS AND TRANSFERS	**5,894**	**6,202**	**6,261**	**6,324**	**6,373**
Medicaid Assistance Account	3,945	4,330	4,342	4,420	4,499
Medicaid Costs	*3,770*	*4,178*	*4,190*	*4,268*	*4,347*
Workforce Recruitment & Retention	*175*	*152*	*152*	*152*	*152*
Hospital Indigent Care	717	586	586	586	586
HCRA Program Account	289	257	298	272	272
Child Health Plus[1]	589	744	763	774	786
Elderly Pharmaceutical Insurance Coverage	116	114	114	114	114
Qualified Health Plan Administration	37	36	35	36	36
SHIN-NY/APCD	40	40	40	40	40
All Other	161	95	83	82	40
ANNUAL OPERATING SURPLUS/(DEFICIT)	**(16)**	**0**	**0**	**0**	**0**
CLOSING BALANCE	**0**	**0**	**0**	**0**	**0**

[1] The fluctuation in Child Health Plus expenditures from FY 2021 to FY 2022 reflects the impact of transitioning certain funding from the Medicaid Assistance account to Child Health Plus, as well as an increase in State share CHP costs due to reduced.

HCRA receipts are anticipated to increase over the multi-year Financial Plan, mostly reflecting the return to pre-pandemic receipts collections. Additionally, the FY 2021 Covered Lives Assessments (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 2022 and beyond.

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 outyear decrease in HCRA tax receipts.

Effective December 1, 2019, a 20 percent excise tax on the sale of vapor products went into effect in New York. The FY 2021 Enacted Budget included 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 2022 is expected to increase in line with projected growth in receipts collections. The financial plan reflects roughly $4 billion in continued support for Medicaid spending, as well as over $700 million annually for the CHP program, in addition to several other programs and initiatives, including; the Statewide Health Information Network for New York (SHIN-NY)/ APCD infrastructure development initiative, which aims to enhance data and informational capabilities associated with claiming records; the continuation of Hospital Indigent Care, a program that provides resources to providers that provide uncompensated services to individuals without health insurance; and supplemental funding for income-eligible seniors in the EPIC program to reduce out-of-pocket costs for prescription drugs.

Increased CHP spending in FY 2022 through FY 2025 is attributable to the expiration of enhanced Federal resources provided through the ACA and expected growth in enrollees' utilization of services, driven by 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, people with chemical dependencies, and individuals with compulsive gambling problems.

MENTAL HYGIENE (millions of dollars)

	FY 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,074**	**4,279**	**106.3%**	**3,774**	**-11.8%**	**3,989**	**5.7%**	**4,263**	**6.9%**
People with Developmental Disabilities	**2,421**	**2,511**	**3.7%**	**2,651**	**5.6%**	**2,809**	**6.0%**	**2,908**	**3.5%**
Residential Services	1,426	1,454	2.0%	1,537	5.7%	1,628	5.9%	1,668	2.5%
Day Programs	725	739	1.9%	781	5.7%	828	6.0%	848	2.4%
Clinic	18	18	0.0%	19	5.6%	20	5.3%	21	5.0%
All Other Services (Net of Offsets)	252	300	19.0%	314	4.7%	333	6.1%	371	11.4%
Mental Health	**1,452**	**1,460**	**0.6%**	**1,537**	**5.3%**	**1,581**	**2.9%**	**1,634**	**3.4%**
Adult Local Services	1,200	1,207	0.6%	1,273	5.5%	1,311	3.0%	1,356	3.4%
Children Local Services	252	253	0.4%	264	4.3%	270	2.3%	278	3.0%
Addiction Services and Supports	**357**	**356**	**-0.3%**	**386**	**8.4%**	**404**	**4.7%**	**418**	**3.5%**
Residential	89	86	-3.4%	99	15.1%	103	4.0%	107	3.9%
Other Treatment	184	186	1.1%	190	2.2%	199	4.7%	205	3.0%
Prevention	51	49	-3.9%	56	14.3%	59	5.4%	61	3.4%
Recovery	33	35	6.1%	41	17.1%	43	4.9%	45	4.7%
Justice Center	**1**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**
Total Spending Funded by DOH Medicaid Global Cap [1]	**(2,157)**	**(49)**	**97.7%**	**(801)**	**-1534.7%**	**(806)**	**-0.6%**	**(698)**	**13.4%**
People with Developmental Disabilities	(1,957)	(49)	97.5%	(801)	-1534.7%	(806)	-0.6%	(698)	13.4%
Mental Health	(200)	0	100.0%	0	0.0%	0	0.0%	0	0.0%
TOTAL MENTAL HYGIENE SPENDING	**4,231**	**4,328**	**2.3%**	**4,575**	**5.7%**	**4,795**	**4.8%**	**4,961**	**3.5%**

[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.

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.

To better serve people with addiction and mental illness, the Executive Budget integrates OASAS and OMH into a new Office of Addiction and Mental Health Services (OAMHS). This continues the collaborative work OASAS and OMH have undertaken to enhance coordination and ensure access to care, including establishing integrated outpatient programs; establishing Delivery System Reform Incentive Payment (DSRIP) projects focused on integrating care; and including screening requirements in all settings to ensure addiction and mental health needs are identified and treated.

The FY 2022 Executive Budget maintains continued support to ensure individuals with developmental disabilities have appropriate access to care. Additional funding will be used to develop new certified housing supports, expand independent living and increase respite availability.

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The Executive Budget also supports OMH community services and the transition of individuals to more cost-effective community settings. OMH has continued to enhance its service offerings in recent years by expanding supported housing units throughout the State, providing additional peer support services, and developing new services such as mobile crisis teams.

Funding for OASAS addiction service programs is continued across the multi-year Financial Plan. Growth in FY 2023 and beyond primarily reflects increased residential service opportunities and other investments in addiction prevention, treatment, and recovery programs operated by voluntary providers.

Spending revisions reflect updated assumptions and revised timelines for ongoing transformation efforts to ensure efficient use of State resources. Targeted investments to expand access to care and improve health outcomes are supported in part by continued efficiencies in program operations and reductions in residual institutional capacity.

Mental hygiene spending reported under the DOH Medicaid Global Cap is estimated to decrease by roughly $2.1 billion from FY 2021. This reduction is due to the FY 2021 Medicaid gap closing plan and 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 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,412**	**1,288**	**-8.8%**	**1,501**	**16.5%**	**1,529**	**1.9%**	**1,514**	**-1.0%**
SSI	666	667	0.2%	667	0.0%	667	0.0%	667	0.0%
Public Assistance Benefits	647	599	-7.4%	583	-2.7%	574	-1.5%	541	-5.7%
Public Assistance Initiatives	9	9	0.0%	9	0.0%	9	0.0%	9	0.0%
Homeless Housing and Services	90	10	-88.9%	239	2290.0%	277	15.9%	295	6.5%
All Other	0	3	0.0%	3	0.0%	2	-33.3%	2	0.0%

DOB's caseload models project a total of 558,000 public assistance recipients in FY 2022. Approximately 209,148 families are expected to receive benefits through the Family Assistance program in FY 2022, an increase of 8.5 percent from FY 2021. The Safety Net caseload for families is projected at 138,784 in FY 2022, an increase of 10.8 percent from FY 2021. The caseload for single adults and childless couples supported through the Safety Net program is projected at 210,068 in FY 2022, a decrease of 3.6 percent from FY 2021.

As the economic downturn and associated unemployment related to COVID-19 persist, the public assistance caseload is projected to increase, particularly in New York City. However, Federal aid for rental assistance coupled with the extension of eviction moratoriums will help mitigate sharp increases. The Executive Budget reflects a corresponding increase in funding for Safety Net assistance through FY 2024.

Budget actions include shifting the cost of Consolidated Homeless Programs and Adult Shelter reimbursement to NYC to off-budget resources.

SSI spending remains steady over the course of the multi-year Financial Plan as caseloads are expected to level off. Spending increases for homeless housing and services in the outyears reflect a transition from State settlement funds to the General Fund for the Empire State Supportive Housing Initiative (ESSHI), which funds 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 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,783**	**1,481**	**-16.9%**	**1,480**	**-0.1%**	**1,480**	**0.0%**	**1,480**	**0.0%**
Child Welfare Service	661	452	-31.6%	452	0.0%	452	0.0%	452	0.0%
Foster Care Block Grant	461	371	-19.5%	371	0.0%	371	0.0%	371	0.0%
Child Care	182	237	30.2%	237	0.0%	237	0.0%	237	0.0%
Adoption	154	138	-10.4%	138	0.0%	138	0.0%	138	0.0%
Youth Programs	97	88	-9.3%	88	0.0%	88	0.0%	88	0.0%
Medicaid	71	75	5.6%	74	-1.3%	74	0.0%	74	0.0%
Adult Protective/Domestic Violence	78	51	-34.6%	51	0.0%	51	0.0%	51	0.0%
Committees on Special Education	19	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
All Other	60	69	15.0%	69	0.0%	69	0.0%	69	0.0%

The Executive Budget proposes making permanent the restructured financing approach for residential school placements of children with special needs outside New York City that was included in the FY 2021 Enacted Budget, thereby aligning the fiscal responsibility with the school district responsible for the placement. Additional Executive Budget savings actions include reducing Human Services local assistance payments by five percent, and consolidating the Community Optional Preventive Services (COPS) and Supervision and Treatment Services for Juveniles Program (STSJP) Programs. Savings are offset by increased State costs for child care subsidies resulting from reduced funding from TANF to the Child Care Development Block Grant (CCDBG) due to the projected caseload increases in Public Assistance.

Transportation

The Department of Transportation (DOT) directly maintains and improves approximately 43,700 State highway lane miles and nearly 7,900 bridges. The Department also partially funds regional and local transit systems, including the MTA; local government highway and bridge construction; and rail, airport, and port programs.

In FY 2022, the State expects to provide over $5.7 billion in operating aid to mass transit systems, including $2.2 billion from the direct remittance of various dedicated taxes and fees to the MTA (not included in the table below) and $232 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 approximately 90 percent of the State's mass transit aid.

TRANSPORTATION (millions of dollars)									
	FY 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
STATE OPERATING FUNDS SUPPORT	**3,649**	**3,503**	**-4.0%**	**3,617**	**3.3%**	**3,703**	**2.4%**	**3,699**	**-0.1%**
Mass Transit Operating Aid:	2,627	2,431	-7.5%	2,555	5.1%	2,643	3.4%	2,639	-0.2%
Metro Mass Transit Aid	2,493	2,283	-8.4%	2,408	5.5%	2,496	3.7%	2,492	-0.2%
Public Transit Aid	91	104	14.3%	103	-1.0%	103	0.0%	103	0.0%
18-b General Fund Aid	18	19	5.6%	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	237	232	-2.1%	232	0.0%	232	0.0%	232	0.0%
MTA Aid Trust	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
NY Central Business District Trust	145	145	0.0%	146	0.7%	148	1.4%	148	0.0%
Dedicated Mass Transit	576	632	9.7%	621	-1.7%	617	-0.6%	617	0.0%
AMTAP	64	63	-1.6%	63	0.0%	63	0.0%	63	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 mainly reflects the current receipts forecast. 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 $145 million in dedicated revenues in FY 2022.

The MTA, and its operating agencies, have suffered drastic reductions in ridership and traffic as a result of the COVID-19 pandemic, which together with the loss in dedicated tax revenue have devastated MTA's finances. The MTA expects to balance its 2021 budget through a combination of actions, including, the receipt of approximately $4billion in Federal aid from the CRRSA Act and using a portion of the $2.9 billion in proceeds borrowed through the Federal Reserve's Municipal Liquidity Facility.

The MTA has requested $8 billion in additional Federal aid to address projected budget deficits beyond 2021 resulting from the estimated fare, toll and dedicated tax revenue loss attributable to COVID-19 impacts. The American Rescue Plan, if enacted, could provide additional aid to the MTA.

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 FY 2021 to fund $2.8 billion of the State's portion of the MTA's 2015-19 Capital Plan. The FY 2021 Enacted Budget assumed that the projects would be bonded by the MTA, but funded by the State through additional operating aid to the MTA. The Financial Plan now assumes that the State will fund its contributions to the MTA 2015-19 and 2020-24 Capital Plans through PIT and Sales Tax Revenue Bonds. Accordingly, the Financial Plan reflects a decrease in local aid disbursements from the FY 2021 Enacted Budget Financial Plan of $31 million in FY 2021, $125 million in FY 2022, $204 million in FY 2023, and $308 million in FY 2024, and an accompanying increase in PIT Bond debt service.

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 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**630**	**630**	**0.0%**	**660**	**4.8%**	**660**	**0.0%**	**660**	**0.0%**
Big Four Cities	419	419	0.0%	419	0.0%	419	0.0%	419	0.0%
Other Cities	194	194	0.0%	194	0.0%	194	0.0%	194	0.0%
Towns and Villages	8	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
Restructuring/Efficiency	9	17	88.9%	47	176.5%	47	0.0%	47	0.0%

Executive Budget savings actions include replacing AIM to the remaining 86 towns and 51 villages receiving AIM payments with additional local sales tax revenue in an equal amount, resulting in no loss of revenue to towns and villages; as well as equitably reducing the amount of AIM for cities in New York State based on their reliance, calculated as a percentage of the total city budget, from a minimum of 2.5 percent to a maximum of 20 percent, with more reliant cities receiving a lower percentage reduction, and less reliant cities receiving a higher percentage reduction. The Executive Budget also proposes eliminating VLT Aid outside of Yonkers, which is the only municipality receiving this aid, to direct the funds to educational purposes, reduce local government assistance payments by 5 percent, and shift certain General Fund spending to capital funds. In addition, the estimate of the State match of first-year savings from county-wide shared services plans submitted pursuant to the Continue County-Wide Shared Services Initiative has been reduced commensurate with certified savings plans received.

State Operating Funds spending for the various efficiency and restructuring grants within the AIM program is projected to increase in FY 2023 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 the Department of Motor Vehicles (DMV) are included in Capital Projects Funds and are not reflected in State Operating Funds.

Approximately 94 percent of the State workforce is unionized. The largest unions include CSEA, which represents office support staff and administrative personnel, machine operators, skilled trade workers, and therapeutic and custodial care staff; PEF, which represents professional and technical personnel (attorneys, nurses, accountants, engineers, social workers, and institution teachers); UUP, which represents faculty and nonteaching professional staff within the SUNY system; and New York State Correctional Officers and Police Benevolent Association (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					
		Forecast			
	FY 2021 Current	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Negotiated Base Salary Increases[1]					
NYSTPBA /NYSPIA/NYSCOPBA/GSEU	2%	2%	2%	TBD	TBD
UUP	2%	2%	TBD	TBD	TBD
CSEA/DC-37 (Rent Regulation Unit)/MC	2%	TBD	TBD	TBD	TBD
Council 82/PEF/PBANYS	TBD	TBD	TBD	TBD	TBD
State Workforce[2]	115,551	114,721	TBD	TBD	TBD
ERS Contribution Rate					
Before Amortization[3]	15.2%	16.9%	18.3%	21.8%	27.1%
After Amortization[4]	18.7%	20.1%	20.9%	23.6%	28.1%
PFRS Contribution Rate					
Before Amortization[3]	25.0%	28.6%	30.7%	34.6%	40.5%
After Amortization[4]	27.6%	31.0%	32.8%	36.1%	41.3%
Employee/Retiree Health Insurance Growth Rates	3.2%	5.6%	6.5%	6.0%	6.1%
PS/Fringe as % of Receipts (All Funds Basis)	12.0%	12.8%	13.6%	13.5%	14.0%

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

2 Reflects workforce that is subject to direct Executive control (before hiring freeze savings).

3 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.

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

After adjustment for COVID-19 related expenses, agency operational costs are projected to remain stable over the Financial Plan period. In general, spending is held flat through a combination of a hiring freeze and controls on non-personal service expenditures.

STATE OPERATING FUNDS - PERSONAL SERVICE / NON-PERSONAL SERVICE COSTS (millions of dollars)	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
SUBJECT TO DIRECT EXECUTIVE CONTROL [1]	**10,362**	**10,276**	**10,901**	**10,340**	**10,398**
Mental Hygiene	2,808	2,812	2,890	2,935	2,982
Corrections and Community Supervision	2,665	2,599	2,618	2,615	2,615
State Police	786	791	810	810	810
Department of Health	710	709	671	679	679
Information Technology Services	528	536	547	547	547
Children and Family Services	343	302	282	287	292
Tax and Finance	318	315	309	309	309
Transportation	341	340	340	340	340
Environmental Conservation	228	221	216	215	215
All Other	1,635	1,651	2,218	1,603	1,609
PANDEMIC EXPENSES FUNDED BY CRF	**2,266**	**0**	**0**	**0**	**0**
Mental Hygiene	44	0	0	0	0
Corrections and Community Supervision	1,441	0	0	0	0
State Police	320	0	0	0	0
Department of Health	391	0	0	0	0
Information Technology Services	13	0	0	0	0
Children and Family Services	3	0	0	0	0
Tax and Finance	5	0	0	0	0
Transportation	10	0	0	0	0
Environmental Conservation	10	0	0	0	0
All Other	29	0	0	0	0
PANDEMIC COSTS/(REIMBURSEMENTS)	868	(400)	0	0	200
COVID-19 Pandemic Expenses	(132)	200	200	200	200
COVID-19 Pandemic Expenses/FEMA Reimbursement	1,000	(600)	(200)	(200)	0
UNIVERSITY SYSTEMS	**6,460**	**6,309**	**6,405**	**6,483**	**6,543**
State University	6,328	6,309	6,405	6,483	6,543
City University	132	0	0	0	0
INDEPENDENT AGENCIES	**326**	**319**	**319**	**319**	**319**
Law	176	172	172	172	172
Audit & Control (OSC)	150	147	147	147	147
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	**14,882**	**16,904**	**17,625**	**17,142**	**17,260**
Judiciary	**2,099**	**2,074**	**2,074**	**2,074**	**2,074**
Legislature	**228**	**235**	**231**	**231**	**231**
Statewide Total	**18,077**	**18,813**	**19,930**	**19,447**	**19,765**
Personal Service	12,393	13,914	14,638	14,146	14,217
Non-Personal Service	5,684	4,899	5,292	5,301	5,548

[1] Excludes expenses funded by the Coronavirus Relief Fund, as well as costs incurred, or expected to be incurred, in response to the COVID-19 pandemic that are expected to be reimbursed with Federal aid.

Operational spending for executive agencies is affected by both direct and indirect costs related to the COVID-19 pandemic response and recovery, timing of Federal reimbursement of expenses, and payment of a 27th payroll. Pursuant to guidelines established by the U.S. Treasury, the State has or expects to move a total of total of roughly $2.3 billion in eligible costs to the Federal CRF. This includes approximately $1.9 billion in payroll costs for public health and safety employees through December 31, 2020 and certain pandemic response costs incurred by the State in FY 2020 totaling $369 million. Another $132 million in expenditures that were incurred in FY 2020 were subsequently cancelled and refunded in FY 2021. In addition, actual and projected pandemic response expenses, including PPE, costs to build out field hospital facilities, and testing activities, for FY 2021 which are expected to be offset by FEMA disaster assistance grants are estimated at $1 billion. However, due to the nature of the claiming process and timetable for Federal approval of RPAs and reimbursement of costs, DOB does not expect reimbursement until FY 2022 and beyond. It is expected that State agencies will continue to incur costs to respond to the COVID-19 pandemic in FY 2022. The Updated Financial Plan continues to assume that all direct COVID-19 costs incurred by agencies will be fully covered with Federal aid.

Executive agency budgets, with exceptions for facility operations and public health and safety, are expected to reduce costs by 10 percent from budgeted levels beginning in FY 2021. These savings were allocated to agencies in the Mid-Year Financial Plan Update and 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. Savings are also expected to be achieved in part from the deferral of general salary increases scheduled to go into effect on April 1, 2020 and April 1, 2021. Other notable spending changes include:

- Mental Hygiene. Actions include closing vacant State-operated mental health inpatient beds across the State that have been vacant for at least 90 days, which will not have a negative impact on the availability of services.

- Corrections and Community Supervision. Lower spending reflects savings from the planned reduction in in excess prison capacity due to declines in prison population.

- DOH. Spending reductions are associated with the identification of program efficiencies and the gradual discontinuation of certain research programs upon expiration of contract commitments.

- Children and Family Services. The Executive Budget proposes limiting support to Voluntary Agency Not-for-Profit providers operating residential programs for 16- and 17-year old youth in the juvenile justice system to actual placements, as well as reducing bed capacity and closing four youth facilities with under-filled beds, to right-size the State juvenile justice facility system and eliminate excess bed capacity.

- State University. Spending for SUNY hospitals has been revised upward to adjust for an increase in COVID-19 related costs, partially offset by five-percent spending reductions at SUNY campuses that reflects enrollment trends and implementation of spending controls.

- City University. Spending associated with CUNY Senior College operations is being reclassified from a special revenue fund and agency trust combination to an enterprise fund, resulting in a reduction in CUNY spending.

- All Other Agencies. Agriculture and Markets has been working with Empire State Development (ESD) on the administration of seven marketing orders. The Executive Budget proposes making ESD’s existing authority to promulgate market orders permanent.

Workforce

In FY 2022, $13.9 billion, or 13.3 percent, of the State Operating Funds budget is dedicated to supporting Full-Time Equivalent (FTE) employees under direct Executive control; individuals employed by SUNY 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 2022 FTEs[1] AND PERSONAL SERVICE SPENDING BY AGENCY
(millions of dollars)

	Dollars	FTEs
SUBJECT TO DIRECT EXECUTIVE CONTROL	**7,617**	**93,267**
Mental Hygiene	2,313	31,846
Corrections and Community Supervision	2,142	24,902
State Police	719	5,527
Department of Health	284	3,940
Information Technology Services	297	3,275
Tax and Finance	245	3,785
Children and Family Services	210	1,955
Environmental Conservation	184	2,124
Transportation	161	2,590
Financial Services	154	1,296
All Other	908	12,027
Hiring Freeze Savings[2]	**0**	**(2,551)**
UNIVERSITY SYSTEMS	**4,174**	**46,708**
State University	4,174	46,708
INDEPENDENT AGENCIES	**2,123**	**18,348**
Law	122	1,490
Audit & Control (OSC)	117	1,582
Judiciary	1,696	15,273
Legislature[3]	188	3
Budget Balance Reduction	0	0
Statewide Total	**13,914**	**155,772**

[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] The hiring freeze control adjustment will be allocated to the agencies over the remainder of FY 2021.

[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 13.6 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 elected to defer the allowable non-Medicare payment through December for a total of $556 million for the Executive, $69 million for the Judiciary and $49 million for SUNY.

Growth in the health insurance program reflects medical inflation and the potential for more spending resulting from increased utilization following delayed medical visits and procedures during the pandemic. The pension increase reflects an increase in the State's employer contribution rates following updated actuarial demographic assumptions and a valuation date during a bear market. Approximately $51 million in pension interest savings is expected to be achieved by paying the entirety of the State's FY 2022 ERS/PFRS bill in June 2021. Increases in workers' compensation, other fringe benefits, and fixed costs are reflective of current spending trends.

GENERAL STATE CHARGES (millions of dollars)	FY 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**7,146**	**9,769**	**36.7%**	**10,381**	**6.3%**	**10,831**	**4.3%**	**11,911**	**10.0%**
Fringe Benefits	**6,735**	**9,314**	**38.3%**	**9,913**	**6.4%**	**10,363**	**4.5%**	**11,443**	**10.4%**
Health Insurance	4,443	4,708	6.0%	5,076	7.8%	5,444	7.2%	5,837	7.2%
Pensions	2,521	2,833	12.4%	2,989	5.5%	3,306	10.6%	3,915	18.4%
Social Security (Gross)	1,179	1,114	-5.5%	1,132	1.6%	1,175	3.8%	1,175	0.0%
Social Security (CRF)	(674)	337	150.0%	337	0.0%	0	-100.0%	0	0.0%
Workers' Compensation	479	520	8.6%	580	11.5%	638	10.0%	702	10.0%
Employee Benefits	106	111	4.7%	121	9.0%	121	0.0%	121	0.0%
Dental Insurance	57	65	14.0%	66	1.5%	66	0.0%	66	0.0%
Unemployment Insurance	30	25	-16.7%	13	-48.0%	13	0.0%	13	0.0%
All Other/Non-State Escrow	(327)	(399)	-22.0%	(401)	-0.5%	(400)	0.2%	(386)	3.5%
Non-State Escrow (CRF)	(1,079)	0	100.0%	0	0.0%	0	0.0%	0	0.0%
Fixed Costs	**411**	**455**	**10.7%**	**468**	**2.9%**	**468**	**0.0%**	**468**	**0.0%**
Public Land Taxes/PILOTS	275	289	5.1%	302	4.5%	302	0.0%	302	0.0%
Litigation	136	166	22.1%	166	0.0%	166	0.0%	166	0.0%

Over the past three fiscal years, employee and retiree health care costs have increased by approximately 8.6 percent. The Executive Budget includes the following proposals to contain spending.

The first proposal would eliminate the taxpayer subsidy for high-income state retirees who pay Medicare Part B IRMAA. This regressive subsidy provides retirees earning over $88,000 per year greater State taxpayer subsidies than lower income retirees. The reimbursement of these costs, which were originally intended by the Federal government to have wealthier retirees pay a fairer share of Medicare costs, would no longer be provided. Eliminating this subsidy is estimated to save $17.1 million in FY 2023 ($4.0 million in FY 2022 due to the lag in reimbursement).

The second proposal would cap reimbursement of the standard Medicare Part B premium provided to New York State retirees. This proposal maintains reimbursement at $148.50 per month, consistent with CY 2021 Federal program costs. Any future increases in reimbursement above this level would be subject to the annual budget process. This proposal provides savings of $1.8 million in FY 2022 and $9.3 million fully annualized in FY 2023. Only five other states reimburse the Standard Part B premium at all (California, Connecticut, Hawaii, Nevada, and New Jersey) and two of these do not reimburse the full amount, or all employees (CA and NJ).

The third proposal creates a sliding scale for retiree health insurance coverage. Currently, taxpayers support lifetime health coverage for State retirees with more than 10 years of service. This proposal creates a sliding scale of subsidies that begins at ten years of service, and gradually increases until the subsidies are no different than current levels once an individual reaches 30 years of service. This would be effective for new employees who begin State service on or after September 30, 2021.

The fourth proposal would require the Department of Civil Service to conduct a Dependent Eligibility Verification Audit to strengthen program integrity by removing ineligible dependents from coverage. The audit was last conducted in FY 2016 and the best practice is to perform this function every five years.

The Executive Budget also includes a proposal to establish interest rates paid on court judgements by public and private entities at a variable market-based interest rate equal to the average one-year constant maturity treasury yield. This is the same rate utilized by the Federal Court System. The current fixed rate of as much as 9 percent annually was established in 1982 when interest rates were at 12 percent. Payment of a prevailing market rate will help ensure that neither side in a lawsuit will be disadvantaged by an interest rate that is above or below what otherwise could be earned while cases are being adjudicated. This proposal will provide mandate relief for local governments and lower State taxpayer costs by an estimated $6 million.

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 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
TOTAL TRANSFERS TO OTHER FUNDS	**6,037**	**7,119**	**6,951**	**6,278**	**6,266**
Debt Service	309	424	450	520	562
SUNY University Operations	1,239	1,226	1,221	1,221	1,221
Capital Projects	2,983	4,222	3,991	3,244	3,188
Extraordinary Monetary Settlements:	**425**	**959**	**747**	**345**	**134**
Dedicated Infrastructure Investment Fund	1,130	877	525	330	134
Javits Center Expansion	183	0	0	0	0
Bond Proceeds Receipts for Javits Center Expansion	(1,000)	0	0	0	0
Clean Water Grants	25	50	175	0	0
Mass Transit Capital	7	2	2	1	0
Health Care	80	30	45	14	0
Dedicated Highway and Bridge Trust Fund	712	363	551	613	729
Environmental Protection Fund	28	28	96	96	96
All Other Capital	1,818	2,872	2,597	2,190	2,229
ALL OTHER TRANSFERS	**1,506**	**1,247**	**1,289**	**1,293**	**1,295**
Department of Transportation (MTA Payroll Tax)	244	244	244	244	244
SUNY - Medicaid Reimbursement	243	243	243	243	243
NY Central Business District Trust	150	152	153	155	155
Judiciary Funds	89	110	110	110	110
Dedicated Mass Transportation Trust Fund	65	65	65	65	65
Banking Services	44	44	44	44	44
Indigent Legal Services	28	28	75	75	75
Business Services Center	27	30	30	30	30
Mass Transportation Operating Assistance	21	21	21	21	21
Correctional Industries	21	23	21	21	21
General Services	20	13	10	10	10
Public Transportation Systems	16	16	16	16	16
Health Income Fund	16	16	16	16	16
Health Insurance Internal Services Account	12	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)	44	0	0	0	0
Video Lottery Terminal (School Aid Support)	244	0	0	0	0
All Other	202	210	209	211	213

General Fund transfers to other funds are expected to total $7.1 billion in FY 2022, a $1.1 billion increase from FY 2021. Capital projects transfers are expected to increase by $1.2 billion in FY 2022. This increase is primarily due to the continued transfer of monetary settlement monies, held in the General Fund, to the DIIF; the timing of bond proceed reimbursements to capital projects fund; and increased capital spending for expenses that are supported with hard dollar resources. Debt service transfers were higher in FY 2022 as the State prepaid FY 2021 General Fund supported debt at the end of FY 2020. The decline in all other transfers primarily reflects non-recurring support for School Aid in lieu of lower video lottery and commercial gaming revenues. All other transfers in FY 2022 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 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 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
General Fund	309	424	37.2%	450	6.1%	520	15.6%	562	8.1%
Other State Support	7,200	6,629	-7.9%	6,159	-7.1%	6,826	10.8%	7,098	4.0%
Liquidity Financing[1]	4,382	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
State Operating/All Funds Total	**11,891**	**7,053**	**-40.7%**	**6,609**	**-6.3%**	**7,346**	**11.2%**	**7,660**	**4.3%**

[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 $11.9 billion in FY 2021, of which $309 million is paid from the General Fund via transfers, $7.2 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.

Legislation enacted in support of 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. The debt service decline from FY 2021 to FY 2022 is due to the repayment in FY 2021 of $4.4 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. The interest expense on the notes and the commitment fee on the credit facility were reimbursed with Federal aid from the CRF, as the financings are due solely to the Federal decision to extend tax filing deadlines in response to the pandemic, and therefore, are not reflected in the debt service estimates. A $3.0 billion line of credit facility secured by a State service contract is currently in place, for which there have been no draws. The Financial Plan continues to assume no draws.

The Executive Budget proposes continuing these authorizations in FY 2022, but does not assume any PIT note sales or use of the line of credit. DOB will evaluate cash results regularly and may adjust the size and use of note sales and/or the line of credit based on liquidity needs, market considerations, and other factors.

The 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. 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. The adverse impact of the pandemic on the MTA has affected the credit ratings on MTA Transportation Revenue Bonds and their ability to issue bonds at attractive interest rates. Due to the increased cost of borrowing for the MTA, the State issued PIT Revenue Bonds in FY 2021 to fund $2.8 billion of the State's portion of the MTA's 2015-19 Capital Plan. The Financial Plan now assumes that the State will issue PIT or Sales Tax bonds for the remainder of the State contribution to the MTA Capital Plans. Accordingly, the Financial Plan reflects a decrease in local aid disbursements from the FY 2021 Enacted Budget Financial Plan of $31 million in FY 2021, $125 million in FY 2022, $204 million in FY 2023, and $308 million in FY 2024, and an accompanying increase in PIT Bond debt service.

The Updated Financial Plan reflects debt service prepayments of $1.6 billion in FY 2021 and $676 million in FY 2022 of debt service that comes due in FY 2023 through FY 2025 ($759 annually).

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.

In response to the COVID-19 pandemic, legislation enacted in support of the FY 2021 Enacted Budget authorized the State to access external liquidity during FY 2021, in the form of short-term notes and a line of credit. The Executive Budget proposes continuing these authorizations in FY 2022 as the State continues to respond to the pandemic.

Accordingly, the Executive Budget includes authorization to issue up to $8 billion of short-term borrowing in the form of personal income tax revenue notes (or bond anticipation notes) during FY 2022. The statutory authorization requires any such notes to be issued on a subordinated basis by December 31, 2021, with an initial maturity no later than March 31, 2022. The notes can be renewed once for up to a year and, as a contingency option, may be refinanced on a long-term basis.

Second, the Executive Budget includes continuing authorization for up to $3 billion of credit facilities in the form of a line of credit at one or more banks. The line of credit would be authorized for a 3-year period, through FY 2024, and would allow draws in any year, subject to annual appropriation. The FY 2021 authorization was for a one-year facility that could be extended, but only allowed draws in the first year. As a contingency option, any balance outstanding at the end of FY 2021 may be refinanced on a long-term basis.

The Executive Budget does not currently assume any PIT note sales or use of the line of credit in FY 2022. DOB will evaluate cash results regularly and may adjust the size and use of note sales and/or the line of credit based on liquidity needs, market considerations, and other factors.

In FY 2021, the State issued $4.5 billion of PIT notes to manage a delay in State personal income tax receipts after the Federal government extended the personal income tax deadline. As of the Executive Budget, $3.5 billion of PIT notes remain outstanding. The budget reflects full repayment of the remaining notes when they mature in March 2021. In FY 2021, the interest expense on the notes and the commitment fee on the credit facility are being reimbursed with Federal aid from the Coronavirus Relief Fund, as the financings are due solely to the Federal decision to extend tax filing deadlines in response to the pandemic.

Lastly, the Executive Budget proposes a continuation of the suspension of the Debt Reform Act for FY 2022 issuances. State legislation enacted in connection with the adoption of the FY 2021 Enacted Budget suspended the Debt Reform Act for FY 2021 bond issuances, as part of the State response to the COVID-19 pandemic. Accordingly, any State-supported debt issued in FY 2021 and FY 2022 is not limited to capital purposes and is not counted towards the statutory caps on debt outstanding and debt service. In addition, FY 2022 issuances would not be limited by a maximum maturity (currently capped at 30 years by the Debt Reform Act). Bonds would still be subject to Federal tax law limitations, but this change allows bonds to be issued over the full useful life of the assets being financed, which may be over 30 years in limited circumstances (e.g., certain longer-lived MTA projects).

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. In addition, the State has proposed legislation as part of the Executive Budget that provides PTET on the New York sourced income of partnerships and S corporations that are comprised solely of individual partners or shareholders. Qualifying entities that elect to pay PTET will pay a 6.85 percent tax on their New York sourced ordinary income (and guaranteed payments for partnerships) at the partnership or corporation level and their individual partners, members and shareholders will receive a refundable tax credit equal to 92 percent of the proportionate or pro rata share of taxes paid by the electing entity.

DOB expects that the PTET legislation, if adopted as proposed, would be revenue neutral for the State, although PIT receipts would decrease to the extent that qualifying entities elected to pay PTET. However, to hold harmless the RBTF and to maintain comparable security for PIT Bondholders, the State is also proposing legislation that would cause 50 percent of receipts from PTET to be deposited into the RBTF.

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 2021 through FY 2026," 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 2021 THROUGH 2026
(thousands of dollars)

	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
Projected RBTF Receipts	25,721,595	27,957,810	29,563,566	30,706,879	30,906,598	30,861,498
Projected New PIT Bonds Issuances	9,424,277	8,656,408	5,896,688	5,943,267	5,526,616	5,444,606
Projected Total PIT Bonds Outstanding	44,439,142	50,741,446	53,853,416	56,732,527	58,893,142	60,684,943
Projected Maximum Annual Debt Service	4,260,030	5,017,890	5,545,157	5,917,216	6,315,345	6,336,414
Projected PIT Coverage Ratio	6.0	5.6	5.3	5.2	4.9	4.9

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

Sales Tax Revenue Bond Program

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

The legislation created the Sales Tax Revenue Bond Tax Fund, a sub-fund within the General Debt Service Fund, that will provide for the payment of these bonds. The Sales Tax Revenue Bonds are secured by dedicated revenues consisting of one cent of the State's four cent sales and use tax. With a limited exception, upon the satisfaction of all the obligations and liabilities of LGAC, expected to occur on April 1, 2021, dedicated revenues will increase to 2 cents of 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 2021 THROUGH 2026
(thousands of dollars)

	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
Projected Sales Tax Receipts [1]	3,289,250	7,049,250	7,432,250	7,643,750	7,854,750	8,089,250
Projected New Sales Tax Bonds Issuances	-	2,285,469	1,965,563	1,981,089	1,842,205	1,814,869
Projected Total Sales Tax Bonds Outstanding	10,716,360	12,286,621	13,517,959	14,793,972	15,886,495	16,900,612
Projected Maximum Annual Debt Service	1,356,149	1,375,640	1,461,731	1,504,063	1,527,176	1,556,075
Projected Sales Tax Coverage Ratio	2.4	5.1	5.1	5.1	5.1	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 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
Personal Income Tax Revenue Bonds	9,424	8,656	5,897	5,943	5,527	5,445
Sales Tax Revenue Bonds	0	2,285	1,966	1,981	1,842	1,815
General Obligation Bonds	248	638	663	563	540	390
Personal Income Tax Notes [1]	4,382	0	0	0	0	0
Service Contract Line of Credit	0	0	0	0	0	0
Total Issuances	14,055	11,579	8,525	8,487	7,909	7,649

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

Debt issuances totaling $11.6 billion are planned to finance new capital spending and the proposed refinancing of New York City's Sales Tax Asset Receivable Corporation's (STARC) bonds in FY 2022, an increase of $1.9 billion (20 percent) from FY 2021, excluding PIT notes for liquidity. The growth is mainly attributable to the issuance of State bonds for the STARC refinancing. The Financial Plan assumes that the State's contributions to the MTA Capital Plans will be funded by the State bonds on an ongoing basis, which is consistent with the approach used in FY 2021. 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 in FY 2021 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 Financial Plan does not currently assume any PIT note sales or use of the line of credit in FY 2022.

The new money bond issuances are expected to finance capital commitments for education ($1.5 billion), transportation ($3.7 billion), economic development and housing ($2.3 billion), health and mental hygiene ($839 million), State facilities and equipment ($479 million), and the environment ($927 million).

Over the period of the Capital Plan, new debt issuances are projected to total $44.1 billion, excluding liquidity financings. New issuances are expected for education facilities ($6.8 billion), transportation infrastructure ($16.1 billion), economic development and housing ($10.0 billion), mental hygiene and health care facilities ($3.6 billion), State facilities and equipment ($2.1 billion), the environment ($4.0 billion). In addition, the STARC refinancing is expected to total approximately $1.8 billion in taxable refunding bonds. 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 2026 as reflected in the following table:

PROJECTED DEBT OUTSTANDING BY CREDIT (millions of dollars)	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
Personal Income Tax Revenue Bonds	44,439	50,741	53,853	56,733	58,893	60,685
Sales Tax Revenue Bonds	10,716	12,287	13,518	14,794	15,886	16,901
General Obligation Bonds	2,215	2,683	3,165	3,534	3,832	3,961
Local Government Assistance Corp.	90	0	0	0	0	0
Other Revenue Bonds	1,109	1,011	906	801	693	582
Service Contract & Lease Purchase	1,111	975	844	684	539	426
TOTAL STATE-SUPPORTED [1]	59,680	67,698	72,287	76,545	79,843	82,554

[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 $6.4 billion in FY 2022, a decrease of $3.9 billion (38 percent) from FY 2021. This is due, in large part, to the FY 2021 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 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	Total
Personal Income Tax Revenue Bonds	4,169	4,519	5,377	6,007	6,169	6,452	32,693
Sales Tax Revenue Bonds	1,158	1,273	1,374	1,415	1,527	1,637	8,386
General Obligation Bonds	241	252	291	333	403	439	1,959
Local Government Assistance Corporation	82	0	0	0	0	0	82
Other State-Supported Bonds [2,3]	258	331	325	350	319	233	1,817
All Other State-Related Bonds [3,4]	46	46	31	0	0	0	123
Personal Income Tax Notes [4,5]	4,382	0	0	0	0	0	4,382
Service Contract Line of Credit [5]	0	0	0	0	0	0	0
Total Debt Service	10,337	6,422	7,399	8,105	8,418	8,761	49,442

[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 $6.4 billion in FY 2022 an increase of $2 million from FY 2021. Adjusted State-related debt service is projected to increase from $6.4 billion in FY 2021 to $8.8 billion in FY 2026, an average rate of 6.4 percent annually.

Year-To-Date
Operating Results

April - December 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 projections set forth in the FY 2021 Mid-Year Financial Plan Update ("revised estimates") and (3) prior year FY 2020 results for the same period (April 2019 through December 2019). The following discussions of variances are focused on comparisons to the initial plan.

Spending results to date are below initial estimates because of the continued withholding of a minimum of 20 percent of most local aid payments and withholding of certain other payments. Payments which were initially planned through December 31, 2020 that were subsequently withheld or not paid totaled $2.9 billion in local assistance and $151 million in agency operations. Spending on agency operations reflects the withholding of general salary increases that were originally planned. In addition, reclassification of eligible payroll expenses to the Federal CRF reduced spending by nearly $2 billion.

State Operating Funds spending was also impacted by unbudgeted COVID-19 expenses that were incurred by the State in the first instance and are expected to be reclassified to the CRF or reimbursed by FEMA.

Summary of General Fund Operating Results

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

	Initial Estimate	Revised Estimate	Results	Variance Above/ (Below) Initial Estimate $	Variance Above/ (Below) Initial Estimate %	Variance Above/ (Below) Revised Estimate $	Variance Above/ (Below) Revised Estimate %
OPENING BALANCE	**8,944**	**8,944**	**8,944**	**0**	**0.0%**	**0**	**0.0%**
Total Receipts	**51,860**	**54,592**	**55,733**	**3,873**	**7.5%**	**1,141**	**2.1%**
Taxes:	44,991	46,656	47,922	2,931	6.5%	1,266	2.7%
Personal Income Tax[1]	30,206	31,812	32,584	2,378	7.9%	772	2.4%
Consumption / Use Taxes[1]	8,864	8,643	9,376	512	5.8%	733	8.5%
Business Taxes	4,487	4,777	4,470	(17)	-0.4%	(307)	-6.4%
Other Taxes[1]	1,434	1,424	1,492	58	4.0%	68	4.8%
Receipts and Grants	5,847	6,392	6,580	733	12.5%	188	2.9%
Transfers From Other Funds	1,022	1,544	1,231	209	20.5%	(313)	-20.3%
Total Spending	**52,350**	**49,004**	**48,125**	**(4,225)**	**-8.1%**	**(879)**	**-1.8%**
Local Assistance	33,516	32,391	32,175	(1,341)	-4.0%	(216)	-0.7%
Agency Operations (including GSCs)	14,449	12,964	11,760	(2,689)	-18.6%	(1,204)	-9.3%
Transfers to Other Funds	4,385	3,649	4,190	(195)	-4.4%	541	14.8%
Debt Service Transfer	151	163	154	3	2.0%	(9)	-5.5%
Capital Projects Transfer	2,172	1,590	2,184	12	0.6%	594	37.4%
SUNY Operations Transfer	1,214	1,002	987	(227)	-18.7%	(15)	-1.5%
All Other Transfers	848	894	865	17	2.0%	(29)	-3.2%
Change in Operations	**(490)**	**5,588**	**7,608**	**8,098**	**1652.7%**	**2,020**	**36.1%**
CLOSING BALANCE	**8,454**	**14,532**	**16,552**	**8,098**	**95.8%**	**2,020**	**13.9%**

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

Results Compared to Initial Estimates

At the end of December 2020, the State had a General Fund balance of $16.6 billion, which was nearly $8.1 billion higher than the initial estimate. Tax receipts were higher than initially expected by $2.9 billion (6.5 percent) and are now expected to exceed the revised estimates in the Mid-Year Financial Plan Update forecast by $1.3 billion. The receipt of unplanned monetary settlement payments also contributed $520 million to the General Fund balance. Lower spending contributed a total of $4.2 billion to the higher closing balance. This reduced spending is primarily due to ongoing withholding of payments, budget balance reductions, and the reclassification of eligible payroll costs to the Federal CRF; as well as a strict hiring freeze and agency spending controls.

April - December 2020 Operating Results

Through December 2020, General Fund receipts, including transfers from other funds, totaled $55.7 billion, $3.9 billion (7.5 percent) above the initial estimate. PIT collections were $2.4 billion (7.9 percent) higher than expected and reflect a combination of stronger than expected growth in withholding and current year estimated payments, as well as weaker than expected growth in total refunds; both of which were offset by weaker than expected growth in extensions, final returns, and delinquencies.

Higher consumption tax receipts are primarily due to stronger than projected sales tax collections during the second and third quarters, which 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.

Miscellaneous receipts through December 2020 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 to evade state and Federal taxes by conducting illegal cross-border banking business; $150 million from Deutsche Bank for significant compliance failures in connection with its relationships with Jeffrey Epstein, Dankse Bank Estonia, and FBME Bank; and $150 million from Goldman Sachs for its role in the fraudulent misappropriation of funds related to a strategic investment development fund. In addition, higher receipts collections also occurred for abandoned property ($96 million) and licenses/fees ($40 million).

General Fund disbursements, including transfers to other funds, totaled $48.1 billion, $4.2 billion (8.1 percent) below the initial estimate. Most of the variances in local assistance disbursements are due to payment withholding previously noted. Agency operations spending, including fringe benefits, was $2.7 billion below the initial estimates and includes the reclassification of $2 billion in certain eligible expenses to the CRF, savings from cost controls put in place to limit spending to health, safety and essential services, and the held general salary increases. Lower spending is partly offset by expenses related to the COVID-19 pandemic that were incurred by the State in the first instance that are expected to be moved to the CRF or reimbursed under FEMA. Transfers supporting SUNY Operations have also been withheld, consistent with the withholding of CUNY payments.

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

FY 2021 GENERAL FUND OPERATING RESULTS COMPARED TO PLAN
FY 2021 April to December
(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	**51,780**	**53,992**	**55,133**	**3,353**	**1,141**
Taxes[1]	44,991	46,656	47,922	2,931	1,266
Non-Tax Receipts/Transfers[2]	6,789	7,336	7,211	422	(125)
Total Disbursements	**52,296**	**48,737**	**47,800**	**(4,496)**	**(937)**
Local Assistance	33,516	32,391	32,175	(1,341)	(216)
Agency Operations	14,449	12,964	11,760	(2,689)	(1,204)
Transfers to Other Funds[3]	4,331	3,382	3,865	(466)	483
Net Change in Operations	**(516)**	**5,255**	**7,333**	**7,849**	**2,078**
Closing Fund Balance (Excl. Extr. Monetary Settlements)	**5,818**	**11,589**	**13,667**	**7,849**	**2,078**
Extraordinary Monetary Settlements					
Opening Balance	2,610	2,610	2,610	0	0
Settlements Received/Expected[4]	80	600	600	520	0
Transfers/Uses	(54)	(267)	(325)	(271)	(58)
Closing Balance	**2,636**	**2,943**	**2,885**	**249**	**(58)**
Closing Fund Balance (Incl. Extr. Monetary Settlements)	**8,454**	**14,532**	**16,552**	**8,098**	**2,020**

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

At the end of December 2020, the State's All Funds balance was $29.6 billion, $14.7 billion above the prior year balance at the end of December 2019. The positive variance is due mainly to a combination of a higher opening balance and a substantial increase in Federal resources due to pandemic-related emergency measures, compared to the prior year.

Tax receipts were $2.5 billion (4.3 percent) lower than in the prior year due to a combination of losses from the economic impact of the pandemic. Growth in miscellaneous receipts reflects the receipt of $4.5 billion in proceeds from the sale of short-term notes, which were issued to offset the impact of the Federal PIT extension from April to July 2020. Other miscellaneous receipts declined in total by over $1 billion (-5.3 percent) from the prior year. The largest declines in receipts occurred in lottery and gaming, health care, and fines/fees. Higher Federal grant receipts are attributable to the advance receipt of $5.1 billion from the Federal government under the CARES Act that is intended to reimburse certain COVID-19 response costs, $4.2 billion from the FEMA Disaster Relief Fund for lost wage payments, and $2.7 billion for eFMAP.

Lower State Operating Funds spending is mainly attributable to the payment withholdings noted above, an increase in the Federal share of Medicaid (eFMAP) that lowered State-share Medicaid costs, the reclassification of $2 billion of certain eligible expenses to the CRF, the repayment of $1 billion of short-term notes, and one-time NYSCOPBA collective bargaining retroactive payments during FY 2020. Higher Federal spending is consistent with the increase in Federal resources.

ALL GOVERNMENTAL FUNDS - RESULTS COMPARED TO PRIOR YEAR FY 2021 April to December (millions of dollars)	Results		Increase/(Decrease)	
	FY 2020	FY 2021	$	%
OPENING BALANCE	**9,975**	**14,284**	**4,309**	**43.2%**
ALL FUNDS RECEIPTS:	**129,394**	**142,732**	**13,338**	**10.3%**
Total Taxes	**59,115**	**56,586**	**(2,529)**	**-4.3%**
Personal Income Tax	37,317	36,798	(519)	-1.4%
All Other Taxes	21,798	19,788	(2,010)	-9.2%
Miscellaneous Receipts	**20,544**	**23,980**	**3,436**	**16.7%**
Federal Grants	**49,735**	**62,166**	**12,431**	**25.0%**
Bond & Note Proceeds	**0**	**0**	**0**	**0.0%**
ALL FUNDS DISBURSEMENTS:	**124,359**	**127,196**	**2,837**	**2.3%**
STATE OPERATING FUNDS	**71,654**	**63,893**	**(7,761)**	**-10.8%**
Local Assistance	**48,513**	**43,168**	**(5,345)**	**-11.0%**
School Aid	16,643	16,052	(591)	-3.6%
DOH Medicaid (incl. admin and EP)	19,338	15,576	(3,762)	-19.5%
All Other	12,532	11,540	(992)	-7.9%
State Operations	**21,629**	**18,146**	**(3,483)**	**-16.1%**
Agency Operations	**14,756**	**12,090**	**(2,666)**	**-18.1%**
Executive Agencies	7,816	5,531	(2,285)	-29.2%
University Systems	4,890	4,610	(280)	-5.7%
Elected Officials	2,050	1,949	(101)	-4.9%
Fringe Benefits/Fixed Costs	**6,873**	**6,056**	**(817)**	**-11.9%**
Pension Contribution	2,386	2,355	(31)	-1.3%
Health Insurance	3,172	3,292	120	3.8%
Other Fringe Benefits/Fixed Costs	1,315	409	(906)	-68.9%
Debt Service	**1,512**	**2,579**	**1,067**	**70.6%**
CAPITAL PROJECTS (State and Federal Funds)	**9,133**	**9,228**	**95**	**1.0%**
FEDERAL OPERATING AID	**43,572**	**54,075**	**10,503**	**24.1%**
NET OTHER FINANCING SOURCES	**(110)**	**(210)**	**(100)**	**-90.9%**
CHANGE IN OPERATIONS	**4,925**	**15,326**	**10,401**	**211.2%**
CLOSING BALANCE	**14,900**	**29,610**	**14,710**	**98.7%**

Receipts

At the end of December 2020, PIT collections were $519 million (1.4 percent) lower than the end of December 2019, primarily due to a significant decline in current year estimated payments, extension payments, delinquencies, and increased current year refunds, offset by declines in advanced credit payments and increased withholding. Consumption/use tax collections were significantly lower ($1.7 billion) than the prior year level due to substantial 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 ($213 million) are due to reduced gross Insurance Taxes and CFT, partially offset by lower CFT refunds.

The receipt of $4.5 billion in proceeds from the sale of short-term notes contributed to the growth in miscellaneous receipts ($3.4 billion). Higher receipts also reflect an increase in bond reimbursements ($868 million) of capital projects due to the timing of SUNY reimbursements from FY 2020 to FY 2021 ($734 million) and overall management of State liquidity needs, and increased SUNY income ($301 million). Significant declines in receipts were observed for lottery receipts ($715 million), HCRA receipts ($299 million), other licenses/fees ($188 million), and motor vehicle fees ($115 million), all of which were all negatively impacted by the COVID-19 pandemic. In addition, receipts from extraordinary monetary settlements ($187 million) were lower.

Federal grants were $12.4 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 $63.9 billion in FY 2021, a decrease of $7.8 billion (10.8 percent) from FY 2020.

Lower executive agency operational spending is driven by the reclassification of certain eligible FY 2021 expenses to the Federal CRF, FY 2020 NYSCOPBA collective bargaining retroactive payments, held general salary increases, and limiting spending aside from health, safety and essential services. Fringe benefits spending declined mostly due to the deferment of Social Security payments as permitted under the CARES Act, partially offset by higher Health Insurance payments ($120 million).

Higher debt service spending is largely due to the repayment of $1 billion of short-term PIT notes in December 2020. Capital Projects spending through December is consistent with prior year spending.

Federal operating spending growth ($10.5 billion) mainly reflects the LWA payments, temporary eFMAP, and public health and safety costs charged to the Federal CRF.

All Governmental Funds Results Compared to Estimates

ALL GOVERNMENTAL FUNDS COMPARED TO PLANS
FY 2021 April to December
(millions of dollars)

	Initial Estimate	Revised Estimate	Results	Variance Above/ (Below) Initial Estimate $	Initial Estimate %	Revised Estimate $	Revised Estimate %
OPENING BALANCE	**14,284**	**14,283**	**14,284**	**0**	**0.0%**	**1**	**0.0%**
ALL FUNDS RECEIPTS:	**130,561**	**141,055**	**142,732**	**12,171**	**9.3%**	**1,677**	**1.2%**
Total Taxes	**53,850**	**54,795**	**56,586**	**2,736**	**5.1%**	**1,791**	**3.3%**
Personal Income Tax	34,547	35,457	36,798	2,251	6.5%	1,341	3.8%
Consumption / Use Tax	11,534	11,254	12,044	510	4.4%	790	7.0%
Business Taxes	6,215	6,539	6,131	(84)	-1.4%	(408)	-6.2%
Other Taxes	1,554	1,545	1,613	59	3.8%	68	4.4%
Miscellaneous Receipts	**24,156**	**24,959**	**23,980**	**(176)**	**-0.7%**	**(979)**	**-3.9%**
Federal Grants	**52,555**	**61,301**	**62,166**	**9,611**	**18.3%**	**865**	**1.4%**
ALL FUNDS DISBURSEMENTS:	**125,045**	**132,656**	**127,196**	**2,151**	**1.7%**	**(5,460)**	**-4.1%**
STATE OPERATING FUNDS	**67,054**	**65,703**	**63,893**	**(3,161)**	**-4.7%**	**(1,810)**	**-2.8%**
Local Assistance	**44,572**	**43,526**	**43,168**	**(1,404)**	**-3.1%**	**(358)**	**-0.8%**
School Aid	16,765	16,326	16,052	(713)	-4.3%	(274)	-1.7%
DOH Medicaid[1]	16,995	15,724	15,576	(1,419)	-8.3%	(148)	-0.9%
Higher Education	2,694	2,028	1,920	(774)	-28.7%	(108)	-5.3%
Transportation	3,671	3,064	2,933	(738)	-20.1%	(131)	-4.3%
Social Services	2,407	2,220	1,859	(548)	-22.8%	(361)	-16.3%
Mental Hygiene	1,571	1,959	1,775	204	13.0%	(184)	-9.4%
All Other	4,569	3,705	3,053	(1,516)	-33.2%	(652)	-17.6%
Budget Balance Reduction	(4,100)	(1,500)	0	4,100	0.0%	1,500	0.0%
State Operations	**20,884**	**19,597**	**18,146**	**(2,738)**	**-13.1%**	**(1,451)**	**-7.4%**
Agency Operations	**14,388**	**13,340**	**12,090**	**(2,298)**	**-16.0%**	**(1,250)**	**-9.4%**
Personal Service:	11,024	10,300	8,948	(2,076)	-18.8%	(1,352)	-13.1%
Executive Agencies	5,876	5,480	4,169	(1,707)	-29.1%	(1,311)	-23.9%
University Systems	3,309	3,217	3,118	(191)	-5.8%	(99)	-3.1%
Elected Officials	1,839	1,603	1,661	(178)	-9.7%	58	3.6%
Non-Personal Service:	4,050	3,040	3,142	(908)	-22.4%	102	3.4%
Executive Agencies	1,999	1,200	1,362	(637)	-31.9%	162	13.5%
University Systems	1,580	1,500	1,492	(88)	-5.6%	(8)	-0.5%
Elected Officials	471	340	288	(183)	-38.9%	(52)	-15.3%
Budget Balance Reduction	(686)	0	0	686	0.0%	0	0.0%
Fringe Benefits/Fixed Costs	**6,496**	**6,257**	**6,056**	**(440)**	**-6.8%**	**(201)**	**-3.2%**
Pension Contribution	2,382	2,363	2,355	(27)	-1.1%	(8)	-0.3%
Health Insurance	3,393	3,316	3,292	(101)	-3.0%	(24)	-0.7%
Other Fringe Benefits/Fixed Costs	721	578	409	(312)	-43.3%	(169)	-29.2%
Debt Service	**1,598**	**2,580**	**2,579**	**981**	**61.4%**	**(1)**	**0.0%**
CAPITAL PROJECTS (State and Federal Funds)	**11,137**	**9,309**	**9,228**	**(1,909)**	**-17.1%**	**(81)**	**-0.9%**
FEDERAL OPERATING AID	**46,854**	**57,644**	**54,075**	**7,221**	**15.4%**	**(3,569)**	**-6.2%**
NET OTHER FINANCING SOURCES	**(96)**	**(220)**	**(210)**	**(114)**	**-118.8%**	**10**	**4.5%**
CHANGE IN OPERATIONS	**5,420**	**8,179**	**15,326**	**9,906**	**182.8%**	**7,147**	**87.4%**
CLOSING BALANCE	**19,704**	**22,462**	**29,610**	**9,906**	**50.3%**	**7,148**	**31.8%**

1. Includes the Essential Plan

Receipts

Compared to the initial estimates, PIT collections ($2.3 billion) and consumption/use tax collections ($510 million) were higher than projected, consistent with the General Fund variances above.

Lower miscellaneous receipts ($176 million) were mostly due to HCRA receipts ($354 million), due to a decline in patient volume and fewer general elective surgeries during the COVID-19 pandemic, lottery receipts ($154 million), and lower bond reimbursements to capital projects; offset by higher receipts from unplanned Extraordinary Monetary Settlements ($520 million), SUNY income ($245 million) and abandoned property ($96 million).

Federal grants reflect Federal operating aid disbursements, as well as the receipt of Federal CARES Act funding ($5.1 billion) and FEMA Disaster Relief Funding for LWA payments ($4.2 billion).

Compared to the revised estimates, the change in tax collections is primarily attributable to PIT collections ($1.3 billion) and consumption/use taxes (790 million). Tax receipts reflect stronger than projected collections from sales tax during November and December, as well as lower CFT gross and audit receipts and bank audits. Miscellaneous receipts were lower than projected ($979 million) due to lower bond reimbursements to capital projects ($738 million) and SUNY income ($319 million) due to a decline in SUNY Hospital revenues and refunds to students for dorm costs, tuition and fees. Federal grants were higher than planned ($865 million).

Spending

In comparison to the initial estimates, State Operating Funds spending was $3.2 billion under projections. Lower local assistance spending contributed $1.4 billion mainly due to the withholding of payments as discussed above and Medicaid due to the extension of eFMAP ($1.6 billion) from July through December, authorized by the Secretary of Health and Human Services, but not reflected in initial estimates, and the timing of offline payments ($122 million). Lower spending was partially offset by higher than anticipated Medicaid claims ($176 million) and lower collections of credits and rebates ($324 million).

State operations spending, including GSCs, was $2.7 billion lower than initial projections mainly due to the reclassification of certain eligible expenses to the CRF, as well as cost controls put in place to limit spending to health, safety and essential services. Lower than projected spending for University systems is mainly attributable to spending declines at State-operated SUNY campuses associated with the delay in general salary increases and reduced spending on non-essential items. Judiciary spending was affected by court closures during the COVID-19 pandemic.

Capital Projects spending was $1.9 billion lower than initial projections, which is primarily attributable to lower spending for economic development ($1.3 billion), education ($486 million), parks and environment ($376 million), and health and social welfare ($340 million). Lower spending on capital projects is primarily due to disruptions to the construction industry from 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, review and prioritization of new capital contracts has led to lower than anticipated spending through December. MTA capital spending was higher than projected ($1.1 billion) because the State directly funded the State's portion of the MTA's FY 2015-2019 Capital Plan through capital appropriations, which was not reflected in initial estimates.

Federal operating aid spending was $7.2 billion (15.4 percent) higher than initial projections and is largely attributable to emergency Federal funding enacted in response to the ongoing COVID-19 pandemic including the CARES Act, which provides funding for COVID-19 related expenses through the CRF, and the LWA program which provided a time-limited $300 benefit to unemployed New Yorkers.

In addition, underspending was attributable to:

- Medicaid ($54 million lower) excluding spending attributable to eFMAP for July through December of $1.5 billion, attributable to lower spending for Medicaid claims ($1.1 billion), offset by higher than anticipated DSRIP funding ($298 million), public UPL payments ($261 million), lower rebates collection ($376 million), and the timing of offline payments including Supplemental Medical Insurance ($48 million) and SUNY IGT ($24 million).

- School Aid ($767 million lower) mainly due to underspending on ESEA Title grants.

- Social Services ($693 million lower) driven by underspending in Flexible Fund for Family Services ($234 million), public assistance payments ($188 million), SNAP ($109 million) and Child Support ($53 million) programs. The variances are largely due to the enhanced payment review process.

- Medicaid Administration ($212 million lower) attributable to the timing of payments to certain districts as a result of spending controls and the timing of contract payments.

- All Other Education ($156 million lower) primarily due to lower than anticipated spending on IDEA grants.

Compared to the revised estimates, Federal operating aid spending was $3.6 billion (6.2 percent) lower. This variance is primarily attributable to the timing of when COVID-19 eligible costs are shifted from State resources to the CRF in response to the Federal extension of eligibility claiming to December 31, 2021. Public health spending was below projections due to a reduced Federal share of CHP costs that relates to the scheduled phase-down of the program. Net Medicaid spending was lower than expected ($593 million), primarily due to the timing of offline payments ($473 million) and administrative payments to certain districts ($133 million).

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 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.[14] 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.

[14] 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.[15]

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

[15] 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 total State payment (including Judiciary) due to NYSLRS for FY 2021 was approximately $2.390 billion. The State opted to not amortize under the Contribution Stabilization Program, and paid the bill in full as of March 1, 2021.

The estimated total State payment (including Judiciary) due to NYSLRS for FY 2022 is approximately $2.665 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.[16] 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 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

[16] On February 8, 2021, 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 third quarter of FY 2021 was 10.01 percent for the three-month period ended December 31, 2020, and the Fund ended the quarter with an estimated value of $247.7 billion. These quarterly returns reflect unaudited data for the invested assets of the System. The value of the invested assets changes daily.

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. [17]

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.

[17] 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.[18]

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.

[18] 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, and is expected to be extended to August 12, 2021, to allow for settlement negotiations, which are ongoing.

On May 28, 2014, the State, the New York Power Authority and St. Lawrence County signed a memorandum of understanding (MOU) with the St. Regis Mohawk Tribe endorsing a general framework for a settlement, subject to further negotiation. The MOU 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.

Discovery in this matter was stayed for several years while the parties continued their settlement discussions. On January 11, 2021, the Court issued a Text Order lifting the stay of discovery. The Court directed that the parties serve updated initial disclosures on or before March 2, 2021, which the parties did. The Court also set a deadline of May 17, 2021 for the parties to submit dispositive motions on any issues of law that are to be resolved before further discovery can occur. Settlement negotiations remain ongoing.

On February 5, 2021, counsel for Franklin County filed a status report indicating that Franklin County, the Town of Fort Covington, the Town of Bombay, and the State had resolved their remaining differences over the language of a Supplemental MOU, which will permit them to move forward toward a final settlement agreement. On February 8, 2021, Plaintiff St. Regis Mohawk Tribe filed a status report stating that it believes there are issues with the 2014 MOU pertaining to St. Lawrence County that will need to be revisited, but that it remains open to further negotiations to develop the 2014 MOU into a more comprehensive agreement.

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. 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, and oral argument was held February 11, 2021. The parties are awaiting a decision.

In New Yorkers for Students Educational Rights v. New York, the organizational plaintiff and several individual plaintiffs commenced a 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 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. 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. All other claims were dismissed.

Plaintiffs filed their third Amended Complaint on May 4, 2018. 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. Defendants' Answer to the Third Amended Complaint was filed on July 10, 2018. The current schedule is as follows: 1) fact discovery completed by February 26, 2021; 2) expert discovery to be completed by May 28, 2021; 3) note of issue due by July 30, 2021; and 4) summary 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. On March 1, 2021, plaintiffs indicated that they will also discontinue their claims on behalf of the Syracuse individual plaintiffs.

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. An Amended Complaint/Petition (hybrid) was filed March 1, 2021. The Article 78 portion of the matter has a return date of March 26, 2021. Accordingly, the new response deadline (for both the Article 78 and declaratory portions) is March 22, 2021. Defendants/Respondents are reviewing the new pleading, including the potential need for any extensions of time.

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. The U.S. Court of Appeals for the Second Circuit thereafter approved a coordinated briefing schedule and heard oral argument.

On November 6, 2020, the Second Circuit panel certified two questions to the New York Court of Appeals:

1. Under New York state law, and in light of Kolbe v. Tibbetts, 22 N.Y.3d 344 (2013), M & G Polymers USA, LLC v. Tackett, 574 U.S. 427 (2015), and CNH Indus. N.V. v. Reese, 138 S. Ct. 761 (2018), do §§ 9.13 (setting forth contribution rates of 90% and 75%), 9.23(a) (concerning contribution rates for surviving dependents of deceased retirees), 9.24(a) (specifying that retirees may retain NYSHIP coverage in retirement), 9.24(b) (permitting retirees to use sick-leave credit to defray premium costs), and 9.25 (allowing for the indefinite delay or suspension of coverage or sick-leave credits) of the 2007-2011 collective bargaining agreement between the Civil Service Employees Association, Inc. and the Executive Branch of the State of New York ("the CBA"), singly or in combination, (1) create a vested right in retired employees to have the State's rates of contribution to health-insurance premiums remain unchanged during their lifetimes, notwithstanding the duration of the CBA, or (2) if they do not, create sufficient ambiguity on that issue to permit the consideration of extrinsic evidence as to whether they create such a vested right?

2. If the CBA, on its face, or as interpreted at trial upon consideration of extrinsic evidence, creates a vested right in retired employees to have the State's rates of contribution to health-insurance premiums remain unchanged during their lives, notwithstanding the duration of the CBA, does New York's statutory and regulatory reduction of its contribution rates for retirees' premiums negate such a vested right so as to preclude a remedy under state law for breach of contract?

Donohue v. Cuomo, 980 F.3d 53 (2d Cir. 2020). On December 15, 2020, the New York Court of Appeals accepted the certified questions, set an initial briefing schedule, and indicated that it will hear oral argument.

The Second Circuit's certification order addresses only Donohue v. Cuomo. The Circuit reserved decision in the other 11 appeals, observing that the New York Court of Appeals' resolution of the above questions in Donohue "will significantly advance, if not control, the dispositions of the other cases." Therefore, after the New York Court of Appeals renders its decision, further proceedings in the Second Circuit focusing on how the decision in Donohue affects the resolution of the various appeals are expected.

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.[19]

[19] 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 Current	Annual $ Change	Annual % Change
Opening Fund Balance	**7,206**	**8,944**	**1,738**	**24.1%**
Receipts:				
Taxes:				
Personal Income Tax	24,646	24,491	(155)	-0.6%
Consumption/Use Taxes	8,038	7,196	(842)	-10.5%
Business Taxes	6,370	5,921	(449)	-7.0%
Other Taxes	1,087	1,225	138	12.7%
Miscellaneous Receipts	3,159	6,913	3,754	118.8%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	25,862	18,066	(7,796)	-30.1%
ECEP in Excess of Revenue Bond Debt Service	0	2	2	0.0%
Sales Tax in Excess of LGAC Bond Debt Service	3,417	3,206	(211)	-6.2%
Sales Tax in Excess of Revenue Bond Debt Service	2,762	2,131	(631)	-22.8%
Real Estate Taxes in Excess of CW/CA Debt Service	951	730	(221)	-23.2%
All Other	2,915	3,159	244	8.4%
Total Receipts	**79,207**	**73,040**	**(6,167)**	**-7.8%**
Disbursements:				
Local Assistance	51,863	52,011	148	0.3%
State Operations:				
Personal Service	8,940	7,372	(1,568)	-17.5%
Non-Personal Service	3,114	3,243	129	4.1%
General State Charges	7,454	6,084	(1,370)	-18.4%
Transfers to Other Funds:				
Debt Service	736	309	(427)	-58.0%
Capital Projects	3,128	2,983	(145)	-4.6%
SUNY Operations	1,179	1,239	60	5.1%
Other Purposes	1,055	1,506	451	42.7%
Total Disbursements	**77,469**	**74,747**	**(2,722)**	**-3.5%**
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 Current	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Receipts:				
Taxes:				
Personal Income Tax	24,491	28,168	29,822	31,053
Consumption/Use Taxes	7,196	7,666	8,042	8,248
Business Taxes	5,921	6,019	6,368	6,578
Other Taxes	1,225	1,077	1,131	1,187
Miscellaneous Receipts	6,913	1,767	1,760	1,798
Federal Receipts	0	3,000	3,000	0
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	18,066	23,599	25,781	26,291
ECEP in Excess of Revenue Bond Debt Service	2	3	3	4
Sales Tax in Excess of LGAC Bond Debt Service	3,206	3,525	3,717	3,822
Sales Tax in Excess of Revenue Bond Debt Service	2,131	2,251	2,342	2,406
Real Estate Taxes in Excess of CW/CA Debt Service	730	831	892	939
All Other	3,159	3,470	3,228	3,450
Total Receipts	**73,040**	**81,376**	**86,086**	**85,776**
Disbursements:				
Local Assistance	52,011	55,494	58,733	61,351
State Operations:				
Personal Service	7,372	9,131	9,863	9,422
Non-Personal Service	3,243	2,450	2,916	2,996
General State Charges	6,084	8,689	9,272	9,708
Transfers to Other Funds:				
Debt Service	309	424	450	520
Capital Projects	2,983	4,222	3,991	3,244
SUNY Operations	1,239	1,226	1,221	1,221
Other Purposes	1,506	1,247	1,289	1,293
Total Disbursements	**74,747**	**82,883**	**87,735**	**89,755**
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
Reserve for 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**	**0**	**(902)**	**(3,634)**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2021 Enacted	Change	FY 2021 Mid-Year	Change	FY 2021 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	22,450	0	22,450	2,041	24,491
Consumption/Use Taxes	6,934	(488)	6,446	750	7,196
Business Taxes	6,506	0	6,506	(585)	5,921
Other Taxes	1,115	0	1,115	110	1,225
Miscellaneous Receipts	6,373	523	6,896	17	6,913
Transfers from Other Funds:		0			
PIT in Excess of Revenue Bond Debt Service	19,152	(1,545)	17,607	459	18,066
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	365	3,206
Sales Tax in Excess of Revenue Bond Debt Service	1,987	(221)	1,766	365	2,131
Real Estate Taxes in Excess of CW/CA Debt Service	781	0	781	(51)	730
All Other	2,579	181	2,760	399	3,159
Total Receipts	**70,942**	**(1,772)**	**69,170**	**3,870**	**73,040**
Disbursements:					
Local Assistance	46,400	(188)	46,212	5,799	52,011
State Operations:		0			
Personal Service	9,058	(135)	8,923	(1,551)	7,372
Non-Personal Service	2,597	(300)	2,297	946	3,243
General State Charges	7,249	(250)	6,999	(915)	6,084
Transfers to Other Funds:		0			
Debt Service	1,810	(1,502)	308	1	309
Capital Projects	3,512	(178)	3,334	(351)	2,983
SUNY Operations	1,273	0	1,273	(34)	1,239
Other Purposes	1,270	261	1,531	(25)	1,506
Total Disbursements	**73,169**	**(2,292)**	**70,877**	**3,870**	**74,747**
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)	(520)	(600)	0	(600)
Extraordinary Monetary Settlements	425	0	425	0	425
Total Use (Reservation) of Fund Balance	**2,227**	**(520)**	**1,707**	**0**	**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 Mid-Year	Change	FY 2022 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	22,008	0	22,008	6,160	28,168
Consumption/Use Taxes	7,462	(82)	7,380	286	7,666
Business Taxes	6,337	0	6,337	(318)	6,019
Other Taxes	1,047	0	1,047	30	1,077
Miscellaneous Receipts	1,750	3	1,753	14	1,767
Federal Receipts	0	0	0	3,000	3,000
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	20,560	(73)	20,487	3,112	23,599
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	136	3,525
Sales Tax in Excess of Revenue Bond Debt Service	2,177	(37)	2,140	111	2,251
Real Estate Taxes in Excess of CW/CA Debt Service	841	0	841	(10)	831
All Other	1,855	245	2,100	1,370	3,470
Total Receipts	**67,454**	**31**	**67,485**	**13,891**	**81,376**
Disbursements:					
Local Assistance	48,967	987	49,954	5,540	55,494
State Operations:					
Personal Service	8,996	196	9,192	(61)	9,131
Non-Personal Service	2,543	412	2,955	(505)	2,450
General State Charges	9,013	(180)	8,833	(144)	8,689
Transfers to Other Funds:					
Debt Service	488	(17)	471	(47)	424
Capital Projects	3,747	(32)	3,715	507	4,222
SUNY Operations	1,273	0	1,273	(47)	1,226
Other Purposes	1,407	(83)	1,324	(77)	1,247
Total Disbursements	**76,434**	**1,283**	**77,717**	**5,166**	**82,883**
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)**	**(1,252)**	**(8,725)**	**8,725**	**0**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2023 Enacted	Change	FY 2023 Mid-Year	Change	FY 2023 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	23,508	0	23,508	6,314	29,822
Consumption/Use Taxes	7,686	5	7,691	351	8,042
Business Taxes	6,778	0	6,778	(410)	6,368
Other Taxes	1,097	0	1,097	34	1,131
Miscellaneous Receipts	1,773	3	1,776	(16)	1,760
Federal Receipts	0	0	0	3,000	3,000
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	21,644	(53)	21,591	4,190	25,781
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	168	3,717
Sales Tax in Excess of Revenue Bond Debt Service	2,251	(6)	2,245	97	2,342
Real Estate Taxes in Excess of CW/CA Debt Service	905	0	905	(13)	892
All Other	1,532	185	1,717	1,511	3,228
Total Receipts	**70,707**	**153**	**70,860**	**15,226**	**86,086**
Disbursements:					
Local Assistance	52,444	194	52,638	6,095	58,733
State Operations:		0			
Personal Service	9,059	240	9,299	564	9,863
Non-Personal Service	2,494	533	3,027	(111)	2,916
General State Charges	9,559	(225)	9,334	(62)	9,272
Transfers to Other Funds:		0			
Debt Service	501	(12)	489	(39)	450
Capital Projects	3,917	(22)	3,895	96	3,991
SUNY Operations	1,267	0	1,267	(46)	1,221
Other Purposes	1,484	(83)	1,401	(112)	1,289
Total Disbursements	**80,725**	**625**	**81,350**	**6,385**	**87,735**
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)**	**(472)**	**(9,743)**	**8,841**	**(902)**

Source: NYS DOB.

CASH FINANCIAL PLAN GENERAL FUND (millions of dollars)	FY 2024 Enacted	Change	FY 2024 Mid-Year	Change	FY 2024 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	25,181	0	25,181	5,872	31,053
Consumption/Use Taxes	7,922	(32)	7,890	358	8,248
Business Taxes	6,918	0	6,918	(340)	6,578
Other Taxes	1,148	0	1,148	39	1,187
Miscellaneous Receipts	1,811	3	1,814	(16)	1,798
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	23,145	(15)	23,130	3,161	26,291
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	171	3,822
Sales Tax in Excess of Revenue Bond Debt Service	2,372	(23)	2,349	57	2,406
Real Estate Taxes in Excess of CW/CA Debt Service	961	0	961	(22)	939
All Other	1,352	212	1,564	1,886	3,450
Total Receipts	**74,465**	**145**	**74,610**	**11,166**	**85,776**
Disbursements:					
Local Assistance	55,585	(21)	55,564	5,787	61,351
State Operations:					
Personal Service	9,199	212	9,411	11	9,422
Non-Personal Service	2,619	561	3,180	(184)	2,996
General State Charges	9,689	72	9,761	(53)	9,708
Transfers to Other Funds:		0			
Debt Service	553	(8)	545	(25)	520
Capital Projects	3,138	1	3,139	105	3,244
SUNY Operations	1,267	0	1,267	(46)	1,221
Other Purposes	1,590	(83)	1,507	(214)	1,293
Total Disbursements	**83,640**	**734**	**84,374**	**5,381**	**89,755**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	345	0	345	0	345
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)**	**(589)**	**(9,419)**	**5,785**	**(3,634)**

Source: NYS DOB.

CASH RECEIPTS
GENERAL FUND
(millions of dollars)

	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Taxes:				
Withholdings	44,617	46,287	48,123	48,751
Estimated Payments	17,942	20,031	21,296	21,890
Final Payments	3,982	3,914	3,981	4,117
Other Payments	1,498	1,548	1,600	1,654
Gross Collections	**68,039**	**71,780**	**75,000**	**76,412**
State/City Offset	(1,274)	(1,399)	(1,524)	(1,651)
Refunds	(9,255)	(9,661)	(10,470)	(11,355)
Reported Tax Collections	**57,510**	**60,720**	**63,006**	**63,406**
STAR (Dedicated Deposits)	(587)	(538)	(450)	(362)
RBTF (Dedicated Transfers)	(28,755)	(30,360)	(31,503)	(31,703)
Personal Income Tax	**28,168**	**29,822**	**31,053**	**31,341**
Sales and Use Tax	14,098	14,864	15,288	15,710
Cigarette and Tobacco Taxes	312	302	292	283
Vapor Excise Tax	0	0	0	0
Motor Fuel Tax	0	0	0	0
Alcoholic Beverage Taxes	271	274	278	281
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
Gross Consumption/Use Taxes	**14,715**	**15,474**	**15,892**	**16,308**
LGAC/STBF (Dedicated Transfers)	(7,049)	(7,432)	(7,644)	(7,856)
Consumption/Use Taxes	**7,666**	**8,042**	**8,248**	**8,452**
Corporation Franchise Tax	3,512	3,866	4,016	4,176
Corporation and Utilities Tax	449	467	472	476
Insurance Taxes	1,973	2,035	2,090	2,149
Bank Tax	85	0	0	0
Pass Through Entity Tax	0	0	0	0
Petroleum Business Tax	0	0	0	0
Business Taxes	**6,019**	**6,368**	**6,578**	**6,801**
Estate Tax	1,058	1,112	1,168	1,223
Real Estate Transfer Tax	993	1,048	1,091	1,139
Employer Compensation Expense Program	6	7	7	8
Gift Tax	0	0	0	0
Real Property Gains Tax	0	0	0	0
Pari-Mutuel Taxes	14	14	14	14
Other Taxes	2	1	2	2
Gross Other Taxes	**2,073**	**2,182**	**2,282**	**2,386**
Real Estate Transfer Tax (Dedicated)	(993)	(1,048)	(1,091)	(1,139)
RBTF (Dedicated Transfers)	(3)	(3)	(4)	(4)
Other Taxes	**1,077**	**1,131**	**1,187**	**1,243**
Payroll Tax	**0**	**0**	**0**	**0**
Total Taxes	**42,930**	**45,363**	**47,066**	**47,837**
Licenses, Fees, Etc.	479	529	579	629
Abandoned Property	450	450	450	450
Motor Vehicle Fees	246	238	238	250
ABC License Fee	66	65	64	68
Reimbursements	70	70	66	66
Investment Income	43	27	20	16
Extraordinary Settlements	0	0	0	0
Other Transactions	413	381	381	381
Miscellaneous Receipts	**1,767**	**1,760**	**1,798**	**1,860**
Federal Receipts	**3,000**	**3,000**	**0**	**0**
Total	**47,697**	**50,123**	**48,864**	**49,697**

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	38,833	5,451	33,880	78,164
Miscellaneous Receipts	6,913	15,701	374	22,988
Federal Receipts	0	(23)	74	51
Total Receipts	**45,746**	**21,129**	**34,328**	**101,203**
Disbursements:				
Local Assistance	52,011	14,661	0	66,672
State Operations:				
Personal Service	7,372	5,021	0	12,393
Non-Personal Service	3,243	2,397	44	5,684
General State Charges	6,084	1,062	0	7,146
Debt Service	0	0	11,891	11,891
Capital Projects	0	0	0	0
Total Disbursements	**68,710**	**23,141**	**11,935**	**103,786**
Other Financing Sources (Uses):				
Transfers from Other Funds	27,294	2,744	3,270	33,308
Transfers to Other Funds	(6,037)	(1,245)	(25,668)	(32,950)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**21,257**	**1,499**	**(22,398)**	**358**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(1,707)**	**(513)**	**(5)**	**(2,225)**
Closing Fund Balance	**7,237**	**4,887**	**58**	**12,182**

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
Opening Fund Balance	**7,237**	**4,887**	**58**	**12,182**
Receipts:				
Taxes	42,930	4,176	36,681	83,787
Miscellaneous Receipts	1,767	15,321	384	17,472
Federal Receipts	3,000	(20)	72	3,052
Total Receipts	**47,697**	**19,477**	**37,137**	**104,311**
Disbursements:				
Local Assistance	55,494	13,876	0	69,370
State Operations:				
Personal Service	9,131	4,783	0	13,914
Non-Personal Service	2,450	2,398	51	4,899
General State Charges	8,689	1,080	0	9,769
Debt Service	0	0	7,053	7,053
Capital Projects	0	0	0	0
Total Disbursements	**75,764**	**22,137**	**7,104**	**105,005**
Other Financing Sources (Uses):				
Transfers from Other Funds	33,679	2,463	1,996	38,138
Transfers to Other Funds	(7,119)	(85)	(32,023)	(39,227)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**26,560**	**2,378**	**(30,027)**	**(1,089)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(1,507)**	**(282)**	**6**	**(1,783)**
Closing Fund Balance	**5,730**	**4,605**	**64**	**10,399**

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	45,363	4,312	38,724	88,399
Miscellaneous Receipts	1,760	15,448	387	17,595
Federal Receipts	3,000	(18)	69	3,051
Total Receipts	**50,123**	**19,742**	**39,180**	**109,045**
Disbursements:				
Local Assistance	58,733	13,993	0	72,726
State Operations:				
Personal Service	9,863	4,775	0	14,638
Non-Personal Service	2,916	2,333	43	5,292
General State Charges	9,272	1,109	0	10,381
Debt Service	0	0	6,609	6,609
Capital Projects	0	0	0	0
Total Disbursements	**80,784**	**22,210**	**6,652**	**109,646**
Other Financing Sources (Uses):				
Transfers from Other Funds	35,963	2,505	1,818	40,286
Transfers to Other Funds	(6,951)	(59)	(34,343)	(41,353)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**29,012**	**2,446**	**(32,525)**	**(1,067)**
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	**(902)**	**(22)**	**3**	**(921)**

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	47,066	4,309	40,123	91,498
Miscellaneous Receipts	1,798	15,442	387	17,627
Federal Receipts	0	(17)	66	49
Total Receipts	**48,864**	**19,734**	**40,576**	**109,174**
Disbursements:				
Local Assistance	61,351	13,866	0	75,217
State Operations:				
Personal Service	9,422	4,724	0	14,146
Non-Personal Service	2,996	2,262	43	5,301
General State Charges	9,708	1,123	0	10,831
Debt Service	0	0	7,346	7,346
Capital Projects	0	0	0	0
Total Disbursements	**83,477**	**21,975**	**7,389**	**112,841**
Other Financing Sources (Uses):				
Transfers from Other Funds	36,912	2,515	1,885	41,312
Transfers to Other Funds	(6,278)	(241)	(35,054)	(41,573)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**30,634**	**2,274**	**(33,169)**	**(261)**
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	**(3,634)**	**33**	**18**	**(3,583)**

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	38,833	5,451	1,182	33,880	79,346
Miscellaneous Receipts	6,913	15,921	8,499	374	31,707
Federal Receipts	0	81,840	2,182	74	84,096
Total Receipts	**45,746**	**103,212**	**11,863**	**34,328**	**195,149**
Disbursements:					
Local Assistance	52,011	84,906	5,407	0	142,324
State Operations:					
Personal Service	7,372	7,696	0	0	15,068
Non-Personal Service	3,243	4,452	0	44	7,739
General State Charges	6,084	2,535	0	0	8,619
Debt Service	0	144	0	11,891	12,035
Capital Projects	0	3	8,542	0	8,545
Total Disbursements	**68,710**	**99,736**	**13,949**	**11,935**	**194,330**
Other Financing Sources (Uses):					
Transfers from Other Funds	27,294	2,744	3,363	3,270	36,671
Transfers to Other Funds	(6,037)	(3,422)	(1,495)	(25,668)	(36,622)
Bond and Note Proceeds	0	0	365	0	365
Net Other Financing Sources (Uses)	**21,257**	**(678)**	**2,233**	**(22,398)**	**414**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(1,707)**	**2,798**	**147**	**(5)**	**1,233**
Closing Fund Balance	**7,237**	**9,109**	**(888)**	**58**	**15,516**

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
Opening Fund Balance	**7,237**	**9,109**	**(888)**	**58**	**15,516**
Receipts:					
Taxes	42,930	4,176	1,319	36,681	85,106
Miscellaneous Receipts	1,767	15,529	9,903	384	27,583
Federal Receipts	3,000	74,840	2,213	72	80,125
Total Receipts	**47,697**	**94,545**	**13,435**	**37,137**	**192,814**
Disbursements:					
Local Assistance	55,494	83,986	7,829	0	147,309
State Operations:					
Personal Service	9,131	5,464	0	0	14,595
Non-Personal Service	2,450	5,041	0	51	7,542
General State Charges	8,689	1,455	0	0	10,144
Debt Service	0	0	0	7,053	7,053
Capital Projects	0	0	9,380	0	9,380
Total Disbursements	**75,764**	**95,946**	**17,209**	**7,104**	**196,023**
Other Financing Sources (Uses):					
Transfers from Other Funds	33,679	2,463	4,602	1,996	42,740
Transfers to Other Funds	(7,119)	(2,267)	(1,364)	(32,023)	(42,773)
Bond and Note Proceeds	0	0	413	0	413
Net Other Financing Sources (Uses)	**26,560**	**196**	**3,651**	**(30,027)**	**380**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(1,507)**	**(1,205)**	**(123)**	**6**	**(2,829)**
Closing Fund Balance	**5,730**	**7,904**	**(1,011)**	**64**	**12,687**

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	45,363	4,312	1,295	38,724	89,694
Miscellaneous Receipts	1,760	15,656	7,825	387	25,628
Federal Receipts	3,000	70,541	2,214	69	75,824
Total Receipts	**50,123**	**90,509**	**11,334**	**39,180**	**191,146**
Disbursements:					
Local Assistance	58,733	79,081	5,889	0	143,703
State Operations:					
Personal Service	9,863	5,457	0	0	15,320
Non-Personal Service	2,916	3,741	0	43	6,700
General State Charges	9,272	1,485	0	0	10,757
Debt Service	0	0	0	6,609	6,609
Capital Projects	0	0	8,868	0	8,868
Total Disbursements	**80,784**	**89,764**	**14,757**	**6,652**	**191,957**
Other Financing Sources (Uses):					
Transfers from Other Funds	35,963	2,505	4,372	1,818	44,658
Transfers to Other Funds	(6,951)	(2,026)	(1,527)	(34,343)	(44,847)
Bond and Note Proceeds	0	0	509	0	509
Net Other Financing Sources (Uses)	**29,012**	**479**	**3,354**	**(32,525)**	**320**
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	**(902)**	**1,224**	**(69)**	**3**	**256**

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	47,066	4,309	1,291	40,123	92,789
Miscellaneous Receipts	1,798	15,650	7,847	387	25,682
Federal Receipts	0	69,753	2,186	66	72,005
Total Receipts	**48,864**	**89,712**	**11,324**	**40,576**	**190,476**
Disbursements:					
Local Assistance	61,351	77,913	5,306	0	144,570
State Operations:					
Personal Service	9,422	5,408	0	0	14,830
Non-Personal Service	2,996	3,678	0	43	6,717
General State Charges	9,708	1,500	0	0	11,208
Debt Service	0	0	0	7,346	7,346
Capital Projects	0	0	8,429	0	8,429
Total Disbursements	**83,477**	**88,499**	**13,735**	**7,389**	**193,100**
Other Financing Sources (Uses):					
Transfers from Other Funds	36,912	2,515	3,610	1,885	44,922
Transfers to Other Funds	(6,278)	(2,200)	(1,582)	(35,054)	(45,114)
Bond and Note Proceeds	0	0	379	0	379
Net Other Financing Sources (Uses)	**30,634**	**315**	**2,407**	**(33,169)**	**187**
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	**(3,634)**	**1,528**	**(4)**	**18**	**(2,092)**

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 Results	November Results	December Results	2021 January Results	February Projected	March Projected	Total
OPENING BALANCE	8,944	10,082	7,310	6,864	14,383	13,523	15,442	14,932	13,603	16,552	19,333	20,003	8,944
RECEIPTS:													
Personal Income Tax	1,033	1,100	2,184	5,115	1,362	2,635	1,266	1,286	2,381	2,755	2,564	810	24,491
Consumption/Use Taxes	459	414	621	594	586	804	567	595	753	663	510	630	7,196
Business Taxes	280	(125)	925	491	78	1,282	101	74	1,364	(30)	(198)	1,679	5,921
Other Taxes	74	52	148	149	57	92	137	132	125	294	62	(97)	1,225
Total Taxes	1,846	1,441	3,878	6,349	2,083	4,813	2,071	2,087	4,623	3,682	2,938	3,022	38,833
Abandoned Property	0	0	0	0	25	85	11	215	30	5	0	79	450
ABC License Fee	2	3	3	5	5	5	5	4	3	5	6	6	52
Investment Income	16	6	2	1	1	2	2	2	1	2	22	22	79
Licenses, Fees, etc.	24	5	21	54	93	2	28	50	48	75	(10)	(12)	378
Motor Vehicle Fees	(100)	(49)	127	110	13	43	29	19	39	19	30	51	331
Reimbursements	7	66	30	1	24	(83)	76	6	43	(1)	9	(54)	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	40	1	98	22	5	52	4,899
Total Miscellaneous Receipts	37	1,254	3,753	342	166	128	191	447	262	127	62	144	6,913
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	666	519	2,027	1,374	2,225	244	18,066
ECEP in Excess of Revenue Bond Debt Service	0	0	0	0	0	0	0	0	0	0	1	1	2
Tax in Excess of LGAC	197	87	384	265	268	354	275	272	353	299	154	298	3,206
Sales Tax Bond Fund	87	75	176	155	159	302	165	163	244	189	127	289	2,131
Real Estate Taxes in Excess of CW/CA Debt Service	44	48	38	50	52	66	62	75	91	107	48	49	730
All Other	75	194	84	126	196	152	45	133	228	135	386	1,405	3,159
Total Transfers from Other Funds	1,436	1,503	2,860	4,920	1,162	2,764	1,213	1,162	2,943	2,104	2,941	2,286	27,294
TOTAL RECEIPTS	3,319	4,198	10,491	11,611	3,411	7,705	3,475	3,696	7,828	5,913	5,941	5,452	73,040
DISBURSEMENTS:													
School Aid	724	4,024	1,774	53	744	1,465	776	1,235	2,195	407	948	9,532	23,877
Higher Education	5	1	1,333	39	59	22	249	124	89	50	359	1,136	3,466
All Other Education	18	5	18	484	52	83	50	52	124	46	73	1,079	2,084
Medicaid - DOH	288	1,292	2,408	1,188	1,436	1,479	1,086	1,045	1,181	1,003	1,133	222	13,761
Public Health	6	9	100	222	26	40	18	94	19	22	29	132	717
Mental Hygiene	57	37	143	242	45	332	246	81	590	196	(485)	583	2,067
Children and Families	16	2	11	328	4	231	32	170	104	22	366	493	1,779
Temporary & Disability Assistance	63	156	57	249	53	202	52	49	82	133	58	258	1,412
Transportation	0	0	0	25	13	2	3	14	24	0	0	26	107
Unrestricted Aid	0	0	323	0	0	31	6	0	149	1	2	165	677
All Other	(38)	2	211	10	12	46	(122)	27	69	15	116	1,716	2,064
Total Local Assistance	1,139	5,528	6,378	2,840	2,444	3,933	2,396	2,891	4,626	1,895	2,599	15,342	52,011
Personal Service	894	691	565	739	663	836	598	614	(486)	595	629	1,034	7,372
Non-Personal Service	313	195	165	(507)	222	261	184	193	242	219	1,077	679	3,243
Total State Operations	1,207	886	730	232	885	1,097	782	807	(244)	814	1,706	1,713	10,615
General State Charges	460	331	2,512	335	272	476	387	342	263	(278)	347	637	6,084
Debt Service	32	(2)	4	83	(4)	(22)	76	(1)	(11)	185	(23)	(8)	309
Capital Projects	(800)	204	343	510	566	246	91	906	120	481	569	(253)	2,983
SUNY Operations	0	0	759	62	30	14	0	64	58	7	22	223	1,239
Other Purposes	143	23	211	30	78	42	253	16	67	28	51	564	1,506
Total Transfers to Other Funds	(625)	225	1,317	685	670	280	420	985	234	701	619	526	6,037
TOTAL DISBURSEMENTS	2,181	6,970	10,937	4,092	4,271	5,786	3,985	5,025	4,879	3,132	5,271	18,218	74,747
Excess/(Deficiency) of Receipts over Disbursements	1,138	(2,772)	(446)	7,519	(860)	1,919	(510)	(1,329)	2,949	2,781	670	(12,766)	(1,707)
CLOSING BALANCE	10,082	7,310	6,864	14,383	13,523	15,442	14,932	13,603	16,552	19,333	20,003	7,237	7,237

Source: NYS DOB.