UPDATE TO
ANNUAL INFORMATION STATEMENT
STATE OF NEW YORK

March 7, 2022

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INTRODUCTION

This third quarterly update to the Annual Information Statement (the "AIS Update") is dated March 7, 2022 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 Governor's Executive Budget Financial Plan for FY 2023, as amended (the "Updated Financial Plan" or "Updated Executive Budget Financial Plan") issued by the Division of the Budget (DOB) in February 2022. The Updated Financial Plan (which is available on the DOB website, www.budget.ny.gov) includes a summary of third quarter operating results for FY 2022 (quarter ended December 31, 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 they are based) in the Updated 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 with the FY 2023 Enacted Budget 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 actuals 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.

[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 planning or managing State finances during the fiscal year and does not update it on a quarterly basis. The GAAP-basis Financial Plan follows, to the extent practicable, the accrual methodologies and fund accounting rules applied by the Office of the State Comptroller (OSC) in preparation of the audited Basic Financial Statements, but there can be no assurance that the pro forma GAAP financial plan conforms to all GAAP principles.

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

Projections for future years may show budget gaps or budget surpluses in the General Fund. Budget gaps represent the difference between: (a) the projected General Fund disbursements, including transfers to other funds, needed to maintain current service levels and specific commitments, and (b) the projected level of resources, including transfers from other funds, to pay for these disbursements. The General Fund projections are based on many assumptions and are developed by DOB in conjunction with other State agencies. Some projections are based on specific, known information (e.g., a statutory requirement to increase payments to a prescribed level), while others are based on more uncertain or speculative information (e.g., the pace at which a new program will enroll recipients). In general, the multi-year projections assume that money appropriated in one fiscal year will continue to be appropriated in future years, even for programs that were not created in permanent law and that the State has no obligation to fund. Funding levels for nearly all State programs are reviewed annually in the context of the current and projected fiscal 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 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 Comprehensive Annual Financial Report, 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 Comprehensive Annual Financial Report, 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 Comprehensive Annual Financial Report. The FY 2021 Comprehensive Annual Financial Report was issued on July 29, 2021; as such, the term "actuals" as referenced in this AIS Update indicates audited results.

FINANCIAL PLAN OVERVIEW

The following table provides certain Financial Plan information for FY 2021 through FY 2023.

FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES (millions of dollars)	FY 2021 Actuals	FY 2022 Current Estimate	FY 2023 Executive Proposal
State Operating Funds Disbursements			
Size of Budget	$104,207	$115,226	$118,907
Annual Growth	2.0%	10.6%	3.2%
Other Disbursement Measures			
General Fund (Including Transfers)[1]	$74,095	$90,694	$95,551
Annual Growth	-4.4%	22.4%	5.4%
Capital Budget (Federal and State)	$12,331	$15,434	$18,566
Annual Growth	2.8%	25.2%	20.3%
Federal Operating Aid	$70,049	$82,266	$78,996
Annual Growth	19.1%	17.4%	-4.0%
All Funds	$186,587	$212,926	$216,469
Annual Growth	7.9%	14.1%	1.7%
Inflation (CPI)	1.2%	5.9%	3.6%
All Funds Receipts			
Taxes[2]	$82,376	$101,161	$108,730
Annual Growth	-0.6%	22.8%	7.5%
Miscellaneous Receipts	$30,772	$26,017	$27,514
Annual Growth	4.4%	-15.5%	5.8%
Federal Receipts (Operating and Capital)	$78,152	$99,960	$84,444
Annual Growth	20.1%	27.9%	-15.5%
Total All Funds Receipts[2]	$191,300	$227,138	$220,688
Annual Growth	7.8%	18.7%	-2.8%
General Fund Cash Balance	$9,161	$30,513	$27,674
Rainy Day Reserves	$2,476	$3,351	$4,271
Economic Uncertainties	$1,490	$5,598	$9,732
Extraordinary Monetary Settlements	$2,083	$2,035	$1,741
Timing of PTET/PIT Credits	$0	$16,710	$7,660
Reserve for Pandemic Assistance	$0	$2,000	$2,000
All Other Reserves/Fund Balances	$3,112	$819	$2,270
Debt			
Debt Service as % All Funds Receipts[2]	4.6%	3.6%	2.7%
State-Related Debt Outstanding	$58,881	$62,880	$69,270
Debt Outstanding as % Personal Income	4.1%	4.1%	4.6%

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

2 Excludes the impact of the Pass Through Entity Tax program which is expected to have no net Financial Plan impact across fiscal years.

Summary

Update to Financial Estimates

In the Mid-Year Update to the Financial Plan ("Mid-Year Update"), the Governor committed to bringing the balance of the State's principal reserves (the rainy-day reserves and reserve for economic uncertainties) to 15 percent of projected State Operating Funds spending by FY 2025. At the time, it was noted that the State's relatively low level of reserves left it vulnerable to the financial shocks that periodically upend State finances. Net of these planned reserves, the Mid-Year Update showed balanced General Fund operations through FY 2025, the last year published in the Financial Plan, with no surpluses or budget gaps in any year. This was the first time that DOB has published a multi-year Financial Plan with no budget gaps in any year.

Forecast revisions (the "baselevel forecast") since the Mid-Year Update have created new projected surpluses. On the strength of collections experience to date, the estimates for tax receipts have been increased by an average of $4.9 billion annually compared to the Mid-Year forecast. Through December 2021, the State's General Fund tax receipts (excluding Pass-Through Entity Tax (PTET) collections) were $10 billion (17 percent) higher than the estimate in the Enacted Budget Financial Plan and $2.7 billion (4.6 percent) over the estimate in the Mid-Year Update. Expense estimates have been reduced, as well, with significant savings in School Aid based on revised school district claims provided at the November 2021 database update, pensions, debt service, and payroll (the latter from the use of CRF to fund eligible payroll expenses). Pandemic-response measures partly offset the current-year savings but are expected to be reimbursed by the Federal government in future years of the Financial Plan.

The baselevel forecast revisions leave surpluses of $5.0 billion in FY 2022, $6.5 billion in FY 2023, $5.4 billion in FY 2024, and $5.5 billion in FY 2025. The surpluses for FY 2026 and FY 2027, which are projected for the first time in the FY 2023 Executive Budget, are comparatively lower at $3 billion and $4.1 billion, respectively. This mainly reflects the final spend-down of American Rescue Plan Act of 2021 (ARP) recovery aid in FY 2025.

The following table shows the baselevel forecast revisions to the Mid-Year estimates before Executive Budget proposals.

FY 2023 EXECUTIVE BUDGET FINANCIAL PLAN GENERAL FUND REVISIONS TO MID-YEAR ESTIMATES (millions of dollars)				
	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
MID-YEAR UPDATE SURPLUS/(GAP) ESTIMATE	**0**	**0**	**0**	**0**
Receipts Revisions	**4,585**	**4,997**	**4,641**	**5,190**
Tax Receipts	4,605	5,031	4,665	5,189
Other Receipts/Other Transfers	(20)	(34)	(24)	1
Disbursements Revisions	**398**	**1,517**	**722**	**344**
Local Assistance	70	1,466	81	(246)
Agency Operations	311	32	676	642
Transfers To Other Funds	17	19	(35)	(52)
UPDATED "BASE" BUDGET SURPLUS/(GAP) ESTIMATE	**4,983**	**6,514**	**5,363**	**5,534**

Notes: "Tax Receipts" excludes the impact of the Pass Through Entity Tax Program; table excludes any Financial Plan transactions that have no net impact within the year but change amounts reported within Financial Plan categories. Debt service changes that affect the amount of tax receipts to the General Fund are shown in "Other Receipts/Other Transfers" line.

The updated financial estimates make it possible both to maintain responsible reserve deposits and fund new commitments intended to address the unique and complex problems caused (or exacerbated) by the COVID-19 pandemic.

The current year surplus is expected to be reserved for future pandemic assistance and to provide one-time tax relief for individuals and businesses, and bonus payments to healthcare and direct care workers.

Consensus Revenue Forecast

On March 1, 2022, the Director of the Budget and all secretaries of the Senate Finance Committee and Assembly Ways and Means Committee issued a joint report containing a consensus forecast for the economy and projections of certain receipts for the current and ensuing fiscal years. In the consensus forecast report, the parties forecasted that total cumulative receipts over the two-year period (FYs 2022 and 2023) would exceed the Executive Budget forecast by an amount in the range of $800 million to $1.2 billion. All parties agreed that there remain multiple and elevated risks to the economic outlook, including changes to domestic fiscal/monetary policies, recurrent waves of the coronavirus, and worldwide uncertainties. Note that the consensus forecast is not reflected in the tables, values or narrative discussion throughout this AIS Update. Any revisions to the receipts forecast from the consensus forecast process will be taken into consideration for the FY 2023 Enacted Budget Financial Plan.

FY 2023 Executive Budget Financial Plan

The Governor submitted the FY 2023 Executive Budget, as amended, to the Legislature on February 17, 2022. The Executive Budget Financial Plan provides for balanced operations in each year of the Financial Plan. Spending growth is estimated at 3.2 percent.

The Executive Budget proposes initiatives considered essential to maintaining the State's recovery. These include: tax relief for individuals and small businesses; investments to improve health care access, quality, and affordability; wage increases for workers in the health, mental health, and social services sectors; rate increases for service providers; and funding increases for a range of other essential services.

In addition, State operations funding is increased to meet critical service needs and restore service capacity to pre-pandemic levels. Lastly, new capital commitments proposed in the budget are funded not only with bonds but with a significant level of cash resources, ensuring the State's debt burden remains affordable.

The following table summarizes the impact of the Executive proposals on General Fund operations, starting with the updated "base" estimates. It is followed by a summary of the significant actions with an emphasis on the projected fiscal impact for FY 2023.

FY 2023 EXECUTIVE BUDGET FINANCIAL PLAN (millions of dollars)	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
UPDATED "BASE" BUDGET SURPLUS/(GAP) ESTIMATE	**6,514**	**5,363**	**5,534**	**2,966**	**4,070**
Receipts	**(2,562)**	**(1,057)**	**(461)**	**382**	**815**
Tax Receipts	(2,583)	(1,153)	(559)	(261)	(238)
Homeowner Tax Rebate Credit	(2,200)	0	0	0	0
Middle Class Tax Cut Acceleration	(162)	(615)	(360)	(44)	0
Small Business Tax Relief Credit	(100)	(100)	(100)	(100)	(100)
Small Business Tax Relief Credit for COVID-19	0	(250)	0	0	0
Extend the NYC Musical & Theatrical Credit	0	(100)	0	0	0
All Other	(121)	(88)	(99)	(117)	(138)
Payment of Future Debt Service Costs	0	0	0	500	1,000
Other Receipts/Transfers	21	96	98	143	53
Disbursements	**(4,918)**	**(5,272)**	**(5,649)**	**(4,208)**	**(4,885)**
Local Assistance	(2,823)	(1,587)	(2,255)	(3,101)	(3,922)
Education	(233)	(284)	(285)	(280)	(282)
Medicaid[1]	(585)	370	(42)	(763)	(1,593)
eFMAP Extension through June 30, 2022	746	0	0	0	0
Healthcare/Direct Care Worker Bonus	(1,135)	0	0	0	0
Public Health/Aging[1]	(237)	(238)	(239)	(239)	(238)
Human Services/Mental Hygiene COLA	(256)	(256)	(256)	(256)	(256)
Mental Hygiene [1]	(323)	(345)	(302)	(292)	(282)
Social Welfare[1]	(167)	(221)	(614)	(758)	(758)
Economic Development	(186)	(136)	(79)	(79)	(79)
Higher Education	(236)	(280)	(242)	(237)	(237)
Public Safety	(89)	(89)	(89)	(89)	(89)
All Other	(122)	(108)	(107)	(108)	(108)
Agency Operations, including GSCs	(37)	(636)	(641)	(667)	(690)
Healthcare/Direct Care Worker Bonus	(121)	0	0	0	0
Executive Agencies	147	(474)	(475)	(494)	(512)
Non-Executive Agencies	(108)	(113)	(118)	(123)	(128)
Fringe Benefits/Fixed Costs	45	(49)	(48)	(50)	(50)
Transfers to Other Funds	(2,058)	(3,049)	(2,753)	(440)	(273)
Capital Projects/PAYGO Capital	(1,339)	(2,372)	(2,535)	(287)	(99)
SUNY Operating	(103)	(100)	(83)	(83)	(83)
Health Care Transformation	(500)	(500)	0	0	0
All Other	(116)	(77)	(135)	(70)	(91)
Use of/(Deposit to) Reserves	**966**	**966**	**576**	**860**	**0**
Extraordinary Monetary Settlements	0	(1)	1	0	0
Debt Management	1,000	1,000	1,000	860	0
Economic Uncertainties	(34)	(33)	(425)	0	0
EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE	**0**	**0**	**0**	**0**	**0**

[1] Excludes Healthcare/Direct Care Worker Bonus Pay and Human Services COLA which are shown separately.

Receipts

Tax Receipts. The Executive Budget proposes the following tax actions:

- **Homeowner Tax Rebate Credit.** The proposed rebate program will provide low- and middle-income homeowners, as well as senior homeowners, with a rebate in the fall of 2022 to offset property taxes at a one-time State cost of $2.2 billion.

- **Middle-Class Tax Credit Acceleration.** The Executive Budget accelerates the phase-in of the middle-class tax cut, which began in 2018 and was scheduled to fully phase in over eight years by 2025. The lower tax rates will now be fully phased in by 2023 which decreases tax receipts by $162 million in FY 2023.

- **Small Business Tax Relief Credit.** The Executive Budget provides recurring tax relief to businesses through a revision to the income exclusion and expands the benefit to include pass-through entities with less than $1.5 million in NY-source gross income.

- **Small Business Tax Relief Credit for COVID-19 Expenses.** A new, one-time, capped refundable tax relief program will provide relief to businesses for eligible capital expenses.

- **NYC Musical and Theatrical Tax Credit Extension**. The initial application deadline is extended to June 30, 2023 and the cap is doubled from $100 million to $200 million to provide one-time aid to eligible productions and revitalize tourism in New York City.

- **Other Tax Actions.** The Executive Budget increases and extends existing tax credits, including credits for low income housing, clean energy, youth employment, and hiring veterans. It also proposes new tax credits to farmers to support and sustain food production. Other new tax actions include the imposition of sales tax on vacation rentals, as well as certain enforcement initiatives and reforms.

Prepayments of future debt service costs are increased by $1.5 billion in FY 2022, to a total of $2.9 billion. The increase will reduce costs in FY 2026 and later.

Other Receipts/Transfers. Debt service costs are revised to reflect the cost of funding Executive Budget capital adds and initiatives, partially offset by savings from paying cash for capital projects that would otherwise have been funded with more costly taxable debt. In addition, the State expects to receive $100 million over three years (FY 2022 through 2024) from Mashreqbank, PSC ("Mashreqbank" or the "Bank") in penalties pursuant to a Consent Order entered into with the New York State Department of Financial Services (DFS). The Executive Budget adds these funds to the Reserve for Economic Uncertainties, consistent with other recent settlements. The Executive Budget also includes reductions to certain planned transfers due to the availability of revenues in other funds that have been earmarked to support new investments.

Disbursements

Local Assistance

Education. The Executive Budget recommends $31.2 billion in State aid to schools for school year (SY) 2023, an increase of $2.1 billion (7.1 percent). Including Federal prekindergarten expansion grants, schools will receive $31.3 billion. This growth primarily reflects a $1.6 billion (8.1 percent) Foundation Aid increase, including a 3 percent minimum annual increase to fully funded districts that would otherwise not receive a Foundation Aid increase under current law. Growth in School Aid largely reflects the second year of the three year phase-in of full funding of the current Foundation Aid formula and assumed growth in expense-based aids.

The Executive Budget also includes authorization for a cost-of-living adjustment (COLA) of 11 percent for SY 2023 special education provider tuition rates that will be partially reimbursed by the State, and increases funding for various education grants programs, including Public Broadcasting, Independent Living Centers and Public Libraries.

Medicaid. The Executive Budget proposes basing the Global Cap index on the five-year rolling average of Centers for Medicare & Medicaid Services (CMS) annual projections of health care spending. The CMS projections account for enrollment, including specific populations, such as the aging or disabled populations. The new index would account for enrollment and population changes, which are significant drivers of costs, and supports additional Medicaid spending growth of $366 million in FY 2023, growing to $3.1 billion in FY 2027. The total Global Cap spending growth in FY 2023 is estimated at $966 million using the new index ($366 million above the existing cap). The increase in the allowable spending growth, another quarter of the Enhanced Federal Medical Assistance Percentage (eFMAP), and savings actions are sufficient to fund forecasted growth and new investments.

The Executive Budget proposes several investments in health care, including a restoration of the 1.5 percent across-the-board (ATB) reduction to fee-for-service providers implemented in the FY 2021 Enacted Budget, as well as an increase of 1 percent to all provider reimbursement rates. The increased rates recognize growth in service costs and will provide flexibility to respond to market needs and compete in the labor market to attract qualified workers. Increased funding is also proposed for hospitals, nursing homes, health professional schools, and other organizations as they seek to build the health workforce. Other investments include increased aid to safety-net hospitals to support urgent operating needs and address pandemic-related impacts, additional funding for nursing homes to adhere to minimum staffing requirements, increased reimbursement rates to promote primary care, children's behavioral health services investments, increases to orthotics and prosthetics rates, and funding to improve the quality of health care. The Financial Plan reserves $1 billion of additional resources to further support multi-year investments in healthcare transformation and sustainability efforts.

The FY 2023 Executive Budget proposes Medicaid savings actions including the maximization of Federal resources to provide enhanced pregnancy coverage and postpartum care; utilization of the temporary 10 percent increase to the Federal Medical Assistance Percentage (FMAP) for specific Medicaid Home and Community-Based Services (HCBS) to support workforce investments, capacity increases, and digital infrastructure; imposition of new procurement quality requirements for managed care contracts; elimination of the ability for providers to prescribe pharmaceutical drugs for purposes outside of the clinical criteria; and leveraging additional Federal resources for prenatal coverage through the Children's Health Insurance Program.

eFMAP Extension. On January 14, 2022, the Federal government extended the public health emergency through April 16, 2022, which will authorize the eFMAP provisions through June 2022. Accordingly, the Executive Budget Financial Plan assumes an additional $746 million in new resources, increasing the projected benefit in FY 2023 to nearly $1 billion. In total, the benefit in FY 2022 is nearly $3 billion, unchanged from the Mid-Year Update. The savings from eFMAP are partly offset by increased costs associated with Federal enrollment and program restructuring prohibitions.

Healthcare/Direct Care Worker Bonus. The State will provide healthcare workers earning less than $125,000 a bonus payment of up to $3,000 to incentivize the recruitment and retention of qualified healthcare and direct care professionals. The amount of the bonus will be based on hours worked and length of time in service. Direct Care State employees will also receive bonuses. The total State cost is estimated at $1.3 billion ($1.1 billion for non-State employees; $121 million for State employees).

Public Health/Aging. The FY 2023 Executive Budget adds funding for public health programs including Nourish New York; investment in local health department systems through enhanced reimbursement through the General Public Health Work (GPHW) program for counties including New York City, and emergency management services; opioid overdose and harm reduction programs.

Human Services/Mental Hygiene Cost-of-Living Increase. Funding is included to support a 5.4 percent cost-of-living increase for human services workers.

Mental Hygiene. The Executive Budget increases funding for mental health residential programs to assist providers with housing cost increases and establishes new teams of mental health professionals performing Critical Time Intervention (CTI) directly with homeless individuals to ensure access to services and housing. Additional funding is included in the Executive Budget to invest in OMH residential programs and establish CTI teams of mental health professionals to direct homeless individuals to services and housing. The Executive Budget also provides funding to implement a 988 crisis hotline, enhance crisis response services for children and families, and reinvest recoupments from managed care organizations for behavioral health services. In addition, prevention, treatment, and recovery efforts to reduce the opioid epidemic's toll are being funded outside of the General Fund. Monies to support increased housing costs and develop new housing opportunities for people with developmental disabilities are also included.

Social Welfare. The Executive Budget provides funding to ensure continuity in the level of child care subsidies when the three-year rates established by the Federal government are reset in October 2022, expands eligibility for child care subsidies to more families, and increase wages for child care workers. Other significant proposals include new investments in adoption subsidies through modernization of the rate methodology, expanding the Healthy Families New York (HFNY) Home Visiting program through the use of Adoption Delinking funds, supporting the homeowner protection program, and creating an Eviction Prevention Legal Assistance Program to provide legal representation to tenants involved in eviction cases outside of New York City.

Economic Development. Proposed funding increases and new investments include one-time grants from Economic Development Funds for workforce development grants to facilitate job creation and/or retention; creating a state teacher residency program to provide matching funding for local districts to create two-year residency programs for graduate-level teacher candidates; expanding alternative teacher certification programs to make it easier and more appealing for professionals in other careers to become teachers; funding for the World University Games, and standardizing and centralizing venture competitions designed to connect startups with investors and help new innovation-sector businesses access funding.

Higher Education. The Executive Budget proposes expanding the Tuition Assistance Program (TAP) for part-time students in degree programs and community college students enrolled part-time in high-demand workforce credential programs; granting incarcerated individuals' access to TAP; accelerating the FY 2022 Enacted Budget TAP Gap funding plan at the City University of New York (CUNY) Senior College campuses; investing in full-time faculty at CUNY; establishing child care centers on State University of New York (SUNY) and CUNY campuses; and increasing funding for higher education opportunity programs and training centers.

Public Safety. Proposed funding increases will support initiatives to reduce gun violence including gun-tracing efforts, improving crime data collection, violence interrupter programs such as the SNUG street outreach program, intervention programs including job training and community engagement, and pretrial services.

All Other Local Assistance. The Executive Budget includes funding increases for various programs administered by the Department of Agriculture and Markets, the Liberty Defense program, the Office for the New Americans, transit aid, and local government assistance.

Agency Operations

Executive Agencies. The growth in executive agency budgets reflects efforts to address recruitment and retention challenges with mental hygiene direct care and clinical staff, expand Child and Adolescent Needs & Strengths (CANS) assessments to improve service delivery, replace outdated technology, and address increases in the cost of administering the Medicaid program. Funding is also provided, as needed, to restore operating capacity to pre-pandemic levels.

Agencies are expected to continue to seek and implement efficiency improvements in all aspects of operations and service delivery. Specifically, this includes reduced excess capacity in the prison systems from prior fiscal year closures.

The Financial Plan continues to assume that the Federal government will fully fund the State's direct pandemic response costs, but timing differences between State outlays and FEMA reimbursements will occur. In addition, COVID expenses related to the purchase of test kits for local governments and schools are assumed to be fully eligible for FEMA reimbursement.

Non-Executive Agencies. The Executive Budget reflects budget requests submitted by the Legislature and Judiciary. The Judiciary requested increases in annual operating spending to fund expected hiring, increased health insurance premium payments, three planned Court Officer Academy classes, and the addition of 14 new Supreme Court Judgeships as authorized by Chapter 188 of the Laws of 2021. Spending increases for the Legislature, OSC, and Department of Law mainly reflect projected increases in personal service and technology costs.

Fringe Benefits/Fixed Costs. Pension estimates reflect the planned payment of the full FY 2023 Employees' Retirement System (ERS)/Police and Fire Retirement System (PFRS) pension bills in May 2022.

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

<u>Transfer to Other Funds</u>

Capital Projects. The FY 2023 Executive Budget proposes using $6 billion of cash resources for pay-as-you-go (PAYGO) capital spending over the Financial Plan period to reduce debt service costs, ensure the State stays within the debt limit, and allow for a larger DOT capital plan. The PAYGO will be targeted to primarily avoid higher cost taxable debt issuances. The increases are offset in part by using the Reserve for Debt Management that was previously set aside for this purpose. Other investments include projects to address health and safety at nonpublic school buildings, implement zero emission light utility State vehicles by 2035, and various economic development projects.

SUNY Operations. The FY 2023 Executive Budget increases the State's subsidy payments to fund additional full-time faculty, offset lost revenue via the tuition assistance program and fund various initiatives, including child care centers at all campuses.

Health Care Transformation. The Financial Plan reserves $1 billion of additional resources to further support multi-year investments in healthcare transformation and sustainability.

Other Transfers. The FY 2023 Executive Budget increases transfers to the DHBTF to support the DOT five-year capital plan, recruitment incentives for licensed drivers, and ongoing highway maintenance, as well as the criminal justice improvement account.

In addition, the Financial Plan sets aside $2 billion of the current year surplus for pandemic relief assistance.

Other Financial Plan Highlights

Principal Reserves

The State has three principal reserves to address operating risks: the Tax Stabilization Reserve[3], the Rainy Day Reserve[4], and amounts informally reserved for economic uncertainties. The first two, which are known collectively as the "Rainy Day Reserves," have specific statutory limits on how much can be deposited annually and specific conditions on when they can be used. The reserve for economic uncertainties is an informal designation of General Fund resources that was initiated in FY 2020 and is not subject to any statutory limitation as to size or restriction as to use. Together, these funds provide a prudent buffer against financial risks.

The FY 2023 Executive Budget maintains the commitment to leverage the increase in tax receipts to grow the balance of principal reserves annually to reach a target level of 15 percent of spending by FY 2025 and proposes amendments to the Rainy Day Reserve statute to allow for the increased deposits and balance limitations. The following table summarizes the planned increases to principal reserves.

FY 2023 EXECUTIVE BUDGET
"PRINCIPAL" RESERVES
(millions of dollars)

	FY 2022	FY 2023	FY 2024	FY 2025
Planned Deposits	**4,983**	**5,054**	**2,448**	**2,925**
Rainy Day Reserves	875	920	915	950
Economic Uncertainties	4,108	4,134	1,533	1,975
Balance At Year-End	**8,949**	**14,003**	**16,451**	**19,376**
Rainy Day Reserves	3,351	4,271	5,186	6,136
Economic Uncertainties	5,598	9,732	11,265	13,240
Estimated SOF Spending	**115,226**	**118,907**	**123,412**	**128,911**
Principal Reserves % SOF	*7.8%*	*11.8%*	*13.3%*	*15.0%*

[3] The Tax Stabilization Reserve was created pursuant to State law to provide a reserve to finance a cash-basis operating deficit in the General Fund at the end of the fiscal year, and to make temporary loans to the General Fund during the year. Annual deposits may not exceed 0.2 percent of General Fund spending, and the balance may not exceed 2 percent of General Fund spending. These amounts may be borrowed by the General Fund temporarily and repaid within the same fiscal year. They may also be borrowed to cover an operating deficit at year end, but these loans must be repaid within six years in no fewer than three annual installments.

[4] The Rainy Day Reserve was created pursuant to State law to account for funds set aside for use during economic downturns or in response to a catastrophic event, as defined in the law. The economic downturn clause is triggered after five consecutive months of decline in the State's composite index of business cycle indicators. The reserve may have a maximum balance equal to 5 percent of projected General Fund spending during the fiscal year immediately following the then-current fiscal year.

PTET – Financial Plan Impact

The U.S. Department of the Treasury (Treasury) 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.

As part of the State's continuing response to Federal tax law changes, legislation was enacted in FY 2022 to allow 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.

The Financial Plan did not previously include an estimate for PTET receipts or the corresponding decrease in PIT receipts as the number of electing entities and tax amounts paid were not known until late 2021.

In December 2021, entities began making PTET payments that were recorded as business taxes and totaled an estimated $10.2 billion.[5] DOB expects the accompanying tax credits will impact PIT receipts beginning in April 2022, and will have the effect of decreasing PIT collections. DOB expects that the PTET will, on a multi-year basis, be revenue neutral for the State. However, because PTET payments will generally be received in the fiscal year prior to credit claiming, the PTET will not be revenue-neutral to the State within each fiscal year. The FY 2023 Executive Budget Financial Plan now includes an estimate for PTET business taxes and the corresponding decrease in PIT receipts. Additionally, it reserves PTET collected in FY 2022 for purposes of offsetting the decrease in PIT receipts expected in FY 2023. It is expected that the tax benefit accompanying the PTET program will end in 2025. Therefore, the estimates in the Financial Plan reflect the likelihood that entities cease to participate in the later years of the Financial Plan.

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[5] PTET is received by the Department of Taxation and Finance (DTF) in the first instance and then processed and recorded as a State receipt by OSC. Through December 31, 2021, DTF receipts totaled $11 billion and recorded receipts reported in the Comptroller's Monthly Report on State Funds Cash Basis of Accounting totaled $10.2 billion.

PTET is expected to reduce FY 2023 PIT collections by $24 billion, and reduce all funds receipts by a net amount of $9 billion, due to timing. PIT credits may be claimed on the April tax return in the following fiscal year as a refund, or they can be reflected sooner through reductions in current estimated payments. In 2021, taxpayers could not reduce their current estimated PIT payments for PTET, because enrollment in the PTET was not completed until late 2021, but going forward some taxpayers are expected to choose this option. FY 2023 PIT is expected to be reduced by credits for both the full amount of 2021 PTET collections (through extensions and refunds) and a portion of 2022 PTET collections (through reductions in current estimated PIT payments).

The table below displays the impact of the PTET program on the General Fund. The PTET estimates are excluded from certain tabular presentations in the Financial Plan due to the size of the impact on specific financial plan categories and because the Financial Plan impact is neutral on a multi-year basis. Tables that exclude PTET are noted.

FY 2023 EXECUTIVE BUDGET FINANCIAL PLAN
GENERAL FUND IMPACT OF THE PASS THROUGH ENTITY TAX
SAVINGS/(COSTS)
(millions of dollars)

	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
General Fund Impact	**0**	**0**	**0**	**0**	**0**	**0**
Tax Receipts[1]	16,710	(9,050)	473	500	(4,183)	(4,450)
PIT Credits	0	(24,130)	(15,567)	(16,500)	(17,533)	(4,450)
PTET Collections (Business Taxes)	16,710	15,080	16,040	17,000	13,350	0
Use of/(Deposit to) Reserve for PTET Refunds	(16,710)	9,050	(473)	(500)	4,183	4,450

[1] The impact of the PTET on Revenue Bond Tax Fund (RBTF) receipts is 50 percent of the impact on total Tax Receipts.

Use of Federal Relief Funds

Established in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Coronavirus Relief Fund (CRF) provided funding for states and local governments to respond to the COVID-19 pandemic. In April 2020, the State received $5.1 billion to fund eligible costs incurred through December 31, 2021. To date, the State has used all but $119 million, which DOB expects will be expended by the end of FY 2022 pursuant to guidelines established by the U.S. Department of the Treasury. Eligible costs that the State has charged to the CRF include payroll expenses, including fringe benefits, primarily for public health and safety employees, medical equipment and supplies, interest on short term financing, support for programs to address food insecurity, technology enhancements for remote work, and other pandemic response costs.

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 with 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.

The Treasury's interim guidance provided broad categories of eligible use including revenue replacement, which permits the use of funds up to the amount of the calculated revenue loss, as prescribed by the Treasury, for government services; support of pandemic recovery initiatives aimed at addressing the impact on public health as well as economic harms to households, small businesses, nonprofits, and impacted industries such as restaurants and tourism; providing premium pay for eligible workers performing essential work; and investment in water, sewer, and broadband infrastructure.

The State calculated and submitted its application of revenue loss for approval on August 31, 2021 in accordance with the Treasury guidelines. To date, the Treasury has not provided a response to the State submission. DOB is in the process of reviewing the final guidance issued by the Treasury on January 6, 2022.

State Operating Funds – Summary of Annual Spending Change

STATE OPERATING FUNDS DISBURSEMENTS
FY 2022 TO FY 2023
(millions of dollars)

	FY 2022 Projected	FY 2023 Projected	Annual Change $	Annual Change %
LOCAL ASSISTANCE	**76,895**	**82,908**	**6,013**	**7.8%**
School Aid (School Year Basis)	29,111	31,178	2,067	7.1%
STAR	1,939	1,831	(108)	-5.6%
DOH Medicaid[1]	24,976	26,555	1,579	6.3%
Temporary eFMAP Increase	(2,984)	(995)	1,989	66.7%
Mental Hygiene (Gross)[2]	4,420	5,430	1,010	22.9%
Mental Hygiene - DOH Global Cap Adjustment[2]	307	521	214	69.7%
Transportation	3,797	4,590	793	20.9%
Social Services	2,999	3,171	172	5.7%
Higher Education	2,736	2,999	263	9.6%
Other Education	2,404	2,500	96	4.0%
Excluded Workers Fund	2,100	0	(2,100)	-100.0%
Emergency Rental Assistance	250	0	(250)	-100.0%
Small Business Grants	825	0	(825)	-100.0%
Healthcare/Direct Care Worker Bonus	0	1,135	1,135	0.0%
All Other[3]	4,015	3,993	(22)	-0.5%
STATE OPERATIONS/GENERAL STATE CHARGES	**30,002**	**30,387**	**385**	**1.3%**
State Operations	20,741	20,198	(543)	-2.6%
Executive Agencies	11,657	11,683	26	0.2%
University Systems	6,463	6,579	116	1.8%
Elected Officials	2,686	2,736	50	1.9%
Fund Eligible Expenses from CRF	(1,065)	0	1,065	100.0%
FEMA Eligible Costs/(Reimbursement)	1,000	(800)	(1,800)	-180.0%
General State Charges	9,261	10,189	928	10.0%
Pension Contribution	2,525	2,369	(156)	-6.2%
Health Insurance	4,696	5,155	459	9.8%
Fund Eligible Expenses from CRF	(618)	0	618	100.0%
Other Fringe Benefits/Fixed Costs	2,658	2,665	7	0.3%
DEBT SERVICE	**8,329**	**5,612**	**(2,717)**	**-32.6%**
CAPITAL PROJECTS	**0**	**0**	**0**	**0.0%**
TOTAL STATE OPERATING FUNDS	**115,226**	**118,907**	**3,681**	**3.2%**
Capital Projects (State and Federal Funds)	**15,434**	**18,566**	**3,132**	**20.3%**
Federal Operating Aid	**82,266**	**78,996**	**(3,270)**	**-4.0%**
TOTAL ALL GOVERNMENTAL FUNDS	**212,926**	**216,469**	**3,543**	**1.7%**

[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] Adjustments in Fiscal Years 2022 and 2023 reflect OPWDD-related local share expenses that will be funded outside of the DOH Global Cap through use of additional Financial Plan resources.

[3] "All Other" includes spending for: certain recovery initiatives, 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 encompass 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.

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.

Spending for School Aid in SY 2023 is estimated at $31.2 billion, excluding Federal prekindergarten expansion grants, representing an annual increase of nearly $2.1 billion (7.1 percent). This annual growth is largely driven by a $1.6 billion (8.1 percent) increase in Foundation Aid, representing the second year of the three-year phase-in of the Foundation Aid formula.

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 to the PIT credit program.

The Department of Health (DOH) Medicaid spending, excluding eFMAP, is estimated at $26.6 billion in FY 2023, an annual increase of 6.3 percent. Costs under the Global Cap are projected to increase by $966 million, consistent with the proposed 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 $613 million. These increases exclude adjustments for expenses related to the Office for People with Developmental Disabilities (OPWDD) that will be funded outside of the DOH Global Cap through the use of additional Financial Plan resources.

The Federal government has provided a 6.2 percentage point increase to the FMAP rate since the start of the COVID-19 public health emergency in January 2020. The Updated Executive Budget Financial Plan assumes the continuation of eFMAP through June 30, 2022. The higher FMAP is expected to provide State share savings of nearly $3 billion in FY 2022 and $995 million in FY 2023. This is offset in part by the restrictions required to receive eFMAP.

In Mental Hygiene, the Executive Budget provides increased funding for one-time bonus payments, a 5.4 percent COLA, investments for housing programs, expansion of the Dwyer peer-to-peer program serving veterans, and targeted investments to ensure adequate access to services and supports to ensure individuals with developmental disabilities, mental illness and addiction have appropriate access to care.

Funding for transportation is projected to increase by $793 million in FY 2023. Projected increases in operating aid to the Metropolitan Transportation Authority (MTA) and other transit systems are funded mainly by stronger dedicated receipts collections, for an additional $653 million to the MTA, $114 million for non-MTA downstate transit systems, and $26 million for upstate systems.

Social Services spending is expected to grow by $172 million, or 5.7 percent, from FY 2022 to FY 2023. Public assistance is expected to grow due to a modest anticipated increase in public assistance caseloads as well as proposed measures to address the "benefits cliff" and eliminating the 45-day waiting period for prospective Safety Net Assistance recipients before they can receive program benefits. Child care spending is projected to grow due to maintaining child care subsidies when the rates are scheduled to reset in October 2022, expanding child care eligibility subsidy, higher adoption subsidies, expanding the HFNY Home Visiting program, and funding a 5.4 percent increase for the Human Services COLA.

Higher education spending is projected to increase by 9.6 percent in FY 2023, primarily reflecting the costs associated with expanded eligibility requirements for part-time enrollees in TAP and increased operating support for CUNY Senior Colleges.

Higher spending for other education programs largely reflects increased State support for special education programs related to approval of a 4 percent COLA for provider tuition rates for SY 2022 and an 11 percent increase for SY 2023.

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 timing of Federal reimbursement; offsets of expenses across fiscal years; the payment of general salary increases that were scheduled to go into effect on April 1, 2020 and were delayed until FY 2022; and the payment of salary increases pursuant to existing contracts.

Pursuant to guidelines established by the Treasury, the State charged roughly $1.7 billion in eligible costs to the Federal CRF in FY 2022. This includes payroll costs and fringe benefits for public health and safety employees and other eligible pandemic response costs. Certain pandemic response expenses incurred in FY 2021 and 2022, including COVID test kits, 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 FEMA resources.

University systems spending growth in FY 2023 reflects the acceleration of the FY 2022 Enacted Budget TAP Gap funding plan at SUNY State Operated campuses, new funding to hire more full-time faculty, an increase for higher education opportunity programs, and a proposal to establish child care centers on every SUNY campus.

The operating costs for independent offices (Attorney General, Comptroller, Judiciary, and Legislature) are also impacted by the payment of general salary increases that were scheduled to go into effect on April 1, 2020 and were delayed until FY 2022.

GSCs spending, excluding pandemic-related reimbursement, is projected to increase by 3.1 percent in FY 2023. The growth is mainly driven by rising health insurance costs due to medical inflation and an expected increase in utilization following delayed medical visits and procedures during the pandemic. The decline in pension costs from FY 2022 reflects a reduction in the employer contribution rates set by the State Comptroller after realizing the entire benefit of the FY 2021 record-setting investment return of 33.55 percent in the valuation of assets available to pay retirement benefits. Additionally, savings are achieved by paying the entirety of the State's FY 2023 ERS/PFRS bill in May 2022 and the payment of all outstanding Judiciary pension amortizations in FY 2022.

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 2022 to FY 2023 due to the impact of prepayments executed in FY 2021 and planned in FY 2022.

The table below provides a summary of the impact of actual and planned prepayments.

STATE-SUPPORTED DEBT SERVICE
(millions of dollars)

	FY 2021 [1]	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Base Debt Service	**10,514**	**6,528**	**6,687**	**7,159**	**7,615**	**8,018**	**8,527**
Total Prepayment Adjustment	**3,147**	**1,801**	**(1,075)**	**(1,125)**	**(1,265)**	**(500)**	**(1,000)**
FY 2021 Prepayment [2]	3,147	(1,065)	(700)	(700)	(700)	0	0
FY 2022 Prepayment (FY22 Enacted Add)		1,366	(375)	(425)	(565)	0	0
FY 2022 Prepayment (FY23 Executive Add)		1,500	0	0	0	(500)	(1,000)
Executive Budget State Debt Service	**13,661**	**8,329**	**5,612**	**6,034**	**6,350**	**7,518**	**7,527**

[1] FY 2021 includes debt service on PIT Notes and is adjusted for FY 2020 prepayments.

[2] Multi-year impact of prepayments do not offset due to savings the State received from defeasing bonds.

General Fund 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.

In addition, General Fund receipts are also affected by the following factors that affect reporting and annual changes beginning in FY 2021.

- **Short-Term Financing.** 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 repayment 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. The tables and discussions herein adjust for this distortion in FY 2021 by subtracting the note proceeds from miscellaneous receipts and adding them to PIT receipts.

- **Pass-Through Entity Tax.** The tables and discussions below show the impact of PTET on business taxes and PIT receipts distinctly, which are removed from total tax receipts to adjust for this distortion. See "PTET - Financial Plan Impact" for a complete discussion.

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 annually. Projected spending also reflects DOB's cautious estimates of disbursements, a practice that provides a cushion for potential receipts shortfalls and unanticipated costs.

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.

Updated FY 2022 Financial Plan

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

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**	**112,046**	**37,734**	**50.8%**
Taxes[1,2]	69,052	85,886	16,834	24.4%
PTET: Business Taxes	0	16,710	16,710	0.0%
Miscellaneous Receipts[2]	3,015	1,839	(1,176)	-39.0%
Federal Receipts (Non-Tax Transfers)	0	4,500	4,500	0.0%
Non-Tax Transfers from Other Funds	2,245	3,111	866	38.6%
Total Disbursements	**74,095**	**90,694**	**16,599**	**22.4%**
Local Assistance	48,981	61,215	12,234	25.0%
State Operations	17,136	21,773	4,637	27.1%
Transfers to Other Funds	7,978	7,706	(272)	-3.4%
Net Change in Operations	**217**	**21,352**	**21,135**	**9739.6%**
Closing Fund Balance	**9,161**	**30,513**	**21,352**	**233.1%**
Statutory Reserves:				
Rainy Day Reserves	2,476	3,351	875	
Community Projects	30	23	(7)	
Contingency Reserve	21	21	0	
Fund Balance Reserved for:				
Labor Settlements/Agency Operations	0	275	275	
Economic Uncertainties	1,490	5,598	4,108	
Debt Management	500	500	0	
Reserve for Pandemic Assistance	0	2,000	2,000	
Undesignated Fund Balance	2,561	0	(2,561)	
Subtotal Excluding Settlements/PTET Program	**7,078**	**11,768**	**4,690**	
Extraordinary Monetary Settlements	2,083	2,035	(48)	
Timing of PTET/PIT Credits	0	16,710	16,710	

[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 $112.0 billion in FY 2022, an increase of $37.7 billion (50.8 percent) from FY 2021. Excluding PTET receipts and the expected transfer of $4.5 billion of the $12.75 billion in Federal ARP recovery aid, total receipts are projected to increase by $16.5 billion (18.2 percent) from FY 2021.

Tax receipts, excluding PTET, but including transfers after payment of debt service, are estimated to total $85.9 billion in FY 2022, an increase of $16.8 billion from FY 2021. The increase reflects an improved revenue outlook and new revenue from the high-income PIT surcharge and business tax increases enacted in FY 2022.

PIT receipts, net of transfers, are estimated to total $58.7 billion in FY 2022, an increase of $10.2 billion from FY 2021. The increase reflects the improved economic forecast and the enacted tax increases, which are partly offset by the actual and planned prepayments, in FY 2021 and FY 2022, of PIT debt service due in FY 2022 through FY 2027. 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. Debt prepayments reduce General Fund PIT receipts by $3.1 billion in FY 2021 and $1.8 billion in FY 2022 and an increase of receipts by $1.1 billion in FY 2023, $1.1 billion in FY 2024, $1.3 billion in FY 2025, $500 million in FY 2026, and $1.5 billion in FY 2027. In addition, the Executive Budget permanently increases the cap on PIT refunds paid before the end of the fiscal year to $3 billion (previously $2.25 billion).

Consumption/use tax receipts, including transfers after payment of debt service on Sales Tax Revenue Bonds, are estimated to total $16.4 billion in FY 2022, an increase of $4.7 billion (39.6 percent) from FY 2021. Base sales tax growth is estimated at 21.3 percent in FY 2022 as the economy continues to recover from the COVID-19 induced economic downturn.

Business tax receipts, excluding PTET, are estimated at $8.2 billion in FY 2022, an increase of $1.7 billion (27.1 percent) from FY 2021. The increase is primarily attributable to an increase in Corporate Franchise Tax (CFT) gross receipts due to the economic recovery from the COVID-19 induced economic downturn and 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 $2.6 billion in FY 2022, an increase of $268 million from FY 2021. This is primarily due to a strong recovery by the real estate market, particularly in New York City.

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 including Extraordinary Monetary Settlements ($567 million), and Distressed Provider Assistance Fund receipts, which offsets State payments made to distressed providers ($250 million) and is now being deposited to the HCRA fund, as well as lower projected resources available from abandoned property, motor vehicle fees, and certain other fees.

Non-tax transfers from other funds are estimated to total $1.8 billion in FY 2022, an increase of $866 million from FY 2021. The increase is mainly attributable to projected increases in transfers from the Dedicated Highway and Bridge Trust Fund, Tribal State Compact Account, Mental Health Services Fund and Health Care Transformation Fund, as well as an increase to the transaction risk reserve.

Disbursements

General Fund disbursements, including transfers to other funds, are expected to total nearly $90.7 billion in FY 2022, an increase of $16.6 billion (22.4 percent) from FY 2021. Spending in FY 2022 includes over $3 billion for time-limited recovery initiatives, a substantial School Aid increase ($1.7 billion), as well as growth in Medicaid ($1.9 billion), and Mental Hygiene ($2.8 billion). In addition, several actions taken in FY 2021 lowered reported spending in that year. These included the temporary withholding of payments that were authorized for release in FY 2021 but not paid until FY 2022; higher State share Medicaid savings from retroactive eFMAP processing in FY 2021; and the deferral of social security taxes from FY 2021 to FY 2022 and FY 2023, as permitted under the CARES Act. General Fund spending in both FY 2021 and FY 2022 has been reduced by charging eligible expenses to the CRF, the balance of which is fully committed, and almost entirely disbursed.

Local assistance spending is estimated at $61.2 billion in FY 2022, an increase of $12.2 billion from FY 2021, including over $3 billion in recovery initiatives. General Fund spending for education and health care represents 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 which temporarily lowers State spending and increases the Federal share of Medicaid costs. School Aid growth is driven by an increase in Foundation Aid and expense-based aids, as well as the full restoration of the $1.1 billion Pandemic Adjustment State aid reduction implemented in SY 2021. Medicaid spending is projected to grow due to the statutory Global Cap growth index ($580 million), funding for health care minimum wage ($370 million), and a decline in the number of months eFMAP will be available, shifting approximately $435 million in Medicaid costs from Federal to State funding sources in FY 2022. Mental hygiene growth is attributable to a reduction in the program spending reported under the Medicaid Global cap which has no impact on mental hygiene service delivery or operations.

Agency operation costs, including fringe benefits, are expected to total $21.8 billion in FY 2022, an increase of $4.7 billion from FY 2021. The growth is due to the purchase of COVID test kits ($1 billion); a reduction in the amount of personnel expenses for public health and public safety employees funded from the CRF in FY 2022; 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 retirement of the State's outstanding pension amortizations.

General Fund transfers to Other Funds are projected to total $7.7 billion in FY 2022, a decrease of $272 million from FY 2021. Transfers for capital projects are projected to increase by $78 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 $470 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 ($13 million) and SUNY ($107 million).

FY 2022 Closing Balance

DOB projects the State will end FY 2022 with a General Fund cash balance of $30.5 billion, an increase of $21.4 billion from FY 2021. The reserve of $16.7 billion in FY 2022 refunds/credits through the PTET program accounts for more than three quarters of the increase. The remaining $4.6 billion increase reflects nearly $5 billion in planned deposits to the State's principal reserves, $2 billion to fund future pandemic relief initiatives, and $275 million set aside for labor settlements and operational needs. The planned use in FY 2022 of $2.6 billion in undesignated fund balance carried over from FY 2021 partly offsets the reserve increase. These undesignated funds reflect the use of surplus tax revenues from FY 2021 as part of the consensus revenue agreement for FY 2022 ($1 billion) and support the payment of certain local aid payments that had been withheld as a contingency in FY 2021 ($275 million), the first deposit to the Retiree Health Insurance Trust Fund ($320 million), and other timing related operational needs. Changes in other balances are based on expected activity.

FY 2023 Executive Budget Financial Plan

The following table summarizes the projected annual change in General Fund receipts, disbursements, and fund balances from FY 2022 to FY 2023.

GENERAL FUND FINANCIAL PLAN
(millions of dollars)

	FY 2022 Projected	FY 2023 Projected	Annual Change: Dollar	Annual Change: Percent
Opening Fund Balance	**9,161**	**30,513**	**21,352**	**233.1%**
Total Receipts	**112,046**	**92,712**	**(19,334)**	**-17.3%**
Taxes	85,886	95,658	9,772	11.4%
PTET: PIT Credits	0	(24,130)	(24,130)	0.0%
PTET: Business Taxes	16,710	15,080	(1,630)	-9.8%
Miscellaneous Receipts	1,839	1,789	(50)	-2.7%
Federal Receipts (Non-Tax Transfers)	4,500	2,350	(2,150)	-47.8%
Non-Tax Transfers from Other Funds	3,111	1,965	(1,146)	-36.8%
Total Disbursements	**90,694**	**95,551**	**4,857**	**5.4%**
Local Assistance	61,215	64,932	3,717	6.1%
State Operations	21,773	21,648	(125)	-0.6%
Transfers to Other Funds	7,706	8,971	1,265	16.4%
Net Change in Operations	**21,352**	**(2,839)**	**(24,191)**	**-113.3%**
Closing Fund Balance	**30,513**	**27,674**	**(2,839)**	**-9.3%**
Statutory Reserves:				
Rainy Day Reserves	3,351	4,271	920	
Community Projects	23	19	(4)	
Contingency Reserve	21	21	0	
Fund Balance Reserved for:				
Labor Settlements/Agency Operations	275	875	600	
Economic Uncertainties	5,598	9,732	4,134	
Debt Management	500	1,355	855	
Reserve for Pandemic Assistance	2,000	2,000		
Subtotal Excluding Settlements	**11,768**	**18,273**	**6,505**	
Extraordinary Monetary Settlements	2,035	1,741	(294)	
Timing of PTET/PIT Credits	16,710	7,660	(9,050)	

Receipts

General Fund receipts, including transfers from other funds, are estimated to total $92.7 billion in FY 2023, a decrease of $19.3 billion (17.3 percent) from FY 2022. Excluding the impact of the PTET program and the expected transfer of a portion of the $12.75 billion in Federal ARP recovery aid, total receipts are projected to increase by $8.5 billion (9.4 percent) from FY 2022.

In FY 2022, the State expects to collect $16.7 billion in PTET payments through business tax receipts that will be offset by lower PIT receipts expected in FY 2023. The same timing variation is expected in FY 2023 for business tax collections that will be offset by lower PIT receipts in the following fiscal year, resulting in a year over year decline of $25.8 billion. This program is not expected to impact operations over the multi-year Financial Plan period but does distort the annual change for business and PIT receipts. See "PTET - Financial Plan Impact."

Tax receipts, excluding the impact of PTET, but including transfers after payment of debt service, are estimated to total $95.7 billion in FY 2023, an increase of $9.8 billion (11.4 percent) from FY 2022. The increase reflects an improved revenue outlook and new revenue from the high-income PIT surcharge and business tax increases enacted in FY 2022.

PIT receipts, excluding PTET and net of transfers, are estimated to total $67.5 billion in FY 2023, an increase of $8.8 billion (15 percent) from FY 2022. The increase reflects the improved economic forecast and the enacted tax actions. Excluding the impact of debt prepayments described above, PIT receipts growth in FY 2022 compared to the prior year is 9.8 percent.

Consumption/use tax receipts, including transfers after payment of debt service on Sales Tax Revenue Bonds, are estimated to total $16.3 billion in FY 2023, a decrease of $115 million (0.7 percent) from FY 2022. This decline reflects a surge in consumption in FY 2022 following the economic impact of the shutdown in the early months of the pandemic. Base sales tax growth is estimated at 5.5 percent in FY 2023 as the economy continues to recover from the COVID-19 economic downturn.

Business tax receipts, excluding PTET, are estimated at $9.6 billion in FY 2023, an increase of $1.4 billion (17.3 percent) from FY 2022. 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 $2.3 billion in FY 2023, a decrease of $326 million from FY 2022. This is primarily due to a decline in the real estate transfer tax due to a leveling off following several record-high monthly collections amounts in FY 2022.

Miscellaneous receipts are projected to decline modestly from 2022. Non-tax transfers are estimated to total $2.0 billion in FY 2023, a decrease of $1.1 billion from FY 2022. The change is mainly attributable a reduction in transfers from the Health Care Transformation, mental health services, and Tribal State Compact Funds.

Disbursements

General Fund disbursements, including transfers to other funds, are expected to total $95.6 billion in FY 2023, an increase of $4.9 billion (5.4 percent) from FY 2022. The annual change in spending is impacted by the expected expiration of the eFMAP that temporarily lowers State spending and increases the Federal share of Medicaid costs ($2 billion), as well as one-time recovery initiatives and several transactions that were or are expected to be executed in FY 2022 that temporarily lower spending. These transactions include funding $1.5 billion of certain eligible health and public safety payroll costs from the CRF and the payment of prior year salary increases.

Local assistance spending is estimated at $64.9 billion in FY 2023, an increase of $3.7 billion from FY 2022. General Fund spending for education and health care represents a majority 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. School Aid is estimated to increase by $814 million on a fiscal year basis, primarily driven by an increase in Foundation Aid. Medicaid spending is projected to grow by $3.5 billion of which $2 billion is due to the decline in the State benefit from eFMAP. These increases are partially offset by the payment of various one-time recovery initiatives in FY 2021, the largest being $2.1 billion for the Excluded Workers Program.

General Fund agency operations costs, including fringe benefits, are expected to total $21.6 billion in FY 2023, a decrease of $125 million from FY 2022. The annual change is driven by several nonrecurring transactions processed in FY 2022, including the funding of $1.5 billion of eligible payroll costs from the CRF, purchase of COVID test kits, and the payment of retroactive salary increases. In addition, operational cost increases projected in FY 2023 reflect rising energy and commodity prices and planned general salary increases.

General Fund transfers to Other Funds are projected to total $9.0 billion in FY 2023, an increase of $1.3 billion from FY 2022 mainly attributable to transfers for capital projects reflecting an increase in planned Pay-As-You-Go (PAYGO) capital spending and increased transfers to the Health Care Transformation Fund.

FY 2023 Closing Balance

DOB projects the State will end FY 2023 with a General Fund cash balance of $27.7 billion, a decrease of $2.8 billion from FY 2022. The decline reflects the planned use of the PTET/PIT Credits reserve to offset the net decline in tax receipts ($9.1 billion) that is partly offset by planned deposits totaling $5 billion to the State's principal reserves, $600 million to the reserve for labor settlements and agency operations, and $855 million to the debt management reserve.

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 fiscal year-end. The resources that can be borrowed by the General Fund are 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 allowed for the issuance of up to $3 billion of PIT revenue anticipation notes that had to 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 Updated Executive Budget Financial Plan does not assume short-term financing for liquidity purposes 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 2023 PROJECTED MONTH-END CASH BALANCES (millions of dollars)			
	General Fund	Other Funds	All Funds
April 2022	32,850	19,429	52,279
May 2022	26,631	18,928	45,559
June 2022	29,604	20,976	50,580
July 2022	29,909	20,898	50,807
August 2022	29,337	20,692	50,029
September 2022	32,780	18,817	51,597
October 2022	30,868	19,353	50,221
November 2022	28,041	18,280	46,321
December 2022	31,534	19,114	50,648
January 2023	32,299	19,437	51,736
February 2023	29,362	20,645	50,007
March 2023	27,674	17,440	45,114

OTHER MATTERS AFFECTING THE FINANCIAL PLAN

General

This section is intended to provide readers with information on certain financial risks, pressures, processes, and recent or new developments that may not be described, or described in detail, elsewhere in the Updated Financial Plan. The emphasis is on risks to the Updated Financial Plan, but the section includes other information intended to provide context for understanding the State's financial operations more broadly.

The Updated 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 Updated Financial Plan are based on reasonable assumptions at the time they were prepared and provide no assurance that results will not differ materially and adversely from these projections.

The Updated 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.

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

The Updated 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 Updated 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 the ability of the State and its public authorities to issue securities successfully in public credit markets. Some of these issues are described in more detail herein. The projections and assumptions contained in the Updated Financial Plan are subject to revisions which may result in substantial changes. No assurance can be given that these estimates and projections, which depend in part upon actions the State expects to be taken but which are not within the State's control, will be realized.

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.

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 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 Delta and Omicron variants, as well as potential future viral mutations, will not slow and impede elements of the State's recovery. State officials continue to closely monitor global COVID-19 impacts and emerging Federal guidance.

Forecast 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 Updated Executive Budget 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 Federal COVID-19 emergency assistance and other Federal aid as projected; receipt of miscellaneous revenues at the levels set forth in the Updated Executive Budget 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 Updated Executive Budget Financial Plan in the current year or future years, or both.

The Updated Executive Budget 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 Updated Executive Budget 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

Beginning 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.

The authorized School Aid increases exceeded the indexed levels in FYs 2014 through 2019, were within the indexed levels in FYs 2020 and 2021, and again exceeded the indexed level in FY 2022. The proposed increase in School Aid for SY 2023 of $2.1 billion (7.1 percent) is well above the indexed PIGI rate of 4.5 percent. This proposed $2.1 billion increase includes a $1.6 billion increase in Foundation Aid as part of the three-year phase-in of the formula and a 3 percent "due minimum" increase for districts whose annual Foundation Aid[6] levels exceed their full funding level targets. In SY 2024, projected School Aid growth largely reflects the final year of the three-year phase-in of full funding of Foundation Aid. In SY 2025 and beyond, School Aid is projected to increase in line with the rate allowed under the personal income growth cap.

Medicaid

Approximately 85 percent of DOH State Funds Medicaid spending growth is subject to the Global Cap. The Global Cap is currently calculated using the ten-year rolling average of the medical component of the Consumer Price Index for all urban consumers (CPI) and thus allows for growth attributable to increasing costs, though not increasing utilization. Beginning in FY 2023, the Global Cap metric is amended to align with the 5-year rolling average of health care spending, using projections from the CMS Actuary. This change will accommodate growth in factors not currently indexed under the Global Cap and is more reflective of recent trends.

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

[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 $21.4 billion in SY 2023. 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.

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

Since the enactment of the Global Cap, 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, as described below, 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 deferral of 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.

[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.

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 State 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.

To date, 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 the Families First Coronavirus Response Act (FFCRA), COVID-19 and ARP HCBS eFMAP provisions. The Updated Executive Budget Financial Plan assumes the remaining MRT II savings will be implemented in FY 2023, aside from those actions limited to the maintenance of effort requirements associated with the recent Federal Public Health Emergency extension, which extends the eFMAP benefit through June 30, 2022, and will be implemented in FY 2024.

On August 25, 2021, 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 made between April 1, 2021, and March 31, 2022. On January 31, 2022, CMS provided additional approval for 37 proposals. On February 15, 2022, the State submitted the second quarterly update and will continue to submit quarterly updates as required. The State is working with CMS to achieve 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 and 2021 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 Updated Executive Budget Financial Plan through FY 2024.

Likewise, the rise in unemployment and decrease in family income during the pandemic have resulted in increased public assistance caseloads, particularly in New York City. In addition to existing family and safety net assistance programs, the Executive Budget includes a recurring State-funded rent supplement program to assist individuals and families.

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 Updated Executive Budget Financial Plan.

Federal funding is a significant component of New York's budget representing more than one-third of All Funds spending. Routine Federal aid supports programs for 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 laws between March 2020 and March 2021 to provide financial assistance to State and local governments, schools, hospitals, transit systems, businesses, families and individuals for 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 $81.4 billion in FY 2023 and includes $7.8 billion in spending related to pandemic assistance. Federal Funds spending in FY 2023 is estimated to decrease by $2.8 billion from FY 2022 driven by the expenditure of one-time pandemic assistance funds including the CRF, emergency rental assistance and education funding, as well as reduction in eFMAP. Federal Funds spending is summarized in the chart below.

FEDERAL FUNDS DISBURSEMENTS
(millions of dollars)

	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
DISBURSEMENTS						
Medicaid	43,593	48,057	44,786	46,056	48,623	47,674
Health	8,424	8,912	10,245	9,764	10,197	10,568
Social Welfare	6,309	5,443	4,990	4,698	4,701	4,702
Education	3,859	3,857	3,857	3,857	3,857	3,857
Public Protection	3,972	2,727	1,297	1,290	1,292	1,295
Transportation	1,663	1,757	2,091	2,292	2,421	2,484
All Other[1]	1,510	1,419	1,372	1,332	1,313	1,314
Pandemic Assistance[2]	14,815	9,275	4,235	1,958	849	69
Education ARP Act Funds	1,629	2,938	2,459	1,739	715	0
eFMAP, including local passthrough	3,629	1,209	0	0	0	0
HCBS eFMAP	815	1,433	0	0	0	0
Coronavirus Relief Fund	2,317	0	0	0	0	0
Education Supplemental Appropriations Act	1,558	1,484	1,357	0	0	0
Lost Wages Assistance	19	0	0	0	0	0
Emergency Rental Assistance Program	2,280	146	0	0	0	0
Education CARES Act Funds	1,011	12	0	0	0	0
SUNY State Operated Campuses Federal Stimulus	816	0	0	0	0	0
FEMA Reimbursement of Eligible Pandemic Expenses	0	800	200	0	0	0
Coronavirus Local Fiscal Recovery Fund Non-Entitlement Pass Through	387	387	0	0	0	0
Homeowner Relief and Protection Program	128	412	0	0	0	0
Home Energy Assistance Program	224	335	0	0	0	0
Coronavirus Capital Projects Fund	0	69	69	69	69	69
FHWA Surface Transportation Block Grant	2	50	150	150	65	0
Total Disbursements	**84,145**	**81,447**	**72,874**	**71,248**	**73,254**	**71,963**

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

[2] Pandemic Assistance excludes $12.8 billion in State aid provided through the American Rescue Plan Act, 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 nine 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 Essential Plan (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 Child Care, Child Welfare Services, Adult Protective & Domestic Violence Services, Foster Care, and Adoption Subsidies.

- **Education.** Funding supports K-12 education, special education and Higher Education. Like Medicaid and the social welfare programs, significant portions of Federal education funding are directed toward vulnerable New Yorkers, such as students in schools with high poverty levels, students with disabilities, and higher education students that qualify for programs such as Pell grants and Work-Study.

- **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. The recently enacted Infrastructure Investment and Jobs Act (P.L. 117-58) will increase Federal funds for transportation capital costs significantly.

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

Pandemic Assistance

- **Education ARP Funds.** The ARP granted additional education funding for Elementary and Secondary School Emergency Relief (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 June 2022, providing over $3.6 billion in additional Federal resources in FY 2022 that are anticipated to reduce State and local government costs by approximately $3.0 billion and $600 million, respectively. Due to the timing of reconciliations, March FY 2022 eFMAP State and Local share offsets will be realized in FY 2023. An additional quarter of eFMAP has been assumed in FY 2023 as a result of the extension of the Public Health Emergency (PHE) increasing the projected FY 2023 benefit to $1.2 billion.

- **HCBS eFMAP.** The ARP also provided a temporary 10 percentage point increase to the FMAP for certain Medicaid HCBS through March 31, 2022. CMS guidelines require the use of additional funding to supplement existing State funding, not supplant existing resources. The State is estimated to receive $2.2 billion in enhanced FMAP for HCBS expenditures across health and mental hygiene programs.

- **CRF.** Established in the CARES Act, the CRF provided 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. These funds have been used in FY 2021 and FY 2022 for eligible payroll costs ($4.4 billion), primarily for public health and safety employees, as well as other pandemic response costs incurred by the State (roughly $600 million). DOB expects to charge additional eligible costs incurred by the State for pandemic response efforts and will fully expend the CRF balance 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 resulted 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 Updated Executive Budget Financial Plan assumes reimbursement of $800 million in FY 2023, and $200 million in 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 Updated Executive Budget 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 distributed $387 million to local governments in FY 2022 and is expected to distribute an additional $387 million to local governments in FY 2023, for a total of $774 million overall.

- **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.

- **Coronavirus Capital Projects Fund.** The ARP created the Coronavirus Capital Projects Fund to provide funding to carry out critical capital projects that directly enable work, education, and health monitoring, including remote options, in response to the COVID-19 public health emergency. The State has been allocated $346 million for the program.

- **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 of Federal aid such as individuals, hospitals, businesses, transit authorities including the MTA, and school districts, along with the funds expected to flow through the State's Updated Executive Budget Financial Plan.

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 Updated Executive Budget 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.

FEDERAL PANDEMIC ASSISTANCE LEGISLATION AND ACTION
(millions of dollars)

Bill/Source	Total Funds Available	Funding Flowing through the Financial Plan
CARES Act	140,584	8,220
Families First Coronavirus Response Act (FFCRA)	88,692	9,268
American Rescue Plan (ARP) Act of 2021	84,148	18,903
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act	24,858	7,102
FEMA Lost Wage Assistance	4,120	4,120
Paycheck Protection Program and Health Care Enhancement Act	1,555	0
Coronavirus Preparedness and Response Supplemental Appropriations Act	66	0
Total	**344,023**	**47,613**

- **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.

- **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 ARP Act 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 $18.9 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 $6.4 billion directly to the MTA. The State aid provided through the ARP is included in the Updated Executive Budget 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 has also been allocated $346 million from the Coronavirus Capital Projects Fund.

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

- **FEMA Lost Wages** provided grants to eligible claimants that were unemployed or partially unemployed due to the pandemic.

- **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 has 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 December 31, 2021, the UI Trust Fund's Federal loan balance for the State was approximately $9.3 billion. The balance in the UI Trust Fund is expected to be repaid by employers through UI contribution rates.

Federal Infrastructure Investment and Jobs Act (IIJA)

In November 2021, Congress passed, and the President signed, the $1.2 trillion Infrastructure Investment and Jobs Act, including approximately $550 billion in new spending on transportation, water and energy, broadband and natural resources.

The IIJA is expected to provide the State with an additional $4.6 billion in highway and bridge program aid over the life of the Federal Aid Highway program reauthorization, as well as significant off-budget funds available across the State for transit, rail, airport, water, and energy grid infrastructure. The annual levels of funds to the State from the IIJA are subject to Federal budget and appropriation action in each year.

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 Updated Executive Budget 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 Updated Executive Budget Financial Plan. Notable areas with potential for change include health care and human services.

The State has submitted subsequent waiver extension requests to continue its Medicaid Redesign and healthcare delivery system transformation efforts. The CMS has approved, through at least March 31, 2022, a 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 substantial new 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 is reviewing the concept paper and is in the process of offering DOH guidance 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

Legislation increasing the debt limit by $2.5 trillion was enacted December 16, 2021 (P.L. 117-73). Under this latest increase in the Federal debt limit, the Federal government is expected to be able to operate until early 2023. Congress would need to act to increase or suspend the debt limit before then 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 Updated Executive Budget 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 and its public authorities and localities, 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 and its public authorities, could be adversely affected.

Federal Tax Law Changes

The Tax Cuts and Jobs Act of 2017 (TCJA) made 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 on 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 Updated Executive Budget Financial Plan projections.

State Response to Federal Tax Law Changes

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, on a multi-year basis, the PTET will be revenue neutral for the State as individual taxpayers claim credits against their PIT liabilities that reflect PTET payments made at the entity level. However, because PTET payments will generally be received in the fiscal year prior to credit claiming, the PTET will not be revenue-neutral for the State within each fiscal year.

The Updated Executive Budget Financial Plan includes estimates for PTET receipts and the corresponding decrease in PIT receipts, based on PTET receipts received in December 2021 for tax year 2021 liabilities. The overall effect on projected receipts to the Revenue Bond Tax Fund, to which 50 percent of both PIT and PTET receipts are deposited, is that PTET will increase FY 2022 receipts and decrease FY 2023 receipts by a significant amount. See the "Financial Plan Overview – PTET – Financial Plan Impact" herein for a table summarizing projected PTET receipts and the associated change in projected PIT collections. Projections are based on limited experience of taxpayer behavior to date, and there can be no assurance that such projections will be realized.

The U.S. Treasury Department and the 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. The IRS has not yet issued such proposed regulations.

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, which was 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 and thereafter. 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. 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 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.

The Updated Executive Budget 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, and on October 5, 2021, the Second Circuit affirmed the district court's ruling. On January 3, 2022, the State, joined by Connecticut, Maryland, and New Jersey, petitioned the Supreme Court of the U.S. for a writ of certiorari to review the Second Circuit's decision.

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 Updated Executive Budget 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 August 2021, the Intergovernmental Panel on Climate Change of the United Nations (IPCC) reported that 1.5°C of warming is likely to occur by 2040 under all emissions scenarios considered and that the 1.5°C benchmark will be exceeded by 2100 unless deep reductions in greenhouse gas emissions occur in the coming decades. Human-induced climate change is already affecting many weather extremes in every region across the globe. Further warming to 1.5°C is expected to increase the risk of adverse outcomes, including extreme weather events and coastal flooding. 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), Tropical Storm Lee (September 2011), and Hurricane Irene (August 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 established the Climate Action Council (the Council), which was charged with developing a draft scoping plan for achieving the goals set forth in the CLCPA. The Council released the draft scoping plan for public comment on January 1, 2022, with comments due within 120 days. In support of this commitment, a new law was passed in 2021 requiring new off-road vehicles and equipment sold in New York to be zero-emissions by 2035, and new medium-duty and heavy-duty vehicles by 2045. The law also requires the development of a zero-emissions vehicle development strategy by 2023, which will be led by the New York State Energy Research and Development Authority to expedite the implementation of the State policies and programs necessary to achieve the law's new goals. The CLCPA also required the Department of Environmental Conservation (DEC) to issue a sector-specific report on emissions, which was issued in 2021, and to 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	FY 2022	FY 2023	FY 2024	Total
Extraordinary Monetary Settlements	**4,942**	**3,605**	**1,317**	**805**	**1,186**	**895**	**600**	**33**	**33**	**34**	**13,450**
Aetna Insurance Company	0	0	0	0	2	0	0	0	0	0	2
Agricultural Bank of China	0	0	215	0	0	0	0	0	0	0	215
American International Group, Inc.	35	0	0	0	0	0	0	0	0	0	35
Athene Life Insurance	0	0	0	0	15	0	45	0	0	0	60
AXA Equitable Life Insurance Company	20	0	0	0	0	0	0	0	0	0	20
Bank Hapoalim	0	0	0	0	0	0	220	0	0	0	220
Bank Leumi	130	0	0	0	0	0	0	0	0	0	130
Bank of America	300	0	0	0	0	0	0	0	0	0	300
Bank of America Merrill Lynch	0	0	0	0	42	0	0	0	0	0	42
Bank of Korea	0	0	0	0	0	0	35	0	0	0	35
Bank of Tokyo Mitsubishi	315	0	0	0	0	0	0	0	0	0	315
Barclays	0	670	0	0	15	0	0	0	0	0	685
BNP Paribas	2,243	1,348	0	350	0	0	0	0	0	0	3,941
Chubb	0	0	0	0	1	0	0	0	0	0	1
Cigna	0	0	0	2	0	0	0	0	0	0	2
Citigroup (State Share)	92	0	0	0	0	0	0	0	0	0	92
Commerzbank	610	82	0	0	0	0	0	0	0	0	692
Conduent Education Services	0	0	0	0	1	0	0	0	0	0	1
Credit Agricole	0	459	0	0	0	0	0	0	0	0	459
Credit Suisse AG	715	30	0	135	0	0	0	0	0	0	880
Deutsche Bank	0	800	444	0	205	0	150	0	0	0	1,599
FedEx	0	0	0	0	26	0	0	0	0	0	26
Goldman Sachs	0	50	190	0	55	0	150	0	0	0	445
Google/YouTube	0	0	0	0	0	34	0	0	0	0	34
Habib Bank	0	0	0	225	0	0	0	0	0	0	225
Intesa SanPaolo	0	0	235	0	0	0	0	0	0	0	235
Lockton Affinity	0	0	0	0	7	0	0	0	0	0	7
Mashreqbank	0	0	0	0	40	0	0	33	33	34	140
Mega Bank	0	0	180	0	0	0	0	0	0	0	180
MetLife Parties	50	0	0	0	20	0	0	0	0	0	70
Morgan Stanley	0	150	0	0	0	0	0	0	0	0	150
MUFG Bank	0	0	0	0	0	33	0	0	0	0	33
Nationstar Mortgage	0	0	0	0	5	0	0	0	0	0	5
New Day	0	1	0	0	0	0	0	0	0	0	1
Ocwen Financial	100	0	0	0	0	0	0	0	0	0	100
Oscar Insurance Company	0	0	0	0	1	0	0	0	0	0	1
PHH Mortgage	0	0	28	0	0	0	0	0	0	0	28
PricewaterhouseCoopers LLP	25	0	0	0	0	0	0	0	0	0	25
Promontory	0	15	0	0	0	0	0	0	0	0	15
RBS Financial Products Inc.	0	0	0	0	100	0	0	0	0	0	100
Société Générale SA	0	0	0	0	498	0	0	0	0	0	498
Standard Chartered Bank	300	0	0	0	40	322	0	0	0	0	662
Unicredit	0	0	0	0	0	506	0	0	0	0	506
UBS	0	0	0	0	41	0	0	0	0	0	41
Volkswagen	0	0	32	33	0	0	0	0	0	0	65
Wells Fargo	0	0	0	0	65	0	0	0	0	0	65
Western Union	0	0	0	60	0	0	0	0	0	0	60
William Penn	0	0	0	0	6	0	0	0	0	0	6
Other Settlements	7	0	(7)	0	1	0	0	0	0	0	1

The table below 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	FY 2027	Total
Opening Settlement Balance in General Fund	**0**	**4,194**	**2,610**	**2,083**	**2,035**	**1,741**	**915**	**357**	**0**	**0**
Receipt of Extraordinary Monetary Settlements	**11,855**	**895**	**600**	**33**	**33**	**34**	**0**	**0**	**0**	**13,450**
Use/Transfer of Funds	**7,661**	**2,479**	**1,127**	**81**	**327**	**860**	**558**	**357**	**0**	**13,450**
Capital Purposes:	**4,134**	**1,345**	**527**	**48**	**194**	**827**	**558**	**357**	**0**	**7,990**
Dedicated Infrastructure Investment Fund	3,374	939	330	526	676	584	524	357	0	7,310
Environmental Protection Fund	120	0	0	0	0	0	0	0	0	120
Mass Transit	70	3	3	3	3	3	0	0	0	85
Healthcare	24	132	11	19	15	15	9	0	0	225
Clean Water Grants	0	0	0	0	0	225	25	0	0	250
Javits Center Expansion	546	271	183	0	0	0	0	0	0	1,000
Bond Proceed Receipts for Javits Center Expansion	0	0	0	(500)	(500)	0	0	0	0	(1,000)
Other Purposes:	**3,122**	**6**	**0**	**0**	**100**	**0**	**0**	**0**	**0**	**3,228**
Audit Disallowance - Federal Settlement	850	0	0	0	0	0	0	0	0	850
CSX Litigation Payment	76	0	0	0	0	0	0	0	0	76
Financial Plan - General Fund Operating Purposes	1,807	0	0	0	100	0	0	0	0	1,907
Mass Transit Operating	10	0	0	0	0	0	0	0	0	10
MTA Operating Aid	194	0	0	0	0	0	0	0	0	194
Department of Law - Litigation Services Operations	180	6	0	0	0	0	0	0	0	186
OASAS Chemical Dependence Program	5	0	0	0	0	0	0	0	0	5
Reservation of Funds:	**405**	**1,128**	**600**	**33**	**33**	**33**	**0**	**0**	**0**	**2,232**
Rainy Day Reserves	250	238	0	0	0	0	0	0	0	488
Reserve for Economic Uncertainties	0	890	600	33	33	33	0	0	0	1,589
Reserve for Retroactive Labor Agreements	155	0	0	0	0	0	0	0	0	155
Closing Settlement Balance in General Fund	**4,194**	**2,610**	**2,083**	**2,035**	**1,741**	**915**	**357**	**0**	**0**	**0**

In addition to settlement receipts reported in the tables above, the State received $35 million pursuant to a February 2022 Consent Order with the National Bank of Pakistan following compliance deficiencies by the bank.

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 ten years commencing in 2021.

- On September 17, 2021, a Bankruptcy Court in the Southern District of New York entered an Order confirming a plan, including provisions releasing and barring further litigation against Purdue Pharma's executives and directors. Pursuant to that plan, the owners of Purdue Pharma, the Sackler family, were to 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 would shut down Purdue Pharma, prevent the Sackler family from participating in the opioids business prospectively, and establish a substantial document repository of 30 million plus documents. Following an appeal, on December 16, 2021, the U.S. District Court for the Southern District of New York vacated the confirmation of Purdue's plan. In re: Purdue Pharma L.P., Case No. 21-cv-07532-CM (S.D.N.Y. Dec. 16, 2021). The District Court held that the law does not allow a bankruptcy plan to give releases to individuals who are not bankrupt. The Debtors subsequently filed an appeal to the Second Circuit. Additional significant developments relating to the Sackler and Purdue defendants are anticipated.

- Drug distributors McKesson Corporation, Cardinal Health Inc., and Amerisource Bergen Drug Corporation will pay the State and its subdivisions up to $1.0 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) settled for $50 million with New York State (AG only) and the counties of Nassau and Suffolk, divided $22.3 million to the State and $27.7 million split evenly between Nassau and Suffolk Counties. Of the portion payable to the State, $11.96 million will be distributed to subdivisions (excluding Nassau and Suffolk) and $10.34 million will be deposited to the newly created New York State Opioid Settlement Fund (Opioid Settlement Fund). 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 that they would be entitled to under such a bankruptcy or global settlement.

- Allergan Finance, LLC and its affiliates will pay the State and its subdivisions up to $200 million. This payment is expected by mid-2022 if certain conditions are met, and over $150 million of these funds will be dedicated to opioid abatement. The settlement between the State and Allergan Finance, LLC and its affiliates also prevents them from participating in the opioid business.

The Updated Executive Budget 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 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 recently reached agreements with the Police Benevolent Association of New York State (PBANYS) and the District Council 37 (Local 1359 Rent Regulation Service Employees) which have been ratified by the respective memberships.

The four-year agreement with PBANYS provides a retroactive 2 percent annual base salary increase in Fiscal Years 2020, 2021 and 2022, respectively, and a 2 percent base salary increase for FY 2023.

The two-year agreement with District Council 37 (Local 1359 Rent Regulation Service Employees) provides a retroactive 2 percent base salary increase for Fiscal Year 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) and the Council-82 Security Supervisors Unit. Once agreements are finalized, any additional spending will be reflected in future Financial Plan updates. There can be no assurance that amounts informally reserved in the Financial Plan for labor settlements and agency operations will be sufficient to fund the cost of future labor contracts.

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 2027
NYSTPBA	FY 2019 - FY 2023	2%	2%	1.5%	1.5%	2%	2%	2%	2%	2%	TBD
NYSPIA	FY 2019 - FY 2023	2%	2%	1.5%	1.5%	2%	2%	2%	2%	2%	TBD
NYSCOPBA	FY 2017 - FY 2023	2%	2%	2%	2%	2%	2%	2%	2%	2%	TBD
PEF	FY 2020 - FY 2023	2%	2%	2%	2%	2%	2%	2%	2%	2%	TBD
GSEU	AY 2020 - AY 2023	2%	2%	2%	2%	2%	2%	2%	2%	2%	TBD
CUNY	AY 2018 - AY 2023	2.5%	2%	2%	1.5%	2%	2%	2%	2%	2%	TBD
UUP	AY 2017 - AY 2022	2%	2%	2%	2%	2%	2%	2%	2%	TBD	TBD
CSEA	FY 2017 - FY 2021	2%	2%	2%	2%	2%	2%	2%	TBD	TBD	TBD
DC-37	FY 2022 - FY 2023	2%	2%	2%	2%	2%	2%	2%	2%	2%	TBD
PBANYS	FY 2020 - FY 2023	2%	2%	2%	2%	2%	2%	2%	2%	2%	TBD
Council 82	FY 2010 - FY 2016	2%	2%	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[8]

Overview

The State makes annual contributions to the New York State and Local Retirement System (NYSLRS) for employees in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). This section discusses contributions from the State, including the Judiciary, to the NYSLRS, which account for the majority of the State's pension costs.[9] All projections are based on estimated market returns and numerous actuarial assumptions which, if unrealized, could adversely and materially affect these projections.

New York State Retirement and Social Security Law (RSSL) Section 11 directs the actuary for NYSLRS to provide regular reports on the Systems' experience and to propose assumptions and methods for the actuarial valuations. Employer contribution rates for NYSLRS are determined based on investment performance in the Common Retirement Fund and actuarial assumptions recommended by the Retirement System's Actuary and approved by the State Comptroller. Pension estimates are based on the actuarial report issued in August 2021.

On August 25, 2021, the Comptroller announced reductions in employer contribution rates for both ERS and PFRS which will impact payments in FY 2023. This reduction was primarily accomplished by realizing the entire benefit of the FY 2021 investment return of 33.55 percent in the valuation of assets available to pay retirement benefits, rather than the perennial approach of "asset smoothing" the return over a five year period to guard against volatility in investment returns. This action -- termed "the market-restart" -- offset the Comptroller's simultaneous action of lowering the long-term assumed rate of return on investments from 6.8 percent to 5.9 percent, which, in and of itself, would have resulted in a substantive increase in the FY 2023 employer contribution rates.

As a result of the Comptroller's actions, the estimated average employer contribution rate for ERS will be lowered from 16.2 percent to 11.6 percent of payroll, and the estimated average employer contribution rate for PFRS will be reduced from 28.3 percent to 27 percent of payroll. Employers who have previously participated in the Contribution Stabilization Program, including the State, are required to contribute at the higher graded (amortization) rate of 14.1 percent for ERS (see "Contribution Stabilization Program" below).

The Updated Executive Budget Financial Plan reflects the actuarial changes approved by the Comptroller, including a revised ERS/PFRS pension estimate of $2.1 billion for FY 2023 based on the December 2021 estimate provided by the Actuary. Approximately $67 million in pension

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

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

interest savings is expected to be achieved by paying the entirety of the State's FY 2023 ERS/PFRS bill in May 2022.

This estimate also reflects the payoff of all prior year amortization balances. The ERS (non-Judiciary) and PFRS portion was fully repaid in March 2021, and the Judiciary portion was fully repaid in October 2021. Collectively, this reduced the FY 2023 cost by $331 million from prior estimates. The total payoff of outstanding prior-year amortization balances was $1 billion, resulting in interest savings of roughly $76 million over the Financial Plan period.

The Comptroller does not forecast pension liability estimates for the later years of the Financial Plan. Thus, estimates for FY 2024 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 were $19 million in FY 2022 and are estimated to be $15 million annually over the Financial Plan period. 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).

Contribution Stabilization Program

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) 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.

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 paid its pension amortization liability in full in October 2021. The excess contribution amounts in FY 2023 of $281.9 million ($242 million State / $39.9 million Judiciary) and FY 2024 of $145.5 million ($123.8 million State / $21.7 million Judiciary) will be placed in the ERS pension reserve fund to offset any future increases in contribution rates. 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.	2,126.6	0.0	151.3	2,277.9	1.76	15.8	28.3	15.1	25.4
2023 Est.	1,832.8	281.9	0.0	2,114.7	TBD	11.4	27.0	14.1	26.4
Projected by DOB[7]									
2024	2,260.1	145.5	0.0	2,405.6	TBD	11.9	28.2	13.1	27.4
2025	3,127.6	0.0	0.0	3,127.6	TBD	13.6	30.5	13.6	28.4
2026	3,936.8	0.0	0.0	3,936.8	TBD	16.4	32.8	14.6	29.4
2027	4,794.6	0.0	0.0	4,794.6	TBD	20.3	35.0	15.6	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 paid off their entire prior year amortization balance in FY 2022 eliminating their repayment obligation through FY 2026 resulting in approximately $8.4 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 the Contribution Stabilization Program. The “(Amortization Amount)/Excess Contributions” column shows amounts amortized or the excess contributions paid into the pension reserve account. 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 no later than December 31, 2022. The Executive and the Judiciary deferred $556 million and $69 million, respectively, in 2020. The first installment of the Executive's deferment was paid in November 2021, with the second repayment scheduled in December 2022. The Judiciary's deferment was repaid in full in June 2021. The Updated Executive Budget 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 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.

The Retiree Health Benefit Trust Fund (RHBTF) was created in FY 2018 as a qualified trust under GASBS 75 and is authorized to reserve money for the payment of health benefits of retired employees and their dependents. Unlike State pensions, which are pre-funded, future retiree health care cost is unfunded, meaning no money is set aside to pay these future expenses. The State pays these expenses each year as they come due. Under current law, the State may deposit into the RHBTF, in any given fiscal year, up to 0.5 percent of total then-current unfunded actuarial accrued OPEB liability ($75.8 billion on March 31, 2021). The Executive Budget recommends increasing the maximum allowable deposit from 0.5 percent of the OPEB liability to 1.5 percent of the outstanding OPEB liability. The Updated Executive Budget Financial Plan includes deposits of $320 million in each of FY 2022 and FY 2023 and $375 million annually thereafter, fiscal conditions permitting. These deposits, which were allocated in prior Financial Plan updates, would be the first deposits to the RHBTF.

GASBS 75 is not expected to alter the Updated Executive Budget 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.

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 fully 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 Updated Executive Budget 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 below pre-pandemic levels. 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 significant Federal operating aid from the CARES Act ($4 billion) and CRRSA Act ($4.1 billion), and expects to receive significant Federal operating aid from the ARP (estimated $6.4 billion). 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 Updated Executive Budget 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 has issued PIT revenue bonds since the start of FY 2021 to fund $4.3 billion of the State's portion of the MTA's 2015-19 Capital Plan. Previously, the Updated Executive 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. The Updated Executive Budget 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 Updated Executive Budget 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 21, 2021, Kroll reaffirmed the State's AA+ rating with a stable outlook, stating that "the breadth of New York's economic resource base is expected to contribute to continued 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 in 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 2021).

The FY 2023 Executive Budget reinstates the provisions of the Debt Reform Act for State-supported debt issued in FY 2023 and beyond. One limited exception to the Debt Reform Act remains for issuances undertaken by the State for MTA capital projects which 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.

Previously, the State had enacted legislation that suspended certain provisions of the Debt Reform Act for FY 2021 and FY 2022 bond issuances as part of the State response to the COVID-19 pandemic. Accordingly, any State-supported debt issued in FY 2021 and FY 2022 is not limited to capital purposes and is not counted towards the statutory caps on debt outstanding and debt service. 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, in part reflecting the statutory suspension of the debt caps 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 $19.2 billion in FY 2022 to a low point of $673 million in FY 2027. 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 $4.8 billion in FY 2022, or roughly $7.3 billion below the statutory debt service limit.

DEBT OUTSTANDING SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT (millions of dollars)	
Year	Personal Income	Cap %	Cap $	Debt Outstanding Included in Cap [1]	$ Remaining Capacity	Debt as a % of PI	% Remaining Capacity	Debt Outstanding Excluded from Cap	Total State-Supported Debt Outstanding
FY 2022	$1,526,548	4.00%	61,062	41,852	19,210	2.74%	1.26%	20,998	62,850
FY 2023	$1,513,167	4.00%	60,527	49,065	11,462	3.24%	0.76%	20,205	69,270
FY 2024	$1,579,282	4.00%	63,171	55,804	7,367	3.53%	0.47%	19,513	75,317
FY 2025	$1,650,570	4.00%	66,023	61,669	4,354	3.74%	0.26%	18,576	80,245
FY 2026	$1,722,801	4.00%	68,912	66,615	2,297	3.87%	0.13%	17,705	84,320
FY 2027	$1,797,471	4.00%	71,899	71,226	673	3.96%	0.04%	16,914	88,140

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	Total State-Supported Debt Service [2]
FY 2022	$243,848	5.00%	12,192	4,845	7,347	1.99%	3.01%	1,682	6,527
FY 2023	$211,638	5.00%	10,582	4,252	6,330	2.01%	2.99%	2,435	6,687
FY 2024	$214,843	5.00%	10,742	4,864	5,878	2.26%	2.74%	2,296	7,160
FY 2025	$216,483	5.00%	10,824	5,400	5,424	2.49%	2.51%	2,216	7,616
FY 2026	$220,339	5.00%	11,017	6,575	4,442	2.98%	2.02%	1,443	8,018
FY 2027	$224,961	5.00%	11,248	7,151	4,097	3.18%	1.82%	1,376	8,527

[1] Does not include debt issued prior to April 1, 2000. Does not include debt issued in FY 2021 and FY 2022 because the debt caps were temporarily suspended in response to the COVID-19 pandemic, pursuant to Chapter 56 of the Laws of 2020 and Chapter 59 of the Laws of 2021.

[2] 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.

Executive Budget – Debt Cap Changes

In the FY 2023 Executive Budget, the State proposed new bond-financed capital commitments that would add $10 billion in new debt over the five-year Capital Plan period. The capital spending increases are partially offset by a proposed $6 billion of new capital PAYGO and adjustments to bond sale assumptions, which reduce projected debt issuances. The cash PAYGO will be used to fund capital projects in lieu of issuing debt, primarily higher cost taxable debt.

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 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
Mid-Year Update	**18,138**	**10,487**	**6,314**	**3,283**	**2,439**
Personal Income Forecast Update	1,060	1,316	1,419	1,507	1,595
Capital Adds	0	(1,625)	(3,991)	(6,515)	(8,056)
Capital PAYGO - Issuances Offset ($6 Billion)	0	1,200	3,300	5,500	5,300
Bond Sale Adjustments	12	84	325	579	1,019
Executive Budget as Amended	**19,210**	**11,462**	**7,367**	**4,354**	**2,297**

[1] Does not include debt issued in FY 2021 and FY 2022 because the debt cap was temporarily suspended in response to the COVID-19 pandemic, pursuant to Chapter 56 of the Laws of 2020 and Chapter 59 of the Laws of 2021.

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 of the assets of Holdings was approved by the State Supreme Court in Kings County. The initial closing was held as of September 1, 2015, and on September 3, 2015 sale proceeds of approximately $120 million were transferred to the trustee for the PIT Bonds, which were paid and legally defeased from such proceeds. Titles to 17 of the 20 properties were conveyed to the special purpose entities formed by the Purchaser to hold title.

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

The 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.

Fortis provided a $7 million down payment to secure the final closing. This down payment was utilized to cover unforeseen expenses. Holdings had routinely paid utility costs and other expenses and, in turn, billed Fortis according to contractual obligations. Fortis stopped paying invoices and rent that was due. After negotiations with Fortis to reimburse these expenses, Fortis satisfied all outstanding debts due and the $7 million down payment was replenished. Holdings is prepared to use all available legal remedies to ensure that Fortis remains current on future invoices.

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 Updated Executive Budget Financial Plan projections for receipts and disbursements, reflecting the impact of FY 2022 actuals and forecast revisions in FY 2023 through FY 2027, with an emphasis on FY 2023 projections, which reflect the impact of the Updated Executive Budget 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 Updated Executive Budget 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 2024, 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).

The following tables present the Updated Executive Budget 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 Executive Budget 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 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
RECEIPTS						
Taxes (After Debt Service)	102,596	86,608	99,522	103,980	102,408	107,563
Miscellaneous Receipts	1,839	1,789	1,834	1,863	1,899	1,935
Federal Receipts	4,500	2,350	2,250	3,645	0	0
Other Transfers	3,111	1,965	1,786	1,860	1,825	1,825
Total Receipts	**112,046**	**92,712**	**105,392**	**111,348**	**106,132**	**111,323**
DISBURSEMENTS						
Local Assistance	61,215	64,932	69,964	74,171	77,304	80,463
School Aid (SFY)	24,814	25,628	29,079	30,767	32,087	33,487
Medicaid	15,728	19,242	20,827	22,186	23,766	25,481
All Other	20,673	20,062	20,058	21,218	21,451	21,495
State Operations	13,618	12,618	12,913	13,196	13,796	13,904
Personal Service	9,487	10,055	10,119	10,193	10,289	10,358
Non-Personal Service	4,131	2,563	2,794	3,003	3,507	3,546
General State Charges	8,155	9,030	9,542	10,738	12,048	13,445
Transfers to Other Funds	7,706	8,971	9,800	9,503	6,934	6,511
Debt Service	339	329	356	416	447	484
Capital Projects	4,618	5,271	6,092	6,226	3,642	3,168
SUNY Operations	1,336	1,460	1,480	1,479	1,479	1,479
All Other	1,413	1,911	1,872	1,382	1,366	1,380
Total Disbursements	**90,694**	**95,551**	**102,219**	**107,608**	**110,082**	**114,323**
Use (Reservation) of Fund Balance:	**(21,352)**	**2,839**	**(3,173)**	**(3,740)**	**3,950**	**3,000**
Community Projects	7	4	3	0	0	0
Timing of PTET/PIT Credits	(16,710)	9,050	(473)	(500)	4,183	4,450
Reserve for Pandemic Assistance	(2,000)	0	0	0	0	0
Undesignated Fund Balance	2,561	0	0	0	0	0
Tax Stabilization Reserve	(175)	(120)	0	0	0	0
Rainy Day Reserves	(700)	(800)	(915)	(950)	0	0
Economic Uncertainties	(4,108)	(4,134)	(1,533)	(1,975)	0	0
Debt Management	0	(855)	(81)	576	860	0
Labor Settlements/Agency Operations	(275)	(600)	(1,000)	(1,450)	(1,450)	(1,450)
Extraordinary Monetary Settlements[1]	48	294	826	559	357	0
BUDGET SURPLUS/(GAP) PROJECTIONS	**0**	**0**	**0**	**0**	**0**	**0**

[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 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
RECEIPTS						
Taxes	116,559	98,204	111,343	115,955	115,624	120,944
Miscellaneous Receipts/Federal Grants	18,082	17,659	16,229	15,894	16,769	17,351
Total Receipts	**134,641**	**115,863**	**127,572**	**131,849**	**132,393**	**138,295**
DISBURSEMENTS						
Local Assistance	76,895	82,908	86,241	89,873	93,699	97,308
School Aid (School Year Basis)[1]	29,111	31,178	34,139	35,435	36,863	38,357
DOH Medicaid[2]	21,992	25,560	27,030	28,437	29,974	31,640
Transportation	3,797	4,590	4,788	4,790	4,791	4,793
STAR	1,939	1,831	1,723	1,616	1,568	1,541
Higher Education	2,746	2,999	3,196	3,327	3,384	3,398
Social Services	3,274	3,273	3,528	3,996	4,129	4,178
Mental Hygiene[3]	4,727	7,084	5,202	5,483	5,688	5,895
All Other[4]	9,309	6,393	6,635	6,789	7,302	7,506
State Operations	20,741	20,198	20,411	20,751	21,433	21,628
Personal Service	14,301	15,063	15,103	15,221	15,359	15,470
Non-Personal Service	6,440	5,135	5,308	5,530	6,074	6,158
General State Charges	9,261	10,189	10,726	11,937	13,263	14,679
Pension Contribution	2,525	2,369	2,667	3,394	4,210	5,074
Health Insurance	5,016	5,475	5,910	6,320	6,763	7,240
All Other	1,720	2,345	2,149	2,223	2,290	2,365
Debt Service	8,329	5,612	6,034	6,350	7,518	7,527
Capital Projects	0	0	0	0	0	0
Total Disbursements	**115,226**	**118,907**	**123,412**	**128,911**	**135,913**	**141,142**
Net Other Financing Sources/(Uses)	2,608	(46)	(944)	431	(698)	(181)
RECONCILIATION TO GENERAL FUND GAP						
Designated Fund Balances:	(22,023)	3,090	(3,216)	(3,369)	4,218	3,028
General Fund	(21,352)	2,839	(3,173)	(3,740)	3,950	3,000
Special Revenue Funds	(666)	251	(31)	382	295	62
Debt Service Funds	(5)	0	(12)	(11)	(27)	(34)
GENERAL FUND BUDGET SURPLUS/(GAP)	**0**	**0**	**0**	**0**	**0**	**0**

[1] Does not reflect a significant amount of Federal funding to school districts to be distributed over multiple years, such as $103.4 million of FY 2022 Federal prekindergarten expansion grants that appear on the School Aid run.

[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.

[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 Outlook

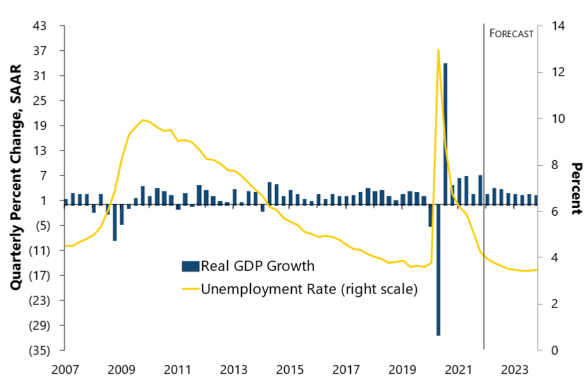
The U.S. Economy

The nation's economic recovery continues at a healthy pace after surpassing its pre-recession peak in the second quarter of 2021. According to the advance estimate released by the Bureau of Economic Analysis (BEA), U.S. real Gross Domestic Product (GDP) increased at an annual rate of 6.9 percent in the fourth quarter of 2021, accelerating from growth of 2.3 percent in the third quarter. Annual growth is estimated by the BEA at 5.7 percent in 2021, representing a strong rebound from a decline of 3.4 percent in 2020.

Meanwhile, the U.S. economy seems to be doing more with less. The recovery in national output was achieved with a labor force that, as of December 2021, remained 2.3 million, or 1.4 percent, below its February 2020 level. Coming into the new year, however, the national labor market made progress with 1.4 million civilians entering the labor force in January 2022 alone, despite the Omicron variant of COVID-19 surging across the nation. The civilian unemployment rate edged up by 0.1 percentage point to 4.0 percent in the same month. As of January 2022, total nonfarm employment rose to 2.9 million below its pre-pandemic peak, with 1.8 million of these job losses coming from the leisure and hospitality sector.

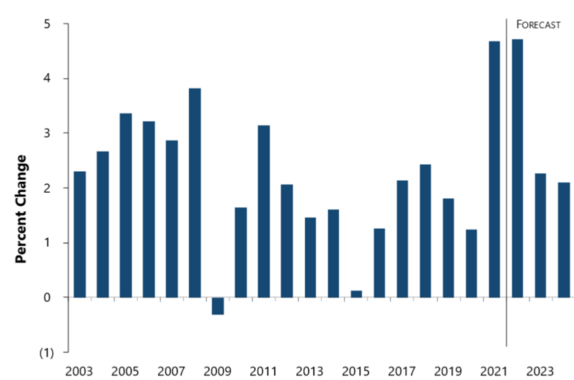
Economy-wide labor shortages have led to heightened rates of wage growth. Average hourly earnings amongst all private industries rose 5.7 percent in January 2022 on a year-over-year basis, and even faster in some lower-pay sectors where worker shortages are more prevalent. However, average wage growth barely kept up with consumer price inflation in general. Driven by a combination of labor shortages, supply-chain disruptions, rebounding energy prices, strong housing market demand, and excess consumer demand supported by Federal fiscal stimulus, the consumer price index (CPI) grew 4.7 percent in 2021, the highest annual average rate of inflation since 1991. In January 2022, inflation showed few signs of slowing, with a 0.6 percent month-over-month rise in headline and core CPI. Moreover, headline inflation was pushed up to 7.5 percent year-over-year — the strongest 12-month growth since February 1982.

Real GDP Growth and Unemployment Rate



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

Consumer Price Index (CPI)



Source: Haver Analytics/BLS; DOB staff estimates.

U.S. Economic Forecast

DOB's U.S. economic forecast incorporates the advance estimate of 2021 fourth-quarter GDP, the December 2021 personal income and outlays estimates, the December 2021 CPI report, and the initial estimate of January 2022 employment. Compared to the initial Executive Budget forecast released in January 2022, this update projects weaker real output growth for 2022, but higher price inflation and stronger wage growth.

U.S. ECONOMIC INDICATORS (Calendar Year Growth)			
	CY 2021 Actual	CY 2022 Estimated	CY 2023 Forecast
Real U.S. Gross Domestic Product	5.7	3.9	2.6
Consumer Price Index (CPI)	4.7	4.7	2.3
Personal Income	7.3	1.6	4.7
Nonfarm Employment	2.8	3.6	1.9
Civilian Unemployment Rate	5.4	3.7	3.5
Source: Haver Analytics; DOB staff estimates.			

Real GDP is projected to grow 3.9 percent in 2022, 0.4 percentage point weaker than the initial Executive Budget forecast, mainly driven by softened consumer spending on services, which is vulnerable to the Omicron wave of COVID infections. Stronger growth in exports, residential, nonresidential and inventory investment are offset by weaker consumption, government spending and investment, and stronger import growth.

COVID-related absenteeism had little impact on job gains in January 2022, other than temporarily suppressed weekly hours worked. As infections have dropped sharply since peaking in mid-January, DOB estimates that total nonfarm employment will grow 3.6 percent in 2022, following growth of 2.8 percent in 2021, representing a 0.1 percentage point upward revision from the initial Executive Budget forecast. The level of nonfarm employment is expected to surpass its first quarter of 2020 level by the fourth quarter of 2022, unchanged from the initial Executive Budget forecast. The unemployment rate is projected to continue declining to 3.7 percent on average in 2022 and 3.5 percent in 2023.

With slightly stronger employment growth expected and a significantly higher average wage, DOB's projection for total wage growth is revised up by 0.7 percentage point to 8.1 percent in 2022, only slightly below 2021's growth of 9.1 percent. Personal income growth for 2022 is revised up accordingly to 1.6 percent, 0.5 percentage point higher than the initial Executive Budget forecast.

Based on stronger-than-expected inflation in January 2022 and crude oil price hovering around $90 per barrel in early February, DOB's projection for headline inflation is revised up to 4.7 percent on an annual average basis in 2022, notably higher than the initial Executive Budget forecast of 4.1 percent. The Federal Open Market Committee (FOMC) announced at its January 2022 meeting that it will soon raise the target range for the Federal funds rate, citing the strong labor market and inflation well above 2 percent. DOB thus anticipates rate hikes on a slightly accelerated schedule, raising the Federal funds target rate four times before the end of the year and bringing its target rate above 1.8 percent by the end of 2023.

DOB's forecast assumes that the worst of the public health emergency from the pandemic is behind the nation and that any further virus outbreaks will be localized, not resulting in widespread lockdowns. However, the stock market showed exceptional volatility in January 2022, with the S&P 500 price index retreating nearly 300 points during the month. The January 2022 equity price decline came amid the Omicron infection surge, soaring energy prices, higher inflation in general, and the heightened anticipation of a federal funds rate hike in March 2022. In February 2022, Russia's invasion of Ukraine has further propelled energy prices upward and stock prices downward, but with only modest downside risk to the U.S. economy at this time. However, a drawn-out conflict between Russia and Western nations presents a less likely but more significant downside risk to the U.S. economy. On the upside, a quicker resolution of supply-chain instability domestically and abroad could contribute to stronger growth and lower than expected inflation. Additionally, the passage of any further fiscal stimulus represents an upside potential to the forecast.

The New York State Economy

The New York State labor market has made significant gains since the initial job losses at the onset of the pandemic in March and April 2020. According to Current Employment Statistics (CES) employment data for December 2021, the State labor market regained 378,200 jobs in 2021, following a recovery of 870,900 jobs between May 2020 and December 2020. In total, as of December 2021, the State has recovered 63.0 percent of its pandemic-related job losses. Despite these significant gains, the State continues to trail the nation, which has recovered 84.8 percent of its pandemic-related job losses during the same period.

However, economic headwinds stemming from virus variants and reluctance among many workers to return to the office or re-enter the workforce have slowed the recovery pace. Moreover, U.S. Census Bureau 2021 population estimates reveal a bigger than expected population decline for the State. As a result, the State employment growth was revised down by 0.2 percentage point compared to the initial Executive Budget forecast to an increase of 5.4 percent in 2022. The State's employment level is currently projected to surpass its pre-pandemic level in 2024, significantly behind that of the nation, which is expected to occur in late 2022.

NEW YORK STATE ECONOMIC INDICATORS (State Fiscal Year Growth)			
	FY 2021 Actual	FY 2022 Estimated	FY 2023 Forecast
Personal Income*	8.6	1.5	1.2
Wages	(2.0)	12.1	3.0
Nonfarm Employment	(12.6)	7.2	4.3

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.

Projected State wages were revised up by 0.7 percentage point to a growth of 12.1 percent in FY 2022. Continued strength in the equity market combined with solid withholding gains in the fourth quarter of 2021 led to stronger than expected wage growth in that quarter, as well as a more substantial bonus season. An ongoing tight labor market and upward inflationary pressures led to an upward revision to growth in nonbonus average wages. These coinciding gains by bonus and nonbonus wages resulted in an upward revision of wages in FY 2022. However, FY 2023 total wages were revised down by 0.2 percentage point to an increase of 3.0 percent, primarily due to changes in the employment outlook, as well as a modest downward revision to bonuses.

New York State personal income growth was revised up by 0.5 percentage point to an increase of 1.5 percent in FY 2022, mainly due to the upward revisions in wages. However, despite the downward revisions to employment and wages in FY 2023, State personal income growth was revised up by 0.1 percentage point due to the more-than-offsetting upward revision to nonwage income — especially the property and transfer income components.

New York State faces the near-term downside risk of prolonged supply-chain disruptions, leading to further intermittent shortages and continued upward pressure on prices. Compounding matters, inflation remains a significant risk independent of any potential supply chain woes, as higher energy prices and ongoing labor shortages could hit production costs and pass-through into consumer prices. In addition, overly aggressive monetary tightening by the Federal Reserve to thwart this inflationary momentum represents a downside risk that could hinder the economic recovery. Increased volatility in the equity market, or, worse, an outright correction, could bring about unexpected layoffs, more modest bonuses, and slower wage growth. Likewise, the persistence of telework, relocation of urban workers outside of New York, and continued decline in State population pose long-run risks to employment and wages. Finally, New York State and the nation remain vulnerable to the COVID-19 virus in terms of the possible emergence of COVID-19 variants and consumers' reluctance to return to pre-pandemic norms — especially spending patterns in service-oriented industries.

On the upside, a more rapid return to pre-pandemic consumer norms could result in a sooner-than-expected return to pre-pandemic economic conditions. In turn, this shift could propel more robust national and global growth through higher output and employment. Finally, any additional fiscal stimulus could result in higher-than-expected income growth and employment.

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 $243.8 billion, a 27.5 percent ($52.5 billion) increase from FY 2021 results. FY 2023 State tax receipts are projected to decrease $32.2 billion (13.2 percent) from FY 2022 results as Federal receipts return to pre-COVID-19 levels. 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	FY 2026 Projected	Change	FY 2027 Projected	Change
Personal Income Tax	54,967	68,122	23.9%	49,026	-28.0%	62,012	26.5%	65,225	5.2%	67,952	4.2%	85,200	25.4%
Consumption/Use Taxes	16,117	19,258	19.5%	20,207	4.9%	20,578	1.8%	20,988	2.0%	21,499	2.4%	22,079	2.7%
Business Taxes	8,792	27,719	215.3%	27,870	0.5%	27,552	-1.1%	28,406	3.1%	24,701	-13.0%	12,048	-51.2%
Other Taxes	2,500	2,772	10.9%	2,577	-7.0%	2,705	5.0%	2,838	4.9%	2,976	4.9%	3,116	4.7%
Total State Taxes	**82,376**	**117,871**	**43.1%**	**99,680**	**-15.4%**	**112,847**	**13.2%**	**117,457**	**4.1%**	**117,128**	**-0.3%**	**122,443**	**4.5%**
Miscellaneous Receipts	30,772	26,017	-15.5%	27,514	5.8%	26,331	-4.3%	25,028	-4.9%	27,190	8.6%	27,669	1.8%
Federal Receipts	78,152	99,960	27.9%	84,444	-15.5%	75,665	-10.4%	73,999	-2.2%	76,022	2.7%	74,850	-1.5%
Total All Funds Receipts	**191,300**	**243,848**	**27.5%**	**211,638**	**-13.2%**	**214,843**	**1.5%**	**216,484**	**0.8%**	**220,340**	**1.8%**	**224,962**	**2.1%**

Personal Income Tax

FY 2022 All Funds PIT receipts are estimated to have experienced robust growth, reflecting a combination of strong wage growth, implementation of a high income PIT surcharge, as well as strong non-wage income growth.

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	FY 2026 Projected	Change	FY 2027 Projected	Change
STATE/ALL FUNDS	**54,967**	**68,122**	**23.9%**	**49,026**	**-28.0%**	**62,012**	**26.5%**	**65,225**	**5.2%**	**67,952**	**4.2%**	**84,754**	**24.7%**
Gross Collections	65,531	79,355	21.1%	68,237	-14.0%	76,285	11.8%	80,593	5.6%	84,376	4.7%	102,544	21.5%
Refunds (Incl. State/City Offset)	(10,564)	(11,233)	-6.3%	(19,211)	-71.0%	(14,273)	25.7%	(15,368)	-7.7%	(16,424)	-6.9%	(17,790)	-8.3%
GENERAL FUND[1]	**25,456**	**32,125**	**26.2%**	**22,683**	**-29.4%**	**29,288**	**29.1%**	**31,000**	**5.8%**	**32,407**	**4.5%**	**40,836**	**26.0%**
Gross Collections	65,531	79,355	21.1%	68,237	-14.0%	76,285	11.8%	80,593	5.6%	84,376	4.7%	102,544	21.5%
Refunds (Incl. State/City Offset)	(10,564)	(11,233)	-6.3%	(19,211)	-71.0%	(14,273)	25.7%	(15,368)	-7.7%	(16,424)	-6.9%	(17,790)	-8.3%
STAR	(2,027)	(1,939)	4.3%	(1,831)	5.6%	(1,723)	5.9%	(1,616)	6.2%	(1,568)	3.0%	(1,541)	1.7%
RBTF	(27,484)	(34,058)	-23.9%	(24,512)	28.0%	(31,001)	-26.5%	(32,609)	-5.2%	(33,977)	-4.2%	(42,377)	-24.7%

[1] Excludes Transfers.

The following table summarizes, by component, actual receipts for FY 2021 and forecast amounts through FY 2027.

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	FY 2026 Projected	FY 2027 Projected
Receipts							
Withholding	44,218	51,495	51,638	53,608	56,418	59,214	62,119
Estimated Payments	16,441	21,995	10,402	16,937	18,280	19,121	34,186
Current Year	10,930	14,458	4,444	4,370	4,301	4,342	18,526
Prior Year[1]	5,511	7,537	5,958	12,567	13,979	14,779	15,660
Final Returns	3,572	4,382	4,664	4,130	4,231	4,321	4,467
Current Year	402	331	346	367	385	404	424
Prior Year[1]	3,170	4,051	4,318	3,763	3,846	3,917	4,043
Delinquent	1,300	1,483	1,533	1,610	1,664	1,720	1,772
Gross Receipts	65,531	79,355	68,237	76,285	80,593	84,376	102,544
Refunds							
Prior Year[1]	6,048	5,489	11,040	7,989	8,762	9,565	10,449
Previous Year	544	794	725	757	796	834	870
Current Year[1]	2,187	3,000	3,000	3,000	3,000	3,000	3,000
Advanced Credit Payment	593	651	3,022	978	1,134	1,294	1,452
State/City Offset[1]	1,192	1,299	1,424	1,549	1,676	1,731	2,019
Total Refunds	10,564	11,233	19,211	14,273	15,368	16,424	17,790
Net Receipts	**54,967**	**68,122**	**49,026**	**62,012**	**65,225**	**67,952**	**84,754**

[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 increased 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, with increases in the January to March 2022 administrative refund cap, advanced credit payments attributable to Tax Year 2021, the State-City offset, and refunds related to tax years prior to 2020 offset by a decline 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 decrease, with underlying growth in gross collections eclipsed by the impact of the PTET, which will be realized through declines in Tax Year 2022 estimated payments and Tax Year 2021 extension payments, coupled with an increase in Tax Year 2021 refunds as a result of the refundable credit. The increase in FY 2023 total refunds will be exacerbated by advanced credit payments attributable to Tax Year 2022, resulting from the implementation of a property tax relief credit.

The FY 2023 STAR transfer is expected to decline. The FY 2023 RBTF is projected to decrease based on the decrease in FY 2023 All Funds receipts. General Fund PIT receipts for FY 2023 are also expected to decrease, driven by 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 extension payments, partially offset by a projected decrease in final returns. Total refunds are also expected to decrease.

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	FY 2026 Projected	Change	FY 2027 Projected	Change
STATE/ALL FUNDS	**16,117**	**19,258**	**19.5%**	**20,207**	**4.9%**	**20,578**	**1.8%**	**20,988**	**2.0%**	**21,499**	**2.4%**	**22,079**	**2.7%**
Sales Tax	14,145	17,226	21.8%	18,137	5.3%	18,498	2.0%	18,885	2.1%	19,341	2.4%	19,861	2.7%
Cigarette and Tobacco Taxes	1,006	964	-4.2%	944	-2.1%	907	-3.9%	864	-4.7%	828	-4.2%	793	-4.2%
Vapor Excise Tax	32	27	-15.6%	27	0.0%	27	0.0%	27	0.0%	27	0.0%	27	0.0%
Motor Fuel Tax	425	485	14.1%	485	0.0%	485	0.0%	484	-0.2%	484	0.0%	481	-0.6%
Highway Use Tax	135	144	6.7%	144	0.0%	146	1.4%	148	1.4%	149	0.7%	150	0.7%
Alcoholic Beverage Taxes	271	274	1.1%	277	1.1%	279	0.7%	282	1.1%	284	0.7%	287	1.1%
Opioid Excise Tax	30	26	-13.3%	26	0.0%	26	0.0%	26	0.0%	26	0.0%	26	0.0%
Medical Cannabis Excise Tax	9	13	44.4%	13	0.0%	13	0.0%	13	0.0%	13	0.0%	13	0.0%
Adult Use Cannabis Tax	0	0	0.0%	56	0.0%	95	69.6%	158	66.3%	245	55.1%	339	38.4%
Auto Rental Tax[1]	64	99	54.7%	98	-1.0%	102	4.1%	101	-1.0%	102	1.0%	102	0.0%
GENERAL FUND[2]	**7,250**	**4,627**	**-36.2%**	**6,948**	**50.2%**	**9,261**	**33.3%**	**9,434**	**1.9%**	**9,641**	**2.2%**	**9,878**	**2.5%**
Sales Tax	6,639	4,034	-39.2%	6,342	57.2%	8,662	36.6%	8,843	2.1%	9,056	2.4%	9,299	2.7%
Cigarette and Tobacco Taxes	310	293	-5.5%	303	3.4%	294	-3.0%	283	-3.7%	275	-2.8%	266	-3.3%
Alcoholic Beverage Taxes	271	274	1.1%	277	1.1%	279	0.7%	282	1.1%	284	0.7%	287	1.1%
Opioid Excise Tax	30	26	-13.3%	26	0.0%	26	0.0%	26	0.0%	26	0.0%	26	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 a 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 21.3 percent). Vapor excise tax receipts are estimated to 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 decline in taxable cigarette consumption. Highway use tax (HUT) collections are estimated to increase, reflecting a recovery 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 ongoing recovery of the travel industry. Opioid excise tax receipts are expected to decrease due to a continued shift towards the sale of less expensive and lower taxed opioids into the State.

For FY 2022 and the first half of FY 2023, 25 percent of the sales tax receipts will be deposited into the Local Government Assistance Tax Fund until the termination of the Fund on October 1, 2022 pursuant to statute. In addition, 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 State's sales tax revenue bond programs, respectively. Excess receipts above the debt service requirements 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 5.5 percent). Auto rental tax receipts are estimated to slightly decrease from FY 2022, due to an anticipated shift away from auto rental consumption towards an alternative mode of transportation, the recently enacted peer-to-peer car sharing program. Legislation enacted in March 2021 to regulate and tax adult-use cannabis products is expected to generate $40 million in license fees and $16 million in partial-year receipts from the State's THC-based and retail excise taxes on the sale of adult-use cannabis products. These increases are partially offset by a continued decline in taxable cigarette consumption.

Effective for the second half of 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 on the statutory termination date, 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 for the second half of the fiscal year.

All Funds consumption/use tax receipts for FY 2024 are projected to increase, largely reflecting a projected increase in sales tax receipts and the first full year of adult-use cannabis tax receipts as the market continues to mature, partially offset by a continued decline in taxable cigarette consumption.

FY 2024 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 for the entire fiscal year.

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 the 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 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
STATE/ALL FUNDS	**8,792**	**27,719**	**215.3%**	**27,870**	**0.5%**	**27,552**	**-1.1%**	**28,406**	**3.1%**	**24,701**	**-13.0%**	**12,048**	**-51.2%**
Corporate Franchise Tax	4,954	7,013	41.6%	8,697	24.0%	7,444	-14.4%	7,155	-3.9%	7,019	-1.9%	7,601	8.3%
Corporation and Utilities Tax	550	529	-3.8%	570	7.8%	518	-9.1%	594	14.7%	583	-1.9%	588	0.9%
Insurance Tax	2,190	2,281	4.2%	2,358	3.4%	2,426	2.9%	2,535	4.5%	2,629	3.7%	2,744	4.4%
Bank Tax	156	151	-3.2%	84	-44.4%	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
Pass-Through-Entity Tax	0	16,710	0.0%	15,080	-9.8%	16,040	6.4%	17,000	6.0%	13,350	-21.5%	0	-100.0%
Petroleum Business Tax	942	1,035	9.9%	1,081	4.4%	1,124	4.0%	1,122	-0.2%	1,120	-0.2%	1,115	-0.4%
GENERAL FUND[1]	**6,420**	**16,514**	**157.2%**	**17,112**	**3.6%**	**16,390**	**-4.2%**	**16,826**	**2.7%**	**14,931**	**-11.3%**	**8,809**	**-41.0%**
Corporate Franchise Tax	3,890	5,577	43.4%	6,954	24.7%	5,808	-16.5%	5,607	-3.5%	5,462	-2.6%	5,910	8.2%
Corporation and Utilities Tax	417	401	-3.8%	420	4.7%	375	-10.7%	438	16.8%	430	-1.8%	434	0.9%
Insurance Tax	1,976	2,056	4.0%	2,128	3.5%	2,187	2.8%	2,281	4.3%	2,364	3.6%	2,465	4.3%
Bank Tax	137	125	-8.8%	70	-44.0%	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
Pass-Through-Entity Tax	0	8,355	0.0%	7,540	-9.8%	8,020	6.4%	8,500	6.0%	6,675	-21.5%	0	-100.0%
Petroleum Business Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%

[1] Excludes Transfers.

FY 2022 All Funds business tax receipts are estimated to significantly increase over FY 2021 actuals, driven predominantly by the first year of collections of the pass through entity tax (PTET), but also due to an increase in gross receipts from the corporate franchise tax (CFT) due to upward revisions in corporate profit growth in 2021 as well as the recently enacted temporary increase in the business income and capital base rates. PTET receipts are recorded in business taxes, but DOB expects the accompanying tax credits to impact PIT receipts. DOB expects that the PTET will be revenue neutral for the State, however, the PTET will not be revenue neutral within each fiscal year because PTET payments are generally received in the fiscal year prior to PIT credit claims.

All Funds CFT receipts are estimated to increase the most of all business taxes in FY 2022, reflecting stronger than expected collections throughout 2021. In addition, an upward revision in corporate profits growth supports the higher collections seen recently. The FY 2022 Enacted Budget included legislation that increased the business income tax rate to 7.25 percent for taxpayers with business income above $5 million and increased 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 possibly include refunds from the Restaurant Return-To-Work Tax Credit that was included in the FY 2022 Enacted Budget.

All Funds CUT receipts for FY 2022 are estimated to decrease over the prior fiscal year, driven primarily by a further weakening of collections from the telecommunication sector and weaker audit collections, both of which offset a delay of the expected decrease in gross receipts due to the Utility COVID-19 Debt Relief Credit that was included in the FY 2022 Enacted Budget. DOB now expects the timing of the COVID-19 Debt Relief Credit to occur in FY 2024. Audit receipts and refunds are estimated to decrease significantly from FY 2021 levels.

All Funds 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 and refunds paid are expected to increase significantly compared to FY 2021.

The FY 2022 Enacted Budget included a new voluntary pass through entity tax (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 PTET. 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. All Funds PTET collections for FY 2022, which is the first year of collections and includes the entirety of Tax Year 2021 collections and the first estimated payment for Tax Year 2022, are estimated to be $16.7 billion. As noted, DOB expects PTET will be revenue neutral for the State, however, the PTET will not be revenue neutral within each fiscal year because PTET payments are generally received in the fiscal year prior to PIT credit claims.

Receipts from the repealed bank tax (all from prior liability periods) in FY 2022 are estimated to decrease somewhat, primarily due to lower gross receipts. An estimated increase in audits based on large cases expected to close this fiscal year and lower refunds partially offsets the reduced gross receipts. Petroleum Business Tax (PBT) receipts are estimated to significantly increase from FY 2021 results, primarily due to a strong recovery in gasoline consumption and a moderate increase in diesel consumption, coupled with the impact of a 5 percent decline in the PBT rate index effective January 1, 2021, paired with a 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 first year of PTET receipts in addition to the trends in CFT and insurance tax receipts described above.

General Fund and All Funds business tax receipts for FY 2023 are projected to slightly increase, primarily reflecting an increase in gross receipts from CFT due to underlying economics as well as 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. PTET collections are also projected to decrease somewhat since FY 2022 collections contain more than a full year of collections due to timing.

General Fund and All Funds business tax receipts for FY 2024 are projected to decline in CFT and CUT, while PTET, PBT and insurance tax receipts are projected to increase.

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 are expected to increase due to PTET while partially offset 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	FY 2026 Projected	Change	FY 2027 Projected	Change
STATE/ALL FUNDS	**2,500**	**2,772**	**10.9%**	**2,577**	**-7.0%**	**2,705**	**5.0%**	**2,838**	**4.9%**	**2,976**	**4.9%**	**3,116**	**4.7%**
Estate Tax	1,538	1,271	-17.4%	1,266	-0.4%	1,328	4.9%	1,390	4.7%	1,454	4.6%	1,521	4.6%
Real Estate Transfer Tax	949	1,473	55.2%	1,282	-13.0%	1,347	5.1%	1,417	5.2%	1,491	5.2%	1,580	6.0%
Employer Compensation Expense Program	3	13	333.3%	14	7.7%	15	7.1%	16	6.7%	16	0.0%	0	-100.0%
Pari-Mutuel Taxes	10	13	30.0%	13	0.0%	13	0.0%	13	0.0%	13	0.0%	13	0.0%
All Other Taxes	0	2	0.0%	2	0.0%	2	0.0%	2	0.0%	2	0.0%	2	0.0%
GENERAL FUND[1]	**1,549**	**1,293**	**-16.5%**	**1,288**	**-0.4%**	**1,350**	**4.8%**	**1,413**	**4.7%**	**1,477**	**4.5%**	**1,536**	**4.0%**
Estate Tax	1,538	1,271	-17.4%	1,266	-0.4%	1,328	4.9%	1,390	4.7%	1,454	4.6%	1,521	4.6%
Employer Compensation Expense Program	1	6	500.0%	7	16.7%	7	0.0%	8	14.3%	8	0.0%	0	-100.0%
Pari-Mutuel Taxes	10	13	30.0%	13	0.0%	13	0.0%	13	0.0%	13	0.0%	13	0.0%
All Other Taxes	0	2	0.0%	2	0.0%	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 increase from FY 2021 results, primarily due to the real estate market experiencing a strong recovery, particularly in New York City. The estimated increase in real estate transfer tax receipts is somewhat offset by an estimated decrease in estate tax receipts related to the atypically large number of super-large estate tax receipts (payments greater than $25 million) received in FY 2021.

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 are projected to decrease, primarily due to a projected decrease in real estate transfer tax receipts primarily caused by the expectation that record high monthly collection amounts in FY 2022 driven by the booming real estate market in NYC do not continue at those levels. All Funds other tax receipts in 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 FY 2023 are projected to remain roughly level primarily due to an atypically high number of super-large payments received in FY 2022, offset by growth in household net worth in FY 2023. General Fund other tax receipts for the outyears are projected to increase, resulting from projected increases in estate tax receipts, reflecting projected growth in household net worth.

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	FY 2026 Projected	Change	FY 2027 Projected	Change
ALL FUNDS	**30,772**	**26,017**	**-15.5%**	**27,514**	**5.8%**	**26,331**	**-4.3%**	**25,028**	**-4.9%**	**27,190**	**8.6%**	**27,669**	**1.8%**
General Fund	7,515	1,839	-75.5%	1,789	-2.7%	1,834	2.5%	1,863	1.6%	1,899	1.9%	1,935	1.9%
Special Revenue Funds	17,375	15,806	-9.0%	15,516	-1.8%	14,169	-8.7%	13,798	-2.6%	14,650	6.2%	15,196	3.7%
Capital Projects Funds	5,481	8,001	46.0%	9,827	22.8%	9,936	1.1%	8,971	-9.7%	10,254	14.3%	10,151	-1.0%
Debt Service Funds	401	371	-7.5%	382	3.0%	392	2.6%	396	1.0%	387	-2.3%	387	0.0%

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	FY 2026 Projected	Change	FY 2027 Projected	Change
ALL FUNDS	**78,152**	**99,960**	**27.9%**	**84,444**	**-15.5%**	**75,665**	**-10.4%**	**73,999**	**-2.2%**	**76,022**	**2.7%**	**74,850**	**-1.5%**
General Fund	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Special Revenue Funds	76,124	97,621	28.2%	81,922	-16.1%	72,741	-11.2%	70,889	-2.5%	72,876	2.8%	71,707	-1.6%
Capital Projects Funds	1,954	2,267	16.0%	2,452	8.2%	2,857	16.5%	3,048	6.7%	3,088	1.3%	3,085	-0.1%
Debt Service Funds	74	72	-2.7%	70	-2.8%	67	-4.3%	62	-7.5%	58	-6.5%	58	0.0%

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 Updated Executive Budget 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 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 who provide services to individuals. School Aid and health care spending account for the majority of State Operating Funds local assistance spending. Local assistance spending represents approximately two-thirds of total State Operating Funds spending.

Certain factors considered when preparing spending projections for the State's major local assistance programs and activities are summarized below. The impact of COVID-19 on unemployment and family income triggered an increase to the public assistance caseload, particularly in New York City.

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

	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
HEALTH CARE[1]						
Medicaid - Individuals Covered	7,560,153	6,550,614	6,121,622	6,110,784	6,110,784	6,110,784
Essential Plan - Individuals Covered	1,037,196	1,071,185	1,249,830	1,239,404	1,239,404	1,239,404
Child Health Plus - Individuals Covered	407,267	442,728	495,399	500,012	500,012	500,012
State Takeover of County/NYC Costs[2]	$4,818	$5,179	$5,550	$5,933	$6,327	$6,732
CY 2005 Local Medicaid Cap	$3,353	$3,531	$3,720	$3,919	$4,132	$4,354
FY 2013 Local Takeover Costs	$1,465	$1,648	$1,830	$2,014	$2,195	$2,378
EDUCATION						
School Aid (School Year-Basis Funding)[3]	$29,111	$31,178	$34,139	$35,435	$36,863	$38,357
HIGHER EDUCATION						
Public Higher Education Enrollment (FTEs)	484,830	484,830	TBD	TBD	TBD	TBD
Tuition Assistance Program (Recipients)	200,096	250,000	TBD	TBD	TBD	TBD
PUBLIC ASSISTANCE						
Family Assistance Program (Families)	163,146	162,124	162,593	163,206	163,818	164,217
Safety Net Program (Families)	107,981	107,777	108,301	108,733	108,990	109,060
Safety Net Program (Singles)	198,797	202,539	208,758	217,097	226,798	235,876
MENTAL HYGIENE						
OMH Community Beds	48,542	50,233	51,648	51,680	51,930	52,180
OPWDD Community Beds	42,878	43,124	43,261	43,398	43,536	43,675
OASAS Community Beds	13,372	13,764	13,804	13,854	13,954	14,004
Total	104,792	107,121	108,713	108,932	109,420	109,859

[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, such as $103.4 million of FY 2022 Federal prekindergarten expansion grants that appear on the School Aid run.

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 Financial Plan includes $31.2 billion for School Aid in SY 2023, exclusive of FY 2022 Federal prekindergarten expansion grants, representing an annual increase of approximately $2.1 billion (7.1 percent). This annual increase includes a $1.6 billion (8.1 percent) increase in Foundation Aid. The growth in Foundation Aid includes a minimum 3 percent annual increase to districts that would otherwise not receive a Foundation Aid increase under current law, as well as a $471 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 and assumed growth in expense-based aids. SY 2024 projections, as part of the estimated cost to fully fund the Foundation Aid formula, reflect upward inflationary pressures included in the revised DOB CPI forecast. For SY 2025 through SY 2027, current projections of growth in School Aid reflect the projected ten-year average growth in State personal income (PIGI).

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

	SY 2022	SY 2023	Change	SY 2024	Change	SY 2025	Change	SY 2026	Change	SY 2027	Change
Total	**29,111**	**31,178**	**2,067**	**34,139**	**2,961**	**35,435**	**1,296**	**36,863**	**1,428**	**38,357**	**1,494**
			7.1%		9.5%		3.8%		4.0%		4.1%

[1] Does not reflect a significant amount of Federal funding to school districts to be distributed over multiple years, such as $103.4 million of FY 2022 Federal prekindergarten expansion grants that appear on the School Aid run.

In addition to State School Aid, public schools received $13.0 billion of Federal ESSER and GEER funds allocated by CRRSA and ARP. This funding, available for use over multiple years, will continue to help schools safely operate with in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs resulting from 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 award, and allow for 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 from the shutdown of in-person learning through activities such as summer enrichment and comprehensive after-school programs. The remaining $210 million is allocated for the expansion of full-day prekindergarten programs for four-year-old children; prekindergarten grants the State will gradually take over and fully fund beginning in SY 2025.

State Fiscal Year

The State finances School Aid from the General Fund, commercial gaming receipts, Cannabis sales, Mobile Sports Wagering receipts, and Lottery Fund receipts, including revenues from VLTs. Commercial gaming, Lottery, Mobile Sports Wagering and Cannabis receipts are accounted for and disbursed from dedicated accounts. The amount of School Aid spending financed by Mobile Sports Wagering receipts is expected to increase in FY 2023 as the market progresses toward maturity.

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 2022 Projected	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
TOTAL STATE OPERATING FUNDS	**28,305**	**30,153**	**6.5%**	**33,218**	**10.2%**	**34,944**	**5.2%**	**36,306**	**3.9%**	**37,782**	**4.1%**
General Fund Local Assistance	24,674	25,488	3.3%	28,939	13.5%	30,627	5.8%	31,947	4.3%	33,347	4.4%
Medicaid	140	140	0.0%	140	0.0%	140	0.0%	140	0.0%	140	0.0%
Lottery Aid	2,505	2,653	5.9%	2,552	-3.8%	2,552	0.0%	2,552	0.0%	2,552	0.0%
VLT Lottery Aid	755	1,237	63.8%	991	-19.9%	989	-0.2%	989	0.0%	989	0.0%
Commercial Gaming	133	139	4.5%	133	-4.3%	133	0.0%	133	0.0%	166	24.8%
Mobile Sports	98	496	406.1%	454	-8.5%	482	6.2%	498	3.3%	507	1.8%
Cannabis Revenue	0	0	0.0%	9	0.0%	21	133.3%	47	123.8%	81	72.3%

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

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 2022 Projected	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,404**	**2,500**	**4.0%**	**2,640**	**5.6%**	**2,807**	**6.3%**	**2,929**	**4.3%**	**3,053**	**4.2%**
Special Education	1,376	1,424	3.5%	1,535	7.8%	1,630	6.2%	1,707	4.7%	1,783	4.5%
All Other Education	1,028	1,076	4.7%	1,105	2.7%	1,177	6.5%	1,222	3.8%	1,270	3.9%

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 2022 levels due to approval of a 4 percent COLA to provider tuition rates for SY 2022 and an 11 percent increase for SY 2023. These increased tuition costs will be paid in the first instance by school districts and counties and partially reimbursed by the State starting in the following year. Outyear spending increases are attributable to projected enrollment and cost growth.

The projected spending increase for All Other Education Programs in FY 2023 is largely attributable to increased costs to reimburse school districts for charter school supplemental tuition and increased funding for public libraries, public broadcasting, independent living centers, and opportunity programs, off-set by the discontinuation of certain one-time grant and aid programs and the temporary pause on payments for school district prior year aid claims. Projected spending increases in FY 2024 and FY 2025 are primarily due to anticipated increases in reimbursement to nonpublic schools for science, technology, engineering, and math (STEM) instruction, charter school supplemental tuition payments paid as reimbursement to school districts, payments to New York City for charter school facilities aid, and the restoration of funding for payment of school districts' prior year aid claims in FY 2025.

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 $92,000 will receive a $74,900 exemption in FY 2023.

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 2022 Projected	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
TOTAL STAR PROGRAM	**1,939**	**1,831**	**-5.6%**	**1,723**	**-5.9%**	**1,616**	**-6.2%**	**1,568**	**-3.0%**	**1,541**	**-1.7%**
Gross Program Costs	3,331	3,425	2.8%	3,491	1.9%	3,567	2.2%	3,709	4.0%	3,862	4.1%
Personal Income Tax Credit	(1,392)	(1,594)	-14.5%	(1,768)	-10.9%	(1,951)	-10.4%	(2,141)	-9.7%	(2,321)	-8.4%
Basic Exemption	1,101	1,020	-7.4%	962	-5.7%	878	-8.7%	849	-3.3%	834	-1.8%
Gross Program Costs	1,639	1,706	4.1%	1,768	3.6%	1,827	3.3%	1,936	6.0%	2,055	6.1%
Personal Income Tax Credit	(538)	(686)	-27.5%	(806)	-17.5%	(949)	-17.7%	(1,087)	-14.5%	(1,221)	-12.3%
Enhanced (Senior) Exemption	838	811	-3.2%	761	-6.2%	738	-3.0%	719	-2.6%	707	-1.7%
Gross Program Costs	951	947	-0.4%	934	-1.4%	923	-1.2%	926	0.3%	937	1.2%
Personal Income Tax Credit	(113)	(136)	-20.4%	(173)	-27.2%	(185)	-6.9%	(207)	-11.9%	(230)	-11.1%
New York City PIT	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Gross Program Costs	741	772	4.2%	789	2.2%	817	3.5%	847	3.7%	870	2.7%
Personal Income Tax Credit	(741)	(772)	-4.2%	(789)	-2.2%	(817)	-3.5%	(847)	-3.7%	(870)	-2.7%

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 disbursements on STAR exemptions 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 FY 2023 Executive Budget makes minor administrative changes to the STAR program. Namely, the Department of Taxation and Finance would be permitted to send STAR benefits directly to STAR Exemption beneficiaries under the program's "Good Cause" provisions when such applications are approved. This change, as well as other technical amendments, has no impact on STAR program costs.

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 2022 Projected	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,746**	**2,999**	**9.2%**	**3,196**	**6.6%**	**3,327**	**4.1%**	**3,384**	**1.7%**	**3,398**	**0.4%**
City University	**1,655**	**1,804**	**9.0%**	**1,870**	**3.7%**	**1,909**	**2.1%**	**1,946**	**1.9%**	**1,955**	**0.5%**
Senior Colleges	1,415	1,565	10.6%	1,631	4.2%	1,670	2.4%	1,707	2.2%	1,716	0.5%
Community College	240	239	-0.4%	239	0.0%	239	0.0%	239	0.0%	239	0.0%
Higher Education Services	**648**	**741**	**14.4%**	**877**	**18.4%**	**969**	**10.5%**	**989**	**2.1%**	**994**	**0.5%**
Tuition Assistance Program	564	663	17.6%	774	16.7%	870	12.4%	894	2.8%	899	0.6%
Scholarships/Awards	72	66	-8.3%	91	37.9%	87	-4.4%	83	-4.6%	83	0.0%
Aid for Part-Time Study	12	12	0.0%	12	0.0%	12	0.0%	12	0.0%	12	0.0%
State University	**443**	**454**	**2.5%**	**449**	**-1.1%**	**449**	**0.0%**	**449**	**0.0%**	**449**	**0.0%**
Community College	438	449	2.5%	444	-1.1%	444	0.0%	444	0.0%	444	0.0%
Other/Cornell	5	5	0.0%	5	0.0%	5	0.0%	5	0.0%	5	0.0%

SUNY and CUNY operate 47 four-year colleges and graduate schools with a total enrollment of nearly 390,000 full- and part-time students. SUNY and CUNY also operate 37 community colleges, serving approximately 260,000 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 approximately $1.1 billion for SUNY campus operations through a General Fund transfer and $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 2023 for debt service on bond financed capital projects at SUNY and CUNY. In FY 2023, an estimated $320 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, the Tuition Assistance Program (TAP), and 26 other scholarship and loan forgiveness programs. Together, these programs provide financial aid to approximately 300,000 students. HESC also partners with OSC in administering the College Choice Tuition Savings program.

Higher education spending is projected to increase by $253 million, or 9.2 percent, from FY 2022 to FY 2023. This spending increase largely reflects an increase in General Fund operating support to CUNY Senior Colleges to fully fund tuition credits provided to TAP recipients, funding to hire additional full-time faculty, a 10 percent increase in support for higher education opportunity programs and training centers, and an expansion of TAP for part-time students who are enrolled in degree programs and students enrolled part-time in high-demand workforce credential programs at community colleges.

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. Enrollment is projected to increase by nearly 1.5 million from the start of the pandemic before beginning to decline, driven by the steep rise in unemployment triggered by the COVID-19 pandemic. The Updated Executive Budget Financial Plan forecast assumes that enrollment levels will peak at nearly 7.7 million in FY 2023 and return to near pre-pandemic levels in FY 2024. As the economy recovers and unemployment trends towards pre-pandemic levels, costs associated with individuals temporarily enrolled, but entitled to twelve months of continuous coverage, are anticipated to persist into FY 2023 and decline in FY 2024.

Despite the projected return to pre-pandemic enrollment, 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 costs (which includes spending within and outside the Global Cap) include but are not limited to provider reimbursement to cover minimum wage increases; 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 2022 Projected	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
STATE OPERATING FUNDS	**27,480**	**32,899**	**19.7%**	**32,505**	**-1.2%**	**34,115**	**5.0%**	**35,846**	**5.1%**	**37,692**	**5.1%**
Department of Health Medicaid	**21,933**	**25,575**	**16.6%**	**27,054**	**5.8%**	**28,463**	**5.2%**	**30,008**	**5.4%**	**31,677**	**5.6%**
General Fund - DOH Medicaid Local	15,728	19,242	22.3%	20,827	8.2%	22,186	6.5%	23,766	7.1%	25,481	7.2%
DOH Medicaid	15,955	18,172	13.9%	16,561	-8.9%	17,790	7.4%	19,187	7.9%	20,719	8.0%
Non-DOH Medicaid[1]	(307)	(1,444)	-370.4%	389	126.9%	336	-13.6%	336	0.0%	336	0.0%
Minimum Wage	1,961	2,223	13.4%	2,408	8.3%	2,408	0.0%	2,408	0.0%	2,408	0.0%
Local Takeover Cost[2]	1,465	1,648	12.5%	1,831	11.1%	2,014	10.0%	2,197	9.1%	2,380	8.3%
MSA Payments (Share of Local Growth)[3]	(362)	(362)	0.0%	(362)	0.0%	(362)	0.0%	(362)	0.0%	(362)	0.0%
eFMAP[4]	(2,984)	(995)	66.7%	0	100.0%	0	0.0%	0	0.0%	0	0.0%
General Fund - DOH Medicaid State Ops	238	304	27.7%	307	1.0%	307	0.0%	307	0.0%	307	0.0%
General Fund - Essential Plan	65	73	12.3%	79	8.2%	81	2.5%	89	9.9%	92	3.4%
Local Assistance	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	65	73	12.3%	79	8.2%	81	2.5%	89	9.9%	92	3.4%
Other State Funds - DOH Medicaid Local	5,902	5,956	0.9%	5,841	-1.9%	5,889	0.8%	5,846	-0.7%	5,797	-0.8%
HCRA Financing	4,343	4,369	0.6%	4,225	-3.3%	4,242	0.4%	4,170	-1.7%	4,121	-1.2%
Indigent Care Support	719	717	-0.3%	717	0.0%	717	0.0%	717	0.0%	717	0.0%
Provider Assessment Revenue	840	870	3.6%	899	3.3%	930	3.4%	959	3.1%	960	0.1%
Medical Indemnity Fund	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	(1)	0.0%
Other State Agency Medicaid Spending	**5,547**	**7,324**	**32.0%**	**5,451**	**-25.6%**	**5,652**	**3.7%**	**5,838**	**3.3%**	**6,015**	**3.0%**
Use of MSA Payments (Share of Local Growth)[3]	**362**	**362**	**0.0%**	**362**	**0.0%**	**362**	**0.0%**	**362**	**0.0%**	**362**	**0.0%**
LOCAL SHARE OF MEDICAID[5,6]	**7,559**	**8,214**	**8.7%**	**8,129**	**-1.0%**	**8,064**	**-0.8%**	**7,968**	**-1.2%**	**8,021**	**0.7%**
FEDERAL SHARE OF MEDICAID	**53,712**	**56,788**	**5.7%**	**51,234**	**-9.8%**	**52,860**	**3.2%**	**55,823**	**5.6%**	**55,335**	**-0.9%**
DOH Medicaid	48,036	50,700	5.5%	44,787	-11.7%	46,056	2.8%	48,623	5.6%	47,673	-2.0%
Essential Plan	5,676	6,088	7.3%	6,447	5.9%	6,804	5.5%	7,200	5.8%	7,662	6.4%
ALL FUNDING SOURCES	**89,113**	**98,263**	**10.3%**	**92,230**	**-6.1%**	**95,401**	**3.4%**	**99,999**	**4.8%**	**101,410**	**1.4%**

1 The DOH Medicaid budget funds a portion of Medicaid-related Mental Hygiene program costs under the Global Cap. Adjustments in FYs 2022 and 2023 reflect OPWDD-related local share expenses that will be funded outside of the DOH Global Cap through use of additional Financial Plan resources.

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 (30 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 Updated Executive Budget 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 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Department of Health Medicaid	21,868	25,502	26,975	28,382	29,919	31,585
Local Assistance	24,976	26,555	27,030	28,437	29,974	31,640
State Operations	238	304	307	307	307	307
MSA Payments (Share of Local Growth)[2]	(362)	(362)	(362)	(362)	(362)	(362)
eFMAP[3]	(2,984)	(995)	0	0	0	0
Other State Agency Medicaid Spending	5,547	7,324	5,451	5,652	5,838	6,015
Mental Hygiene[4]	5,299	7,102	5,229	5,430	5,616	5,793
Foster Care	74	74	74	74	74	74
Education	140	140	140	140	140	140
Corrections[5]	34	8	8	8	8	8
Total State Share Medicaid (All Agencies)	**27,415**	**32,826**	**32,426**	**34,034**	**35,757**	**37,600**
Annual $ Change		5,411	(400)	1,608	1,723	1,843
Annual % Change		19.7%	-1.2%	5.0%	5.1%	5.2%
Essential Plan	**65**	**73**	**79**	**81**	**89**	**92**
Local Assistance	0	0	0	0	0	0
State Operations	65	73	79	81	89	92

[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 (30 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.

FY 2023 Proposed State Operating Funds Budget Actions

The table below summarizes the Medicaid revisions and proposals in the FY 2023 Executive Budget impacting Medicaid spending.

FY 2023 EXECUTIVE BUDGET (millions of dollars)	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Mid-Year Unsolved Deficit[1]	**(137)**	**(1,076)**	**(1,300)**	**(1,800)**	**(2,400)**
Additional Global Cap Growth Under New Index (5-Year CMS Actuary)	**366**	**899**	**1,542**	**2,281**	**3,112**
Executive Budget Actions	**901**	**583**	**516**	**523**	**526**
Local Assistance	**799**	**479**	**412**	**412**	**412**
Medicaid FFS/MC Rate Increase 1.0%/Wage Increase	318	318	318	318	318
Restore 1.5% FFS ATB	141	141	141	141	141
Increased Aid to Distressed Hospital Pool	350	350	350	350	350
Increase Nursing Home Support	100	100	100	100	100
Managed Care Quality Pool	77	77	77	77	77
Nursing Home Safe Staffing	62	62	62	62	62
Children's Behavioral Health	37	43	41	41	41
Applied Behavior Analysis Rates Incentive	37	37	37	37	37
HIV/SNP Rates/ High-Needs Model	15	15	15	15	15
Utilize CHP to Access Federal Funds (Enhanced Pregnancy Coverage)	(183)	(171)	(136)	(136)	(136)
Competitive Managed Care Procurement	0	(100)	(200)	(200)	(200)
Expand access to LHC marketplace	0	(40)	(40)	(40)	(40)
OLTC Reforms	0	(25)	(25)	(25)	(25)
Eliminate Provider Prescriber Prevails	(41)	(49)	(49)	(49)	(49)
Create Long Term Services and Supports in EP	(114)	(114)	(114)	(114)	(114)
Keep Postpartum Women in EP	0	(165)	(165)	(165)	(165)
State Operations	**102**	**104**	**104**	**111**	**114**
Other Base Actions and Resources	**(672)**	**(760)**	**(274)**	**(42)**	**186**
Distressed Intercept Fund Offset (FP Financing)	(250)	(250)	(250)	(250)	(250)
COVID MOE (FP Financing)	(277)	0	0	0	0
Signed Legislation	98	151	169	169	169
Other Revisions and Timing of Payments Across Fiscal Years	(243)	(661)	(193)	39	267
Global Cap Change from Mid-Year Update	**229**	**(177)**	**242**	**481**	**712**
Non-Global Cap Medicaid Revisions (Excluded from Above)	**1,007**	**116**	**61**	**61**	**61**
Health Care/Direct Care Worker Bonus	923	0	0	0	0
eFMAP/PHE Extension (Apr-Jun)	(746)	0	0	0	0
Lost Savings	277	0	0	0	0
Medicaid Enrollment Revision (incl. PHE Extension)	566	65	0	0	0
Mental Hygiene COLA/Other Actions - Local Costs	(13)	51	61	61	61

[1] Updated to reflect outyear growth consistent with long-term price and utilization trends, which will be supported by the modified indexed growth metric (5-Year CMS Actuary).

A portion of DOH State Funds Medicaid spending (the "Global Cap") is subject to growth limits set by the current index that relies on the ten-year rolling average of the medical component of CPI and does not account for enrollment and population changes, which are significant drivers of costs. The current index allows for Medicaid growth of $600 million in FY 2023. The Mid-Year Financial Plan included an updated forecast that was expected to exceed the cap beginning in FY 2023, particularly due to enrollment and utilization increases. The deficits projected in the Mid-Year Update were $137 million in FY 2023, $1.1 billion in FY 2024, and $1.3 billion in FY 2025.

The Executive Budget proposes changing the index to a five-year rolling average of CMS annual projections of health care spending, which are based on national trends in spending and enrollment, including specific populations, such as the aging or disabled populations. The new index would allow for additional Medicaid growth of $366 million in FY 2023 growing to $3.1 billion in FY 2027. The total global cap spending growth in FY 2023 is estimated at $966 million using the new index. The increase in the allowable spending growth is sufficient to eliminate the deficit projected in the Mid-Year Update and fund new investments.

The Executive Budget proposes several investments in health care including a restoration of the 1.5 percent across-the-board reduction to fee-for-service providers implemented in the FY 2021 Budget, as well as an increase of one percent to all provider reimbursement rates. The increased rates recognize growth in service costs and will provide flexibility to respond to market needs and compete in the labor market to attract qualified workers.

Other investments include increased aid to safety-net hospitals to support urgent operating needs and address pandemic-related impacts, additional funding for nursing homes to adhere to minimum staffing requirements, increased reimbursements to promote primary care, children's behavioral health services investments, increases to orthotics and prosthetics rates, prohibiting and funding to improve the quality of health care.

The FY 2023 Executive Budget proposes various Medicaid savings actions including the maximization of Federal resources to provide enhanced pregnancy coverage and postpartum care; utilization of the temporary 10 percent increase to the FMAP for specific Medicaid HCBS to support workforce investments, capacity increases, and digital infrastructure; and new procurement quality requirements for managed care contracts ($100 million beginning in FY 2024); elimination of the ability for providers to prescribe pharmaceutical drugs for purposes outside of the clinical criteria ($41 million); and accessing Federal funding for enhanced pregnancy coverage through the Children's Health Insurance Program, which is currently funded with State dollars ($183 million).

On January 14, 2022 the Secretary of Health and Human Services (HHS) extended the public health emergency declaration through mid-April 2022, which provides the State with an additional quarter of COVID eFMAP benefit through June 30, 2022 ($746 million). This is offset by additional costs related to the extension for the restrictions prohibiting the State from implementing certain MRT II savings initiatives and disenrolling members from managed care.

Global Cap

Medicaid spending under the Global Cap is projected to adhere to statutorily allowable levels through FY 2027. 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 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Medicaid Global Cap[1]	**20,572**	**21,172**	**21,749**	**22,333**	**22,957**	**23,612**
Annual $ Change	580	600	577	584	624	655
Annual % Change	2.9%	2.9%	2.7%	2.7%	2.8%	2.9%
Proposed Medicaid Global Cap[2]	**20,572**	**21,538**	**22,649**	**23,875**	**25,238**	**26,724**
Annual $ Change	580	966	1,111	1,226	1,363	1,486
Annual % Change	2.9%	4.7%	5.2%	5.4%	5.7%	5.9%

[1] The Global Cap is currently calculated using the ten-year rolling average of the medical component of the Consumer Price Index for all urban consumers (CPI) and thus allows for growth attributable to increasing costs, though not increasing utilization.

[2] Effective FY 2023, forecasted Medicaid services growth is indexed to the 5-year rolling average of Medicaid spending projections within the National Health Expenditure Accounts produced by Office of the Actuary in the Centers for Medicare & Medicaid Services.

The Global Cap metric, used to set the Global Cap spending limit, currently uses the ten-year rolling average of the Medical component of CPI. The metric proposed in the Updated Executive Budget Financial Plan is based on the five-year rolling average of Medicaid spending annual growth rate projections within the National Health Expenditure Accounts produced by Office of the Actuary in the Centers for Medicare & Medicaid Services. This new metric more accurately reflects spending growth of the entitlement program, including enrollment and high-cost populations. Additionally, the shorter timeframe is more reflective of recent trends and allows for more modest growth as compared to the ten-year rolling average of CMS Actuary projections. In adopting the CMS Actuary growth metric, which projects increased annual spending relative to the current Medical CPI metric, additional Financial Plan resources will be made available to support Medicaid program spending on an annual basis.

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 January 14, 2022, the Federal government extended the public health emergency through April 16, 2022, which will authorize the eFMAP provisions through June 2022. Accordingly, the Updated Executive Budget Financial Plan assumes an additional $746 million in new resources, increasing the projected benefit in FY 2023 to nearly $1 billion. In total, the benefit in FY 2022 is nearly $3 billion, unchanged from the Mid-Year Update. State share savings from eFMAP will be used to offset increased costs associated with persistently elevated COVID enrollment and lost MRT II savings in light of maintenance of effort (MOE) guidelines restricting program restructuring efforts.

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 $262 million to roughly $2.2 billion in FY 2023. 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 $5.2 billion in FY 2023 -- roughly $2.5 billion for counties outside New York City and $2.6 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 2022 to FY 2027						
County	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**
Albany	49,145,707	52,460,384	55,871,186	59,380,902	62,992,399	66,708,630
Allegany	7,790,910	8,313,717	8,851,686	9,405,256	9,974,880	10,561,022
Broome	50,099,859	52,701,854	55,379,307	58,134,406	60,969,403	63,886,615
Cattaraugus	17,078,352	18,077,385	19,105,391	20,163,208	21,251,702	22,371,762
Cayuga	17,374,989	18,306,163	19,264,340	20,250,304	21,264,862	22,308,841
Chautauqua	34,300,740	36,233,414	38,222,136	40,268,530	42,374,270	44,541,076
Chemung	18,718,393	19,862,930	21,040,658	22,252,540	23,499,567	24,782,758
Chenango	9,774,926	10,354,742	10,951,372	11,565,305	12,197,041	12,847,098
Clinton	14,982,677	15,937,373	16,919,755	17,930,626	18,970,813	20,041,165
Columbia	14,291,940	15,037,564	15,804,811	16,594,309	17,406,702	18,242,655
Cortland	9,953,023	10,541,971	11,147,998	11,771,599	12,413,286	13,073,581
Delaware	9,966,352	10,514,798	11,079,148	11,659,865	12,257,422	12,872,309
Dutchess	62,411,561	65,490,261	68,658,242	71,918,095	75,272,484	78,724,150
Erie	201,049,829	213,137,272	225,575,252	238,373,933	251,543,776	265,095,544
Essex	6,376,876	6,762,988	7,160,296	7,569,126	7,989,812	8,422,698
Franklin	9,719,964	10,301,233	10,899,359	11,514,830	12,148,150	12,799,836
Fulton	12,162,806	12,927,165	13,713,689	14,523,023	15,355,828	16,212,784
Genesee	10,157,138	10,738,223	11,336,160	11,951,437	12,584,557	13,236,037
Greene	10,731,959	11,335,007	11,955,543	12,594,075	13,251,124	13,927,228
Hamilton	767,892	809,410	852,132	896,093	941,328	987,876
Herkimer	13,820,950	14,627,145	15,456,719	16,310,350	17,188,737	18,092,597
Jefferson	20,611,724	21,805,792	23,034,488	24,298,816	25,599,810	26,938,532
Lewis	4,809,201	5,099,576	5,398,373	5,705,834	6,022,212	6,347,765
Livingston	10,687,610	11,274,187	11,877,774	12,498,866	13,137,969	13,795,606
Madison	11,933,972	12,612,860	13,311,436	14,030,271	14,769,952	15,531,083
Monroe	183,074,797	193,744,244	204,723,105	216,020,353	227,645,221	239,607,211
Montgomery	14,815,117	15,601,660	16,411,013	17,243,838	18,100,814	18,982,643
Nassau	265,070,006	279,740,641	294,836,725	310,370,595	326,354,947	342,802,845
Niagara	44,668,758	47,323,452	50,055,132	52,866,031	55,758,445	58,734,740
Oneida	56,517,821	59,819,668	63,217,269	66,713,400	70,310,919	74,012,767
Onondaga	113,336,855	119,686,433	126,220,149	132,943,343	139,861,509	146,980,302
Ontario	18,257,491	19,272,311	20,316,561	21,391,095	22,496,789	23,634,549
Orange	100,206,057	105,251,004	110,442,254	115,784,050	121,280,758	126,936,871
Orleans	9,074,029	9,584,912	10,110,610	10,651,554	11,208,185	11,780,959
Oswego	28,581,761	30,153,439	31,770,697	33,434,854	35,147,273	36,909,351
Otsego	9,694,918	10,289,593	10,901,514	11,531,181	12,179,107	12,845,824
Putnam	12,682,592	13,337,660	14,011,725	14,705,337	15,419,065	16,153,490
Rensselaer	28,097,561	29,922,585	31,800,535	33,732,945	35,721,396	37,767,511
Rockland	92,942,167	97,624,473	102,442,566	107,400,384	112,501,978	117,751,518
St. Lawrence	20,761,529	22,075,528	23,427,634	24,818,950	26,250,614	27,723,797
Saratoga	30,066,880	31,675,310	33,330,384	35,033,456	36,785,917	38,589,199
Schenectady	41,787,173	44,013,370	46,304,127	48,661,316	51,086,864	53,582,752
Schoharie	5,828,803	6,169,049	6,519,161	6,879,427	7,250,141	7,631,605
Schuyler	3,446,828	3,658,879	3,877,080	4,101,609	4,332,648	4,570,389
Seneca	6,324,404	6,686,240	7,058,570	7,441,697	7,835,935	8,241,605
Steuben	19,497,022	20,644,679	21,825,618	23,040,804	24,291,230	25,577,918
Suffolk	316,662,330	333,273,436	350,366,264	367,954,785	386,053,372	404,676,819
Sullivan	24,629,350	25,949,631	27,308,200	28,706,168	30,144,677	31,624,903
Tioga	7,182,606	7,633,439	8,097,345	8,574,705	9,065,908	9,571,356
Tompkins	12,505,782	13,225,089	13,965,256	14,726,888	15,510,607	16,317,054
Ulster	46,377,060	48,805,613	51,304,594	53,876,045	56,522,069	59,244,827
Warren	11,288,103	11,980,612	12,693,204	13,426,461	14,180,983	14,957,385
Washington	13,349,724	14,073,518	14,818,302	15,584,685	16,373,292	17,184,770
Wayne	20,839,092	21,864,935	22,920,527	24,006,732	25,124,436	26,274,554
Westchester	199,747,277	212,007,964	224,624,210	237,606,327	250,964,926	264,710,924
Wyoming	6,193,427	6,534,990	6,886,458	7,248,118	7,620,267	8,003,208
Yates	4,217,903	4,467,571	4,724,478	4,988,836	5,260,861	5,540,774
Rest of State	**2,396,444,576**	**2,531,355,341**	**2,670,178,519**	**2,813,027,569**	**2,960,019,241**	**3,111,273,672**
New York City	**2,421,745,114**	**2,647,938,370**	**2,880,691,230**	**3,120,193,923**	**3,366,642,195**	**3,620,237,466**
Statewide	**4,818,189,690**	**5,179,293,711**	**5,550,869,749**	**5,933,221,492**	**6,326,661,436**	**6,731,511,137**

Master Settlement Agreement (MSA)

DOB expects to receive annual payments from tobacco manufacturers under the MSA totaling roughly $362 million annually through FY 2027. 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 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
State Share Support	**27,842**	**33,261**	**32,867**	**34,477**	**36,208**	**38,054**
State Funds Medicaid Disbursements	27,480	32,899	32,505	34,115	35,846	37,692
MSA Payments (Local Growth)	362	362	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.

The Financial Plan reserves $1 billion of additional resources to further support multi-year investments in healthcare transformation and sustainability efforts.

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

	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Opening Balance	**255**	**87**	**500**	**1,000**	**1,000**	**1,000**
Receipts	**248**	**568**	**500**	**0**	**0**	**0**
Reserve Deposit	0	500	500	0	0	0
Fidelis Payment	50	0	0	0	0	0
Centene Payment	68	68	0	0	0	0
CVS Payment	13	0	0	0	0	0
Cigna Payment	7	0	0	0	0	0
Affinity Payment	110	0	0	0	0	0
Planned Uses	**416**	**155**	**0**	**0**	**0**	**0**
Housing Rental Subsidies	238	65	0	0	0	0
State-Only Payments	123	46	0	0	0	0
Capital Projects	55	44	0	0	0	0
Closing Balance	**87**	**500**	**1,000**	**1,000**	**1,000**	**1,000**

A summary of the individual asset sales and conversions is included in the Accompany Notes section of the Updated Executive Budget 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. Nearly 1.1 million New Yorkers are expected to be enrolled in the EP in FY 2023, which represents a decrease in enrollment from FY 2022 as the economy recovers and unemployment trends towards pre-pandemic levels, offset by growth in enrollment due to expanded eligibility.

ESSENTIAL PLAN
(millions of dollars)

	FY 2022 Projected	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
TOTAL ALL FUNDS SPENDING	**5,741**	**6,161**	**7.3%**	**6,525**	**5.9%**	**6,884**	**5.5%**	**7,288**	**5.9%**	**7,753**	**6.4%**
State Operating Funds	**65**	**73**	**12.3%**	**78**	**6.8%**	**80**	**2.6%**	**88**	**10.0%**	**91**	**3.4%**
Local Assistance[1]	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	65	73	12.3%	78	6.8%	80	2.6%	88	10.0%	91	3.4%
Federal Operating Funds	**5,676**	**6,088**	**7.3%**	**6,447**	**5.9%**	**6,804**	**5.5%**	**7,200**	**5.8%**	**7,662**	**6.4%**

[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 Updated Executive Budget Financial Plan period, reflecting a mix of factors. Spending growth in FY 2023 primarily reflects costs associated with robust growth in program enrollment, the expanded eligibility up to 250 percent of the Federal poverty level, and the initiative to cover pregnant women and to provide 12 months of postpartum coverage for individuals enrolled in EP.

The Updated Executive Budget Financial Plan also includes new benefits for long-term services and support, and a commitment to expand health insurance to postpartum New Yorkers. 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.

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 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 the 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 2022 Projected	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,910**	**2,152**	**12.7%**	**2,338**	**8.6%**	**2,372**	**1.5%**	**2,388**	**0.7%**	**2,415**	**1.1%**
Public Health	**1,755**	**1,994**	**13.6%**	**2,174**	**9.0%**	**2,202**	**1.3%**	**2,213**	**0.5%**	**2,234**	**0.9%**
Child Health Plus[1]	710	789	11.1%	943	19.5%	971	3.0%	982	1.1%	1,003	2.1%
General Public Health Work[2]	196	189	-3.6%	215	13.8%	215	0.0%	215	0.0%	215	0.0%
EPIC	102	103	1.0%	103	0.0%	103	0.0%	103	0.0%	103	0.0%
Early Intervention	80	81	1.3%	81	0.0%	81	0.0%	81	0.0%	81	0.0%
Unadjusted	163	178	9.2%	178	0.0%	178	0.0%	178	0.0%	178	0.0%
Health Services Initiatives Offset	(83)	(97)	-16.9%	(97)	0.0%	(97)	0.0%	(97)	0.0%	(97)	0.0%
HCRA Program	332	305	-8.1%	360	18.0%	360	0.0%	360	0.0%	360	0.0%
Nourish NY	0	50	0.0%	50	0.0%	50	0.0%	50	0.0%	50	0.0%
All Other	335	477	42.4%	422	-11.5%	422	0.0%	422	0.0%	422	0.0%
Aging	**155**	**158**	**1.9%**	**164**	**3.8%**	**170**	**3.7%**	**175**	**2.9%**	**181**	**3.4%**

[1] Increased spending for CHP in FY 2022 and beyond is attributable to the expiration of enhanced Federal resources, including FFCRA eFMAP retroactive to January 2020 (30 months).

Public Health spending grows over the Updated Executive Budget Financial Plan period due to several factors, including increased support for Nourish NY as an ongoing permanent program under DOH, the shift of the Restaurant Resiliency Program to DOH, and the scheduled phase down of enhanced resources provided in the ACA. Growth in FY 2023 reflects a reduction in expected eFMAP for CHP as part of the FFCRA and the timing of FY 2022 payment processing due to COVID-19. Increased spending in FY 2023 will be partially offset by State savings from the utilization of Federal funding where applicable.

The Updated Executive Budget Financial Plan budgets approximately $188 million gross in CHP 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 Executive Budget 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 Updated Executive Budget Financial Plan also reflects funding for an annual Human Services COLA of 5.4 percent in FY 2023.

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 (DANY); and the Statewide Health Information Network for New York (SHIN-NY)/All-Payer Claims Database (APCD).

HCRA FINANCIAL PLAN
(millions of dollars)

	FY 2022 Projected	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
OPENING BALANCE	**16**	**0**		**0**		**0**		**0**		**0**	
TOTAL RECEIPTS	**6,391**	**6,502**	**1.7%**	**6,564**	**1.0%**	**6,608**	**0.7%**	**6,550**	**-0.9%**	**6,524**	**0.0%**
Surcharges	3,865	3,855	-0.3%	3,929	1.9%	4,005	1.9%	3,975	-0.7%	3,975	0.0%
Covered Lives Assessment[1]	1,015	1,150	13.3%	1,150	0.0%	1,150	0.0%	1,150	0.0%	1,150	0.0%
Cigarette Tax Revenue	671	641	-4.5%	613	-4.4%	581	-5.2%	553	-4.8%	527	0.0%
Hospital Assessments	487	502	3.1%	518	3.2%	518	0.0%	518	0.0%	518	0.0%
Excise Tax on Vapor Products	27	27	0.0%	27	0.0%	27	0.0%	27	0.0%	27	0.0%
NYC Cigarette Tax Transfer	21	21	0.0%	21	0.0%	21	0.0%	21	0.0%	21	0.0%
EPIC Receipts/ICR Audit Fees	55	56	1.8%	56	0.0%	56	0.0%	56	0.0%	56	0.0%
Distressed Provider Assistance[2]	250	250	0.0%	250	0.0%	250	0.0%	250	0.0%	250	0.0%
TOTAL DISBURSEMENTS AND TRANSFERS	**6,407**	**6,502**	**1.5%**	**6,564**	**1.0%**	**6,608**	**0.7%**	**6,550**	**-0.9%**	**6,524**	**0.0%**
Medicaid Assistance Account	4,343	4,369	0.6%	4,225	-3.3%	4,242	0.4%	4,170	-1.7%	4,121	0.0%
Medicaid Costs	3,918	3,944	0.7%	3,800	-3.7%	3,817	0.4%	3,745	-1.9%	3,696	0.0%
Distressed Provider Assistance[1]	250	250	0.0%	250	0.0%	250	0.0%	250	0.0%	250	0.0%
Workforce Recruitment & Retention	175	175	0.0%	175	0.0%	175	0.0%	175	0.0%	175	0.0%
Hospital Indigent Care	719	717	-0.3%	717	0.0%	717	0.0%	717	0.0%	717	0.0%
HCRA Program Account	340	324	-4.7%	378	16.7%	379	0.3%	379	0.0%	379	0.0%
Child Health Plus[2]	722	806	11.6%	962	19.4%	989	2.8%	1,002	1.3%	1,024	0.0%
Elderly Pharmaceutical Insurance Coverage	115	115	0.0%	115	0.0%	115	0.0%	115	0.0%	115	0.0%
Qualified Health Plan Administration	35	44	25.7%	46	4.5%	47	2.2%	49	4.3%	50	0.0%
Roswell Park Cancer Institute	51	57	11.8%	51	-10.5%	51	0.0%	51	0.0%	51	0.0%
SHIN-NY/APCD	40	40	0.0%	40	0.0%	40	0.0%	40	0.0%	40	0.0%
All Other	42	30	-28.6%	30	0.0%	28	-6.7%	27	-3.6%	27	0.0%
ANNUAL OPERATING SURPLUS/(DEFICIT)	**(16)**	**0**		**0**		**0**		**0**		**0**	
CLOSING BALANCE	**0**	**0**		**0**		**0**		**0**		**0**	

[1] Pursuant to Chapter 820 of the laws of 2021, the Updated HCRA Financial Plan includes $40 million in additional Covered Lives Assessment for Early Intervention.

[2] The Updated HCRA Financial Plan includes $250 million in annual resources from local county contributions in support of State funded payments to distressed health care providers through the Medicaid program.

Total HCRA receipts are anticipated to increase in FY 2023, reflecting the assumption that health care surcharge and assessment collections will trend closer to pre-pandemic levels. The updated HCRA financial plan includes an additional $250 million annually to support distressed providers through Medicaid program payments. Additionally, the Governor signed legislation for the Covered Lives Assessment and Early Intervention program, which would provide funding to early intervention education for toddlers with disabilities. Projected declines in cigarette tax revenues reflect expected continued declines in the consumption of cigarettes.

HCRA spending in FY 2023 is anticipated to increase in line with projected growth in receipts collections. The Updated Executive Budget Financial Plan reflects over $4.5 billion in continued support for Medicaid spending, including $250 million annually to increase support for distressed providers and over $700 million annually for the CHP program. Estimated growth in CHP spending in FY 2022 through FY 2027 reflects 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 Updated Executive Budget 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 2022 Projected	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
TOTAL STATE OPERATING FUNDS	**4,727**	**7,084**	**49.9%**	**5,202**	**-26.6%**	**5,483**	**5.4%**	**5,688**	**3.7%**	**5,895**	**3.6%**
People with Developmental Disabilities	**2,525**	**2,960**	**17.2%**	**2,984**	**0.8%**	**3,152**	**5.6%**	**3,302**	**4.8%**	**3,440**	**4.2%**
Residential Services	1,392	1,644	18.1%	1,657	0.8%	1,748	5.5%	1,828	4.6%	1,903	4.1%
Day Programs	669	790	18.1%	796	0.8%	840	5.5%	879	4.6%	915	4.1%
Clinic	14	17	21.4%	17	0.0%	18	5.9%	19	5.6%	20	5.3%
All Other Services (Net of Offsets)	450	509	13.1%	514	1.0%	546	6.2%	576	5.5%	602	4.5%
Mental Health	**1,504**	**1,957**	**30.1%**	**2,035**	**4.0%**	**2,077**	**2.1%**	**2,127**	**2.4%**	**2,177**	**2.4%**
Adult Local Services	1,246	1,564	25.5%	1,673	7.0%	1,735	3.7%	1,777	2.4%	1,819	2.4%
Children Local Services	258	319	23.6%	331	3.8%	342	3.3%	350	2.3%	358	2.3%
MLR/BHET Reinvestment[1]	0	74	0.0%	31	-58.1%	0	-100.0%	0	0.0%	0	0.0%
Addiction Services and Supports	**390**	**722**	**85.1%**	**571**	**-20.9%**	**589**	**3.2%**	**594**	**0.8%**	**613**	**3.2%**
Residential	105	126	20.0%	121	-4.0%	125	3.3%	132	5.6%	141	6.8%
Other Treatment	192	232	20.8%	222	-4.3%	232	4.5%	246	6.0%	261	6.1%
Prevention	56	67	19.6%	64	-4.5%	67	4.7%	71	6.0%	75	5.6%
Recovery	37	45	21.6%	42	-6.7%	44	4.8%	47	6.8%	50	6.4%
Opioid Settlement Fund[2]	0	191	0.0%	69	-63.9%	76	10.1%	51	-32.9%	39	-23.5%
Opioid Stewardship Fund[3]	0	24	0.0%	37	54.2%	45	21.6%	47	4.4%	47	0.0%
MLR/BHET Reinvestment[1]	0	37	100.0%	16	-56.8%	0	-100.0%	0	0.0%	0	0.0%
Justice Center	**1**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**
Total DOH Medicaid Global Cap Adjustments[4]	**307**	**1,444**	**370.4%**	**(389)**	**-126.9%**	**(336)**	**13.6%**	**(336)**	**0.0%**	**(336)**	**0.0%**
OPWDD Local Share	307	1,457	374.6%	65	-95.5%	0	-100.0%	0	0.0%	0	0.0%
OPWDD Spending Funded by Global Cap	0	(13)	0.0%	(454)	-3392.3%	(336)	26.0%	(336)	0.0%	(336)	0.0%
OMH Spending Funded by Global Cap	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
TOTAL MENTAL HYGIENE SPENDING	**4,420**	**5,640**	**27.6%**	**5,591**	**-0.9%**	**5,819**	**4.1%**	**6,024**	**3.5%**	**6,231**	**3.4%**

[1] The Executive Budget invests Medical Loss Ratio (MLR) underspending by Health and Recovery Plans (HARPs) and Behavioral Health Expenditure Target (BHET) underspending by Mainstream MCOs, which have been successfully recovered from these insurers.

[2] Pursuant to Section 99-nn of the State Finance Law, 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 and will be used to supplement funding for substance use disorder prevention, treatment, recovery, and harm reduction services or programs consistent with statewide opioid settlement agreements. Also consistent with these settlement agreements, roughly $113M of the $191M expected to disburse from the Opioid Settlement Fund will pass through the State to local municipalities.

[3] The Opioid Stewardship Fund will consist of funds received by the State through collection of Opioid Stewardship taxes and will be used to supplement funding for substance use disorder prevention, treatment, recovery, and harm reduction services or programs.

[4] Reflects a portion of mental hygiene spending reported under the Medicaid Global Cap that has no impact on mental hygiene service delivery or operations. Adjustments in FYs 2022 and 2023 reflect OPWDD-related local share expenses that will be funded outside of the DOH Global Cap through use of additional Financial Plan resources.

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.

The FY 2023 Executive Budget includes continued support for individuals with developmental disabilities to ensure appropriate access to care, including additional funding to expand independent living opportunities, provide choice in service options, and support the return to pre-pandemic utilization levels. Funding is included to enhance OPWDD housing subsidies and expand crisis services.

Funding is included to support OMH community services and the continued transition of individuals to more cost-effective community settings. Service expansion includes increases for residential programs and supported housing units throughout the State, additional peer support services, and new targeted services, such as mobile crisis teams to directly assist homeless individuals. Additionally, investments are made to incentivize the provision of specialized treatments for children and families.

Increased funding for OASAS addiction service programs is expected to provide additional residential service opportunities and resources to not-for-profit providers for addiction prevention, treatment, and recovery programs. In FY 2023, over $100 million in additional resources from the Opioid Stewardship Tax and litigation settlements with pharmaceutical manufacturers and distributors will be targeted at the opioid epidemic through expanded addiction services programs. Of the $191 million in settlement funds expected to disburse in FY 2023, roughly $113 million will pass through the State to local municipalities consistent with the statewide opioid settlement agreements.

The FY 2023 Executive Budget also includes a 5.4 percent human services COLA and a targeted bonus payment for healthcare and direct care workers. Additionally, resources are included for the continued support of minimum wage increases.

The level of Mental Hygiene spending reported under the DOH Medicaid Global Cap and/or the OPWDD related local share expenses funded with additional Financial Plan resources have 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, the visually handicapped, and disabled persons.

TEMPORARY AND DISABILITY ASSISTANCE
(millions of dollars)

	FY 2022 Projected	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,512**	**1,608**	**6.3%**	**1,715**	**6.7%**	**1,790**	**4.4%**	**1,779**	**-0.6%**	**1,828**	**2.8%**
SSI	637	657	3.1%	657	0.0%	667	1.5%	667	0.0%	667	0.0%
Public Assistance Benefits	566	595	5.1%	600	0.8%	617	2.8%	562	-8.9%	564	0.4%
Public Assistance Initiatives	13	12	-7.7%	11	-8.3%	11	0.0%	11	0.0%	11	0.0%
Homeless Housing and Services	14	239	1607.1%	342	43.1%	390	14.0%	434	11.3%	481	10.8%
Rental Assistance	275	100	-63.6%	100	0.0%	100	0.0%	100	0.0%	100	0.0%
All Other	7	5	-28.6%	5	0.0%	5	0.0%	5	0.0%	5	0.0%

DOB's caseload models project a total of 472,440 public assistance recipients in FY 2023. Approximately 162,124 families are expected to receive benefits through the Family Assistance program and 107,777 families are expected to receive benefits through the Safety Net program in FY 2023, a modest decline in both programs from FY 2022. The caseload for single adults and childless couples supported through the Safety Net program is projected to be 202,539 in FY 2023, an increase of 1.9 percent from FY 2022.

The rise in unemployment and decrease in family income caused by the COVID-19 pandemic resulted in an increase to the public assistance caseload, particularly in New York City, which increases Safety Net assistance spending. In addition, the FY 2023 Executive Budget proposes changes to public assistance to help alleviate the "benefits cliff" by encouraging increased earnings and allowing more savings while remaining eligible for the program and eliminating the 45-day waiting period for prospective Safety Net Assistance recipients before they can receive program benefits. SSI spending is expected to initially increase before leveling out over the Updated Executive Budget Financial Plan period, reflecting updated caseload projections.

The decline in rental assistance in FY 2023 reflects the end of time-limited emergency rental assistance supported by Federal resources. The State continues to fund a rental assistance program to assist individuals and families.

Spending increases for homeless housing and services in the outyears reflect a transition from State settlement funds to the General Fund for the Empire State Supportive Housing Initiative (ESSHI), which funds supportive housing constructed for vulnerable homeless populations under the Governor's Affordable Housing and Homelessness Plan. This transition from settlement funds reflects all costs of the ESSHI program that are shared by multiple agencies and will be allocated to those agencies in a future update to the Financial Plan.

Office of Children and Family Services (OCFS)

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

CHILDREN AND FAMILY SERVICES
(millions of dollars)

	FY 2022 Projected	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,762**	**1,665**	**-5.5%**	**1,813**	**8.9%**	**2,206**	**21.7%**	**2,350**	**6.5%**	**2,350**	**0.0%**
Child Welfare Service	610	477	-21.8%	477	0.0%	477	0.0%	477	0.0%	477	0.0%
Foster Care Block Grant	409	396	-3.2%	396	0.0%	396	0.0%	396	0.0%	396	0.0%
Child Care	173	308	78.0%	445	44.5%	838	88.3%	982	17.2%	982	0.0%
Adoption	153	172	12.4%	183	6.4%	183	0.0%	183	0.0%	183	0.0%
Youth Programs	108	99	-8.3%	99	0.0%	99	0.0%	99	0.0%	99	0.0%
Medicaid	74	74	0.0%	74	0.0%	74	0.0%	74	0.0%	74	0.0%
Adult Protective/Domestic Violence	104	54	-48.1%	54	0.0%	54	0.0%	54	0.0%	54	0.0%
Committees on Special Education	6	0	-100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
All Other	125	85	-32.0%	85	0.0%	85	0.0%	85	0.0%	85	0.0%

The Executive Budget proposes making permanent the restructured financing approach for residential school placements of children with special needs outside New York City that was included in the FY 2022 Enacted Budget, thereby aligning the fiscal responsibility with the school district responsible for the placement. Additional Executive Budget actions include funding to ensure continuity in the level of child care subsidies when the three-year rates established by the Federal government are reset in October 2022, expanding eligibility for child care subsidies to more families, investing in adoption subsidies through the modernization of the rate setting methodology, increasing funding for Runaway Homeless Youth (RHY) program, expanding the HFNY Home Visiting program through Adoption Delinking funds and funding a 5.4 percent increase for human service workers.

Transportation

The Department of Transportation (DOT) directly maintains and improves approximately 43,700 State highway lane miles and 7,700 state highway bridges. DOT 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 2023, the State plans to provide $7.4 billion in operating aid to mass transit systems, including $2.8 billion from the direct remittance of various dedicated taxes and fees to the MTA that do not flow through the State's Financial Plan and are thus excluded from the table below, as well as $244 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 $6.6 billion (approximately 90 percent) of the State's mass transit aid.

TRANSPORTATION (millions of dollars)											
	FY 2022 Projected	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
STATE OPERATING FUNDS SUPPORT	**3,797**	**4,590**	**20.9%**	**4,788**	**4.3%**	**4,790**	**0.0%**	**4,791**	**0.0%**	**4,793**	**0.0%**
Mass Transit Operating Aid:	2,630	3,421	30.1%	3,614	5.6%	3,614	0.0%	3,614	0.0%	3,614	0.0%
Metro Mass Transit Aid	2,473	3,260	31.8%	3,450	5.8%	3,450	0.0%	3,450	0.0%	3,450	0.0%
Public Transit Aid	112	117	4.5%	120	2.6%	120	0.0%	120	0.0%	120	0.0%
18-b General Fund Aid	19	19	0.0%	19	0.0%	19	0.0%	19	0.0%	19	0.0%
School Fare	26	25	-3.8%	25	0.0%	25	0.0%	25	0.0%	25	0.0%
Mobility Tax	252	244	-3.2%	244	0.0%	244	0.0%	244	0.0%	244	0.0%
NY Central Business District Trust	156	153	-1.9%	155	1.3%	157	1.3%	158	0.6%	160	1.3%
Dedicated Mass Transit	681	674	-1.0%	677	0.4%	677	0.0%	677	0.0%	677	0.0%
AMTAP	78	98	25.6%	98	0.0%	98	0.0%	98	0.0%	98	0.0%
All Other	0	0	0.0%	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 a portion of sales tax receipts collected by online marketplace providers on all sales facilitated through their platforms, and implementation and enforcement of regulations associated with the *Wayfair*[10] decision, which is projected to provide the MTA with $153 million in dedicated revenues in FY 2022.

The Executive Budget proposes $482 million in operating aid to non-MTA downstate transit systems, and $261 million for upstate systems.

[10] 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 2022 Projected	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
TOTAL STATE OPERATING FUNDS	**706**	**740**	**4.8%**	**763**	**3.1%**	**763**	**0.0%**	**763**	**0.0%**	**763**	**0.0%**
Big Four Cities	451	429	-4.9%	429	0.0%	429	0.0%	429	0.0%	429	0.0%
Other Cities	228	218	-4.4%	218	0.0%	218	0.0%	218	0.0%	218	0.0%
Towns and Villages	9	68	655.6%	68	0.0%	68	0.0%	68	0.0%	68	0.0%
Restructuring/Efficiency	18	25	38.9%	48	92.0%	48	0.0%	48	0.0%	48	0.0%

Decreased projected spending to cities in FY 2023 reflects non-recurring payments made in 2022 including FY 2021 local aid payments that were withheld. State Operating Funds spending for the various efficiency and restructuring grants within the AIM program is projected to increase in FY 2024 due to potential awards from the Financial Restructuring Board for Local Governments.

Currently, 846 towns and 479 villages receive a total of $59.1 million in AIM-Related payments funded through local sales tax collections. The Budget ends this practice and resumes State General Fund support for these towns and villages through the traditional AIM program, allowing local governments to retain a greater amount of local sales tax revenue annually.

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, 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, 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 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Negotiated Base Salary Increases[1]						
NYSTPBA/NYSPIA/NYSCOPBA/GSEU/PEF/PBANYS/DC-37	2%	2%	TBD	TBD	TBD	TBD
UUP	2%	TBD	TBD	TBD	TBD	TBD
CSEA/MC	TBD	TBD	TBD	TBD	TBD	TBD
Council 82	TBD	TBD	TBD	TBD	TBD	TBD
State Workforce[2]	117,648	118,645	118,660	TBD	TBD	TBD
ERS Contribution Rate[3]	16.9%	14.5%	13.6%	14.5%	17.3%	21.2%
PFRS Contribution Rate[3]	28.7%	27.7%	28.2%	30.5%	32.8%	35.0%
Employee/Retiree Health Insurance Growth Rates	13.6%	9.1%	7.9%	6.9%	7.0%	7.1%
PS/Fringe as % of Receipts (All Funds Basis)	10.6%	12.2%	12.3%	12.8%	13.3%	13.7%

[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), Chapter 41 of 2016 veteran's pension credit legislation (if applicable) and any graded payments required under the Contribution Stabilization Program.

Agency Operations projections include increasing energy and commodity prices and planned general salary increases, a portion of which is offset using the Labor Settlements/Agency Operations reserve that was previously set aside for this purpose. In addition, the State charged roughly $1.1 billion in eligible costs to the Federal CRF in FY 2022 primarily for payroll costs of public health and safety employees. 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 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
SUBJECT TO DIRECT EXECUTIVE CONTROL[1]	**11,657**	**11,683**	**11,649**	**11,724**	**11,869**	**11,981**
Mental Hygiene	2,995	3,099	3,117	3,162	3,207	3,256
Corrections and Community Supervision	2,736	2,638	2,639	2,627	2,628	2,628
State Police	804	833	842	859	875	892
Department of Health	677	836	849	852	866	870
Information Technology Services	562	608	641	642	656	671
Children and Family Services	335	323	327	332	338	340
Tax and Finance	333	333	332	332	333	333
Transportation	343	341	341	341	351	361
Environmental Conservation	254	237	245	234	235	234
All Other	2,618	2,435	2,316	2,343	2,380	2,396
FUND ELIGIBLE PS EXPENSES FROM CRF	**(1,065)**	**0**	**0**	**0**	**0**	**0**
Corrections and Community Supervision	(645)	0	0	0	0	0
Department of Health	(206)	0	0	0	0	0
Information Technology Services	(25)	0	0	0	0	0
State Police	(140)	0	0	0	0	0
All Other	(49)	0	0	0	0	0
FEMA PANDEMIC COST/ (REIMBURSEMENT)	**1,000**	**(800)**	**(650)**	**(450)**	**0**	**0**
COVID Test Kits	1,000	0	(450)	(450)	0	0
All Other	0	(800)	(200)	0	0	0
UNIVERSITY SYSTEMS	**6,463**	**6,579**	**6,669**	**6,729**	**6,808**	**6,887**
State University	6,463	6,579	6,669	6,729	6,808	6,887
City University	0	0	0	0	0	0
INDEPENDENT AGENCIES	**339**	**367**	**374**	**379**	**387**	**391**
Law	183	200	203	205	209	211
Audit & Control (OSC)	156	167	171	174	178	180
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	**18,394**	**17,829**	**18,042**	**18,382**	**19,064**	**19,259**
Judiciary	**2,092**	**2,109**	**2,109**	**2,109**	**2,109**	**2,109**
Legislature	**255**	**260**	**260**	**260**	**260**	**260**
Statewide Total	**20,741**	**20,198**	**20,411**	**20,751**	**21,433**	**21,628**
Personal Service	14,301	15,063	15,103	15,221	15,359	15,470
Non-Personal Service	6,440	5,135	5,308	5,530	6,074	6,158

[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 pursuant to existing contracts.

Pursuant to guidelines established by the U.S. Treasury, the State charged roughly $1.1 billion in eligible costs to the Federal CRF in FY 2022. This includes payroll costs (excluding fringe benefits) for public health and safety employees and other eligible pandemic response costs. Certain pandemic response expenses incurred in FY 2021 and 2022, including COVID test kits, 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 FEMA resources.

Other notable spending changes include:

- **Mental Hygiene.** The Executive Budget includes an investment to enable OPWDD to expand CANS assessments to a larger proportion of the eligible population to meet its statutory and waiver requirements and improve service delivery, as well as an increase to adequately address OPWDD's need to replace outdated, soon-to-fail systems and other critical HCBS IT needs. Additional funding is included in the Executive Budget to invest in mental health residential programs and establish new teams of mental health professionals performing Critical Time Intervention services to direct homeless individuals to services and housing, as well as prevention, treatment, and recovery efforts to reduce the opioid epidemic's toll.

- **Corrections and Community Supervision.** On November 8, 2021, DOCCS announced that six facilities will close on March 10, 2022. This is expected to produce savings of $142 million annually.

- **Department of Health.** The updated Medicaid forecast projects growth largely attributable to increased managed care and managed long-term care price growth, utilization of long-term care services, minimum wage growth, and additional spending to support rising costs among distressed providers and safety net facilities attributable to collective bargaining agreements and workforce retention efforts.

- **Information Technology Services.** Spending growth reflects investments in additional staff and security tools to continue to protect the State's technology infrastructure, online services to meet higher demand resulting from the pandemic, and restoring staffing to pre-pandemic levels.

- **State University.** Spending for SUNY has been revised upward to reflect the acceleration of the FY 2022 Enacted Budget TAP Gap elimination proposal at SUNY State Operated campuses, new funding to hire full-time faculty, an increase for higher education opportunity programs, and establishing child care centers on SUNY campuses.

All Other Agencies. The Executive Budget includes General Fund support for security at NYC's bridges, tunnels and transportation hubs, which was previously funded with capital funds. In addition, the State will contribute $50 million in FY 2023 to a public-private Equity Fund to support social equity applicants as they plan for and build out their businesses.

Workforce

In FY 2023, $15.1 billion, or 12.7 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 2023 FTEs[1] AND PERSONAL SERVICE SPENDING BY AGENCY
(millions of dollars)

	Dollars	FTEs
SUBJECT TO DIRECT EXECUTIVE CONTROL	**8,451**	**96,242**
Mental Hygiene	2,496	32,938
Corrections and Community Supervision	2,165	24,478
State Police	755	5,794
Department of Health	321	4,304
Information Technology Services	326	3,519
Tax and Finance	263	3,785
Children and Family Services	232	2,327
Environmental Conservation	193	2,244
Transportation	162	2,580
Financial Services	161	1,391
All Other	1,377	12,882
UNIVERSITY SYSTEMS	**4,363**	**46,771**
State University	4,363	46,771
INDEPENDENT AGENCIES	**2,249**	**18,376**
Law	141	1,528
Audit & Control (OSC)	132	1,572
Judiciary	1,773	15,273
Legislature[2]	203	3
Statewide Total	**15,063**	**161,389**

[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 and are partially reimbursed by revenue collected from agency fringe benefit assessments. In FY 2022, fringe benefit costs reflect the reclassification of payroll expenses for State Police, first responders, and public safety officers to the Federal CRF pursuant to Treasury eligibility guidelines. This resulted in an increase in the Federal fringe benefits spending of $618 million and a commensurate reduction in General Fund spending.

GSC spending is projected to increase over the Updated Financial Plan period mostly due to increases in the health insurance program which reflects medical inflation and the potential for increased utilization in non-essential procedures that were postponed during the pandemic. The estimate for workers' compensation is reflective of current utilization and an increase in the average weekly wage.

The pension estimates for the New York State and Local Retirement System are reflective of a reduction in the employer contribution rates primarily due to FY 2021 record-setting investment returns of 33.55 percent in the valuation of assets available to pay retirement benefits (see "Other Matters Affecting the Financial Plan"). In addition, the State expects to save $67 million in pension interest savings by paying the entirety of the State's FY 2023 ERS/PFRS bill in May 2022.

The Updated Financial Plan also reflects the repayment of the State and Judiciary non-Medicare payroll taxes deferred from April-December 2020 as authorized in the Federal CARES Act. The first interest free repayment was made on November 21, 2021 for the Executive ($278 million) and SUNY Hospitals ($24 million). The second and last payments are scheduled for December 2022. The Judiciary paid its deferment in its entirety in June 2021.

GENERAL STATE CHARGES (millions of dollars)											
	FY 2022 Projected	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
TOTAL STATE OPERATING FUNDS	**9,261**	**10,189**	**10.0%**	**10,726**	**5.3%**	**11,937**	**11.3%**	**13,263**	**11.1%**	**14,679**	**10.7%**
Fringe Benefits	**8,805**	**9,717**	**10.4%**	**10,251**	**5.5%**	**11,453**	**11.7%**	**12,771**	**11.5%**	**14,178**	**11.0%**
Health Insurance (Gross)	4,696	5,155	9.8%	5,535	7.4%	5,945	7.4%	6,388	7.5%	6,865	7.5%
Retiree Health Benefit Trust Fund	320	320	0.0%	375	17.2%	375	0.0%	375	0.0%	375	0.0%
Pensions	2,525	2,369	-6.2%	2,667	12.6%	3,394	27.3%	4,210	24.0%	5,074	20.5%
Social Security (Gross)	1,110	1,127	1.5%	1,175	4.3%	1,178	0.3%	1,201	2.0%	1,224	1.9%
Social Security (CRF)	372	302	-18.8%	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
Workers' Compensation	569	600	5.4%	638	6.3%	683	7.1%	702	2.8%	723	3.0%
Employee Benefits	106	116	9.4%	121	4.3%	122	0.8%	123	0.8%	123	0.0%
Dental Insurance	65	66	1.5%	66	0.0%	66	0.0%	66	0.0%	66	0.0%
Unemployment Insurance	12	13	8.3%	13	0.0%	13	0.0%	13	0.0%	13	0.0%
All Other/Non-State Escrow	(352)	(351)	0.3%	(339)	3.4%	(323)	4.7%	(307)	5.0%	(285)	7.2%
Non-State Escrow (CRF)	(618)	0	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Fixed Costs	**456**	**472**	**3.5%**	**475**	**0.6%**	**484**	**1.9%**	**492**	**1.7%**	**501**	**1.8%**
Public Land Taxes/PILOTS	289	302	4.5%	302	0.0%	314	4.0%	322	2.5%	331	2.8%
Litigation	167	170	1.8%	173	1.8%	170	-1.7%	170	0.0%	170	0.0%

The State historically funds employee and retiree health care expenses as they become due, on a PAYGO basis. The Retiree Health Benefit Trust Fund was created in FY 2018 to reserve money for the payment of health benefits of retired employees and their dependents. The Updated Financial Plan includes planned deposits to the Retiree Health Benefit Trust Fund of $320 million in FY 2022 and FY 2023, and $375 million in FY 2024 and FY 2025, fiscal conditions permitting. These would be the first deposits to the Trust Fund and will establish an asset against the State's Other Post-Employment Benefits (OPEB) liability.

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

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 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
TOTAL TRANSFERS TO OTHER FUNDS	**7,706**	**8,971**	**9,800**	**9,503**	**6,934**	**6,511**
Debt Service	339	329	356	416	447	484
SUNY University Operations	1,336	1,460	1,480	1,479	1,479	1,479
Capital Projects	4,618	5,271	6,092	6,226	3,642	3,168
Extraordinary Monetary Settlements:	**48**	**194**	**827**	**558**	**357**	**0**
Dedicated Infrastructure Investment Fund	526	676	584	524	357	0
Bond Proceeds Receipts for Javits Center Expansion	(500)	(500)	0	0	0	0
Clean Water Grants	0	0	225	25	0	0
Mass Transit Capital	3	3	3	0	0	0
Health Care	19	15	15	9	0	0
Dedicated Highway and Bridge Trust Fund	315	525	549	717	641	709
Environmental Protection Fund	28	100	100	100	100	100
All Other Capital	4,227	4,452	4,616	4,851	2,544	2,359
ALL OTHER TRANSFERS	**1,413**	**1,911**	**1,872**	**1,382**	**1,366**	**1,380**
Department of Transportation (MTA Payroll Tax)	244	244	244	244	244	244
SUNY - Medicaid Reimbursement	243	243	243	243	243	243
NY Central Business District Trust	152	153	155	156	158	159
Judiciary Funds	103	109	109	109	109	109
Dedicated Mass Transportation Trust Fund	65	65	65	65	65	65
All Other	606	1,097	1,056	565	547	560

General Fund transfers to Other Funds are projected to total $9 billion annually and are expected to increase in FY 2023 mainly due to capital projects funding.

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; a larger transfer to support the DHBTF in FY 2023 due to a decline in tax receipts; and increased PAYGO capital spending, including $6 billion across the Financial Plan period to avoid higher cost taxable debt issuances, remain within the statutory debt cap, and allow for a larger DOT plan.

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 the Department of Motor Vehicles (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 the Empire State Development (ESD), Dormitory Authority of the State of New York (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 2022 Projected	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
General Fund	339	329	-2.9%	356	8.2%	416	16.9%	447	7.5%	484	8.3%
Other State Support	7,990	5,283	-33.9%	5,678	7.5%	5,934	4.5%	7,071	19.2%	7,043	-0.4%
Total State Operating Funds	**8,329**	**5,612**	**-32.6%**	**6,034**	**7.5%**	**6,350**	**5.2%**	**7,518**	**18.4%**	**7,527**	**0.1%**

State Operating Funds debt service is projected to be $5.6 billion in FY 2023, of which $329 million is paid from the General Fund and $5.3 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, and DHBTF bonds.

Debt service spending levels are impacted by prepayments. The FY 2023 Budget includes prepayments totaling $2.9 billion in FY 2022. Total prepayments across FYs 2021 and 2022 are $6.0 billion. As shown in the table below, these transactions will increase debt service in FY 2022 and decrease debt service costs in FYs 2023 through FY 2027.

STATE-SUPPORTED DEBT SERVICE
(millions of dollars)

	FY 2021 [1]	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Base Debt Service	**10,514**	**6,528**	**6,687**	**7,159**	**7,615**	**8,018**	**8,527**
Total Prepayment Adjustment	**3,147**	**1,801**	**(1,075)**	**(1,125)**	**(1,265)**	**(500)**	**(1,000)**
FY 2021 Prepayment [2]	3,147	(1,065)	(700)	(700)	(700)	0	0
FY 2022 Prepayment (FY22 Enacted Add)		1,366	(375)	(425)	(565)	0	0
FY 2022 Prepayment (FY23 Executive Add)		1,500	0	0	0	(500)	(1,000)
Executive Budget State Debt Service	**13,661**	**8,329**	**5,612**	**6,034**	**6,350**	**7,518**	**7,527**

[1] FY 2021 includes debt service on PIT Notes and is adjusted for FY 2020 prepayments.

[2] Multi-year impact of prepayments do not offset due to savings the State received from defeasing bonds.

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 as a tool to manage unanticipated financial disruptions. The Updated Executive Budget 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 Executive Budget Financial Plan estimates for debt service spending reflect bond sale results, including refundings, projections of future refunding savings, and the adjustment of debt issuances to align with projected bond-financed capital spending. Debt service projections were reduced to reflect the contribution of $6 billion of cash resources to offset planned issuances of higher cost taxable debt and allow for a larger DOT plan. 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 the 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 $4.3 billion of the State's portion of the MTA's 2015-19 Capital Plan.

APRIL – DECEMBER 2021 OPERATING RESULTS

This section provides a summary of preliminary operating results for FY 2022 compared to: (1) the projections set forth in the FY 2022 Enacted Budget Financial Plan ("initial estimates"), (2) the projections set forth in the FY 2022 Mid-Year Update ("revised estimates") and (3) prior year FY 2021 results for the same period (April 2020 through December 2020). The following discussions of the variances are focused on the comparison to the initial plan.

In December 2021, partnerships and S corporations entities began making PTET payments that were recorded in business taxes at $10.2 billion. DOB expects the accompanying tax credits will reduce PIT receipts beginning in April 2022. The PTET program is described in the "Financial Plan Overview" and "Other Matters Affecting the Financial Plan". No estimates for PTET were contained in prior Financial Plans.

Summary of General Fund Operating Results

The General Fund ended December 2021 with a balance of $30.7 billion, $23.5 billion above the initial estimate. Roughly half of the higher balance reflects the increase in business tax receipts resulting from PTET collections and the funding of $1.1 billion in eligible public safety payroll expenses from the CRF. The table below adjusts for these distortions. Excluding these transactions, the General Fund ended December 2021 with a balance of $19.4 billion, $12.3 billion above the initial estimate and $4 billion above the revised estimate. The variance from the revised plan is mainly attributable to continued strength in tax receipts.

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

	Initial Estimate	Revised Estimate	Actuals	Variance Above/ (Below) Initial Estimate $	Initial Estimate %	Revised Estimate $	Revised Estimate %
OPENING BALANCE	**9,161**	**9,161**	**9,161**	**0**	**0.0%**	**0**	**0.0%**
Total Receipts	**61,752**	**69,002**	**82,008**	**20,256**	**32.8%**	**13,006**	**18.8%**
Taxes:	58,656	65,952	78,818	20,162	34.4%	12,866	19.5%
Personal Income Tax[1]	40,726	46,018	47,958	7,232	17.8%	1,940	4.2%
Consumption / Use Taxes[1]	11,599	12,206	12,566	967	8.3%	360	2.9%
Business Taxes	4,701	5,803	5,987	1,286	27.4%	184	3.2%
Pass Through Entity Tax	0	0	10,163	10,163	100.0%	10,163	100.0%
Other Taxes[1]	1,630	1,925	2,144	514	31.5%	219	11.4%
Receipts and Grants	1,315	1,380	1,634	319	24.3%	254	18.4%
Transfers From Other Funds	1,781	1,670	1,556	(225)	-12.6%	(114)	-6.8%
Total Spending	**63,750**	**62,742**	**60,509**	**(3,241)**	**-5.1%**	**(2,233)**	**-3.6%**
Local Assistance	41,365	40,109	39,846	(1,519)	-3.7%	(263)	-0.7%
Agency Operations (including GSCs)	15,570	14,948	13,937	(1,633)	-10.5%	(1,011)	-6.8%
Transfers to Other Funds	6,815	7,685	6,726	(89)	-1.3%	(959)	-12.5%
Debt Service Transfer	264	241	203	(61)	-23.1%	(38)	-15.8%
Capital Projects Transfer	4,664	5,262	4,326	(338)	-7.2%	(936)	-17.8%
SUNY Operations Transfer	1,078	1,296	1,307	229	21.2%	11	0.8%
All Other Transfers	809	886	890	81	10.0%	4	0.5%
Change in Operations	**(1,998)**	**6,260**	**21,499**	**23,497**	**1176.0%**	**15,239**	**243.4%**
CLOSING BALANCE	**7,163**	**15,421**	**30,660**	**23,497**	**328.0%**	**15,239**	**98.8%**

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

Since the initial estimate, DOB has increased the General Fund tax receipts estimate for FY 2022 by roughly $10.5 billion, exclusive of the PTET program. Collections through December 2021, exclusive of PTET, were $10.1 billion over the initial estimate.

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

	Initial Estimate	Revised Estimate	Actuals	PTET/CRF	Adjusted Actuals	Variance Above/ (Below) Initial Estimate $	Variance Above/ (Below) Revised Estimate $
OPENING BALANCE	**9,161**	**9,161**	**9,161**	**0**	**9,161**	**0**	**0**
Total Receipts	**61,752**	**69,002**	**82,008**	**(10,163)**	**71,845**	**10,093**	**2,843**
Taxes	58,656	65,952	78,818	(10,163)	68,655	9,999	2,703
Receipts/Transfers From	3,096	3,050	3,190	0	3,190	94	140
Total Spending	**63,750**	**62,742**	**60,509**	**1,060**	**61,569**	**(2,181)**	**(1,173)**
Local Assistance	41,365	40,109	39,846	0	39,846	(1,519)	(263)
Agency Operations (including GSCs)	15,570	14,948	13,937	1,060	14,997	(573)	49
Transfers to Other Funds	6,815	7,685	6,726	0	6,726	(89)	(959)
CLOSING BALANCE	**7,163**	**15,421**	**30,660**	**(11,223)**	**19,437**	**12,274**	**4,016**

Through December 2021, General Fund receipts, including transfers from other funds, totaled $82 billion, $20.3 billion (32.8 percent) above the initial estimate. PIT receipts were $7.2 billion higher than projected reflecting a combination of stronger than expected collections in withholdings and extensions, particularly from high income payers, final returns, and current estimated payments. Refunds due and paid were lower than anticipated due to the weaker than expected current year refunds, state/city offset, and advanced credit payments.

Consumption and use taxes were higher than projected due to a stronger-than-expected recovery in taxable consumption from the COVID-19 economic downturn. Higher business taxes receipts were driven by PTET receipts and stronger than anticipated CFT collections. A stronger than expected recovery in the real estate market, particularly in NYC, contributed to higher receipts from other taxes.

Miscellaneous receipts through December were higher than anticipated due to higher revenues from reimbursements ($140 million), licenses/fees ($105 million) and abandoned property ($65 million).

General Fund disbursements, including transfers to other funds, totaled $60.5 billion, $3.2 billion (5.1 percent) below the initial estimate. The main local assistance spending variances include the following:

- School Aid ($557 million) was below initial projections primarily due to the timing of payments for General Aid ($134 million), categorical programs ($100 million), and Employment Preparation Education ($62 million), as well as lower than anticipated payments for Excess Cost Aid ($152 million) and TRS ($54 million).

- Medicaid, including administration spending, was $481 million below initial projections. This reflects lower than anticipated claims processing in managed care and fee-for-service categories ($1.3 billion), partially offset by the earlier than projected release of managed care and managed long-term care encounter payment withholds ($518 million), and the timing of other credits which are projected to occur later in the year.

- Social Services spending was lower than planned for Supplemental Security Income ($70 million), the Rent Supplement program ($57 million) and public assistance benefit payments ($36 million).

- All Other Education was $160 million below planned levels due to lower than anticipated reimbursement claims for Summer Special Education programs ($92 million) and the timing of payments related to NYC Charter Schools Facilities Aid ($52 million) and Nonpublic School Aid ($39 million), partially offset by higher than projected Preschool Special Education payments ($17 million).

- Higher Education spending was $134 million below projections due primarily to the timing of SUNY Community College Operating Aid ($53 million) and lower Tuition Assistance Program and Scholarship payments administered through the Higher Education Services Corporation attributable to larger than expected enrollment declines and timing of payments.

Agency operations, including fringe benefits, were $1.6 billion below the initial estimate primarily due to funding of eligible costs from the CRF. In addition, the estimated cost of deferred FY 2021 general salary increases was lower than expected and was augmented by a conservative estimation of spending through December.

Summary of All Governmental Funds Operating Results

All Governmental Funds ended December 2021 with a balance of $56.5 billion, $26.7 billion above the initial estimate including the $10.2 billion increase in tax receipts resulting from PTET collections.

ALL GOVERNMENTAL FUNDS OPERATING RESULTS FY 2022 April to December (millions of dollars)						Variance Above/ (Below)	
	Initial Estimate	Revised Estimate	Actuals	PTET/CRF	Adjusted Actuals	Initial Estimate $	Revised Estimate $
All Funds Receipts	**158,658**	**165,414**	**179,363**	**(10,163)**	**169,200**	**10,542**	**3,786**
Taxes	64,038	71,534	84,403	(10,163)	74,240	10,202	2,706
Receipts/Federal Grants	94,620	93,880	94,960	0	94,960	340	1,080
State Operating Funds Spending	**76,368**	**75,557**	**73,906**	**1,060**	**74,966**	**(1,402)**	**(591)**
Local Assistance	53,107	52,343	51,786	0	51,786	(1,321)	(557)
Agency Operations (including GSCs)	21,720	21,745	20,677	1,060	21,737	17	(8)
Debt Service	1,541	1,469	1,443	0	1,443	(98)	(26)

Excluding PTET, All Funds receipts totaled $169.2 billion, exceeding initial estimates by $10.5 billion. Tax collections were $10.2 billion higher than initial projections, consistent with the General Fund operating results described earlier.

State Operating Funds spending, excluding the funding of eligible costs from the CRF, was $1.4 billion below initial estimates driven by the lower local assistance disbursements described above.

ALL GOVERNMENTAL FUNDS OPERATING RESULTS FY 2022 April to December (millions of dollars)							
				Variance Above/ (Below)			
				Initial Estimate		Revised Estimate	
	Initial Estimate	Revised Estimate	Actuals	$	%	$	%
OPENING BALANCE	**18,751**	**18,751**	**18,751**	**0**	**0.0%**	**0**	**0.0%**
ALL FUNDS RECEIPTS:	**158,658**	**165,414**	**179,363**	**20,705**	**13.1%**	**13,949**	**8.4%**
Total Taxes	**64,038**	**71,534**	**84,403**	**20,365**	**31.8%**	**12,869**	**18.0%**
Personal Income Tax	41,945	47,159	49,039	7,094	16.9%	1,880	4.0%
Consumption / Use Tax	13,742	14,441	14,827	1,085	7.9%	386	2.7%
Business Taxes	6,595	7,894	8,112	1,517	23.0%	218	2.8%
Pass Through Entity Tax	0	0	10,163	10,163	100.0%	10,163	100.0%
Other Taxes	1,756	2,040	2,262	506	28.8%	222	10.9%
Miscellaneous Receipts	**17,748**	**18,669**	**19,041**	**1,293**	**7.3%**	**372**	**2.0%**
Federal Grants	**76,872**	**75,211**	**75,919**	**(953)**	**-1.2%**	**708**	**0.9%**
ALL FUNDS DISBURSEMENTS:	**147,432**	**145,971**	**141,487**	**(5,945)**	**-4.0%**	**(4,484)**	**-3.1%**
STATE OPERATING FUNDS	**76,368**	**75,557**	**73,906**	**(2,462)**	**-3.2%**	**(1,651)**	**-2.2%**
Local Assistance	**53,107**	**52,343**	**51,786**	**(1,321)**	**-2.5%**	**(557)**	**-1.1%**
School Aid	17,291	16,813	16,735	(556)	-3.2%	(78)	-0.5%
DOH Medicaid	17,517	17,543	17,319	(198)	-1.1%	(224)	-1.3%
Higher Education	1,956	1,885	1,822	(134)	-6.9%	(63)	-3.3%
Transportation	3,579	3,555	3,540	(39)	-1.1%	(15)	-0.4%
Social Services	2,342	2,302	2,176	(166)	-7.1%	(126)	-5.5%
Mental Hygiene	3,226	3,224	3,263	37	1.1%	39	1.2%
All Other	7,196	7,021	6,931	(265)	-3.7%	(90)	-1.3%
State Operations	**21,720**	**21,745**	**20,677**	**(1,043)**	**-4.8%**	**(1,068)**	**-4.9%**
Agency Operations	**14,199**	**14,297**	**13,682**	**(517)**	**-3.6%**	**(615)**	**-4.3%**
Executive Agencies	7,542	7,626	7,032	(510)	-6.8%	(594)	-7.8%
University Systems	4,680	4,756	4,795	115	2.5%	39	0.8%
Elected Officials	1,977	1,915	1,855	(122)	-6.2%	(60)	-3.1%
Fringe Benefits/Fixed Costs	**7,521**	**7,448**	**6,995**	**(526)**	**-7.0%**	**(453)**	**-6.1%**
Pension Contribution	2,328	2,432	2,435	107	4.6%	3	0.1%
Health Insurance	3,437	3,441	3,416	(21)	-0.6%	(25)	-0.7%
Other Fringe Benefits/Fixed Costs	1,756	1,575	1,144	(612)	-34.9%	(431)	-27.4%
Debt Service	**1,541**	**1,469**	**1,443**	**(98)**	**-6.4%**	**(26)**	**-1.8%**
CAPITAL PROJECTS (State and Federal Funds)	**11,719**	**11,503**	**10,111**	**(1,608)**	**-13.7%**	**(1,392)**	**-12.1%**
FEDERAL OPERATING AID	**59,345**	**58,911**	**57,470**	**(1,875)**	**-3.2%**	**(1,441)**	**-2.4%**
NET OTHER FINANCING SOURCES	**(94)**	**(92)**	**(84)**	**10**	**10.6%**	**8**	**8.7%**
CHANGE IN OPERATIONS	**11,132**	**19,351**	**37,792**	**26,660**	**239.5%**	**18,441**	**95.3%**
CLOSING BALANCE	**29,883**	**38,102**	**56,543**	**26,660**	**89.2%**	**18,441**	**48.4%**

Receipts

All Funds receipts totaled $179.4 billion, exceeding initial estimates by $20.7 billion. Tax collections were $20.4 billion higher than initial projections, consistent with the General Fund operating results described earlier. Miscellaneous receipts were $1.3 billion higher than initially estimated primarily reflecting a central aggregate receipts adjustment which lowers projections to offset downward adjustments to spending based upon trends and patterns. Federal grants typically align with Federal operating aid spending, which was lower than planned through December.

Spending

State Operating Funds spending was $2.5 billion below initial estimates. Variances in local assistance and agency operations spending, including GSCs, are consistent with the General Fund operating results described earlier. In addition, spending was also below initial estimates for debt service and capital projects due to routine timing delays of various construction projects.

Federal operating aid spending was $1.9 billion (3.2 percent) lower than initial projections. The largest variance occurred in the following areas:

- DHSES ($1.6 billion lower) driven by slower than projected reimbursement of local COVID-19 claims and Disaster Assistance grants from FEMA.

- Social Services ($351 million lower) due to lower than projected spending on the Flexible Fund for Family Services program ($195 million), Pandemic Emergency Assistance ($146 million), the Water Assistance Program ($84 million), PA Benefits ($42 million), and HEAP ($32 million), partially offset by higher than projected spending on Emergency Rental Assistance ($33 million) and SNAP benefits ($28 million).

- School Aid ($337 million lower) due primarily to the timing of COVID-19-related grants ($1 billion), partially offset by higher grant spending for U.S. Department of Agriculture School Lunch Act grants ($453 million) and Elementary and Secondary Education Act Title grants ($212 million).

- Medicaid ($450 million higher) attributable to an earlier than anticipated release of Managed Care/Managed Long Term Care (MLTC) Encounter Withhold Payments ($663 million), partially offset by payment offsets ($124 million), lower than anticipated claims spending ($73 million) and the timing of offline payments ($36 million).

All Governmental Funds Results Compared to Prior Year

The December All Funds balance, totaling $56.5 billion, was significantly higher than the prior year and was comprised of a larger opening balance ($4.5 billion) and higher receipts ($36.6 billion), including $10.2 billion of PTET collection, partly offset by higher spending ($14.3 billion).

Higher receipts through December 2021, excluding PTET, includes growth in tax receipts ($17.7 billion) and Federal aid ($13.8 billion) inclusive of $7.6 billion in pandemic-related aid ($12.75 billion in ARP recovery aid received in May 2021 compared to $5.1 billion of CRF aid received in April 2020), partly offset by a decline in miscellaneous receipts ($4.9 billion) that primarily reflect $4.5 billion in one-time PIT note sale proceeds executed in FY 2021.

The annual spending increase from FY 2021 to FY 2022 is distorted by the extensive cash management actions taken by DOB in response to the public health emergency. These actions included the withholding of local aid payments, a comprehensive hiring freeze, and limitations placed on capital projects activity.

ALL GOVERNMENTAL FUNDS - RESULTS COMPARED TO PRIOR YEAR FY 2022 April to December (millions of dollars)	Actuals		Increase/(Decrease)	
	FY 2021	FY 2022	$	%
OPENING BALANCE	**14,285**	**18,751**	**4,466**	**31.3%**
ALL FUNDS RECEIPTS:	**142,732**	**179,363**	**36,631**	**25.7%**
Total Taxes	**56,586**	**84,403**	**27,817**	**49.2%**
Personal Income Tax	36,798	49,039	12,241	33.3%
Pass Through Entity Tax	0	10,163	10,163	100.0%
All Other Taxes	19,788	25,201	5,413	27.4%
Miscellaneous Receipts	**23,980**	**19,041**	**(4,939)**	**-20.6%**
Federal Grants	**62,166**	**75,919**	**13,753**	**22.1%**
Bond & Note Proceeds	**0**	**0**	**0**	**0.0%**
ALL FUNDS DISBURSEMENTS:	**127,196**	**141,487**	**14,291**	**11.2%**
STATE OPERATING FUNDS	**63,893**	**73,906**	**10,013**	**15.7%**
Local Assistance	**43,168**	**51,786**	**8,618**	**20.0%**
School Aid	16,052	16,735	683	4.3%
DOH Medicaid (incl. admin and EP)	15,577	17,319	1,742	11.2%
All Other	11,539	17,732	6,193	53.7%
State Operations	**18,146**	**20,677**	**2,531**	**13.9%**
Agency Operations	**12,090**	**13,682**	**1,592**	**13.2%**
Executive Agencies	5,531	7,032	1,501	27.1%
University Systems	4,610	4,795	185	4.0%
Elected Officials	1,949	1,855	(94)	-4.8%
Fringe Benefits/Fixed Costs	**6,056**	**6,995**	**939**	**15.5%**
Pension Contribution	2,355	2,435	80	3.4%
Health Insurance	3,292	3,416	124	3.8%
Other Fringe Benefits/Fixed Costs	408	1,144	736	180.4%
Debt Service	**2,579**	**1,443**	**(1,136)**	**-44.0%**
CAPITAL PROJECTS (State and Federal Funds)	**9,228**	**10,111**	**883**	**9.6%**
FEDERAL OPERATING AID	**54,075**	**57,470**	**3,395**	**6.3%**
NET OTHER FINANCING SOURCES	**(211)**	**(84)**	**127**	**60.2%**
CHANGE IN OPERATIONS	**15,325**	**37,792**	**22,467**	**146.6%**
CLOSING BALANCE	**29,610**	**56,543**	**26,933**	**91.0%**

Receipts

Tax collections have increased in every category compared to FY 2021. PIT collections were $12.2 billion (33.3 percent) higher than last year driven by substantial growth in total estimated payments, withholding, and final returns coupled with a decrease in current year refunds and the state/city offset. Growth in consumption/use tax collections was $2.8 billion and was primarily due to a recovery in sales tax collections which were depressed in 2020 by taxpayers' behavioral responses to COVID-19 closures and stay-at-home orders. Higher business taxes collections ($12.1 billion) were driven mainly by PTET collections ($10.2 billion) and strong CFT gross receipts. The increase in other taxes ($649 million) was driven by a stronger than expected recovery in the real estate market, particularly in New York City, and an increase in large and super-large estate tax payments.

The year-to-year decline in miscellaneous receipts ($4.9 billion) is due to a one-time PIT note sale in FY 2021 to address cash-flow needs resulting from the Federal government's extension of the PIT income tax filing deadline; the timing of reimbursement for various capital programs, including SUNY ($595 million), ESD ($452 million) and the MTA ($362 million); and a decrease in the level of extraordinary monetary settlements ($600 million) and SUNY Hospital Operations receipts ($465 million). These declines were partly offset by growth in receipts for the Video Lottery Terminal (VLT)/Lottery ($940 million), HCRA ($268 million), SUNY General Revenue ($153 million), Licenses/Fees ($167 million), and Commercial Gaming ($118 million).

Federal grants through December 2021 were nearly $14 billion higher than through the same period in the prior year. The increase mainly reflects the net increase in extraordinary Federal aid ($12.75 billion in ARP aid received in May 2021 less $5.1 billion in CRF aid received in April 2020), and other pandemic related aid, including education aid and emergency rental assistance, as well as growth in ordinary Federal operating aid.

Spending

Through December 2021, State Operating Funds spending totaled $73.9 billion in FY 2022, an increase of $10 billion (15.7 percent) from FY 2021. The annual year-over-year increase is affected by the strict spending controls that were in force through nearly all of FY 2021.

Local assistance spending through December 2021 was $8.6 billion higher than in the prior year. The largest areas of change include the following:

- Department of Labor ($2.1 billion) spending increased for the new Excluded Workers Program.

- Medicaid ($1.7 billion) spending growth is due to a lower State share of the eFMAP credit ($527 million) in FY 2022, as the prior year credit through December 2021 included amounts retroactive to January 2020, and higher claims spending ($842 million) and Managed Care and Managed Long Term Care Encounter withholds ($518 million).

- Mental Hygiene ($1.5 billion) spending reflects the change in funding financed by the Mental Hygiene Stabilization Fund and a delay of non-Medicaid payments in FY 2021.
- All Other Education ($685 million) spending growth was attributable primarily to the timing of payments for Summer and Preschool Special Education programs ($355 million), Nonpublic School Aid ($125 million), NYC Charter Schools Facilities Aid ($47 million), miscellaneous P-12 programs ($26 million), Aid to Public Libraries ($23 million), and Bundy Aid ($20 million).
- School Aid ($683 million) growth is primarily due to an increase in payments related to the Teachers Retirement System ($124 million), Universal Prekindergarten ($112 million), BOCES Aid ($110 million), Excess Cost Aid ($95 million), and categorical programs ($97 million).
- ESD ($644 million) spending increased due to the Small Business Pandemic Relief aid.
- Transportation ($606 million) spending growth is affected by the impact of FY 2021 spending controls, which reduced disbursements through much of last year, and higher tax collections supporting additional transit operating aid payments in FY 2022.
- Social Services growth ($315 million) is primarily attributed to increased spending on Child Welfare Services ($133 million), Foster Care Block Grants ($72 million), Day Care ($53 million) and Youth Programs ($40 million).
- Public Health growth ($208 million) is due to the scheduled eFMAP phase-down which increased the State share of CHP costs from 23.5 percent to 35.0 percent.
- Unrestricted Aid growth ($171 million) is due largely to cash management payment withholds executed in FY 2021.

Executive agency operations spending growth ($1.5 billion) is driven primarily by a reduction in the amount of eligible payroll costs being offset through the CRF and the payment of deferred FY 2021 General Salary Increases for CSEA, DC-37, NYSCOPBA, Police Investigators Association (PIA), Police Benevolent Association (PBA), Unified Court System (UCS), Management Confidential (MC), UUP, and the new PEF settlement through December of FY 2022.

The decline in Elected Officials spending ($94 million) is driven mainly by a reduction in courts' operational costs.

Increased fringe benefits spending ($940 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 repaid the first half of the two equal installments of the deferred payments in November 2021 and plans to repay the rest in December 2022.

Debt service spending was $1.1 billion lower due primarily to the repayment of a $1 billion liquidity PIT note in December of 2020 and prepayments made in FY 2021.

Higher Capital Projects spending (State and Federal) mostly occurred in DOT ($290 million), DEC ($267 million) and CUNY ($235 million).

Increased Federal operating spending growth ($3.4 billion) was due predominantly to the following:

- Social Services ($3.1 billion higher) due to a resumption of regular Social Services program payments relative to FY 2021 and the allocation of over $1.2 billion in emergency rental assistance in FY 2022.

- School Aid ($2.5 billion higher) due primarily to the first year disbursement of K-12 COVID-19 relief grants ($1.4 billion), and a greater volume of Elementary and Secondary Education Act Title grants ($475 million) and U.S. Department of Agriculture School Lunch Act grants ($561 million) in FY 2022.

- Medicaid ($832 million higher) due largely to an earlier than anticipated release of Managed Care/MLTC Encounter Withhold Payments ($663 million). Additional overspending was primarily driven by the timing of offline payments, including the Nursing Home Supplement ($140 million), and Nursing Home UPL payments ($31 million).

- EP ($725 million higher) attributable to steady enrollment growth amid the pandemic-related economic downturn.

- Department of Labor ($4.1 billion lower) due to a significant slowdown of the Lost Wages Assistance program in FY 2022 relative to the preceding fiscal year.

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 a Comprehensive Annual Financial Report, which, in addition to the components referred to above, also includes an introductory section and a statistical section. The Comprehensive Annual Financial Report for the fiscal year ended March 31, 2021 was issued on September 30, 2021.

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 Comprehensive Annual Financial Report for the fiscal year ended March 31, 2021 and those 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 on a multi-year basis 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. However, because PTET payments will generally be received in the fiscal year prior to credit claiming, the PTET will not be revenue-neutral to the State within each fiscal year.

The Executive Budget includes estimates for PTET receipts and the corresponding decrease in PIT receipts, based on PTET receipts received in December 2021 for tax year 2021 liabilities. The overall effect on projected receipts to the Revenue Bond Tax Fund, to which 50 percent of both PIT and PTET receipts are deposited, is that PTET will increase FY 2022 receipts and decrease FY 2023 receipts by a significant amount. Projections are based on limited experience of taxpayer behavior to date, and there can be no assurance that such projections will be realized.

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 Years 2022 through 2025[11] 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. It also relies on DOB's projections of the level of PTET liability and the associated PTET credits, which serve to reduce PIT liability. The calculation assumes that all PTET credits are claimed by taxpayers negatively affected by the $10,000 Federal SALT deduction limit, thereby reducing the maximum amount of charitable donations to the Charitable Gifts Trust Fund on a dollar-for-dollar basis. 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.

[11] Under current law, the Federal SALT deduction limit is scheduled to expire on December 31, 2025, thereby rendering the Charitable Gifts Trust Fund an unnecessary tool for realizing unlimited Federal SALT deductibility beginning Tax Year 2026.

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," 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]
(millions of dollars)

	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Projected RBTF Receipts	42,421	32,058	39,030	41,117	40,660	42,823
Projected New PIT Bonds Issuances	7,530	6,314	5,952	5,438	6,098	6,121
Projected Total PIT Bonds Outstanding	46,942	51,389	55,267	58,279	61,096	63,781
Projected Maximum Annual Debt Service	4,477	4,956	5,368	5,728	6,227	6,160
Projected PIT Coverage Ratio	9.5	6.5	7.3	7.2	6.5	7.0

[1] Reflects the timing of PTET receipts and subsequent decrease in PIT receipts, which are estimated to be revenue-neutral on a multi-year basis, but are not estimated to be revenue-neutral within each fiscal year.

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
(millions of dollars)

	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Projected Sales Tax Receipts [1]	8,069	8,494	8,662	8,843	9,056	9,299
Projected New Sales Tax Bonds Issuances	2,105	2,445	2,596	2,493	2,101	2,040
Projected Total Sales Tax Bonds Outstanding	12,446	14,211	16,086	17,770	18,990	20,068
Projected Maximum Annual Debt Service	1,231	1,435	1,651	1,721	1,849	1,880
Projected Sales Tax Coverage Ratio	6.6	5.9	5.2	5.1	4.9	4.9

[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 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Personal Income Tax Revenue Bonds	7,530	6,314	5,952	5,438	6,098	6,121
Sales Tax Revenue Bonds	2,105	2,445	2,596	2,493	2,101	2,040
General Obligation Bonds	213	534	629	609	434	434
Personal Income Tax Notes	0	0	0	0	0	0
Service Contract Line of Credit	0	0	0	0	0	0
Total Issuances	9,848	9,293	9,177	8,540	8,633	8,595

In FY 2023, debt issuances totaling $9.3 billion are planned to finance new capital spending, a decrease of $555 million (5.6 percent) from FY 2022. The decrease is mainly attributable to the one-time issuance of State bonds for the Sales Tax Asset Receivable Corporation (STARC) and Secured Hospitals refinancing in FY 2022. Additionally, the Financial Plan assumes that the State's contributions to the MTA Capital Plans will be funded by the State bonds on an ongoing basis, which is consistent with the approach used in FY 2022

The bond issuances are expected to finance capital commitments for economic development and housing ($2.3 billion), education ($1.4 billion), the environment ($790 million), health and mental hygiene ($726 million), State facilities and equipment ($422 million), and transportation ($3.7 billion).

Over the period of the Capital Plan, new debt issuances are projected to total $44.2 billion. New issuances are expected for economic development and housing ($11.1 billion), education facilities ($6.5 billion), the environment ($3.8 billion), mental hygiene and health care facilities ($3.5 billion), State facilities and equipment ($2.0 billion), transportation infrastructure ($17.4 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 2027 as reflected in the following table:

PROJECTED DEBT OUTSTANDING BY CREDIT (millions of dollars)	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Personal Income Tax Revenue Bonds	46,942	51,389	55,267	58,279	61,096	63,781
Sales Tax Revenue Bonds	12,446	14,211	16,086	17,770	18,990	20,068
General Obligation Bonds	2,209	2,575	3,028	3,411	3,598	3,755
Local Government Assistance Corp.	0	0	0	0	0	0
Other Revenue Bonds	675	610	539	465	389	360
Service Contract & Lease Purchase	578	485	397	320	247	176
TOTAL STATE-SUPPORTED	62,850	69,270	75,317	80,245	84,320	88,140

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 $5.6 billion in FY 2023, a decrease of $2.7 billion (33 percent) from FY 2022. This is due, in large part, to the prepayment of debt in FY 2021 and FY 2022 of debt due in FY 2023 through FY 2027. 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 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	Total
Personal Income Tax Revenue Bonds	7,539	3,874	4,152	4,246	5,291	5,102	30,204
Sales Tax Revenue Bonds	305	1,284	1,405	1,571	1,708	1,841	8,114
General Obligation Bonds	239	239	267	338	377	418	1,878
Local Government Assistance Corporation	0	0	0	0	0	0	0
Other State-Supported Bonds [2]	246	215	210	195	142	166	1,174
All Other State-Related Bonds [2]	41	31	0	0	0	0	72
Personal Income Tax Notes	0	0	0	0	0	0	0
Service Contract Line of Credit	0	0	0	0	0	0	0
Total Debt Service	8,370	5,643	6,034	6,350	7,518	7,527	41,442

[1] Reflects existing debt service on debt issued 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%. Debt service is not adjusted for prepayments.

[2] Excludes Mortgage Loan Commitments and Capital Leases

Adjusting debt service shown in the previous table for prepayments, State-related debt service is projected at $6.7 billion in FY 2023, an increase of $150 million (2.3 percent) from FY 2022. Adjusted State-related debt service is projected to increase from $6.6 billion in FY 2022 to $8.5 billion in FY 2027, an average rate of 5.4 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 Comprehensive Annual Financial Report. 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 arrangements 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 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 Comprehensive Annual Financial Report. 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 STARC Corp. (2)	Obligations of TSASC, Inc.	Hudson Yards Infrastructure Corporation	Other Obligations (3)	Total
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
2021	38,574	49,957	0	993	2,677	1,983	94,184

Source: Office of the State Comptroller; The City of New York Annual Comprehensive 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 was funded from annual revenues provided by the State, subject to annual appropriation. These revenues were 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.ny.gov/; 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”.

Based on financial data filed with OSC, a total of 30 local governments (6 counties, 7 cities, 9 towns and 8 villages) for local fiscal years ending in 2020 and 23 school districts for the school fiscal year ending in 2021 have been placed in a stress category by OSC. The vast majority of local governments(97.9 percent) and school districts (96.6 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 2020.

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
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	36,661	7,632	128,203	7,632
2020	95,025	0	36,088	8,626	131,113	8,626

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

NOTE: For localities other than New York City, the amounts shown for fiscal years 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 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 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' Comprehensive Annual 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 is 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, 2021 was issued on February 7, 2022.

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. More than 48 percent of ERS members are in Tier 6 while close to 40 percent of PFRS members are in Tier 6.

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.[12] 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.[13]

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

[13] 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 State paid off all outstanding amortizations under the Contribution Stabilization Program on March 29, 2021 for non-Judiciary and on October 1, 2021 for Judiciary. The total State payment (including Judiciary) due to NYSLRS for FY 2022 is approximately $2.247 billion. The State has opted not to amortize under the Contribution Stabilization Program and has paid the March 1, 2022 invoice in full.

The estimated total State payment (including Judiciary) for FY 2023 is approximately $1.950 billion.

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.[14] 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, 2020, an asset liability analysis was completed, and a long-term policy allocation was adopted as of April 1, 2021. 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. [15]

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)

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[14] On February 8, 2022, 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 December 31, 2021 was 4.74 percent, and the Fund ended the quarter with an estimated value of $279.7 billion. These returns reflect unaudited data for the invested assets of the System. The value of the invested assets changes daily.

[15] 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.

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 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.

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.

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

CONTRIBUTIONS AND BENEFITS NEW YORK STATE AND LOCAL RETIREMENT SYSTEM (1) (millions of dollars)					
Fiscal Year Ended March 31	Contributions Recorded				Total Benefits Paid (3)
	All Participating Employers (1) (2)	Local Employers (1) (2)	State (1) (2)	Employees	
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 2011 can be found on page 31 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 45 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 74-77 at the link noted above.

4) Information on contributions can be found on pages 149-157 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 2011 can be found on page 158 of the NYSLRS' Financial Report at the link noted above.

Information related to the salaries of members can be found on pages 191-195 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 August 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. The Court has directed that the parties file another status report on settlement negotiations by March 14, 2022. The Court has further directed that the parties discuss possible mediators, indicating that it will likely order the case to be placed into mandatory mediation in the near future.

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 the defendant 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 for the State to determine the appropriate remedy. The defendant moved in the Appellate Division for leave to appeal to the Court of Appeals, which the court denied.

Plaintiffs submitted a proposed order addressing an appropriate remedy to the State. The State rejected plaintiffs' proposed order because it sought to provide the subject school districts with State funding in excess of the aid to be received under the fully phased-in Foundation Aid formula.

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, as permitted by a 2011 amendment to section 167(8) of the New York Civil Service Law, 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.

Following discovery, the State defendants moved 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, the State defendants argued that their contract terms required extension of the premium shift to them. The State defendants also argued that plaintiffs' contracts were not substantially impaired and that, even if an impairment occurred, the administrative extension served a legitimate public purpose and was reasonable and necessary.

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).

The Second Circuit's certification order addressed 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.

The New York Court of Appeals accepted the certified questions on December 15, 2020. Following briefing and oral argument, on February 10, 2022, the New York Court of Appeals issued its decision. The Second Circuit has since requested supplemental briefing from the parties to *Donohue v. Cuomo* addressing the proper disposition of that appeal in light of the decision of the New York Court of Appeals. It likely will hear from the parties to the other appeals in due course.

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.[16]

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[16] 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 Current	Annual $ Change	Annual % Change
Opening Fund Balance	**8,944**	**9,161**	**217**	**2.4%**
Receipts:				
Taxes:				
Personal Income Tax	25,456	32,125	6,669	26.2%
Consumption/Use Taxes	7,250	4,627	(2,623)	-36.2%
Business Taxes	6,420	16,514	10,094	157.2%
Other Taxes	1,549	1,293	(256)	-16.5%
Miscellaneous Receipts	7,515	1,839	(5,676)	-75.5%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	18,578	26,567	7,989	43.0%
PTET in Excess of Revenue Bond Debt Service	0	8,355	8,355	0.0%
ECEP in Excess of Revenue Bond Debt Service	0	7	7	0.0%
Sales Tax in Excess of LGAC Bond Debt Service	3,238	4,034	796	24.6%
Sales Tax in Excess of Revenue Bond Debt Service	1,278	7,763	6,485	507.4%
Real Estate Taxes in Excess of CW/CA Debt Service	783	1,311	528	67.4%
All Other	2,245	7,611	5,366	239.0%
Total Receipts	**74,312**	**112,046**	**37,734**	**50.8%**
Disbursements:				
Local Assistance	48,981	61,215	12,234	25.0%
State Operations:				
Personal Service	7,154	9,487	2,333	32.6%
Non-Personal Service	2,950	4,131	1,181	40.0%
General State Charges	7,032	8,155	1,123	16.0%
Transfers to Other Funds:				
Debt Service	326	339	13	4.0%
Capital Projects	4,540	4,618	78	1.7%
SUNY Operations	1,229	1,336	107	8.7%
Other Purposes	1,883	1,413	(470)	-25.0%
Total Disbursements	**74,095**	**90,694**	**16,599**	**22.4%**
Excess (Deficiency) of Receipts Over Disbursements	**217**	**21,352**	**21,135**	**9739.6%**
Closing Fund Balance	**9,161**	**30,513**	**21,352**	**233.1%**
Statutory Reserves				
Tax Stabilization Reserve	1,258	1,433	175	
Rainy Day Reserves	1,218	1,918	700	
Contingency Reserve	21	21	0	
Community Projects	30	23	(7)	
Reserved For				
Timing of PTET/PIT Credits	0	16,710	16,710	
Reserve for Pandemic Assistance	0	2,000	2,000	
Undesignated Fund Balance	2,561	0	(2,561)	
Debt Management	500	500	0	
Labor Settlements/Agency Operations	0	275	275	
Economic Uncertainties	1,490	5,598	4,108	
Extraordinary Monetary Settlements	2,083	2,035	(48)	

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2022 Current	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Receipts:				
Taxes:				
Personal Income Tax	32,125	22,683	29,288	31,000
Consumption/Use Taxes	4,627	6,948	9,261	9,434
Business Taxes	16,514	17,112	16,390	16,826
Other Taxes	1,293	1,288	1,350	1,413
Miscellaneous Receipts	1,839	1,789	1,834	1,863
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	26,567	20,679	26,890	28,400
PTET in Excess of Revenue Bond Debt Service	8,355	7,540	8,020	8,500
ECEP in Excess of Revenue Bond Debt Service	7	7	8	8
Sales Tax in Excess of LGAC Bond Debt Service	4,034	2,151	0	0
Sales Tax in Excess of Revenue Bond Debt Service	7,763	7,210	7,257	7,272
Real Estate Taxes in Excess of CW/CA Debt Service	1,311	990	1,058	1,127
All Other	7,611	4,315	4,036	5,505
Total Receipts	**112,046**	**92,712**	**105,392**	**111,348**
Disbursements:				
Local Assistance	61,215	64,932	69,964	74,171
State Operations:				
Personal Service	9,487	10,055	10,119	10,193
Non-Personal Service	4,131	2,563	2,794	3,003
General State Charges	8,155	9,030	9,542	10,738
Transfers to Other Funds:				
Debt Service	339	329	356	416
Capital Projects	4,618	5,271	6,092	6,226
SUNY Operations	1,336	1,460	1,480	1,479
Other Purposes	1,413	1,911	1,872	1,382
Total Disbursements	**90,694**	**95,551**	**102,219**	**107,608**
Use (Reservation) of Fund Balance:				
Community Projects	7	4	3	0
Timing of PTET/PIT Credits	(16,710)	9,050	(473)	(500)
Reserve for Pandemic Assistance	(2,000)	0	0	0
Undesignated Fund Balance	2,561	0	0	0
Tax Stabilization Reserve	(175)	(120)	0	0
Rainy Day Reserves	(700)	(800)	(915)	(950)
Debt Management	0	(855)	(81)	576
Reserve for Labor Settlements/Agency Operations	(275)	(600)	(1,000)	(1,450)
Reserve for Economic Uncertainties	(4,108)	(4,134)	(1,533)	(1,975)
Extraordinary Monetary Settlements	48	294	826	559
Total Use (Reservation) of Fund Balance	**(21,352)**	**2,839**	**(3,173)**	**(3,740)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**0**	**0**	**0**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2022 Enacted	Change	FY 2022 Mid-Year	Change	FY 2022 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	28,548	2,162	30,710	1,415	32,125
Consumption/Use Taxes	4,389	80	4,469	158	4,627
Business Taxes	6,986	1,055	8,041	8,473	16,514
Other Taxes	1,226	0	1,226	67	1,293
Miscellaneous Receipts	1,775	27	1,802	37	1,839
Transfers from Other Funds:		0			
PIT in Excess of Revenue Bond Debt Service	24,724	2,163	26,887	(320)	26,567
PTET in Excess of Revenue Bond Debt Service	0	0	0	8,355	8,355
ECEP in Excess of Revenue Bond Debt Service	3	0	3	4	7
Sales Tax in Excess of LGAC Bond Debt Service	3,777	88	3,865	169	4,034
Sales Tax in Excess of Revenue Bond Debt Service	7,228	176	7,404	359	7,763
Real Estate Taxes in Excess of CW/CA Debt Service	898	204	1,102	209	1,311
All Other	7,630	(14)	7,616	(5)	7,611
Total Receipts	**87,184**	**5,941**	**93,125**	**18,921**	**112,046**
Disbursements:					
Local Assistance	61,041	369	61,410	(195)	61,215
State Operations:					
Personal Service	9,835	327	10,162	(675)	9,487
Non-Personal Service	2,553	8	2,561	1,570	4,131
General State Charges	8,435	(94)	8,341	(186)	8,155
Transfers to Other Funds:					
Debt Service	392	0	392	(53)	339
Capital Projects	3,863	753	4,616	2	4,618
SUNY Operations	1,301	0	1,301	35	1,336
Other Purposes	1,571	163	1,734	(321)	1,413
Total Disbursements	**88,991**	**1,526**	**90,517**	**177**	**90,694**
Use (Reservation) of Fund Balance:					
Community Projects	23	(15)	8	(1)	7
Timing of PTET/PIT Credits	0	0	0	(16,710)	(16,710)
Reserve for Pandemic Assistance	0	0	0	(2,000)	(2,000)
Undesignated Fund Balance	2,561	0	2,561	0	2,561
Tax Stabilization Reserve	(175)	0	(175)	0	(175)
Rainy Day Reserves	(650)	(50)	(700)	0	(700)
Reserve for Labor Settlements/Agency Operations	0	(275)	(275)	0	(275)
Reserve for Economic Uncertainties	0	(4,075)	(4,075)	(33)	(4,108)
Extraordinary Monetary Settlements	48	0	48	0	48
Total Use (Reservation) of Fund Balance	**1,807**	**(4,415)**	**(2,608)**	**(18,744)**	**(21,352)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**0**	**0**	**0**	**0**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2023 Enacted	Change	FY 2023 Mid-Year	Change	FY 2023 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	30,899	3,087	33,986	(11,303)	22,683
Consumption/Use Taxes	8,568	174	8,742	(1,794)	6,948
Business Taxes	7,660	1,645	9,305	7,807	17,112
Other Taxes	1,285	0	1,285	3	1,288
Miscellaneous Receipts	1,750	2	1,752	37	1,789
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	28,806	3,088	31,894	(11,215)	20,679
PTET in Excess of Revenue Bond Debt Service	0	0	0	7,540	7,540
ECEP in Excess of Revenue Bond Debt Service	3	0	3	4	7
Sales Tax in Excess of LGAC Bond Debt Service	1	0	1	2,150	2,151
Sales Tax in Excess of Revenue Bond Debt Service	6,608	182	6,790	420	7,210
Real Estate Taxes in Excess of CW/CA Debt Service	968	60	1,028	(38)	990
All Other	4,707	4	4,711	(396)	4,315
Total Receipts	**91,255**	**8,242**	**99,497**	**(6,785)**	**92,712**
Disbursements:					
Local Assistance	62,936	809	63,745	1,187	64,932
State Operations:					
Personal Service	9,386	25	9,411	644	10,055
Non-Personal Service	2,962	10	2,972	(409)	2,563
General State Charges	8,984	(44)	8,940	90	9,030
Transfers to Other Funds:					
Debt Service	400	0	400	(71)	329
Capital Projects	3,982	(34)	3,948	1,323	5,271
SUNY Operations	1,288	0	1,288	172	1,460
Other Purposes	1,615	1	1,616	295	1,911
Total Disbursements	**91,553**	**767**	**92,320**	**3,231**	**95,551**
Use (Reservation) of Fund Balance:					
Community Projects	4	0	4	0	4
Timing of PTET/PIT Credits	0	0	0	9,050	9,050
Tax Stabilization Reserve	0	(120)	(120)	0	(120)
Rainy Day Reserves	0	(800)	(800)	0	(800)
Debt Management	0	(1,855)	(1,855)	1,000	(855)
Reserve for Labor Settlements/Agency Operations	0	(600)	(600)	0	(600)
Reserve for Economic Uncertainties	0	(4,100)	(4,100)	(34)	(4,134)
Extraordinary Monetary Settlements	294	0	294	0	294
Total Use (Reservation) of Fund Balance	**298**	**(7,475)**	**(7,177)**	**10,016**	**2,839**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**0**	**0**	**0**	**0**

Source: NYS DOB.

CASH FINANCIAL PLAN GENERAL FUND (millions of dollars)	FY 2024 Enacted	Change	FY 2024 Mid-Year	Change	FY 2024 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	32,484	2,962	35,446	(6,158)	29,288
Consumption/Use Taxes	8,770	185	8,955	306	9,261
Business Taxes	7,492	1,171	8,663	7,727	16,390
Other Taxes	1,347	0	1,347	3	1,350
Miscellaneous Receipts	1,794	2	1,796	38	1,834
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	29,812	2,962	32,774	(5,884)	26,890
PTET in Excess of Revenue Bond Debt Service	0	0	0	8,020	8,020
ECEP in Excess of Revenue Bond Debt Service	4	0	4	4	8
Sales Tax in Excess of LGAC Bond Debt Service	1	0	1	(1)	0
Sales Tax in Excess of Revenue Bond Debt Service	6,762	192	6,954	303	7,257
Real Estate Taxes in Excess of CW/CA Debt Service	1,025	67	1,092	(34)	1,058
All Other	4,487	(14)	4,473	(437)	4,036
Total Receipts	**93,978**	**7,527**	**101,505**	**3,887**	**105,392**
Disbursements:					
Local Assistance	67,414	1,214	68,628	1,336	69,964
State Operations:					
Personal Service	9,527	24	9,551	568	10,119
Non-Personal Service	3,044	11	3,055	(261)	2,794
General State Charges	9,545	(31)	9,514	28	9,542
Transfers to Other Funds:					
Debt Service	458	0	458	(102)	356
Capital Projects	3,665	(5)	3,660	2,432	6,092
SUNY Operations	1,303	0	1,303	177	1,480
Other Purposes	1,294	376	1,670	202	1,872
Total Disbursements	**96,250**	**1,589**	**97,839**	**4,380**	**102,219**
Use (Reservation) of Fund Balance:					
Community Projects	3	0	3	0	3
Timing of PTET/PIT Credits	0	0	0	(473)	(473)
Rainy Day Reserves	0	(915)	(915)	0	(915)
Debt Management	0	(1,081)	(1,081)	1,000	(81)
Reserve for Labor Settlements/Agency Operations	0	(1,000)	(1,000)	0	(1,000)
Reserve for Economic Uncertainties	0	(1,500)	(1,500)	(33)	(1,533)
Extraordinary Monetary Settlements	827	0	827	(1)	826
Total Use (Reservation) of Fund Balance	**830**	**(4,496)**	**(3,666)**	**493**	**(3,173)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(1,442)**	**1,442**	**0**	**0**	**0**

Source: NYS DOB.

CASH FINANCIAL PLAN GENERAL FUND (millions of dollars)	FY 2025 Enacted	Change	FY 2025 Mid-Year	Change	FY 2025 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	34,041	3,237	37,278	(6,278)	31,000
Consumption/Use Taxes	8,965	180	9,145	289	9,434
Business Taxes	6,945	1,219	8,164	8,662	16,826
Other Taxes	1,410	0	1,410	3	1,413
Miscellaneous Receipts	1,858	2	1,860	3	1,863
Transfers from Other Funds:		0			
PIT in Excess of Revenue Bond Debt Service	30,993	3,238	34,231	(5,831)	28,400
PTET in Excess of Revenue Bond Debt Service	0	0	0	8,500	8,500
ECEP in Excess of Revenue Bond Debt Service	4	0	4	4	8
Sales Tax in Excess of LGAC Bond Debt Service	1	0	1	(1)	0
Sales Tax in Excess of Revenue Bond Debt Service	6,839	189	7,028	244	7,272
Real Estate Taxes in Excess of CW/CA Debt Service	1,083	73	1,156	(29)	1,127
All Other	6,030	(18)	6,012	(507)	5,505
Total Receipts	**98,169**	**8,120**	**106,289**	**5,059**	**111,348**
Disbursements:					
Local Assistance	70,451	1,390	71,841	2,330	74,171
State Operations:					
Personal Service	9,558	25	9,583	610	10,193
Non-Personal Service	3,266	0	3,266	(263)	3,003
General State Charges	10,728	(17)	10,711	27	10,738
Transfers to Other Funds:					
Debt Service	506	0	506	(90)	416
Capital Projects	3,576	(3)	3,573	2,653	6,226
SUNY Operations	1,321	0	1,321	158	1,479
Other Purposes	1,295	378	1,673	(291)	1,382
Total Disbursements	**100,701**	**1,773**	**102,474**	**5,134**	**107,608**
Use (Reservation) of Fund Balance:					
Community Projects	0	1	1	(1)	0
Timing of PTET/PIT Credits	0	0	0	(500)	(500)
Rainy Day Reserves	0	(950)	(950)	0	(950)
Debt Management	0	(424)	(424)	1,000	576
Reserve for Labor Settlements/Agency Operations	0	(1,450)	(1,450)	0	(1,450)
Reserve for Economic Uncertainties	0	(1,550)	(1,550)	(425)	(1,975)
Extraordinary Monetary Settlements	558	0	558	1	559
Total Use (Reservation) of Fund Balance	**558**	**(4,373)**	**(3,815)**	**75**	**(3,740)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(1,974)**	**1,974**	**0**	**0**	**0**

Source: NYS DOB.

CASH RECEIPTS GENERAL FUND (millions of dollars)					
	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
Taxes:					
Withholdings	51,495	51,638	53,608	56,418	59,214
Estimated Payments	21,995	10,402	16,937	18,280	19,121
Final Payments	4,382	4,664	4,130	4,231	4,321
Other Payments	1,483	1,533	1,610	1,664	1,720
Gross Collections	**79,355**	**68,237**	**76,285**	**80,593**	**84,376**
State/City Offset	(1,299)	(1,424)	(1,549)	(1,676)	(1,731)
Refunds	(9,934)	(17,787)	(12,724)	(13,692)	(14,693)
Reported Tax Collections	**68,122**	**49,026**	**62,012**	**65,225**	**67,952**
STAR (Dedicated Deposits)	(1,939)	(1,831)	(1,723)	(1,616)	(1,568)
RBTF (Dedicated Transfers)	(34,058)	(24,512)	(31,001)	(32,609)	(33,977)
Personal Income Tax	**32,125**	**22,683**	**29,288**	**31,000**	**32,407**
Sales and Use Tax	16,137	16,986	17,324	17,686	18,112
Cigarette and Tobacco Taxes	293	303	294	283	275
Vapor Excise Tax	0	0	0	0	0
Motor Fuel Tax	0	0	0	0	0
Alcoholic Beverage Taxes	274	277	279	282	284
Opioid Excise Tax	26	26	26	26	26
Medical Cannabis Excise Tax	0	0	0	0	0
Adult Use Cannabis Tax	0	0	0	0	0
Highway Use Tax	0	0	0	0	0
Auto Rental Tax	0	0	0	0	0
Gross Consumption/Use Taxes	**16,730**	**17,592**	**17,923**	**18,277**	**18,697**
LGAC/STBF (Dedicated Transfers)	(12,103)	(10,644)	(8,662)	(8,843)	(9,056)
Consumption/Use Taxes	**4,627**	**6,948**	**9,261**	**9,434**	**9,641**
Corporation Franchise Tax	5,577	6,954	5,808	5,607	5,462
Corporation and Utilities Tax	401	420	375	438	430
Insurance Taxes	2,056	2,128	2,187	2,281	2,364
Bank Tax	125	70	0	0	0
Pass Through Entity Tax	16,710	15,080	16,040	17,000	13,350
Petroleum Business Tax	0	0	0	0	0
RBTF (Dedicated Transfers)	(8,355)	(7,540)	(8,020)	(8,500)	(6,675)
Business Taxes	**16,514**	**17,112**	**16,390**	**16,826**	**14,931**
Estate Tax	1,271	1,266	1,328	1,390	1,454
Real Estate Transfer Tax	1,473	1,282	1,347	1,417	1,491
Employer Compensation Expense Program	13	14	15	16	16
Gift Tax	0	0	0	0	0
Real Property Gains Tax	0	0	0	0	0
Pari-Mutuel Taxes	13	13	13	13	13
Other Taxes	2	2	2	2	2
Gross Other Taxes	**2,772**	**2,577**	**2,705**	**2,838**	**2,976**
Real Estate Transfer Tax (Dedicated)	(1,472)	(1,282)	(1,347)	(1,417)	(1,491)
RBTF (Dedicated Transfers)	(7)	(7)	(8)	(8)	(8)
Other Taxes	**1,293**	**1,288**	**1,350**	**1,413**	**1,477**
Payroll Tax	**0**	**0**	**0**	**0**	**0**
Total Taxes	**54,559**	**48,031**	**56,289**	**58,673**	**58,456**
Licenses, Fees, Etc.	530	529	580	630	630
Abandoned Property	450	450	450	450	450
Motor Vehicle Fees	246	238	238	250	292
ABC License Fee	69	67	68	70	69
Reimbursements	70	70	66	66	66
Investment Income	24	13	10	8	6
Extraordinary Settlements	33	33	33	0	0
Other Transactions	417	389	389	389	386
Miscellaneous Receipts	**1,839**	**1,789**	**1,834**	**1,863**	**1,899**
Federal Receipts	**0**	**0**	**0**	**0**	**0**
Total	**56,398**	**49,820**	**58,123**	**60,536**	**60,355**

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	54,559	6,124	55,876	116,559
Miscellaneous Receipts	1,839	15,443	371	17,653
Federal Receipts	0	357	72	429
Total Receipts	**56,398**	**21,924**	**56,319**	**134,641**
Disbursements:				
Local Assistance	61,215	15,680	0	76,895
State Operations:				
Personal Service	9,487	4,814	0	14,301
Non-Personal Service	4,131	2,285	24	6,440
General State Charges	8,155	1,106	0	9,261
Debt Service	0	0	8,329	8,329
Capital Projects	0	0	0	0
Total Disbursements	**82,988**	**23,885**	**8,353**	**115,226**
Other Financing Sources (Uses):				
Transfers from Other Funds	55,648	2,573	1,878	60,099
Transfers to Other Funds	(7,706)	54	(49,839)	(57,491)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**47,942**	**2,627**	**(47,961)**	**2,608**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**21,352**	**666**	**5**	**22,023**
Closing Fund Balance	**30,513**	**6,374**	**70**	**36,957**

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
Opening Fund Balance	**30,513**	**6,374**	**70**	**36,957**
Receipts:				
Taxes	48,031	6,445	43,728	98,204
Miscellaneous Receipts	1,789	15,213	382	17,384
Federal Receipts	0	205	70	275
Total Receipts	**49,820**	**21,863**	**44,180**	**115,863**
Disbursements:				
Local Assistance	64,932	17,976	0	82,908
State Operations:				
Personal Service	10,055	5,008	0	15,063
Non-Personal Service	2,563	2,527	45	5,135
General State Charges	9,030	1,159	0	10,189
Debt Service	0	0	5,612	5,612
Capital Projects	0	0	0	0
Total Disbursements	**86,580**	**26,670**	**5,657**	**118,907**
Other Financing Sources (Uses):				
Transfers from Other Funds	42,892	3,320	1,728	47,940
Transfers to Other Funds	(8,971)	1,236	(40,251)	(47,986)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**33,921**	**4,556**	**(38,523)**	**(46)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(2,839)**	**(251)**	**0**	**(3,090)**
Closing Fund Balance	**27,674**	**6,123**	**70**	**33,867**

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	56,289	6,273	48,781	111,343
Miscellaneous Receipts	1,834	13,953	392	16,179
Federal Receipts	0	(17)	67	50
Total Receipts	**58,123**	**20,209**	**49,240**	**127,572**
Disbursements:				
Local Assistance	69,964	16,277	0	86,241
State Operations:				
Personal Service	10,119	4,984	0	15,103
Non-Personal Service	2,794	2,468	46	5,308
General State Charges	9,542	1,184	0	10,726
Debt Service	0	0	6,034	6,034
Capital Projects	0	0	0	0
Total Disbursements	**92,419**	**24,913**	**6,080**	**123,412**
Other Financing Sources (Uses):				
Transfers from Other Funds	47,269	3,309	1,732	52,310
Transfers to Other Funds	(9,800)	1,426	(44,880)	(53,254)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**37,469**	**4,735**	**(43,148)**	**(944)**
Use (Reservation) of Fund Balance:				
Community Projects	3	0	0	3
Timing of PTET/PIT Credits	(473)	0	0	(473)
Rainy Day Reserves	(915)	0	0	(915)
Debt Management	(81)	0	0	(81)
Reserve for Labor Settlements/Agency Operations	(1,000)	0	0	(1,000)
Reserve for Economic Uncertainties	(1,533)	0	0	(1,533)
Extraordinary Monetary Settlements	826	0	0	826
Total Use (Reservation) of Fund Balance	**(3,173)**	**0**	**0**	**(3,173)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**31**	**12**	**43**

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	58,673	6,162	51,120	115,955
Miscellaneous Receipts	1,863	13,590	396	15,849
Federal Receipts	0	(17)	62	45
Total Receipts	**60,536**	**19,735**	**51,578**	**131,849**
Disbursements:				
Local Assistance	74,171	15,702	0	89,873
State Operations:				
Personal Service	10,193	5,028	0	15,221
Non-Personal Service	3,003	2,481	46	5,530
General State Charges	10,738	1,199	0	11,937
Debt Service	0	0	6,350	6,350
Capital Projects	0	0	0	0
Total Disbursements	**98,105**	**24,410**	**6,396**	**128,911**
Other Financing Sources (Uses):				
Transfers from Other Funds	50,812	2,819	1,771	55,402
Transfers to Other Funds	(9,503)	1,474	(46,942)	(54,971)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**41,309**	**4,293**	**(45,171)**	**431**
Use (Reservation) of Fund Balance:				
Timing of PTET/PIT Credits	(500)	0	0	(500)
Rainy Day Reserves	(950)	0	0	(950)
Debt Management	576	0	0	576
Reserve for Labor Settlements/Agency Operations	(1,450)	0	0	(1,450)
Reserve for Economic Uncertainties	(1,975)	0	0	(1,975)
Extraordinary Monetary Settlements	559	0	0	559
Total Use (Reservation) of Fund Balance	**(3,740)**	**0**	**0**	**(3,740)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**(382)**	**11**	**(371)**

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	54,559	6,124	1,312	55,876	117,871
Miscellaneous Receipts	1,839	15,806	8,001	371	26,017
Federal Receipts	0	97,621	2,267	72	99,960
Total Receipts	**56,398**	**119,551**	**11,580**	**56,319**	**243,848**
Disbursements:					
Local Assistance	61,215	91,921	7,597	0	160,733
State Operations:					
Personal Service	9,487	6,621	0	0	16,108
Non-Personal Service	4,131	5,469	0	24	9,624
General State Charges	8,155	2,098	0	0	10,253
Debt Service	0	42	0	8,329	8,371
Capital Projects	0	0	7,837	0	7,837
Total Disbursements	**82,988**	**106,151**	**15,434**	**8,353**	**212,926**
Other Financing Sources (Uses):					
Transfers from Other Funds	55,648	2,573	5,016	1,878	65,115
Transfers to Other Funds	(7,706)	(6,615)	(1,305)	(49,839)	(65,465)
Bond and Note Proceeds	0	0	433	0	433
Net Other Financing Sources (Uses)	**47,942**	**(4,042)**	**4,144**	**(47,961)**	**83**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**21,352**	**9,358**	**290**	**5**	**31,005**
Closing Fund Balance	**30,513**	**20,027**	**(854)**	**70**	**49,756**

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
Opening Fund Balance	**30,513**	**20,027**	**(854)**	**70**	**49,756**
Receipts:					
Taxes	48,031	6,445	1,476	43,728	99,680
Miscellaneous Receipts	1,789	15,516	9,827	382	27,514
Federal Receipts	0	81,922	2,452	70	84,444
Total Receipts	**49,820**	**103,883**	**13,755**	**44,180**	**211,638**
Disbursements:					
Local Assistance	64,932	93,458	6,669	0	165,059
State Operations:					
Personal Service	10,055	5,695	0	0	15,750
Non-Personal Service	2,563	4,968	0	45	7,576
General State Charges	9,030	1,545	0	0	10,575
Debt Service	0	0	0	5,612	5,612
Capital Projects	0	0	11,897	0	11,897
Total Disbursements	**86,580**	**105,666**	**18,566**	**5,657**	**216,469**
Other Financing Sources (Uses):					
Transfers from Other Funds	42,892	3,320	5,668	1,728	53,608
Transfers to Other Funds	(8,971)	(3,141)	(1,489)	(40,251)	(53,852)
Bond and Note Proceeds	0	0	433	0	433
Net Other Financing Sources (Uses)	**33,921**	**179**	**4,612**	**(38,523)**	**189**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(2,839)**	**(1,604)**	**(199)**	**0**	**(4,642)**
Closing Fund Balance	**27,674**	**18,423**	**(1,053)**	**70**	**45,114**

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	56,289	6,273	1,504	48,781	112,847
Miscellaneous Receipts	1,834	14,169	9,936	392	26,331
Federal Receipts	0	72,741	2,857	67	75,665
Total Receipts	**58,123**	**93,183**	**14,297**	**49,240**	**214,843**
Disbursements:					
Local Assistance	69,964	82,545	6,957	0	159,466
State Operations:					
Personal Service	10,119	5,675	0	0	15,794
Non-Personal Service	2,794	5,111	0	46	7,951
General State Charges	9,542	1,570	0	0	11,112
Debt Service	0	0	0	6,034	6,034
Capital Projects	0	0	12,967	0	12,967
Total Disbursements	**92,419**	**94,901**	**19,924**	**6,080**	**213,324**
Other Financing Sources (Uses):					
Transfers from Other Funds	47,269	3,309	6,468	1,732	58,778
Transfers to Other Funds	(9,800)	(2,807)	(1,539)	(44,880)	(59,026)
Bond and Note Proceeds	0	0	434	0	434
Net Other Financing Sources (Uses)	**37,469**	**502**	**5,363**	**(43,148)**	**186**
Use (Reservation) of Fund Balance:					
Community Projects	3	0	0	0	3
Timing of PTET/PIT Credits	(473)	0	0	0	(473)
Rainy Day Reserves	(915)	0	0	0	(915)
Debt Management	(81)	0	0	0	(81)
Reserve for Labor Settlements/Agency Operations	(1,000)	0	0	0	(1,000)
Reserve for Economic Uncertainties	(1,533)	0	0	0	(1,533)
Extraordinary Monetary Settlements	826	0	0	0	826
Total Use (Reservation) of Fund Balance	**(3,173)**	**0**	**0**	**0**	**(3,173)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**(1,216)**	**(264)**	**12**	**(1,468)**

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	58,673	6,162	1,502	51,120	117,457
Miscellaneous Receipts	1,863	13,798	8,971	396	25,028
Federal Receipts	0	70,889	3,048	62	73,999
Total Receipts	**60,536**	**90,849**	**13,521**	**51,578**	**216,484**
Disbursements:					
Local Assistance	74,171	81,275	6,596	0	162,042
State Operations:					
Personal Service	10,193	5,721	0	0	15,914
Non-Personal Service	3,003	4,033	0	46	7,082
General State Charges	10,738	1,586	0	0	12,324
Debt Service	0	0	0	6,350	6,350
Capital Projects	0	0	12,391	0	12,391
Total Disbursements	**98,105**	**92,615**	**18,987**	**6,396**	**216,103**
Other Financing Sources (Uses):					
Transfers from Other Funds	50,812	2,819	6,583	1,771	61,985
Transfers to Other Funds	(9,503)	(4,120)	(1,672)	(46,942)	(62,237)
Bond and Note Proceeds	0	0	340	0	340
Net Other Financing Sources (Uses)	**41,309**	**(1,301)**	**5,251**	**(45,171)**	**88**
Use (Reservation) of Fund Balance:					
Timing of PTET/PIT Credits	(500)	0	0	0	(500)
Rainy Day Reserves	(950)	0	0	0	(950)
Debt Management	576	0	0	0	576
Reserve for Labor Settlements/Agency Operations	(1,450)	0	0	0	(1,450)
Reserve for Economic Uncertainties	(1,975)	0	0	0	(1,975)
Extraordinary Monetary Settlements	559	0	0	0	559
Total Use (Reservation) of Fund Balance	**(3,740)**	**0**	**0**	**0**	**(3,740)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**(3,067)**	**(215)**	**11**	**(3,271)**

Source: NYS DOB.

CASHFLOW
GENERAL FUND
FY 2022
(dollars in millions)

	2021 April Actuals	May Actuals	June Actuals	July Actuals	August Actuals	September Actuals	October Actuals	November Actuals	December Actuals	2022 January Actuals	February Projected	March Projected	Total
OPENING BALANCE	9,161	12,218	14,356	15,464	15,601	15,789	19,954	18,119	17,184	30,660	32,008	31,978	9,161
RECEIPTS:													
Personal Income Tax	3,263	4,916	2,911	1,682	1,901	3,225	1,687	1,789	3,129	3,366	2,472	1,784	32,125
Consumption/Use Taxes	351	342	451	387	362	460	370	371	461	409	306	357	4,627
Business Taxes	730	104	1,587	228	67	1,708	70	(42)	6,616	654	61	4,731	16,514
Other Taxes	121	118	110	105	103	111	184	95	114	127	53	52	1,293
Total Taxes	4,465	5,480	5,059	2,402	2,433	5,504	2,311	2,213	10,320	4,556	2,892	6,924	54,559
Abandoned Property	0	0	0	0	10	100	0	225	0	0	0	115	450
ABC License Fee	5	6	7	6	6	5	6	4	4	10	5	5	69
Investment Income	2	1	1	0	1	1	1	1	1	1	7	7	24
Licenses, Fees, etc.	77	97	41	33	35	49	82	10	34	79	(7)	0	530
Motor Vehicle Fees	20	16	55	21	32	30	19	(7)	32	10	10	8	246
Reimbursements	64	14	(9)	70	27	14	(23)	35	57	(47)	18	(151)	69
Extraordinary Settlements	0	0	0	0	0	0	0	33	0	0	0	0	33
Other Transactions	5	5	36	25	11	58	22	9	112	119	2	14	418
Total Miscellaneous Receipts	173	139	131	155	122	257	107	310	240	172	35	(2)	1,839
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	1,150	3,307	1,688	1,615	3,143	(250)	1,472	1,893	26,567
PTET in Excess of Revenue Bond Debt Service	0	0	0	0	0	0	0	0	5,082	449	57	2,767	8,355
ECEP in Excess of Revenue Bond Debt Service	0	0	0	0	0	0	0	0	2	3	0	2	7
Sales Tax in Excess of LGAC Bond Debt Service	297	125	572	324	313	408	314	323	411	347	275	325	4,034
Sales Tax in Excess of Revenue Bond Debt Service	573	565	779	622	600	796	593	610	786	673	518	648	7,763
Real Estate Taxes in Excess of CW/CA Debt Service	87	110	115	129	137	130	129	116	131	164	31	32	1,311
All Other	108	94	173	189	115	433	113	115	215	134	558	5,364	7,611
Total Transfers from Other Funds	4,328	5,811	4,597	2,675	2,315	5,074	2,837	2,779	9,770	1,520	2,911	11,031	55,648
TOTAL RECEIPTS	8,966	11,430	9,787	5,232	4,870	10,835	5,255	5,302	20,330	6,248	5,838	17,953	112,046
DISBURSEMENTS:													
School Aid	449	3,782	2,098	275	566	1,571	1,078	1,580	2,316	987	908	9,204	24,814
Higher Education	27	23	513	697	85	28	305	35	109	25	430	469	2,746
All Other Education	33	92	265	514	66	89	49	49	416	97	153	567	2,390
Medicaid - DOH	2,745	1,506	1,173	1,178	1,445	729	1,797	1,555	975	1,268	1,079	278	15,728
Public Health	12	36	101	49	65	42	69	53	60	34	89	(34)	576
Mental Hygiene	32	62	879	105	47	829	116	86	1,106	49	592	818	4,721
Children and Families	(4)	35	239	155	39	100	362	45	289	180	127	191	1,758
Temporary & Disability Assistance	48	65	64	168	87	128	127	69	160	105	181	310	1,512
Transportation	9	22	15	0	25	0	0	25	12	0	14	1	123
Unrestricted Aid	0	44	388	1	0	52	8	0	187	1	28	69	778
All Other	27	36	274	(170)	268	815	1,306	242	122	87	202	2,860	6,069
Total Local Assistance	3,378	5,703	6,009	2,972	2,693	4,383	5,217	3,739	5,752	2,833	3,803	14,733	61,215
Personal Service	708	725	382	863	674	820	665	873	216	667	698	2,196	9,487
Non-Personal Service	137	234	183	119	241	248	229	208	271	381	467	1,413	4,131
Total State Operations	845	959	565	982	915	1,068	894	1,081	487	1,048	1,165	3,609	13,618
General State Charges	810	2,276	393	419	403	612	530	645	52	488	544	983	8,155
Debt Service	163	(21)	(21)	56	(8)	12	53	(5)	(24)	163	(15)	(14)	339
Capital Projects	486	341	816	296	573	431	306	605	472	342	346	(396)	4,618
SUNY Operations	113	0	772	181	0	119	8	104	10	1	3	25	1,336
Other Purposes	114	34	145	189	106	45	82	68	105	25	22	478	1,413
Total Transfers to Other Funds	876	354	1,712	722	671	607	449	772	563	531	356	93	7,706
TOTAL DISBURSEMENTS	5,909	9,292	8,679	5,095	4,682	6,670	7,090	6,237	6,854	4,900	5,868	19,418	90,694
Excess/(Deficiency) of Receipts over Disbursements	3,057	2,138	1,108	137	188	4,165	(1,835)	(935)	13,476	1,348	(30)	(1,465)	21,352
CLOSING BALANCE	12,218	14,356	15,464	15,601	15,789	19,954	18,119	17,184	30,660	32,008	31,978	30,513	30,513

Source: NYS DOB.