Division of the Budget

FINANCIAL PLAN

New York State recorded **surpluses** in Fiscal Years:

2014 2015 2016 2017 2018

DEBT DECLINED

for **5 consecutive years** for the first time in history (fiscal years 2013 – 2017)

LOWEST DEBT SINCE THE 1960s

We need **$15 billion** from Washington to support our schools and hospitals.

Budget Highlights

Prudent Fiscal Practices. The Executive Budget holds annual spending growth in State Operating Funds to 1.2 percent.

Closes $15 billion Two-Year Gap. The Executive Budget eliminates the entire two-year General Fund gap brought on by the COVID-19 pandemic.

Lowers Multi-Year Budget Gap. The five-year cumulative budget gap is reduced from $48.6 billion to $17.5 billion.

Overview

Governor Cuomo has led a bipartisan effort with the Legislature to enact nine fiscally responsible budgets. These budgets embrace the principle that State spending must grow more slowly than the overall economy to ensure that the state is not spending more than available resources and established the discipline to use its available resources prudently. This principle has been put into practice with the establishment of the two percent spending benchmark at the State level, and with the two percent property tax cap at the local level.

The effort to rein in State government spending is working. In the 50 years prior to Governor Cuomo taking office, the annual State Budget grew faster than income 60 percent of the time (or three out of every five budgets) and spending over the entire period grew at an average rate of approximately 7.0 percent, compared to income growth of 6.2 percent. This resulted in unpredictable budgets, tax increases, and spending cuts to critical programs at the worst times. With the adoption of the 2 percent spending benchmark, this unsustainable trend has been reversed.

Importantly, prudent fiscal actions have made State finances more reliable for stakeholders. Rather than including large spending increases in good economic times that cannot be sustained when the economy slows, the budgets have been disciplined, sustainable, and affordable in the long-term. The State has instituted fundamental reforms that have reduced the cost of State and local government in New York. These reforms include:

- Limiting the annual growth in State Operating Funds to two percent;
- Eliminating unsustainable inflators in major programs;
- Negotiating collective bargaining agreements that provide fair and affordable wages and benefits;
- Creating a new tier of fair and affordable pension benefits, which is expected to save the State and local governments more than $80 billion over 30 years;
- Relieving localities of the growth in the Medicaid program, and all its administrative costs, as a way to help counties remain within the property tax cap;

- Controlling and targeting new borrowing to keep debt service affordable and within the State's debt limit; and
- Formal saving for the future by more than tripling the State's reserves by setting aside an additional $2.6 billion to reduce debt and meet needs.

The combination of spending restraint and accompanying budget reforms has led to measurable improvements in the State's financial position. In the summer of 2014, all three major credit rating agencies, Standard and Poor's, Fitch, and Moody's, recognized New York's outstanding financial performance by upgrading the State to its highest credit rating since 1972. The State now enjoys the second highest investment-grade credit rating possible from all three raters on its general obligation bonds.

Performance Profile

New York's prudent fiscal management has resulted in the following:

- Spending in FY 2022 is less than the 2 percent spending benchmark.
- Total State debt has increased by only 0.7% annually since the Governor took office in 2011.
- Credit ratings have been upgraded and the State had its highest credit rating since 1972 prior to the pandemic.
- Spending for agency operations has been reduced through ongoing State agency redesign and cost-control efforts.
- State reserves have grown by $4.5 billion since 2011 and are now nearly four times higher than when the Governor took office.

FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES (millions of dollars)	FY 2020 Results	FY 2021 Current Estimate	FY 2022 Executive Proposal
State Operating Funds Disbursements			
Size of Budget	$102,160	$102,186	$103,405
Annual Growth	0.3%	0.0%	1.2%
Other Disbursement Measures			
General Fund (Including Transfers)[1]	$77,469	$74,747	$81,960
Annual Growth	6.4%	-3.5%	9.6%
Capital Budget (Federal and State)	$11,999	$13,949	$17,209
Annual Growth	-2.2%	16.3%	23.4%
Federal Operating Aid[2]	$58,823	$76,595	$72,329
Annual Growth	0.6%	30.2%	-5.6%
All Funds	$172,982	$192,730	$192,943
Annual Growth	1.2%	11.4%	0.1%
Capital Budget (Including "Off-Budget" Capital)[3]	$12,484	$14,254	$17,609
Annual Growth	-2.3%	14.2%	23.5%
All Funds (Including "Off-Budget" Capital)[3]	$173,467	$193,035	$193,343
Annual Growth	1.2%	11.3%	0.2%
Inflation (CPI)	1.9%	1.1%	2.3%
All Funds Receipts			
Taxes	$82,889	$77,746	$83,506
Annual Growth	9.7%	-6.2%	7.4%
Miscellaneous Receipts	$29,466	$31,707	$27,581
Annual Growth	-5.5%	7.6%	-13.0%
Federal Receipts (Operating and Capital)[2]	$65,080	$84,096	$78,662
Annual Growth	6.1%	29.2%	-6.5%
Total All Funds Receipts[2]	$177,435	$193,549	$189,749
Annual Growth	5.5%	9.1%	-2.0%
General Fund Cash Balance	$8,944	$7,237	$5,730
Rainy Day Reserves	$2,476	$2,476	2,476
Extraordinary Monetary Settlements	$2,610	$2,185	1,226
Economic Uncertainties	$890	$1,490	1,490
All Other Reserves/Fund Balances	$2,968	$1,086	538
Debt			
Debt Service as % All Funds Receipts[4]	2.8%	3.1%	3.4%
State-Related Debt Outstanding	$54,447	$59,852	$67,806
Debt Outstanding as % Personal Income	3.9%	4.1%	4.6%
State Workforce FTEs (Subject to Direct Executive Control)	118,193	115,551	114,721

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

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

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

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

Executive Summary

- The United States remains in the grip of COVID-19. The virus has killed 400,000 people since it began circulating in the states in early 2020. The Federal government's response to the evolving public health crisis has been slow and inconsistent. States and local governments have filled the void by instituting a patchwork of public health measures, with mixed results.

- At the same time, the economic well-being of millions of Americans has been shattered by the pandemic-induced recession. The official unemployment rate stands at 6.7 percent, nearly twice as high as February 2020, the month before urgent public health measures were instituted to limit the spread of COVID. The Bureau of Labor Statistics (BLS) reports that, in addition to the 10.7 million people counted as unemployed in the December 2020 official statistics, an additional 7.3 million people were unable to find employment. The job losses throughout the pandemic have fallen disproportionately on low-wage workers.

- In New York, as in other states, the recession has upended government finances. DOB reports that the estimates for General Fund receipts for FY 2021 through FY 2024 in this Financial Plan are $39 billion lower than in the February 2020 Financial Plan, the last public plan before the pandemic struck. A modest increase in tax receipts estimates since the Mid-Year Update in October 2020 has not fundamentally altered the State's fiscal challenges. The two-year budget gap (FY 2021 and FY 2022) that must be closed in the FY 2022 Executive Budget totals $15 billion.

- As states struggle to meet rising service needs amid revenue losses, Federal aid has been confined to pandemic-response, health care, and related costs. Proposals for direct financial relief to the states have been stalled for months in Congress. The results of Federal inaction have been predictable: a contraction in government employment and spending at a time when health, education, mental health, public safety, and other services are deeply needed. The BLS reports that employment in the state-local sector has fallen by over 1.3 million (-6.8 percent) from December 2019 to December 2020. The National Association of State Budget Officers in its most recent survey found that expenditures by the states in FY 2021 were anticipated to fall by 1.1 percent compared to FY 2020.

- The odds have improved that the Federal government will approve Federal aid to the states in 2021 following the election of Joseph R. Biden as President and a change in party control in the U.S. Senate. The President-elect, who takes office on January 20, 2021, has already outlined a $1.9 trillion plan to stimulate economic recovery and control the COVID-19 pandemic. The draft plan includes $350 billion in direct aid to states and localities to maintain essential services that are at risk as governments contend with dramatic losses in tax receipts.

- The timing and amount of new Federal aid, if any, will ultimately determine the level of spending cuts and tax increases that must be enacted by the State in FY 2022. The Governor has asked Congress for $15 billion in COVID relief aid to maintain State services. The requested aid would replace less than 40 percent of the State's estimated receipts losses through FY 2024.

- Definitive information on how much aid the State may receive under the Biden Administration's proposal will not be known before the release of the Governor's Executive Budget for FY 2022. In 2021, the State Budget is due on January 19, the day before the new administration takes office.
- Until new information is available, DOB must incorporate a cautious estimate for potential new Federal aid. The Executive Budget Financial Plan includes $6 billion in new aid, which DOB believes is at the lower end of possible outcomes. The aid in the Financial Plan is apportioned evenly over two years, with $3 billion in both FY 2022 and FY 2023, to reduce the FY 2022 budget risk if such aid is delayed or approved at a lower level than expected.
- With this level of new aid, the FY 2022 Executive Budget includes difficult spending cuts in local aid and agency operations. It also includes tax increases. Both will slow the State's economic and fiscal recovery. These reductions and tax increases are explained in greater detail later in this Financial Plan.
- If the Governor's full $15 billion aid request is approved, the State would be able to reverse or modify many of these difficult proposals. The Executive Budget includes a contingency appropriation to enable these restorations in the event the Federal government provides the full amount of aid requested by the Governor.

Updated "Base" Budget Gaps

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

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

GENERAL FUND SURPLUS/(GAP) PROJECTIONS: MID-YEAR UPDATE (millions of dollars)					
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
MID-YEAR SURPLUS/(GAP) ESTIMATE	**0**	**(8,725)**	**(9,743)**	**(9,419)**	
Add Back Unallocated Local Assistance Cuts	(8,180)	(8,000)	(8,000)	(8,000)	
MID-YEAR UPDATE SURPLUS/(GAP) WITHOUT CUTS	**(8,180)**	**(16,725)**	**(17,743)**	**(17,419)**	**(18,722)**
FY 2021/FY 2022 Combined Budget Gap		***(24,905)***			

Tax receipts have shown sustained strength through December 2020 and into the important first week of collections in January 2021. PIT collections, the largest source of State tax receipts, were $2.25 billion above the estimate in the Enacted Budget Financial Plan through the first three quarters of FY 2021. Sales and use tax collections through the same period were $515 million higher than expected. At the same time, business tax collections, principally related to audits, have been weaker than expected, which party offset the significant improvements in PIT and sales tax collections.

Based on collections to date and an updated economic forecast, DOB is increasing the annual estimates for General Fund tax receipts by $3.3 billion in FY 2021 and $6.3 billion in FY 2022, exclusive of debt service revisions and proposed tax law changes in the Executive Budget described below. Changes in the PIT estimates account for $8.4 billion of the increased tax receipts estimate over the two years (FY 2021: $2.4 billion; FY 2022: $6.0 billion), reflecting strength in both the withholding and estimated components of the tax, as well as a downward revision in estimated refunds. Sales and use tax have been revised upward by $1.5 billion in FY 2021 and $551 million in FY 2022, reflecting strength in consumer purchasing. A reduction of $868 million to the annual estimates over two years for business taxes partially offsets these changes. A minor increase to non-tax receipts has also been made.

The improved receipts forecast has reduced the current year gap by $3.4 billion in the current year and $6.5 billion in FY 2022 – leaving a combined gap of $15 billion. The outyear gaps after forecast revisions are projected at $10.5 billion in FY 2023, $10.8 billion in FY 2024, and $12.3 billion in FY 2025.

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

GENERAL FUND SURPLUS/(GAP) PROJECTIONS WITH RECEIPTS FORECAST REVISIONS (millions of dollars)					
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
MID-YEAR UPDATE SURPLUS/(GAP) WITHOUT ATL CUTS	**(8,180)**	**(16,725)**	**(17,743)**	**(17,419)**	**(18,722)**
General Fund Taxes	3,348	7,094	7,798	7,167	7,056
Other Receipts	60	215	209	208	206
UPDATED "BASE" BUDGET GAPS	**(4,772)**	**(9,416)**	**(9,736)**	**(10,044)**	**(11,460)**
FY 2021/FY 2022 Combined Budget Gap		***(14,188)***			

With these changes, estimated General Fund receipts in FY 2021 and FY 2022 are still $21.3 billion below the February 2020 Financial Plan (FY 2021: -$11.5 billion; FY 2022: -$9.8 billion). On a year-over year basis, FY 2021 All Fund tax receipts are expected to decline by 6.2 percent from FY 2020 - and remain below FY 2020 levels through FY 2022 (before proposals to increase receipts in the Executive Budget). These downward shocks to tax receipts, along with the lack of new Federal aid, drives the need for the spending reductions and tax increases proposed in this budget.

FY 2022 Executive Budget Financial Plan

The Executive Budget Financial Plan, if adopted and executed as proposed, would eliminate the two-year budget gap of $15 billion. The total gap over the Financial Plan (FY 2021-FY 2025) would be reduced by $31 billion – from $48.6 billion to $17.5 billion. The following table summarizes the multi-year gap-closing plan.[1]

EXECUTIVE BUDGET GAP-CLOSING PLAN
(millions of dollars)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
UPDATED "BASE" BUDGET GAPS	**(4,772)**	**(10,201)**	**(10,524)**	**(10,835)**	**(12,255)**
Local Assistance[1]					
Local District Funding Adjustment	0	1,506	1,518	1,466	1,419
Medicaid	1,230	599	351	297	136
All Other	991	1,265	880	997	928
Agency Operations	44	110	(591)	26	43
Debt Service/Capital Projects	517	135	139	(297)	(245)
New Revenues:					
PIT High-Income Surcharge	0	1,537	1,404	1,195	367
PIT Middle-Class Tax Cut One-Year Pause	0	394	403	445	464
All Other	17	60	348	513	542
Federal Resources:					
CRF	2,476	0	0	0	0
Medicaid FMAP	497	995	0	0	0
FEMA Reimbursement	(1,000)	600	200	200	0
Unrestricted Federal Aid	0	3,000	3,000	0	0
EXECUTIVE BUDGET GAPS	**0**	**0**	**(2,872)**	**(5,993)**	**(8,601)**

1. Includes savings from reductions outside the General Fund that are achieved through the transfer of balances and/(or) increase in revenues made available by spending reductions.

[1] To simplify the presentation, the categorization of actions in the table does not in all instances match reporting by Financial Plan category.

The following summarizes, in broad strokes, the gap-closing actions for FY 2021 and FY 2022.

Spending Reductions (FY 2021: $2.8 billion; FY 2022: $3.6 billion)

Reductions in planned local aid spending are expected to provide savings of $2.2 billion in FY 2021 and $3.4 billion in FY 2022 compared to the base forecast.

- **School Aid/Local District Funding Adjustment**: State funding for school districts is reduced, largely through the consolidation and reduction of certain expense-based School Aid categories and a Local District Funding Adjustment against other reimbursements to districts. However, due to the significant additional Federal aid for school districts through the Coronavirus Response and Relief Supplemental Appropriations Act, total district support increases by approximately 7.1 percent in SY 2022. (FY 2021: $0; FY 2022: $1.5 billion).
- **Medicaid**: Savings in FY 2021 are achieved by reducing rates paid to managed care and long-term care insurance carriers based on lower health care utilization due to the pandemic, the use of available balances, and revisions to estimated costs. In FY 2022, savings are mainly achieved from across-the-board reductions and the use of available resources to support spending. Spending under the Global Cap is expected to increase at the indexed rate.
- **Other Local Assistance:** In general, cash disbursements have been reduced by 5 percent for most local aid programs in the current year and are recommended to remain flat in FY 2022 after adjustments for timing anomalies and other factors. A range of cost-savings measures have been proposed to accomplish the savings expected in FY 2022. In addition, savings are realized from revisions to local assistance spending estimates based on updated data.

Agency operations were reduced by 10 percent in the Mid-Year Update, with certain exceptions for facility operations and public health and safety. Incremental changes have been made to the savings estimates based on a review of operating results. The Financial Plan assumes that the State will continue to withhold planned general salary increases through FY 2022, with repayment budgeted in FY 2023.

Savings in the debt service budget are expected from portfolio management, including refundings. The Financial Plan also includes changes in the expected timing of capital reimbursements, which have a minimal net impact over the two years.

New Revenues (FY 2021: $17 million: FY 2022: $2.0 billion)

The Executive proposes two significant tax law changes:

- **Enact Temporary PIT High Income Surcharge.** The current top PIT rate is 8.82 percent for married taxpayers with taxable income above $2,155,350. The Budget establishes surcharge rates on taxable income above $5 million, effective Tax Years 2021 through 2023. Taxpayers may voluntarily prepay Tax Year 2022 and Tax Year 2023 surcharge liability through their Tax Year 2021 estimated payments. If they take this option, they receive a repayment via tax deductions in Tax Years 2024 and 2025.The proposal is an innovative way to address the State's short-term fiscal challenges while minimizing the impact on taxpayers over the long-term and to help maintain New York's ability to compete.

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

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

Available Federal Resources (FY 2021: $2.0 billion; FY 2022: $1.6 billion)

The Financial Plan includes the following available Federal resources.

- **CRF:** The State can charge to the CRF certain health and public safety payroll costs that were already budgeted in the Financial Plan. The updated Financial Plan reflects an additional $2.5 billion in payroll charges to the CRF. The Financial Plan includes funding for direct COVID expenses, which DOB continues to assume will be funded from Federal sources. The remaining balance in the CRF is expected to be fully expended for, among other things, vaccine distribution costs by the end calendar year 2021.

- **Emergency FMAP:** The U.S. Secretary of Health and Human Services has extended, through June 30, 2021, the enhanced rate at which the Federal government reimburses eligible State Medicaid expenditures (the enhanced rate is 56.2 percent compared to the regular rate of 50 percent). The enhanced rate reduces State-share expenditures and increases Federal expenditures by an equal amount, and therefore has no impact on total Medicaid payments. DOB estimates State-share savings of $500 million in FY 2021 and $1.0 billion in FY 2022.

- **FEMA Reimbursement (Timing):** The State is expected to incur an estimated $1 billion in COVID expenses in FY 2021 that are eligible for FEMA reimbursement (at one hundred percent of cost). FEMA reimbursement is currently expected in FY 2022 ($600 million), FY 2023 ($200 million), and FY 2024 ($200 million). The timing difference between the State outlay and FEMA reimbursement creates a current-year cost of $1 billion and a commensurate savings from FY 2022 through FY 2024.

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

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

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

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

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

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

Other Financial Plan Highlights

Payment Withholds

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

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

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

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

Liquidity and Debt

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

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

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

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

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

Lastly, the Executive Budget proposes a continuation of the suspension of the Debt Reform Act for FY 2022 issuances. State legislation enacted in connection with the adoption of the FY 2021

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