Update to
Annual Information Statement
State of New York

October 5, 2021

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Introduction

Introduction

This first quarterly update to the Annual Information Statement (the "AIS Update") is dated October 5, 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 updates the Annual Information Statement dated June 8, 2021 (the "AIS"). This AIS Update should be read in its entirety, together with the AIS.

In this AIS Update, readers will find:

1. Information on the State’s current financial projections, including summaries and extracts from the State’s First Quarterly Update to the Financial Plan for FY 2022 (the “Updated Financial Plan”) issued by the Division of the Budget (DOB) in September 2021. The Updated Financial Plan (which is available on the DOB website, www.budget.ny.gov) includes a summary of first quarter operating results for FY 2022 (quarter ended June 30, 2021) and updates to the State’s official financial projections for FY 2022 through FY 2025.[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 2022 Enacted Budget Financial Plan (the “Enacted Budget Financial Plan”) reflected in the AIS. DOB next expects to update the State’s multi-year financial projections in October 2021 with the Mid-Year Update to the Financial Plan.
2. A discussion of issues and risks that may affect the State's financial projections during FY 2022 or in future fiscal years is provided under the heading “Other Matters Affecting the Financial Plan”.
3. Information on other subjects relevant to the State’s finances, including summaries of: (a) the Generally Accepted Accounting Principles (GAAP)-basis results for the prior three fiscal years, (b) the State’s debt and other financing activities, and (c) activities of public authorities and localities.
4. Updated information regarding the State Retirement System.
5. The status of significant litigation that has the potential to adversely affect the State’s finances.
6. Financial Plan tables that summarize actual General Fund receipts and disbursements for fiscal year 2021 and projected receipts and disbursements for fiscal years 2022 through 2025 on a General Fund, State Operating Funds and All Governmental Funds basis.

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

[1] The State fiscal year is identified by the calendar year in which it ends. For example, fiscal year 2022 (“FY 2022”) is the fiscal year that began on April 1, 2021 and will end on March 31, 2022.

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.

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 results will not vary. 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; epidemics or pandemics; cybersecurity events; impediments to the implementation of gap-closing actions; regulatory initiatives and compliance with governmental regulations; litigation; Federal tax law changes; actions by the Federal government to reduce or disallow expected aid, including Federal aid authorized or appropriated by Congress, but subject to sequestration, administrative actions, or other actions that would reduce aid to the State; and various other events, conditions and circumstances. Many of these risks and uncertainties are beyond the control of the State. These forward-looking statements are based on the State's expectations as of the date of this AIS Update.

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

OSC issued the State's Basic Financial Statements for FY 2021 and the Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting on July 29, 2021 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 2021 can also be accessed through EMMA at www.emma.msrb.org.

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Budgetary and Accounting Practices

Significant Budgetary and 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 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.

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[2] State Finance Law also requires DOB to prepare a pro forma Financial Plan using, to the extent practicable, Generally Accepted Accounting Principles (GAAP). The GAAP-basis Financial Plan is informational only. DOB does not use it as a benchmark for managing State finances during the fiscal year and does not update it on a quarterly basis. The GAAP-basis Financial Plan follows, to the extent practicable, the accrual methodologies and fund accounting rules applied by the Office of the State Comptroller 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 positions 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 is 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).

As of the FY 2022 Enacted Budget, the State changed certain Financial Plan and AIS terminology to align with fiscal publications released by the State Comptroller. Previously, the State used the term “results” in the Financial Plan and AIS to mean year-end actual but unaudited performance data for the most recently completed fiscal year. While year-end cash results could be adjusted during the audit of the State’s Financial Statements prepared under Generally Accepted Accounting Principles contained in the Annual Comprehensive Financial Report (ACFR), which must be released within 120 days after the end of the State Fiscal Year, revisions are not common. In prior updates to the Financial Plan and AIS released after the issuance of the ACFR, the term “results” reflected audited year-end performance data for the most recently completed fiscal year. Beginning with the FY 2022 Enacted Budget Financial Plan and the AIS released on June 8, 2021, the term “actuals” replaces “results”, but the meaning remains the same relative to the issuance of the ACFR. The FY 2021 ACFR was issued on July 29, 2021; as such, the term “actuals” as referenced in this AIS Update indicates audited results.

Financial Plan Overview

Financial Plan Overview

The following table provides certain Financial Plan information for FY 2021 and FY 2022.

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

	FY 2021	FY 2022	
	Actuals	Enacted	First Quarter
State Operating Funds Disbursements			
Size of Budget	$104,207	$112,220	$112,677
Annual Growth	2.0%	7.7%	8.1%
Other Disbursement Measures			
General Fund (Including Transfers)[1]	$74,095	$88,991	$90,068
Annual Growth	-4.4%	20.1%	21.6%
Capital Budget (Federal and State)	$12,331	$15,891	$15,983
Annual Growth	2.8%	28.9%	29.6%
Federal Operating Aid	$70,049	$80,776	$80,856
Annual Growth	19.1%	15.3%	15.4%
All Funds	$186,587	$208,887	$209,516
Annual Growth	7.9%	12.0%	12.3%
Inflation (CPI)	1.2%	3.0%	4.4%
All Funds Receipts			
Taxes	$82,376	$91,093	$93,217
Annual Growth	-0.6%	10.6%	13.2%
Miscellaneous Receipts	$30,772	$26,052	$25,557
Annual Growth	4.4%	-15.3%	-16.9%
Federal Receipts (Operating and Capital)	$78,152	$96,645	$96,517
Annual Growth	20.1%	23.7%	23.5%
Total All Funds Receipts	$191,300	$213,790	$215,291
Annual Growth	7.8%	11.8%	12.5%
General Fund Cash Balance	$9,161	$7,354	$8,429
Rainy Day Reserves	$2,476	$3,301	$3,301
Extraordinary Monetary Settlements	$2,083	$2,035	$2,035
Economic Uncertainties	$1,490	$1,490	$2,290
All Other Reserves/Fund Balances	$3,112	$528	$803
Debt			
Debt Service as % All Funds Receipts[2]	4.6%	3.2%	3.1%
State-Related Debt Outstanding	$58,881	$66,649	$66,649
Debt Outstanding as % Personal Income	4.0%	4.4%	4.4%

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

2 Excludes $4.5 billion in short-term notes issued and repaid in FY 2021.

Summary

The Enacted Budget Financial Plan projected balanced operations in FY 2022 and FY 2023, followed by budget gaps of $1.4 billion in FY 2024 and $2 billion in FY 2025. In this AIS Update, DOB estimates the General Fund will remain balanced in the current fiscal year and FY 2023. The outyear budget gaps are now estimated at $247 million in FY 2024 and $1.2 billion in FY 2025. Strong PIT collections are driving the improved outlook.

General Fund receipts, including transfers from other funds, are estimated at $89.3 billion in FY 2022, an increase of $2.1 billion compared to the Enacted Budget Financial Plan. DOB has raised the FY 2022 estimate for net PIT collections by $2.1 billion. In the Enacted Budget, DOB estimated that payments made in the first quarter of FY 2022 by taxpayers filing for extensions would total nearly $5 billion. Actual collections to date total roughly $7.4 billion and have exceeded the *annual* estimate by over $2.4 billion.[3] The higher tax revenue increases the PIT base and therefore carries through each year of the Financial Plan. DOB has also revised the estimates for PIT refunds and the reconciliation of PIT receipts between the State and New York City. Both reduce expected net PIT receipts in each year of the Financial Plan. Tax collections, while strong to date, are subject to substantial downside risk from the spread of COVID variants, which may disrupt economic activity unpredictably in the coming months. DOB is monitoring the situation closely.

General Fund disbursements, including transfers to other funds, are expected to total $90.1 billion in FY 2022, an increase of $1.1 billion compared to the Enacted Budget Financial Plan. Several events have occurred that are expected to increase spending. First, on July 27, 2021, the Public Employee Federation ratified a four-year labor contract, covering FY 2020 through FY 2023, that provides general salary increases of 2 percent annually. The General Fund cost for the retroactive salary increases attributable to FY 2020 and FY 2021 is estimated by DOB at $286 million. Second, the State extended the moratorium on COVID-related residential and commercial evictions in New York State through January 15, 2022 and committed an additional $150 million supplement to the Federal Emergency Rental Assistance program. Third, DOB is increasing planned pay-as-you-go (PAYGO) capital spending in the current fiscal year, with a focus on reducing debt issuances for assets with relatively short useful lives and the paydown of certain old outstanding capital loan balances. Lastly, the Judiciary plans to prepay the amortizations it owes to the State Retirement System, which will result in a General Fund cost of $97 million in FY 2022 but outyear savings of $103 million.[4] These and other more modest costs are offset in part by use of the Coronavirus Relief Fund (CRF) to fund $192 million in eligible fringe benefit costs for public safety and health employees.

[3] Taxpayers who file for extensions must make estimated payments of their tax year liability in advance of filing final returns.

[4] The State prepaid its outstanding amortizations at the end of FY 2021.

President Biden approved an expedited Major Disaster Declaration that is expected to provide Federal financial relief to eligible local governments, businesses, and households that experienced harm from flooding caused by the remnants of Hurricane Ida. DOB is assessing the need for State resources, which will depend on the timing and scope of Federal relief. Any new costs, which are expected to be managed within existing General Fund resources, will be reflected in the Mid-Year Update.

The upward revisions to General Fund receipts exceed the changes to disbursements by $1.1 billion in FY 2022, $2.2 billion in FY 2023, $1 billion in FY 2024, and $1.5 billion in FY 2025. The surpluses are reserved to fund future labor settlements, critical agency operating expenses, and deposits to general reserves.

A snapshot taken today would show State finances in a strong position: balanced operations and relatively small outyear budget gaps, stronger than expected tax collections, relatively high liquidity, and affordable debt levels. Missing from the picture but of great concern are the risks and uncertainties created by the pandemic and the continued risk of significant climate and weather events that the State and localities have experienced in 2021.

First, the migration of taxpayers out of state and the expansion of telework present real but hard to quantify risks to the State’s tax base, as well as to New York City and the Metropolitan Transportation Authority (MTA). Second, time-limited resources that have improved the State’s operating position and liquidity, most notably Federal recovery aid, will be expended by the end of FY 2025. Lastly, COVID variants and extreme weather events have the potential to disrupt the strength and pace of the State's economic recovery. For these reasons, the Financial Plan is bolstering reserves systematically today so that the State is positioned to maintain essential services and commitments if such risks materialize.

First Quarterly Revisions

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

FY 2022 FIRST QUARTERLY UPDATE GENERAL FUND REVISIONS (millions of dollars)				
	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
ENACTED BUDGET SURPLUS/(GAP)	**0**	**0**	**(1,442)**	**(1,974)**
Receipts	**2,152**	**2,126**	**2,126**	**2,126**
Tax Receipts	2,125	2,125	2,125	2,125
Non-Tax Receipts/Transfers	27	1	1	1
Disbursements	**(1,077)**	**44**	**69**	**122**
Local Assistance	(147)	(17)	54	111
Agency Operations	(213)	34	22	18
All Other	(717)	27	(7)	(7)
Use of/(Deposit to) Reserves	**(1,075)**	**(2,170)**	**(1,000)**	**(1,450)**
Rainy Day Reserves	0	(770)	0	0
Labor Settlements/Agency Operations	(275)	(600)	(1,000)	(1,450)
Economic Uncertainties	(800)	(800)	0	0
FIRST QUARTERLY UPDATE SURPLUS/(GAP) ESTIMATE	**0**	**0**	**(247)**	**(1,176)**

Receipts Revisions

Tax Receipts. DOB has increased PIT receipts estimates by $2.1 billion in each year of the Financial Plan. The increase reflects PIT extension payments received through June 2021, net of adjustments for refunds, and the reconciliation of receipts between the State and New York City.

McKinsey Opioid Settlement. As part of a multi-state settlement concerning its role in the opioid epidemic, McKinsey & Company will pay the State $32 million over five years ($27 million in FY 2022 and roughly $1 million per year thereafter). The State intends to use $11 million of the funds for the Medication-Assisted Treatment (MAT) program (see below).

Disbursement Revisions

Local Assistance

Education. General Fund spending for School Aid has been increased to offset an expected reduction in gaming revenue due to two recent events. First, the State Gaming Commission approved a reduction in the slot tax rate paid by Rivers Casino from 45 percent to 30 percent. Second, the State Legislature approved a two-year extension of Vernon Downs' retention of 75 percent of its 10 percent administrative allowance. Together, these changes reduce gaming revenue (and increase General Fund support) for School Aid by $29 million in FY 2023 and roughly $15 million in the subsequent year. In addition, spending for Supplemental Charter School tuition has been revised upward based on updated enrollment projections.

Medicaid. Spending permitted under the Global Cap index is reduced consistent with the update to the medical portion of the Consumer Price Index (CPI).

Rental Assistance. An additional $150 million is added to the State's commitment to pandemic recovery initiatives, bringing the State supplement to the Federal Emergency Rental Assistance program, that primarily provides payments for rent and utility arrears for eligible tenants and landlords, to $250 million.

Agency Operations

Public Employees Federation (PEF) Contract. On July 27, 2021, PEF members ratified a new contract with the State covering FY 2020 through FY 2023. The contract provides for a 2 percent general salary increase in each year of the contract. The Financial Plan reflects $286 million in General Fund costs for payment of retroactive salary increases for FY 2020 and FY 2021. Agencies are expected to fund the ongoing costs of the salary increases within existing budgets.

Fringe Benefit Costs Funded by CRF. The Updated Financial Plan reflects the use of the CRF to fund eligible fringe benefit costs for public safety and health employees.

Judiciary Pension Amortization Prepayment. At the close of FY 2021, the State paid its outstanding pension amortizations due to the Common Retirement Fund, which provided outyear savings. In FY 2022, the Judiciary plans to prepay its outstanding amortizations ($97 million), which will reduce its outyear costs, including interest expense.

MAT. Spending has been increased for the MAT Program, which is designed to provide treatment for persons identified as suffering from opioid use disorder who re-enter communities from specialized facilities. The new spending is funded from the McKinsey opioid settlement.

Timing of Prison Closures. The timetable for closing facilities, as authorized in the Enacted Budget, has been extended.

All Other. Other revisions include reclassifications of spending between agencies and financial plan categories (i.e., local assistance to state operations) that have no net impact on General Fund operations, as well as other minor revisions based on results to date.

Transfers

General Fund transfers to capital projects funds have been increased in FY 2022 to fund the decommissioning of three alternative care facilities used as part of the State's COVID response. The Financial Plan expects that Federal Emergency Management Agency (FEMA) will reimburse the State for the full cost in FY 2023 ($39 million). Transfers for capital projects have also been increased for the ongoing costs of the water remediation project in the Town of Newburgh ($21 million) and reimbursement for arterial maintenance to the City of New York ($11 million). Lastly, DOB is increasing planned PAYGO funding in the current year, with a focus on reducing planned debt issuances for assets with relatively short useful lives and the paydown of certain old capital loan balances from the State Treasury.

Reserves

General Fund reserves have been increased by nearly $1.1 billion in FY 2022 and in subsequent years to fund the costs of future labor settlements, critical agency operating needs, and general reserves.

Rainy Day Funds. In addition to the $825 million reserve deposit previously planned in FY 2022, another $770 million is expected to be deposited in FY 2023, fiscal conditions permitting. The two-year total of $1.6 billion will bring the balance in the Rainy Day Reserves to nearly $4.1 billion.

Labor Settlements/Agency Operations. The reserve for labor settlements and agency operations is expected to be available to fund potential agency costs related to the ongoing general salary increases of 2 percent for both settled and unsettled unions and any critical staffing or operational needs.

Economic Uncertainties. A total of $1.6 billion will be set aside through FY 2023 in the reserve for economic uncertainties to hedge against risks from the ongoing COVID pandemic impact on the economic recovery, and the risk to the tax base from out of state migration and telework.

State Operating Funds – Summary of Annual Spending Change

STATE OPERATING FUNDS DISBURSEMENTS
FY 2021 TO FY 2022
(millions of dollars)

	FY 2021 Actuals	FY 2022 Projected	Annual Change $	Annual Change %
LOCAL ASSISTANCE	**65,087**	**76,878**	**11,791**	**18.1%**
School Aid (School Year Basis)	26,515	29,505	2,990	11.3%
STAR	2,027	1,979	(48)	-2.4%
DOH Medicaid[1]	23,061	24,482	1,421	6.2%
Temporary eFMAP Increase	(3,420)	(2,487)	933	27.3%
Mental Hygiene (Gross)[2,3]	4,045	4,521	476	11.8%
Mental Hygiene Stabilization Fund[2]	(2,157)	0	2,157	100.0%
Transportation[3]	3,578	3,792	214	6.0%
Social Services[3]	2,538	2,998	460	18.1%
Higher Education[3]	2,706	2,943	237	8.8%
Other Education	1,828	2,404	576	31.5%
FY 2020 Timing of Payments[3]	1,385	0	(1,385)	-100.0%
All Other[3,4]	2,981	3,069	88	3.0%
Recovery Initiatives	0	3,672	3,672	0.0%
STATE OPERATIONS/GENERAL STATE CHARGES	**25,924**	**29,092**	**3,168**	**12.2%**
State Operations	18,006	19,668	1,662	9.2%
Executive Agencies	10,020	10,342	322	3.2%
University Systems	6,237	6,377	140	2.2%
Elected Officials	2,656	2,721	65	2.4%
Fund Eligible Expenses from CRF	(1,726)	0	1,726	100.0%
Pandemic Costs/(Reimbursement)	951	(940)	(1,891)	-198.8%
Ongoing Pandemic Related Expenses	(132)	200	332	251.5%
Retroactive Salary Payments	0	968	968	0.0%
General State Charges	7,918	9,424	1,506	19.0%
Pension Contribution	3,406	2,610	(796)	-23.4%
Health Insurance	4,415	4,736	321	7.3%
Fund Eligible Expenses from CRF	(996)	(197)	799	80.2%
Social Security Deferment	(674)	372	1,046	155.2%
Other Fringe Benefits/Fixed Costs	1,767	1,903	136	7.7%
DEBT SERVICE	**13,196**	**6,707**	**(6,489)**	**-49.2%**
TOTAL STATE OPERATING FUNDS	**104,207**	**112,677**	**8,470**	**8.1%**
Capital Projects (State and Federal Funds)	**12,331**	**15,983**	**3,652**	**29.6%**
Federal Operating Aid	**70,049**	**80,856**	**10,807**	**15.4%**
TOTAL ALL GOVERNMENTAL FUNDS	**186,587**	**209,516**	**22,929**	**12.3%**

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

[2] In FY 2021, roughly half of total Mental Hygiene spending was funded via the Mental Hygiene Stabilization Fund under the DOH Medicaid Global Cap. This spending appears in DOH rather than Mental Hygiene.

[3] Due to the disruptions and uncertainties related to the COVID-19 pandemic, certain payments that would have been made in March 2020 were not paid until FY 2021. This spending is displayed discretely and adjusted (excluded from the FY 2021 spending totals of each affected functional area (higher education, social services, mental hygiene, and transportation.))

[4] "All Other" includes spending for: various other functions; reclassifications between financial plan categories; a reconciliation between school year and State fiscal year spending for School Aid; and MSA payments deposited directly to a Medicaid Escrow Fund, which reduces reported disbursements.

State Operating Funds encompasses the General Fund and a wide range of State activities funded from revenue sources outside the General Fund, including dedicated tax revenues, tuition, income, fees, and assessments. Activities funded with these dedicated revenue sources often have no direct bearing on the State's ability to maintain a balanced budget in the General Fund, but nonetheless are captured in State Operating Funds.

In FY 2022, State Operating Funds spending is estimated at $112.7 billion, an increase of 8.1 percent from FY 2021. Excluding the recovery initiatives, which in State Operating Funds are expected to total $3.7 billion[5] in FY 2022, spending is projected to grow by 4.6 percent. School Aid, Medicaid, and funding of FY 2021 pandemic response costs from the CRF (which lowered FY 2021 State Operating Funds spending) account for most of the annual increase.

Local Assistance

Local assistance spending includes payments to local governments, school districts, health care providers, managed care organizations, and other entities, as well as financial assistance to, or on behalf of, individuals, families, and not-for-profit organizations. Local assistance comprises roughly two-thirds of State Operating Funds spending. School Aid and Medicaid account for more than half of local assistance spending. In FY 2021, the State withheld a percentage of local aid payments as a contingency measure. With certain exceptions, these withheld amounts were released for payment in March 2021. In most instances, the released payments were, or are expected to be, processed in FY 2022, which affects annual spending growth.

Spending for School Aid in school year (SY) 2022 totals $29.5 billion, representing an annual increase of nearly $3 billion (11.3 percent). This annual increase includes a school year basis Foundation Aid increase of $1.4 billion (7.6 percent), as part of a three-year phase-in of the Foundation Aid formula. In addition to State School Aid, schools will receive $13.0 billion of Federal resources via the Elementary and Secondary School Emergency Relief (ESSER) and Governor's Emergency Education Relief (GEER) funds allocated to public schools by the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan Act of 2021 (ARP). This funding, available for use over multiple years, is intended to help schools safely reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic.

STAR program spending is affected by the continuing conversion of benefit payments from a real property tax exemption to a PIT credit. The level of reported STAR disbursements will continue to decrease as STAR beneficiaries move into the PIT credit program.

[5] Includes $377 million for the State Small Business Credit Incentive program that is funded by the Federal government and disbursed as State Funds spending per Federal guidance for past program execution.

Department of Health (DOH) Medicaid spending is estimated at $24.5 billion in FY 2022, an annual increase of $1.4 billion (6.2 percent). Costs under the Global Cap are projected to increase by $580 million, consistent with the statutory growth index. Costs outside the Global Cap, which include minimum wage increases for health care providers and financial relief to counties and New York City associated with full coverage of the local share of spending growth, are projected to increase by $841 million.

The Federal government has provided a 6.2 percentage point base increase to the Federal Medical Assistance Percentage (FMAP) rate since the start of the COVID-19 public health emergency in January 2020. The Enacted Budget assumes the continuation of the Enhanced FMAP (eFMAP) through December 31, 2021. In FY 2022, eFMAP is expected to provide roughly $2.5 billion in State share savings.

In Mental Hygiene, the Enacted Budget provides increased funding for not-for-profit providers for the cost of minimum wage increases, a 1 percent cost-of-living adjustment (COLA), a return to pre-pandemic service utilization, and targeted investments to ensure adequate access to services and supports.

Funding for transportation is projected to increase by roughly $214 million in FY 2022. Projected operating aid to the MTA and other transit systems mainly reflects the current receipts forecast and timing of certain payments delayed from FY 2021 to FY 2022.

The annual growth in social services spending is driven by forecasted increases in the public assistance caseload, which drives higher spending for Safety Net Assistance; timing of payments withheld in FY 2021 that are expected to be paid in FY 2022; and funding for initiatives in the FY 2022 Enacted Budget, including additional funding for rental assistance.

Higher education spending is projected to increase by 8.8 percent in FY 2022, adjusted for the timing of Academic Year 2020 payments for the City University of New York (CUNY) Senior and Community colleges that occurred in FY 2021. Higher spending in FY 2022 primarily reflects increased State support for the Tuition Assistance Program (TAP) and scholarships in FY 2022.

Higher spending for special education and other education programs reflects a pandemic-related decline in reimbursable claims and utilization in FY 2021, with program utilization expected to return to pre-pandemic levels in FY 2022, as well as the occurrence in the first quarter of FY 2022 of payments previously anticipated to occur in FY 2021.

All other local assistance mainly includes the reconciliation between school year and State fiscal year spending for School Aid and the timing of payments.

State Operations/General State Charges (GSCs)

Operating costs for State agencies include salaries, wages, fringe benefits, and Non-Personal Service (NPS) costs (e.g., supplies, utilities) and comprise more than a quarter of State Operating Funds spending.

Operational spending for executive agencies is affected by pandemic response and recovery efforts, including the anticipated timing of Federal reimbursement across several fiscal years for expenses incurred in FY 2021; payment of a 27th payroll; the payment in FY 2022 of general salary increases that were scheduled to go into effect on April 1, 2020; and payments for FY 2020 and FY 2021 pursuant to the PEF contract.

Consistent with U.S. Department of Treasury guidance, the State charged $2.8 billion in eligible costs to the CRF in FY 2021. This included approximately $2.7 billion for payroll costs and fringe benefits, primarily for public health and safety employees, and other eligible pandemic response costs. Another $132 million in expenditures incurred in FY 2020 were subsequently canceled and refunded in FY 2021. The Financial Plan also assumes that additional costs incurred by the State in FY 2021 will be charged to the CRF in FY 2022.

Certain pandemic response expenses incurred in FY 2021, including Personal Protective Equipment (PPE), durable medical equipment, costs to build out field hospital facilities, testing, and vaccination activities are expected to be reimbursed by FEMA. DOB expects reimbursement over several years based on past claims experience. State agencies are expected to continue to incur costs to respond to the COVID-19 pandemic in FY 2022, which are expected to be funded with Federal aid from the CRF or FEMA reimbursement.

In FY 2022, State Operations spending for Executive agencies reflects the right sizing of corrections, mental health, and juvenile justice facilities.

University systems spending for FY 2022 is expected to increase as operations rebound following the COVID-19 closures and restrictions.

The operating costs for independent offices (Attorney General, Comptroller, Judiciary, and Legislature) are collectively expected to grow by 2.4 percent in FY 2022.

GSCs spending is projected to increase by $1.5 billion, or 19 percent, in FY 2022. Pandemic-related anomalies drive the annual growth. First, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) allowed employers to defer the deposit and payment of the employer's share of Social Security taxes through December 2020. The State took advantage of this interest-free deferral and made no social security payments on the non-Medicare portion from April through December 2020, for a savings of $674 million in FY 2021. Repayment of half the deferral will be made in FY 2022, as required by the CARES Act. Second, the State charged eligible fringe benefits to the CRF in FY 2021, which reduced State-share GSC costs. Lastly, expected increases in the State’s health insurance program reflect medical inflation and the potential for more spending resulting from increased utilization following delayed medical visits and procedures during the pandemic. The growth caused by these factors is offset in part by the payment, at the end of FY 2021, of amortizations payable to the Common Retirement System in FY 2022 through FY 2026.

Debt Service

Debt service consists of principal, interest, and related expenses paid on State-supported debt. Debt service expenses are projected to decline from FY 2021 to FY 2022 due to the impact of the FY 2021 liquidity financing and prepayments executed in FY 2021 relative to prepayments planned for FY 2022. The State issued and repaid $4.5 billion of PIT notes in FY 2021 and prepaid $3.1 billion of debt service in FY 2021. In addition, the State plans to prepay another $1.4 billion of debt service in FY 2022, increasing total prepayments across FYs 2021 and 2022 to $4.5 billion. These resources will be used to reduce debt service that comes due in FY 2022 ($975 million), FY 2023 ($1.1 billion), FY 2024 ($1.1 billion), and FY 2025 ($1.3 billion).

General Fund Cash-Basis FY 2022 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.

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 Actuals	FY 2022 Projected	Annual Change: Dollar	Annual Change: Percent
Opening Fund Balance	**8,944**	**9,161**	**217**	**2.4%**
Total Receipts	**74,312**	**89,336**	**15,024**	**20.2%**
Taxes[1,2]	69,052	79,904	10,852	15.7%
Miscellaneous Receipts[2]	3,015	1,802	(1,213)	-40.2%
Federal Receipts (Non-Tax Transfers)	0	4,500	4,500	0.0%
Non-Tax Transfers from Other Funds	2,245	3,130	885	39.4%
Total Disbursements	**74,095**	**90,068**	**15,973**	**21.6%**
Local Assistance	48,981	61,188	12,207	24.9%
State Operations	17,136	21,036	3,900	22.8%
Transfers to Other Funds	7,978	7,844	(134)	-1.7%
Net Change in Operations	**217**	**(732)**	**(949)**	**-437.3%**
Closing Fund Balance	**9,161**	**8,429**	**(732)**	**-8.0%**
Rainy Day Reserves	2,476	3,301	825	
Labor Settlements/Agency Operations	0	275	275	
Economic Uncertainties	1,490	2,290	800	
Undesignated Fund Balance	2,561	0	(2,561)	
All Other Reserves/Balances	551	528	(23)	
Extraordinary Monetary Settlements	2,083	2,035	(48)	

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

2 The issuance and repayment of notes in FY 2021 increased miscellaneous receipts by $4.5 billion and reduced PIT receipts by $4.5 billion. The FY 2021 miscellaneous receipts and PIT receipts have been adjusted to exclude this accounting anomaly (i.e., $4.5 billion is subtracted from miscellaneous receipts and added to PIT receipts).

Receipts

General Fund receipts, including transfers from other funds, are estimated to total $89.3 billion in FY 2022, an increase of $15.0 billion (20.2 percent) from FY 2021. In FY 2021, the State issued short-term PIT notes to manage the impact of the April 15, 2020 tax filing extension on monthly cash flows. The note proceeds were recorded as a miscellaneous receipt and the notes were repaid in full by the end of FY 2021. For the General Fund, the proceeds increased miscellaneous receipts and the payment reduced PIT receipts. This transaction had no impact on operations or total receipts but does distort the annual change for both miscellaneous receipts and tax receipts. Both the above table and discussions below adjust for this distortion by subtracting the note proceeds from miscellaneous receipts and adding them to PIT income tax receipts.

Tax receipts, including transfers after payment of debt service, are estimated to total $79.9 billion in FY 2022, an increase of $10.9 billion from FY 2021. The increase reflects an improved revenue outlook and $3.5 billion in new revenue from the high-income PIT surcharge and business tax increase enacted in FY 2022.

PIT receipts, net of transfers, are estimated to total $55.4 billion in FY 2022, an increase of $6.9 billion from FY 2021. The increase reflects the improved economic forecast and the enacted tax increases, which is partly offset by the actual and planned prepayments, in FY 2021 and FY 2022, of PIT debt service due in FY 2022 through FY 2025. These transactions reduce 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. Therefore, these transactions reduced reported General Fund PIT receipts by $3.1 billion in FY 2021 and by $302 million in FY 2022 and increased reported General Fund PIT receipts by $1.1 billion in FY 2023, $1.1 billion in FY 2024, and $1.3 billion in FY 2025.

Consumption/use tax receipts, including transfers after payment of debt service on the Local Government Assistance Corporation (LGAC) and Sales Tax Revenue Bonds, are estimated to total $15.4 billion in FY 2022, an increase of $3.6 billion (30.8 percent) from FY 2021. Base sale tax growth is estimated at 13.3 percent in FY 2022 as the economy continues to recover from the COVID-19 economic downturn.

Business tax receipts are estimated at nearly $7 billion in FY 2022, an increase of $566 million (8.8 percent) from FY 2021. The increase is primarily attributable to an increase in Corporate Franchise Tax (CFT) gross receipts due to the recently enacted temporary increase in the business income and capital base rates.

Other tax receipts, including transfers after payment of debt service on Clean Water/Clean Air (CW/CA) Bonds, are expected to total $2.1 billion in FY 2022, a decrease of $208 million 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.

Miscellaneous receipts are estimated to decline by $1.2 billion in FY 2022 from FY 2021. The reduction is due to one-time FY 2021 receipts from Extraordinary Monetary Settlements ($600 million) and the Distressed Provider Assistance Fund, which offset State payments made to distressed providers ($250 million), as well as lower projected resources available from abandoned property, motor vehicle fees, and certain other fees.

Non-tax transfers are estimated to total $7.6 billion in FY 2022, an increase of $5.4 billion from FY 2021. The increase is mainly attributable to the planned transfer of $4.5 billion of the $12.75 billion in Federal ARP recovery aid.

Disbursements

General Fund disbursements, including transfers to other funds, are expected to total nearly $90.1 billion in FY 2022, an increase of $16 billion (21.6 percent) from FY 2021. FY 2022 spending includes over $3 billion for time limited recovery initiatives, a substantial School Aid increase, and Medicaid growth of roughly 6 percent. In addition, several transactions that were executed in FY 2021 lowered reported spending in that year. These included funding $2.7 billion of certain eligible health and public safety payroll costs from the CRF; temporary payment withholds that were authorized for release in FY 2021 but not paid until FY 2022; higher State share Medicaid savings from retroactive eFMAP processing; and the deferral of social security taxes from FY 2021 to FY 2022 and FY 2023, as provided in the CARES Act. Projected spending also reflects DOB's cautious estimates of disbursements in each financial category, a practice that provides a cushion for potential receipts shortfalls and unanticipated costs.

Local assistance spending is estimated at $61.2 billion in FY 2022, an increase of $12.2 billion from FY 2021. The increase includes $3.3 billion in recovery initiatives and a decline in the number of months eFMAP will be available, shifting approximately $933 million in Medicaid costs from Federal to State funding sources in FY 2022. General Fund spending for education and health care represent most of the 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. 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 $21.0 billion in FY 2022, an increase of $3.9 billion from FY 2021. The growth is due to the reclassification of $2.7 billion of personnel expenses for public health and public safety employees to the CRF in FY 2021; deferral of $674 million in Social Security taxes from FY 2021 to FY 2022 and FY 2023; and payment of deferred general salary increases and retroactive PEF salary payments in FY 2022. These increases are offset by the impact of the payment of the State’s pension amortizations in FY 2021. Excluding these anomalies, most executive agencies are expected to hold operations spending at FY 2021 levels, which were reduced by 10 percent from the FY 2021 Enacted Budget levels.

General Fund transfers to Other Funds are projected to total $7.8 billion in FY 2022, a decrease of $134 million from FY 2021. Transfers for capital projects are projected to increase by $40 million reflecting the timing of projects funded from monetary settlements and bond reimbursements, and an increase in planned PAYGO capital spending. Transfers for other purposes are projected to decline by $312 million, mainly due to non-recurring transfers for School Aid in FY 2021 to offset lower lottery receipts. These decreases are partly offset by growth in transfers to support debt service ($66 million) and the State University of New York (SUNY) ($72 million).

FY 2022 Closing Balance

DOB projects the State will end FY 2022 with a General Fund cash balance of $8.4 billion, a decrease of $732 million from FY 2021. Planned deposits to reserves total $1.9 billion and are offset by the use of the undesignated fund balance carried over from FY 2021. The funds carried over from the prior year support the payment of certain local aid payments that had been withheld as a contingency in FY 2021 ($275 million), the first transfer to the Retiree Health Insurance Trust ($320 million), use of surplus tax revenues from FY 2021 as part of the consensus revenue agreement for FY 2022 ($1 billion), and routine changes in other balances based on expected activity.

TOTAL BALANCES
(millions of dollars)

	FY 2021 Actuals	FY 2022 Projected	Annual Change
TOTAL GENERAL FUND BALANCE	**9,161**	**8,429**	**(732)**
Statutory Reserves:			
Rainy Day Reserves	2,476	3,301	825
Community Projects	30	7	(23)
Contingency Reserve	21	21	0
Fund Balance Reserved for:			
Labor Settlements/Agency Operations	0	275	275
Economic Uncertainties	1,490	2,290	800
Debt Management	500	500	0
Undesignated Fund Balance	2,561	0	(2,561)
Subtotal Excluding Settlements	**7,078**	**6,394**	**(684)**
Extraordinary Monetary Settlements	**2,083**	**2,035**	**(48)**

Cash Flow

State Finance Law authorizes the General Fund to borrow money temporarily from available funds held in the Short-Term Investment Pool (STIP). Loans to the General Fund are limited to four months from the start of the fiscal year and must be repaid in full by year-end. The 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.

The Enacted Budget authorized short-term financing for liquidity purposes during FY 2022. In doing so, it provides a tool to help the State manage cashflow, if needed, and more effectively deploy resources as the State continues to respond to the pandemic. Specifically, the authorization allows for the issuance of up to $3 billion of PIT revenue anticipation notes that must be issued before the end of December 2021 and mature no later than March 31, 2022. It also allows up to $2 billion in line of credit facilities, which are limited to 1 year in duration and may be drawn through March 31, 2022, subject to available appropriation. Neither authorization allows borrowed amounts to be extended or refinanced beyond their initial maturity. The Financial Plan does not assume short-term liquidity financing during FY 2022. DOB evaluates cash results regularly and may adjust the use of notes and/or the line of credit based on liquidity needs, market considerations, and other factors.

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.

FY 2022 MONTH-END CASH BALANCES APRIL THROUGH JULY (ACTUALS)/AUGUST THROUGH MARCH (PROJECTED) (millions of dollars)			
	General Fund	**Other Funds**	**All Funds**
April 2021	12,218	12,714	24,932
May 2021	14,356	25,459	39,815
June 2021	15,464	25,792	41,256
July 2021	15,601	26,121	41,722
August 2021	15,823	25,856	41,679
September 2021	18,087	23,524	41,611
October 2021	15,550	22,932	38,482
November 2021	11,841	21,377	33,218
December 2021	11,328	22,342	33,670
January 2022	13,910	25,074	38,984
February 2022	12,045	25,619	37,664
March 2022	8,429	16,023	24,452

Other Matters Affecting the Financial Plan

Other Matters Affecting the Financial Plan

General

The Financial Plan is subject to 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 can provide no assurance that results will not differ materially and adversely from these projections.

DOB routinely executes cash management actions to manage the State's large and complex budget. These actions are intended to improve the State's cash flow, manage resources within and across State fiscal years, adhere to spending targets, and better position the State to address unanticipated costs, including economic downturns, revenue deterioration, and unplanned expenditures. In recent years, the State has prepaid certain payments, 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 collection of economically sensitive tax receipts in the amounts projected. Uncertainties and risks that may affect economic and receipts forecasts include, but are not limited to, national and international events; inflation; consumer confidence; commodity prices; major terrorist events, hostilities or war; climate change and extreme weather events; severe epidemic or pandemic events; cybersecurity threats; Federal funding laws and regulations; financial sector compensation; 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.

The Financial Plan is subject to various uncertainties and contingencies including, but not limited 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 asset assumptions with respect to wages for State employees affecting the State's required pension fund contributions; the willingness and ability of the Federal government to provide the aid projected in the Financial Plan; the 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

Important State revenue sources, including personal income, consumption, and business tax collections, may be adversely affected by the long-term impact of COVID-19 on a range of activities and behaviors, including commuting patterns, remote working and education, business activity, social gatherings, tourism, public transportation, and aviation. It is not possible to assess or forecast the effects of such changes, if any, at this time.

For example, the COVID-19 pandemic has led to changes in the behavior of resident and non-resident taxpayers. Consistent with the growth in remote work arrangements, many residents and non-residents are no longer commuting into New York and instead are working remotely from home offices. However, under long-standing State policy, a non-resident working from home pays New York income taxes on wages from a New York employer unless that employer has established the non-resident'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 who previously resided in New York have permanently relocated outside of the State during the pandemic.

There can be no assurance that COVID-19 variants, such as the currently identified Delta variant, as well as potential future viral mutations, will not slow and impede elements of the State's recovery to date. State officials continue to closely monitor global COVID-19 impacts and emerging Federal guidance.

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; and use of non-recurring resources. 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 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 Medicaid savings actions. Such assumptions, if they were not to materialize, could adversely impact the Financial Plan in the current year 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 actions 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 that are 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 financial resources will be enough to address risks that may materialize in a given fiscal year.

Statutory Growth Caps for School Aid and Medicaid

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.

School Aid

In FY 2012, the State enacted a School Aid growth cap that was intended to limit the growth in School Aid to the annual growth in State Personal Income, as calculated in the Personal Income Growth Index (PIGI). 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. Prior to FY 2021, the PIGI generally relied on a one-year change in personal income. In FYs 2014 through 2019, the authorized School Aid increases exceeded the indexed levels. In FYs 2020 and 2021, the authorized School Aid increase was within the indexed levels. The increase in School Aid for SY 2022 of $3.0 billion (11.3 percent) is well above the indexed PIGI growth rate of 4.3 percent. This $3.0 billion increase includes a $1.4 billion increase in Foundation Aid[6] as part of a three-year phase-in of the formula. In SY 2023 and SY 2024, projected School Aid growth largely reflects a three-year phase-in of full funding of Foundation Aid. In SY 2025, School Aid is projected to increase consistent with the rate allowed under the personal income growth cap.

Medicaid Global Cap

Approximately 85 percent of DOH State Funds Medicaid spending growth is subject to the Global Cap. The Global Cap is calculated using the ten-year rolling average of the medical component of the CPI and thus allows for growth attributable to increasing costs, but not increasing utilization.

The statutory provisions of the Global Cap grant the Commissioner of Health (the "Commissioner") certain powers to limit Medicaid disbursements to the level authorized by the Global Cap and allow for flexibility in adjusting Medicaid projections to meet unanticipated costs resulting from a disaster. The Commissioner's powers are intended to limit the annual growth rate to the levels set by the Global Cap 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. Additional State share Medicaid spending, outside of the Global Cap, includes 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 Medicaid spending remains sensitive to revenue performance

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[6] Foundation Aid is formula-based, unrestricted aid provided to school districts. It is the largest aid category within School Aid and is projected to total $19.8 billion in SY 2022. The Foundation Aid formula consists of four components: a State-specified expected expenditure per pupil to which the State and districts will contribute, a State-specified expected minimum local contribution per pupil, the number of aid-eligible pupil units in the district, and additional adjustments based on phase-in factors and minimum or maximum increases.

in the State's HCRA fund that finances approximately one-quarter of DOH State-share Medicaid costs.

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

Global Cap Imbalance and Medicaid Redesign Team II (MRT II) Solutions

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. The deferral had no impact on provider services and the spending above the Global Cap 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.

Following the need to defer FY 2019 Medicaid payments to ensure compliance with the allowable indexed growth, DOB recognized that a structural imbalance existed within the Global Cap based on a review of price and utilization trends, and other factors.[7] 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.

DOB estimated that, absent actions to control costs, State-share Medicaid spending subject to the Global Cap would have exceeded the indexed growth amount in the range of $3 billion to $4 billion annually, inclusive of the recurring $1.7 billion Managed Care payment restructuring initially executed at the end of FY 2019. In response to the estimated Global Cap imbalance, the Governor formed the MRT II as part of the FY 2021 Enacted Budget with the objective of restoring financial sustainability to the Medicaid program. The FY 2021 Enacted Budget included $2.2 billion in MRT II savings initiatives to address the Medicaid imbalance, including identifying efficiencies in the Managed Care and Managed Long-Term Care programs, as well as administrative reforms.

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[7] 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.

Over two-thirds of the $2.2 billion in savings actions have been implemented, with the remaining savings actions pending due to ongoing litigation, and Federal government approval of Federal maintenance-of-effort requirements associated with Families First Coronavirus Response Act (FFCRA), COVID-19 and ARP Home and Community-Based Services (HCBS) eFMAP provisions. The Financial Plan assumes the remaining MRT II savings actions will be implemented in FY 2022.

On August 25, 2021, Centers for Medicare & Medicaid Services (CMS) informed DOH that the State's initial HCBS spending plan meets the requirements set forth in guidance established by CMS, and thus, the State has received partial approval. The State therefore qualifies for a temporary 10 percentage point increase to the FMAP for certain Medicaid expenditures for HCBS under section 9817 of the ARP. The increased FMAP is available for qualifying expenditures between April 1, 2021 and March 31, 2022. The State is working with CMS towards full approval of the submitted plan; however, CMS has not yet provided guidance related to the HCBS eFMAP which may restrict or delay the implementation of certain MRT II savings actions.

Public Health Insurance Programs/Public Assistance

Historically, the State has experienced growth in Medicaid enrollment and public assistance caseloads during economic downturns due mainly to increases in unemployment. Many people 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). Participants in these programs remain eligible for coverage for 12 continuous months regardless of changes in employment or income levels that may otherwise make them ineligible. Estimated costs for increased enrollment to date are budgeted in the Financial Plan through FY 2023 and are expected to return to pre-pandemic levels by FY 2024.

Likewise, the rise in unemployment and decrease in family income during the pandemic resulted in increased public assistance caseloads, particularly in New York City. In addition to existing family and safety net assistance programs, the Financial Plan includes time-limited emergency rental assistance using Federal resources and a recurring State-funded rent supplement program to assist individuals and families most impacted by the pandemic. The Financial Plan assumes the public assistance caseload will return to pre-pandemic levels after FY 2024.

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. Roughly 40 percent of All Funds spending in FY 2022 is expected to occur in the Federal Funds category. Routine Federal aid is predominantly targeted at programs that support vulnerable populations and those living at or near the poverty level. Such programs include 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.

In response to the COVID-19 public health emergency, 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. The Federal government enacted several bills over a 12-month period to provide funding to assist State and local governments, schools, hospitals, transit systems, businesses, families and individuals in the COVID-19 pandemic response and recovery. The State also received additional Federal aid in the form of enhanced Unemployment Insurance funding, which is reported under Proprietary and Fiduciary Funds and is excluded from All Governmental Funds. A summary of the Federal legislation is provided later in this section.

Total Federal Funds spending for all purposes, inclusive of both capital and operating spending, is expected to total $83.2 billion in FY 2022 and includes $13.2 billion in spending related to pandemic assistance. Federal Funds spending is estimated to increase $11.5 billion over FY 2021 driven by increasing costs for health care, social welfare, education, and public protection, as well as pandemic assistance spending. Federal Funds spending is summarized in and following the chart below.

FEDERAL FUNDS DISBURSEMENTS (millions of dollars)	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
DISBURSEMENTS					
Medicaid	40,880	44,343	43,679	42,885	43,786
Health	7,055	8,499	8,489	8,319	8,266
Social Welfare	4,275	6,427	5,437	4,984	4,691
Education	2,660	3,857	3,857	3,857	3,857
Public Protection	2,152	3,933	2,737	1,307	1,299
Transportation	1,633	1,664	1,573	1,573	1,573
All Other[1]	1,195	1,228	1,232	1,187	1,147
Pandemic Assistance[2]	11,835	13,199	6,789	4,392	1,739
Education ARP Act Funds	0	1,693	2,969	2,365	1,739
eFMAP, including local passthrough	4,174	3,024	0	0	0
Coronavirus Relief Fund	2,824	2,317	0	0	0
Education Supplemental Appropriations Act	0	1,681	1,359	1,357	0
Lost Wages Assistance	4,101	19	0	0	0
Emergency Rental Assistance Program	0	1,801	624	0	0
Education CARES Act Funds	552	512	512	0	0
SUNY State Operated Campuses Federal Stimulus	184	300	290	290	0
FEMA Reimbursement of Eligible Pandemic Expenses	0	600	200	200	0
Coronavirus Local Fiscal Recovery Fund Non-Entitlement Pass Through	0	387	387	0	0
Homeowner Relief and Protection Program	0	180	180	180	0
Home Energy Assistance Program	0	268	268	0	0
FHWA Surface Transportation Block Grant	0	417	0	0	0
Total Disbursements	**71,685**	**83,150**	**73,793**	**68,504**	**66,358**

[1] All Other includes housing and homeless services, economic development, mental hygiene, parks, environment, higher education, and general government areas.
[2] Pandemic Assistance excludes $12.75 billion in State aid provided through the ARP, as this funding is reflected as a receipt to Federal Funds and transfer to the General Fund.

- **Medicaid/Health.** 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. The Federal government also 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.

- **Social Welfare.** 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), Supplemental Nutrition Assistance Program (SNAP), and Child Support. Support from the Federal government also supports programs managed by the Office of Children and Family Services (OCFS), including the Foster Care program.

- **Education.** Funding supports K-12 education and special education. Like Medicaid and the social welfare programs, much of Federal education funding received is directed toward vulnerable New Yorkers, such as students in schools with high poverty levels or students with disabilities.

- **Public Protection.** 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.

- **Transportation.** Federal resources support infrastructure investments in highway and transit systems throughout the State, including funding participation in ongoing transportation capital plans.

- **All Other Funding.** Other programs supported by Federal resources include housing, economic development, mental hygiene, parks and environmental conservation, higher education, and general government areas.

Federal Funds Spending - Pandemic Assistance

A large portion of the Federal pandemic assistance flows directly to various recipients (e.g., tax rebates to individuals, and loans or grants to large and small businesses) and is thus excluded from the State's Financial Plan. In addition, on May 18, 2021 the State received $12.75 billion in Federal aid authorized in the ARP to offset revenue loss, ensure the continuation of essential services and assistance provided by government, and assist in the public health emergency response and recovery efforts. These funds are expected to be transferred to State Funds over multiple years to support eligible uses and spending. Thus, the spending of the ARP aid to the State does not appear in Federal Funds. DOB is in the process of reviewing Treasury guidance on the permissible use of these funds.

- **Education ARP Funds.** The ARP granted additional education funding for the ESSER and Emergency Assistance for Nonpublic Schools (EANS) programs, as well as funding for homeless education, IDEA, library services and the arts.

- **eFMAP.** 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 December 2021, providing $3.0 billion in additional Federal resources in FY 2022 that are anticipated to reduce State and local government costs by approximately $2.5 billion and $500 million, respectively.

- **HCBS eFMAP.** The ARP provided a temporary 10 percentage point increase to the FMAP for certain Medicaid HCBS through March 31, 2022. Such additional funding must supplement, not supplant, current funding. Accordingly, the FY 2022 Enacted Budget appropriated $1.6 billion over two years for such purposes.

- **CRF.** Established in the CARES Act, the CRF provides funding for states and local governments to respond to the COVID-19 pandemic. The State received $5.1 billion in FY 2021 to fund eligible costs incurred through December 31, 2021. Pursuant to guidelines established by the U.S. Treasury, the State charged $2.8 billion in eligible costs to the Federal CRF as of March 31, 2021. This includes approximately $2.7 billion in payroll costs, including fringe benefits, primarily for public health and safety employees through December 31, 2020 and certain other pandemic response costs incurred by the State. DOB expects to charge additional eligible costs incurred by the State in FY 2021, as well as eligible current-year expenses for pandemic response efforts and will fully expend the balance in the CRF in FY 2022.

- **Education Supplemental Appropriations Act.** As part of the CRRSA Act, additional funding for education was provided through the ESSER Fund and the GEER Fund, including dedicated GEER funds to support pandemic-related services and assistance to nonpublic schools through the EANS program.

- **Lost Wages Assistance (LWA) Program.** This program provided grants to eligible claimants that were unemployed or partially unemployed due to the pandemic. This consisted of a supplemental payment of $300 per week through December 27, 2020 or when funding limits were reached, which occurred on September 6, 2020, in addition to their unemployment benefits.

- **Emergency Rental Assistance Program.** The CRRSA Act established the Emergency Rental Assistance program to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic. The ARP provided additional funding for the program.

- **Education CARES Act Funds**. Additional education support provided through the CARES Act included funding to school districts and charter schools.

- **SUNY State-Operated Campuses Federal Stimulus Spending.** Funding provided through various Federal stimulus bills results in greater Federal spending projections for SUNY State-Operated campuses.

- **FEMA Reimbursement of Eligible Pandemic Expenses.** The State has applied for FEMA reimbursement for expenses incurred to date related to emergency protective measures due to the COVID-19 pandemic. The Financial Plan assumes reimbursement of $600 million in FY 2022, and $200 million in each of FY 2023 and FY 2024. However, there is no assurance that FEMA will approve claims for the State to receive reimbursement in the amounts or State Fiscal Years as projected in the Financial Plan.

- **Coronavirus Local Fiscal Recovery Fund Non-Entitlement Pass-Through.** The ARP requires states to pass-through the allocations to non-entitlement cities, towns, and villages. The State is estimated to receive up to $774 million for this purpose, which will be distributed evenly in FY 2022 and FY 2023.

- **Homeowner Relief and Protection Program.** This program provides services to ensure that homeowners experiencing economic hardships associated with the pandemic can stay in their homes.

- **Home Energy Assistance Program.** The ARP provided supplemental funding to the existing Home Energy Assistance program that helps low-income households pay the cost of heating, cooling, and weatherizing their homes.

- **Federal Highway Administration (FHWA) Surface Transportation Block Grant**. This emergency funding was provided under the CRRSA Act to address COVID-19 impacts related to Highway Infrastructure Programs.

Federal Coronavirus Response Legislation and Action

The Federal government enacted the following legislation in response to the ongoing COVID-19 pandemic. The table below summarizes the Federal pandemic assistance available to New York State, including direct recipients such as individuals, hospitals, businesses, and school districts, along with the funds expected to flow through the State's Financial Plan.

FEDERAL PANDEMIC ASSISTANCE LEGISLATION AND ACTION
(millions of dollars)

Bill/Source	Total Funds Available	Funding Flowing through the Financial Plan
CARES Act	105,995	8,076
ARP Act	60,768	17,175
Families First Coronavirus Response Act	50,326	7,503
CRRSA Act	28,345	6,426
Lost Wage Assistance (Administrative Action)	4,120	4,120
Paycheck Protection Program and Health Care Enhancement Act	1,514	0
CPRSA Act	66	0
Total	**251,134**	**43,300**

- **The CARES Act** provides aid for Federal agencies, individuals, businesses, states, and localities, as well as $100 billion for hospitals and health care providers, to respond to the COVID-19 pandemic.

  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). Pursuant to U.S. Treasury eligibility guidelines, CRF funds may be used for eligible expenses incurred, including payroll expenses for public health and safety employees, through December 31, 2021.

- **The ARP of 2021** provides aid for Federal agencies, individuals, businesses, states and localities, and others, to respond to the COVID-19 pandemic. The ARP has provided the State with $12.75 billion in general aid ("recovery aid") and $17.2 billion in categorical aid for schools, universities, childcare, housing, and other purposes. The ARP also provides $10 billion in recovery aid to localities in New York State and an estimated $6.5 billion to the MTA. The State aid provided through the ARP is included in the Financial Plan as a transfer of Federal aid to the General Fund. Finally, the ARP established a Capital Projects Fund to provide funding to states, territories, and Tribal governments to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency. The State is expected to receive $345 million from the Capital Projects Fund. However, additional guidance on application and receipt of such funds has yet to be provided to eligible recipients.

- **FFCRA** provides aid through paid sick leave, free testing, expanded food assistance and unemployment benefits, protections for health care workers, and increased Medicaid funding through the emergency 6.2 percent increase to the Medicaid eFMAP during the public health emergency in response to the COVID-19 pandemic.

- **The CRRSA Act of 2021** provides funding for education, testing, tracing, vaccine distribution, unemployment assistance, small business programs, and housing.

- **The Paycheck Protection Program (PPP) and Health Care Enhancement Act** provides funding for small business programs, and healthcare programs, including $75 billion for hospitals, health care providers, and testing and tracing activities.

- **The Coronavirus Preparedness and Response Supplemental Appropriations Act (CPRSA) of 2020** provides emergency funding to respond to the COVID-19 pandemic, including support for vaccine development, the Public Health Emergency Preparedness program, and small businesses.

In addition, the pandemic resulted in a significant increase in individuals filing for unemployment benefits. Such benefits are paid from the Unemployment Insurance (UI) Trust Fund, which is supported by employer contributions. In the event that there are insufficient resources in the UI Trust Fund to pay benefits, as became the case starting in May 2020, the UI Trust Fund may borrow from the Federal government for this purpose. As of September 2, 2021, the UI Trust Fund's Federal loan balance for the State was approximately $9 billion. The balance in the UI Trust Fund is expected to be repaid by employers through UI contribution rates.

Other Matters Affecting the Financial Plan

Federal Risks

The amount and composition of Federal funds received by the State have changed over time because of legislative and regulatory actions at the Federal level and will likely continue to change over the Financial Plan period. 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. Any reductions in Federal aid could have a materially adverse impact on the Financial Plan. Notable areas with potential for change include health care, human services, and infrastructure policy, as well as transportation. For example, the Fixing America's Surface Transportation (FAST) Act, projected to provide $3.3 billion in highway and transit funding to the State and State transit authorities is set to expire on October 31, 2021. This funding will be at risk if the Federal government does not act to capitalize the Federal Highway Trust Fund and ensure an extension of current law or enact new authorization prior to November 1, 2021.

The State has submitted subsequent wavier extension requests to continue its Medicaid Redesign and healthcare delivery system transformation efforts. The CMS has approved, through at least March 31, 2022, an 1115 Medicaid waiver extension that preserves the State's Medicaid Managed Care Programs, Children's HCBS, and self-direction of personal care services. Subsequently, on August 24, 2021, DOH submitted a 1115 waiver amendment concept paper to CMS. This concept paper proposes a framework for $17 billion in Federal funding over five years to invest in an array of multi-faceted and related initiatives that would change the way the Medicaid program integrates and pays for social care and health care in the State. This comprehensive initiative, if accepted by CMS as proposed, would also lay the groundwork for reducing long standing racial, disability-related, and socioeconomic health care disparities, increasing health equity through measurable improvement of clinical outcomes and keeping overall Medicaid program expenditures budget neutral to the Federal government.

The concept paper is non-binding and does not represent an official waiver submission but is a required step of the waiver approval process. CMS will review the concept paper and provide DOH with guidance or recommendations for modifications prior to the formal waiver amendment submission. This step is necessary to ensure the State's waiver request will align with Federal objectives and requirements. New feedback or guidance from CMS will be reflected in future Financial Plan updates.

Federal Debt Limit

The Bipartisan Budget Act of 2019 (BBA 19) suspended the Federal debt limit through July 31, 2021 and ended the extraordinary measures the U.S. Treasury Department had been operating under since the prior suspension expired on March 1, 2019. With the ongoing use of extraordinary measures, the U.S. Treasury estimates that Federal government operating funds are likely to be exhausted by October 18 2021. Congress would need to act before these extraordinary measures are exhausted to avoid delaying payments and/or defaulting on debt obligations.

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 resulting from 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

Former President Donald Trump signed 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. Changes to the Federal tax code have significant flow-through effects on State tax burdens and concomitantly State tax receipts. One key impact of the TCJA on New York State taxpayers is the $10,000 limit on the deductibility of SALT payments, which 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.

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

State Response to Federal Tax Law Changes

Pass-Through Entity Tax (PTET). As part of the State's continuing response to Federal tax law changes and in connection with the Enacted Budget, the State Legislature enacted an optional PTET on the New York-sourced income of partnerships and S corporations. Qualifying entities that elect to pay PTET will pay a tax of up to 10.9 percent on their taxable income at the partnership or corporation level, and their individual partners, members and shareholders will receive a refundable tax credit equal to the proportionate or pro rata share of taxes paid by the electing entity. Additionally, the program includes a resident tax credit that allows for reciprocity with other states that have implemented substantially similar taxes, which currently include Connecticut and New Jersey.

DOB expects that the PTET will be revenue-neutral for the State, although PIT receipts would decrease to the extent that qualifying entities elect to pay PTET. 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 late 2021. DOB expects to include estimates as opt-in rates and other information become known.

The U.S. Treasury Department and the Internal Revenue Service (IRS) have determined 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. In November 2020, the IRS released Notice 2020-75, which announced that the Treasury and IRS intend to issue clarifying regulations with respect to such pass-through taxes.

Employer Compensation Expense Program (ECEP) / Charitable Gifts Trust Fund. Other State tax reforms enacted in tax year 2018 to mitigate issues arising from the TCJA included decoupling many State tax provisions from the Federal changes, creation of an optional payroll tax program (ECEP), and establishment of a new State Charitable Gifts Trust Fund.

The ECEP authorizes electing employers to 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. The number of participating employers increased to 299 for tax year 2020 and to 328 for tax year 2021.

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.

The Charitable Gifts Trust Fund was established in tax year 2018 to accept gifts for the purposes of funding health care and education in New York State. Taxpayers who itemize deductions were able to 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.[8] However, after enactment of this program, the IRS issued regulations that impaired the ability of taxpayers to deduct donations to the Charitable Gifts Trust Fund from Federal taxable income while receiving State tax credits for such donations.

Through FY 2021, 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 to date have been appropriated and used for the authorized purposes.

As part of 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. To date, the State has not received any claims for reimbursement of interest on underpayments of Federal tax liability.

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

The Financial Plan does not include any estimate of the magnitude of the possible interest expense to the State. Any such interest expense would depend on several factors including the rate of participation in the ECEP; magnitude of donations to the Charitable Gifts Trust Fund; amount of time between the due date of the Federal return and the date any IRS underpayment determination is issued; Federal interest rate applied; aggregate amount of Federal tax underpayments attributable to reliance on the 2018 amendments to State Tax Law; and frequency at which taxpayers submit timely reimbursement claims to the State.

Litigation Challenging TCJA Provisions. On July 17, 2018, the State, joined by Connecticut, Maryland, and New Jersey, filed a lawsuit to protect New York taxpayers from the Federal limit on the SALT deduction. On September 30, 2019, the 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, in conjunction 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. On October 5, 2021, the Second Circuit affirmed the district court's ruling.

On June 13, 2019, the IRS issued final regulations (Treasury Decision 9864) that provided final rules and additional guidance with respect to 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. These regulations require a taxpayer to reduce the Federal charitable contribution deduction by the amount of any State tax credit received due to such charitable contribution. This rule does not apply if the value of the State tax credit does not exceed 15 percent of the charitable contribution. Regulations were made retroactive to August 27, 2018 (the date on which the U.S. Treasury Department and IRS first published proposed regulatory changes).

On July 17, 2019, New York State, joined by Connecticut and New Jersey, filed a Federal lawsuit in the United States District Court for the Southern District of New York challenging these charitable contribution regulations. 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, or alternatively for summary judgment, on December 23, 2019. The states responded and filed their own motion for summary judgment on February 28, 2020. Briefing on the motions was completed in July 2020. The district court denied the states' request for oral argument on March 16, 2021, but a decision on the outstanding motions to dismiss, and cross-motions for summary judgment, remains pending.

Climate Change Adaptation

Overview

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, increased coastal flooding and related erosion hazards, intensifying storms, and more extreme heat. 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, State, municipalities, and public utilities are expected to be needed to adapt existing infrastructure to climate change risks.

In October 2018, the Intergovernmental Panel on Climate Change of the United Nations (IPCC) projected 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. For example, the IPCC projects that the global risk of extreme weather events and coastal flooding would increase 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.

Consequences of Climate Change

Storms affecting the State, including Hurricane Ida (September 2021), Superstorm Sandy (October 2012), Hurricane Irene (August 2011), and Tropical Storm Lee (September 2011), have demonstrated vulnerabilities in the State’s infrastructure (including mass transit systems, power transmission and distribution systems, and other critical lifelines) to extreme weather driven events, including coastal flooding caused by storm surges and flash floods from rainfall.

The State continues to recover from damage sustained during these powerful storms. Hurricane Irene disrupted power and caused extensive flooding in various counties. Tropical Storm Lee caused flooding in additional counties and, in some cases, exacerbated damage caused by Hurricane Irene two weeks earlier. Superstorm Sandy struck the East Coast, causing widespread infrastructure damage and economic losses to the greater New York region. Hurricane Ida caused severe flooding in the New York metropolitan area. 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 nationwide Federal disaster aid in response to Superstorm Sandy for general recovery, rebuilding, and mitigation activity in New York and other states. The State and its localities have committed $28.9 billion to repairing impacted homes and businesses, restoring community services, and mitigating future storm risks.

Key financial market participants are acknowledging climate change risks. In February 2021, the Federal Reserve Board created a new Supervision Climate Committee within its Supervision and Regulation Division to better understand the potential implications of climate change for financial institutions, infrastructure, and markets. Rating agencies are incorporating Environmental, Social, and Governance (ESG) factors into credit ratings for the State and other issuers. 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. In June 2021, Moody's assigned New York State an environmental issuer profile score of E-3 (moderately negative), below the nationwide median score of E-2 (neutral to low). The E-3 score reflected Moody's assessment that the State faces moderately negative exposure to physical climate risks, especially hurricanes and sea level rise, which could cause significant economic disruption and pose risks to the State's economy and tax base. Climate change risks increasingly fall within the maximum maturity term of current outstanding bonds of the State, its public authorities, and municipalities. State bonds may generally be issued with a term of up to 30 years under State statute.

State Response to Climate Change

The State is participating in efforts to reduce greenhouse gas emissions to mitigate the risk of severe impacts from climate change. The State's Climate Leadership and Community Protection Act of 2019 (CLCPA) set the State on a path toward developing regulations to reduce statewide greenhouse gas emissions to 40 percent below the 1990 level by 2030, and 85 percent below the 1990 level by 2050. The CLCPA requires the Department of Environmental Conservation (DEC) to issue a sector-specific report on emissions by the end of 2021 and develop rules and regulations for greenhouse gas limits by the end of 2023, including legally enforceable emissions limits and performance standards. As part of this target, the State plans to generate a minimum of 70 percent of electricity from renewable sources by 2030 and to fully transition its electricity sector away from carbon emissions by 2040. The CLCPA requires the New York Public Service Commission (PSC), which regulates public utilities, to establish a program to transition the energy sector on this timeline. Accordingly, the PSC adopted an order in October 2020 amending the Clean Energy Standard to reflect CLCPA targets. 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 operating within the State since 2008.

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 State separately tracks these one-time resources and uses them for non-recurring expenditures. These receipts are listed by firm and amount in the table below.

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 following table summarizes past and planned uses of the Extraordinary Monetary Settlements received to date.

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	FY 2026	Total
Opening Settlement Balance in General Fund	**0**	**4,194**	**2,610**	**2,083**	**2,035**	**1,741**	**914**	**356**	**0**
Receipt of Extraordinary Monetary Settlements	**11,855**	**895**	**600**	**0**	**0**	**0**	**0**	**0**	**13,350**
Use/Transfer of Funds	**7,661**	**2,479**	**1,127**	**48**	**294**	**827**	**558**	**356**	**13,350**
Capital Purposes:	**4,134**	**1,345**	**527**	**48**	**294**	**827**	**558**	**356**	**8,089**
Dedicated Infrastructure Investment Fund	3,374	939	330	526	676	584	524	356	7,309
Environmental Protection Fund	120	0	0	0	0	0	0	0	120
Mass Transit	70	3	3	3	3	3	0	0	85
Healthcare	24	132	11	19	115	15	9	0	325
Clean Water Grants	0	0	0	0	0	225	25	0	250
Javits Center Expansion	546	271	183	0	0	0	0	0	1,000
Bond Proceed Receipts for Javits Center Expansion	0	0	0	(500)	(500)	0	0	0	(1,000)
Other Purposes:	**3,122**	**6**	**0**	**0**	**0**	**0**	**0**	**0**	**3,128**
Audit Disallowance - Federal Settlement	850	0	0	0	0	0	0	0	850
CSX Litigation Payment	76	0	0	0	0	0	0	0	76
Financial Plan - General Fund Operating Purposes	1,807	0	0	0	0	0	0	0	1,807
Mass Transit Operating	10	0	0	0	0	0	0	0	10
MTA Operating Aid	194	0	0	0	0	0	0	0	194
Department of Law - Litigation Services Operations	180	6	0	0	0	0	0	0	186
OASAS Chemical Dependence Program	5	0	0	0	0	0	0	0	5
Reservation of Funds:	**405**	**1,128**	**600**	**0**	**0**	**0**	**0**	**0**	**2,133**
Rainy Day Reserves	250	238	0	0	0	0	0	0	488
Reserve for Economic Uncertainties	0	890	600	0	0	0	0	0	1,490
Reserve for Retroactive Labor Agreements	155	0	0	0	0	0	0	0	155
Closing Settlement Balance in General Fund	**4,194**	**2,610**	**2,083**	**2,035**	**1,741**	**914**	**356**	**0**	**0**

Effective April 1, 2019, DOB no longer classifies or distinctly identifies any settlement receipt less than $25 million as an Extraordinary Monetary Settlement. Settlement receipts below the threshold are deposited to the General Fund and utilized for general operations consistent with past practice prior to the extraordinary levels that began in FY 2015. Extraordinary Monetary Settlements also do not refer to the opioid settlement funds discussed under the following heading.

Opioid Settlement Fund

The Attorney General (AG) and/or the Department of Financial Services (DFS) reached significant opioid related settlements with several corporations for their roles in helping fuel the opioid epidemic.

- Johnson & Johnson (J&J), the parent company of Janssen Pharmaceuticals, Inc., is expected to pay the State and its subdivisions up to $230 million. The settlement established a multi-year payout structure of up to nine years commencing in 2021; however, with newly adopted Opioid Settlement Fund legislation, the State would be eligible for some incentive payments.

- The owners of Purdue Pharma, the Sackler family, will pay the State and its subdivisions at least $200 million as part of a $4.5 billion bankruptcy plan over a nine-year period commencing in 2022. The settlement between the State and Purdue Pharma shuts down Purdue Pharma, prevents the Sackler family from participating in the opioids business prospectively, and establishes a substantial document repository of 30 million plus documents.

- Drug distributors McKesson Corporation, Cardinal Health Inc., and Amerisource Bergen Drug Corporation will be required to pay the State and its subdivisions up to $1.1 billion over 18 years and develop a monitoring mechanism to collect and analyze opioid drug distribution. Settlement payments are expected to start before the end of 2021 and continue over the next 17 years.

- Drug manufacturer Endo Health Solutions (Endo) is expected to pay $50 million to the State, of which $22.3 million will be deposited to the newly created New York State Opioid Settlement Fund (Opioid Settlement Fund) with the remaining $27.7 million split evenly between Nassau and Suffolk Counties. Additionally, if Endo files for bankruptcy or a global settlement is reached between the company and a larger group of plaintiffs, neither the State nor Nassau or Suffolk Counties will be precluded from receiving any appropriate share they would be entitled to under such a bankruptcy or global settlement.

The Financial Plan will be updated pending confirmation on the timing and value of the settlements the State will receive. At this time, DOB expects that the State's share of the resources will be deposited into the Opioid Settlement Fund. Pursuant to Chapter 190 of the Laws of 2021, the Opioid Settlement Fund will consist of funds received by the State as the result of a settlement or judgment against opioid manufacturers, distributors, dispensers, consultants or resellers. Money within the Opioid Settlement Fund will be used to supplement funding for substance use disorder prevention, treatment, recovery, and harm reduction services or programs. Money in the Opioid Settlement Fund must be kept separate and not commingled with any other funds and may only be expended following an appropriation by the Legislature and consistent with Chapter 190 and the terms of any applicable statewide opioid settlement agreement.

Current Labor Negotiations and Agreements (Current Contract Period)

The State reached an agreement with PEF in May of 2021, which was ratified by the membership on July 27, 2021. The agreement provides for retroactive 2 percent base salary increases for Fiscal Years 2020, 2021 and 2022, and a 2 percent base salary increase for FY 2023.

The State continues to negotiate with the unions whose contracts have expired, including the Civil Service Employees Association (CSEA), DC-37 (Local 1359 Rent Regulation Service Employees), the Council-82 Security Supervisors Unit and the Police Benevolent Association of New York State (PBANYS). Once agreements are finalized, any additional spending will be reflected in future Financial Plan updates. In the past, agencies have been required to fund general salary increases within existing budgets through efficiencies and other savings initiatives.

UNION LABOR CONTRACTS

	Contract Period	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
NYSTPBA	FY 2019 - FY 2023	2%	2%	1.5%	1.5%	2%	2%	2%	2%	2%	TBD	TBD
NYSPIA	FY 2019 - FY 2023	2%	2%	1.5%	1.5%	2%	2%	2%	2%	2%	TBD	TBD
NYSCOPBA	FY 2017 - FY 2023	2%	2%	2%	2%	2%	2%	2%	2%	2%	TBD	TBD
PEF	FY 2020 - FY 2023	2%	2%	2%	2%	2%	2%	2%	2%	2%	TBD	TBD
GSEU	AY 2020 - AY 2023	2%	2%	2%	2%	2%	2%	2%	2%	2%	TBD	TBD
CUNY	AY 2018 - AY 2023	2.5%	2%	2%	1.5%	2%	2%	2%	2%	2%	TBD	TBD
UUP	AY 2017 - AY 2022	2%	2%	2%	2%	2%	2%	2%	2%	TBD	TBD	TBD
CSEA	FY 2017 - FY 2021	2%	2%	2%	2%	2%	2%	2%	TBD	TBD	TBD	TBD
DC-37	FY 2017 - FY 2021	2%	2%	2%	2%	2%	2%	2%	TBD	TBD	TBD	TBD
PBANYS	FY 2016 - FY 2019	2%	2%	2%	2%	2%	TBD	TBD	TBD	TBD	TBD	TBD
Council 82	FY 2010 - FY 2016	2%	2%	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD

The Judiciary's contracts with all 12 unions represented within its workforce have expired. This includes contracts with the CSEA, the New York State Supreme Court Officers Association, the New York State Court Officers Association, and the Court Clerks Association, and eight other unions.

Pension Contributions[9]

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

Section 11 of the New York State Retirement and Social Security Law (RSSL) directs the actuary for NYSLRS to provide a report on the Systems' experience and to propose assumptions and methods for the actuarial valuations every five years. Pension estimates are based on the report issued in August 2020. The report did not recommend significant changes due to the economic uncertainty surrounding the COVID-19 pandemic.

For FY 2022, the economic assumptions for NYSLRS remain unchanged, including inflation (2.5 percent), COLA (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 to include 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 Financial Plan reflects a FY 2022 ERS/PFRS pension expense of $2.2 billion based on the February 2021 estimate provided by the State Comptroller. The estimate reflects a negative 2.68 percent return in the Common Retirement Fund in FY 2020 that is partially offset by the lower cost of Tier 6 entrants and the use of a new mortality improvement scale. The estimate also reflects the payoff of all prior year amortization balances for ERS (Non-Judiciary) and PFRS in March 2021, which reduces the FY 2022 costs by $335 million from prior estimates. The total payoff of outstanding prior-year amortization balances was $918 million, resulting in interest savings of roughly $65 million over the Financial Plan period.

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[9] 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.

[10] The State's aggregate pension costs also include 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).

OSC does not forecast pension liability estimates for the later years of the Financial Plan. 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 lower rate of return compared to the current assumed rate of return by NYSLRS.

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 are incurred at the time each member purchases credit, as documented by OSC at the end of each calendar year. Additionally, Section 25 of the RSSL requires the State to pay the ERS employer contributions associated with this credit on behalf of local governments, with the option to amortize these costs. ERS costs are estimated to be $25 million in FY 2022 and $15 million annually in the outyears. Costs for employees in PFRS are distributed across PFRS employers and billed on a two-year lag (e.g., FY 2017 costs were first billed in FY 2019).

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 full amount of each amortization must be repaid within ten years at a fixed interest rate determined by OSC. The State and local governments are required to begin repayment on new amortizations in the fiscal year immediately following the year in which the amortization was initiated.

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

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

Neither the State nor the Judiciary have amortized pension costs since FY 2016. As of year-end FY 2021, the State paid the pension amortization liability in full. The Judiciary balance of outstanding prior-year amortizations totals $97 million and is expected to be repaid in the current fiscal year. The following table reflects projected pension contributions and historical 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[5]	1,827.2	0.0	1,350.3	3,177.5	1.33	14.1	24.4	14.1	24.4
2022[6] Est.	2,210.7	0.0	151.3	2,362.0	TBD	15.8	28.3	15.1	25.4
Projected by DOB[7]									
2023	2,403.7	0.0	0.0	2,403.7	TBD	17.4	30.7	16.1	26.4
2024	2,805.6	0.0	0.0	2,805.6	TBD	20.9	34.6	17.1	27.4
2025	3,527.6	0.0	0.0	3,527.6	TBD	26.2	40.5	18.1	28.4
2026	4,371.9	0.0	0.0	4,371.9	TBD	32.4	45.9	19.1	29.4
2027	5,194.5	0.0	0.0	5,194.5	TBD	38.5	49.7	20.1	30.4

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 Plan (GLIP) contributions, deficiency contributions, previous amortizations, incentive costs, costs of new legislation in some cases, and prior-year adjustments. "(Amortization Amount) / Excess Contributions" are calculated for each employer in the system using employer-specific normal rates, which may differ from the system average.

5 Includes $918.1 million in prior year (non-Judiciary) amortization balances under the Contribution Stabilization Program. The prepayment eliminates the State's repayment obligations through FY 2026, and results in roughly $65 million interest savings over the financial plan period.

6 The Judiciary is expected to pay off their entire prior year amortization balance in FY 2022 eliminating their repayment obligation through FY 2026 resulting in approximately $7 million in interest savings over the financial plan period.

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

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

Social Security

The CARES Act allowed 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 deferred $556 million and $69 million, respectively, in 2020. The Executive's deferments are scheduled to be repaid in December 2021 and 2022. The Judiciary's deferments were repaid in full in June 2021. The Financial Plan includes the repayments of these deferred social security taxes.

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 the New York State Health Insurance Program (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 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.

As reported in the State's Basic Financial Statements for FY 2021, the total ending OPEB liability for FY 2021 was $75.8 billion ($60.3 billion for the State and $15.5 billion for SUNY). The total OPEB liability as of March 31, 2021 was measured as of March 31, 2020 and was determined using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total OPEB liability to March 2020. The total beginning OPEB liability for FY 2021 was $63.9 billion ($51.1 billion for the State and $12.8 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 (3.79 percent in FY 2020 and 2.84 percent in FY 2021). The total OPEB liability increased by $11.9 billion (18.6 percent) during FY 2021 primarily due to the reduction in the discount rate and updated medical trend assumptions based on current anticipation of future costs, and projected claim costs were updated based on the recent claims experience for the Preferred Provider Organization (PPO) plan and premium rates for the Health Maintenance Organization (HMO) plan.

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. 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.

In FY 2018, the State created 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. 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 FY 2022 Financial Plan includes a planned deposit of $320 million in both FY 2022 and FY 2023, fiscal conditions permitting. These would be the first 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.

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 authorities, agencies and public benefit corporations, as well as its political subdivisions (including counties, cities, towns, villages and school districts) face multiple cyber threats involving, among others, hacking, viruses, malware and other electronic 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. In addition, the tactics used in malicious attacks to obtain unauthorized access to digital networks and systems change frequently and are often not recognized until launched against a target. Accordingly, the State may be unable to anticipate these techniques or implement adequate preventative measures.

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.

Occasionally, intrusions into State digital systems have been detected but they have generally been contained. While cybersecurity procedures and controls are routinely reviewed and tested, there can be no assurance that such security and operational control measures will be completely successful at guarding against future cyber threats and attacks. The results of any successful attacks could adversely impact business operations and/or damage State digital networks and systems, or State and local infrastructure, and the costs of remediation could be substantial.

The State has also adopted regulations designed to protect the financial services industry from cyberattacks. Banks, insurance companies and other covered entities regulated by DFS are, unless eligible for limited exemptions, required to: (a) maintain a cybersecurity program, (b) create written cybersecurity policies and perform risk assessments, (c) designate a CISO with responsibility to oversee the cybersecurity program, (d) annually certify compliance with the cybersecurity regulations, and (e) report to DFS cybersecurity events that have a reasonable likelihood of materially harming any substantial 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. The wide-ranging economic, health, and social disruptions caused by COVID-19 have adversely affected the City of New York and surrounding localities. Localities outside New York City, including cities and counties, have also experienced financial problems, and have been allocated 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.

Metropolitan Transportation Authority

The MTA operates public transportation in the New York City metropolitan area, including subways, buses, commuter rail, and tolled vehicle crossings. The services provided by MTA and its operating agencies are integral to the economy of New York City and the surrounding metropolitan region, as well as to the economy of the State. MTA operations are funded mainly from fare and toll revenue, dedicated taxes, and subsidies from the State and New York City.

MTA Capital Plans also rely on significant direct contributions from the State and New York City. The State is directly contributing $9.1 billion to the MTA's 2015-19 Capital Plan and $3 billion to the MTA's 2020-24 Capital Plan. These State commitment levels represent substantial increases from the funding levels for prior MTA Capital Plans (2010-2014: $770 million; 2005-2009: $1.45 billion). In addition, 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.

The pandemic caused severe declines in MTA ridership and traffic in 2020, and ridership remains significantly depressed. To offset operating losses to MTA's Financial Plan from the estimated fare, toll, and dedicated revenue loss attributable to COVID-19, the MTA received, or expects to receive, significant Federal operating aid from the CARES Act ($4 billion), the CRRSA Act (estimated $4 billion), and the ARP (estimated $6.5 billion). Release of CRRSA Act and ARP monies by the Federal Transit Administration to MTA is awaiting agreement as to the final allocation of such funds among the states of New York, New Jersey and Connecticut. The MTA also borrowed $2.9 billion through the Federal Reserve's Municipal Liquidity Facility (MLF).

If financial impacts of the COVID-19 pandemic on the MTA's operating budget extend after the Federal funds are fully spent, and without additional Federal aid, the MTA may need to consider additional actions to balance its future budgets. If additional resources are provided by the State, either through additional subsidies or new revenues, it could have a material and adverse impact on the State's Financial Plan.

The State has taken action to address MTA financing issues that arose during the pandemic. Specifically, the pandemic adversely affected credit ratings on MTA Transportation Revenue Bonds, MTA's primary credit program, which increased the cost of borrowing for the MTA. As a result, 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. Previously, the Financial Plan 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 the State will fund its direct contributions to the MTA 2015-19 and 2020-24 Capital Plans through PIT and Sales Tax revenue bonds.

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 temporarily disrupted the municipal bond market in 2020. In addition, future developments in the financial markets, including possible changes in Federal tax law relating to the taxation of interest on municipal bonds, may affect the market for outstanding State-supported and State-related debt.

The major rating agencies -- Fitch, Kroll, Moody's, and S&P Global Ratings -- have assigned the State general credit ratings of AA+, AA+, Aa2, and AA+, respectively. The rating agencies have started to recognize the State's economic recovery from the COVID-19 pandemic, which affected the State's credit outlook. On June 11, 2021, both Fitch and S&P changed the State's credit outlook from "negative" to "stable", based on the State's fiscal and economic progress and receipt of substantial ARP Federal aid. On December 20, 2020, Kroll reaffirmed the State's AA+ rating with a stable outlook, stating that "the breadth and diversity of New York's economic resource base is expected to provide a solid framework for revenue recovery in the post-pandemic environment." On October 1, 2020, Moody's downgraded the State's credit rating from Aa1 to Aa2, citing the lasting economic consequences of the pandemic on the State, New York City, and the MTA. On June 24, 2021, Moody's changed the State's credit outlook from "stable" to "positive" due to the improvement of State resources, which includes Federal aid.

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 complied with the statutory caps in the most recent calculation period (FY 2020).

State legislation enacted in connection with the FY 2021 and FY 2022 Enacted Budgets suspended certain provisions of the Debt Reform Act 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 undertaken by the State for MTA capital projects may be issued with maximum maturities longer than 30 years. This change allows bonds to be issued over the full useful life of the assets being financed, subject to Federal tax law limitations, and it is consistent with the rules that would have been in effect if the projects had been directly financed by the MTA. Current projections anticipate that State-supported debt outstanding and State-supported debt service will continue to remain below the 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 $11.9 billion in FY 2021 to a low point of $4.2 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 $4.9 billion in FY 2022, or roughly $5.8 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	$1,462,971	4.00%	58,519	46,651	11,868	3.19%	0.81%	12,062	58,713
FY 2022	$1,518,533	4.00%	60,741	43,783	16,958	2.88%	1.12%	22,759	66,542
FY 2023	$1,520,187	4.00%	60,807	50,033	10,774	3.29%	0.71%	21,837	71,870
FY 2024	$1,584,381	4.00%	63,375	56,107	7,268	3.54%	0.46%	20,917	77,024
FY 2025	$1,654,115	4.00%	66,165	61,233	4,932	3.70%	0.30%	19,777	81,010
FY 2026	$1,725,906	4.00%	69,036	64,878	4,158	3.76%	0.24%	18,685	83,563

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	$191,300	5.00%	9,565	5,116	4,449	2.67%	2.33%	5,398	10,514
FY 2022	$215,291	5.00%	10,765	4,935	5,830	2.29%	2.71%	1,470	6,405
FY 2023	$202,255	5.00%	10,113	5,079	5,034	2.51%	2.49%	1,859	6,938
FY 2024	$201,156	5.00%	10,058	5,682	4,376	2.82%	2.18%	1,885	7,567
FY 2025	$201,813	5.00%	10,091	6,355	3,736	3.15%	1.85%	1,787	8,142
FY 2026	$203,882	5.00%	10,194	6,926	3,268	3.40%	1.60%	1,589	8,515

[1] Does not include debt issued prior to April 1, 2000. In addition, debt issued during FY 2021 and FY 2022 is not subject to caps pursuant to Chapter 56 of the Laws of 2020 and Chapter 59 of the Laws of 2021.

[2] Includes FY 2021 liquidity financing, 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 non-residents 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.

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]
REMAINING CAPACITY SUMMARY
(millions of dollars)

	FY 2021 Actuals	FY 2022 Updated	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
Enacted Budget Financial Plan	**11,783**	**16,852**	**10,777**	**7,200**	**4,812**	**4,002**
Personal Income Forecast Update	85	106	(3)	68	120	156
First Quarterly Update Financial Plan	**11,868**	**16,958**	**10,774**	**7,268**	**4,932**	**4,158**

[1] Debt issued during FY 2021 and FY 2022 is not subject to cap pursuant to Chapter 56 of the Laws of 2020 and Chapter 59 of the Laws of 2021.

Secured Hospital Program

Under the Secured Hospital Program, the State entered service contracts to enable certain not-for-profit hospitals in financial distress 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 hospital 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. The State's contingent contractual obligation was invoked to pay debt service for the first time in FY 2014, and the State paid (or will pay) a total of $184 million for debt service costs on Secured Hospital bonds from FY 2014 to FY 2022, including the payment on the remaining outstanding Secured Hospital bonds, which was due August 15, 2021. As part of the FY 2022 Enacted Budget, legislation authorized the State to issue PIT or Sales Tax Revenue Bonds for the purpose of refunding bonds issued under the Secured Hospital Program and on June 23, 2021, PIT Revenue Bonds were issued to refund all of the outstanding Secured Hospital bonds. The State expects to pay $101 million of debt service under the PIT Revenue Bond program related to the refinancing of such Secured Hospital bonds.

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. After such transfer, Holdings leased the LICH hospital facility to SUNY University Hospital at Brooklyn. In 2012, DASNY issued tax exempt State PIT Revenue 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 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 third and final closing is anticipated to occur within 36 months after the NMS Closing (i.e., by March 13, 2023). At the final closing, title 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 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 FY 2021 actuals and forecast revisions in FY 2022 through FY 2025, with an emphasis on FY 2022 projections, which reflect the impact of the Updated Financial Plan.

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

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

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

In evaluating the State's multi-year operating forecast, the reliability of the estimates and projections in the later years of the 'Financial Plan' are typically subject to more substantial revision than those in the current year and first "outyear". 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 Updated Financial Plan multi-year projections for the General Fund and State Operating Funds, as well as a reconciliation between State Operating Funds projections and General Fund budget gaps. The Updated Financial Plan continues to assume that all direct COVID-19 pandemic costs incurred by agencies will be fully covered with Federal aid, and thus 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 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
RECEIPTS					
Taxes (After Debt Service)	64,552	79,904	86,923	89,822	92,406
Miscellaneous Receipts	7,515	1,802	1,751	1,795	1,859
Federal Receipts	0	0	0	0	0
Other Transfers	2,245	7,630	4,707	4,487	6,030
Total Receipts	**74,312**	**89,336**	**93,381**	**96,104**	**100,295**
DISBURSEMENTS					
Local Assistance	48,981	61,188	62,953	67,360	70,340
School Aid (SFY)	23,127	24,813	26,888	29,814	31,560
Medicaid	13,870	15,864	19,309	20,166	20,826
All Other	11,984	20,511	16,756	17,380	17,954
State Operations	10,104	12,695	12,359	12,582	12,824
Personal Service	7,154	10,131	9,388	9,528	9,560
Non-Personal Service	2,950	2,564	2,971	3,054	3,264
General State Charges	7,032	8,341	8,939	9,512	10,710
Transfers to Other Funds	7,978	7,844	7,258	6,727	6,705
Debt Service	326	392	400	458	506
Capital Projects	4,540	4,580	3,955	3,672	3,583
SUNY Operations	1,229	1,301	1,288	1,303	1,321
All Other	1,883	1,571	1,615	1,294	1,295
Total Disbursements	**74,095**	**90,068**	**91,509**	**96,181**	**100,579**
Use (Reservation) of Fund Balance:	**(217)**	**732**	**(1,872)**	**(170)**	**(892)**
Community Projects	1	23	4	3	0
Timing of Payments	1,313	0	0	0	0
Undesignated Fund Balance	(1,458)	2,561	0	0	0
Tax Stabilization Reserve	0	(175)	(120)	0	0
Rainy Day Reserves	0	(650)	(650)	0	0
Labor Settlements/Agency Operations	0	(275)	(600)	(1,000)	(1,450)
Economic Uncertainties	(600)	(800)	(800)	0	0
Extraordinary Monetary Settlements[1]	527	48	294	827	558
BUDGET SURPLUS/(GAP) PROJECTIONS	**0**	**0**	**0**	**(247)**	**(1,176)**

[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 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
RECEIPTS					
Taxes	81,200	91,891	98,238	101,600	104,458
Miscellaneous Receipts/Federal Grants	25,170	17,572	17,195	16,631	16,852
Total Receipts	**106,370**	**109,463**	**115,433**	**118,231**	**121,310**
DISBURSEMENTS					
Local Assistance	65,087	76,878	79,362	83,045	85,990
School Aid (School Year Basis)[1]	26,515	29,505	31,913	34,874	36,186
DOH Medicaid[2]	19,641	21,995	25,296	26,236	27,000
Transportation	3,648	3,792	4,195	4,196	4,196
STAR	2,027	1,979	1,851	1,743	1,636
Higher Education	3,313	2,943	3,034	3,102	3,173
Social Services	3,023	3,348	3,185	3,305	3,311
Mental Hygiene[3]	1,914	4,521	4,291	4,197	4,479
All Other[4]	5,006	8,795	5,597	5,392	6,009
State Operations	18,006	19,668	19,613	19,735	20,056
Personal Service	12,355	14,849	14,223	14,326	14,411
Non-Personal Service	5,651	4,819	5,390	5,409	5,645
General State Charges	7,918	9,424	10,053	10,640	11,852
Pension Contribution	3,406	2,610	2,658	3,066	3,789
Health Insurance	4,415	4,736	5,103	5,483	5,893
All Other	97	2,078	2,292	2,091	2,170
Debt Service	13,196	6,707	5,863	6,440	6,878
Capital Projects	0	0	0	0	0
Total Disbursements	**104,207**	**112,677**	**114,891**	**119,860**	**124,776**
Net Other Financing Sources/(Uses)	(1,439)	2,498	947	1,506	3,167
RECONCILIATION TO GENERAL FUND GAP					
Designated Fund Balances:	(724)	716	(1,489)	(124)	(877)
General Fund	(217)	732	(1,872)	(170)	(892)
Special Revenue Funds	(505)	(12)	382	60	25
Debt Service Funds	(2)	(4)	1	(14)	(10)
GENERAL FUND BUDGET SURPLUS/(GAP)	**0**	**0**	**0**	**(247)**	**(1,176)**

1 Does not reflect a significant amount of Federal funding to school districts to be distributed over multiple years.

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 eFMAP of 6.2 percent for 5 quarters in FY 2021, and 3 quarters in FY 2022.

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) kept its global economic outlook for 2021 unchanged in its July 2021 report, but with offsetting country-level revisions compared to the April 2021 outlook.[12] Prospects for developed economies, European countries particularly, are revised up as reopenings progress and services sector activities rebound under additional fiscal support and growing vaccine coverage. Emerging economies, however, are suffering from new viral mutations and still facing significant COVID-related economic growth challenges. The U.S. economic recovery leads the way among major developed economies, but there is considerable downside risk to international trade, particularly among those sectors hit hardest by the COVID-19 pandemic.

The BEA estimates that U.S. real Gross Domestic Product (GDP) increased at an annual rate of 6.6 percent in the second quarter of 2021, accelerating from growths of 6.3 percent in the first quarter of 2021 and 4.5 percent in the fourth quarter of 2020. The real GDP level is now 0.8 percent above its previous peak reached in the fourth quarter of 2019.

Since the release of the Enacted Budget Financial Plan forecast, many states, including New York, have fully opened or dropped their pandemic restrictions. Subsequently, economic activity has accelerated at a faster pace than expected in April. Consumer demand soared under the third round of stimulus payments authorized by the ARP, and job openings rose to record levels. As a result, both headline and core inflation accelerated to levels not seen in years. The Child Tax Credit kicked-in mid-July, and schools have returned to in-person learning. Additionally, supplementary unemployment insurance benefits expired in September, removing any potential adverse incentives on labor participation. As the labor market recovers and the hiring rate returns to pre-pandemic levels, the national economy is expected to grow robustly during the second half of 2021, barring additional adverse effects from COVID-19 variants.

U.S. Economic Forecast

The First Quarterly Update of DOB's U.S. economic forecast incorporates the third estimate of 2021 first-quarter GDP, the May 2021 personal income and outlays estimates, the May 2021 CPI report, and the initial estimate of June 2021 employment.

The U.S. economy is projected to recover faster during both the current and next year compared to DOB's April outlook. Real GDP is projected to grow 6.5 percent in 2021 and 4.6 percent in 2022, 0.5 percentage point stronger than the Enacted Budget Financial Plan forecast for both years. These upward revisions are primarily fueled by soaring consumer demand and robust business investment. U.S. exports are also expected to catch up in 2022 as other countries gradually weather the pandemic and international tourism starts to recover.

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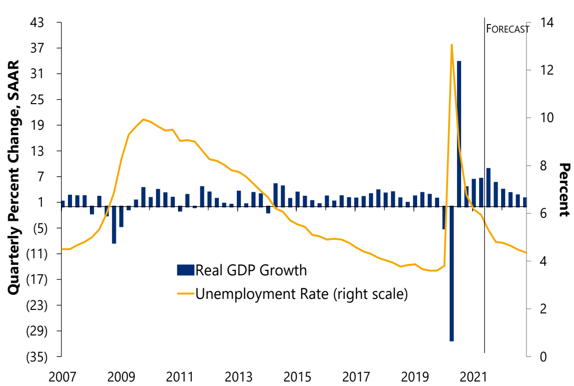
[12] International Monetary Fund: https://www.imf.org/en/publications/weo.

The labor market is still far from fully recovered. Nonfarm payroll employment grew by 235,000 in August after surging around one million in both June and July 2021. However, only 76 percent of the jobs lost in March and April 2020 have now been recovered, and the payroll count in August 2021 was still 5.3 million below its previous peak in February 2020. Job growth has been held back by labor supply shortages while labor demand remained strong. As fears over COVID-19 decline, schools go back to in-person learning, enhanced unemployment benefits expire, and average hourly earnings continue to rise, more workers are expected to return to the labor force in the fall. Total nonfarm employment is projected to grow by 2.8 percent for 2021, revised down 0.3 percentage point from the Enacted Budget Financial Plan forecast. Employment growth is revised up by 0.3 percentage point to 3.5 percent projected for 2022. Total nonfarm employment is expected to reach a full recovery by the second half of 2022, unchanged from the Enacted Budget Financial Plan forecast.

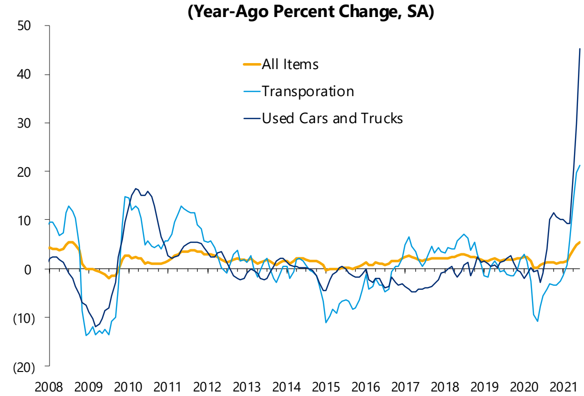
The unemployment rate is expected to decline slower than projected in April, consistent with a slightly delayed employment recovery. Indeed, the civilian unemployment rate inched up to 5.9 percent in June 2021 followed by a decline to 5.4 percent in July and 5.2 percent in August. Overall, this rate has declined considerably from its peak of 14.8 percent in April 2020 and is projected to edge lower to 4.8 percent in the fourth quarter of 2021 and 4.4 percent in the fourth quarter of 2022. The index of weekly payrolls of private employment rose rapidly during recent months, and average hourly earnings grew particularly fast in lower-pay sectors where worker shortages are more prevalent. Therefore, growth in wages and salaries for 2021 is revised upward to 9.3 percent, compared to 7.0 percent in the Enacted Budget Financial Plan forecast. Personal income growth for 2021 is revised up accordingly, from 5.6 percent in the Enacted Budget Financial Plan forecast to 6.7 percent.

Real GDP Growth and Unemployment Rate



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

CPI Inflation
(Year-Ago Percent Change, SA)



Source: Haver Analytics/BLS.

An upward revision in the inflation projection is another notable change compared to the Enacted Budget Financial Plan forecast. Consumer price inflation in both goods and services has accelerated since February 2021 due to rebounding energy prices, supply chain disruptions, and the reopening of service sectors. In the second quarter of 2021, the headline CPI inflation surged 8.4 percent at an annual rate, a quarterly growth not seen since 1981 and significantly higher than DOB's April estimate. Over the last 12 months, the headline CPI increased 5.2 percent for the period ending in August 2021. The recent surge in consumer prices was mainly driven by a record growth in used auto and transportation sectors, which is expected to moderate as supply chains catch up and COVID-sensitive sectors normalize. Excluding these two sectors, CPI inflation increased only 3.5 percent over the last 12 months. Although recent inflationary pressures are considered transitory, they are unlikely to dissipate right away. Annual CPI inflation is expected to be pushed up to 3.9 percent in 2021, 1.1 percentage points higher than the Enacted Budget Financial Plan forecast, and then to 2.6 percent in 2022 before dropping near 2 percent over the following years. Under the elevated near-term inflation, the Federal Reserve Bank is expected to raise its target rate at the beginning of 2023, one year ahead of the schedule in the Enacted Budget Financial Plan forecast.

U.S. ECONOMIC INDICATORS
(Calendar Year Growth)

	CY 2020 Actual	CY 2021 Estimated	CY 2022 Forecast
Real U.S. Gross Domestic Product	(3.4)	6.5	4.6
Consumer Price Index (CPI)	1.2	3.9	2.6
Personal Income	6.5	6.7	(0.3)
Nonfarm Employment	(5.7)	2.8	3.5
Civilian Unemployment Rate	8.1	5.6	4.6

Source: Haver Analytics; DOB staff estimates.

After a surge in the first quarter of 2021, personal income fell back as the disbursement of COVID-19 relief payments from the two most recent fiscal stimulus bills concluded. Consumption suffered a setback in May accordingly. However, the average quarterly growth in consumer spending continued to recover strongly in the second quarter of 2021 as households felt more comfortable spending and reducing their saving close to pre-pandemic levels. Moreover, households are realigning their spending toward service-oriented consumption amid business openings and increasing vaccination rates. Such normalization of consumption away from goods and towards services should help ease some ongoing problems in the global supply chain. In addition, the ARP's generous Child Tax Credit is scheduled to be distributed from July to December 2021, helping keep incomes elevated above their pre-pandemic level through the rest of 2021. As a result, real consumption is forecast to grow rapidly at 7.7 percent in 2021, after a 3.8 percent drop in 2020. This strong growth is expected to continue, with a growth rate of 4.2 percent in 2022.

The residential housing market cooled down somewhat during the second quarter of 2021. The pace of both new and existing home sales has moderated in recent months amid record-low inventories and sky-rocketing home prices. In addition, as workers expect to return to the office and in-person learning in schools has resumed, it is less urgent for households to acquire more living space. On the other hand, shortages of construction materials and qualified workers continued limiting builders' ability to meet buyers' demand. As a result, growth in real residential investment is revised down slightly to 11.7 percent in 2021, followed by a small increase of 0.6 percent in 2022.

Nonresidential construction spending declined in the second quarter of 2021 as well. Elevated office vacancies and continued weakness in other commercial properties are expected to continue weighing heavily on non-mining structures investment for a while. However, high global oil prices are expected to help mining structures investment recover faster in 2021. Equipment and intellectual property product investment are also expected to grow more robustly in 2021 under stronger consumer demand and faster reopening of the economy. Aircraft investment is expected to rise faster as air travel restrictions ease and travel demand rebounds. With constraints in production capacity and hiring starting to ease, inventory restocking is expected to occur during the second half of 2021. Overall real nonresidential fixed investment is forecast to rise 8.2 percent in 2021 and 5.3 percent in 2022, representing 1.7 and 0.5 percentage points upward revisions from the Enacted Budget Financial Plan forecast, respectively.

DOB's forecast does not incorporate any of the proposed fiscal stimulus bills. The terms of these bills continue to evolve, and negotiations are likely to last through the fall. A bipartisan Senate proposal could provide $559 billion in new infrastructure spending over eight years on roads, bridges, and other projects. This bill is a scaled-back version of the $2.2 trillion American Jobs Plan (AJP) but has the necessary support to pass. Senate Democratic leadership has also agreed in principle to a $3.5 trillion investment plan, which embodies portions of the AJP excluded from the bipartisan infrastructure bill, as well as the previously proposed $1.8 trillion American Families Plan. This investment plan would include expanding Medicare, funding for clean energy projects, and significant investment in anti-poverty measures. Unlike the infrastructure bill, this plan would likely require passage through the reconciliation process. All of these bills under discussion are representing upside potential for the U.S. economy.

DOB's forecast assumes that the worst of the pandemic is behind the U.S., and any additional virus outbreaks would be local in nature and not result in widespread lockdowns. However, if the rapid spread of the Delta or any other future COVID variants lead to broader government restrictions or less risk-taking behavioral changes among consumers, then prolonged business and labor market disruptions would delay the national economic recovery. Other downside risks to the forecast include higher than previously expected inflation, which may lead to earlier monetary tightening by the Federal Reserve, anemic global economic growth, commodity and oil price instability, a stock market correction, and a further elevated Federal budget deficit and mounting debt burden.

The New York State Economy

New York State experienced a relatively steady but slow jobs recovery during the first half of 2021, and it looks on track to continue to make progress through the second half of the year and beyond. These recent gains follow the setback in December 2020, where the height of the seasonal surge in COVID-19 cases led to the re-tightening of restrictions on restaurants, bars, and other industries where social distancing remains a challenge. Before this surge, the State had made significant gains following the unprecedented employment declines from the onset of the pandemic.

Based on the most recent Current Employment Statistics (CES) data, the State added 53,500 jobs in July, following 13,400 job gains in June and a small decline in May. The on-average positive but underwhelming job growth in the first half of 2021 led to a downward revision to employment growth for the first half of the year. However, the substantial reopening of the State economy at the end of June boosted job growth and improved the State's job outlook for the months ahead. As a result, the State's overall employment growth for 2021 is expected to be 4.4 percent, 0.3 percentage point lower than anticipated in the Enacted Budget Financial Plan forecast. The 2022 job growth is projected to be 0.2 percentage point higher than expected in the Enacted Budget Financial Plan forecast at the rate of 3.9 percent. At this pace, State employment is projected to reach its pre-pandemic level in 2024.

NEW YORK STATE ECONOMIC INDICATORS
(State Fiscal Year Growth)

	FY 2020 Actual	FY 2021 Estimated	FY 2022 Forecast
Personal Income*	4.2	7.3	(0.7)
Wages	4.5	(2.0)	5.6
Nonfarm Employment	1.0	(12.6)	9.2

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.

Since the release of the Enacted Budget Financial Plan forecast, newly revised Quarterly Census of Employment and Wages (QCEW) data became available for 2020, as well as preliminary data for the first quarter of 2021. Despite positive withholding growth, the preliminary information for the first quarter of 2021 indicates that State wages declined on a year-over-year basis in the first quarter of 2021. Consequently, total wages for FY 2021 have been revised downward by 0.3 percentage point to a total decline of 2.0 percent. However, the stock market continues to perform better than previously projected. Strong equity market growth, robust IPO growth, and low interest rates led to an upward revision to total bonuses by $4.1 billion for FY 2022. Finance and insurance sector bonuses are projected to be $2.0 billion higher than estimated in the Enacted Budget Financial Plan forecast. With stronger inflation, non-bonus average wages for FY 2022 were also revised up. This revision to the non-bonus average wage forecast and the upward revision to employment growth resulted in an overall upward revision to wage growth for FY 2022. The State's wage growth for FY 2022 is now projected at 5.6 percent, 0.4 percentage point higher than the Enacted Budget Financial Plan forecast.

BEA's estimates of the State personal income for the first quarter of 2021 were lower than expected. Meanwhile, non-wage personal income for the last quarter of 2020 was revised down. As a result, the State personal income growth for FY 2021 is revised down by 0.2 percentage point to a gain of 7.3 percent, followed by a decline of 0.7 percent for FY 2022, which is 0.1 percentage point lower than the Enacted Budget Financial Plan forecast. The volatility in personal income is primarily caused by the stimulus payments, which boosted transfer and proprietors' incomes during FY 2021. Following growth of 56.1 percent for FY 2021, State transfer income is now estimated to decline 20.2 percent for FY 2022 as the stimulus abates, which is 1.4 percentage points lower than estimated in the Enacted Budget Financial Plan forecast.

New York State and the U.S. face many of the same forecasting risks. 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 vaccinated more than two-thirds of adult residents, curbed the number of COVID-19 fatalities, and fully reopened its economy. Despite this progress, the virus's potential resurgence, the threat of new virus variants, including the rapidly spreading Delta variant, continue to post a significant downside risk to the State's economy. In contrast, a faster than anticipated containment of the virus or a stronger than expected bounce back of tourism spending could further boost the State's economic recovery.

Receipts

Financial Plan receipts results and projections include a variety of taxes, fees and assessments, charges for State-provided services, Federal grants, and other miscellaneous receipts. 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 supported by Federal aid 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 2022 are projected to total $215.3 billion, a 12.5 percent ($24.0 billion) increase from FY 2021 results. FY 2022 State tax receipts are projected to increase $10.8 billion (13.2 percent) from FY 2021 results as the economy continues to recover from the COVID-19 downturn. A summary of the annual changes of each tax category is provided below.

ALL FUNDS RECEIPTS
(millions of dollars)

	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
Personal Income Tax	54,967	63,173	14.9%	67,619	7.0%	70,573	4.4%	73,472	4.1%
Consumption/Use Taxes	16,117	18,155	12.6%	19,089	5.1%	19,549	2.4%	20,032	2.5%
Business Taxes	8,792	9,601	9.2%	10,471	9.1%	10,308	-1.6%	9,661	-6.3%
Other Taxes	2,500	2,288	-8.5%	2,410	5.3%	2,525	4.8%	2,649	4.9%
Total State Taxes	**82,376**	**93,217**	**13.2%**	**99,589**	**6.8%**	**102,955**	**3.4%**	**105,814**	**2.8%**
Miscellaneous Receipts	30,772	25,557	-16.9%	26,578	4.0%	26,300	-1.0%	25,942	-1.4%
Federal Receipts	78,152	96,517	23.5%	76,089	-21.2%	71,901	-5.5%	70,055	-2.6%
Total All Funds Receipts	**191,300**	**215,291**	**12.5%**	**202,256**	**-6.1%**	**201,156**	**-0.5%**	**201,811**	**0.3%**

Personal Income Tax

All Funds PIT receipts for FY 2022 are estimated to increase, primarily reflecting growth in withholding, current estimated payments, and extensions, partially offset by increases in advanced credit payments and the State-City offset.

PERSONAL INCOME TAX
(millions of dollars)

	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
STATE/ALL FUNDS	**54,967**	**63,173**	**14.9%**	**67,619**	**7.0%**	**70,573**	**4.4%**	**73,472**	**4.1%**
Gross Collections	65,531	74,105	13.1%	78,979	6.6%	82,425	4.4%	85,847	4.2%
Refunds (Incl. State/City Offset)	(10,564)	(10,932)	-3.5%	(11,360)	-3.9%	(11,852)	-4.3%	(12,375)	-4.4%
GENERAL FUND[1]	**25,456**	**29,610**	**16.3%**	**31,961**	**7.9%**	**33,546**	**5.0%**	**35,103**	**4.6%**
Gross Collections	65,531	74,105	13.1%	78,979	6.6%	82,425	4.4%	85,847	4.2%
Refunds (Incl. State/City Offset)	(10,564)	(10,932)	-3.5%	(11,360)	-3.9%	(11,852)	-4.3%	(12,375)	-4.4%
STAR	(2,027)	(1,979)	2.4%	(1,851)	6.5%	(1,743)	5.8%	(1,636)	6.1%
RBTF	(27,484)	(31,584)	-14.9%	(33,807)	-7.0%	(35,284)	-4.4%	(36,733)	-4.1%

[1] Excludes Transfers.

The following table summarizes, by component, actual receipts for FY 2021 and forecast amounts through FY 2025.

ALL FUNDS PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS (millions of dollars)	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Receipts					
Withholding	44,218	47,945	49,250	51,514	53,236
Estimated Payments	16,441	20,695	24,182	25,595	27,040
Current Year	10,930	13,158	14,374	14,923	15,892
Prior Year[1]	5,511	7,537	9,808	10,672	11,148
Final Returns	3,572	3,982	4,014	3,731	3,932
Current Year	402	331	346	367	385
Prior Year[1]	3,170	3,651	3,668	3,364	3,547
Delinquent	1,300	1,483	1,533	1,585	1,639
Gross Receipts	65,531	74,105	78,979	82,425	85,847
Refunds					
Prior Year[1]	6,048	5,788	5,889	6,068	6,269
Previous Year	544	594	625	657	696
Current Year[1]	2,187	2,250	2,250	2,250	2,250
Advanced Credit Payment	593	751	922	1,078	1,234
State/City Offset[1]	1,192	1,549	1,674	1,799	1,926
Total Refunds	10,564	10,932	11,360	11,852	12,375
Net Receipts	**54,967**	**63,173**	**67,619**	**70,573**	**73,472**

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

FY 2022 withholding is estimated to be higher compared to FY 2021, reflecting a combination of wage growth and the implementation of a high-income PIT surcharge. Estimated payments for tax year 2021 are expected to increase due to the surcharge coupled with growth in nonwage income. Extension payments (i.e., prior year estimated) for tax year 2020 will increase as well, also driven by nonwage income growth. Delinquent collections and final return payments are also projected to increase.

Total refunds are projected to increase based on increases in advanced credit payments attributable to tax year 2021, refunds related to tax years prior to 2020, and the State-City offset. These increases are partially offset by a decrease in tax year 2020 refunds. General Fund PIT receipts are net of deposits to the STAR Fund, which provides property tax relief, and the Revenue Bond Tax Fund (RBTF), which supports debt service payments on State PIT revenue bonds. The FY 2022 STAR transfer is expected to decline slightly. PIT RBTF receipts are statutorily set to 50 percent of net PIT receipts, and FY 2022 RBTF receipts therefore reflect the increase in All Funds receipts noted above. FY 2022 General Fund PIT receipts are expected to increase due to these changes.

The FY 2023 All Funds PIT receipts are projected to increase reflecting strong growth in extensions related to surcharge revenue and tax year 2021 nonwage income growth, as well as increases in withholding, tax year 2022 estimated payments, final returns, and delinquencies. These increases are partially offset by increases in the State-City offset, advanced credit payments attributable to tax year 2022, and tax year 2021 refunds. The projected increase in prior year refund payments is driven by the newly enacted Property Tax Circuit Breaker credit but suppressed by a decline related to the high-income surcharge.

The FY 2023 STAR transfer is expected to decline. The FY 2023 RBTF is projected to increase based on the increase in FY 2023 All Funds receipts. General Fund PIT receipts for FY 2023 are also expected to increase, driven by the changes to All Funds receipts, the STAR transfer, and RBTF receipts.

All Funds PIT receipts for FY 2024 are projected to increase from FY 2023 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 2024 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 2025 reflecting normal baseline growth in income and associated tax liability.

Consumption/Use Taxes

CONSUMPTION/USE TAXES (millions of dollars)	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
STATE/ALL FUNDS	**16,117**	**18,155**	**12.6%**	**19,089**	**5.1%**	**19,549**	**2.4%**	**20,032**	**2.5%**
Sales Tax	14,145	16,100	13.8%	16,969	5.4%	17,415	2.6%	17,847	2.5%
Cigarette and Tobacco Taxes	1,006	972	-3.4%	930	-4.3%	894	-3.9%	852	-4.7%
Vapor Excise Tax	32	22	-31.3%	22	0.0%	22	0.0%	22	0.0%
Motor Fuel Tax	425	497	16.9%	497	0.0%	496	-0.2%	494	-0.4%
Highway Use Tax	135	144	6.7%	144	0.0%	146	1.4%	148	1.4%
Alcoholic Beverage Taxes	271	269	-0.7%	272	1.1%	274	0.7%	277	1.1%
Opioid Excise Tax	30	34	13.3%	34	0.0%	34	0.0%	34	0.0%
Medical Cannabis Excise Tax	9	8	-11.1%	8	0.0%	8	0.0%	8	0.0%
Adult Use Cannabis Tax	0	20	0.0%	115	475.0%	158	37.4%	245	55.1%
Auto Rental Tax[1]	64	89	39.1%	98	10.1%	102	4.1%	105	2.9%
GENERAL FUND[2]	**7,250**	**4,389**	**-39.5%**	**8,568**	**95.2%**	**8,770**	**2.4%**	**8,965**	**2.2%**
Sales Tax	6,639	3,777	-43.1%	7,963	110.8%	8,172	2.6%	8,374	2.5%
Cigarette and Tobacco Taxes	310	309	-0.3%	299	-3.2%	290	-3.0%	280	-3.4%
Alcoholic Beverage Taxes	271	269	-0.7%	272	1.1%	274	0.7%	277	1.1%
Opioid Excise Tax	30	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 2022 are estimated to increase significantly from FY 2021 results due to an expected bounce back in economic activity from the previous year. Sales tax receipts are estimated to increase due to a significant increase in taxable consumption (i.e., estimated sales tax base increase of 13.3 percent). Vapor excise tax receipts are estimated to significantly decrease from FY 2021 due to the first full year impact of the ban on flavored vapor products other than tobacco flavored products. Cigarette and tobacco tax collections are estimated to decrease, reflecting a continued trend of decline in taxable cigarette consumption. Highway use tax (HUT) collections are estimated to increase, reflecting a bounce back in demand from the trucking sector. Motor fuel tax receipts are estimated to increase due to a recovery in both gasoline and diesel consumption. Auto rental tax receipts are estimated to increase, mainly due to the expected recovery of the travel industry. The opioid excise tax is expected to moderately increase. Legislation enacted in March 2021 to regulate and tax adult-use cannabis products is expected to generate $20 million in license fees in FY 2022.

In FY 2022, per statute, the portion of sales tax receipts initially deposited to the Local Government Assistance Tax Fund will remain at 25 percent, while the portion deposited into the Sales Tax Revenue Bond Fund will increase to 50 percent (previously 25 percent) and the portion deposited to the General Fund will be reduced from 50 to 25 percent. These funds are intended to support debt service payments on bonds issued under LGAC and State Sales Tax Revenue Bond programs, respectively. Excess receipts above 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 2022 are estimated to decrease, largely due to the statutory decrease in the General Fund distribution (from 50 percent to 25 percent).

All Funds consumption/use tax receipts for FY 2023 are projected to moderately increase primarily due to a projected increase in sales tax receipts (projected sales tax base growth of 5.6 percent). Auto rental tax receipts are estimated to moderately increase from FY 2022, reflecting the continued recovery of the travel industry. Along with the second year of license fees, the State's THC-based and retail excise taxes on the sale of adult-use cannabis products are projected to generate $115 million. These increases are partially offset by a continued decline in taxable cigarette consumption.

Effective in FY 2023 and annually thereafter, the portion of sales tax receipts that was initially deposited to the Local Government Assistance Tax Fund (25 percent) will be eliminated, while the portion deposited into the Sales Tax Revenue Bond Fund will remain at 50 percent (increased from 25 percent to 50 percent in FY 2022) and the portion deposited in the General Fund will revert to 50 percent.

FY 2023 General Fund consumption/use tax receipts are projected to significantly increase, mainly due to the statutory elimination of the Local Government Assistance Tax Fund distribution.

All Funds consumption/use tax receipts for FY 2024 are projected to increase, largely reflecting a projected increase in sales tax receipts (projected base growth of 2.7 percent) and continued ramp-up of adult-use cannabis tax receipts as the market matures, partially offset by a continued decline in taxable cigarette consumption.

FY 2024 General Fund consumption/use tax receipts are projected to increase, mainly due to the All Funds sales tax trends noted above.

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 and continued ramp-up of adult-use cannabis tax receipts as the market matures, which is slightly offset by a continued decline in taxable cigarette consumption. Similarly, General Fund consumption/use tax receipts are projected to increase in FY 2025 primarily due to the All Funds tax trends noted above.

Business Taxes

BUSINESS TAXES (millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
STATE/ALL FUNDS	**8,792**	**9,601**	**9.2%**	**10,471**	**9.1%**	**10,308**	**-1.6%**	**9,661**	**-6.3%**
Corporate Franchise Tax	4,954	5,559	12.2%	6,475	16.5%	6,227	-3.8%	5,520	-11.4%
Corporation and Utilities Tax	550	543	-1.3%	559	2.9%	588	5.2%	582	-1.0%
Insurance Tax	2,190	2,283	4.2%	2,353	3.1%	2,409	2.4%	2,478	2.9%
Bank Tax	156	167	7.1%	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%
Petroleum Business Tax	942	1,049	11.4%	1,084	3.3%	1,084	0.0%	1,081	-0.3%
GENERAL FUND	**6,420**	**6,986**	**8.8%**	**7,660**	**9.6%**	**7,492**	**-2.2%**	**6,945**	**-7.3%**
Corporate Franchise Tax	3,890	4,390	12.9%	5,124	16.7%	4,883	-4.7%	4,280	-12.3%
Corporation and Utilities Tax	417	404	-3.1%	413	2.2%	437	5.8%	432	-1.1%
Insurance Tax	1,976	2,057	4.1%	2,123	3.2%	2,172	2.3%	2,233	2.8%
Bank Tax	137	135	-1.5%	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%
Petroleum Business Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%

FY 2022 All Funds business tax receipts are estimated to increase, driven primarily by an increase in gross receipts from CFT due to the recently enacted temporary increase in the business income and capital base rates. All other business taxes, except for the corporation and utilities tax (CUT), are estimated to increase.

CFT receipts are estimated to increase in FY 2022, reflecting higher gross receipts. The FY 2022 Enacted Budget included legislation that would increase the business income tax rate to 7.25 percent for taxpayers with business income above $5 million and increase the capital base rate, previously set to be completely phased out, to 0.1875 percent (with several exceptions for certain taxpayers including corporate small businesses and qualified manufacturers). These rate increases are in effect for tax years 2021 through 2023. Audit receipts are estimated to decrease moderately as fewer large cases are expected to materialize compared to FY 2021. Refunds are estimated to increase and include refunds from the Restaurant Return-To-Work Tax Credit that was included in the FY 2022 Enacted Budget.

CUT receipts for FY 2022 are estimated to decrease over the prior fiscal year, largely driven by a decrease in gross receipts due to the Utility COVID-19 Debt Relief Credit that was included in the FY 2022 Enacted Budget. Adjusted for this change, gross receipts would be flat with a decrease in the telecommunication sector offset by an increase in the utilities sector. Audit receipts are estimated to increase modestly while refunds are estimated to decrease significantly from the historically high level seen in FY 2021.

Insurance tax receipts for FY 2022 are estimated to increase due to projected increases in corporate profits and insurance tax premiums that drive increases in gross receipts, following a decline in FY 2021 gross receipts compared to FY 2020. Audits are estimated to increase significantly based on large audit cases expected to close within the fiscal year, while refunds paid are expected to be in line with recent levels.

The FY 2022 Enacted Budget included a new voluntary PTET designed to mitigate the impact of the cap on SALT deductions enacted with the 2017 Tax Cuts and Jobs Act. Pass-through entities can deduct this tax at the Federal level, thereby allowing partners of partnerships and shareholders of S corporations to receive the benefit of a full deduction for SALT paid before income is passed through to them. A credit will be allowed against regular State income tax to offset the new Entity tax. This proposal aligns with similar legislation in Connecticut and New Jersey, enabling individuals affected by the SALT cap to use IRS-allowed business deductibility to mitigate its impacts. 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 first collections will not be until March 2022, 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 known.

Receipts from the repealed bank tax (all from prior liability periods) in FY 2022 are estimated to increase, primarily due to an estimated increase in audits based on large cases expected to close this fiscal year. Petroleum Business Tax (PBT) receipts are estimated to significantly increase from FY 2021 results, primarily due to a strong recovery in gasoline and diesel consumption, coupled with the impact of a 5 percent decline in the PBT rate index effective January 1, 2021, paired with a projected 5 percent increase in the PBT rate index effective January 1, 2022.

General Fund business tax receipts for FY 2022 are estimated to increase due to the trends in CFT, CUT, insurance tax, and bank tax receipts described above.

General Fund and All Funds business tax receipts for FY 2023 are projected to increase, primarily reflecting an increase in gross receipts from CFT due to the temporary tax rate increase previously described and its first impact on prepayments in March 2023. A projected decline in bank tax receipts is offset by increases in CUT, CFT, insurance tax, and PBT receipts.

General Fund and All Funds business tax receipts for FY 2024 are projected to decline in CFT, partially offset by increases in CUT and insurance tax receipts while PBT receipts remain unchanged.

General Fund and All Funds business tax receipts for FY 2025 reflect projected trends in corporate profits, taxable insurance premiums, electric utility consumption and prices, consumption of taxable telecommunications services, and automobile fuel consumption and prices. Receipts sharply decline due to the expiration of the temporary CFT tax rate increase.

Other Taxes

OTHER TAXES (millions of dollars)									
	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
STATE/ALL FUNDS	**2,500**	**2,288**	**-8.5%**	**2,410**	**5.3%**	**2,525**	**4.8%**	**2,649**	**4.9%**
Estate Tax	1,538	1,207	-21.5%	1,265	4.8%	1,327	4.9%	1,390	4.7%
Real Estate Transfer Tax	949	1,059	11.6%	1,122	5.9%	1,175	4.7%	1,235	5.1%
Employer Compensation Expense Program	3	6	100.0%	7	16.7%	7	0.0%	8	14.3%
Pari-Mutuel Taxes	10	14	40.0%	14	0.0%	14	0.0%	14	0.0%
All Other Taxes	0	2	0.0%	2	0.0%	2	0.0%	2	0.0%
GENERAL FUND[1]	**1,549**	**1,226**	**-20.9%**	**1,285**	**4.8%**	**1,347**	**4.8%**	**1,410**	**4.7%**
Estate Tax	1,538	1,207	-21.5%	1,265	4.8%	1,327	4.9%	1,390	4.7%
Employer Compensation Expense Program	1	3	200.0%	4	33.3%	4	0.0%	4	0.0%
Pari-Mutuel Taxes	10	14	40.0%	14	0.0%	14	0.0%	14	0.0%
All Other Taxes	0	2	0.0%	2	0.0%	2	0.0%	2	0.0%

[1]Excludes Transfers.

All Funds other tax receipts for FY 2022 are estimated to decrease from FY 2021 results, primarily due to the atypically high number of seven super-large estate tax payments (greater than $25 million) received in FY 2021. The estimated decline in estate tax receipts is marginally offset by an estimated increase in real estate transfer tax receipts corresponding with growth in housing starts and housing prices as the real estate market continues to recover from the negative impact of the COVID-19 pandemic.

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

All Funds other tax receipts for FY 2023 and the outyears 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 the outyears are projected to increase, resulting from the projected increases in estate tax trends noted above.

Miscellaneous Receipts

All Funds miscellaneous receipts include moneys received from HCRA financing sources, SUNY tuition and patient income, lottery and gaming 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 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
ALL FUNDS	**30,772**	**25,557**	**-16.9%**	**26,578**	**4.0%**	**26,300**	**-1.0%**	**25,942**	**-1.4%**
General Fund	7,515	1,802	-76.0%	1,751	-2.8%	1,795	2.5%	1,859	3.6%
Special Revenue Funds	17,375	15,312	-11.9%	15,123	-1.2%	14,634	-3.2%	14,785	1.0%
Capital Projects Funds	5,481	8,064	47.1%	9,315	15.5%	9,478	1.7%	8,902	-6.1%
Debt Service Funds	401	379	-5.5%	389	2.6%	393	1.0%	396	0.8%

All Funds miscellaneous receipts in FY 2022 are projected to decrease from FY 2021 results, driven by the one-time receipt in FY 2021 of $4.5 billion in PIT note proceeds in response to the COVID-19 pandemic, conservative estimation of non-general fund revenues, and partially offset by the projected increase of bond proceeds receipts that are expected to grow, primarily due to the increase in bond-eligible capital spending in FY 2022.

All Funds miscellaneous receipts are projected to increase in FY 2023, mainly reflecting growth in bond proceeds driven by higher bond-eligible capital spending and the timing of bond reimbursements. In later years of the Financial Plan period, receipts remain relatively flat.

Consistent with past practice, the aggregate receipts projections (i.e., the sum of all projected receipts by individual agencies) in State Special Revenue Funds are centrally adjusted downward to reflect aggregate trends and patterns observed between estimated and actual results over time.

Federal Grants

FEDERAL GRANTS (millions of dollars)									
	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
ALL FUNDS	**78,152**	**96,517**	**23.5%**	**76,089**	**-21.2%**	**71,901**	**-5.5%**	**70,055**	**-2.6%**
General Fund	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Special Revenue Funds	76,124	93,763	23.2%	73,804	-21.3%	69,647	-5.6%	67,815	-2.6%
Capital Projects Funds	1,954	2,682	37.3%	2,215	-17.4%	2,187	-1.3%	2,178	-0.4%
Debt Service Funds	74	72	-2.7%	70	-2.8%	67	-4.3%	62	-7.5%

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.

Growth in All Funds Federal grants projections primarily reflect the receipt of Federal aid pursuant to the ARP which provides the State with $12.75 billion in general aid, received in May 2021, as well as $17.2 billion in categorical aid for schools, universities, childcare, housing, and other purposes expected to be received over the multi-year period. Other sources of growth include 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.

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

Disbursements

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 practice, the aggregate receipts and spending projections (i.e., the sum of all projected receipts and spending by individual agencies) in State Special Revenue Funds are centrally adjusted downward to reflect aggregate spending trends and patterns observed between estimated and actual results over time.

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 is approximately two-thirds of total State Operating Funds spending. School Aid and health care spending account for the majority of State Operating Funds local assistance spending.

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

The rise in unemployment and decrease in family income resulted in an increase to the public assistance caseload, particularly in New York City, which is not expected to return to pre-pandemic levels until FY 2024.

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

	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
HEALTH CARE[1]					
Medicaid - Individuals Covered	7,074,379	7,120,364	6,134,468	6,100,194	6,062,671
Essential Plan - Individuals Covered	891,932	962,915	924,779	906,702	896,464
Child Health Plus - Individuals Covered	391,932	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]	$26,515	$29,505	$31,913	$34,874	$36,186
HIGHER EDUCATION					
Public Higher Education Enrollment (FTEs)	509,725	522,468	TBD	TBD	TBD
Tuition Assistance Program (Recipients)	239,592	253,563	TBD	TBD	TBD
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	46,714	48,716	50,300	51,500	51,661
OPWDD Community Beds	42,742	42,996	43,141	43,286	43,432
OASAS Community Beds	13,078	13,372	13,764	13,804	13,854
Total	102,534	105,084	107,205	108,590	108,947

1 Enrollment in public health insurance programs is subject to 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 Does not reflect a significant amount of Federal funding to school districts to be distributed over multiple years.

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 Updated Financial Plan includes $29.5 billion for School Aid in SY 2022, representing an annual increase of nearly $3 billion (11.3 percent). This annual increase includes a $1.4 billion (7.6 percent) increase in Foundation Aid, over 70 percent of which is targeted to high-need school districts, as measured by a district's level of student need relative to its local fiscal capacity; the full restoration of the $1.1 billion Pandemic Adjustment State aid reduction implemented in SY 2021; and a $460 million increase in expense-based reimbursement programs such as Transportation and Boards of Cooperative Education Services (BOCES) Aid.

In both SY 2023 and SY 2024, growth in School Aid largely reflects the final two years of the three-year phase-in of full funding of the current Foundation Aid formula. The SY 2023 and SY 2024 projections also assume growth in expense-based aids under current law and additional aid to provide a minimum annual increase and extra support to high-need districts. In SY 2025, current projections of growth in School Aid reflect the ten-year average growth in State personal income (PIGI).

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

	SY 2021	SY 2022	Change	SY 2023	Change	SY 2024	Change	SY 2025	Change
Total	**26,515**	**29,505**	**2,990**	**31,913**	**2,408**	**34,874**	**2,961**	**36,186**	**1,312**
			11.3%		8.2%		9.3%		3.8%

[1] Does not reflect a significant amount of Federal funding to school districts to be distributed over multiple years.

In addition to State School Aid, the Updated Financial Plan programs the $13.0 billion of Federal ESSER and GEER funds allocated to public schools by CRRSA and ARP. This funding, available for use over multiple years, will help schools safely reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. Most of these funds ($12.2 billion) are allocated to school districts and charter schools, largely in proportion to their Federal Title I awards, with broad local discretion over the funds' use. A total of $629 million of these funds are allocated to school districts as targeted grants to address learning loss through activities such as summer enrichment and comprehensive after-school programs. The remaining $210 million is allocated towards the expansion of full-day prekindergarten programs for four-year-old children.

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[1]
(millions of dollars)

	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**26,787**	**28,304**	**5.7%**	**31,103**	**9.9%**	**33,930**	**9.1%**	**35,716**	**5.3%**
General Fund Local Assistance	23,046	24,673	7.1%	26,748	8.4%	29,673	10.9%	31,420	5.9%
General Fund Gaming Guarantee[2]	789	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
Medicaid	81	140	72.8%	140	0.0%	140	0.0%	140	0.0%
Lottery Aid	2,426	2,603	7.3%	3,006	15.5%	3,038	1.1%	3,080	1.4%
VLT Lottery Aid	382	755	97.6%	1,076	42.5%	941	-12.5%	938	-0.3%
Commercial Gaming	63	133	111.1%	133	0.0%	138	3.8%	138	0.0%

[1] Does not reflect a significant amount of Federal funding to school districts to be distributed over multiple years.
[2] Reflects General Fund resources used to offset lower than expected Lottery, VLT and Commercial Gaming receipts driven by the pandemic.

State fiscal year spending for School Aid on a State Operating Funds basis is projected to total $28.3 billion in FY 2022, a $1.5 billion, or 5.7 percent, increase from FY 2021. This growth is mainly driven by an additional $980 million ($1.4 billion school year) in Foundation Aid associated with the three-year phase-in schedule of the Foundation Aid formula. In addition to State aid, school districts will receive more than $3 billion annually in Federal aid, as well as funding provided by the CARES Act, CRRSA Act and ARP.

The amount of School Aid spending financed by gaming receipts is expected to increase in FY 2022 due to the easing and lifting of restrictions imposed during the COVID-19 pandemic.

Other Education Funding

The State 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 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,828**	**2,404**	**31.5%**	**2,384**	**-0.8%**	**2,468**	**3.5%**	**2,588**	**4.9%**
Special Education	1,141	1,376	20.6%	1,424	3.5%	1,487	4.4%	1,553	4.4%
All Other Education	687	1,028	49.6%	960	-6.6%	981	2.2%	1,035	5.5%

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 are expected to increase from FY 2021 levels due to 2019-20 school closures, when certain special education services (e.g., transportation) were either not provided or were provided at a reduced level. Outyear spending increases are attributable to projected enrollment and cost growth as services return to normal levels.

The projected increase for All Other Education programs in FY 2022 is primarily due to the timing of certain payments, including Nonpublic School Aid payments, that were not made in FY 2021 and occurred in the first quarter of FY 2022, and the return to pre-pandemic levels of program utilization. The projected spending decrease in FY 2023 is largely attributable to the discontinuation of one-time aid and grants. Projected spending increases in FY 2024 and FY 2025 are primarily due to anticipated increases in State reimbursement to nonpublic schools for mandated services and school districts for charter school tuition payments.

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 instead of a property tax exemption. This transition did not change the value of the STAR benefit received by homeowners. Since FY 2020, 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 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STAR PROGRAM	**2,027**	**1,979**	**-2.4%**	**1,851**	**-6.5%**	**1,743**	**-5.8%**	**1,636**	**-6.1%**
Gross Program Costs	3,324	3,465	4.2%	3,518	1.5%	3,595	2.2%	3,664	1.9%
Personal Income Tax Credit	(1,297)	(1,486)	-14.6%	(1,667)	-12.2%	(1,852)	-11.1%	(2,028)	-9.5%
Basic Exemption	1,186	1,141	-3.8%	1,040	-8.9%	983	-5.5%	898	-8.6%
Gross Program Costs	1,677	1,765	5.2%	1,801	2.0%	1,863	3.4%	1,922	3.2%
Personal Income Tax Credit	(491)	(624)	-27.1%	(761)	-22.0%	(880)	-15.6%	(1,024)	-16.4%
Enhanced (Senior) Exemption	841	838	-0.4%	811	-3.2%	760	-6.3%	738	-2.9%
Gross Program Costs	935	966	3.3%	972	0.6%	958	-1.4%	948	-1.0%
Personal Income Tax Credit	(94)	(128)	-36.2%	(161)	-25.8%	(198)	-23.0%	(210)	-6.1%
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%

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 moving taxpayers to the credit program, the State can more efficiently administer the program while strengthening its ability to prevent abuse. The move from the basic exemption to the credit program does not reduce the value of the benefit received by homeowners.

The Financial Plan further streamlines the administration of STAR by transitioning existing exemption beneficiaries who are mobile homeowners to the STAR credit program, beginning in FY 2023.

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 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**3,313**	**2,943**	**-11.2%**	**3,034**	**3.1%**	**3,102**	**2.2%**	**3,173**	**2.3%**
City University	**2,272**	**1,655**	**-27.2%**	**1,706**	**3.1%**	**1,765**	**3.5%**	**1,823**	**3.3%**
Senior Colleges	1,847	1,415	-23.4%	1,469	3.8%	1,529	4.1%	1,587	3.8%
Community College	425	240	-43.5%	237	-1.3%	236	-0.4%	236	0.0%
Higher Education Services	**607**	**845**	**39.2%**	**884**	**4.6%**	**893**	**1.0%**	**906**	**1.5%**
Tuition Assistance Program	541	704	30.1%	744	5.7%	744	0.0%	744	0.0%
Scholarships/Awards	62	129	108.1%	128	-0.8%	137	7.0%	150	9.5%
Aid for Part-Time Study	4	12	200.0%	12	0.0%	12	0.0%	12	0.0%
State University	**434**	**443**	**2.1%**	**444**	**0.2%**	**444**	**0.0%**	**444**	**0.0%**
Community College	430	438	1.9%	440	0.5%	440	0.0%	440	0.0%
Other/Cornell	4	5	25.0%	4	-20.0%	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 annual subsidies of over $1 billion 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 $1.3 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 first 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. HESC oversees State-funded financial aid programs, including the Excelsior Scholarship, 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.

Higher education spending is projected to decrease by $370 million, or 11.2 percent, from FY 2021 to FY 2022. This spending decrease largely reflects the timing of academic year 2020 payments for CUNY, whereby payments scheduled at the end of FY 2020 were not made until FY 2021. Lower spending for CUNY in FY 2022 is partially offset by an estimated increase in payments to colleges for TAP and scholarships attributable to a combination of payment delays from FY 2021 and an increase in the maximum TAP award authorized in the FY 2022 Enacted Budget.

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, however, several programs are also supported through multi-agency efforts.

In addition to State funding, DOH also engages in Federally supported initiatives, including Medicaid redesign, public health, and COVID-19 pandemic response efforts. For more information on the MRT Medicaid Waiver and Federal COVID-19 response efforts 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. 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. Medicaid 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).

Medicaid eligibility and enrollment fluctuates with economic cycles. From FY 2020 to FY 2021, enrollment increased by 1.06 million, driven by the steep rise in unemployment triggered by the COVID-19 pandemic. The Financial Plan forecast assumes that enrollment will remain elevated through FY 2022 at roughly 7.1 million. As the economy recovers and unemployment trends towards pre-pandemic levels, costs associated with individuals temporarily enrolled but with a minimum of twelve-months continuous coverage are anticipated to begin declining in FY 2023.

Even though total enrollment is expected to decline, total Medicaid costs are expected to grow annually due to an increase in populations that typically drive higher service utilization and costs. 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.

The following table provides information on financing sources for the Medicaid program.

DEPARTMENT OF HEALTH MEDICAID
(millions of dollars)

	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
STATE OPERATING FUNDS	**22,238**	**27,166**	**22.2%**	**30,205**	**11.2%**	**30,990**	**2.6%**	**31,978**	**3.2%**
Department of Health Medicaid	**19,637**	**21,934**	**11.7%**	**25,209**	**14.9%**	**26,154**	**3.7%**	**26,921**	**2.9%**
General Fund - DOH Medicaid Local	13,870	15,864	14.4%	19,309	21.7%	20,166	4.4%	20,826	3.3%
DOH Medicaid	12,553	15,287	21.8%	15,369	0.5%	15,534	1.1%	16,119	3.8%
Non-DOH Medicaid[1]	2,157	0	-100.0%	431	0.0%	755	75.2%	647	-14.3%
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]	(294)	(362)	-23.1%	(362)	0.0%	(362)	0.0%	(362)	0.0%
eFMAP[4]	(3,420)	(2,487)	27.3%	0	100.0%	0	0.0%	0	0.0%
General Fund - DOH Medicaid State Ops	224	236	5.4%	213	-9.7%	218	2.3%	221	1.4%
General Fund - Essential Plan	66	65	-1.5%	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	66	65	-1.5%	62	-4.6%	62	0.0%	62	0.0%
Other State Funds - DOH Medicaid Local	5,477	5,769	5.3%	5,625	-2.5%	5,708	1.5%	5,812	1.8%
HCRA Financing	3,891	4,157	6.8%	3,976	-4.4%	4,032	1.4%	4,109	1.9%
Indigent Care Support	751	719	-4.3%	717	-0.3%	717	0.0%	717	0.0%
Provider Assessment Revenue	834	891	6.8%	930	4.4%	957	2.9%	984	2.8%
Medical Indemnity Fund	1	2	100.0%	2	0.0%	2	0.0%	2	0.0%
Other State Agency Medicaid Spending	**2,601**	**5,232**	**101.2%**	**4,996**	**-4.5%**	**4,836**	**-3.2%**	**5,057**	**4.6%**
Use of MSA Payments (Share of Local Growth)[3]	**294**	**362**	**23.1%**	**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	**49,592**	**53,044**	**7.0%**	**49,515**	**-6.7%**	**48,623**	**-1.8%**	**49,463**	**1.7%**
DOH Medicaid	45,054	47,368	5.1%	43,679	-7.8%	42,884	-1.8%	43,786	2.1%
Essential Plan	4,538	5,676	25.1%	5,836	2.8%	5,739	-1.7%	5,677	-1.1%
ALL FUNDING SOURCES	**79,784**	**88,570**	**11.0%**	**88,296**	**-0.3%**	**88,104**	**-0.2%**	**89,867**	**2.0%**

[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] eFMAP of 6.2 percent retroactive to January 2020 (24 months).

[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. The following table provides information on other State agency Medicaid spending.

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

	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Department of Health Medicaid	19,571	21,869	25,147	26,092	26,859
Local Assistance	23,061	24,482	25,296	26,236	27,000
State Operations	224	236	213	218	221
MSA Payments (Share of Local Growth)[2]	(294)	(362)	(362)	(362)	(362)
eFMAP[3]	(3,420)	(2,487)	0	0	0
Other State Agency Medicaid Spending	2,601	5,232	4,996	4,836	5,057
Mental Hygiene[4]	2,488	4,984	4,774	4,614	4,835
Foster Care	32	74	74	74	74
Education	81	140	140	140	140
Corrections[5]	0	34	8	8	8
Total State Share Medicaid (All Agencies)	**22,172**	**27,101**	**30,143**	**30,928**	**31,916**
Annual $ Change		4,929	3,042	785	988
Annual % Change		22.2%	11.2%	2.6%	3.2%
Essential Plan	**66**	**65**	**62**	**62**	**62**
Local Assistance	0	0	0	0	0
State Operations	66	65	62	62	62

[1] DOH spending 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; Monroe County's decision to participate in the Medicaid local cap program rather than continuing the sales tax intercept option; increased Federal Financial Participation 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] eFMAP of 6.2 percent retroactive to January 2020 (24 months).

[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] Increased DOCCS Medicaid spending in FY 2022 reflects timing of reimbursements from retroactive reconciliations.

Global Cap

Medicaid spending under the Global Cap is projected to adhere to statutorily allowable levels through FY 2025. Forecasted Medicaid spending includes the recurring value of MRT II savings initiatives and the Managed Care payment restructuring totaling $1.7 billion initially executed at the end of FY 2019 in response to a structural imbalance at the time. Additional information on the Medicaid Global Cap construct, structural imbalance and MRT savings initiatives can be found in "Other Matters Affecting the Financial Plan" herein.

MEDICAID GLOBAL CAP FORECAST
(millions of dollars)

	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Global Medicaid Cap[1]	**19,992**	**20,572**	**21,172**	**21,749**	**22,333**
Annual $ Change		580	600	577	584
Annual % Change		2.9%	2.9%	2.7%	2.7%

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

Temporary eFMAP

In March 2020, the Federal government signed into law the FFCRA which included 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 Affordable Care Act (ACA) expansion. On July 19, 2021, the Federal government formally extended the public health emergency period through October 18, 2021, which will authorize the eFMAP provisions through December 2021, the end of the quarter in which the emergency period is set to expire. Accordingly, the Updated Financial Plan assumes the eFMAP will continue through the end of calendar year 2021 with a State benefit estimated at approximately $2.5 billion in FY 2022.

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. The State costs of minimum wage increases in the health care sector are projected to grow $370 million to roughly $2.0 billion in FY 2022. 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 required supplemental benefits typically can be satisfied by increasing the base cash wage for home health care workers 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 State takeover, which capped local districts' Medicaid costs at calendar year 2015 levels 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. The following table provides county specific savings.

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**

Master Settlement Agreement (MSA)

In FY 2018, all outstanding bonds secured by annual payments from tobacco manufacturers under the MSA were retired. In FY 2022, DOB expects to receive MSA payments totaling roughly $362 million. State law directs these payments be used to help defray costs of the State's takeover of Medicaid costs for counties and New York City. Consistent with State law, the MSA payments are deposited directly to the 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 the MSA offset.

FUNDING SOURCES FOR STATE MEDICAID CONTRIBUTIONS
(millions of dollars)

	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
State Share Support	**22,532**	**27,528**	**30,567**	**31,352**	**32,340**
State Funds Medicaid Disbursements	22,238	27,166	30,205	30,990	31,978
MSA Payments (Local Growth)	294	362	362	362	362

Health Care Transformation Fund (HCTF)

The HCTF was created in 2018 to account for receipts associated with health care asset sales and conversions. Resources in the HCTF are transferred 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. The HCTF may be used as a repository for future proceeds related to asset sales and conversions, subject to regulatory approvals.

The table below summarizes the actual and projected receipts from several health care provider conversions and acquisitions and the support for health care transformation activities, including subsidies for housing rental assistance, State-only health care payments and capital projects spending to enhance health care information technology.

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

	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Opening Balance	**315**	**255**	**87**	**0**	**0**
Receipts	**139**	**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
STIP Interest	1	0	0	0	0
Planned Uses	**199**	**416**	**155**	**0**	**0**
Housing Rental Subsidies	84	238	65	0	0
State-Only Payments	58	123	46	0	0
Capital Projects	57	55	44	0	0
Closing Balance	**255**	**87**	**0**	**0**	**0**

A summary of the individual asset sales and conversions is included in the Updated Financial Plan.

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 71,000 from FY 2021.

ESSENTIAL PLAN (millions of dollars)

	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL ALL FUNDS SPENDING	4,604	5,741	24.7%	5,898	2.7%	5,801	-1.6%	5,739	-1.1%
State Operating Funds	66	65	-1.5%	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	66	65	-1.5%	62	-4.6%	62	0.0%	62	0.0%
Federal Operating Funds	4,538	5,676	25.1%	5,836	2.8%	5,739	-1.7%	5,677	-1.1%

[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, EP spending is anticipated to fluctuate over the Financial Plan period, reflecting a mix of factors. Spending growth in FY 2022 primarily reflects costs associated with robust growth in program enrollment and the leveraging of $381 million in available resources to support the elimination of health insurance premiums for over 400,000 program enrollees and promote coverage for upwards of 100,000 additional New Yorkers.

The Updated Financial Plan also includes more than $200 million to reduce out of pocket costs by eliminating Dental and Vision premiums, enhanced support to hospitals through a $420 million increase in reimbursement rates, as well as a $97 million commitment to expand the size of the EP Quality Incentive Program pool to $200 million. 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. Spending growth, attributable to Enacted Budget actions and subsequent enrollment growth, is expected to taper in the outyears.

Public Health/Aging Programs

Public Health includes many programs. CHP, the largest program in this category, provides health insurance coverage for children of low-income families, up to the age of 19. The General Public Health Work (GPHW) program reimburses local health departments for the cost of providing certain public health services. The Elderly Pharmaceutical Insurance Coverage (EPIC) program provides prescription drug insurance to seniors. 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 these programs. 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 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,812**	**1,906**	**5.2%**	**1,945**	**2.0%**	**1,959**	**0.7%**	**1,977**	**0.9%**
Public Health	**1,677**	**1,751**	**4.4%**	**1,795**	**2.5%**	**1,804**	**0.5%**	**1,816**	**0.7%**
Child Health Plus[1]	577	724	25.5%	815	12.6%	823	1.0%	835	1.5%
General Public Health Work[2]	239	196	-18.0%	163	-16.8%	163	0.0%	163	0.0%
EPIC	98	103	5.1%	103	0.0%	103	0.0%	103	0.0%
Early Intervention[2]	181	80	-55.8%	80	0.0%	80	0.0%	80	0.0%
Unadjusted	254	163	-35.8%	163	0.0%	163	0.0%	163	0.0%
Health Services Initiatives Offset	(73)	(83)	-13.7%	(83)	0.0%	(83)	0.0%	(83)	0.0%
HCRA Program	269	332	23.4%	338	1.8%	338	0.0%	338	0.0%
All Other	313	316	1.0%	296	-6.3%	297	0.3%	297	0.0%
Aging	**135**	**155**	**14.8%**	**150**	**-3.2%**	**155**	**3.3%**	**161**	**3.9%**

[1] Increased spending for CHP in FY 2022 and beyond is attributable to the expiration of enhanced Federal resources, including eFMAP retroactive to January 2020 (24 months).

[2] FY 2021 actuals for GPHW and EI reflect the timing of payments for prior year liabilities.

Public Health spending grows over the multi-year Financial Plan due to several factors, including increased enrollment in CHP, the transition of the "Aliessa" (i.e., legally residing immigrants in New York who meet the income eligibility requirements) population from the Medicaid budget to the Public Health budget, which has no impact on service delivery, and the scheduled phase down of enhanced resources provided in the ACA. Growth in FY 2022 reflects a reduction in expected eFMAP for CHP as part of the FFCRA, and the timing of FY 2021 payment processing due to COVID-19. Increased spending in FY 2022 will be partially offset by State savings from the utilization of new Federal funding for Hunger Prevention and Nutrition Assistance programs.

The Updated Financial Plan budgets $83 million annually in 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 the EI program.

The Updated Financial Plan 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. The multi-year Financial Plan also reflects funding for an annual Human Services COLA.

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 Database (APCD).

HCRA FINANCIAL PLAN
(millions of dollars)

	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
OPENING BALANCE	**16**	**16**		**0**		**0**		**0**	
TOTAL RECEIPTS	**5,833**	**6,226**	**6.7%**	**6,136**	**-1.4%**	**6,203**	**1.1%**	**6,250**	**0.8%**
Surcharges	3,523	3,706	5.2%	3,781	2.0%	3,858	2.0%	3,937	2.0%
Covered Lives Assessment	1,026	1,110	8.2%	1,110	0.0%	1,110	0.0%	1,110	0.0%
Cigarette Tax Revenue	696	663	-4.7%	631	-4.8%	604	-4.3%	572	-5.3%
Hospital Assessments	477	487	2.1%	502	3.1%	518	3.2%	518	0.0%
Excise Tax on Vapor Products	32	22	-31.3%	22	0.0%	22	0.0%	22	0.0%
NYC Cigarette Tax Transfer	19	21	10.5%	21	0.0%	21	0.0%	21	0.0%
EPIC Receipts/ICR Audit Fees	60	67	11.7%	69	3.0%	70	1.4%	70	0.0%
Distressed Provider Assistance[1]	0	150	0.0%	0	-100.0%	0	0.0%	0	0.0%
TOTAL DISBURSEMENTS AND TRANSFERS	**5,833**	**6,242**	**7.0%**	**6,136**	**-1.7%**	**6,203**	**1.1%**	**6,250**	**0.8%**
Medicaid Assistance Account	3,891	4,157	6.8%	3,976	-4.4%	4,032	1.4%	4,109	1.9%
Medicaid Costs	3,716	3,982	7.2%	3,801	-4.5%	3,857	1.5%	3,934	2.0%
Workforce Recruitment & Retention	175	175	0.0%	175	0.0%	175	0.0%	175	0.0%
Hospital Indigent Care	751	719	-4.3%	717	-0.3%	717	0.0%	717	0.0%
HCRA Program Account	276	340	23.2%	346	1.8%	346	0.0%	346	0.0%
Child Health Plus[2]	590	735	24.6%	826	12.4%	836	1.2%	848	1.4%
Elderly Pharmaceutical Insurance Coverage	108	114	5.6%	114	0.0%	114	0.0%	114	0.0%
Qualified Health Plan Administration	34	35	2.9%	35	0.0%	36	2.9%	36	0.0%
SHIN-NY/APCD	40	40	0.0%	40	0.0%	40	0.0%	0	-100.0%
All Other	143	102	-28.7%	82	-19.6%	82	0.0%	80	-2.4%
ANNUAL OPERATING SURPLUS/(DEFICIT)	**0**	**(16)**		**0**		**0**		**0**	
CLOSING BALANCE	**16**	**0**		**0**		**0**		**0**	

[1] The HCRA Financial Plan includes $150 million in FY 2022 to support State funded payments for distressed health care providers.

[2] The fluctuation in CHP expenditures from FY 2021 to FY 2022 reflects the impact of transitioning certain funding from the Medicaid Assistance account to CHP, as well as an increase in State share CHP costs due to the scheduled phase down of enhanced Federal resources.

Total HCRA receipts are anticipated to increase in FY 2022, reflecting the assumption that collections from health care surcharges and assessments will begin trending closer to pre-pandemic levels.

Projected declines in cigarette tax revenues reflect expected continued declines in the consumption of cigarettes.

HCRA spending in FY 2022 is expected to increase in line with projected growth in receipts collections. The Updated Financial Plan reflects roughly $4.0 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.

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 enrollment and utilization.

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 intellectual and developmental disabilities and their families, people with chemical dependencies, and individuals with compulsive gambling problems.

MENTAL HYGIENE (millions of dollars)

	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,914**	**4,521**	**136.2%**	**4,291**	**-5.1%**	**4,197**	**-2.2%**	**4,479**	**6.7%**
People with Developmental Disabilities	**2,345**	**2,624**	**11.9%**	**2,731**	**4.1%**	**2,890**	**5.8%**	**2,990**	**3.5%**
Residential Services	1,363	1,429	4.8%	1,490	4.3%	1,576	5.8%	1,614	2.4%
Day Programs	599	791	32.1%	824	4.2%	872	5.8%	893	2.4%
Clinic	13	13	0.0%	13	0.0%	13	0.0%	13	0.0%
All Other Services (Net of Offsets)	370	391	5.7%	404	3.3%	429	6.2%	470	9.6%
Mental Health	**1,384**	**1,501**	**8.5%**	**1,588**	**5.8%**	**1,632**	**2.8%**	**1,685**	**3.2%**
Adult Local Services	1,155	1,243	7.6%	1,317	6.0%	1,356	3.0%	1,401	3.3%
Children Local Services	229	258	12.7%	271	5.0%	276	1.8%	284	2.9%
Addiction Services and Supports	**341**	**395**	**15.8%**	**402**	**1.8%**	**429**	**6.7%**	**450**	**4.9%**
Residential	91	99	8.8%	103	4.0%	115	11.7%	120	4.3%
Other Treatment	169	202	19.5%	203	0.5%	212	4.4%	223	5.2%
Prevention	49	58	18.4%	59	1.7%	61	3.4%	64	4.9%
Recovery	32	36	12.5%	37	2.8%	41	10.8%	43	4.9%
Justice Center	**1**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**
Total Spending Funded by DOH Medicaid Global Cap [1]	**(2,157)**	**0**	**100.0%**	**(431)**	**0.0%**	**(755)**	**-75.2%**	**(647)**	**14.3%**
People with Developmental Disabilities	(1,957)	0	100.0%	(431)	0.0%	(755)	-75.2%	(647)	14.3%
Mental Health	(200)	0	100.0%	0	0.0%	0	0.0%	0	0.0%
TOTAL MENTAL HYGIENE SPENDING[2]	**4,071**	**4,521**	**11.1%**	**4,722**	**4.4%**	**4,952**	**4.9%**	**5,126**	**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.

[2] FY 2021 included $26 million in payments that were not released at the end of FY 2020 due to interruptions and uncertainties as a result of the pandemic.

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 that have been issued to finance infrastructure improvements at State mental hygiene facilities. Revenues exceeding debt service are used to support State operating costs associated with Mental Hygiene service delivery.

Mental Hygiene spending growth in FY 2022 and subsequent years reflects increased funding for not-for-profit providers to support minimum wage increases, a one percent COLA, the anticipation that service utilization trends upwards towards pre-pandemic levels, and targeted investments to ensure adequate access to services and supports.

The Financial Plan includes continued support for individuals with developmental disabilities to ensure appropriate access to care. Additional funding will be utilized for the development of new certified housing supports, expanded independent living opportunities, and growth in respite availability.

The Financial Plan 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 in FY 2022 and beyond primarily reflects increased residential service opportunities and other investments in addiction prevention, treatment, and recovery programs operated by not-for-profit providers.

The level of Mental Hygiene spending reported under the DOH Medicaid Global Cap has no impact on mental hygiene service delivery or operations and may fluctuate depending on the availability of resources and other cost pressures within the Medicaid program.

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 Supplemental Security Income (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 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,362**	**1,648**	**21.0%**	**1,601**	**-2.9%**	**1,646**	**2.8%**	**1,652**	**0.4%**
SSI	603	667	10.6%	667	0.0%	667	0.0%	667	0.0%
Public Assistance Benefits	657	599	-8.8%	583	-2.7%	574	-1.5%	541	-5.7%
Public Assistance Initiatives	8	13	62.5%	9	-30.8%	9	0.0%	9	0.0%
Homeless Housing and Services	90	14	-84.4%	239	1607.1%	294	23.0%	333	13.3%
Rental Assistance	0	350	0.0%	100	-71.4%	100	0.0%	100	0.0%
All Other	4	5	25.0%	3	-40.0%	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.

The rise in unemployment and decrease in family income resulted in an increase to the public assistance caseload, particularly in New York City, that increases Safety Net assistance. The Financial Plan reflects that spending for Safety Net assistance is not expected to return to pre-pandemic levels until after FY 2024. In addition, the Financial Plan includes time-limited emergency rental assistance using Federal resources and a new recurring State funded rental assistance program to assist individuals and families most impacted by the pandemic.

SSI spending is expected to remain level over the Financial Plan period, with no change in caseloads. 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 childcare. 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 childcare subsidies for public assistance and low-income families.

CHILDREN AND FAMILY SERVICES (millions of dollars)									
	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,661**	**1,700**	**2.3%**	**1,584**	**-6.8%**	**1,659**	**4.7%**	**1,659**	**0.0%**
Child Welfare Service	577	500	-13.3%	476	-4.8%	476	0.0%	476	0.0%
Foster Care Block Grant	420	409	-2.6%	390	-4.6%	390	0.0%	390	0.0%
Child Care	180	278	54.4%	245	-11.9%	320	30.6%	320	0.0%
Adoption	149	153	2.7%	145	-5.2%	145	0.0%	145	0.0%
Youth Programs	161	105	-34.8%	93	-11.4%	93	0.0%	93	0.0%
Medicaid	32	74	131.3%	75	1.4%	75	0.0%	75	0.0%
Adult Protective/Domestic Violence	78	57	-26.9%	54	-5.3%	54	0.0%	54	0.0%
Committees on Special Education	8	0	-100.0%	29	0.0%	29	0.0%	29	0.0%
All Other	56	124	121.4%	77	-37.9%	77	0.0%	77	0.0%

The Financial Plan achieves savings by aligning fiscal responsibility for residential school placements of children with special needs with the responsible school districts, outside of New York City, in FY 2022. Higher projected spending in FY 2022 reflects the repayment of local aid withheld in FY 2021, as well as funding for legislative program adds.

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 $6.1 billion in operating aid to mass transit systems, including $2.3 billion from the direct remittance of various dedicated taxes and fees to the MTA (not included in the table below) and $252 million from a State supplement to the Payroll Mobility Tax (PMT) tax collections. The MTA, the nation's largest transit and commuter rail system, is scheduled to receive $5.5 billion (approximately 90 percent) of the State's mass transit aid.

TRANSPORTATION (millions of dollars)

	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
STATE OPERATING FUNDS SUPPORT	**3,648**	**3,792**	**3.9%**	**4,195**	**10.6%**	**4,196**	**0.0%**	**4,196**	**0.0%**
Mass Transit Operating Aid:	2,626	2,625	0.0%	3,050	16.2%	3,050	0.0%	3,050	0.0%
Metro Mass Transit Aid	2,492	2,468	-1.0%	2,896	17.3%	2,896	0.0%	2,896	0.0%
Public Transit Aid	91	112	23.1%	110	-1.8%	110	0.0%	110	0.0%
18-b General Fund Aid	18	19	5.6%	19	0.0%	19	0.0%	19	0.0%
School Fare	25	26	4.0%	25	-3.8%	25	0.0%	25	0.0%
Mobility Tax	237	252	6.3%	244	-3.2%	244	0.0%	244	0.0%
NY Central Business District Trust	145	156	7.6%	153	-1.9%	155	1.3%	155	0.0%
Dedicated Mass Transit	576	681	18.2%	676	-0.7%	676	0.0%	676	0.0%
AMTAP	64	78	21.9%	72	-7.7%	71	-1.4%	71	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*[13] decision, which is projected to provide the MTA with $156 million in dedicated revenues in FY 2022.

[13] A 2018 U.S. Supreme Court decision held that a vendor's physical presence in a state is not necessary for that state to require the vendors to collect and remit sales tax on sales to in-state consumers.

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 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**630**	**706**	**12.1%**	**703**	**-0.4%**	**703**	**0.0%**	**703**	**0.0%**
Big Four Cities	408	451	10.5%	429	-4.9%	429	0.0%	429	0.0%
Other Cities	207	228	10.1%	218	-4.4%	218	0.0%	218	0.0%
Towns and Villages	8	9	12.5%	9	0.0%	9	0.0%	9	0.0%
Restructuring/Efficiency	7	18	157.1%	47	161.1%	47	0.0%	47	0.0%

Higher spending in FY 2022 reflects the projected increases in awards from the Financial Restructuring Board to Local Governments pursuant to the Local Government Performance and Efficiency Program, as well as requests for State matching funds through the County Wide Shared Service Initiative. Higher spending in FY 2022 also includes the payment of FY 2021 local aid payments that were withheld, as well as targeted legislative adds.

Agency Operations

Agency operating costs consist of Personal Service (PS), Non-Personal Service (NPS), and General State Charges (GSCs). PS includes salaries of State employees of the Executive, Legislative, and Judicial branches consistent with current negotiated collective bargaining agreements, as well as temporary/seasonal employees. NPS includes real estate rentals, utilities, contractual payments (e.g., consultants, Information Technology (IT), and professional business services), supplies and materials, equipment, and telephone service. GSCs, discussed separately, reflect the cost of fringe benefits (e.g., pensions and health insurance) provided to State employees and retirees of the Executive, Legislative and Judicial branches, as well as certain fixed costs such as litigation expenses and taxes on public lands. Certain agency operating costs of 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, 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); United University Professions (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 (correctional officers, safety and security officers).

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

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING PERSONAL SERVICE AND FRINGE BENEFITS

	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Negotiated Base Salary Increases[1]					
NYSTPBA /NYSPIA/NYSCOPBA/GSEU/PEF	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/PBANYS	TBD	TBD	TBD	TBD	TBD
State Workforce[2]	111,230	115,293	TBD	TBD	TBD
ERS Contribution Rate[3]	15.1%	16.9%	18.3%	21.8%	27.1%
PFRS Contribution Rate[3]	25.0%	28.6%	30.7%	34.6%	40.5%
Employee/Retiree Health Insurance Growth Rates	2.6%	7.3%	7.7%	7.4%	7.5%
PS/Fringe as % of Receipts (All Funds Basis)	12.4%	11.8%	12.3%	12.7%	13.3%

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.

3 ERS / PFRS contribution rate reflects the State's normal and administrative costs, contributions to the Group Life Insurance Plan (GLIP), and Chapter 41 of 2016 veteran's pension credit legislation (if applicable).

After adjustment for pandemic related expenses, agency operational costs are projected to remain stable over the Financial Plan period.

STATE OPERATING FUNDS - PERSONAL SERVICE/NON-PERSONAL SERVICE COSTS
(millions of dollars)

	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
SUBJECT TO DIRECT EXECUTIVE CONTROL[1]	**9,888**	**11,510**	**10,643**	**10,670**	**10,713**
Mental Hygiene	2,799	2,831	2,911	2,959	3,006
Corrections and Community Supervision	2,563	2,662	2,672	2,672	2,658
State Police	776	792	809	809	809
Department of Health	689	661	680	688	689
Information Technology Services	517	537	548	548	548
Children and Family Services	174	307	297	302	307
Tax and Finance	326	315	308	309	309
Transportation	309	339	339	339	339
Environmental Conservation	213	234	220	219	220
Retroactive Salary Payments	0	968	0	0	0
Ongoing Pandemic Related Expenses	(132)	200	200	200	200
All Other	1,654	1,664	1,659	1,625	1,628
FUND ELIGIBLE EXPENSES FROM CRF	**1,726**	**0**	**0**	**0**	**0**
Corrections and Community Supervision	1,295	0	0	0	0
State Police	343	0	0	0	0
Mental Hygiene	40	0	0	0	0
Department of Health	38	0	0	0	0
Tax and Finance	6	0	0	0	0
All Other	4	0	0	0	0
PANDEMIC COSTS/(REIMBURSEMENT)	**951**	**(940)**	**(200)**	**(200)**	**0**
Mental Hygiene	47	(34)	0	0	0
Corrections and Community Supervision	0	(130)	0	0	0
Department of Health	789	(1,090)	0	0	0
Information Technology Services	18	(25)	0	0	0
Transportation	10	(2)	0	0	0
All Other	87	341	(200)	(200)	0
UNIVERSITY SYSTEMS	**6,237**	**6,377**	**6,478**	**6,573**	**6,651**
State University	6,136	6,377	6,478	6,573	6,651
City University	101	0	0	0	0
INDEPENDENT AGENCIES	**341**	**325**	**325**	**325**	**325**
Law	190	178	178	178	178
Audit & Control (OSC)	151	147	147	147	147
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	**15,691**	**17,272**	**17,246**	**17,368**	**17,689**
Judiciary	**2,088**	**2,141**	**2,112**	**2,112**	**2,112**
Legislature	**227**	**255**	**255**	**255**	**255**
Statewide Total	**18,006**	**19,668**	**19,613**	**19,735**	**20,056**
Personal Service	12,355	14,849	14,223	14,326	14,411
Non-Personal Service	5,651	4,819	5,390	5,409	5,645

[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 pandemic response and recovery efforts, including: the timing of Federal reimbursement; the timing of offsets of expenses across fiscal years; the payment of general salary increases that were scheduled to go into effect on April 1, 2020 that were delayed until FY 2022; and the payment of salary increases through FY 2023 pursuant to existing contracts. This includes the recent ratification of a new contract by PEF members on July 27, 2021. State Operating spending has been increased in FY 2022 by $386 million for the retroactive PEF salary increases for FYs 2020 and 2021.

Pursuant to guidelines established by the U.S. Treasury, the State charged roughly $1.7 billion in eligible costs to the Federal CRF in FY 2021. This includes approximately $1.6 billion in payroll costs (excluding fringe benefits) for public health and safety employees through December 31, 2020 and other eligible pandemic response costs. Another $132 million in expenditures that were incurred in FY 2020 were subsequently cancelled and refunded in FY 2021. The Financial Plan also assumes additional costs incurred by the State in the first instance in FY 2021 will be charged to the CRF in FY 2022.

Certain pandemic response expenses incurred in FY 2021, including PPE, durable medical equipment, costs to build out field hospital facilities, testing, and vaccination activities are expected to be reimbursed by FEMA. DOB expects reimbursement over several years based on past claims experience. In FY 2022, state agencies are expected to incur additional costs to respond to the COVID-19 pandemic, which are expected to be funded with Federal aid from the CRF and FEMA.

As a response to budget pressures caused by the pandemic, Executive agency budgets, except for facility operations and public health and safety, were reduced by 10 percent from budgeted levels beginning in FY 2021 and continuing over the Financial Plan period. Savings are expected to be achieved through adherence to hiring restrictions, limiting new contracts or purchase orders on NPS (excluding those needed to protect the health, safety, and security of employees and citizens), and to ensure the continuation of high priority operations and services.

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, and will not have a negative impact on the availability of services. Funding is also added for public education and drug treatment to reduce the risks associated with cannabis use.

- **Corrections and Community Supervision.** Higher spending starting in FY 2022 reflects increased costs associated with the Humane Alternatives to Long Term Solitary Confinement Act (HALT) and MAT. These increased costs are offset by planned savings from a reduction in excess prison capacity due to declines in the prison population.

- **Children and Family Services.** The Financial Plan limits 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. The Financial Plan also seeks to right size the State juvenile justice facility system by reducing/eliminating excess bed capacity and closing two youth facilities with underfilled beds. Higher spending in FY 2022 is due to the shift of operating costs to local assistance in FY 2021.

- **State University.** Spending for SUNY has been revised upward to reflect additional funding for various programs requested by the legislature and to adjust for an increase in COVID-19 related costs in hospitals.

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

All Other Agencies. Agriculture and Markets has been working with Empire State Development (ESD) on the administration of seven marketing orders. The Enacted Budget extended ESD's existing authority to issue market orders to 2026. DMV and DTF will also receive new funding from the Cannabis Revenue Fund for maintaining traffic safety and operational costs.

Workforce

In FY 2022, $14.8 billion, or 13.2 percent, of the State Operating Funds budget is dedicated to supporting Full-Time Equivalent (FTE) employees under direct Executive control; individuals employed by SUNY and Independent Agencies; employees paid on a nonannual salaried basis; and overtime pay. Roughly two-thirds of the 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	**8,440**	**93,829**
Mental Hygiene	2,311	32,237
Corrections and Community Supervision	2,062	24,902
State Police	721	5,527
Department of Health	234	3,942
Information Technology Services	273	3,276
Tax and Finance	246	3,785
Children and Family Services	215	2,122
Environmental Conservation	191	2,123
Transportation	159	2,580
Financial Services	154	1,296
All Other	1,874	12,039
UNIVERSITY SYSTEMS	**4,233**	**46,708**
State University	4,233	46,708
INDEPENDENT AGENCIES	**2,176**	**18,386**
Law	126	1,528
Audit & Control (OSC)	117	1,582
Judiciary	1,734	15,273
Legislature[2]	199	3
Statewide Total	**14,849**	**158,923**

[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] 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 reflect the reclassification of PS and related fringe benefits costs for State Police, first responders, and public safety officers to the Federal CRF pursuant to Treasury guidelines. This resulted in higher Federal fringe benefit assessments and lower General Fund spending in FY 2021. In FY 2022, GSC spending reflects additional collection of Federal Fringe benefit assessments of $197 million related to the planned shift of payroll costs to the CRF.

GSC spending is projected to increase by an average of 10.6 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 PS costs (6.2 percent for Social Security and 1.45 percent for Medicare). The State deferred the allowable non-Medicare payment through December 2020 for a total of $556 million for the Executive, $69 million for the Judiciary, and $49 million for SUNY Hospitals.

Growth in the health insurance program over the plan period reflects medical inflation and the potential for more spending resulting from increased utilization following delayed medical visits and procedures during the pandemic.

At the end of FY 2021, the State paid off $918 million in pension amortizations that were otherwise due in FY 2022 through FY 2026. The prepayment of those costs saved a total of $64.5 million in interest expenses, of which nearly half will be realized in FY 2022 ($31 million). The one-time prepayment of $918 million in FY 2021 reduced future liabilities through FY 2026. The Judiciary is expected to make a similar prepayment in FY 2022 of approximately $97 million which will generate $7 million in interest savings. This prepayment will commensurately reduce General Fund costs through FY 2026. Outyear pension costs reflects updated actuarial demographic assumptions and a valuation date during a bear market (See "Other Matters Affecting the Financial Plan" herein).

Increases in workers' compensation, other fringe benefits, and fixed costs are reflective of current spending trends. Under the Federal CARES Act and the Continued Assistance Act, the Federal government covered 50 percent of the costs of the State's employer charges for Unemployment Insurance. Under ARP, signed in March 2021, this benefit was increased to 75 percent of the State's costs and extended to September 2021. Pursuant to authority granted by the Governor, which expired in June 2021, the Commissioner of the New York State Department of Labor ordered the elimination of the remaining charges for reimbursable employers during the pandemic. The FY 2021 actual and FY 2022 projections for Unemployment Insurance is reflective of these actions.

GENERAL STATE CHARGES
(millions of dollars)

	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**7,918**	**9,424**	**19.0%**	**10,053**	**6.7%**	**10,640**	**5.8%**	**11,852**	**11.4%**
Fringe Benefits	**7,508**	**8,963**	**19.4%**	**9,579**	**6.9%**	**10,165**	**6.1%**	**11,377**	**11.9%**
Health Insurance	4,415	4,736	7.3%	5,103	7.7%	5,483	7.4%	5,893	7.5%
Pensions	3,406	2,610	-23.4%	2,658	1.8%	3,066	15.3%	3,789	23.6%
Social Security (Gross)	1,126	1,110	-1.4%	1,133	2.1%	1,175	3.7%	1,175	0.0%
Social Security (CRF)	(674)	372	155.2%	302	-18.8%	0	-100.0%	0	0.0%
Workers' Compensation	502	533	6.2%	580	8.8%	638	10.0%	702	10.0%
Employee Benefits	103	111	7.8%	121	9.0%	121	0.0%	121	0.0%
Dental Insurance	56	65	16.1%	66	1.5%	66	0.0%	66	0.0%
Unemployment Insurance	2	12	500.0%	13	8.3%	13	0.0%	13	0.0%
All Other/Non-State Escrow	(432)	(389)	10.0%	(397)	-2.1%	(397)	0.0%	(382)	3.8%
Non-State Escrow (CRF)	(996)	(197)	80.2%	0	100.0%	0	0.0%	0	0.0%
Fixed Costs	**410**	**461**	**12.4%**	**474**	**2.8%**	**475**	**0.2%**	**475**	**0.0%**
Public Land Taxes/PILOTS	280	289	3.2%	302	4.5%	303	0.3%	303	0.0%
Litigation	130	172	32.3%	172	0.0%	172	0.0%	172	0.0%

Transfers to Other Funds (General Fund Basis)

General Fund resources are transferred to other funds to finance a range of other activities, including debt service for bonds that do not have dedicated revenues, SUNY operating costs, and certain capital projects.

GENERAL FUND TRANSFERS TO OTHER FUNDS (millions of dollars)	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
TOTAL TRANSFERS TO OTHER FUNDS	**7,978**	**7,844**	**7,258**	**6,727**	**6,705**
Debt Service	326	392	400	458	506
SUNY University Operations	1,229	1,301	1,288	1,303	1,321
Capital Projects	4,540	4,580	3,955	3,672	3,583
Extraordinary Monetary Settlements:	**527**	**48**	**294**	**827**	**558**
Dedicated Infrastructure Investment Fund	330	526	676	584	524
Javits Center Expansion	183	0	0	0	0
Bond Proceeds Receipts for Javits Center Expansion	0	(500)	(500)	0	0
Clean Water Grants	0	0	0	225	25
Mass Transit Capital	3	3	3	3	0
Health Care	11	19	115	15	9
Dedicated Highway and Bridge Trust Fund	786	261	472	518	679
Environmental Protection Fund	28	28	96	96	96
All Other Capital	3,199	4,243	3,093	2,231	2,250
ALL OTHER TRANSFERS	**1,883**	**1,571**	**1,615**	**1,294**	**1,295**
Department of Transportation (MTA Payroll Tax)	244	244	244	244	244
SUNY - Medicaid Reimbursement	262	243	243	243	243
NY Central Business District Trust	150	152	153	155	155
Judiciary Funds	116	103	110	110	110
Dedicated Mass Transportation Trust Fund	64	65	65	65	65
Indigent Legal Services	1	28	75	75	75
Banking Services	37	44	44	44	44
Business Services Center	27	32	30	30	30
Mass Transportation Operating Assistance	13	21	21	21	21
Correctional Industries	21	23	21	21	21
General Services	20	13	10	10	10
Public Transportation Systems	17	16	16	16	16
Health Income Fund	8	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
Video Lottery Terminal (School Aid Support)	596	0	0	0	0
Commercial Gaming Revenue (School Aid Support)	96	0	0	0	0
Retiree Health Benefit Trust Fund	0	320	320	0	0
All Other	179	219	215	212	213

In FY 2022, a total of $7.8 billion of General Fund resources are expected to be transferred to other funds, a $134 million decrease from FY 2021. The decline is mainly attributable to transfers to support School Aid executed in FY 2021 because of the drop in lottery and gaming revenues available, partially offset by planned deposits to the Retiree Health Benefit Trust Fund in FY 2022 and FY 2023.

Transfers to capital projects funds are impacted by the timing of bond receipts to offset costs initially funded by monetary settlements; reimbursements to the capital projects fund; increased PAYGO capital spending; and a significantly larger transfer to support the DHBTF in FY 2021 due to the substantial decline in tax receipts.

The DHBTF receives motor vehicle fees, PBT, the motor fuel tax, HUT, the auto rental tax, utilities taxes, and miscellaneous transportation-related fees. These resources are used to pay debt service on transportation bonds, finance capital projects, and pay for certain operating expenses of the DOT and DMV. The General Fund subsidizes DHBTF expenses that are not covered by revenue 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 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
General Fund	326	392	20.2%	400	2.0%	458	14.5%	506	10.5%
Other State Support	8,488	6,315	-25.6%	5,463	-13.5%	5,982	9.5%	6,372	6.5%
Liquidity Financing[1]	4,382	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
State Operating	**13,196**	**6,707**	**-49.2%**	**5,863**	**-12.6%**	**6,440**	**9.8%**	**6,878**	**6.8%**

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

State Operating Funds debt service is projected to be $6.7 billion in FY 2022, of which $392 million is paid from the General Fund and $6.3 billion is paid from other State funds supported by dedicated tax receipts. 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.

Debt service declines from FY 2021 to FY 2022 are due to the repayment of $4.5 billion of PIT notes, which were issued during FY 2021 to help manage the adverse cash flow impact that resulted from the Federal extension of tax filing deadlines in response to the pandemic (the "FY 2021 liquidity financing"). In addition, debt service declines year-over-year due to the FY 2021 prepayment of $3.1 billion of debt service due in future years. In March 2021, the State terminated an undrawn $3.0 billion line of credit that was to expire at the end of FY 2021. 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 were due solely to the Federal decision to extend tax filing deadlines in response to the pandemic, and therefore, are not reflected in debt service actuals.

The Enacted Budget authorized liquidity financing in the form of up to $3.0 billion of PIT notes and $2.0 billion of line of credit facilities in FY 2022. The Financial Plan does not assume any PIT note issuances or use of the line of credit. DOB evaluates cash results regularly and may adjust the use of notes and/or the line of credit based on liquidity needs, market considerations, and other factors.

The Updated Financial Plan estimates for debt service spending reflect bond sale results, including executed refundings through the end of FY 2021, projections of future refunding savings, and the adjustment of debt issuances to align with projected bond-financed capital spending. Estimates also continue to reflect the issuance of PIT or Sales Tax bonds for the State's $10.3 billion contribution to the MTA's 2015-19 and 2020-24 Capital Plans. The State converted its contribution to bond-financed capital in 2020 to help MTA after the pandemic impaired the MTA's ability to access cost-effective financing through their Transportation Revenue Bond credit. 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 State has issued PIT Revenue Bonds to fund $3.6 billion of the State's portion of the MTA's 2015-19 Capital Plan.

The Updated Financial Plan reflects debt service prepayments of $3.1 billion in FY 2021 and $1.4 billion in FY 2022 of debt service that comes due in FY 2022 ($975 million), FY 2023 ($1.1 billion), FY 2024 ($1.1 billion), and FY 2025 ($1.3 billion).

April - June 2021 Operating Results

April - June 2021 Operating Results

Operating results through the first quarter of the current year are compared to: (1) the estimates set forth in the Enacted Budget Financial Plan ("initial estimates") and (2) prior year actuals for the same period.

Summary of General Fund Operating Results

The General Fund ended June 2021 with a balance of $15.5 billion, $5.8 billion above the initial estimate. The significantly higher balance is driven by a combination of higher tax receipts, mainly in PIT collections, and lower spending due mainly to routine timing variances in local aid payments. In addition, agency operations spending through Q1 reflects the earlier than planned offset of certain eligible payroll costs with the CRF.

GENERAL FUND OPERATING RESULTS
FY 2022 April to June
(millions of dollars)

			Variance Above/ (Below) Initial Estimate	
	Initial Estimate	Actuals	$	%
OPENING BALANCE	**9,161**	**9,161**	**0**	**0.0%**
Total Receipts	**25,550**	**30,185**	**4,635**	**18.1%**
Taxes:	24,667	29,365	4,698	19.0%
Personal Income Tax[1]	18,596	22,228	3,632	19.5%
Consumption / Use Taxes[1]	3,557	4,056	499	14.0%
Business Taxes	1,935	2,420	485	25.1%
Other Taxes[1]	579	661	82	14.2%
Receipts and Grants	402	444	42	10.4%
Transfers From Other Funds	481	376	(105)	-21.8%
Total Spending	**25,013**	**23,882**	**(1,131)**	**-4.5%**
Local Assistance	15,870	15,091	(779)	-4.9%
Agency Operations (including GSCs)	6,513	5,849	(664)	-10.2%
Transfers to Other Funds	2,630	2,942	312	11.9%
Debt Service Transfer	163	120	(43)	-26.4%
Capital Projects Transfer	1,423	1,643	220	15.5%
SUNY Operations Transfer	730	885	155	21.2%
All Other Transfers	314	294	(20)	-6.4%
Change in Operations	**537**	**6,303**	**5,766**	**1073.7%**
CLOSING BALANCE	**9,698**	**15,464**	**5,766**	**59.5%**

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

April - June 2021 Operating Results

Through June 2021, General Fund receipts, including transfers from other funds, totaled $30.2 billion, $4.6 billion (18.1 percent) above the initial estimate. PIT receipts were $3.6 billion higher than projected reflecting a combination of stronger than expected collections in extensions particularly from high income payers and final returns. Extension payments have exceeded the expected collections for FY 2022. Refunds due and paid are lower than anticipated due to the timing of tax filings, which were partially offset by higher State/City offset payments. Consumption and use taxes were also higher than projected due to a stronger-than-expected recovery of taxable consumption from the COVID-19 economic downturn. Higher business taxes were driven by stronger than anticipated CFT receipts.

General Fund disbursements, including transfers to other funds, totaled $23.9 billion, $1.1 billion (4.5 percent) below the initial estimate. Local assistance payments were lower than estimated for: Higher Education ($567 million) due to a reimbursement to NYC for CUNY Senior Colleges in July instead of June; Social Services ($185 million) due to lower than expected spending on Public Assistance benefits, Foster Care, and SSI, as well as the timing of payments under the Emergency Rental Assistance Program; and School Aid ($77 million), due to lower than expected Excess Cost Aid, BOCES Aid, and Universal Pre-kindergarten payments, partially offset by higher than planned General Aid payments. Agency operations, including fringe benefits, were $664 million below the initial estimate, driven primarily by the earlier than projected offset of eligible payroll costs through the CRF and lower than estimated costs for the payment of deferred FY 2021 general salary increases in the first quarter of FY 2022.

Summary of All Governmental Funds Operating Results

ALL GOVERNMENTAL FUNDS COMPARED TO PLANS FY 2022 April to June (millions of dollars)				
			Variance Above/ (Below) Initial Estimate	
	Initial Estimate	Actuals	$	%
OPENING BALANCE	18,751	18,751	0	0.0%
ALL FUNDS RECEIPTS:	66,064	68,946	2,882	4.4%
Total Taxes	26,047	30,880	4,833	18.6%
Personal Income Tax	18,596	22,179	3,583	19.3%
Consumption / Use Tax	4,231	4,802	571	13.5%
Business Taxes	2,611	3,215	604	23.1%
Other Taxes	609	684	75	12.3%
Miscellaneous Receipts	5,347	5,170	(177)	-3.3%
Federal Grants	34,670	32,896	(1,774)	-5.1%
ALL FUNDS DISBURSEMENTS:	48,799	46,397	(2,402)	-4.9%
STATE OPERATING FUNDS	27,645	25,932	(1,713)	-6.2%
Local Assistance	18,871	17,957	(914)	-4.8%
School Aid	6,792	6,655	(137)	-2.0%
DOH Medicaid	6,366	6,695	329	5.2%
Higher Education	1,130	563	(567)	-50.2%
Transportation	975	937	(38)	-3.9%
Social Services	631	446	(185)	-29.3%
Mental Hygiene	919	973	54	5.9%
All Other	2,058	1,688	(370)	-18.0%
State Operations	8,590	7,834	(756)	-8.8%
Agency Operations	4,790	4,155	(635)	-13.3%
Executive Agencies	2,677	2,005	(672)	-25.1%
University Systems	1,503	1,528	25	1.7%
Elected Officials	610	622	12	2.0%
Fringe Benefits/Fixed Costs	3,800	3,679	(121)	-3.2%
Pension Contribution	2,197	2,204	7	0.3%
Health Insurance	1,133	1,120	(13)	-1.1%
Other Fringe Benefits/Fixed Costs	470	355	(115)	-24.5%
Debt Service	184	141	(43)	-23.4%
CAPITAL PROJECTS (State and Federal Funds)	2,677	2,878	201	7.5%
FEDERAL OPERATING AID	18,477	17,587	(890)	-4.8%
NET OTHER FINANCING SOURCES	(46)	(44)	2	4.3%
CHANGE IN OPERATIONS	17,219	22,505	5,286	30.7%
CLOSING BALANCE	35,970	41,256	5,286	14.7%

April - June 2021 Operating Results

Receipts

Through June 2021, All Funds receipts totaled $68.9 billion, exceeding the initial estimate by nearly $2.9 billion. Tax collections were $4.8 billion higher than estimated, consistent with the General Fund operating results. This gain was offset in part by lower miscellaneous receipts ($177 million) and Federal grant receipts ($1.8 billion). Payments owed to the State by the Seneca Nation under the Tribal-State compact were not received in the first quarter, reducing planned miscellaneous receipts by $503 million. This negative variance was partially offset by higher than projected health care ($109 million) and other receipts. Federal grants typically match Federal operating aid spending, which was lower than planned through the first quarter.

Spending

State Operating Funds spending was $1.7 billion below the initial estimate. Lower local assistance and agency operations spending is consistent with the General Fund operating results described above. In addition, fringe benefits and debt service spending were below initial estimates.

Capital Projects spending was $201 million higher than estimated, reflecting the timing of payments for Penn Station improvements ($102 million) and Health and Social Welfare ($96 million) projects.

Federal operating aid spending was $890 million (4.8 percent) lower than the initial estimate, due mainly to the following:

- Social Services ($446 million lower) due to lower Child Care ($220 million) payments through the Office of Children and Families, as well as underspending through the Office of Temporary and Disability Assistance for the Flexible Fund for Family Services ($194 million), and the Home Energy Assistance Program ($52 million), and timing of payments under the Emergency Rental Assistance Program ($60 million).

- Aid to Municipalities ($387 million lower) due to the timing of distribution of ARP Fiscal Recovery Funds to Non-Entitlement Units of Local Government (NEU). These payments were made in July rather than June.

- School Aid ($389 million lower) due to lower than projected spending on Elementary and Secondary Education Act Title grants ($469 million), partially offset by higher spending on U.S. Department of Agriculture School Lunch Act grants ($80 million).

All Governmental Funds Results Compared to Prior Year

The June 30 All Funds balance totaled $41.3 billion, nearly double the prior year balance of $20.6 billion. The growth in fund balance is comprised of an increase in the opening balance ($4.5 billion) and higher receipts ($21.8 billion), partially offset by increased spending ($5.6 billion).

PIT receipts were $13.5 billion higher in the first quarter of FY 2022 compared to the same period in FY 2021. The increase reflects strong growth in collections and the extension of the tax filing deadline from April to July 2020, which deferred an estimated $9 billion in PIT collections from the first to the second quarter of FY 2021. Federal grants were up by $10.3 billion on a year-over-year basis, reflecting a net increase of $7.6 billion in pandemic-related aid ($12.7 billion in ARP recovery aid received in the first quarter of FY 2022 compared to $5.1 billion of CRF aid received in the first quarter of FY 2021) and the annual growth in Federal operating aid.

Annual spending growth from FY 2021 to FY 2022 is distorted by the extensive cash management actions taken by DOB in the final month of FY 2020 and the first quarter of FY 2021. These actions included the withholding of local aid payments, a comprehensive hiring freeze, and severe limitations on capital activity.

April - June 2021 Operating Results

ALL GOVERNMENTAL FUNDS - RESULTS COMPARED TO PRIOR YEAR FY 2022 April to June (millions of dollars)	Actuals		Increase/(Decrease)	
	FY 2021	FY 2022	$	%
OPENING BALANCE	**14,285**	**18,751**	**4,466**	**31.3%**
ALL FUNDS RECEIPTS:	**47,151**	**68,946**	**21,795**	**46.2%**
Total Taxes	**13,926**	**30,880**	**16,954**	**121.7%**
Personal Income Tax	8,634	22,179	13,545	156.9%
All Other Taxes	5,292	8,701	3,409	64.4%
Miscellaneous Receipts	**10,635**	**5,170**	**(5,465)**	**-51.4%**
Federal Grants	**22,590**	**32,896**	**10,306**	**45.6%**
Bond & Note Proceeds	**0**	**0**	**0**	**0.0%**
ALL FUNDS DISBURSEMENTS:	**40,751**	**46,397**	**5,646**	**13.9%**
STATE OPERATING FUNDS	**23,053**	**25,932**	**2,879**	**12.5%**
Local Assistance	**14,712**	**17,957**	**3,245**	**22.1%**
School Aid	6,854	6,655	(199)	-2.9%
DOH Medicaid (incl. admin and EP)	5,023	6,695	1,672	33.3%
All Other	2,835	4,607	1,772	62.5%
State Operations	**8,252**	**7,834**	**(418)**	**-5.1%**
Agency Operations	**4,787**	**4,155**	**(632)**	**-13.2%**
Executive Agencies	2,489	2,005	(484)	-19.4%
University Systems	1,592	1,528	(64)	-4.0%
Elected Officials	706	622	(84)	-11.9%
Fringe Benefits/Fixed Costs	**3,465**	**3,679**	**214**	**6.2%**
Pension Contribution	2,235	2,204	(31)	-1.4%
Health Insurance	1,068	1,120	52	4.9%
Other Fringe Benefits/Fixed Costs	162	355	193	119.1%
Debt Service	**89**	**141**	**52**	**58.4%**
CAPITAL PROJECTS (State and Federal Funds)	**2,145**	**2,878**	**733**	**34.2%**
FEDERAL OPERATING AID	**15,553**	**17,587**	**2,034**	**13.1%**
NET OTHER FINANCING SOURCES	**(61)**	**(44)**	**17**	**27.9%**
CHANGE IN OPERATIONS	**6,339**	**22,505**	**16,166**	**255.0%**
CLOSING BALANCE	**20,624**	**41,256**	**20,632**	**100.0%**

April - June 2021 Operating Results

Receipts

PIT collections were $13.5 billion (156.9 percent) higher than last year, primarily due to substantial growth in total estimated payments and final returns related to the extension of the tax year 2019 PIT filing deadline from April 15, 2020 to July 15, 2020 in FY 2021, strong earnings growth among high income payers and withholdings, partially offset by an increase in total refunds.

Growth in consumption/use tax collections was $1.5 billion and is primarily due to a recovery in sales tax and motor fuel tax collections which were depressed in 2020 by taxpayers' behavioral responses to COVID-19 closures and stay-at-home orders.

Higher Business taxes ($1.7 billion) were driven mainly by strong CFT gross receipts and the receipt of settlements that were delayed in FY 2021 due to the COVID-19 pandemic.

Higher annual tax collections for other taxes were driven by an increase in super-large estate tax payments between April and June 2021 and the continuing recovery of the real estate market in New York City.

Lower miscellaneous receipts ($5.5 billion) are due primarily to proceeds from a PIT Note sale executed in FY 2021, capital projects bond proceeds to reimburse the SUNY program and other programs in April of 2020 ($987 million) and lower extraordinary monetary settlements receipts ($300 million).

Federal grants were $10.3 billion higher in FY 2022 than in FY 2021 due largely to the receipt of ARP funding and the growth in Federal operating aid.

Spending

State Operating Funds spending totaled $25.9 billion in FY 2022, an increase of $2.9 billion (12.5 percent) from FY 2021.

Local assistance spending through June of FY 2022 was $3.2 billion higher than in the prior year and includes:

- Higher Medicaid spending totaling $1.7 billion in FY 2022 is due to increased Medicaid claims spending ($590 million); lower local cap contribution ($194 million), a lower COVID-19 eFMAP ($498 million); the timing of tobacco settlement credits ($294 million); and higher spending from other offline payments and offsets ($33 million). In April2020, the State received three months of COVID eFMAP for January - March claims, accounting for the significant year-to-year variance in COVID eFMAP. Increased Medicaid spending is also impacted by the timing of payments for Medicaid Administration ($64 million).

- Transportation spending was $814 million higher in FY 2022 due to a delay of payments in FY 2021 that occurred as part of the statewide payment review and withholding process, and the receipt of higher tax collections supporting additional payments in FY 2022.

- Mental Hygiene spending in FY 2022 was $736 million above the prior year due primarily to a change in spending assumptions for the Mental Hygiene Stabilization Fund and a delay of non-Medicaid payments in FY 2021.

- Lower spending for Higher Education ($776 million) in FY 2022 is due primarily to a change in the timing of a CUNY Senior College payment from June in FY 2021 to July in the current year.

The decline in agency operational spending ($632 million) in FY 2022 is due to one less administrative payroll in Q1 of FY 2022 and the offset of eligible payroll costs through the CRF. These savings are offset in part by the payment of deferred FY 2021 general salary increases for CSEA, Police Investigators Association (PIA), Police Benevolent Association (PBA) and NYSCOPBA in April and June 2021. Increased fringe benefits spending ($214 million) is due largely to the interest free deferral of Social Security payments in FY 2021, as provided for in the CARES Act. The State plans to repay the deferred payments in two equal installments in December 2021 and 2022.

Increased debt service spending ($52 million) in FY 2022 is due to the prepayment of debt service in FY 2020 that lowered debt service in the first quarter of FY 2021. The year-over-year increase in capital projects spending (State and Federal) for the MTA ($346 million), the Empire State Development Corporation ($151 million) and Housing grants ($94 million) reflects the severe limitations on capital activity imposed in the first quarter of FY 2021.

The increase in Federal operating spending ($2 billion) reflects the funding of eligible costs through the CRF ($722 million), the continued and increasing spend out of Federal K-12 COVID-19 Relief grants for education ($551 million), higher EP spending ($204 million) related to increased enrollment growth during the pandemic and increased Child Welfare payments ($185 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 2021 on July 29, 2021. The Comptroller also prepares and issues an Annual Comprehensive Financial Report (ACFR), which, in addition to the components referred to above, also includes an introductory section and a statistical section. The ACFR for the fiscal year ended March 31, 2021 is expected to be issued later in the current calendar year.

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

COMPARISON OF ACTUAL GAAP-BASIS OPERATING RESULTS SURPLUS/(DEFICIT) (in 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, 2021	8,600	467	2,596	4,186	15,849	20,338
March 31, 2020	355	(296)	(900)	(79)	(920)	3,736
March 31, 2019	(1,291)	1,873	594	(1,079)	97	3,381

SUMMARY OF NET POSITION (millions of dollars)

Fiscal Year Ended	Governmental Activities	Business-Type Activities	Total Primary Government
March 31, 2021	7,329	(20,925)	(13,596)
March 31, 2020	(5,240)	(8,375)	(13,615)
March 31, 2019	(4,127)	(8,334)	(12,461)

The ACFR for the fiscal year ended March 31, 2020 and ACFRs 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.

Capital Program and Financing Plan Overview

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. Over time, other State revenue sources have been dedicated to the RBTF in order to address the anticipated impact that certain legislative changes could have on the level of State PIT receipts, namely, the enactment of (i) the Employer Compensation Expense Program (ECEP) and the Charitable Gifts Trust Fund in 2018, and (ii) the Pass-Through Entity Tax (PTET) in 2021. The legislative changes were implemented to mitigate the effect of the TCJA that, among other things, limited the state and local tax (SALT) deduction. In order to preserve coverage in the PIT Revenue Bond program, State legislation was enacted that dedicated 50 percent of ECEP receipts and 50 percent of PTET receipts for deposit to the RBTF for the payment of PIT bonds. In addition, in 2018 legislation was enacted that increased the percentage of PIT receipts dedicated to the payment of PIT bonds from 25 to 50 percent. As a result, 50 percent of PIT receipts, 50 percent of ECEP receipts and 50 percent of PTET receipts (collectively, the "RBTF Receipts") now secure the timely payment of debt service on all PIT bonds.

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 RBTF 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, ECEP receipts, and PTET receipts or $12 billion. Debt service on State PIT Revenue Bonds is subject to legislative appropriation, as part of the annual debt service bill.

DOB expects that the ECEP and PTET will be revenue neutral for PIT bondholders, although PIT receipts would decrease and ECEP and PTET receipts would increase to the extent that employers elect to participate in the ECEP and qualifying entities elect to pay PTET.

Donations to the Charitable Gifts Trust Fund, however, 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 aggregate amount of New York State PIT receipts that would otherwise be received in a given year. On June 13, 2019, the IRS issued final regulations (Treasury Decision 9864) that effectively curtailed further donations to the Charitable Gifts Trust Fund beyond the $93 million in donations that the State received in 2018, when the U.S. Treasury and the IRS first published proposed regulatory changes. Virtually no additional donations to the Charitable Gifts Trust Fund have been received by the State after the 2018 tax year. 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. In such event, the amount of donations to the Charitable Gifts Trust Fund would likely pose a risk to the amount of New York State PIT receipts deposited to the RBTF in future years.

DOB and DTF have calculated the maximum amount of charitable donations to the Charitable Gifts Trust Fund for Tax Year 2021 through 2025 to be, on average, in the range of $23 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 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. The calculation is only 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. Other factors that may influence donation activity include: continued federal limitations on the SALT deduction coupled with 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; and advice or guidance of tax advisors or other professionals.

DOB believes that after factoring in the legislative adjustments to the dedicated portion of PIT receipts to be deposited to the RBTF, as well as the addition of the ECEP receipts and PTET revenues, RBTF Receipts are expected to remain above the level of PIT receipts that would have been expected under statutes in effect prior to April 1, 2018 (before the creation of the Charitable Gifts Trust Fund), even assuming maximum Charitable Gifts Trust Fund participation by taxpayers. While DOB believes that multiple 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 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 Revenue Bond Tax Fund.

As of March 31, 2021, approximately $43.8 billion of State PIT Revenue Bonds were outstanding. The projected PIT Revenue Bond coverage ratios, noted below, are based upon estimates of RBTF Receipts 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 and Sales Tax Revenue Bond programs. 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 any such charitable donations on the amount of PIT receipts deposited into the Revenue Bond Tax Fund.

PROJECTED PIT REVENUE BOND COVERAGE RATIOS [1]
FY 2021 THROUGH 2026
(thousands of dollars)

	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
Projected RBTF Receipts	27,484,947	30,524,810	32,747,616	34,223,979	35,674,748	37,499,698
Projected New PIT Bonds Issuances	8,704,715	9,076,464	6,381,260	6,402,993	5,948,564	5,256,219
Projected Total PIT Bonds Outstanding	43,769,110	50,571,484	54,348,530	57,860,126	60,460,008	62,074,627
Projected Maximum Annual Debt Service	4,230,185	4,785,559	5,356,155	5,890,557	6,315,835	6,456,725
Projected PIT Coverage Ratio	6.5	6.4	6.1	5.8	5.6	5.8

[1] Does not reflect the issuance of short-term PIT Notes in FY 2021, 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 originally by dedicated revenues consisting of one cent of the State's four cent sales and use tax. The legislation also provided that upon the satisfaction of all the obligations and liabilities of LGAC, dedicated revenues will increase to 2 cents of the State's four-cent sales and use tax. This occurred when LGAC bonds were fully retired on April 1, 2021. 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, 2021, $10.7 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 full retirement of LGAC Bonds 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 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
Projected Sales Tax Receipts [1]	3,317,220	7,553,000	7,962,500	8,172,000	8,374,500	8,597,000
Projected New Sales Tax Bonds Issuances	0	1,983,488	2,127,087	2,134,331	1,982,855	1,752,073
Projected Total Sales Tax Bonds Outstanding	10,716,360	12,025,798	13,427,204	14,859,635	16,090,712	17,038,289
Projected Maximum Annual Debt Service	1,356,149	1,348,638	1,449,172	1,505,207	1,534,608	1,569,795
Projected Sales Tax Coverage Ratio	2.4	5.6	5.5	5.4	5.5	5.5

[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 on April 1, 2021.

Borrowing Plan

STATE DEBT ISSUANCES BY FINANCING PROGRAM (millions of dollars)						
	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
Personal Income Tax Revenue Bonds	8,705	9,076	6,381	6,403	5,949	5,256
Sales Tax Revenue Bonds	0	1,983	2,127	2,134	1,983	1,752
General Obligation Bonds	180	213	534	629	609	434
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	13,267	11,272	9,042	9,166	8,541	7,442

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

In FY 2022, debt issuances totaling $11.3 billion are planned to finance new capital spending and the refinancing of New York City's Sales Tax Asset Receivable Corporation's (STARC) bonds, an increase of $2.7 billion (30 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 Updated 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 FY 2021 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 was in place but was not drawn upon. The FY 2022 Enacted Budget authorized short-term financing for liquidity purposes during FY 2022, in the form of notes and a line of credit. The Updated Financial Plan does not currently assume any PIT note sales or use of the line of credit in FY 2022.

The bond issuances are expected to finance capital commitments for economic development and housing ($2.4 billion), education ($1.4 billion), the environment ($806 million), health and mental hygiene ($740 million), State facilities and equipment ($430 million), and transportation ($3.7 billion).

Over the period of the Capital Plan, new debt issuances are projected to total $45.5 billion. New issuances are expected for economic development and housing ($10.9 billion), education facilities ($6.5 billion), the environment ($3.7 billion), mental hygiene and health care facilities ($3.4 billion), State facilities and equipment ($2.0 billion), transportation infrastructure ($17.2 billion), and the STARC refinancing ($1.8 billion). Assuming an issuance plan consistent with the prior table, 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 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
Personal Income Tax Revenue Bonds	43,769	50,571	54,349	57,860	60,460	62,075
Sales Tax Revenue Bonds	10,716	12,026	13,427	14,860	16,091	17,038
General Obligation Bonds	2,170	2,209	2,575	3,030	3,416	3,608
Local Government Assistance Corp.	90	0	0	0	0	0
Other Revenue Bonds	858	760	675	591	505	417
Service Contract & Lease Purchase	1,111	975	844	684	539	426
TOTAL STATE-SUPPORTED	58,714	66,541	71,870	77,025	81,011	83,564

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 $6.7 billion in FY 2022, a decrease of $6.5 billion (49 percent) from FY 2021. This is due, in large part, to the FY 2021 liquidity financings and prepayment of debt in FY 2021 of debt due in FY 2022 through FY 2025. The State also expects to make additional prepayments in FY 2022 of debt service due in FY 2023 through FY 2025. 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	6,160	5,040	4,183	4,700	5,051	6,281	31,415
Sales Tax Revenue Bonds	2,039	325	1,354	1,410	1,535	1,648	8,311
General Obligation Bonds	242	229	233	216	236	224	1,380
Local Government Assistance Corporation	79	0	0	0	0	0	79
Other State-Supported Bonds [2,3]	251	308	299	371	396	364	1,989
All Other State-Related Bonds [3,4]	54	46	31	0	0	0	131
Personal Income Tax Notes [4,5]	4,424	0	0	0	0	0	4,424
Service Contract Line of Credit [5]	0	0	0	0	0	0	0
Total Debt Service	13,249	5,948	6,100	6,697	7,218	8,517	47,729

[1] Reflects existing debt service on debt issued as of March 31, 2021 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 was 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 $405 million (7 percent) from FY 2021. Adjusted State-related debt service is projected to increase from $6.0 billion in FY 2021 to $8.5 billion in FY 2026, an average rate of 7.1 percent annually.

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 ACFR. 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, 2020 (with respect to Job Development Authority or "JDA" as of March 31, 2021), each of the 16 authorities listed in the following table had outstanding debt of $100 million or more, and the aggregate outstanding debt, including refunding bonds, was approximately $220 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 16 authorities in the following table as of the date of this AIS Update.

OUTSTANDING DEBT OF CERTAIN AUTHORITIES[1]
AS OF DECEMBER 31, 2020[2]
(millions of dollars)

Authority	State-Related Debt	Authority and Conduit	Total
Dormitory Authority	40,570	22,385	62,955
Metropolitan Transportation Authority	0	39,281	39,281
Port Authority of NY & NJ	0	26,363	26,363
UDC/ESD	20,030	1,052	21,082
Housing Finance Agency	7	17,449	17,456
Job Development Authority[2]	0	14,516	14,516
Triborough Bridge and Tunnel Authority	0	8,739	8,739
Long Island Power Authority[3]	0	8,519	8,519
Thruway Authority	1,453	5,881	7,334
Environmental Facilities Corporation	0	5,718	5,718
State of New York Mortgage Agency	0	2,852	2,852
Power Authority	0	2,111	2,111
Energy Research and Development Authority	0	1,625	1,625
Battery Park City Authority	0	875	875
Municipal Bond Bank Agency	68	76	144
Niagara Frontier Transportation Authority	0	141	141
TOTAL OUTSTANDING	62,128	157,583	219,711

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 Annual Comprehensive Financial Report (ACFR). 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, 2021. This includes $14.5 billion in conduit debt issued by JDA's blended component units consisting of $6.1 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), $516 million issued by the Brooklyn Arena Local Development Corporation, and $7.9 billion issued by the New York Transportation Development Corporation.

(3) Includes $3.88 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 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 30 local governments (6 counties, 7 cities, 9 towns and 8 villages) and 31 school districts have been placed in a stress category by OSC based on financial data for their fiscal years ending in 2020. 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, 2021, is included in NYSLRS' Annual Comprehensive Financial Report ("NYSLRS' Financial Report") for the fiscal year ended March 31, 2021 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-2021.pdf.

Additionally, available at the OSC website are the System's asset listing for the fiscal year ended March 31, 2021. The audited financial statements with the independent auditor's report for the fiscal year ended March 31, 2021 is available on the OSC website at the following address: https://www.osc.state.ny.us/files/retirement/resources/pdf/asset-listing-2021.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 2021 are available at the OSC website at: https://www.osc.state.ny.us/retirement/resources/financial-statements-and-supplementary-information.

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' Financial Report, 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, 2021. There were 2,966 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, 2021, 675,519 persons were members of the System and 496,628 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, 2021, approximately 45 percent of ERS members were in Tiers 3 and 4 and approximately 54 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 78 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.

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 5.9 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.

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[14] Less than 1 percent of the 13,956 PFRS Tier 6 members are non-contributory.

[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. In August 2021, the Comptroller announced the assumed rate of return for NYSLRS would be lowered from 6.8 percent to 5.9 percent. The 6.8 percent rate of return has been used to determine employer contribution rates in FY 2021 and FY 2022. The 5.9 percent rate of return has been used to determine employer contribution rates in FY 2023.

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 2023 were released in August 2021. The average ERS rate decreased by 4.6 percent from 16.2 percent of salary in FY 2022 to 11.6 percent of salary in FY 2023, while the average PFRS rate decreased by 1.3 percent from 28.3 percent of salary in FY 2022 to 27.0 percent of salary in FY 2023. Information regarding average rates for FY 2023 may be found in the 2021 Annual Report to the Comptroller on Actuarial Assumptions which is accessible at:
https://www.osc.state.ny.us/files/retirement/resources/pdf/actuarial-assumptions-2021.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, FY 2021, and FY 2022 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, 1.33 percent, and 1.76 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, 2021, the amortized amount receivable, including accrued interest, for the 2012 amortization is $0 from the State and $18.5 million from 80 participating employers; the amortized amount receivable, including accrued interest, for the 2013 amortization is $23.3 million from the State and $68.9 million from 116 participating employers; the amortized amount receivable, including accrued interest, for the 2014 amortization is $36.8 million for the State and $58 million from 88 participating employers; the amortized amount receivable including accrued interest, for the 2015 amortization is $41.1 million from the State and $57.6 million from 76 participating employers; the amortized amount receivable, including accrued interest for the 2016 amortization, is $32.2 million from the State and $34.8 million from 50 participating employers; the amortized amount receivable, including accrued interest for the 2017 amortization, is $3.8 million from 9 participating employers; the State did not amortize in 2017; the amortized amount receivable, including accrued interest for the 2018 amortization, is $3.2 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 $3.5 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 or 2021.

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, 2021, the amortized amount receivable, including interest, from 23 participating employers for the 2014 amortization is \$64.4 million. The amortized amount receivable, including interest, from 25 participating employers for the 2015 amortization is \$97.7 million. The amortized amount receivable, including interest, from 22 participating employers for the 2016 amortization is \$76.7 million. The amortized amount receivable, including interest, from 18 participating employers for the 2017 amortization is \$59.9 million. The amortized amount receivable, including interest, from 13 participating employers for the 2018 amortization is \$58.9 million. The amortized amount receivable, including interest, from 11 participating employers for the 2019 amortization is \$21.7 million. The amortized amount receivable, including interest, from 4 participating employers for the 2020 amortization is \$18.1 million. The amortized amount receivable, including interest, from 5 participating employers for the 2021 amortization is \$45.1 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 2021 amounts are 14.1 percent for ERS and 23 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, 1.60 percent for FY 2021, and 2.24 percent for FY 2022). 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 State paid off all outstanding non-Judiciary amortizations under the Contribution Stabilization Program on March 29, 2021. This reduced the estimated total State payment (including Judiciary) due to NYSLRS for FY 2022 to approximately $2.314 billion. Additional prepayments (including interest credit) have been made which further reduced the estimated total to approximately $20 million.

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, 2021 was $260.1 billion (including $5.5 billion in receivables, which consist of employer contributions, amortized amounts, member contributions, member loans, accrued interest and dividends, investment sales and other miscellaneous receivables), an increase of $62 billion or 31.3 percent from the FY 2020 level of $198.1 billion. The increase in net position restricted for pension benefits from FY 2020 to FY 2021 is primarily the result of the net appreciation of the fair value of the investment portfolio.[16] The System's audited Financial Statement reports a time-weighted investment rate of return of 33.6 percent (gross rate of return before the deduction of certain fees) for FY 2021.

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 47 percent public equities (32 percent domestic and 15 percent international); 24 percent fixed income and cash; and 29 percent alternative investments (10 percent private equity, 9 percent real estate, 4 percent credit, 3 percent opportunistic/absolute return or hedge funds, 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 $308.8 billion (including $157.9 billion for retirees and beneficiaries) as of April 1, 2021, up from $268.9 billion as of April 1, 2020. 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

[16] On August 9, 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 three-month period ending June 30, 2021 was 5.82 percent, and the Fund ended the quarter with an estimated value of $268.3 billion. These returns reflect unaudited data for the invested assets of the System. The value of the invested assets changes daily.

[17] More detail on the CRF's asset allocation as of March 31, 2021, long-term policy and transition target allocation can be found on page 100 of the NYSLRS' Financial Report for the fiscal year ending March 31, 2021.

valuation used by the Retirement Systems Actuary was based on audited net position restricted for pension benefits as of March 31, 2021. 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, 2021 in that the determination of actuarial assets utilized a smoothing method that recognized 20 percent of the unexpected gain for FY 2021, 40 percent of the unexpected loss for FY 2020, 60 percent of the unexpected loss for FY 2019, and 80 percent of the unexpected gain for FY 2018. The asset valuation method smooths gains and losses based on the market value of all investments. Actuarial assets increased from $214.1 billion on April 1, 2020 to $227.8 billion on April 1, 2021.

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

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

The ratio of fiduciary net position to the total pension liability for ERS, as of March 31, 2021, calculated by the System's Actuary, was 99.95 percent. The ratio of the fiduciary net position to the total pension liability for PFRS, as of March 31, 2021, calculated by the System's Actuary, was 95.79 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 2021, based on the System's measurement date of March 31, 2021. 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, 2021 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-2021.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)
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
2021	5,030	3,160	1,870	492	14,122

Sources: State and Local Retirement System.

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

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

(3) Includes payments from the 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
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%
2021	260,081	31.3%

Sources: State and Local Retirement System.

(1) Includes relatively small amounts held under the Group Life Insurance Plan. Includes some employer contribution receivables. Fiscal year ending March 31, 2021 includes approximately $5.5 billion of receivables.

Additional Information Regarding the System

The NYSLRS' Financial Report contains in-depth and audited information about the System. Among other things, the NYSLRS' Financial Report 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 2021 NYSLRS' Financial Report 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-2021.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' Financial Report at the link noted above. More information on this topic is available in the "Statistical" section of the NYSLRS' Financial Report.

2) A combined basic statement of changes in fiduciary net position can be found on page 43 of the NYSLRS' Financial Report 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' Financial Report 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' Financial Report at the link noted above.

6) Information related to the salaries of members can be found on pages 186-189 of the NYSLRS' Financial Report at the link noted above

Litigation

General

The legal proceedings listed below involve State finances and programs and other claims in which the State is a defendant and the potential monetary claims against the State are deemed to be material, meaning in excess of $100 million or involving significant challenges to or impacts on the State's financial policies or practices. As explained below, these proceedings could adversely affect the State's finances in FY 2022 or thereafter. The State intends to describe newly initiated proceedings that the State deems to be material and existing proceedings that the State has subsequently deemed to be material, as well as any material and adverse developments in the listed proceedings, in quarterly updates and/or supplements to the AIS.

For the purpose of this Litigation section of the AIS, the State defines "material and adverse developments" as rulings or decisions on or directly affecting the merits of a proceeding that have a significant adverse impact upon the State's ultimate legal position, and reversals of rulings or decisions on or directly affecting the merits of a proceeding in a significant manner, whether in favor of or adverse to the State's ultimate legal position, all of which are above the $100 million materiality threshold described above. The State intends to discontinue disclosure with respect to any individual case after a final determination on the merits or upon a determination by the State that the case does not meet the materiality threshold described above.

The State is party to other claims and litigation, with respect to which its legal counsel has advised that it is not probable that the State will suffer adverse court decisions, or which the State has determined do not, considered on a case-by-case basis, meet the materiality threshold described in the first paragraph of this section. Although the amounts of potential losses, if any, resulting from these litigation matters are not presently determinable, it is the State's position that any potential liability in these litigation matters is not expected to have a material and adverse effect on the State's financial position in FY 2022 or thereafter. The Basic Financial Statements for FY 2021, which OSC issued on July 29, 2021, reported possible and probable awards and anticipated unfavorable judgments against the State.

Adverse developments in the proceedings described below; other proceedings for which there are unanticipated, unfavorable and material judgments; or the initiation of new proceedings could affect the ability of the State to maintain a balanced FY 2022 Financial Plan. The State believes that the Financial Plan includes sufficient reserves to offset the costs associated with the payment of judgments that may be required during FY 2022. These reserves include (but are not limited to) amounts appropriated for Court of Claims payments and projected fund balances in the General Fund. In addition, any amounts ultimately required to be paid by the State may be subject to settlement or may be paid over a multi-year period. There can be no assurance, however, that adverse decisions in legal proceedings against the State would not exceed the amount of all potential Enacted Budget resources available for the payment of judgments, and could therefore adversely affect the ability of the State to maintain a balanced Financial Plan.

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, 2022, 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. On May 17, 2021, the plaintiffs filed motions for partial summary judgment. On August 30, 2021, defendants filed their opposition to plaintiffs' motions. The United States filed its reply on September 21, 2021, and the People of the Longhouse of Akwesasne and the St. Regis Mohawk Tribe filed their replies on September 22, 2021. 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. On appeal, by opinion and order dated May 27, 2021, the Appellate Division, Third Department, reversed, and granted a declaration that plaintiffs demonstrated a violation of § 1 of Article 11 of the State Constitution in each of the subject school districts as relates to the at-risk student population. The Appellate Division remitted the matter to Supreme Court while the State determines the appropriate remedy. Defendants moved in the Appellate Division for leave to appeal to the Court of Appeals, which the court denied.

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. Currently, discovery is delayed due to the pandemic, and it is unclear when all discovery will be complete. The parties are also negotiating a potential settlement of the litigation.

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. On April 22, 2021, plaintiffs discontinued their claims on behalf of the Syracuse individual plaintiffs. Central Islip, Gouverneur, and Syracuse are no longer subjects of the litigation.

In *New York State United Teachers, et al. v. The State of New York*, et al. (Sup. Ct., Albany Co.), commenced September 15, 2020, plaintiffs seek a judgment declaring that the inclusion of authority to withhold State aid to public schools that was appropriated under the FY 2021 Enacted Budget, and the exercise of that authority by the Director of the Budget, are unconstitutional as violations of the separation of powers doctrine, Article VII of the State Constitution, and Chapter 53 of the Laws of 2020 (i.e., the 2020-2021 budget bill). Plaintiffs also seek an order requiring the Director of the Budget to release withheld funds and injunctive relief barring any future withholding or delayed payment of monies appropriated to public schools in the FY 2021 Enacted Budget. An Amended Complaint/Petition (hybrid) was filed March 1, 2021, which includes new claims on behalf of SUNY and CUNY community colleges, as well as CUNY senior colleges, based on Fiscal Year

2021 withholdings. On August 9, 2021, plaintiffs-petitioners filed Notices of Discontinuance, voluntarily dismissing all claims by all plaintiffs-petitioners in this matter.

Health Insurance Premiums

In *Donohue v. Cuomo*, 11-CV-1530 (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, 87-88 (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." *Id.* at 64 n.6. 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.

Briefing in the New York Court of Appeals was complete as of June 25, 2021. Oral argument has not yet been scheduled.

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 2021 and projected receipts and disbursements for fiscal years 2022 through 2025 on a General Fund, State Operating Funds and All Governmental Funds basis.[19]

General Fund - Total Budget

Financial Plan, Annual Change from FY 2021 to FY 2022
Financial Plan Projections FY 2022 through FY 2025
Update to FY 2022
Update to FY 2023
Update to FY 2024
Update to FY 2025

General Fund - Receipts Detail (Excluding Transfers)

Financial Plan Projections FY 2022 through FY 2025

State Operating Funds Budget

Financial Plan, Annual Change from FY 2021 to FY 2022
FY 2022
FY 2023
FY 2024
FY 2025

All Governmental Funds - Total Budget

FY 2022
FY 2023
FY 2024
FY 2025

Cashflow - FY 2022 Monthly Projections

General Fund

[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 2021 Actuals	FY 2022 First Quarter	Annual $ Change	Annual % Change
Opening Fund Balance	**8,944**	**9,161**	**217**	**2.4%**
Receipts:				
Taxes:				
Personal Income Tax	25,456	29,610	4,154	16.3%
Consumption/Use Taxes	7,250	4,389	(2,861)	-39.5%
Business Taxes	6,420	6,986	566	8.8%
Other Taxes	1,549	1,226	(323)	-20.9%
Miscellaneous Receipts	7,515	1,802	(5,713)	-76.0%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	18,578	25,787	7,209	38.8%
ECEP in Excess of Revenue Bond Debt Service	0	3	3	0.0%
Sales Tax in Excess of LGAC Bond Debt Service	3,238	3,777	539	16.6%
Sales Tax in Excess of Revenue Bond Debt Service	1,278	7,228	5,950	465.6%
Real Estate Taxes in Excess of CW/CA Debt Service	783	898	115	14.7%
All Other	2,245	7,630	5,385	239.9%
Total Receipts	**74,312**	**89,336**	**15,024**	**20.2%**
Disbursements:				
Local Assistance	48,981	61,188	12,207	24.9%
State Operations:				
Personal Service	7,154	10,131	2,977	41.6%
Non-Personal Service	2,950	2,564	(386)	-13.1%
General State Charges	7,032	8,341	1,309	18.6%
Transfers to Other Funds:				
Debt Service	326	392	66	20.2%
Capital Projects	4,540	4,580	40	0.9%
SUNY Operations	1,229	1,301	72	5.9%
Other Purposes	1,883	1,571	(312)	-16.6%
Total Disbursements	**74,095**	**90,068**	**15,973**	**21.6%**
Excess (Deficiency) of Receipts Over Disbursements	**217**	**(732)**	**(949)**	**-437.3%**
Closing Fund Balance	**9,161**	**8,429**	**(732)**	**-8.0%**
Statutory Reserves				
Tax Stabilization Reserve	1,258	1,433	175	
Rainy Day Reserves	1,218	1,868	650	
Contingency Reserve	21	21	0	
Community Projects	30	7	(23)	
Reserved For				
Undesignated Fund Balance	2,561	0	(2,561)	
Debt Management	500	500	0	
Labor Settlements/Agency Operations	0	275	275	
Economic Uncertainties	1,490	2,290	800	
Extraordinary Monetary Settlements	2,083	2,035	(48)	

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2022 First Quarter	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Receipts:				
Taxes:				
Personal Income Tax	29,610	31,961	33,546	35,103
Consumption/Use Taxes	4,389	8,568	8,770	8,965
Business Taxes	6,986	7,660	7,492	6,945
Other Taxes	1,226	1,285	1,347	1,410
Miscellaneous Receipts	1,802	1,751	1,795	1,859
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	25,787	29,869	30,875	32,056
ECEP in Excess of Revenue Bond Debt Service	3	3	4	4
Sales Tax in Excess of LGAC Bond Debt Service	3,777	1	1	1
Sales Tax in Excess of Revenue Bond Debt Service	7,228	6,608	6,762	6,839
Real Estate Taxes in Excess of CW/CA Debt Service	898	968	1,025	1,083
All Other	7,630	4,707	4,487	6,030
Total Receipts	**89,336**	**93,381**	**96,104**	**100,295**
Disbursements:				
Local Assistance	61,188	62,953	67,360	70,340
State Operations:				
Personal Service	10,131	9,388	9,528	9,560
Non-Personal Service	2,564	2,971	3,054	3,264
General State Charges	8,341	8,939	9,512	10,710
Transfers to Other Funds:				
Debt Service	392	400	458	506
Capital Projects	4,580	3,955	3,672	3,583
SUNY Operations	1,301	1,288	1,303	1,321
Other Purposes	1,571	1,615	1,294	1,295
Total Disbursements	**90,068**	**91,509**	**96,181**	**100,579**
Use (Reservation) of Fund Balance:				
Community Projects	23	4	3	0
Undesignated Fund Balance	2,561	0	0	0
Tax Stabilization Reserve	(175)	(120)	0	0
Contingency Reserve	0	0	0	0
Rainy Day Reserves	(650)	(650)	0	0
Debt Management	0	0	0	0
Labor Settlements/Agency Operations	(275)	(600)	(1,000)	(1,450)
Economic Uncertainties	(800)	(800)	0	0
Extraordinary Monetary Settlements	48	294	827	558
Total Use (Reservation) of Fund Balance	**732**	**(1,872)**	**(170)**	**(892)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**0**	**(247)**	**(1,176)**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2022 Enacted	Change	FY 2022 First Quarter
Receipts:			
Taxes:			
Personal Income Tax	28,548	1,062	29,610
Consumption/Use Taxes	4,389	0	4,389
Business Taxes	6,986	0	6,986
Other Taxes	1,226	0	1,226
Miscellaneous Receipts	1,775	27	1,802
Federal Receipts	0	0	0
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	24,724	1,063	25,787
ECEP in Excess of Revenue Bond Debt Service	3	0	3
Sales Tax in Excess of LGAC Bond Debt Service	3,777	0	3,777
Sales Tax in Excess of Revenue Bond Debt Service	7,228	0	7,228
Real Estate Taxes in Excess of CW/CA Debt Service	898	0	898
All Other	7,630	0	7,630
Total Receipts	**87,184**	**2,152**	**89,336**
Disbursements:			
Local Assistance	61,041	147	61,188
State Operations:			
Personal Service	9,835	296	10,131
Non-Personal Service	2,553	11	2,564
General State Charges	8,435	(94)	8,341
Transfers to Other Funds:			
Debt Service	392	0	392
Capital Projects	3,863	717	4,580
SUNY Operations	1,301	0	1,301
Other Purposes	1,571	0	1,571
Total Disbursements	**88,991**	**1,077**	**90,068**
Use (Reservation) of Fund Balance:			
Community Projects	23	0	23
Undesignated Fund Balance	2,561	0	2,561
Tax Stabilization Reserve	(175)	0	(175)
Rainy Day Reserves	(650)	0	(650)
Reserve for Labor Settlements/Agency Operations	0	(275)	(275)
Reserve for Economic Uncertainties	0	(800)	(800)
Extraordinary Monetary Settlements	48	0	48
Total Use (Reservation) of Fund Balance	**1,807**	**(1,075)**	**732**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**0**	**0**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2023 Enacted	Change	FY 2023 First Quarter
Receipts:			
Taxes:			
Personal Income Tax	30,899	1,062	31,961
Consumption/Use Taxes	8,568	0	8,568
Business Taxes	7,660	0	7,660
Other Taxes	1,285	0	1,285
Miscellaneous Receipts	1,750	1	1,751
Federal Receipts	0	0	0
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	28,806	1,063	29,869
ECEP in Excess of Revenue Bond Debt Service	3	0	3
Sales Tax in Excess of LGAC Bond Debt Service	1	0	1
Sales Tax in Excess of Revenue Bond Debt Service	6,608	0	6,608
Real Estate Taxes in Excess of CW/CA Debt Service	968	0	968
All Other	4,707	0	4,707
Total Receipts	**91,255**	**2,126**	**93,381**
Disbursements:			
Local Assistance	62,936	17	62,953
State Operations:			
Personal Service	9,386	2	9,388
Non-Personal Service	2,962	9	2,971
General State Charges	8,984	(45)	8,939
Transfers to Other Funds:			
Debt Service	400	0	400
Capital Projects	3,982	(27)	3,955
SUNY Operations	1,288	0	1,288
Other Purposes	1,615	0	1,615
Total Disbursements	**91,553**	**(44)**	**91,509**
Use (Reservation) of Fund Balance:			
Community Projects	4	0	4
Tax Stabilization Reserve	0	(120)	(120)
Rainy Day Reserves	0	(650)	(650)
Reserve for Labor Settlements/Agency Operations	0	(600)	(600)
Reserve for Economic Uncertainties	0	(800)	(800)
Extraordinary Monetary Settlements	294	0	294
Total Use (Reservation) of Fund Balance	**298**	**(2,170)**	**(1,872)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**0**	**0**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2024 Enacted	Change	FY 2024 First Quarter
Receipts:			
Taxes:			
Personal Income Tax	32,484	1,062	33,546
Consumption/Use Taxes	8,770	0	8,770
Business Taxes	7,492	0	7,492
Other Taxes	1,347	0	1,347
Miscellaneous Receipts	1,794	1	1,795
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	29,812	1,063	30,875
ECEP in Excess of Revenue Bond Debt Service	4	0	4
Sales Tax in Excess of LGAC Bond Debt Service	1	0	1
Sales Tax in Excess of Revenue Bond Debt Service	6,762	0	6,762
Real Estate Taxes in Excess of CW/CA Debt Service	1,025	0	1,025
All Other	4,487	0	4,487
Total Receipts	**93,978**	**2,126**	**96,104**
Disbursements:			
Local Assistance	67,414	(54)	67,360
State Operations:			
Personal Service	9,527	1	9,528
Non-Personal Service	3,044	10	3,054
General State Charges	9,545	(33)	9,512
Transfers to Other Funds:			
Debt Service	458	0	458
Capital Projects	3,665	7	3,672
SUNY Operations	1,303	0	1,303
Other Purposes	1,294	0	1,294
Total Disbursements	**96,250**	**(69)**	**96,181**
Use (Reservation) of Fund Balance:			
Community Projects	3	0	3
Reserve for Labor Settlements/Agency Operations	0	(1,000)	(1,000)
Extraordinary Monetary Settlements	827	0	827
Total Use (Reservation) of Fund Balance	**830**	**(1,000)**	**(170)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(1,442)**	**1,195**	**(247)**

Source: NYS DOB.

CASH FINANCIAL PLAN GENERAL FUND (millions of dollars)	FY 2025 Enacted	Change	FY 2025 First Quarter
Receipts:			
Taxes:			
Personal Income Tax	34,041	1,062	35,103
Consumption/Use Taxes	8,965	0	8,965
Business Taxes	6,945	0	6,945
Other Taxes	1,410	0	1,410
Miscellaneous Receipts	1,858	1	1,859
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	30,993	1,063	32,056
ECEP in Excess of Revenue Bond Debt Service	4	0	4
Sales Tax in Excess of LGAC Bond Debt Service	1	0	1
Sales Tax in Excess of Revenue Bond Debt Service	6,839	0	6,839
Real Estate Taxes in Excess of CW/CA Debt Service	1,083	0	1,083
All Other	6,030	0	6,030
Total Receipts	**98,169**	**2,126**	**100,295**
Disbursements:			
Local Assistance	70,451	(111)	70,340
State Operations:			
Personal Service	9,558	2	9,560
Non-Personal Service	3,266	(2)	3,264
General State Charges	10,728	(18)	10,710
Transfers to Other Funds:			
Debt Service	506	0	506
Capital Projects	3,576	7	3,583
SUNY Operations	1,321	0	1,321
Other Purposes	1,295	0	1,295
Total Disbursements	**100,701**	**(122)**	**100,579**
Use (Reservation) of Fund Balance:			
Reserve for Labor Settlements/Agency Operations	0	(1,450)	(1,450)
Extraordinary Monetary Settlements	558	0	558
Total Use (Reservation) of Fund Balance	**558**	**(1,450)**	**(892)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(1,974)**	**798**	**(1,176)**

Source: NYS DOB.

CASH RECEIPTS
GENERAL FUND
(millions of dollars)

	FY 2022 First Quarter	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Taxes:				
Withholdings	47,945	49,250	51,514	53,236
Estimated Payments	20,695	24,182	25,595	27,040
Final Payments	3,982	4,014	3,731	3,932
Other Payments	1,483	1,533	1,585	1,639
Gross Collections	**74,105**	**78,979**	**82,425**	**85,847**
State/City Offset	(1,549)	(1,674)	(1,799)	(1,926)
Refunds	(9,383)	(9,686)	(10,053)	(10,449)
Reported Tax Collections	**63,173**	**67,619**	**70,573**	**73,472**
STAR (Dedicated Deposits)	(1,979)	(1,851)	(1,743)	(1,636)
RBTF (Dedicated Transfers)	(31,584)	(33,807)	(35,284)	(36,733)
Personal Income Tax	**29,610**	**31,961**	**33,546**	**35,103**
Sales and Use Tax	15,107	15,926	16,344	16,749
Cigarette and Tobacco Taxes	309	299	290	280
Vapor Excise Tax	0	0	0	0
Motor Fuel Tax	0	0	0	0
Alcoholic Beverage Taxes	269	272	274	277
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	**15,719**	**16,531**	**16,942**	**17,340**
LGAC/STBF (Dedicated Transfers)	(11,330)	(7,963)	(8,172)	(8,375)
Consumption/Use Taxes	**4,389**	**8,568**	**8,770**	**8,965**
Corporation Franchise Tax	4,390	5,124	4,883	4,280
Corporation and Utilities Tax	404	413	437	432
Insurance Taxes	2,057	2,123	2,172	2,233
Bank Tax	135	0	0	0
Pass Through Entity Tax	0	0	0	0
Petroleum Business Tax	0	0	0	0
Business Taxes	**6,986**	**7,660**	**7,492**	**6,945**
Estate Tax	1,207	1,265	1,327	1,390
Real Estate Transfer Tax	1,059	1,122	1,175	1,235
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	2	2	2
Gross Other Taxes	**2,288**	**2,410**	**2,525**	**2,649**
Real Estate Transfer Tax (Dedicated)	(1,059)	(1,122)	(1,175)	(1,235)
RBTF (Dedicated Transfers)	(3)	(3)	(3)	(4)
Other Taxes	**1,226**	**1,285**	**1,347**	**1,410**
Payroll Tax	**0**	**0**	**0**	**0**
Total Taxes	**42,211**	**49,474**	**51,155**	**52,423**
Licenses, Fees, Etc.	530	529	580	630
Abandoned Property	450	450	450	450
Motor Vehicle Fees	246	238	238	250
ABC License Fee	66	63	63	67
Reimbursements	70	70	66	66
Investment Income	24	13	10	8
Extraordinary Settlements	0	0	0	0
Other Transactions	416	388	388	388
Miscellaneous Receipts	**1,802**	**1,751**	**1,795**	**1,859**
Federal Receipts	**0**	**0**	**0**	**0**
Total	**44,013**	**51,225**	**52,950**	**54,282**

Source: NYS DOB.

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

	FY 2021 Actuals	FY 2022 First Quarter	Annual $ Change	Annual % Change
Opening Fund Balance	**14,408**	**14,934**	**526**	**3.7%**
Receipts:				
Taxes	81,200	91,891	10,691	13.2%
Miscellaneous Receipts	25,109	17,143	(7,966)	-31.7%
Federal Receipts	61	429	368	603.3%
Total Receipts	**106,370**	**109,463**	**3,093**	**2.9%**
Disbursements:				
Local Assistance	65,087	76,878	11,791	18.1%
State Operations:				
Personal Service	12,355	14,849	2,494	20.2%
Non-Personal Service	5,651	4,819	(832)	-14.7%
General State Charges	7,918	9,424	1,506	19.0%
Debt Service	13,196	6,707	(6,489)	-49.2%
Capital Projects	0	0	0	0.0%
Total Disbursements	**104,207**	**112,677**	**8,470**	**8.1%**
Other Financing Sources (Uses):				
Transfers from Other Funds	32,434	49,791	17,357	53.5%
Transfers to Other Funds	(33,873)	(47,293)	(13,420)	-39.6%
Bond and Note Proceeds	0	0	0	0.0%
Net Other Financing Sources (Uses)	**(1,439)**	**2,498**	**3,937**	**273.6%**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**724**	**(716)**	**(1,440)**	**-198.9%**
Closing Fund Balance	**15,132**	**14,218**	**(914)**	**-6.0%**

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	**9,161**	**5,708**	**65**	**14,934**
Receipts:				
Taxes	42,211	5,823	43,857	91,891
Miscellaneous Receipts	1,802	14,962	379	17,143
Federal Receipts	0	357	72	429
Total Receipts	**44,013**	**21,142**	**44,308**	**109,463**
Disbursements:				
Local Assistance	61,188	15,690	0	76,878
State Operations:				
Personal Service	10,131	4,718	0	14,849
Non-Personal Service	2,564	2,231	24	4,819
General State Charges	8,341	1,083	0	9,424
Debt Service	0	0	6,707	6,707
Capital Projects	0	0	0	0
Total Disbursements	**82,224**	**23,722**	**6,731**	**112,677**
Other Financing Sources (Uses):				
Transfers from Other Funds	45,323	2,538	1,930	49,791
Transfers to Other Funds	(7,844)	54	(39,503)	(47,293)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**37,479**	**2,592**	**(37,573)**	**2,498**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(732)**	**12**	**4**	**(716)**
Closing Fund Balance	**8,429**	**5,720**	**69**	**14,218**

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	49,474	5,988	42,776	98,238
Miscellaneous Receipts	1,751	14,780	389	16,920
Federal Receipts	0	205	70	275
Total Receipts	**51,225**	**20,973**	**43,235**	**115,433**
Disbursements:				
Local Assistance	62,953	16,409	0	79,362
State Operations:				
Personal Service	9,388	4,835	0	14,223
Non-Personal Service	2,971	2,376	43	5,390
General State Charges	8,939	1,114	0	10,053
Debt Service	0	0	5,863	5,863
Capital Projects	0	0	0	0
Total Disbursements	**84,251**	**24,734**	**5,906**	**114,891**
Other Financing Sources (Uses):				
Transfers from Other Funds	42,156	2,587	1,736	46,479
Transfers to Other Funds	(7,258)	792	(39,066)	(45,532)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**34,898**	**3,379**	**(37,330)**	**947**
Use (Reservation) of Fund Balance:				
Community Projects	4	0	0	4
Tax Stabilization Reserve	(120)	0	0	(120)
Rainy Day Reserves	(650)	0	0	(650)
Reserve for Labor Settlements/Agency Operations	(600)	0	0	(600)
Reserve for Economic Uncertainties	(800)	0	0	(800)
Extraordinary Monetary Settlements	294	0	0	294
Total Use (Reservation) of Fund Balance	**(1,872)**	**0**	**0**	**(1,872)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**(382)**	**(1)**	**(383)**

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	51,155	5,930	44,515	101,600
Miscellaneous Receipts	1,795	14,393	393	16,581
Federal Receipts	0	(17)	67	50
Total Receipts	**52,950**	**20,306**	**44,975**	**118,231**
Disbursements:				
Local Assistance	67,360	15,685	0	83,045
State Operations:				
Personal Service	9,528	4,798	0	14,326
Non-Personal Service	3,054	2,312	43	5,409
General State Charges	9,512	1,128	0	10,640
Debt Service	0	0	6,440	6,440
Capital Projects	0	0	0	0
Total Disbursements	**89,454**	**23,923**	**6,483**	**119,860**
Other Financing Sources (Uses):				
Transfers from Other Funds	43,154	2,610	1,791	47,555
Transfers to Other Funds	(6,727)	947	(40,269)	(46,049)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**36,427**	**3,557**	**(38,478)**	**1,506**
Use (Reservation) of Fund Balance:				
Community Projects	3	0	0	3
Reserve for Labor Settlements/Agency Operations	(1,000)	0	0	(1,000)
Extraordinary Monetary Settlements	827	0	0	827
Total Use (Reservation) of Fund Balance	**(170)**	**0**	**0**	**(170)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(247)**	**(60)**	**14**	**(293)**

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2025
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	52,423	5,807	46,228	104,458
Miscellaneous Receipts	1,859	14,552	396	16,807
Federal Receipts	0	(17)	62	45
Total Receipts	**54,282**	**20,342**	**46,686**	**121,310**
Disbursements:				
Local Assistance	70,340	15,650	0	85,990
State Operations:				
Personal Service	9,560	4,851	0	14,411
Non-Personal Service	3,264	2,338	43	5,645
General State Charges	10,710	1,142	0	11,852
Debt Service	0	0	6,878	6,878
Capital Projects	0	0	0	0
Total Disbursements	**93,874**	**23,981**	**6,921**	**124,776**
Other Financing Sources (Uses):				
Transfers from Other Funds	46,013	2,634	1,839	50,486
Transfers to Other Funds	(6,705)	980	(41,594)	(47,319)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**39,308**	**3,614**	**(39,755)**	**3,167**
Use (Reservation) of Fund Balance:				
Reserve for Labor Settlements/Agency Operations	(1,450)	0	0	(1,450)
Extraordinary Monetary Settlements	558	0	0	558
Total Use (Reservation) of Fund Balance	**(892)**	**0**	**0**	**(892)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(1,176)**	**(25)**	**10**	**(1,191)**

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	**9,161**	**10,669**	**(1,144)**	**65**	**18,751**
Receipts:					
Taxes	42,211	5,823	1,326	43,857	93,217
Miscellaneous Receipts	1,802	15,312	8,064	379	25,557
Federal Receipts	0	93,763	2,682	72	96,517
Total Receipts	**44,013**	**114,898**	**12,072**	**44,308**	**215,291**
Disbursements:					
Local Assistance	61,188	90,705	7,265	0	159,158
State Operations:					
Personal Service	10,131	5,632	0	0	15,763
Non-Personal Service	2,564	6,544	0	24	9,132
General State Charges	8,341	1,655	0	0	9,996
Debt Service	0	42	0	6,707	6,749
Capital Projects	0	0	8,718	0	8,718
Total Disbursements	**82,224**	**104,578**	**15,983**	**6,731**	**209,516**
Other Financing Sources (Uses):					
Transfers from Other Funds	45,323	2,538	4,968	1,930	54,759
Transfers to Other Funds	(7,844)	(6,614)	(1,305)	(39,503)	(55,266)
Bond and Note Proceeds	0	0	433	0	433
Net Other Financing Sources (Uses)	**37,479**	**(4,076)**	**4,096**	**(37,573)**	**(74)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(732)**	**6,244**	**185**	**4**	**5,701**
Closing Fund Balance	**8,429**	**16,913**	**(959)**	**69**	**24,452**

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	49,474	5,988	1,351	42,776	99,589
Miscellaneous Receipts	1,751	15,123	9,315	389	26,578
Federal Receipts	0	73,804	2,215	70	76,089
Total Receipts	**51,225**	**94,915**	**12,881**	**43,235**	**202,256**
Disbursements:					
Local Assistance	62,953	85,297	6,543	0	154,793
State Operations:					
Personal Service	9,388	5,521	0	0	14,909
Non-Personal Service	2,971	4,386	0	43	7,400
General State Charges	8,939	1,490	0	0	10,429
Debt Service	0	0	0	5,863	5,863
Capital Projects	0	0	9,775	0	9,775
Total Disbursements	**84,251**	**96,694**	**16,318**	**5,906**	**203,169**
Other Financing Sources (Uses):					
Transfers from Other Funds	42,156	2,587	4,336	1,736	50,815
Transfers to Other Funds	(7,258)	(3,512)	(1,489)	(39,066)	(51,325)
Bond and Note Proceeds	0	0	529	0	529
Net Other Financing Sources (Uses)	**34,898**	**(925)**	**3,376**	**(37,330)**	**19**
Use (Reservation) of Fund Balance:					
Community Projects	4	0	0	0	4
Tax Stabilization Reserve	(120)	0	0	0	(120)
Rainy Day Reserves	(650)	0	0	0	(650)
Reserve for Labor Settlements/Agency Operations	(600)	0	0	0	(600)
Reserve for Economic Uncertainties	(800)	0	0	0	(800)
Extraordinary Monetary Settlements	294	0	0	0	294
Total Use (Reservation) of Fund Balance	**(1,872)**	**0**	**0**	**0**	**(1,872)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**(2,704)**	**(61)**	**(1)**	**(2,766)**

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	51,155	5,930	1,355	44,515	102,955
Miscellaneous Receipts	1,795	14,634	9,478	393	26,300
Federal Receipts	0	69,647	2,187	67	71,901
Total Receipts	**52,950**	**90,211**	**13,020**	**44,975**	**201,156**
Disbursements:					
Local Assistance	67,360	79,386	5,933	0	152,679
State Operations:					
Personal Service	9,528	5,486	0	0	15,014
Non-Personal Service	3,054	4,225	0	43	7,322
General State Charges	9,512	1,505	0	0	11,017
Debt Service	0	0	0	6,440	6,440
Capital Projects	0	0	10,155	0	10,155
Total Disbursements	**89,454**	**90,602**	**16,088**	**6,483**	**202,627**
Other Financing Sources (Uses):					
Transfers from Other Funds	43,154	2,610	4,038	1,791	51,593
Transfers to Other Funds	(6,727)	(3,248)	(1,539)	(40,269)	(51,783)
Bond and Note Proceeds	0	0	434	0	434
Net Other Financing Sources (Uses)	**36,427**	**(638)**	**2,933**	**(38,478)**	**244**
Use (Reservation) of Fund Balance:					
Community Projects	3	0	0	0	3
Reserve for Labor Settlements/Agency Operations	(1,000)	0	0	0	(1,000)
Extraordinary Monetary Settlements	827	0	0	0	827
Total Use (Reservation) of Fund Balance	**(170)**	**0**	**0**	**0**	**(170)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(247)**	**(1,029)**	**(135)**	**14**	**(1,397)**

Source: NYS DOB.

CASH FINANCIAL PLAN ALL GOVERNMENTAL FUNDS FY 2025 (millions of dollars)	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	52,423	5,807	1,356	46,228	105,814
Miscellaneous Receipts	1,859	14,785	8,902	396	25,942
Federal Receipts	0	67,815	2,178	62	70,055
Total Receipts	**54,282**	**88,407**	**12,436**	**46,686**	**201,811**
Disbursements:					
Local Assistance	70,340	77,745	5,343	0	153,428
State Operations:					
Personal Service	9,560	5,537	0	0	15,097
Non-Personal Service	3,264	3,763	0	43	7,070
General State Charges	10,710	1,519	0	0	12,229
Debt Service	0	0	0	6,878	6,878
Capital Projects	0	0	9,770	0	9,770
Total Disbursements	**93,874**	**88,564**	**15,113**	**6,921**	**204,472**
Other Financing Sources (Uses):					
Transfers from Other Funds	46,013	2,634	3,891	1,839	54,377
Transfers to Other Funds	(6,705)	(4,595)	(1,671)	(41,594)	(54,565)
Bond and Note Proceeds	0	0	340	0	340
Net Other Financing Sources (Uses)	**39,308**	**(1,961)**	**2,560**	**(39,755)**	**152**
Use (Reservation) of Fund Balance:					
Reserve for Labor Settlements/Agency Operations	(1,450)	0	0	0	(1,450)
Extraordinary Monetary Settlements	558	0	0	0	558
Total Use (Reservation) of Fund Balance	**(892)**	**0**	**0**	**0**	**(892)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(1,176)**	**(2,118)**	**(117)**	**10**	**(3,401)**

Source: NYS DOB.

CASHFLOW
GENERAL FUND
FY 2022
(dollars in millions)

	2021 April Actuals	May Actuals	June Actuals	July Actuals	August Projected	September Projected	October Projected	November Projected	December Projected	2022 January Projected	February Projected	March Projected	Total
OPENING BALANCE	9,161	12,218	14,356	15,464	15,601	15,823	18,087	15,550	11,841	11,328	13,910	12,045	9,161
RECEIPTS:													
Personal Income Tax	3,263	4,916	2,911	1,682	1,893	2,941	1,062	1,363	2,508	2,779	2,139	2,153	29,610
Consumption/Use Taxes	351	342	451	387	368	404	334	330	414	376	285	347	4,389
Business Taxes	730	104	1,587	228	64	916	92	36	985	96	37	2,111	6,986
Other Taxes	121	118	110	105	108	96	94	94	95	95	95	95	1,226
Total Taxes	4,465	5,480	5,059	2,402	2,433	4,357	1,582	1,823	4,002	3,346	2,556	4,706	42,211
Abandoned Property	0	0	0	0	10	30	35	200	0	30	10	135	450
ABC License Fee	5	6	7	6	6	5	6	5	6	5	5	4	66
Investment Income	2	1	1	0	1	3	3	3	3	3	3	1	24
Licenses, Fees, etc.	77	97	41	33	68	5	25	45	45	15	32	47	530
Motor Vehicle Fees	20	16	55	21	32	14	18	6	18	17	11	18	246
Reimbursements	64	14	(9)	70	(7)	(36)	8	19	(43)	8	21	(39)	70
Extraordinary Settlements	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Transactions	5	5	36	25	11	87	38	16	62	15	19	97	416
Total Miscellaneous Receipts	173	139	131	155	121	108	133	294	91	93	101	263	1,802
Federal Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0
PIT in Excess of Revenue Bond Debt Service	3,263	4,917	2,958	1,411	1,142	2,977	1,062	1,188	2,582	1,821	242	2,224	25,787
ECEP in Excess of Revenue Bond Debt Service	0	0	0	0	0	0	0	0	1	0	0	2	3
Tax in Excess of LGAC	297	125	572	324	362	347	279	281	369	308	253	260	3,777
Sales Tax Bond Fund	573	565	779	622	602	675	521	527	702	580	470	612	7,228
Real Estate Taxes in Excess of CW/CA Debt Service	87	110	115	129	136	54	43	48	46	48	46	36	898
All Other	108	94	173	189	115	505	214	190	189	205	431	5,217	7,630
Total Transfers from Other Funds	4,328	5,811	4,597	2,675	2,357	4,558	2,119	2,234	3,889	2,962	1,442	8,351	45,323
TOTAL RECEIPTS	8,966	11,430	9,787	5,232	4,911	9,023	3,834	4,351	7,982	6,401	4,099	13,320	89,336
DISBURSEMENTS:													
School Aid	449	3,782	2,098	275	566	1,712	1,107	1,713	2,269	752	875	9,214	24,812
Higher Education	27	23	513	697	85	149	191	27	192	32	333	674	2,943
All Other Education	33	92	265	514	66	86	154	38	489	31	149	473	2,390
Medicaid - DOH	2,745	1,506	1,173	1,178	1,444	894	1,712	1,679	976	1,379	1,023	155	15,864
Public Health	12	36	101	49	65	59	59	33	53	43	59	(13)	556
Mental Hygiene	32	62	879	105	47	861	147	67	1,002	139	556	618	4,515
Children and Families	(4)	35	239	155	39	265	112	112	260	112	112	260	1,697
Temporary & Disability Assistance	48	65	64	168	87	257	186	138	160	139	138	198	1,648
Transportation	9	22	15	0	25	0	0	25	12	0	14	1	123
Unrestricted Aid	0	44	388	1	0	56	10	4	190	6	3	66	768
All Other	27	36	274	(170)	269	533	516	705	579	468	770	1,865	5,872
Total Local Assistance	3,378	5,703	6,009	2,972	2,693	4,872	4,194	4,541	6,182	3,101	4,032	13,511	61,188
Personal Service	708	725	382	863	673	857	764	1,060	938	780	774	1,607	10,131
Non-Personal Service	137	234	183	119	240	301	425	403	(72)	405	424	(235)	2,564
Total State Operations	845	959	565	982	913	1,158	1,189	1,463	866	1,185	1,198	1,372	12,695
General State Charges	810	2,276	393	419	402	549	506	420	763	459	562	782	8,341
Debt Service	163	(21)	(21)	56	2	(5)	66	0	(1)	181	(15)	(13)	392
Capital Projects	486	341	816	296	573	137	326	1,437	579	(1,134)	162	561	4,580
SUNY Operations	113	0	772	181	0	4	4	100	40	4	4	79	1,301
Other Purposes	114	34	145	189	106	44	86	99	66	23	21	644	1,571
Total Transfers to Other Funds	876	354	1,712	722	681	180	482	1,636	684	(926)	172	1,271	7,844
TOTAL DISBURSEMENTS	5,909	9,292	8,679	5,095	4,689	6,759	6,371	8,060	8,495	3,819	5,964	16,936	90,068
Excess/(Deficiency) of Receipts over Disbursements	3,057	2,138	1,108	137	222	2,264	(2,537)	(3,709)	(513)	2,582	(1,865)	(3,616)	(732)
CLOSING BALANCE	12,218	14,356	15,464	15,601	15,823	18,087	15,550	11,841	11,328	13,910	12,045	8,429	8,429

Source: NYS DOB.