

General State Charges

Mission

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

Budget Highlights

The FY 2021 Executive Budget recommends appropriations totaling \$6.3 billion (All Funds) for GSC, including General Fund appropriations of \$5.9 billion and Fiduciary Fund appropriations of \$0.4 billion. Programmatic appropriations in the General Fund are increasing by \$229 million. This primarily reflects the increased cost of employee and retiree health insurance and payment of the Social Security payroll tax.

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

- **Eliminate Taxpayer Subsidy for the Medicare Part B Income Related Monthly Adjustment Amounts (IRMAA) for High-Income State Retirees.** The Federal government imposed the supplemental IRMAA premium in 2007 to require high-income retirees to pay a greater share of Medicare costs. New York taxpayers currently subsidize the entire IRMAA premium of New York State's high-income retirees. This subsidy is worth \$694 annually for retirees with an Adjusted Gross Income (AGI) between \$87,000 and \$109,000, growing to a taxpayer subsidy of \$4,164 annually for retirees with AGI above \$500,000. The Budget eliminates this extra taxpayer reimbursement to higher-income retirees effective January 1, 2020. Connecticut and Hawaii (partial reimbursement) are the only other States that provide reimbursement for IRMAA. Eliminating this subsidy will save taxpayers \$3.7 million in FY 2021 (due to the lag in reimbursement), increasing to \$15.7 million in FY 2022.
- **Cap State Reimbursement of the Medicare Part B Standard Premium for New York State Retirees.** In Calendar Year 2020, New York taxpayers are reimbursing the standard premium for new and existing retirees at the amount of \$144.60 per month. The cost of this reimbursement is \$233 million. This proposal maintains State reimbursement at \$144.60 per month, consistent with CY 2020 Federal program costs. Any future increases in reimbursement above this level would be subject to the annual budget process. This proposal provides savings of \$2.2 million in FY 2021 and \$11.8 million fully annualized in FY 2022. Only five other states reimburse the Standard Part B premium at all (California, Connecticut, Hawaii, Nevada and New Jersey), and Ohio recently phased out reimbursement.
- **Implement Differential Premiums for Future State Retirees Based on Years of Service.** Currently, the taxpayer cost for a retiree with 10 years or more of service is the same as that for a retiree with 30 years of service. Under this proposal, similar to the calculation for pension benefits, taxpayer support for new civilian hires at retirement would vary based on years of service. Those retiring with less than 30 years of service would receive a taxpayer subsidy which is less than that for retirees with 30 or more years of service. Subsidies begin at 10 years of service and gradually increase until they are no different than current levels once an individual reaches 30 years of service. This change will be fully implemented for post October 1, 2020 civilian hires in approximately 30 years once the current retiree group is largely replaced.
- **Provide a Market-Rate of Interest on Court Judgments.** The Executive Budget proposes a variable market-based interest rate on court judgments paid by public and private entities, which will provide mandate relief for local governments and lower State taxpayer costs by \$6 million. The market-based interest would be the weekly average one-year constant maturity treasury yield, which is the same rate utilized by the Federal court system. Currently, the interest rate on judgments is established at a fixed rate of as much as 9 percent annually. This fixed rate was established at a time when interest rates were at 12 percent. A prevailing market rate will help ensure that neither side in a lawsuit will be disadvantaged by an interest rate that is above or below what otherwise could be earned while cases are being adjudicated.

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

**ALL FUNDS
APPROPRIATIONS
(dollars)**

Category	Available FY 2020	Appropriations Recommended FY 2021	Change From FY 2020	Reappropriations Recommended FY 2021
State Operations	6,038,328,000	6,266,876,000	228,548,000	0
Total	6,038,328,000	6,266,876,000	228,548,000	0

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

Fund Type	Available FY 2020	Recommended FY 2021	Change
Fiduciary	400,500,000	400,500,000	0
General Fund	5,637,828,000	5,866,376,000	228,548,000
Total	6,038,328,000	6,266,876,000	228,548,000

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

Program	Available FY 2020	Recommended FY 2021	Change
General State Charges			
Fiduciary	400,500,000	400,500,000	0
General Fund	5,637,828,000	5,866,376,000	228,548,000
Total	6,038,328,000	6,266,876,000	228,548,000

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
FY 2021 RECOMMENDED
(dollars)**

Program	Amount	Total	Change
General State Charges	5,866,376,000		228,548,000
Total	5,866,376,000		228,548,000

Program	Amount	Maintenance Undistributed	Change
General State Charges	5,866,376,000		228,548,000
Total	5,866,376,000		228,548,000

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STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
FY 2021 RECOMMENDED
 (dollars)

Program	Amount	Total Change	Maintenance Amount	Undistributed Change
General State Charges	400,500,000	0	400,500,000	0
Total	400,500,000	0	400,500,000	0

Note: Most recent estimates as of 01/29/2020