# UPDATE TO
# ANNUAL INFORMATION STATEMENT
# STATE OF NEW YORK

December 21, 2022

# TABLE OF CONTENTS

# INTRODUCTION

This second quarterly update to the Annual Information Statement (the "AIS Update") is dated December 21, 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 29, 2022 (the "AIS"). This AIS Update should be read in its entirety, together with the AIS.

In this AIS Update, readers will find:

1. Information on the State’s current financial projections, including summaries and extracts from the State’s Mid-Year Update to the Financial Plan for FY 2023 (the “Updated Financial Plan” or “Mid-Year Update”) issued by the Division of the Budget (DOB) in November 2022. The Updated Financial Plan (which is available on the DOB website, www.budget.ny.gov) includes a summary of second quarter operating results for FY 2023 (quarter ended September 30, 2022) and updates to the State’s official financial projections for FY 2023 through FY 2027 (the “Financial Plan period”).[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 2023 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 2024 Executive Budget Financial Plan.
2. A discussion of issues and risks that may affect the State's financial projections during FY 2023 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 2022 and projected receipts and disbursements for fiscal years 2023 through 2027 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 2023 (“FY 2023”) is the fiscal year that began on April 1, 2022 and will end on March 31, 2023.

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 2022 and the Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting on July 27, 2022 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 2022 can also be accessed through EMMA at www.emma.msrb.org.

## Usage Notice

This AIS Update has been prepared and made available by the State pursuant to its contractual undertakings under various continuing disclosure agreements (CDAs) entered into by the State in connection with financings of the State, as well as certain issuers, including public authorities of the State, that may depend in whole or in part on State appropriations as sources of payments of their respective bonds, notes or other obligations.

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

Neither this AIS Update nor any portion thereof may be: (i) included in a preliminary official statement, official statement, or other offering document, or incorporated by reference therein, unless DOB has expressly consented thereto following a written request to the State of New York, Division of the Budget, State Capitol, Albany, NY 12224, or (ii) considered to be continuing disclosure in connection with any offering unless a CDA relating to the offered series of bonds or notes has been executed by DOB. Any such use, or incorporation by reference, of this AIS Update or any portion thereof in a preliminary official statement, official statement, or other offering document or continuing disclosure filing without such consent and agreement by DOB is unauthorized and the State expressly disclaims any responsibility with respect to the inclusion, intended use, and updating of this AIS Update if so misused.

# 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[3]: 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 receipts; 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.

[3] The State's Fund Structure and listing of funds can be found at https://www.budget.ny.gov/citizen/nyfund/index.html

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.

The term "actual" or "actuals" is used throughout the Financial Plan to align with fiscal publications released by the State Comptroller. These terms are synonymous with the term "results" also used in the Financial Plan narrative discussion and refer to year-to-date and year-end actual but unaudited performance data.

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).

# FINANCIAL PLAN OVERVIEW

The following table provides key financial measures for FY 2022 and the FY 2023 Updated Financial Plan.

| FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES (millions of dollars) | | | |
|---|---|---|---|
| | | FY 2023 | |
| | FY 2022 Actuals | First Quarter | Mid-Year |
| **State Operating Funds Disbursements** | | | |
| Size of Budget | $117,404 | $122,640 | $121,832 |
| Annual Growth | 12.7% | 4.5% | 3.8% |
| **Other Disbursement Measures** | | | |
| General Fund (Including Transfers)[1] | $88,918 | $95,997 | $95,181 |
| Annual Growth | 20.0% | 8.0% | 7.0% |
| Capital Budget (Federal and State) | $14,704 | $17,360 | $16,874 |
| Annual Growth | 19.2% | 18.1% | 14.8% |
| Federal Operating Aid | $77,231 | $83,956 | $83,236 |
| Annual Growth | 10.3% | 8.7% | 7.8% |
| All Funds | $209,339 | $223,956 | $221,942 |
| Annual Growth | 12.2% | 7.0% | 6.0% |
| **Inflation (CPI)** | 6.2% | 7.9% | 7.5% |
| **All Funds Receipts** | | | |
| Taxes[2] | $104,706 | $109,543 | $110,483 |
| Annual Growth | 27.1% | 4.6% | 5.5% |
| Miscellaneous Receipts | $27,932 | $27,165 | $25,412 |
| Annual Growth | -9.2% | -2.7% | -9.0% |
| Federal Receipts (Operating and Capital) | $95,307 | $89,654 | $89,720 |
| Annual Growth | 22.0% | -5.9% | -5.9% |
| Total All Funds Receipts[2] | $227,945 | $226,362 | $225,615 |
| Annual Growth | 19.2% | -0.7% | -1.0% |
| **General Fund Cash Balance** | $33,053 | $27,427 | $27,504 |
| Economic Uncertainties | $5,665 | $7,570 | $7,647 |
| Extraordinary Monetary Settlements | $1,837 | $1,544 | $1,544 |
| Pandemic Assistance | $2,000 | $0 | $0 |
| Rainy Day Reserves | $3,319 | $6,468 | $6,468 |
| Timing of PTET/PIT Credits | $16,430 | $6,342 | $6,342 |
| All Other | $3,802 | $5,503 | $5,503 |
| **Debt** | | | |
| Debt Service as % All Funds Receipts[2] | 5.2% | 3.5% | 3.5% |
| State-Related Debt Outstanding[3] | $61,966 | $67,628 | $60,920 |
| Debt Outstanding as % Personal Income | 4.1% | 4.5% | 4.0% |

[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.

[3] The decline in FY 2023 State-related debt outstanding is due to the legal defeasance of bonds in September 2022 related to the prepayments executed in FY 2022.

## Summary

State finances remain on solid footing, with favorable operating results recorded through the first half of FY 2023. Through September 2022, General Fund receipts, including transfers from other funds, were $3.1 billion higher than estimated in the First Quarterly Update, driven by strength in PIT collections and non-tax receipts. General Fund disbursements, including transfers to other funds, were $1.7 billion below the cash flow estimate, with lower spending across most local aid programs. The General Fund ended September 2022 with a cash balance of roughly $50 billion[4], the highest balance ever recorded at the end of a second quarter and equal to more than half of estimated General Fund spending for the fiscal year.

In view of results to date, DOB is increasing the estimate for General Fund receipts by $1.3 billion in FY 2023. General Fund disbursements have been revised downward by $816 million, mainly due to the extension of the Enhanced Federal Medical Assistance Percentage (eFMAP) through the final quarter of the fiscal year. The budget gaps projected for FY 2024 through FY 2027 have declined modestly in comparison to the First Quarterly Update on the expectation of slightly stronger business tax and mobile sports wagering receipts over the Financial Plan period.

Casting a shadow over the strong operating results is the elevated risk of a recession. As described later in this update, DOB's current U.S. economic forecast identifies significant downside risks that could potentially tip the national economy into recession. In preparation for that possibility, the State has steadily increased its reserves. At the end of FY 2022, the State's principal reserves totaled nearly $9 billion. Over the next three years, projected additional deposits of $10.4 billion will bring reserves to $19.5 billion, equal to 15 percent of State Operating Funds spending, the fiscal target set by the Governor in October 2021. Planned reserves in FY 2025 exceed the multi-year projected budget gaps by roughly $6.5 billion. In addition, the increase in the current fiscal year surplus ($2.1 billion) that results from the Mid-Year Update revisions has been reserved to hedge against risks to receipts that may materialize later in the current fiscal year or in FY 2024.

[4] Including payments, refunds, and balances related to the Pass Through Entity Tax (PTET) program.

## Mid-Year Update Revisions

The following table summarizes the General Fund revisions reflected in the Mid-Year Update to the Financial Plan followed by a brief explanation of the revisions. These revisions, as well as adjustments to State and Federal Special Revenue Funds and Capital Projects Funds, have been incorporated into projected receipts and disbursements throughout the Updated Financial Plan.

FY 2023 MID-YEAR UPDATE
GENERAL FUND REVISIONS
SAVINGS/(COSTS)
(millions of dollars)

| | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|
| **FIRST QUARTERLY UPDATE SURPLUS/(GAP) ESTIMATE** | **0** | **(310)** | **(3,587)** | **(3,546)** | **(6,219)** |
| **Receipts** | **(739)** | **150** | **150** | **150** | **150** |
| Taxes | 910 | 150 | 150 | 150 | 150 |
| Debt Service | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous/Federal | 427 | 0 | 0 | 0 | 0 |
| Transfers from Other Funds | (2,076) | 0 | 0 | 0 | 0 |
| **Disbursements** | **816** | **12** | **(62)** | **85** | **81** |
| Local Assistance | 913 | 49 | (27) | 121 | 113 |
| Agency Operations | (80) | (37) | (35) | (36) | (32) |
| Transfers to Other Funds | (17) | 0 | 0 | 0 | 0 |
| **Use of/(Deposit to) Reserves** | **(77)** | **0** | **0** | **0** | **0** |
| Rainy Day Reserve | 0 | 0 | 0 | 0 | 0 |
| Tax Stabilization Reserve | 0 | 0 | 0 | 0 | 0 |
| Contingency Reserve | 0 | 0 | 0 | 0 | 0 |
| Community Projects Reserve | 0 | 0 | 0 | 0 | 0 |
| Other Reserves | (77) | 0 | 0 | 0 | 0 |
| **MID-YEAR UPDATE SURPLUS/(GAP) ESTIMATE** | **0** | **(148)** | **(3,499)** | **(3,311)** | **(5,988)** |

## Receipts Revisions

**Taxes.** Estimated PIT collections have been increased by $500 million in FY 2023 based on results to date that have exceeded annual projections. Corporate franchise tax collections have been revised upward by $100 million in FY 2023 and $150 million annually thereafter, based on collections to date and audit recoveries. Several super-large estate tax payments have resulted in collections to date nearly exceeding the annual estimate causing an increase of $310 million in estimated estate tax collections.

**Miscellaneous Receipts.** The increase in miscellaneous receipts reflects higher than projected investment income in the current year ($350 million) and an additional $77 million for monetary settlements that will be set aside in the Reserve for Economic Uncertainties. The State received a $30 million civil monetary penalty from Robinhood Crypto, LLC (RHC) pursuant to an August 1, 2022 Consent Order between RHC and the New York State Department of Financial Services

(DFS) that resolves DFS's investigation into anti-money laundering, cybersecurity, and consumer protection violations committed by RHC. Grand River Enterprises Six Nations, LTD and Native Wholesale Supply Company Inc. are expected to collectively pay $50 million to the State pursuant to a September 9, 2022 Joint Stipulation for Entry of Proposed Stipulated Final Judgment and Order between the defendants and the New York State Office of the Attorney General (OAG) that stems from the defendants alleged possession of unstamped cigarettes. The OAG is expected to retain $3 million of the settlement to offset operational expenses.

**Transfers from Other Funds.** The Transaction Risk Reserve has been increased by $2.1 billion, equal to the current fiscal year surplus that results from the Mid-Year Update revisions, to hedge against risks to receipts that may materialize later in the current fiscal year or in FY 2024.

## Disbursement Revisions

**Medicaid/Child Health Plus (CHP).** On October 13, 2022, the Federal government extended the Public Health Emergency (PHE) through January 11, 2023, which in turn extends eFMAP through the first quarter of calendar year 2023. The extension is expected to increase the Federal share by $818 million and reduce the State share by the same amount, increasing the total projected State benefit to $3.5 billion in FY 2023 and $279 million in FY 2024. The PHE and eFMAP extensions are accompanied by projected cost increases for enrollees whose coverage has been extended due to Maintenance of Effort (MOE) provisions in the Families First Coronavirus Response Act (FFCRA), as well as the State's 12-month continuous coverage mandate.

**Healthcare/Direct Care Worker Bonus.** The State program to provide bonuses for certain healthcare and direct care workers earning less than $125,000 has been expanded to include certified first responders, security guards, peace officers, health home care managers, support staff and certain other positions which increases the estimated State share cost by an additional $92 million. The Updated Financial Plan assumes that the bonus payments will be made in FY 2023, but such assumption depends on the timing of claims.

The Updated Financial Plan continues to assume that the State will receive Federal approval for Federal matching funds for the bonus payments to eligible healthcare workers. The State has submitted the application for reimbursement to the Center for Medicare and Medicaid Services (CMS), and CMS responded on December 6, 2022 seeking additional information. The State has 90 days to respond to the request (no later than March 6, 2023), after which CMS has an additional 90 days (June 4, 2023) to formally approve or deny the State plan amendment. In the interim, the State advanced the anticipated Federal share of the bonus payments for claims received to date (approximately $260 million). DOB estimates the Federal share for the entire bonus program to be in the range of $1.1 billion. DOB does not expect a current year fiscal impact if CMS does not approve any Federal matching funds for the bonus payments. However, the General Fund would incur unbudgeted costs of up to $1.1 billion in FY 2024, in addition to the estimated General Fund gaps shown in the preceding table if the Federal matching funds are not approved as assumed.

**State Facilities Extension of 2.5x Overtime.** The Updated Financial Plan incorporates the extension of the pilot program at mental hygiene and other State-operated facilities to provide employees with critical titles in nursing, direct care, and facility operations with up to two and a half times overtime through November 2022 ($73 million) due to critical staffing needs.

**Mental Hygiene Pay Increases.** In recent months, the State administratively increased the hiring rate and geographic pay differentials for certain direct care titles at the Office of Mental Health (OMH), Office for People with Developmental Disabilities (OPWDD), and Office of Addiction Services and Supports (OASAS) to help ameliorate ongoing recruitment and retention issues. The FY 2023 First Quarterly Update included costs for several direct care titles estimated at $82 million in FY 2023 growing to just over $100 million when fully annualized. The Updated Financial Plan includes additional nursing titles under the geographic pay differentials ($13 million annually).

**New York City Homelessness Inpatient Beds and Transitional Housing.** New funding is included starting in FY 2024 ($11 million) for two 25-bed inpatient wards to serve the homeless population and four 15-bed semi-independent, short-term housing complexes with intensive recovery services to support individuals reintegrating into the community. Full implementation is expected by FY 2026 at an annual cost of $17 million.

**Social Media and Violent Extremism Task Force.** New legislation signed in June 2022 created a task force to study and investigate various aspects of social media companies and their role in providing platforms for individuals and groups to plan and promote acts of violence. The OAG's costs are projected to increase by $1.5 million annually.

**All Other.** Other revisions include Federal recoupment of overpayments related to the Lost Wages Assistance (LWA) program ($12 million) and additional funding for the Department of Health (DOH) for imminent threat to public health funding for Monkeypox and awareness media campaigns in response to the public health implications of Monkeypox and Polio outbreaks, as well as abortion access ($4 million). In addition, the estimate for mobile sports wagering receipts has been increased in each year of the Updated Financial Plan, providing additional resources for education that offset General Fund spending ($411 million in FY 2024).

Finally, the retroactive salary increases attributable to FY 2022 that were paid to Civil Service Employees Association (CSEA) and Management Confidential (M/C) employees have been allocated to the appropriate agencies to provide the cash ceiling room to accommodate the actual payments. In keeping with past practice, agencies are expected to cover the ongoing costs within their current operating budgets.

## Reserve Changes

Two new monetary settlements have been reserved for economic uncertainties ($77 million).

## Principal Reserves

The Updated Financial Plan maintains all the planned deposits and set asides to principal reserves that were proposed in the FY 2023 Executive Budget.[5] Planned deposits of $15.5 billion through FY 2025 will bring the balance in principal reserves to just under $19.5 billion, an amount equal to 15 percent of projected State Operating Funds disbursements. The annual deposits total $5 billion in FY 2022 (completed), $5.1 billion in FY 2023, $2.4 billion in FY 2024, and $2.9 billion in FY 2025.

The following table shows the completed and planned deposits to principal reserves. The allocation of principal reserves may be adjusted consistent with the allowable balance and deposit authorization for the Rainy Day Reserve, as discussed below.

**FY 2023 MID-YEAR UPDATE**
**"PRINCIPAL" RESERVES**
**(millions of dollars)**

| | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|---|---|---|---|---|
| **Planned Deposits (Uses)** | **5,018** | **5,131** | **2,448** | **2,925** |
| Rainy Day Reserves | 843 | 3,149 | 3,308 | 3,494 |
| Economic Uncertainties | 4,175 | 1,982 | (860) | (569) |
| **Balance At Year-End** | **8,984** | **14,115** | **16,563** | **19,488** |
| Rainy Day Reserves | 3,319 | 6,468 | 9,776 | 13,270 |
| Economic Uncertainties | 5,665 | 7,647 | 6,787 | 6,218 |
| **Estimated SOF Spending** | **117,404** | **121,832** | **124,842** | **129,528** |
| *Principal Reserves % SOF* | *7.7%* | *11.6%* | *13.3%* | *15.0%* |

The FY 2023 Enacted Budget included amendments to the Rainy Day Reserve Fund to allow the State to set aside additional resources in statutory reserves. The maximum allowable balance for the Rainy Day Reserve was raised from 5 percent to 15 percent, and the maximum annual deposit was increased from 0.75 percent to 3 percent of General Fund spending.

The Updated Financial Plan also maintains $6 billion for Pay-As-You-Go (PAYGO) capital funding expected to be used to avoid taxable bond issuances, which typically have higher interest expenses and amortize over a shorter period than the State's tax-exempt bonds.

[5] DOB defines principal reserves as the two "rainy day" reserves (consisting of the Tax Stabilization Reserve and the Rainy Day Reserve) and the portion of the General Fund balance informally designated for economic uncertainties.

## Federal Recovery Aid

The $12.75 billion in recovery aid received by the State from the American Rescue Plan Act of 2021 (ARP) is expected to be used over four years (FY 2022-FY 2025). No changes have been made to the prior allocation outlined in prior Financial Plans. In FY 2022, $4.5 billion was used to fund eligible expenses, as defined in the US Treasury regulations. The remaining amounts will be used as follows: $2.3 billion in FY 2023, $2.4 billion in FY 2024, and $3.6 billion in FY 2025, with all amounts expected to be expended by December 2024. The allocation and use of recovery aid may be adjusted by DOB, depending on future needs and developments.

## Cash Position

DOB expects that the General Fund will have sufficient liquidity in FY 2023 to make all planned payments as they become due. DOB continues to reserve money on a quarterly basis for debt service payments that are financed with General Fund resources. Money to pay debt service on bonds secured by dedicated receipts, including PIT bonds and Sales Tax bonds, continues to be set aside as required by law and bond covenants.

## Updated State Spending

State Operating Funds spending is estimated at $121.8 billion in FY 2023, an increase of 3.8 percent over FY 2022 results of $117.4 billion. Spending is $808 million lower than the $122.6 billion estimated in the FY 2023 First Quarterly Update. The decrease is mainly due to the reduction in State share Medicaid spending due to the extension of the eFMAP through March 2023.

## Debt Service

Debt service spending consists of the payment of principal, interest, and related expenses on State-supported debt. Prepayments executed in FY 2022, as well as planned prepayments in FY 2023, have a substantial impact on total debt service spending. Excluding the impact of the prepayments, debt service expenses are projected to increase by 11.5 percent in FY 2023 over the prior year. The table below provides a summary of the impact of actual and planned prepayments.

**STATE-SUPPORTED DEBT SERVICE**
**(millions of dollars)**

| | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|---|---|---|---|---|---|---|
| **Base Debt Service** | **5,995** | **6,687** | **7,159** | **7,615** | **8,018** | **8,527** |
| **Total Prepayment Adjustment** | **6,550** | **925** | **(2,255)** | **(3,145)** | **(2,380)** | **(2,860)** |
| Prior Prepayments | (1,065) | (700) | (700) | (700) | 0 | 0 |
| FY 2022 Prepayment | 7,615 | (375) | (1,555) | (1,695) | (1,630) | (2,360) |
| FY 2023 Prepayment | 0 | 2,000 | 0 | (750) | (750) | (500) |
| **Mid-Year Update State Debt Service** | **12,545** | **7,612** | **4,904** | **4,470** | **5,638** | **5,667** |

## 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. Three significant factors affect reported General Fund tax receipts, as described below.

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.

Lastly, beginning in FY 2022, the PTET program began affecting reported General Fund tax collections. In FY 2022, the State collected $16.4 billion in PTET payments through business tax receipts. In FY 2023, it expects to continue to collect PTET and pay PIT credits connected with the program for tax years 2021 and 2022. The General Fund reserved the entire amount of PTET collections received in FY 2022 and will use a portion of that balance to cover the difference between PTET collections and related PIT refunds in FY 2023. The timing between the initial PTET collections and subsequent refunds will be managed in a similar manner in each year of the Financial Plan. The PTET program is expected to have no net impact on operations over its life but will distort the annual change for business and PIT receipts. The discussion and tables summarizing annual changes below generally exclude the impact of the PTET or show it distinctly. The operation of the PTET program is described under the heading, "PTET Financial Plan Impact" at the end of this section.

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. For example, education and health care programs are affected by the level of financing sources (i.e., HCRA and lottery/gaming receipts) available in other funds. 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.

# FY 2023 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) | | | | |
|---|---|---|---|---|
| | | | Annual Change | |
| | FY 2022 Actuals | FY 2023 Projected | Dollar | Percent |
| **Opening Fund Balance** | **9,161** | **33,053** | **23,892** | **260.8%** |
| **Total Receipts** | **112,810** | **89,632** | **(23,178)** | **-20.5%** |
| Receipts (Excluding PTET) | 96,380 | 99,720 | 3,340 | 3.5% |
| Taxes | 85,301 | 95,605 | 10,304 | 12.1% |
| Miscellaneous Receipts | 2,325 | 2,195 | (130) | -5.6% |
| Federal Receipts | 4,500 | 2,350 | (2,150) | -47.8% |
| Non-Tax Transfers from Other Funds | 4,254 | (430) | (4,684) | -110.1% |
| PTET Receipts | 16,430 | (10,088) | (26,518) | -161.4% |
| PIT Credits | 0 | (25,085) | (25,085) | 0.0% |
| Business Taxes | 16,430 | 14,997 | (1,433) | -8.7% |
| **Total Disbursements** | **88,918** | **95,181** | **6,263** | **7.0%** |
| Local Assistance | 58,384 | 65,114 | 6,730 | 11.5% |
| State Operations | 20,721 | 21,910 | 1,189 | 5.7% |
| Transfers to Other Funds | 9,813 | 8,157 | (1,656) | -16.9% |
| **Net Change in Operations** | **23,892** | **(5,549)** | **(29,441)** | **-123.2%** |
| **Closing Fund Balance** | **33,053** | **27,504** | **(5,549)** | **-16.8%** |
| **Statutory Reserves:** | | | | |
| Community Projects | 26 | 21 | (5) | |
| Contingency | 21 | 21 | 0 | |
| Rainy Day[1] | 3,319 | 6,468 | 3,149 | |
| **Fund Balance Reserved for:** | | | | |
| Debt Management | 500 | 1,355 | 855 | |
| Economic Uncertainties | 5,665 | 7,647 | 1,982 | |
| Labor Settlements/Agency Operations | 275 | 765 | 490 | |
| Pandemic Assistance | 2,000 | 0 | (2,000) | |
| Undesignated Fund Balance | 2,980 | 3,341 | 361 | |
| **Subtotal Excluding Settlements/PTET** | **14,786** | **19,618** | **4,832** | |
| **Fund Balance Reserved for:** | | | | |
| Extraordinary Monetary Settlements | 1,837 | 1,544 | (293) | |
| Timing of PTET/PIT Credits | 16,430 | 6,342 | (10,088) | |

[1] Consists of the Rainy Day Reserve and Tax Stabilization Reserve.

## Receipts

General Fund receipts, including transfers but excluding PTET, are expected to total $99.7 billion in FY 2023, an increase of $3.3 billion over FY 2022.

Tax receipts, excluding the impact of PTET, but including transfers after payment of debt service, are estimated to total $95.6 billion in FY 2023, an increase of $10.3 billion (12.1 percent) from FY 2022. The increase reflects projected growth in tax receipts and the impact of prepayments of future debt service costs. Excluding the prepayments, tax receipts are estimated to increase by 5.1 percent from FY 2022.

PIT receipts, excluding PTET and debt prepayments, are estimated to total nearly $67.3 billion in FY 2023, an increase of $3.4 billion (5.4 percent) from FY 2022 reflecting underlying growth in collections. The actual and planned prepayments of debt service due in future years 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 $4.3 billion in FY 2022 and $925 million in FY 2023.

Consumption/use tax receipts, including transfers after payment of debt service on Sales Tax Revenue Bonds, are estimated to total $16.6 billion in FY 2023, an increase of $2.2 billion (15 percent) from FY 2022. This includes the impact of the prepayment of debt service in FY 2022, which reduces receipts by $2.25 billion. Base sales tax growth is estimated at 8 percent in FY 2023 and is offset by the drop in tax revenue attributable to the temporary suspension of taxes on gasoline and diesel motor fuel from June 1, 2022 to December 31, 2022 and estimated declines in cigarette and tobacco tax collections.

Business tax receipts, excluding PTET, are estimated at $9.9 billion in FY 2023, an increase of $1.4 billion (16.2 percent) from FY 2022. The increase is primarily attributable to an increase in Corporate Franchise Tax (CFT) gross receipts due to the temporary increase in the business income and capital base rates enacted in FY 2022.

Other tax receipts, including transfers after payment of debt service on Clean Water/Clean Air (CW/CA) Bonds, are expected to total $2.8 billion in FY 2023, a decrease of $47 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 by $130 million from FY 2022 driven by lower projected abandoned property, license fees and reimbursements in FY 2023. The State used $4.5 billion from ARP recovery aid in FY 2022 and plans to use another $2.4 billion from ARP recovery aid in FY 2023. Non-tax transfers in FY 2023 includes a transaction risk reserve that offsets total projected transfers from other funds. This reserve has been increased by $2.1 billion in FY 2023 to hedge against risks to receipts that may materialize later in the fiscal year or in FY 2024. The transaction risk reserve totals $4.1 billion in FY 2023 exceeding the $3.6 billion in other non-tax transfers by $430 million. Non-tax transfers, excluding the risk reserve, are projected to decline by $608 million from FY 2022 due to the transfer of a large Tribal State Compact Fund receipt in FY 2022.

## Disbursements

General Fund disbursements, including transfers to other funds, are expected to total nearly $95.2 billion in FY 2023, an increase of $6.3 billion (7.0 percent) from FY 2022. The growth in spending is attributable to initiatives and investments in nearly all major programs, including health care, School Aid, mental hygiene, social services, one-time bonus payments to health care/direct care workers, and recovery assistance to individuals and small businesses.

Local assistance spending is estimated at $65.1 billion in FY 2023, an increase of $6.7 billion from FY 2022. In FY 2023, healthcare and direct workers earning less than $125,000 will receive a State-funded bonus payment of up to $3,000 at an estimated cost of $1.3 billion. School Aid and Medicaid, the largest local programs, are projected to increase spending by a combined $3.8 billion in FY 2023. School Aid is estimated to increase by $1 billion on a State fiscal year basis, primarily driven by the continuing phase-in of the Foundation Aid formula. Medicaid spending is projected to grow by $2.8 billion, reflecting the new method for calculating allowable spending growth under the Global Cap; increased costs related to minimum wage and funding the local share of program growth; and the expected expiration of eFMAP in March 2023.

Other areas with significant growth include the Office of Temporary and Disability Assistance (OTDA) ($1.3 billion) driven by rental assistance and homeless housing services; mental hygiene ($678 million) for expanded services, increased capacity, and a 5.4 percent human services Cost-of-Living Adjustment (COLA); education and special education programs ($344 million) for increased provider tuition rates, increased enrollment, and charter school supplemental tuition; utility arrears assistance ($250 million); public health and aging ($254 million); public protection and safety ($122 million); and other programs including child care, housing, and economic development.

Agency operations costs, including fringe benefits, are expected to total $21.9 billion in FY 2023, an increase of $1.2 billion from FY 2022. The annual change is partly driven by several nonrecurring transactions processed in FY 2022, including the funding of $2.2 billion of eligible payroll costs, including fringe benefits, from the Coronavirus Relief Fund (CRF), which lowered FY 2022 spending. The lower spending in FY 2022 is partly offset by the ongoing purchase of COVID-19 test kits, payment of retroactive salary increases, and the transfer of additional funds to the retiree health benefit trust fund. In addition, FY 2023 spending includes an offset of $800 million for expected Federal Emergency Management Agency (FEMA) reimbursement that lowers spending. Excluding these nonrecurring transactions, operational costs are projected to increase in FY 2023 due to rising energy and commodity prices and negotiated general salary increases.

General Fund transfers to Other Funds are projected to total $8.2 billion in FY 2023, a decrease of $1.7 billion from FY 2022. Transfers for capital projects are expected to decline by $2.5 billion reflecting the timing of bond reimbursements and a $931 million transfer to the Metropolitan Transportation Authority (MTA) accelerated from FY 2023 to March 2022 and are partly offset by higher transfers for State University of New York (SUNY) ($135 million) and all other transfers ($731 million) mainly for health care, indigent legal services and transportation and transit support.

## FY 2023 Closing Balance

Excluding the PTET[6] reserve for the timing of PTET/PIT credits and the reserve for extraordinary monetary settlements to fund existing commitments and projects, DOB estimates the General Fund will end FY 2023 with a balance of $19.6 billion, an increase of $4.8 billion over FY 2022. Principal reserves are expected to increase by $5.1 billion -- $3.1 billion in statutory Rainy Day Reserves and $2.0 billion set aside for economic uncertainties. The balance available for all other purposes is expected to decrease by $299 million. The change is due to the combination of amounts used to fund new commitments, including pandemic relief and recovery assistance, in the FY 2023 Enacted Budget and available for FY 2024 operations ($1.6 billion), which are partly offset by increased set-asides for debt management and labor settlements ($1.3 billion).

[6] Starting in FY 2022, the General Fund balance is affected by the PTET program. Please see the description under the heading “PTET Financial Plan Impact” for more information.

## 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 a term not to exceed four months or the end of the fiscal year, whichever is shorter. 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 FY 2023 Enacted Budget authorized short-term financing for liquidity purposes during the fiscal year. In doing so, it provides a tool to help the State manage cashflow, if needed, and more effectively deploy resources as the State continues to respond to the pandemic. Specifically, the authorization allows for the issuance of up to $3 billion of PIT revenue anticipation notes which mature no later than March 31, 2023. It also allows up to $2 billion in line of credit facilities, to be drawn through March 31, 2023, subject to available appropriation. Neither authorization allows borrowed amounts to be extended or refinanced beyond their initial maturity. The Updated Financial Plan does not assume the use of short-term financing for liquidity purposes during FY 2023. 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 MONTH-END CASH BALANCES<br>APRIL THROUGH SEPTEMBER (ACTUALS)/OCTOBER THROUGH MARCH (PROJECTED)<br>(millions of dollars) | General Fund | Other Funds | All Funds |
|---|---|---|---|
| **April 2022** | 45,693 | 21,428 | 67,121 |
| **May 2022** | 40,311 | 23,033 | 63,344 |
| **June 2022** | 43,797 | 24,852 | 68,649 |
| **July 2022** | 43,699 | 24,305 | 68,004 |
| **August 2022** | 42,930 | 24,139 | 67,069 |
| **September 2022** | 49,993 | 24,096 | 74,089 |
| **October 2022** | 46,783 | 24,107 | 70,890 |
| **November 2022** | 37,864 | 22,842 | 60,706 |
| **December 2022** | 39,701 | 24,693 | 64,394 |
| **January 2023** | 36,227 | 26,742 | 62,969 |
| **February 2023** | 33,124 | 27,281 | 60,405 |
| **March 2023** | 27,504 | 19,778 | 47,282 |

## 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 PIT 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.

In December 2021, electing entities began making estimated PTET payments that were classified as business taxes and totaled $16.4 billion in FY 2022. The accompanying tax credits result in decreased PIT collections beginning in April 2022. DOB expects that the PTET will, on a multi-year basis, be revenue neutral for the State. However, because the PTET credits are not necessarily realized by taxpayers within the same fiscal year that PTET revenue is received by the State, the PTET will not be revenue-neutral to the State within each fiscal year. The Updated Financial Plan includes an estimate for PTET within business taxes and the corresponding decrease in PIT receipts. Additionally, it has reserved 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 due to the scheduled expiration of the State and Local Tax (SALT) cap under current Federal law. Therefore, the estimates in the Updated Financial Plan reflect the likelihood that entities cease to participate in the later years of the Financial Plan period.

PTET is expected to reduce FY 2023 PIT collections by $25.1 billion and reduce all funds receipts by a net amount of $10.1 billion, due to timing. PIT credits may be claimed on the April tax return in the following fiscal year, 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 and affected taxpayers were not statutorily authorized to do so. Going forward, some taxpayers are expected to choose this option. FY 2023 PIT collections are expected to be reduced by credits for both the full amount of tax year 2021 PTET collections (through extensions and refunds) and a portion of tax year 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 Updated 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 MID-YEAR UPDATE**
**GENERAL FUND IMPACT OF THE PASS THROUGH ENTITY TAX**
**SAVINGS/(COSTS)**
**(millions of dollars)**

| | FY 2022 Actuals | 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] | 16,430 | (10,088) | 358 | 101 | (2,761) | (4,040) |
| PIT Credits | 0 | (25,085) | (15,497) | (16,452) | (15,995) | (3,940) |
| PTET Collections (Business Taxes) | 16,430 | 14,997 | 15,855 | 16,553 | 13,234 | (100) |
| Use of/(Deposit to) Reserve for PTET Refunds | (16,430) | 10,088 | (358) | (101) | 2,761 | 4,040 |

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

# FY 2023 State Operating Funds Spending

| STATE OPERATING FUNDS DISBURSEMENTS<br>FY 2022 TO FY 2023<br>(millions of dollars) | | | | |
|---|---|---|---|---|
| | FY 2022 Actuals | FY 2023 Projected | Annual Change $ | % |
| **LOCAL ASSISTANCE** | **74,998** | **83,448** | **8,450** | **11.3%** |
| School Aid (School Year Basis) | 29,266 | 31,372 | 2,106 | 7.2% |
| STAR | 1,904 | 1,831 | (73) | -3.8% |
| Gross Program Cost | 3,306 | 3,425 | 119 | 3.6% |
| Personal Income Tax Credit | (1,402) | (1,594) | (192) | -13.7% |
| DOH Medicaid | 24,958 | 28,654 | 3,696 | 14.8% |
| Temporary eFMAP Increase | (2,984) | (3,454) | (470) | -15.8% |
| Mental Hygiene (Gross) | 4,353 | 5,496 | 1,143 | 26.3% |
| Mental Hygiene - DOH Global Cap Adjustment[1] | 307 | (1,291) | (1,598) | -520.5% |
| Transportation | 3,786 | 4,599 | 813 | 21.5% |
| Social Services | 3,141 | 4,369 | 1,228 | 39.1% |
| Higher Education | 2,725 | 3,063 | 338 | 12.4% |
| Other Education | 2,186 | 2,537 | 351 | 16.1% |
| Healthcare/Direct Care Worker Bonus | 0 | 1,349 | 1,349 | 0.0% |
| All Other[2] | 5,356 | 4,923 | (433) | -8.1% |
| **STATE OPERATIONS/GENERAL STATE CHARGES** | **29,861** | **30,772** | **911** | **3.1%** |
| State Operations | 19,836 | 20,923 | 1,087 | 5.5% |
| Executive Agencies | 11,397 | 12,078 | 681 | 6.0% |
| University Systems | 6,515 | 6,646 | 131 | 2.0% |
| Elected Officials | 2,548 | 2,756 | 208 | 8.2% |
| Healthcare/Direct Care Worker Bonus | 0 | 148 | 148 | 0.0% |
| Fund Eligible Expenses from CRF | (1,529) | 0 | 1,529 | 100.0% |
| FEMA Eligible Costs/(Reimbursement) | 905 | (705) | (1,610) | -177.9% |
| General State Charges | 10,025 | 9,849 | (176) | -1.8% |
| Pension Contribution | 2,492 | 2,425 | (67) | -2.7% |
| Health Insurance | 5,379 | 5,034 | (345) | -6.4% |
| Fund Eligible Expenses from CRF | (650) | 0 | 650 | 100.0% |
| Other Fringe Benefits/Fixed Costs | 2,804 | 2,390 | (414) | -14.8% |
| **DEBT SERVICE** | **12,545** | **7,612** | **(4,933)** | **-39.3%** |
| **TOTAL STATE OPERATING FUNDS** | **117,404** | **121,832** | **4,428** | **3.8%** |
| **Capital Projects (State and Federal Funds)** | **14,704** | **16,874** | **2,170** | **14.8%** |
| **Federal Operating Aid** | **77,231** | **83,236** | **6,005** | **7.8%** |
| **TOTAL ALL GOVERNMENTAL FUNDS** | **209,339** | **221,942** | **12,603** | **6.0%** |

[1] 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.

[2] All Other includes spending for certain recovery initiatives; reclassifications between financial plan categories; a reconciliation between school year and State fiscal year spending for School Aid; and various other functions.

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 are captured in State Operating Funds.

## Local Assistance

Approximately two-thirds of State spending is for local assistance that 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. School Aid and Medicaid account for more than half of local assistance spending. In FY 2022 and FY 2023, local assistance funding includes spending for pandemic recovery initiatives, which support time-limited programs including the Emergency Rental Assistance Program (ERAP), Landlord Rental Assistance Program, assistance to excluded workers, small business assistance, funding for hospitals that are experiencing financial distress from the COVID-19 pandemic, public utility arrears assistance, Healthcare/Direct Care Worker Bonuses, and other targeted initiatives.

School Aid spending for School Year (SY) 2023 is estimated at $31.4 billion, representing an annual increase of $2.1 billion (7.2 percent). This annual increase includes increased funding for Foundation Aid ($1.5 billion), growth in expense-based reimbursement programs ($457 million), and an investment in State-funded full-day prekindergarten programming for four-year-old children ($125 million). The growth in Foundation Aid reflects the second year of the three-year phase-in of the current formula.

The STAR program is expected to grow by 3.6 percent; however, 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 spending will continue to decrease as STAR beneficiaries transition to the PIT credit program.

DOH Medicaid spending, excluding eFMAP, is estimated at $28.7 billion in FY 2023, an annual increase of 14.8 percent. Costs under the Global Cap are projected to increase by $966 million, consistent with the newly approved growth index. The increased funding will support growth in enrollment and medical cost inflation, assistance to distressed hospitals and nursing homes, increased homecare wages, expanded access to health coverage, and higher provider reimbursements. The remaining growth is attributable to costs outside the Global Cap and is mainly driven by minimum wage for health care providers ($262 million) and financial relief to counties and New York City associated with full coverage of the local share of spending growth ($183 million). A portion of Medicaid-related expenses of OPWDD will be funded outside of the DOH Global Cap with additional Financial Plan resources to accommodate DOH Medicaid spending growth.

State Medicaid spending is also impacted by the Federal government's decision to continue the temporary 6.2 percentage point increase to the Federal Medical Assistance Program (FMAP) rate that began at the onset of the COVID-19 PHE in January 2020. The Updated Financial Plan assumes the continuation of eFMAP through March 2023, which provided State share savings of nearly $3 billion in FY 2022 and is expected to provide another $3.5 billion in FY 2023, including the reconciliation of February and March 2022 costs that were recognized in April due to the timing of payments. This State benefit is partly offset by increased State costs attributable to the restrictions required to receive eFMAP.

Mental Hygiene funding in the FY 2023 Enacted Budget provided increased funding for targeted investments in services and supports to ensure individuals with developmental disabilities, mental illness and addiction have appropriate access to care. The increased spending supports a 5.4 percent COLA for the human service workforce, investments in housing programs, increased reimbursement rates to providers to expand inpatient psychiatric bed capacity, implementation of the nationwide 988 Crisis Hotline, expanded access to opioid treatment services, critical intervention to reach homeless individuals in New York City, and expansion of the Dwyer peer-to-peer program serving veterans.

Spending for transportation, most of which occurs outside the General Fund and is supported by dedicated taxes and fees, is projected to increase by $813 million from FY 2022 to FY 2023. The projected increase is mainly due to forecasted increases in dedicated receipts collections in FY 2023 and available resources carried over from FY 2022 that are passed on to the MTA and other transit systems as operating aid. These resources are expected to provide an additional $653 million to the MTA, $125 million for non-MTA downstate transit systems, and $35 million for upstate transit systems.

Social Services spending is expected to grow by $1.2 billion from FY 2022 to FY 2023 of which over $900 million will support time-limited programs including emergency rental assistance, landlord aid, and other supplemental assistance. Public assistance growth is expected due to a modest increase in caseloads as well as proposed measures to address the "benefits cliff" and reduce the 45-day waiting period for prospective Safety Net Assistance recipients before they can receive program benefits. Spending for child care is projected to increase with the expansion of child care subsidies to include 80 percent of providers at the local market rate and greater eligibility for child care subsidies. Other spending increases include investments and additional funding for homeless housing and services, adoption subsidies, home visiting programs, and a 5.4 percent COLA for the human service workforce.

Higher education spending is projected to grow by 12.4 percent in FY 2023, primarily reflecting the costs associated with expanded eligibility requirements for part-time enrollees in the Tuition Assistance Program (TAP), increased operating support for the City University of New York (CUNY) Senior Colleges, non-recurring funding for strategic initiatives at CUNY campuses and increased funding for additional faculty hires at CUNY's Senior and Community Colleges.

Increased funding 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, increased costs to reimburse school districts for charter school supplemental tuition and aid to nonpublic schools.

FY 2023 local assistance spending includes the estimated State cost of $1.3 billion for non-State healthcare and direct care workers, in eligible titles, earning less than $125,000 to provide a bonus payment of up to $3,000 based on hours worked and length of time in service.

Other local assistance spending includes additional funding in FY 2023 for tourism, workforce development, public health programs, Nourish NY, land banks, the Hunger Prevention and Nutrition Assistance Program (HPNAP) and Homeowner Protection Program, discovery reform implementation and pretrial services, Indigent Legal Services, local aid payments made from tribal state compact receipts, domestic terrorism prevention, abortion services, and pandemic recovery initiatives including small business assistance, public utility arrears assistance, and other targeted initiatives. Spending increases in FY 2023 are more than offset by a $2.1 billion reduction in spending from FY 2022 associated with one-time assistance provided to excluded workers, resulting in a year-over-year decline in the all other local assistance category.

## 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 about 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; and the payment of salary increases pursuant to existing contracts, as well as recognition of the expected payment of retroactive salary increases for CSEA and M/C employees. In FY 2023, agency operating budgets have been increased in part to restore prior year reductions implemented at the onset of the pandemic and to ensure adequate access to services and supports. FY 2023 spending includes an estimated $148 million for State healthcare and direct care workers, in eligible titles, earning less than $125,000 to provide a bonus payment of up to $3,000 based on hours worked and length of time in service. In addition, personal service spending reflects salary increases to help improve ongoing recruitment and retention issues in institutional facilities, including increasing hiring rates, geographic pay differentials, and overtime.

Pursuant to guidelines established by the Treasury, the State charged roughly $2.2 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 FY 2022, including the purchase of COVID-19 test kits for schools and local governments, 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 FEMA reimbursement over several years based on prior experience. State agencies are projected to continue to incur costs to respond to the COVID-19 pandemic in FY 2023, which are expected to be funded with Federal FEMA resources.

University systems spending growth in FY 2023 reflects the acceleration of the TAP Gap funding plan at SUNY campuses, new funding to hire more full-time faculty, increased support for higher education opportunity programs, one-time funding to support strategic initiatives at SUNY campuses and the establishment of child care centers on every SUNY campus.

The operating costs for independent offices (Attorney General, Comptroller, Judiciary, and Legislature) are projected to increase by a combined $208 million (8.2 percent). Roughly $150 million of the planned increases is attributable to Judiciary personnel and contract costs.

GSCs spending is projected to decline slightly from the FY 2022 level to roughly $9.8 billion in FY 2023 because of payment advances and offsets that balance underlying growth and the reconciliation of actual FY 2022 health insurance costs versus estimated payments which generates $121 million in one-time savings in FY 2023. Annual growth is primarily attributable to the increased costs of providing health insurance and pension benefits to current and retired employees. Health insurance growth reflects medical cost inflation and expected utilization growth following delayed medical visits and procedures during the pandemic, which is more than offset by the FY 2022 advance payment to the State’s Health Insurance Reserve Fund. Pension costs are projected to decline from FY 2022 due to a reduction in the employer contribution rates set by the State Comptroller, interest savings expected from paying the entirety of the State’s FY 2023 Employees' Retirement System (ERS)/ Police and Fire Retirement System (PFRS) bill in May 2022, and the FY 2022 payment of outstanding Judiciary pension amortizations. Other spending reflects the FY 2022 repayment of the social security payroll taxes deferred from April-December 2020 as authorized in the Federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) totaling roughly $650 million.

# 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 Financial Plan. The emphasis is on risks to the Financial Plan, but the section includes other information intended to provide context for understanding the State's financial operations more broadly. This section includes information on the following topics:

- Financial Projections and Management
- Climate Change
- COVID-19 Pandemic
- Federal Policy and Funding
- Major Operating Programs
- State Labor Force
- State Debt
- Localities and Authorities
- Other Risks and Ongoing Concerns

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. The projections of receipts and disbursements in the Updated Financial Plan are based on reasonable assumptions at the time they were prepared, but DOB is unable to provide any assurance that actual 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; supply chain disruptions; 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, including the Federal matching grant for the healthcare/direct care worker bonus program; 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.

## Financial Projections and Management

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 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 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 Financial Plan in the current year or future years, or both.

The Updated 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 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.

# Climate Change

## 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 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 is expected to increase the risk of adverse outcomes, including extreme weather events and coastal flooding.

## 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.

Rating agencies are incorporating Environmental, Social, and Governance (ESG) factors into credit ratings for the State and other issuers. Rising sea levels and their effect on coastal infrastructure have been identified 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 first 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. In March 2022, S&P assigned New York State an environmental issuer profile score of E-3 (moderately negative) due to the risk of coastal flooding in New York City and Long Island, which S&P equates to risk exposure affecting about 40 percent of the State's population and roughly half of its jobs. The S&P report cited the risk that a climate-related natural disaster could disrupt the State's economy and budgetary balance. The release of ESG scores by the rating agencies does not cause a change in the State's overall credit ratings, which are based on financial information in addition to the ESG component. 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. In 2019, the Climate Leadership and Community Protection Act (CLCPA) was signed into law. The CLCPA set the State on a path toward developing regulations to reduce statewide greenhouse gas emissions by 40 percent below the 1990 level by 2030, and 85 percent below the 1990 level by 2050. Additionally, in accordance with the CLCPA, 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 created the Climate Action Council (CAC), which is tasked with developing a Draft Scoping Plan with recommendations to reduce greenhouse gas emissions, increase renewable energy usage, and promote climate justice. On December 20, 2021, the CAC voted to release the Draft Scoping Plan for public comment. The public comment period began on January 1, 2022 and closed on July 1, 2022. The CAC voted to approve and adopt the final Scoping Plan on December 19, 2022.

Concurrently, the State has been taking regulatory and legislative actions that are intended to limit greenhouse gas emissions, electrify transportation, and generate more electricity from renewable sources. There can be no assurances that such actions, or their intended outcomes, will be realized as planned. Major regulatory and legislative actions include:

- 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 to be zero-emissions by 2045;

- Requiring the New York State Energy Research and Development Authority to formulate the creation of a zero-emissions vehicle development strategy by 2023;

- Mandating that by no later than July 1, 2027, school districts only purchase or lease zero-emission school buses, and requiring school bus fleets to fully convert to zero-emission school buses by July 1, 2035;

- Enacting the "Advanced Building Codes, Appliance and Equipment Efficiency Standards Act of 2022" to align the State's energy code with its climate policies and strengthen efficiency standards for appliances;

- Appropriating $500 million to advance the offshore wind industry; and

- Amending the Clean Energy Standard to reflect CLCPA targets.

In addition, New York State has been a member of the Regional Greenhouse Gas Initiative, which utilizes a cap-and-trade mechanism to regulate carbon dioxide emissions from electric power plants operating within the State since 2008.

During the November 2022 general election, New York State voters approved the Clean Water, Clean Air, and Green Jobs Bond Act. The $4.2 billion bond act will support capital improvements and enhancements in the following areas: flood risk reduction/restorations; open space, working lands conservation, and recreation; climate change mitigation; and water quality improvement and resilient infrastructure.

## 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 City 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 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. The State continues to monitor the data to understand whether these trends are transitory.

There can be no assurance that existing and future COVID-19 variants will not adversely impact the State's financial condition. State officials continue to closely monitor global COVID-19 impacts and emerging Federal guidance.

# Federal Policy and Funding

## 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 laws actions, preempt state laws, change SALT bases and taxpayer behavior through tax policies, and influence industries through regulatory action. Federal resources support vital services such as health care, education, and 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 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 PHE, 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 $86.2 billion in FY 2023 and includes $16.8 billion in spending identified as pandemic assistance. The reporting of certain program spending related to the pandemic is included in the agency disbursements, the largest of which include Disproportionate Share Hospital (DSH), CHP, eFMAP, IDEA, and the TANF Pandemic Emergency Fund. The Federal Funds spending increase estimated in FY 2023 is driven by the pandemic assistance funds for education, eFMAP related to the extension of the PHE, and Human and Community Based Services (HCBS) eFMAP, as well as Federal reimbursement of pandemic related spending incurred in prior fiscal years. Federal Funds spending is summarized below.

**FEDERAL FUNDS DISBURSEMENTS**
**(millions of dollars)**

| | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **DISBURSEMENTS** | | | | | | |
| Medicaid | 44,474 | 47,183 | 47,996 | 48,219 | 50,929 | 52,244 |
| Health | 8,227 | 8,749 | 9,346 | 9,732 | 10,268 | 10,681 |
| Social Welfare | 4,770 | 4,477 | 4,546 | 4,698 | 4,701 | 4,702 |
| Education | 4,601 | 3,941 | 3,940 | 3,857 | 3,857 | 3,857 |
| Public Protection | 1,128 | 1,327 | 1,297 | 1,290 | 1,292 | 1,295 |
| Transportation | 1,966 | 2,271 | 2,493 | 2,694 | 2,823 | 2,885 |
| All Other[1] | 1,610 | 1,457 | 1,380 | 1,333 | 1,315 | 1,319 |
| Pandemic Assistance[2] | 12,707 | 16,759 | 8,758 | 3,648 | 134 | 69 |
| Child Care Funds | 987 | 966 | 445 | 0 | 0 | 0 |
| Education ARP Funds | 496 | 2,864 | 3,491 | 2,454 | 0 | 0 |
| FFCRA/COVID eFMAP, including local passthrough | 3,629 | 4,201 | 325 | 0 | 0 | 0 |
| ARP HCBS eFMAP | 0 | 1,735 | 702 | 0 | 0 | 0 |
| Coronavirus Relief Fund (CRF) | 2,318 | 0 | 0 | 0 | 0 | 0 |
| Education Supplemental Appropriations Act | 843 | 2,196 | 1,353 | 0 | 0 | 0 |
| Lost Wages Assistance | 5 | 0 | 0 | 0 | 0 | 0 |
| Emergency Rental Assistance Program (ERAP) | 1,833 | 415 | 325 | 0 | 0 | 0 |
| Education CARES Act Funds | 755 | 267 | 0 | 0 | 0 | 0 |
| SUNY State-Operated Campuses Federal Stimulus | 373 | 278 | 0 | 0 | 0 | 0 |
| FEMA Reimbursement of Eligible Pandemic Expenses | 0 | 800 | 200 | 0 | 0 | 0 |
| FEMA Reimbursement of COVID Home Testing Kits | 0 | 0 | 225 | 225 | 0 | 0 |
| FEMA Local Pass-Through Funding | 780 | 1,452 | 1,250 | 750 | 0 | 0 |
| Coronavirus Local Fiscal Recovery Fund Non-Entitlement Pass-Through | 387 | 387 | 0 | 0 | 0 | 0 |
| Homeowner Assistance Program | 75 | 465 | 0 | 0 | 0 | 0 |
| Home Energy Assistance Program | 224 | 335 | 0 | 0 | 0 | 0 |
| Coronavirus Capital Projects Fund | 0 | 69 | 69 | 69 | 69 | 69 |
| State Small Business Credit Initiative | 0 | 279 | 223 | 0 | 0 | 0 |
| FHWA Surface Transportation Block Grant | 2 | 50 | 150 | 150 | 65 | 0 |
| **Total Disbursements** | **79,483** | **86,164** | **79,756** | **75,471** | **75,319** | **77,052** |

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

[2] Pandemic Assistance excludes $12.7 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 nearly 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.** Federal funding helps with several programs managed by 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.** Federal 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 who qualify for programs such as Pell grants and Work-Study.

- **Public Protection.** Federal funding supports various programs and operations of the State Police, 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) increases the amount of Federal resources available to the State to fund capital costs associated with transportation projects.

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

## Pandemic Assistance

- **Child Care Funds.** The CARES, Coronavirus Response and Relief Supplemental Appropriations (CRRSA), and ARP Acts granted additional funding to aid in stabilizing the child care sector.

- **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.

- **FFCRA/COVID 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 PHE. The enhanced funding began on January 1, 2020 and is currently expected to continue through March 2023. In FY 2022, the additional Federal resources reduced State and local government costs by approximately $3.0 billion and $650 million, respectively. Due to the timing of reconciliations, February and March 2022 eFMAP State and Local share offsets were realized in FY 2023. Four additional quarters of eFMAP have been assumed in FY 2023 as a result of the extension of the PHE, increasing the projected FY 2023 State benefit to $3.5 billion.

- **ARP 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.

  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 of its plan. 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, and the State has until March 31, 2024 to expend its earned eFMAP in accordance with the submitted spending plan.

  On January 31, 2022, CMS provided additional partial approval for 37 out of the 43 proposals included in the initial spending plan. On May 18, 2022, CMS provided another partial approval of the spending plan by approving 6 of the 9 new proposals submitted in the second quarterly report. Quarterly reports provide an update to eFMAP spending and status of spending plan proposals. The State has submitted quarterly reports on February 15, 2022, May 6, 2022, and July 28, 2022. The State will continue to submit quarterly and semi-annual 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 Medicaid Redesign Team II (MRT II) savings actions. The State is estimated to receive $2.4 billion in eFMAP for HCBS expenditures across health and mental hygiene programs ($1.7 billion in FY 2023 and $702 million in FY 2024).

- **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 were used in FY 2021 and FY 2022 for eligible payroll costs ($4.5 billion), primarily for public health and safety employees, as well as other pandemic response costs incurred by the State (roughly $600 million).

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

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

- **ERAP.** The CRRSA Act established the ERAP 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 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 Financial Plan.

- **FEMA Reimbursement of COVID Home Testing Kits.** The Updated Financial Plan assumes reimbursement of $225 million in both FY 2024 and FY 2025 related to the purchase of test kits for schools.

- **FEMA Local Pass-Through Funding.** Funding from this program is assumed to flow through the Updated Financial Plan to reimburse local entities for their Federal share of COVID-19 claims submitted to FEMA.

- **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 distributed an additional $387 million to local governments in FY 2023, for a total of $774 million overall.

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

- **HEAP.** 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 PHE. The State has been allocated $345 million for the program.

- **State Small Business Credit Initiative.** This program provides funding to empower small businesses to access capital needed to invest in job-creating opportunities.

- **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 total amount of 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 Updated 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 Updated 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 PHE 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 | 140,704 | 8,225 |
| Families First Coronavirus Response Act (FFCRA) | 92,044 | 12,619 |
| American Rescue Plan (ARP) Act of 2021 | 86,877 | 19,175 |
| Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act of 2021 | 24,983 | 7,248 |
| 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 (CPRSA) Act of 2020 | 66 | 0 |
| **Total** | **350,349** | **51,387** |

- **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 allocated to the State were 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 PHE.

- **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 $19.2 billion in categorical aid for schools, universities, childcare, housing, and other purposes. The ARP also provides $10 billion in recovery aid to localities in New York State and $7 billion directly to the MTA. The State aid provided through the ARP is included in the Updated Financial Plan as a deposit of Federal aid to the General Fund to offset revenue loss, ensure the continuation of essential services and assistance provided by government, and assist with the PHE response and recovery efforts. These funds are expected to be transferred to State Funds over multiple years to support eligible uses and spending. In FY 2022, the State transferred $4.5 billion of the Federal ARP aid to the General Fund to fund eligible costs incurred through March 31, 2022. The allocation of costs for FY 2022, which has been updated since the Enacted Budget based upon detailed review of Federal guidelines, is noted below.

**STATE EXPENSES ELIGIBLE FOR RECOVERY AID**
**(millions of dollars)**

| | FY 2022 |
|---|---|
| Public Health and Safety Payroll | 969 |
| Small Business Grants | 526 |
| Landlord Rental Assistance | 155 |
| Emergency Rental Assistance | 28 |
| Restaurant Resiliency | 24 |
| Government Services[1] | 2,798 |
| | **4,500** |

[1] Includes any service traditionally provided by the State up to the amount of calculated revenue loss.

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 PHE. The State has also been allocated $345 million from the Coronavirus Capital Projects Fund.

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

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

- **The Paycheck Protection Program 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.

- **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 PHE 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. If there are insufficient resources in the UI Trust Fund to pay benefits, as became the case starting in May 2020, the UI Trust Fund may borrow from the Federal government for this purpose. As of September 30, 2022, the UI Trust Fund's Federal loan balance was approximately $7.95 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 IIJA, including approximately $550 billion in new authorized spending nationally on transportation, water, 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 Inflation Reduction Act (IRA) of 2022

In August 2022, Congress passed, and the President signed, the $437 billion IRA (H.R. 5376), including approximately $374 billion in energy and climate provisions, tax credits for electric vehicles and incentives for clean-energy projects. It also contains health subsidies and drought relief while raising about $740 billion in revenue over ten years, funded through new taxes on corporations as well as stepped-up enforcement by the Internal Revenue Service.

Most spending in the IRA is likely to flow directly to individuals and businesses. The legislation also directs money to support states' climate plans and energy efficiency initiatives. The level of funds the State will receive from the IRA may be subject to eligibility criteria of competitive grant processes.

## 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 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 Financial Plan. Notable areas with potential for changes in Federal funding include health care and human services.

The State submitted an 1115 waiver extension request to CMS that preserves current Medicaid Managed Care Programs, Children's HCBS, and self-direction of personal care services. This waiver was approved on March 31, 2022 and is effective for five years.

Separately, DOH has developed a new programmatic amendment to the now-renewed 1115 waiver, titled *New York Health Equity Reform (NYHER): Making Targeted, Evidence-Based Investments to Address the Health Disparities Exacerbated by the COVID-19 Pandemic.* This request seeks approximately $13.5 billion in Federal funding over five years to invest in an array of initiatives that would change the way the Medicaid program integrates and pays for social, physical, and behavioral health care in New York State.

After working directly with CMS and stakeholders on concepts contained in this new programmatic waiver amendment, in accordance with Federal transparency requirements, DOH submitted a Federal public notice to the New York State Registry on April 13, 2022 and held two public hearings on May 3, 2022 and May 10, 2022. The presentation slides, recordings, and transcripts from both webinars are available on the DOH website. The 30-day public comment period closed on May 20, 2022 and another public hearing was held on September 28, 2022.

During the public comment period, DOH received 358 written comment submissions and heard from 75 speakers at the three public hearings. DOH has worked with partner agencies to review and evaluate the approximately 1,800 comments received and incorporated feedback from stakeholders where possible and appropriate. DOH formally submitted the final waiver amendment application on September 2, 2022. CMS deemed the application submission complete on September 15, 2022, and the Federal public comment period ended on October 19, 2022.

After submission to CMS, the review and approval process can take several months or longer. DOH plans to begin the five-year waiver demonstration period upon approval from CMS, which DOH anticipates could begin as soon as January 1, 2023.

## Federal Debt Limit

Legislation increasing the Federal 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 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 PIT, 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, until its scheduled expiration after 2025, 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 decrease the value of home prices, thereby posing risks to the State's tax base and current Financial Plan projections.

## State Response to Federal Tax Law Changes

**PTET.** As part of the State's continuing response to Federal tax law changes and in connection with the FY 2022 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 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 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 the PTET credits are not necessarily realized by taxpayers within the same fiscal year that PTET revenue is received by the State, the PTET will not be revenue-neutral to the State within each fiscal year.

The Updated Financial Plan includes estimates for PTET receipts and the corresponding decrease in PIT receipts. The overall effect on projected receipts to the Revenue Bond Tax Fund (RBTF), to which 50 percent of both PIT and PTET receipts are deposited, is that PTET increased FY 2022 receipts and is projected to decrease FY 2023 receipts by a significant amount. See the "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.

**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, the Employer Compensation Expense Program (ECEP), and establishment of a new State Charitable Gifts Trust Fund.

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 2022, the State received $93 million in charitable gifts deposited to the Charitable Gifts Trust Fund for healthcare and education ($58 million and $35 million, respectively). Charitable Gifts to date have been appropriated and used for the authorized purposes.

As part of State tax reforms enacted in 2018, taxpayers may claim reimbursement from the State for interest on underpayments of Federal tax liability for the 2019, 2020 and 2021 tax years if the underpayments arise from reliance on the 2018 amendments to State Tax Law. To receive reimbursement, taxpayers are required to submit their reimbursement claims to the Department of Taxation and Finance (DTF) within 60 days of making an interest payment to the IRS. To date, the State has not received any claims for reimbursement of interest on underpayments of Federal tax liability.

The Updated 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 Limitation of Charitable Contributions Deductibility.** 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.

# Major Operating Programs

## 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 utilized prior to FY 2023. 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 enacted increase in School Aid for SY 2023 of $2.1 billion (7.2 percent) is above the indexed PIGI rate of 4.5 percent. This $2.1 billion increase includes a $1.5 billion increase in Foundation Aid[7] as part of the three-year phase-in of the formula and a 3 percent "due minimum" increase for districts whose annual Foundation Aid levels exceed their full funding level targets. The increase also includes a $125 million investment in State-funded full-day prekindergarten programming for four-year-old children, including a $100 million formula-based allocation and a $25 million grant to be competitively awarded. 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 School Aid growth cap.

### Medicaid

Approximately 85 percent of DOH State Funds Medicaid spending growth is subject to the Global Cap. The Global Cap was previously calculated using the ten-year rolling average of the medical component of the Consumer Price Index (CPI) for all urban consumers and thus allows for growth attributable to increasing costs, though not increasing utilization. To accommodate growth in factors not currently indexed under the Global Cap and reflect recent trends, beginning in FY 2023, the allowable spending growth for activities under the Global Cap is set at the five-year rolling average of health care spending, using projections from the CMS Actuary. The FY 2023 Executive Budget and Enacted Budget utilize the CMS Actuary projections issued on March 24, 2020, which

---

[7] 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 $21.3 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.

were the most recent published data available in developing the Executive Budget proposal and during the legislative budget negotiation period. DOB plans to incorporate multi-year revisions to the index consistent with updated CMS Actuary projections annually with future proposed Executive Budgets.

The statutory provisions of the Global Cap grant the Commissioner of Health (the "Commissioner") certain powers to limit Medicaid disbursements to the level authorized by the Global Cap and allow for flexibility in adjusting Medicaid projections to meet unanticipated costs resulting from a disaster. The Commissioner's powers are intended to limit the annual growth rate to the levels set by the Global Cap for the then-current fiscal year, through actions which may include reducing reimbursement rates to providers. These actions may be dependent upon timely Federal approvals and other elements of the program that govern implementation. Additional State share Medicaid spending, outside of the Global Cap, includes State costs for the takeover of Medicaid growth from local governments and reimbursement to providers for increased minimum wage costs. It should be further noted that General Fund Medicaid spending remains sensitive to revenue performance 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, to ensure compliance with the Global Cap.

## 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, EP, and 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 are budgeted in the Updated Financial Plan through FY 2025.

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 FY 2023 Enacted Budget included a recurring State-funded rent supplement program to assist individuals and families.

### Extraordinary Aid to Hospitals

The pandemic further stressed the financial stability of hospitals responsible for supporting medical needs in underserved communities across the State, including those with higher rates of uninsured and government payor mix. Accordingly, the FY 2023 Enacted Budget committed an additional $800 million in one-time resources in FY 2023, in addition to $984 million in ongoing annual base support, to strengthen the financial position of certain financially distressed providers. The importance of the hospital industry to local communities for purposes of accessing critical health care services, as well as other social and economic benefits, creates the potential for increased cost pressure within the Updated Financial Plan should the State continue to assist hospitals.

## Opioid Settlement Fund

The Attorney General (AG) and DFS have reached significant opioid related settlements with several corporations for their roles in helping fuel the opioid epidemic.

- Johnson & Johnson, 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 April 2022. The first settlement payment of $92.4 million was deposited in the New York State Opioid Settlement Fund (Opioid Settlement Fund) in August 2022.

- 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, a U.S. District Court for the Southern District of New York vacated the confirmation of Purdue Pharma'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. Subsequently, Purdue Pharma appealed to the Second Circuit, which held oral argument on April 29, 2022.

- Drug distributors McKesson Corporation, Cardinal Health Inc., and Amerisource Bergen Drug Corporation have agreed to 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. The first settlement payment of $36.3 million was deposited in the Opioid Settlement Fund in March 2022, and payments will continue over the next 17 years.

- Drug manufacturer Endo Health Solutions 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 State portion, $11.96 million will be distributed to subdivisions (excluding Nassau and Suffolk) and $10.34 million was deposited in the Opioid Settlement Fund in March 2022.

- Allergan Finance, LLC and its affiliates will pay the State and its subdivisions up to $200 million. Over $150 million of these funds will be dedicated to opioid abatement. The State's share, $67 million, was received in October 2022. The settlement between the AG and Allergan Finance, LLC and its affiliates also prevents them from participating in the opioid business.

- Mallinckrodt PLC emerged from bankruptcy on June 16, 2022. As a part of its resolution with the State, Mallinckrodt has agreed to pay up to $58.5 million over eight years for opioid abatement. An initial payment of $8.25 million is expected to be made in February 2023. The bankruptcy plan then allows Mallinckrodt 18 months to determine whether it will prepay claims. Should Mallinckrodt elect to prepay, the State is expected to receive approximately $41.1 million in total, inclusive of the initial payment.

The Financial Plan will be updated pending confirmation of 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, as amended by Chapter 171 of the Laws of 2022, 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 and/or for payment to local governments as a result of their participation in such settlements or judgments. 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 consistent with State statute and the terms of any applicable statewide opioid settlement agreement.

# State Labor Force

## Labor Negotiations and Agreements

The State negotiates multi-year collective bargaining agreements with its unionized workforce that impact personal service and fringe benefit costs. The State recently negotiated a new agreement with the Civil Service Employees Association (CSEA) through FY 2026, but all other contracts have expired or will expire by the end of FY 2023.

The State's agreement with CSEA is for the five-year period from FY 2022 through FY 2026. The agreement maintains general salary increases at 2 percent annually for the two-year period through FY 2023, and provides general salary increases of 3 percent annually for the three-year period through FY 2026. Additionally, the agreement provides a one-time bonus of $3,000, and changes in longevity resulting from changes in the health insurance program that are expected to encourage in-network employee utilization to help control health insurance costs.

The State has commenced labor negotiations with several unions for successor contracts; however, there can be no assurance that amounts informally reserved in the Updated 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 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| CSEA | FY 2022 - FY 2026 | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 3% | 3% | 3% |
| DC-37 | FY 2022 - FY 2023 | 2% | 2% | 2% | 2% | 2% | 2% | 2% | TBD | TBD | TBD |
| GSEU | AY 2020 - AY 2023 | 2% | 2% | 2% | 2% | 2% | 2% | 2% | TBD | TBD | TBD |
| PBANYS | FY 2020 - FY 2023 | 2% | 2% | 2% | 2% | 2% | 2% | 2% | TBD | TBD | TBD |
| PEF | FY 2020 - FY 2023 | 2% | 2% | 2% | 2% | 2% | 2% | 2% | TBD | TBD | TBD |
| NYSTPBA | FY 2019 - FY 2023 | 1.5% | 1.5% | 2% | 2% | 2% | 2% | 2% | TBD | TBD | TBD |
| NYSPIA | FY 2019 - FY 2023 | 1.5% | 1.5% | 2% | 2% | 2% | 2% | 2% | TBD | TBD | TBD |
| CUNY | AY 2018 - AY 2023 | 2% | 1.5% | 2% | 2% | 2% | 2% | 2% | TBD | TBD | TBD |
| Council 82 | FY 2017 - FY 2023 | 2% | 2% | 2% | 2% | 2% | 2% | 2% | TBD | TBD | TBD |
| NYSCOPBA | FY 2017 - FY 2023 | 2% | 2% | 2% | 2% | 2% | 2% | 2% | TBD | TBD | TBD |
| UUP | AY 2017 - AY 2022 | 2% | 2% | 2% | 2% | 2% | 2% | 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 ERS and the New York State and Local 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 standard 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 substantial 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).

---

[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).

On September 1, 2022, the Comptroller announced an increase in employer contribution rates for both ERS and PFRS which will impact payments in FY 2024. The average employer contribution rate for ERS increased from 11.6 percent to 13.1 percent of payroll, and the average employer contribution rate for PFRS increased from 27 percent to 27.8 percent of payroll. The increase in rates was primarily attributed to salary increases for active members and a 3 percent COLA increase to most retirees' pension benefits. State law requires that COLA payments be calculated based on 50 percent of the annual rate of inflation, as measured at the end of the State fiscal year (March 31). The annual COLA increase is required to be at least 1 percent, but no more than 3 percent, and is typically applied on up to the first $18,000 of a retiree's pension.

In addition to the change in contribution rates, the Comptroller authorized a change in the asset smoothing methodology from five to eight years. Asset smoothing is used to mitigate the impact to employer contribution rates as a result of any unexpected gains or losses in annual investment returns. This is achieved by recognizing any deviation from the assumed rate of return, currently at 5.9 percent, in equal proportions. Increasing the asset smoothing methodology from five to eight years will dampen the effects of year-to-year volatility in the Common Retirement Fund's returns and the impact on employer rates.

The Updated 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 February 2022 estimate provided by the Actuary. Approximately $67 million in pension interest savings was achieved from the payment 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.

Finally, the estimate has been adjusted to reflect two pension changes included in the Enacted Budget. The first change, which is intended to improve the recruitment and retention of employees in Tier 5 and Tier 6, permanently reduces their vesting period from ten years to five years (cost of $27.2 million annually). The second change provides a temporary, two-year exclusion of overtime from the variable income-based Tier 6 employee contribution calculation ($1.3 million annually through FY 2024). This will ensure that employees who worked considerable overtime during the pandemic will not experience a significant increase in their employee contribution.

The Comptroller does not forecast pension liability estimates for the later years of the Updated 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. The State and Judiciary have completed repayment of all pension amortization liabilities. 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] | 2,107.8 | 0.0 | 151.3 | 2,259.1 | 1.76 | 15.8 | 28.3 | 15.1 | 25.4 |
| 2023 Est. | 1,861.3 | 281.9 | 0.0 | 2,143.2 | 3.61 | 11.4 | 27.0 | 14.1 | 26.4 |
| *Projected by DOB[7]* | | | | | | | | | |
| 2024 | 2,288.6 | 145.5 | 0.0 | 2,434.1 | TBD | 13.1 | 27.8 | 13.1 | 27.2 |
| 2025 | 3,154.8 | 0.0 | 0.0 | 3,154.8 | TBD | 17.2 | 31.5 | 14.1 | 28.2 |
| 2026 | 3,964.0 | 0.0 | 0.0 | 3,964.0 | TBD | 22.0 | 35.2 | 15.1 | 29.2 |
| 2027 | 4,821.8 | 0.0 | 0.0 | 4,821.8 | TBD | 27.6 | 38.9 | 16.1 | 30.2 |

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 amortization 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 have repaid the interest-free loan in full. SUNY is expected to remit its final repayment of $24 million by December 2022.

## 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 2022, the total ending OPEB liability for FY 2022 was $65.7 billion ($52.1 billion for the State and $13.6 billion for SUNY). The total OPEB liability as of March 31, 2022, was measured as of March 31, 2021, and was determined using an actuarial valuation as of April 1, 2020, with updated procedures used to roll forward the total OPEB liability to March 2021. The total beginning OPEB liability for FY 2022 was $75.8 billion ($60.3 billion for the State and $15.5 billion for SUNY). The total OPEB liability was calculated using the Entry Age Normal cost method. The discount rate is based on the Bond Buyer 20-year general obligation municipal bond index rate on March 31 (2.84 percent in FY 2021 and 2.34 percent in FY 2022). The total OPEB liability decreased by $10.1 billion (13.3 percent) during FY 2022 primarily due to 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 costs are 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 1.5 percent of total then-current unfunded actuarial accrued OPEB liability ($65.7 billion on March 31, 2022). The FY 2023 Enacted Budget increased the maximum allowable deposit from 0.5 percent of the OPEB liability to 1.5 percent of the outstanding OPEB liability. The Updated Financial Plan reflects a deposit of $320 million in FY 2022 and planned deposits of $320 million in FY 2023 and $375 million annually thereafter, fiscal conditions permitting. These deposits, which were allocated in prior Financial Plan updates, are the first deposits to the RHBTF.

GASBS 75 is not expected to alter the Financial Plan 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 GASBS.

# State Debt

## Bond Market and Credit Ratings

Successful execution of the Updated 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, and the emergence of future variants could further disrupt the municipal bond market. 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 -- have assigned the State general credit ratings of AA+, AA+, Aa1, 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 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 April 13, 2022, Moody's raised the State's credit rating from Aa2 to Aa1, noting "a significant increase in resources combined with agile fiscal management that has resulted in balanced or nearly balanced budgets projected through the State's five-year financial plan." On June 28, 2022, S&P reaffirmed the State's AA+ rating with a stable outlook based on the State's "near-term economic and revenue recovery, receipt of substantial Federal aid, and an Enacted Financial Plan that reflects improved budget balance and commitment to strong reserve levels."

## 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 2022).

The statute requires that limitations on the amount of State-supported debt and debt service costs be calculated by October 31 of each year and reported in the Mid-Year Financial Plan. If the actual amount of new State-supported debt outstanding and debt service costs for the prior fiscal year are below the caps at that time, State-supported debt may continue to be issued. However, if either the debt outstanding or debt service caps are met or exceeded, the State would be precluded from issuing new State-supported debt until the next annual cap calculation is made and the debt is found to be within the applicable limitations.

As shown in the following tables, actual levels of debt outstanding and debt service costs are in compliance with the statutory caps. From April 1, 2000 through March 31, 2022, the State has issued new debt resulting in $41.8 billion of debt outstanding subject to the debt limit. This is approximately $19.1 billion below the statutory debt limitation. In addition, the debt service costs on this new debt totaled $4.8 billion in FY 2022, or roughly $7.4 billion below the debt service limit.

| DEBT OUTSTANDING CAP (millions of dollars) | | |
|---|---|---|
| | Dollar | Percent |
| Personal Income (CY 2021)[1] | 1,524,129 | |
| Max. Allowable Debt Outstanding | 60,965 | 4.00% |
| Debt Outstanding Subject to Cap | 41,846 | 2.75% |
| Remaining Capacity | 19,119 | 1.25% |

[1] Bureau of Economic Analysis (BEA).

| DEBT SERVICE CAP (millions of dollars) | | |
|---|---|---|
| | Dollar | Percent |
| All Funds Receipts (FY 2022) | 244,375 | |
| Max. Allowable Debt Service | 12,219 | 5.00% |
| Debt Service Subject to Cap | 4,825 | 1.97% |
| Remaining Capacity | 7,394 | 3.03% |

The State enacted legislation that suspended certain provisions of the Debt Reform Act for FY 2021 and FY 2022 bond issuances as part of the State's response to the COVID-19 pandemic. Accordingly, State-supported debt issued in FY 2021 and FY 2022 was not limited to capital purposes and is not counted towards the statutory caps on debt outstanding and debt service.

Following this temporary two year suspension as a result of the COVID-19 pandemic, the provisions of the Debt Reform Act were reinstated 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 is consistent with the rules that would have been in effect if the projects had been directly financed by the MTA.

Current projections anticipate that State-supported debt outstanding and State-supported debt service will continue to remain below the limits imposed by the Debt Reform Act, 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 decline from $19.1 billion in FY 2022 to a low point of $355 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 $3.9 billion in FY 2023, or roughly $6.9 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 | $1,524,129 | 4.00% | 60,965 | 41,846 | 19,119 | 2.75% | 1.25% | 20,090 | 61,936 |
| FY 2023 | $1,515,312 | 4.00% | 60,612 | 41,706 | 18,906 | 2.75% | 1.25% | 19,214 | 60,920 |
| FY 2024 | $1,560,713 | 4.00% | 62,429 | 50,440 | 11,989 | 3.23% | 0.77% | 18,600 | 69,040 |
| FY 2025 | $1,629,345 | 4.00% | 65,174 | 57,781 | 7,393 | 3.55% | 0.45% | 17,716 | 75,497 |
| FY 2026 | $1,702,489 | 4.00% | 68,100 | 63,956 | 4,144 | 3.76% | 0.24% | 17,452 | 81,408 |
| FY 2027 | $1,776,116 | 4.00% | 71,045 | 70,690 | 355 | 3.98% | 0.02% | 17,271 | 87,961 |

| 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 | $244,375 | 5.00% | 12,219 | 4,825 | 7,394 | 1.97% | 3.03% | 1,170 | 5,995 |
| FY 2023 | $215,524 | 5.00% | 10,776 | 3,857 | 6,919 | 1.79% | 3.21% | 2,830 | 6,687 |
| FY 2024 | $221,898 | 5.00% | 11,095 | 3,203 | 7,892 | 1.44% | 3.56% | 3,957 | 7,160 |
| FY 2025 | $217,820 | 5.00% | 10,891 | 3,608 | 7,283 | 1.66% | 3.34% | 4,008 | 7,616 |
| FY 2026 | $221,073 | 5.00% | 11,054 | 4,867 | 6,187 | 2.20% | 2.80% | 3,151 | 8,018 |
| FY 2027 | $225,350 | 5.00% | 11,267 | 4,736 | 6,531 | 2.10% | 2.90% | 3,791 | 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.

## Debt Cap Changes

Changes in the State's available debt capacity reflect personal income forecast adjustments, debt amortizations, and bond sale results. The decline in personal income estimates for the Mid-Year Update to the Financial Plan decreases outyear debt capacity. The reduction in debt capacity is offset by bond sale adjustments and defeasance of existing debt, shown in the table below, which represent revisions to bond issuances that take into consideration future capital underspending and expected bond sale results. These revisions are expected to be incorporated into capital spending and debt service estimates as part of the FY 2024 Executive Budget and are in line with historical results. Bond sale adjustments also reflect actual bond sale issuances in FY 2023 to date. Debt capacity also 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 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **First Quarterly Update** | **18,915** | **12,264** | **7,000** | **4,034** | **2,033** | **309** |
| Personal Income Forecast Update | 204 | 47 | (230) | (272) | (257) | (269) |
| Capital Adds/Bond Sale Adjustments | 0 | 64 | (11) | (111) | 104 | 315 |
| Defeasance | 0 | 6,531 | 5,230 | 3,742 | 2,264 | 0 |
| **Mid-Year Update** | **19,119** | **18,906** | **11,989** | **7,393** | **4,144** | **355** |

[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.

# Localities and Authorities

## 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 needs among localities can adversely affect the State's Updated Financial Plan projections. The wide-ranging economic, health, and social disruptions caused by COVID-19 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 frb.ny.gov.

## MTA

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 $3.1 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 COVID-19 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 the COVID-19 pandemic, significant Federal operating aid is provided to the MTA from the CARES Act ($4 billion), CRRSA Act ($4.1 billion), and ARP ($7 billion). The MTA also borrowed $2.9 billion through the Federal Reserve's Municipal Liquidity Facility (MLF).

If the 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 will need to consider additional actions to balance its future budgets. Risks to MTA's current financial projections include, but are not limited to, the level and pace at which ridership will return, the economic conditions of the MTA region, the ability to implement cost controls and savings actions, and the ability to implement biennial fare and toll increases. 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 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, 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 $5.5 billion of the State's portion of the MTA's 2015-19 Capital Plan. Previously, the Financial Plan assumed that the projects would be bonded by the MTA but funded by the State through additional operating aid to the MTA. The Updated 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.

# Other Risks and Ongoing Concerns

## 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 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. The CISO also distributes real-time advisories and alerts, provides managed security services, and implements statewide information, security awareness and training.

In February 2022, the Governor announced the creation of a Joint Security Operations Center (JSOC) that will serve as the center for joint local, state, and Federal cybersecurity efforts, including data collection, response efforts and information sharing. A partnership launched with New York City and other major cities and cybersecurity leaders across the State, the JSOC is intended to provide a statewide view of the cyber-threat landscape. The initiative is designed to increase collaboration on threat intelligence, reduce response times, and yield faster and more effective remediation in the event of a major cyber incident. The FY 2023 Enacted Budget also provided funding for a shared services program to help local governments and other regional partners acquire and deploy high quality cybersecurity services to bolster their cyber defenses.

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 someone 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.

## 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, the Dormitory Authority of the State of New York (DASNY) issued tax exempt State PIT Revenue Bonds to refund approximately $120 million in outstanding debt originally incurred by LICH and assumed by Holdings.

Pursuant to a court-approved settlement in 2014, SUNY, together with Holdings, issued a request for proposals (RFP) seeking a qualified party to provide or arrange to provide health care services at LICH and to purchase the LICH property.

In accordance with the settlement, Holdings has entered into a purchase and sale agreement with (a) the Fortis Property Group (FPG) Cobble Hill Acquisitions, LLC (the "Purchaser"), an affiliate of Fortis Property Group, LLC ("Fortis") (also party to the agreement), which proposes to purchase the LICH property, and (b) New York University (NYU) Hospitals Center (now "NYU Langone"), which proposes to provide both interim and long-term health care services. The Fortis affiliate plans to develop a mixed-use project. The agreement was approved by the Offices of the Attorney General and the State Comptroller, and the sale of all or substantially all the assets of Holdings was approved by the State Supreme Court in Kings County. The initial closing was held as of September 1, 2015, and on September 3, 2015, sale proceeds of approximately $120 million were transferred to the trustee for the PIT Bonds, which were paid and legally defeased from such proceeds. Titles to 17 of the 20 properties were conveyed to the special purpose entities formed by the Purchaser to hold title.

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

The third and final closing is anticipated to occur within 36 months after the NMS Closing (i.e., by March 13, 2023). At the final closing, title to the two remaining portions of the LICH properties will be conveyed to special purpose entities of Fortis, and Holdings will receive the balance of the purchase price, $120 million less the remaining down payment. The final closing is conditioned upon various contractual provisions; Holdings will use all available legal remedies to ensure that the closing occurs in accordance with the agreement.

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 all 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 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.

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 School Aid, health care, higher education, and transportation. To provide a clear picture of spending commitments, the multi-year projections and growth rates are presented, where appropriate, on both a General Fund and State Operating Funds basis.

In evaluating the State's multi-year operating forecast, the reliability of the estimates and projections in the later years of the Financial Plan are typically subject to more substantial revision than those in the current year and first "outyear." Accordingly, in terms of outyear projections, the first “outyear,” FY 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 Financial Plan multi-year projections for the General Fund and State Operating Funds, as well as a reconciliation between State Operating Funds projections and General Fund budget gaps. The Updated Financial Plan continues to assume that all direct COVID-19 pandemic costs incurred by agencies will be fully covered with Federal aid, and thus are not included in the following tables. Such costs may include, but are not limited to, a wide range of pandemic control activities that could be needed to address a potential increase in COVID-19 cases and the safe, timely distribution of vaccines. The tables are followed by a summary of multi-year receipts and disbursements forecasts.

# General Fund Projections

| GENERAL FUND PROJECTIONS (millions of dollars) | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **RECEIPTS** | | | | | | |
| Taxes (After Debt Service) | 101,731 | 85,517 | 98,792 | 102,153 | 102,483 | 103,495 |
| Miscellaneous Receipts | 2,325 | 2,195 | 1,814 | 1,842 | 1,879 | 1,914 |
| Federal Receipts | 4,500 | 2,350 | 2,250 | 3,645 | 0 | 0 |
| Other Transfers | 4,254 | (430) | 1,892 | 1,928 | 2,007 | 1,887 |
| **Total Receipts** | **112,810** | **89,632** | **104,748** | **109,568** | **106,369** | **107,296** |
| **DISBURSEMENTS** | | | | | | |
| Local Assistance | 58,384 | 65,114 | 71,991 | 76,742 | 79,712 | 82,597 |
| School Aid (SFY) | 24,783 | 25,791 | 29,111 | 31,186 | 32,544 | 33,971 |
| Medicaid | 16,153 | 18,927 | 21,051 | 23,444 | 25,206 | 26,987 |
| All Other | 17,448 | 20,396 | 21,829 | 22,112 | 21,962 | 21,639 |
| State Operations | 11,738 | 13,244 | 13,353 | 13,634 | 14,007 | 14,113 |
| Personal Service | 8,063 | 10,481 | 10,302 | 10,376 | 10,474 | 10,543 |
| Non-Personal Service | 3,675 | 2,763 | 3,051 | 3,258 | 3,533 | 3,570 |
| General State Charges | 8,983 | 8,666 | 9,397 | 10,591 | 11,901 | 13,294 |
| Transfers to Other Funds | 9,813 | 8,157 | 9,923 | 9,134 | 6,386 | 5,872 |
| Debt Service | 340 | 290 | 253 | 311 | 332 | 373 |
| Capital Projects | 6,818 | 4,358 | 6,288 | 5,949 | 3,196 | 2,627 |
| SUNY Operations | 1,385 | 1,508 | 1,499 | 1,482 | 1,482 | 1,482 |
| All Other | 1,270 | 2,001 | 1,883 | 1,392 | 1,376 | 1,390 |
| **Total Disbursements** | **88,918** | **95,181** | **104,664** | **110,101** | **112,006** | **115,876** |
| **Use (Reservation) of Fund Balance:** | **(23,892)** | **5,549** | **(232)** | **(2,966)** | **2,326** | **2,592** |
| Community Projects | 4 | 5 | 3 | 0 | 0 | 0 |
| Debt Management | 0 | (855) | (81) | 576 | 860 | 0 |
| Economic Uncertainties | (4,175) | (1,982) | 860 | 569 | 3,514 | 2,627 |
| Extraordinary Monetary Settlements[1] | 246 | 293 | 828 | 559 | 155 | 2 |
| Labor Settlements/Agency Operations | (275) | (490) | (1,000) | (1,450) | (1,450) | (1,450) |
| Pandemic Assistance | (2,000) | 2,000 | 0 | 0 | 0 | 0 |
| Rainy Day Reserve | (666) | (2,952) | (3,101) | (3,276) | (3,344) | (2,547) |
| Tax Stabilization Reserve | (177) | (197) | (207) | (218) | (170) | (80) |
| Timing of PTET/PIT Credits | (16,430) | 10,088 | (358) | (101) | 2,761 | 4,040 |
| Undesignated Fund Balance | (419) | (361) | 2,824 | 375 | 0 | 0 |
| **BUDGET SURPLUS/(GAP) PROJECTIONS** | **0** | **0** | **(148)** | **(3,499)** | **(3,311)** | **(5,988)** |

[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 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **RECEIPTS** | | | | | | |
| Taxes | 119,823 | 99,121 | 109,621 | 112,397 | 113,984 | 115,183 |
| Miscellaneous Receipts/Federal Receipts | 27,349 | 18,671 | 18,575 | 19,307 | 16,512 | 17,465 |
| **Total Receipts** | **147,172** | **117,792** | **128,196** | **131,704** | **130,496** | **132,648** |
| **DISBURSEMENTS** | | | | | | |
| Local Assistance | 74,998 | 83,448 | 88,478 | 92,069 | 95,687 | 99,429 |
| School Aid (School Year Basis)[1] | 29,266 | 31,372 | 34,707 | 36,048 | 37,498 | 39,014 |
| DOH Medicaid[2] | 21,974 | 25,200 | 26,919 | 29,301 | 30,917 | 32,673 |
| Transportation | 3,786 | 4,599 | 4,850 | 4,852 | 4,854 | 4,855 |
| STAR | 1,904 | 1,831 | 1,723 | 1,616 | 1,568 | 1,541 |
| Higher Education | 2,725 | 3,063 | 3,231 | 3,352 | 3,409 | 3,423 |
| Social Services | 3,141 | 4,371 | 3,591 | 4,418 | 4,408 | 4,457 |
| Mental Hygiene[3] | 4,660 | 5,552 | 6,810 | 5,709 | 5,749 | 5,967 |
| All Other[4] | 7,542 | 7,460 | 6,647 | 6,773 | 7,284 | 7,499 |
| State Operations | 19,836 | 20,923 | 20,875 | 21,195 | 21,654 | 21,848 |
| Personal Service | 13,243 | 15,541 | 15,298 | 15,411 | 15,553 | 15,664 |
| Non-Personal Service | 6,593 | 5,382 | 5,577 | 5,784 | 6,101 | 6,184 |
| General State Charges | 10,025 | 9,849 | 10,585 | 11,794 | 13,121 | 14,533 |
| Pension Contribution | 2,492 | 2,397 | 2,696 | 3,421 | 4,237 | 5,101 |
| Health Insurance | 5,699 | 5,354 | 5,730 | 6,140 | 6,583 | 7,057 |
| All Other | 1,834 | 2,098 | 2,159 | 2,233 | 2,301 | 2,375 |
| Debt Service | 12,545 | 7,612 | 4,904 | 4,470 | 5,638 | 5,667 |
| Capital Projects | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Disbursements** | **117,404** | **121,832** | **124,842** | **129,528** | **136,100** | **141,477** |
| Net Other Financing Sources/(Uses) | (3,935) | (1,692) | (3,544) | (3,065) | (268) | 222 |
| **RECONCILIATION TO GENERAL FUND GAP** | | | | | | |
| Designated Fund Balances: | (25,833) | 5,732 | 42 | (2,610) | 2,561 | 2,619 |
| General Fund | (23,892) | 5,549 | (232) | (2,966) | 2,326 | 2,592 |
| Special Revenue Funds | (1,904) | 182 | 288 | 367 | 262 | 60 |
| Debt Service Funds | (37) | 1 | (14) | (11) | (27) | (33) |
| **GENERAL FUND BUDGET SURPLUS/(GAP)** | **0** | **0** | **(148)** | **(3,499)** | **(3,311)** | **(5,988)** |

1 Does not reflect a significant amount of Federal funding for 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 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.

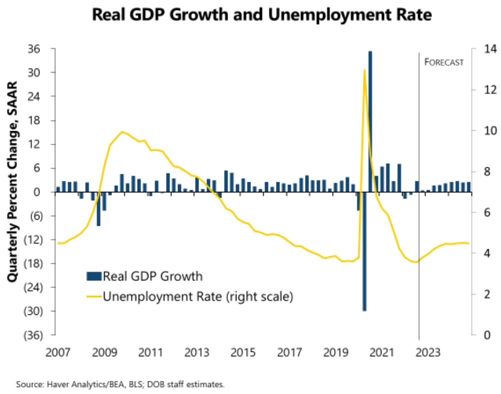
4 All Other includes education, parks, environment, economic development, and public safety, as well as the reconciliation between school year and State fiscal year spending on School Aid.

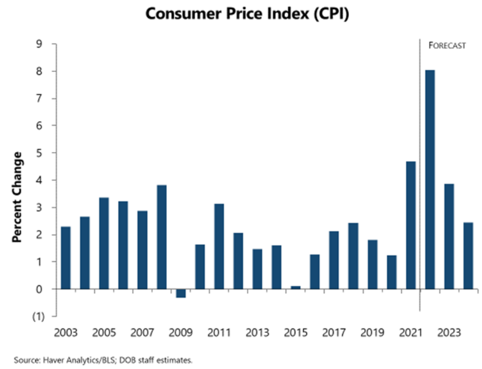
## The U.S. Economy

U.S. real Gross Domestic Product (GDP) exhibited less weakness than previously estimated during the COVID pandemic, according to the Bureau of Economic Analysis's (BEA's) latest estimates, which included revisions to the past five-year history of the National Income and Product Accounts (NIPAs). The first two quarters of 2022 are estimated to have experienced consecutive declines of 1.6 percent and 0.6 percent, respectively, little changed by BEA's revision. The third quarter of 2022 registered growth of 2.6 percent, mainly supported by international trade, consumer spending on services, nonresidential investment in equipment and intellectual property products, and government spending. DOB's current forecast includes a slightly weaker outlook for real GDP and employment. This weakness is partly due to persistent inflation eroding real incomes and the broad tightening of financial conditions. Moreover, over the course of the year, long-term Treasury yields have risen, mortgage rates have doubled, the yield curve has inverted, stock prices have slumped, and the dollar has appreciated further.

Tightening credit conditions are raising borrowing costs for both consumers and businesses, discouraging consumption and investment, and leading to a slowdown in production and hiring. As inflation recedes next year from its current high level, the headwinds to real disposable income should start to dissipate. As the financial markets anticipate that the Federal Reserve will ease monetary policy well before it actually occurs, longer-term interest rates, including mortgage rates, are expected to start declining in the second half of 2023. Lower rates and easing credit market conditions — coupled with slowing inflation — are expected to lower borrowing costs, strengthening the economy.

The Federal Open Market Committee (FOMC) met in early November of 2022 and raised its Federal funds rate target by 75 basis points for the fourth time in a row, bringing up the target range to 3.75 – 4.00 percent, slightly higher than the First Quarterly Update forecast. Moreover, the persistently higher inflation prompted the FOMC to significantly raise its Federal funds rate projection for this year and the next. Federal Reserve Chair Powell has affirmed on several occasions that the FOMC will continue tightening to bring inflation back toward its 2 percent target. As a result, DOB revised monetary policy assumptions by raising the projected Federal funds rate to the range of 4.25 – 4.50 percent by the end of 2022 and through the end of 2023. DOB expects the Federal Reserve to reverse course at the beginning of 2024 after inflation cools off and the unemployment rate rises.




## U.S. Economic Forecast

DOB's U.S. economic forecast incorporates BEA's third estimate of GDP for the second quarter of 2022, as well as estimates of personal income and outlays for August 2022, the CPI report for September 2022, and the initial estimate of employment for September 2022. Compared to the First Quarterly Update forecast released in July 2022, this update marginally revised down the U.S. economic outlook in 2023, with a growing risk of a recession.

U.S. real GDP is projected to grow by 1.1 percent in 2023, slightly weaker than the First Quarterly Update forecast, following growth of 1.8 percent in 2022. Real consumption growth is estimated to weaken at the end of this year and the beginning of 2023 as pent-up demand dissipates for services affected by COVID-related restrictions and rising interest rates undermine spending on big-ticket items that are typically bought on credit. A marked downward revision to the personal saving rate in BEA's annual revision reflects a much faster drawdown in household excess savings, indicating less purchasing power for consumers in the absence of credit. Real consumption is projected to worsen further due to a weaker labor market next year. However, as inflation starts to ease toward the second half of 2023, real consumption is expected to recover. As a result, DOB projects that real consumption growth will slow from 2.6 percent in 2022 to 1.2 percent in 2023 before recovering by 2.2 percent in 2024.

With 30-year mortgage rates hovering around 7 percent, real residential investment in the first half of 2022 was revised down by BEA's annual revisions, and the third quarter home sales and housing starts data indicated further declines in housing activity. DOB projects that real residential investment will plummet by 9.7 percent in 2022, followed by an 11.3 percent drop in 2023, significantly worse than the First Quarterly Update forecast. Likewise, real nonresidential investment growth is expected to slow in response to rising interest rates, higher costs of production and borrowing, weaker consumer demand, and mounting economic uncertainty. However, the need to fulfill elevated order backlogs may help sustain manufacturing activity and support business sector output. On balance, DOB projects that nonresidential investment will drop from growth of 3.3 percent in 2022 to 0.9 percent in 2023 and then recover by 2.8 percent in 2024. Moreover, with the European Union and the U.K. on the brink of recession, the rest of the global economy slowing down, and the U.S. dollar remaining strong, growth in real U.S. exports is expected to decelerate from 7.8 percent in 2022 to 3.0 percent in 2023.

| U.S. ECONOMIC INDICATORS (Calendar Year Growth) | | | |
|---|---|---|---|
| | CY 2021 Actual | CY 2022 Estimated | CY 2023 Forecast |
| Real U.S. Gross Domestic Product | 5.9 | 1.8 | 1.1 |
| Consumer Price Index (CPI) | 4.7 | 8.0 | 3.9 |
| Personal Income | 7.4 | 2.1 | 4.1 |
| Nonfarm Employment | 2.8 | 4.0 | 0.7 |
| Civilian Unemployment Rate | 5.4 | 3.7 | 4.3 |

Source: Haver Analytics; DOB staff estimates.

The U.S. labor market held up well in the first three quarters of 2022, despite two consecutive quarterly declines in real GDP. Total nonfarm employment recovered all its pandemic-era job losses in August 2022 and continued its above-trend pace with 315,000 job gains in September and 261,000 in October. Employers are expected to be cautious about reducing payrolls after contending with the tightest labor market in decades. However, anecdotal news of layoffs is becoming more widespread, and October's Job Openings and Labor Turnover Survey (JOLTS) revealed a decline in job openings — albeit relative to its historically high level. Total nonfarm employment is estimated to grow slower in the fourth quarter of 2022, followed by job losses during the first quarter of 2023. Total nonfarm employment is projected to increase by 0.7 percent in 2023 and 0.8 percent in 2024. The civilian unemployment rate is projected to rise gradually to 4.5 percent by the end of 2024, up from the current low of 3.5 percent in September 2022. This labor market outlook is marginally weaker than the First Quarterly Update forecast, which predicted 0.8 percent employment growth in both 2023 and 2024, with an unemployment rate of 4.4 percent by the end of 2024.

BEA's annual revision also showed a bit less wage income in 2021 and the first half of 2022, which implies less elevated labor costs in the past several quarters. DOB expects growth in average hourly earnings to decelerate in the remainder of 2022 and into 2023 as labor demand weakens. Total wage growth is projected to soften in 2023. However, higher transfer income — particularly in terms of unemployment insurance and higher interest income resulting from elevated interest rates — are expected to partially offset the moderated wage growth as well as declines in other non-wage income. On balance, personal income growth is expected to slow from 7.4 percent in 2021 to 2.1 percent in 2022 and 4.1 percent in 2023.

As growth in labor costs no longer appears to be accelerating, lower oil and gasoline prices in the third quarter of 2022 also brought much-needed relief to the headline Consumer Price Index (CPI) inflation. The year-over-year CPI inflation rate went down from a 40-year high of 9.1 percent in June 2022 to 7.7 percent in October 2022. However, core CPI inflation continued to strengthen, despite declines in shipping costs and higher mortgage rates weighing on home prices. Given the ongoing strength in services CPI — especially housing costs including rent — core CPI inflation is unlikely to return to the Federal Reserve's 2 percent target anytime soon. DOB estimates that CPI in 2022 will grow 8.0 percent, slightly slower than the First Quarterly Update forecast of 8.4 percent. CPI inflation is expected to recede to 3.9 percent in 2023 and normalize to 2.5 percent in 2024, roughly the same pace as projected in the First Quarterly Update forecast.

With further rate hikes and a global economic slowdown on the horizon, the U.S. equity market continued to fall during the third quarter of 2022. The S&P 500 stock price index plunged another 12.6 percent in the third quarter of 2022, following two consecutive quarters of double-digit declines in the first half of 2022. By the end of September 2022, the index had fallen 25 percent compared to its peak at the beginning of January 2022, remaining in a bear market. Stock prices are expected to remain soft throughout the remainder of 2022 and well into 2023, eroding household wealth and putting downward pressure on consumer spending.

The U.S. economy faces significant downside risks that could potentially tip the economy into recession. If consumer price inflation does not slow markedly in response to the ongoing rate hikes, the Federal Reserve could implement a more aggressive monetary tightening policy, which could further weigh on employment, resulting in larger and more sustained job losses. A higher-than-anticipated rise in interest rates could further raise consumer and business borrowing costs and lead to even sharper declines in the housing market. Additionally, if COVID infections and restrictive policy responses in countries like China persist and continue to spill over into global supply chains, it could further undermine global growth, leading to even slower growth in the United States. Finally, if the war in Ukraine remains unresolved, it could lead to persistently higher energy and other commodity prices and an extended period of supply-chain disruptions, making domestic policymakers' efforts to control inflation exceedingly difficult.

On the upside, if inflation turns out to be more responsive to monetary tightening than previously anticipated or if rate-sensitive sectors are more resilient to rate hikes and tighter financial conditions, the U.S. economy might experience greater-than-expected output growth. Moreover, a quicker-than-anticipated resolution of supply-chain issues domestically and abroad could ease inflation pressures and drive faster growth.

## The New York State Economy

New York State's employment recovery experienced a slowdown during the first ten months of 2022, partly due to four-decade-high inflation, the stock market's poor performance, and the Federal Reserve's aggressive rate hikes. Despite these challenges, the State continued to progress in its economic recovery from the global pandemic. Looking forward, additional rate hikes, the growing likelihood of a global economic recession, and the lingering ill effects of the pandemic represent significant economic headwinds for the State.

The most recent release of Current Employment Statistics (CES) data for New York State showed a monthly average of 24,400 jobs added during the first ten months of 2022, compared to 54,200 in the fourth quarter of 2021. The weaker-than-anticipated jobs growth reported in the CES data, the further anticipated rate hikes by the Federal Reserve, and the growing risk of a national recession are expected to drag employment growth lower. The State's overall employment is estimated to grow by 4.2 percent in 2022 and only 0.8 percent in 2023.

Although the nation had recovered all of its pandemic-related job losses by August 2022, the State had recovered only 84.4 percent of its losses as of October 2022. This difference is partly attributed to New York City and the unique challenges large and densely populated metropolitan areas face in the wake of the pandemic. These challenges include the City's extraordinary concentration of high-skilled/high-income workers and business professionals. These workers have a high potential for remote work, allowing them to relocate. This untethering ultimately contributed to New York State's net population loss of 319,000 in 2021, shrinking the size of the State's workforce. Additionally, the City's tourism and business travel remain below their pre-pandemic levels, even with significant improvement in domestic tourism this year. These factors — in conjunction with stagnating employment growth in the rest of the State — result in the State not being expected to surpass its pre-pandemic employment level on the current forecast for several years.

**NEW YORK STATE ECONOMIC INDICATORS**
**(State Fiscal Year Growth)**

| | FY 2022 Actual | FY 2023 Estimated | FY 2024 Forecast |
|---|---|---|---|
| Personal Income* | 1.5 | 0.9 | 3.9 |
| Wages | 12.4 | 2.7 | 3.8 |
| Nonfarm Employment | 7.1 | 3.0 | 0.6 |

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.

The stock market remained in bear market territory as of early November of 2022, with the S&P 500 stock price index down more than 20 percent from the beginning of the year. This poor equities' performance — as well as persistent inflation, rapidly rising interest rates, and the heightened risk of a global downturn — brought about even more erratic market volatility, which has kept some prospective financial sector clients on the sidelines. During the first ten months of 2022, initial public offering issuances declined by 94 percent on a year-over-year basis, and debt underwriting declined by 38 percent. As a result of the stock market's weak performance — projected to experience further declines through early 2023 — finance and insurance bonuses are expected to fall by 17.6 percent in FY 2023, followed by growth of only 1.3 percent in FY 2024. Bonuses in nonfinancial sectors are also expected to experience a significant decline due to the important role the financial industry plays in the State's economy. As a result, total bonuses are expected to decline by 17.9 percent in FY 2023, followed by an increase of only 1.7 percent in FY 2024.

Non-bonus average wage growth is expected to moderate in FY 2023 due to weakening economic conditions and a softening labor market. Total wages are projected to grow by 2.7 percent in FY 2023, followed by a growth of 3.8 percent in FY 2024.

The BEA recently released New York State personal income data for the second quarter of 2022. In addition, BEA revised State personal income data for the previous five years. As a result, State non-wage income was revised up for FY 2022 from a decline of 9.0 percent to a drop of 8.7 percent. Non-wage income is expected to decline by 1.1 percent in FY 2023, followed by growth of 4.1 percent in FY 2024. State personal income is expected to grow by 0.9 percent in FY 2023, similar to the First Quarterly Update forecast, followed by a growth of 3.9 percent in FY 2024.

The State faces many of the same risks as the United States. The Federal Reserve could be overly aggressive in monetary tightening to rein in inflation and bring about a recession. As the nation's financial capital, the New York State economy has significant exposure to the volume of financial market activity and the volatility in equity markets. Moreover, the persistence of supply-chain disruptions and Russia's prolonged war in Ukraine could add further upward pressure to inflation. Either of these factors could increase the equity market's volatility and contribute to layoffs and lower bonuses, slowing overall wage growth. More locally, the ongoing persistence of telework, the continued relocation of urban-based workers outside of the State, and the decline in State population remain long-run downside risks to total wages and employment. Likewise, international tourism remains well below its pre-pandemic level, and a strong dollar could slow the recovery in sectors that rely on tourism spending. Finally, New York State and the nation remain vulnerable to consumers' and businesses' reluctance to return to pre-pandemic norms — especially spending patterns in service-oriented industries.

New York State faces some upside risks, including the potential for a more rapid and substantial return to an in-office working environment — especially in densely populated urban areas like New York City. This shift could propel stronger growth through higher output and employment in office support services, including facilities support services, business support services, office administrative support services, eating and drinking establishments, and other consumer service-based establishments. A sooner-than-expected lifting of COVID-19 restrictions by other countries can also bring more tourists to the State, which helps the recovery of the leisure and hospitality sector. Additionally, a swifter-than-anticipated end to Russia's war in Ukraine could ease energy prices and the associated supply chain disruptions, benefiting the New York State economy.

# Receipts

Financial Plan receipts results and projections include a variety of taxes, fees and assessments, charges for State-provided services, Federal receipts, 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 2023 are projected to total $215.5 billion, a 11.8 percent ($28.8 billion) decrease from FY 2022 results as Federal receipts return to pre-COVID-19 levels. FY 2023 State tax receipts are projected to decrease $20.7 billion (17.1 percent) from FY 2022 results. A summary of the annual changes of each tax category is provided below.

**ALL FUNDS RECEIPTS**
**(millions of dollars)**

| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Personal Income Tax | 70,737 | 48,950 | -30.8% | 59,710 | 22.0% | 61,432 | 2.9% | 65,667 | 6.9% | 78,823 | 20.0% |
| Consumption/Use Taxes | 19,621 | 20,219 | 3.0% | 21,140 | 4.6% | 21,543 | 1.9% | 22,091 | 2.5% | 22,603 | 2.3% |
| Business Taxes | 27,725 | 28,088 | 1.3% | 27,511 | -2.1% | 28,016 | 1.8% | 24,671 | -11.9% | 12,053 | -51.1% |
| Other Taxes | 3,053 | 3,138 | 2.8% | 2,787 | -11.2% | 2,930 | 5.1% | 3,079 | 5.1% | 3,223 | 4.7% |
| **Total State Taxes** | **121,136** | **100,395** | **-17.1%** | **111,148** | **10.7%** | **113,921** | **2.5%** | **115,508** | **1.4%** | **116,702** | **1.0%** |
| Miscellaneous Receipts | 27,932 | 25,412 | -9.0% | 27,885 | 9.7% | 25,121 | -9.9% | 26,892 | 7.0% | 28,220 | 4.9% |
| Federal Receipts | 95,307 | 89,720 | -5.9% | 82,866 | -7.6% | 78,777 | -4.9% | 78,673 | -0.1% | 80,428 | 2.2% |
| **Total All Funds Receipts** | **244,375** | **215,527** | **-11.8%** | **221,899** | **3.0%** | **217,819** | **-1.8%** | **221,073** | **1.5%** | **225,350** | **1.9%** |

## Personal Income Tax

FY 2023 All Funds PIT receipts are estimated to decline sharply, reflecting underlying growth in gross collections that is eclipsed by the impact of PTET credits attributable to Tax Years 2021 and 2022.

PERSONAL INCOME TAX
(millions of dollars)

| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **STATE/ALL FUNDS** | **70,737** | **48,950** | **-30.8%** | **59,710** | **22.0%** | **61,432** | **2.9%** | **65,667** | **6.9%** | **78,823** | **20.0%** |
| Gross Collections | 81,122 | 75,455 | -7.0% | 74,301 | -1.5% | 76,514 | 3.0% | 81,398 | 6.4% | 95,536 | 17.4% |
| Refunds (Incl. State/City Offset) | (10,385) | (26,505) | -155.2% | (14,591) | 45.0% | (15,082) | -3.4% | (15,731) | -4.3% | (16,713) | -6.2% |
| **GENERAL FUND[1]** | **33,464** | **22,646** | **-32.3%** | **28,134** | **24.2%** | **29,102** | **3.4%** | **31,265** | **7.4%** | **37,870** | **21.1%** |
| Gross Collections | 81,122 | 75,455 | -7.0% | 74,301 | -1.5% | 76,514 | 3.0% | 81,398 | 6.4% | 95,536 | 17.4% |
| Refunds (Incl. State/City Offset) | (10,385) | (26,505) | -155.2% | (14,591) | 45.0% | (15,082) | -3.4% | (15,731) | -4.3% | (16,713) | -6.2% |
| STAR | (1,904) | (1,831) | 3.8% | (1,723) | 5.9% | (1,616) | 6.2% | (1,568) | 3.0% | (1,541) | 1.7% |
| RBTF | (35,369) | (24,473) | 30.8% | (29,853) | -22.0% | (30,714) | -2.9% | (32,834) | -6.9% | (39,412) | -20.0% |

[1] Excludes Transfers.

The following table summarizes, by component, actual receipts for FY 2022 and forecast amounts through FY 2027.

| ALL FUNDS PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS (millions of dollars) | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **Receipts** | | | | | | |
| Withholding | 53,328 | 52,638 | 54,608 | 57,418 | 60,214 | 63,119 |
| Estimated Payments | 21,666 | 16,145 | 13,953 | 13,201 | 14,943 | 26,078 |
| Current Year | 14,123 | 5,887 | 4,245 | 4,307 | 5,061 | 18,363 |
| Prior Year[1] | 7,543 | 10,258 | 9,708 | 8,894 | 9,882 | 7,715 |
| Final Returns | 4,519 | 4,939 | 4,130 | 4,231 | 4,521 | 4,567 |
| Current Year | 474 | 196 | 367 | 385 | 404 | 424 |
| Prior Year[1] | 4,045 | 4,743 | 3,763 | 3,846 | 4,117 | 4,143 |
| Delinquent | 1,609 | 1,733 | 1,610 | 1,664 | 1,720 | 1,772 |
| Gross Receipts | 81,122 | 75,455 | 74,301 | 76,514 | 81,398 | 95,536 |
| **Refunds** | | | | | | |
| Prior Year[1] | 5,490 | 17,334 | 8,303 | 8,452 | 8,854 | 9,486 |
| Previous Year | 729 | 825 | 757 | 796 | 834 | 870 |
| Current Year[1] | 2,381 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Advanced Credit Payment | 663 | 3,022 | 978 | 1,152 | 1,312 | 1,488 |
| State/City Offset[1] | 1,122 | 2,324 | 1,553 | 1,682 | 1,731 | 1,869 |
| Total Refunds | 10,385 | 26,505 | 14,591 | 15,082 | 15,731 | 16,713 |
| **Net Receipts** | **70,737** | **48,950** | **59,710** | **61,432** | **65,667** | **78,823** |

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

FY 2023 withholding is estimated to decline driven by a decline in bonus wages and tax rate reductions attributable to the Middle-Class Tax Cut, partially offset by modest growth in non-bonus wages. Estimated payments for Tax Year 2022 are expected to decrease dramatically due to taxpayer behavior related to PTET credits. Specifically, the estimate assumes that taxpayers will realize most Tax Year 2022 PTET credits through reduced quarterly estimated payments rather than through settlement payments in FY 2024. Estimated payments for Tax Year 2022 are further reduced by the small business subtraction modification expansion included in the FY 2023 Enacted Budget. Extension payments (i.e., prior year estimated) for Tax Year 2021 increased, driven by strong nonwage income growth. Delinquent collections and final return payments are estimated to increase.

Total refunds in FY 2023 are projected to increase substantially due to increases in the January to March 2023 administrative refund cap, Tax Year 2022 refund payments advanced to eligible taxpayers prior to filing final returns, the State-City offset, and Tax Year 2021 refunds. Extraordinary growth is expected from Tax Year 2021 refunds due to PTET credit realization and the one-time supplemental credit payments effectuated by the FY 2023 Enacted Budget. The Homeowner Tax Rebate Credit is projected to result in higher refund payments that are advanced prior to the filing returns. General Fund PIT receipts are net of deposits to the STAR Fund, which provides property tax relief, and RBTF, which supports debt service payments on State PIT revenue bonds. The FY 2023 STAR transfer is expected to decline slightly. PIT RBTF receipts are statutorily set to 50 percent of net PIT receipts, and FY 2023 RBTF receipts therefore reflect the decrease in All Funds receipts noted above. FY 2023 General Fund PIT receipts are expected to decrease due to these changes.

The FY 2024 All Funds PIT receipts are projected to increase, driven by a decline in Tax Year 2022 refunds caused by expected PTET credit realization behavior (i.e., adjustment of quarterly estimated payments rather than waiting until the settlement period). The decline in FY 2024 total refunds will also reflect the expiration of the Homeowner Tax Rebate Credit. This decline in total refunds is partially offset by projected declines in total estimated payments, final returns, and delinquencies.

The FY 2024 STAR transfer is expected to decline. The FY 2024 RBTF is projected to increase based on the increase in FY 2024 All Funds receipts. General Fund PIT receipts for FY 2024 are also expected to increase, driven by changes to All Funds receipts, the STAR transfer, and RBTF receipts.

All Funds PIT receipts for FY 2025 are projected to increase from FY 2024 projections. Gross PIT receipts are projected to increase as well, reflecting a withholding increase offset by a projected decline in extension payments. Total refunds are projected to increase slightly, further offsetting growth in FY 2025 receipts.

General Fund PIT receipts for FY 2025 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 2026, generally reflecting normal baseline growth in income and associated tax liability.

The FY 2027 All Funds and General Fund PIT receipts estimates are both expected to register double-digit growth due to the expiration of the Federal state and local tax deduction cap at the end of 2025. This expiration will eliminate the incentive to participate in the PTET program and, without the associated credits, quarterly estimated payments are projected to return to pre-PTET levels. Excluding PTET, PIT receipts are estimated to increase by 1.3 percent.

## Consumption/Use Taxes

| CONSUMPTION/USE TAXES (millions of dollars) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
| **STATE/ALL FUNDS** | **19,621** | **20,219** | **3.0%** | **21,140** | **4.6%** | **21,543** | **1.9%** | **22,091** | **2.5%** | **22,603** | **2.3%** |
| Sales Tax | 17,579 | 18,438 | 4.9% | 19,053 | 3.3% | 19,427 | 2.0% | 19,921 | 2.5% | 20,368 | 2.2% |
| Cigarette and Tobacco Taxes | 958 | 919 | -4.1% | 889 | -3.3% | 851 | -4.3% | 816 | -4.1% | 782 | -4.2% |
| Vapor Excise Tax | 29 | 27 | -6.9% | 27 | 0.0% | 27 | 0.0% | 27 | 0.0% | 27 | 0.0% |
| Motor Fuel Tax | 495 | 200 | -59.6% | 500 | 150.0% | 499 | -0.2% | 497 | -0.4% | 495 | -0.4% |
| Highway Use Tax | 142 | 142 | 0.0% | 144 | 1.4% | 146 | 1.4% | 146 | 0.0% | 147 | 0.7% |
| Alcoholic Beverage Taxes | 277 | 280 | 1.1% | 284 | 1.4% | 287 | 1.1% | 289 | 0.7% | 293 | 1.4% |
| Opioid Excise Tax | 29 | 29 | 0.0% | 29 | 0.0% | 29 | 0.0% | 29 | 0.0% | 29 | 0.0% |
| Medical Cannabis Excise Tax | 13 | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% |
| Adult Use Cannabis Tax | 0 | 56 | 0.0% | 95 | 69.6% | 158 | 66.3% | 245 | 55.1% | 339 | 38.4% |
| Auto Rental Tax[1] | 99 | 113 | 14.1% | 99 | -12.4% | 98 | -1.0% | 99 | 1.0% | 100 | 1.0% |
| Peer to Peer Car Sharing Tax | 0 | 2 | 0.0% | 7 | 250.0% | 8 | 14.3% | 9 | 12.5% | 10 | 11.1% |
| **GENERAL FUND[2]** | **4,721** | **7,029** | **48.9%** | **9,526** | **35.5%** | **9,696** | **1.8%** | **9,922** | **2.3%** | **10,128** | **2.1%** |
| Sales Tax | 4,122 | 6,431 | 56.0% | 8,920 | 38.7% | 9,095 | 2.0% | 9,326 | 2.5% | 9,535 | 2.2% |
| Cigarette and Tobacco Taxes | 293 | 287 | -2.0% | 287 | 0.0% | 278 | -3.1% | 270 | -2.9% | 262 | -3.0% |
| Alcoholic Beverage Taxes | 277 | 280 | 1.1% | 284 | 1.4% | 287 | 1.1% | 289 | 0.7% | 293 | 1.4% |
| Opioid Excise Tax | 29 | 29 | 0.0% | 29 | 0.0% | 29 | 0.0% | 29 | 0.0% | 29 | 0.0% |
| Peer to Peer Car Sharing Tax | 0 | 2 | 0.0% | 6 | 200.0% | 7 | 16.7% | 8 | 14.3% | 9 | 12.5% |

[1]No longer includes receipts remitted directly to the MTA without an appropriation as of FY 2020.

[2]Excludes Transfers.

All Funds consumption/use tax receipts for FY 2023 are estimated to increase from FY 2022 results. Sales tax receipts are estimated to increase due to an increase in taxable consumption (i.e., estimated sales tax base increase of 8 percent), partially offset by $312 million ($297 for the State sales tax and $15 million for the Metropolitan Commuter Transportation District (MCTD) sales tax, respectively) in lost revenue due to the temporary suspension of the State and MCTD sales taxes on the purchase and use of gasoline and diesel motor fuel from June 1, 2022 through December 31, 2022. 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 remain flat. Motor fuel tax receipts are estimated to significantly decrease due to the temporary suspension of the State's motor fuel excise tax on the purchase and use of gasoline and diesel motor fuel from June 1, 2022 through December 31, 2022, resulting in $297 million in lost revenue. The new peer-to-peer car sharing tax is expected to generate $2 million in partial-year receipts. Auto rental tax receipts are estimated to increase, mainly due to the ongoing recovery of the travel industry, partially offset by the peer-to-peer car sharing program. Opioid excise tax receipts are expected to remain flat. 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.

Effective for FY 2022 and through the first half of FY 2023, 25 percent of State sales tax receipts were deposited into the Local Government Assistance Tax Fund until the termination of the Fund on October 1, 2022, pursuant to statute. Additionally, starting in FY 2022 the portion deposited into the Sales Tax Revenue Bond Fund increased to 50 percent (previously 25 percent) and the portion deposited to the General Fund was reduced from 50 to 25 percent. These funds are intended to support debt service payments on bonds issued under the State's sales tax revenue bond programs. Excess receipts above the debt service requirements are subsequently transferred to the General Fund.

General Fund consumption/use tax receipts for FY 2023 are estimated to significantly increase, largely due to the statutory elimination of the Local Government Assistance Tax Fund distribution during the second half of the fiscal year.

All Funds consumption/use tax receipts for FY 2024 are projected to moderately increase primarily due to a projected increase in sales tax receipts (projected sales tax base growth of 1.3 percent), in addition to the conclusion of the temporary fuel taxes suspension on gasoline and diesel motor fuel in December 2022. Motor fuel tax receipts are expected to significantly increase largely due to the conclusion of the temporary fuel taxes suspension on gasoline and diesel motor fuel in December 2022 (excluding the impact of the suspension, a minor increase in receipts is expected). The peer-to-peer car sharing tax is expected to generate $7 million in its first full year. Auto rental tax receipts are estimated to decrease from FY 2023, primarily due to the full-year impact of the expected shift towards the peer-to-peer car sharing program. The State’s THC-based and retail excise taxes on the sale of adult-use cannabis products are expected to generate $95 million during the first full year of receipts. These increases are 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.

All Funds consumption/use tax receipts for FY 2025 are projected to increase, largely reflecting a projected increase in sales tax receipts and the second 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 2025 General Fund consumption/use tax receipts are projected to increase primarily due to the All Funds trends noted above.

FY 2026 and FY 2027 All Funds consumption/use tax receipts are projected to increase compared to the prior year, largely reflecting small growth in the sales tax base and the continued maturation of the adult-use cannabis market.

FY 2026 and FY 2027 General Fund consumption/use tax receipts are projected to increase primarily due to the All Funds trends noted above.

## Fuel Taxes Suspension Transfers

The FY 2023 Enacted Budget suspended the State and Metropolitan Commuter Transportation District sales taxes imposed on gasoline and diesel motor fuel, as well as the motor fuel tax, from June 1, 2022 through December 31, 2022. The State will make roads and bridges and public transit entities such as the MTA and local transit systems throughout the State whole by replacing estimated lost tax revenue through a State supplement. The "hold harmless provision" contained in the authorizing legislation calculates the projected revenue that would have been distributed to the entities as though the suspension of such taxes was not in effect ($297 million for the motor fuel tax and $15 million for the MCTD sales tax). Transfers will be executed in monthly installments from July 2022 through January 2023 as shown in the table below.

**FUEL TAXES SUSPENSION HOLD HARMLESS**
**(thousands of dollars)**

| | MTOAF | DMTTF | | | DHBTF |
|---|---|---|---|---|---|
| | MTA and Downstate Transit | MTA Subways/ Buses | MTA Commuter Rails | Upstate Transit | Roads and Bridges |
| July | 2,000 | 7,286 | 1,286 | 756 | 33,148 |
| August | 2,000 | 7,544 | 1,331 | 783 | 35,755 |
| September | 2,500 | 7,060 | 1,246 | 733 | 33,149 |
| October | 2,000 | 7,087 | 1,251 | 736 | 33,681 |
| November | 2,000 | 6,935 | 1,224 | 720 | 32,996 |
| December | 2,500 | 6,800 | 1,200 | 706 | 32,629 |
| January | 2,000 | 6,763 | 1,193 | 702 | 32,300 |
| **Total** | **15,000** | **49,475** | **8,731** | **5,136** | **233,658** |

## Business Taxes

| BUSINESS TAXES (millions of dollars) | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **STATE/ALL FUNDS** | **27,725** | **28,088** | **1.3%** | **27,511** | **-2.1%** | **28,016** | **1.8%** | **24,671** | **-11.9%** | **12,053** | **-51.1%** |
| Corporate Franchise Tax | 7,236 | 8,790 | 21.5% | 7,308 | -16.9% | 6,948 | -4.9% | 6,813 | -1.9% | 7,403 | 8.7% |
| Corporation and Utilities Tax | 554 | 552 | -0.4% | 498 | -9.8% | 576 | 15.7% | 566 | -1.7% | 572 | 1.1% |
| Insurance Tax | 2,453 | 2,561 | 4.4% | 2,697 | 5.3% | 2,790 | 3.4% | 2,911 | 4.3% | 3,037 | 4.3% |
| Bank Tax | 20 | 84 | 320.0% | 0 | -100.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Pass-Through-Entity Tax | 16,430 | 14,998 | -8.7% | 15,856 | 5.7% | 16,553 | 4.4% | 13,234 | -20.1% | (100) | -100.8% |
| Petroleum Business Tax | 1,032 | 1,103 | 6.9% | 1,152 | 4.4% | 1,149 | -0.3% | 1,147 | -0.2% | 1,141 | -0.5% |
| **GENERAL FUND[1]** | **16,697** | **17,357** | **4.0%** | **16,424** | **-5.4%** | **16,632** | **1.3%** | **14,929** | **-10.2%** | **8,831** | **-40.8%** |
| Corporate Franchise Tax | 5,818 | 7,053 | 21.2% | 5,686 | -19.4% | 5,404 | -5.0% | 5,260 | -2.7% | 5,715 | 8.7% |
| Corporation and Utilities Tax | 434 | 420 | -3.2% | 375 | -10.7% | 438 | 16.8% | 430 | -1.8% | 434 | 0.9% |
| Insurance Tax | 2,214 | 2,315 | 4.6% | 2,435 | 5.2% | 2,514 | 3.2% | 2,622 | 4.3% | 2,732 | 4.2% |
| Bank Tax | 16 | 70 | 337.5% | 0 | -100.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Pass-Through-Entity Tax | 8,215 | 7,499 | -8.7% | 7,928 | 5.7% | 8,276 | 4.4% | 6,617 | -20.0% | (50) | -100.8% |
| Petroleum Business Tax | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |

[1] Excludes Transfers.

All Funds CFT receipts are estimated to increase the most of all business taxes in FY 2023, reflecting stronger gross receipts due to continued growth in corporate profits. The FY 2022 Enacted Budget 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. Due to the timing of when the tax increase first impacts prepayments, March 2023 gross receipts are expected to sharply increase, which further contributes to the increased CFT receipts. Audit receipts are estimated to increase significantly because FY 2022 results were unusually low due to fewer large cases materializing. Refunds are estimated to increase and are likely to include refunds from the Additional Restaurant Return-To-Work Tax Credit that was included in the FY 2023 Enacted Budget.

All Funds Corporation and Utilities Tax (CUT) receipts for FY 2023 are estimated to decrease over the prior fiscal year, driven primarily by a further weakening of collections from the telecommunications sector, which are partially offset by collections from the utility sector slightly increasing. Audit receipts are estimated to increase significantly from FY 2022 levels while refunds are estimated to decrease slightly.

All Funds Insurance tax receipts for FY 2023 are estimated to increase modestly due to projected increases in corporate profits and insurance tax premiums that drive increases in gross receipts, following a large increase in FY 2022 gross receipts compared to FY 2021. Audits are expected to decrease while refunds are expected to increase as compared to FY 2022.

All Funds PTET collections for FY 2023 are estimated to decrease resulting from FY 2022 collections containing more than a full year of collections due to timing. As noted, DOB expects PTET will be revenue neutral for the State, however, the PTET will not be revenue neutral within each fiscal year as 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 2023 are estimated to increase primarily due to an increase in audit receipts. Petroleum Business Tax (PBT) receipts are estimated to increase from FY 2022 results, primarily due to the impact of a 5 percent increase in the PBT rate index effective January 1, 2022, paired with a 5 percent increase in the PBT rate index effective January 1, 2023.

General Fund business tax receipts for FY 2023 are estimated to increase due to the trends in CFT and insurance tax receipts described above.

General Fund and All Funds business tax receipts for FY 2024 are projected to decrease, primarily reflecting a decrease in gross receipts and an increase in refunds from CFT. CFT gross receipts are expected to decline as Tax Year 2023 estimated payments are reduced compared to the prior year due to the projected significant increase in Tax Year 2023 prepayments described above, and CFT refunds are estimated to increase due to the recently enacted and extended NYC Musical and Theatrical Production credit and the new Small Business COVID-19 related credit. Projected increases in insurance tax, PTET, and PBT receipts are slightly offset by declines in CUT and bank tax receipts.

General Fund and All Funds business tax receipts for FY 2025 are projected to increase in CUT, insurance tax, and PTET, while PBT and CFT decline. The projected decline in CFT is due to the expiration of the temporary tax increase after Tax Year 2023.

General Fund and All Funds business tax receipts for FY 2026 are projected to increase only in insurance tax, while PBT, CUT, CFT, and PTET decline. The projected decline in PTET collections is the result of the scheduled expiration of the SALT cap after Tax Year 2025 under current Federal law.

General Fund and All Funds business tax receipts for FY 2027 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 decrease significantly due to fewer PTET collections since the SALT cap is scheduled to have expired.

## Other Taxes

| OTHER TAXES (millions of dollars) | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **STATE/ALL FUNDS** | **3,053** | **3,138** | **2.8%** | **2,787** | **-11.2%** | **2,930** | **5.1%** | **3,079** | **5.1%** | **3,223** | **4.7%** |
| Estate Tax | 1,386 | 1,660 | 19.8% | 1,392 | -16.1% | 1,450 | 4.2% | 1,516 | 4.6% | 1,586 | 4.6% |
| Real Estate Transfer Tax | 1,640 | 1,449 | -11.6% | 1,366 | -5.7% | 1,449 | 6.1% | 1,532 | 5.7% | 1,623 | 5.9% |
| Employer Compensation Expense Program | 13 | 14 | 7.7% | 14 | 0.0% | 16 | 14.3% | 16 | 0.0% | (1) | -106.3% |
| Pari-Mutuel Taxes | 13 | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% |
| All Other Taxes | 1 | 2 | 100.0% | 2 | 0.0% | 2 | 0.0% | 2 | 0.0% | 2 | 0.0% |
| **GENERAL FUND[1]** | **1,407** | **1,682** | **19.5%** | **1,414** | **-15.9%** | **1,473** | **4.2%** | **1,539** | **4.5%** | **1,601** | **4.0%** |
| Estate Tax | 1,386 | 1,660 | 19.8% | 1,392 | -16.1% | 1,450 | 4.2% | 1,516 | 4.6% | 1,586 | 4.6% |
| Employer Compensation Expense Program | 7 | 7 | 0.0% | 7 | 0.0% | 8 | 14.3% | 8 | 0.0% | 0 | -100.0% |
| Pari-Mutuel Taxes | 13 | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% |
| All Other Taxes | 1 | 2 | 100.0% | 2 | 0.0% | 2 | 0.0% | 2 | 0.0% | 2 | 0.0% |

[1] Excludes Transfers.

All Funds other tax receipts for FY 2023 are estimated to increase from FY 2022 results, primarily due to the receipt of multiple super-large estate tax payments in excess of $100 million. This is partially offset by the expectation that FY 2022's record real estate transfer tax monthly collections do not continue unabated amidst the impact of increasing mortgage rates combined with elevated housing prices on potential buyers, continuing inflation, and overall economic uncertainty.

General Fund other tax receipts for FY 2023 are estimated to increase, mainly due to an estimated increase in estate tax receipts due to the reason noted above.

All Funds other tax receipts for FY 2024 are projected to decrease, primarily due to an expected return to a more typical amount of super-large payments and collections, as well as a projected decline in real estate transfer tax receipts as mortgage rates are projected to remain elevated as the market stabilizes itself. 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 2024 are projected to decline due to the reason noted above. Other tax receipts in the outyears are projected to increase, resulting from projected increases in estate tax receipts, which reflect 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 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
| **ALL FUNDS** | **27,932** | **25,412** | **-9.0%** | **27,885** | **9.7%** | **25,121** | **-9.9%** | **26,892** | **7.0%** | **28,220** | **4.9%** |
| General Fund | 2,325 | 2,195 | -5.6% | 1,814 | -17.4% | 1,842 | 1.5% | 1,879 | 2.0% | 1,914 | 1.9% |
| Special Revenue Funds | 20,172 | 13,894 | -31.1% | 14,234 | 2.4% | 13,543 | -4.9% | 14,369 | 6.1% | 15,292 | 6.4% |
| Capital Projects Funds | 5,007 | 8,941 | 78.6% | 11,445 | 28.0% | 9,340 | -18.4% | 10,257 | 9.8% | 10,627 | 3.6% |
| Debt Service Funds | 428 | 382 | -10.7% | 392 | 2.6% | 396 | 1.0% | 387 | -2.3% | 387 | 0.0% |

All Funds miscellaneous receipts in FY 2023 are projected to decrease from FY 2022 results, driven by lower projected abandoned property, license, fee and reimbursement receipts and conservative estimation of non-general fund revenues 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 2023.

All Funds miscellaneous receipts are projected to increase in FY 2024, 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 Receipts

| FEDERAL RECEIPTS (millions of dollars) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
| **ALL FUNDS** | **95,307** | **89,720** | **-5.9%** | **82,866** | **-7.6%** | **78,777** | **-4.9%** | **78,673** | **-0.1%** | **80,428** | **2.2%** |
| General Fund | 4,500 | 2,350 | -47.8% | 2,250 | -4.3% | 3,645 | 62.0% | 0 | -100.0% | 0 | 0.0% |
| Special Revenue Funds | 88,673 | 84,308 | -4.9% | 77,148 | -8.5% | 71,481 | -7.3% | 74,981 | 4.9% | 76,897 | 2.6% |
| Capital Projects Funds | 2,066 | 2,992 | 44.8% | 3,401 | 13.7% | 3,589 | 5.5% | 3,634 | 1.3% | 3,478 | -4.3% |
| Debt Service Funds | 68 | 70 | 2.9% | 67 | -4.3% | 62 | -7.5% | 58 | -6.5% | 53 | -8.6% |

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 receipts 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 receipts, actual results often differ from projections.

The decline in All Funds Federal receipts projections from FY 2022 primarily reflect the one-time receipt of Federal aid pursuant to the ARP including $12.75 billion in general aid, emergency rental assistance and a reduction in eFMAP partially offset by FEMA reimbursement of eligible pandemic expenses and other pandemic assistance including categorical aid for schools, universities, childcare, housing, infrastructure, and other purposes which are expected to be received over the multi-year period.

Under the Biden administration and the current and future 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 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 Actuals[1] | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **HEALTH CARE[2]** | | | | | | |
| Medicaid - Individuals Covered | 7,575,210 | 7,759,249 | 6,476,875 | 6,334,447 | 6,371,989 | 6,410,619 |
| Essential Plan - Individuals Covered | 970,939 | 1,090,178 | 968,875 | 993,563 | 1,018,992 | 1,239,404 |
| Child Health Plus - Individuals Covered | 387,139 | 405,265 | 457,936 | 462,549 | 471,799 | 498,469 |
| State Takeover of County/NYC Costs[2] | $4,818 | $5,179 | $5,551 | $5,933 | $6,327 | $6,732 |
| CY 2005 Local Medicaid Cap | $3,353 | $3,531 | $3,721 | $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] | $29,266 | $31,372 | $34,707 | $36,048 | $37,498 | $39,014 |
| **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 | 47,340 | 50,805 | 52,137 | 52,390 | 52,438 | 52,688 |
| OPWDD Community Beds | 42,023 | 42,267 | 42,401 | 42,535 | 42,670 | 42,806 |
| OASAS Community Beds | 13,372 | 13,764 | 13,804 | 13,854 | 13,954 | 14,004 |
| Total | 102,735 | 106,836 | 108,342 | 108,779 | 109,062 | 109,498 |

[1] Reflects preliminary unaudited actuals.

[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 for 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 Updated Financial Plan includes $31.4 billion for School Aid in SY 2023, exclusive of FY 2022 Federal prekindergarten expansion grants, representing an annual increase of approximately $2.1 billion (7.2 percent). This annual increase includes a $1.5 billion (7.7 percent) increase in Foundation Aid. The growth in Foundation Aid reflects the second year of the three-year phase-in of the current formula and a minimum 3 percent annual increase to fully funded districts that would otherwise not receive a Foundation Aid increase under current law. In addition to the Foundation Aid increase, School Aid growth includes a $457 million increase in expense-based reimbursement programs such as Transportation and Boards of Cooperative Education Services (BOCES) Aid and a $125 million increase in State-funded full-day four-year-old prekindergarten programming for four-year-old children, comprised of a $100 million formula-based allocation and a $25 million grant to be competitively awarded.

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, increased support for statewide full-day prekindergarten and assumed growth in expense-based aids. For SY 2025 through SY 2027, 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 | 29,266 | 31,372 | 2,106 | 34,707 | 3,335 | 36,048 | 1,341 | 37,498 | 1,450 | 39,014 | 1,516 |
| | | | 7.2% | | 10.6% | | 3.9% | | 4.0% | | 4.0% |

[1] Does not reflect a significant amount of Federal funding for 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 Video Lottery Terminals (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 significantly in FY 2023 due to higher than anticipated revenue collections in FY 2022 and the continued maturation of the mobile sports wagering market. Additionally, the amount of School Aid spending financed by VLT Lottery Aid is expected to increase in FY 2023 as the VLT market returns to pre-pandemic levels.

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[1,2]**
**(millions of dollars)**

| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STATE OPERATING FUNDS** | **28,275** | **30,436** | **7.6%** | **33,674** | **10.6%** | **35,544** | **5.6%** | **36,934** | **3.9%** | **38,432** | **4.1%** |
| General Fund Local Assistance | 24,695 | 25,650 | 3.9% | 28,972 | 13.0% | 31,047 | 7.2% | 32,404 | 4.4% | 33,831 | 4.4% |
| Medicaid | 89 | 140 | 57.3% | 140 | 0.0% | 140 | 0.0% | 140 | 0.0% | 140 | 0.0% |
| Lottery Aid | 2,505 | 2,653 | 5.9% | 2,566 | -3.3% | 2,566 | 0.0% | 2,566 | 0.0% | 2,566 | 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 | 141 | 6.0% | 131 | -7.1% | 133 | 1.5% | 133 | 0.0% | 166 | 24.8% |
| Mobile Sports | 98 | 615 | 527.6% | 865 | 40.7% | 648 | -25.1% | 655 | 1.1% | 659 | 0.6% |
| 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 for school districts to be distributed over multiple years.

[2] Spending from dedicated revenue sources is capped by appropriation authority as determined at the Enacted Budget and does not necessarily equate to annual revenue collections and/or projections. Gaming details can be found in the Accompanying Notes section (Note 11).

## 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 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
| **TOTAL STATE OPERATING FUNDS** | **2,186** | **2,537** | **16.1%** | **2,637** | **3.9%** | **2,801** | **6.2%** | **2,923** | **4.4%** | **3,047** | **4.2%** |
| Special Education | 1,227 | 1,426 | 16.2% | 1,537 | 7.8% | 1,632 | 6.2% | 1,709 | 4.7% | 1,785 | 4.4% |
| All Other Education | 959 | 1,111 | 15.8% | 1,100 | -1.0% | 1,169 | 6.3% | 1,214 | 3.8% | 1,262 | 4.0% |

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 the approval of a 4 percent COLA to provider tuition rates for SY 2022 and an 11 percent increase for SY 2023, as well as enrollment returning to pre-pandemic levels. 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, opportunity programs, and one-time aid and grant programs. The projected spending decrease in FY 2024 is due to the discontinuation of certain one-time aid and grant programs. The projected spending increase in FY 2025 is 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 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STAR PROGRAM** | **1,904** | **1,831** | **-3.8%** | **1,723** | **-5.9%** | **1,616** | **-6.2%** | **1,568** | **-3.0%** | **1,541** | **-1.7%** |
| Gross Program Costs | 3,306 | 3,425 | 3.6% | 3,491 | 1.9% | 3,567 | 2.2% | 3,709 | 4.0% | 3,862 | 4.1% |
| Personal Income Tax Credit | (1,402) | (1,594) | -13.7% | (1,768) | -10.9% | (1,951) | -10.4% | (2,141) | -9.7% | (2,321) | -8.4% |
| | | | | | | | | | | | |
| Basic Exemption | 1,086 | 1,020 | -6.1% | 962 | -5.7% | 878 | -8.7% | 849 | -3.3% | 834 | -1.8% |
| Gross Program Costs | 1,632 | 1,706 | 4.5% | 1,768 | 3.6% | 1,827 | 3.3% | 1,936 | 6.0% | 2,055 | 6.1% |
| Personal Income Tax Credit | (546) | (686) | -25.6% | (806) | -17.5% | (949) | -17.7% | (1,087) | -14.5% | (1,221) | -12.3% |
| | | | | | | | | | | | |
| Enhanced (Senior) Exemption | 818 | 811 | -0.9% | 761 | -6.2% | 738 | -3.0% | 719 | -2.6% | 707 | -1.7% |
| Gross Program Costs | 933 | 947 | 1.5% | 934 | -1.4% | 923 | -1.2% | 926 | 0.3% | 937 | 1.2% |
| Personal Income Tax Credit | (115) | (136) | -18.3% | (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.

As of the FY 2023 Enacted Budget, DTF is 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 minor administrative changes included in the Updated Financial Plan, has no impact on STAR program costs.

## Higher Education

Local assistance spending for higher education includes funding for CUNY, SUNY, and the Higher Education Services Corporation (HESC).

HIGHER EDUCATION
(millions of dollars)

| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STATE OPERATING FUNDS** | **2,725** | **3,063** | **12.4%** | **3,231** | **5.5%** | **3,352** | **3.7%** | **3,409** | **1.7%** | **3,423** | **0.4%** |
| **City University** | **1,660** | **1,853** | **11.6%** | **1,903** | **2.7%** | **1,932** | **1.5%** | **1,969** | **1.9%** | **1,978** | **0.5%** |
| Senior Colleges | 1,419 | 1,612 | 13.6% | 1,662 | 3.1% | 1,691 | 1.7% | 1,728 | 2.2% | 1,737 | 0.5% |
| Community College | 241 | 241 | 0.0% | 241 | 0.0% | 241 | 0.0% | 241 | 0.0% | 241 | 0.0% |
| **Higher Education Services** | **613** | **752** | **22.7%** | **879** | **16.9%** | **971** | **10.5%** | **991** | **2.1%** | **996** | **0.5%** |
| Tuition Assistance Program | 543 | 663 | 22.1% | 774 | 16.7% | 870 | 12.4% | 894 | 2.8% | 899 | 0.6% |
| Scholarships/Awards | 62 | 77 | 24.2% | 93 | 20.8% | 89 | -4.3% | 85 | -4.5% | 85 | 0.0% |
| Aid for Part-Time Study | 8 | 12 | 50.0% | 12 | 0.0% | 12 | 0.0% | 12 | 0.0% | 12 | 0.0% |
| **State University** | **452** | **458** | **1.3%** | **449** | **-2.0%** | **449** | **0.0%** | **449** | **0.0%** | **449** | **0.0%** |
| Community College | 448 | 451 | 0.7% | 445 | -1.3% | 445 | 0.0% | 445 | 0.0% | 445 | 0.0% |
| Other/Cornell | 4 | 7 | 75.0% | 4 | -42.9% | 4 | 0.0% | 4 | 0.0% | 4 | 0.0% |

SUNY and CUNY operate 47 four-year colleges and graduate schools with a total enrollment of nearly 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 $1.2 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 $1.2 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, 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 local assistance spending is projected to increase by $338 million, or 12.4 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, additional funding for strategic investments and fringe benefit costs at CUNY, a 12 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, including operating the Medicaid program that provides health care coverage to 7.3 million[10] low-income individuals and long-term care services for the elderly and disabled. Most government-financed health care programs are included under DOH, however, several programs are also supported through multi-agency efforts. In addition to Medicaid and statewide public health programs, local assistance spending for health care includes a variety of mental hygiene programs.

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 monthly premium payments to managed care plans that enroll Medicaid eligible individuals and direct payments to health care providers for services rendered to Medicaid enrollees. 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 personal care, mental health, substance abuse treatment, developmental disabilities services, school-based services, and foster care services). The Medicaid program is financed by the Federal government, the State, and counties, including New York City. DOB estimates that spending from all sources, including spending by local governments that is not part of the State's All Funds activity, will total $99 billion in FY 2023. The following table shows the estimated disbursements by level of government.

**FY 2023 PROJECTED MEDICAID SPENDING [1]**
**(millions of dollars)**

| | Spending | Share |
|---|---|---|
| Federal | 59,028 | 59.8% |
| State | 31,903 | 32.3% |
| Local | 7,738 | 7.9% |
| **Total** | **98,669** | **100.0%** |

[1] Includes operational costs and the Essential Plan but excludes MSA payments deposited in the Medicaid Escrow Fund.

[10] As of December 2021.

The State share of DOH Medicaid spending is financed by a combination of the General Fund, HCRA resources, indigent care support, provider assessment revenue, and tobacco settlement proceeds. The General Fund is expected to finance 76 percent of State-share Medicaid costs in FY 2023. In any year, Medicaid costs financed by the General Fund may be affected by several factors, including the Medicaid Global Cap, a statutory annual growth cap that applies to a subset of State-share Medicaid spending, financial resources available in HCRA, and, to a lesser extent, other special revenue funds, and temporary changes to the Federal share of Medicaid (e.g., enhanced FMAP). The following tables summarize the expected financing shares over the multi-year plan.

**STATE-SHARE MEDICAID FINANCING SOURCES [1]**
**(millions of dollars)**

| | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|
| General Fund | 19,302 | 21,449 | 23,839 | 25,611 | 27,392 |
| HCRA | 4,555 | 4,251 | 4,211 | 4,035 | 4,010 |
| All Other | 1,718 | 1,617 | 1,646 | 1,676 | 1,676 |
| **Total** | **25,575** | **27,317** | **29,696** | **31,322** | **33,078** |

[1] Includes operational costs and the Essential Plan.

**STATE-SHARE MEDICAID FINANCING SOURCES [1]**
**(percent)**

| | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|
| General Fund | 75.5% | 78.5% | 80.3% | 81.8% | 82.8% |
| HCRA | 17.8% | 15.6% | 14.2% | 12.9% | 12.1% |
| All Other | 6.7% | 5.9% | 5.5% | 5.4% | 5.1% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

[1] Includes operational costs and the Essential Plan.

See "Factors Affecting Medicaid Funding" and "HCRA Financial Plan" below for more information.

Medicaid eligibility and enrollment fluctuates with economic cycles. Enrollment is projected to increase by nearly 1.6 million from the start of the pandemic before beginning to decline. This enrollment increase has been driven by the steep rise in unemployment triggered by the COVID-19 pandemic, as well as Federal limitations on Medicaid disenrollment activities during the public health emergency period. The Updated Financial Plan forecast assumes that enrollment levels will peak at over 7.7 million in FY 2023 and return to near pre-pandemic levels in the later part of FY 2025. As the economy recovers and unemployment trends towards pre-pandemic levels, costs associated with individuals temporarily enrolled, but entitled to 12 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 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 summarizes State-share Medicaid spending by agency.

**TOTAL STATE-SHARE MEDICAID DISBURSEMENTS**
**(millions of dollars)**

| | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **Department of Health Medicaid** | **22,290** | **25,575** | **27,317** | **29,696** | **31,322** | **33,078** |
| Local Assistance | 24,958 | 28,654 | 27,186 | 29,301 | 30,917 | 32,673 |
| State Operations | 316 | 375 | 398 | 395 | 405 | 405 |
| eFMAP[1] | (2,984) | (3,454) | (267) | 0 | 0 | 0 |
| **Other State Agency Medicaid Spending** | **5,403** | **5,966** | **7,128** | **5,951** | **5,968** | **6,145** |
| Mental Hygiene[2] | 5,234 | 5,744 | 6,906 | 5,729 | 5,746 | 5,923 |
| Foster Care | 52 | 74 | 74 | 74 | 74 | 74 |
| Education | 89 | 140 | 140 | 140 | 140 | 140 |
| Corrections[3] | 28 | 8 | 8 | 8 | 8 | 8 |
| **Total State-Share Medicaid (All Agencies)** | **27,693** | **31,541** | **34,445** | **35,647** | **37,290** | **39,223** |
| Annual $ Change | | 3,848 | 2,904 | 1,202 | 1,643 | 1,933 |
| Annual % Change | | 13.9% | 9.2% | 3.5% | 4.6% | 5.2% |

[1] Includes a portion of the benefit of the 6.2 percent enhanced Federal share (eFMAP).
[2] Excludes a portion of spending reported under the DOH Medicaid Global Cap that has no impact on mental hygiene service delivery or operations.
[3] Increased DOCCS Medicaid spending in FY 2022 reflects timing of reimbursements from retroactive reconciliations.

## Factors Affecting Medicaid Funding

### Global Cap

The Medicaid Global Cap is a statutory spending cap that applies to a subset of State-share funded Medicaid spending. It is intended to limit the growth of Medicaid costs financed by the General Fund. From FY 2013, when the Global Cap was put in place, through FY 2022, the subset of Medicaid spending to which it applied was limited to no greater than the ten-year average of medical price inflation. The FY 2023 Enacted Budget implemented a new Global Cap index based on the five-year rolling average of CMS annual projections of health care spending. The CMS projections account for enrollment, including specific populations, such as the aging and disabled populations. The new index accounts 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 Global Cap applies to an estimated 80 percent of State-share DOH Medicaid spending. Medicaid spending not subject to the Global Cap includes certain Medicaid spending in other agencies, administrative costs, such as the takeover of local administrative responsibilities, costs related to a portion of the takeover of local government expenses, and costs related to State-mandated increases in the minimum wage and other wage enhancements.

**TOTAL DOH MEDICAID SPENDING**
**(millions of dollars)**

| | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **Medicaid Global Cap[1]** | **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% |
| **Other Medicaid Not Subject to Global Cap** | **1,718** | **4,037** | **4,668** | **5,821** | **6,084** | **6,354** |
| Minimum Wage | 1,961 | 2,223 | 2,408 | 2,408 | 2,408 | 2,408 |
| Home Care Wages | 0 | 0 | 262 | 1,233 | 1,315 | 1,402 |
| Local Takeover Cost[2] | 1,465 | 1,648 | 1,830 | 2,013 | 2,195 | 2,378 |
| MSA Payments (Share of Local Growth)[3] | 0 | (362) | (362) | (362) | (362) | (362) |
| All Other[4] | (1,708) | 528 | 530 | 529 | 528 | 528 |
| **Total DOH Medicaid** | **22,290** | **25,575** | **27,317** | **29,696** | **31,322** | **33,078** |
| Annual $ Change | 2,298 | 3,285 | 1,742 | 2,379 | 1,626 | 1,756 |
| Annual % Change | 2.9% | 14.7% | 6.8% | 8.7% | 5.5% | 5.6% |

1 In FY 2022, Global Cap spending was limited to the ten-year rolling average of the medical component of the Consumer Price Index for all urban consumers (CPI). Effective FY 2023, 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.

2 Reflects a portion of the State's costs related to paying the full share of Medicaid program growth on behalf of local governments that is outside of the Global Cap.

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 All Other includes a portion of the benefit of the 6.2 percent enhanced Federal share (eFMAP).

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.

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, to avoid exceeding the statutorily indexed rate for FY 2019. The 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 and with no impact on provider services.

Following the deferral, DOB recognized that a structural imbalance existed within the Global Cap and 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 MOE requirements associated with the FFCRA, COVID-19 and ARP HCBS eFMAP provisions. The Updated Financial Plan assumes the remaining MRT II savings will be implemented in FY 2023, aside from those actions limited to the MOE requirements associated with the recent Federal public health emergency extension, which extends the eFMAP benefit through March 2023, and will be implemented through FY 2025.

### 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. The Federal government has continuously extended the PHE declaration with the current authorization running through January 11, 2023, which in turn extends eFMAP through the first quarter of calendar year 2023 (March 2023). State share savings from eFMAP have and will be used to offset increased costs associated with persistently elevated COVID enrollment and lost MRT II savings considering MOE guidelines restricting program restructuring efforts.

## Minimum Wage and Home Care Wages

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 by $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.

The FY 2023 Enacted Budget authorized a $3 minimum wage increase for 494,200 home health and personal care workers across New York State. The wage increase, which is being phased in with a $2 increase which took effect on October 1, 2022 and an additional $1 increase on October 1, 2023, is expected to cost $363 million in FY 2023 annualizing to $1.4 billion in FY 2027. Pending CMS approval, the increases are anticipated to be fully funded by HCBS eFMAP in FY 2023 and partially funded in FY 2024.

## 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 the multi-year savings to local districts.

**LOCAL GOVERNMENT SAVINGS**
**STATE TAKEOVER OF LOCAL MEDICAID COSTS (2005 CAP AND GROWTH TAKEOVER)**
**FY 2022 to FY 2027**

| Region | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 |
|---|---|---|---|---|---|---|
| Rest of State | 2,396,445 | 2,531,355 | 2,670,179 | 2,813,028 | 2,960,019 | 3,111,274 |
| New York City | 2,421,745 | 2,647,938 | 2,880,691 | 3,120,194 | 3,366,642 | 3,620,237 |
| Statewide | 4,818,190 | 5,179,293 | 5,550,870 | 5,933,222 | 6,326,661 | 6,731,511 |

## Master Settlement Agreement (MSA)

DOB expects to receive annual payments from tobacco manufacturers under the MSA totaling roughly $362 million annually. 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.

## 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, capital projects spending to enhance health care information technology, and support for home care delivery.

The Updated Financial Plan reflects the use of $1 billion of additional resources to support multi-year investments in home care delivery and sustainability efforts through wage increases.

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

| | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **Opening Balance** | **255** | **147** | **559** | **750** | **500** | **250** |
| **Receipts** | **242** | **575** | **500** | **0** | **0** | **0** |
| General Fund Transfer | 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 | 0 | 7 | 0 | 0 | 0 | 0 |
| Affinity Payment | 110 | 0 | 0 | 0 | 0 | 0 |
| STIP Interest | 1 | 0 | 0 | 0 | 0 | 0 |
| **Planned Uses** | **350** | **163** | **309** | **250** | **250** | **250** |
| Home Care Wages | 0 | 0 | 250 | 250 | 250 | 250 |
| Housing Rental Subsidies | 184 | 73 | 59 | 0 | 0 | 0 |
| State-Only Payments | 107 | 46 | 0 | 0 | 0 | 0 |
| Capital Projects | 59 | 44 | 0 | 0 | 0 | 0 |
| **Closing Balance** | **147** | **559** | **750** | **500** | **250** | **0** |

## Essential Plan

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. Over 1 million New Yorkers are expected to be enrolled in the EP in FY 2023, which represents an increase in enrollment from FY 2022 as the economy recovers and unemployment trends towards pre-pandemic levels shifting individuals out of Medicaid and growth in enrollment due to expanded eligibility.

ESSENTIAL PLAN
(millions of dollars)

| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **TOTAL ALL FUNDS SPENDING** | **5,552** | **5,983** | **7.8%** | **6,429** | **7.5%** | **6,779** | **5.4%** | **7,292** | **7.6%** | **7,830** | **7.4%** |
| **State Operating Funds** | **63** | **75** | **19.0%** | **91** | **21.3%** | **91** | **0.0%** | **100** | **9.9%** | **102** | **2.0%** |
| Local Assistance[1] | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| State Operations | 63 | 75 | 19.0% | 91 | 21.3% | 91 | 0.0% | 100 | 9.9% | 102 | 2.0% |
| **Federal Operating Funds** | **5,489** | **5,908** | **7.6%** | **6,338** | **7.3%** | **6,688** | **5.5%** | **7,192** | **7.5%** | **7,728** | **7.5%** |

[1] The EP is not a Medicaid program; however, State savings associated with the EP local assistance program are realized within the Global Cap, where EP resources are managed.

On an All Funds basis, EP spending is anticipated to fluctuate over the Financial Plan period, reflecting a mix of factors. Spending growth in FY 2023 and FY 2024 primarily reflects costs associated with robust growth in program enrollment and the expanded eligibility up to 250 percent of the Federal poverty level. This growth is partially offset by the Federal disapproval of the FY 2023 Enacted Budget proposals to provide 12 months of postpartum coverage for individuals enrolled in EP and a delay in implementing Long Term Service and Support (LTSS) coverage in EP.

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 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STATE OPERATING FUNDS** | **1,940** | **2,276** | **17.3%** | **2,345** | **3.0%** | **2,366** | **0.9%** | **2,390** | **1.0%** | **2,416** | **1.1%** |
| **Public Health** | **1,803** | **2,104** | **16.7%** | **2,178** | **3.5%** | **2,194** | **0.7%** | **2,212** | **0.8%** | **2,233** | **0.9%** |
| Child Health Plus[1] | 725 | 735 | 1.4% | 935 | 27.2% | 970 | 3.7% | 988 | 1.9% | 1,009 | 2.1% |
| General Public Health Work | 166 | 222 | 33.7% | 234 | 5.4% | 215 | -8.1% | 215 | 0.0% | 215 | 0.0% |
| EPIC | 98 | 93 | -5.1% | 63 | -32.3% | 63 | 0.0% | 63 | 0.0% | 63 | 0.0% |
| Early Intervention | 80 | 84 | 5.0% | 81 | -3.6% | 81 | 0.0% | 81 | 0.0% | 81 | 0.0% |
| Unadjusted | 163 | 181 | 11.0% | 178 | -1.7% | 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% |
| Workforce Initiatives[2] | 0 | 130 | 0.0% | 130 | 0.0% | 130 | 0.0% | 130 | 0.0% | 130 | 0.0% |
| General Fund Local Assistance | 0 | 111 | 0.0% | 112 | 0.9% | 112 | 0.0% | 112 | 0.0% | 112 | 0.0% |
| HCRA Program | 0 | 19 | 0.0% | 18 | -5.3% | 18 | 0.0% | 18 | 0.0% | 18 | 0.0% |
| HCRA Program | 317 | 366 | 15.5% | 344 | -6.0% | 344 | 0.0% | 344 | 0.0% | 344 | 0.0% |
| Nourish NY | 46 | 58 | 26.1% | 50 | -13.8% | 50 | 0.0% | 50 | 0.0% | 50 | 0.0% |
| All Other[3] | 371 | 416 | 12.1% | 341 | -18.0% | 341 | 0.0% | 341 | 0.0% | 341 | 0.0% |
| **Aging** | **137** | **172** | **25.5%** | **167** | **-2.9%** | **172** | **3.0%** | **178** | **3.5%** | **183** | **2.8%** |

[1] Increased spending for CHP in FY 2022 and beyond is attributable to the expiration of enhanced Federal resources, including FFCRA eFMAP.

[2] This item represents the Local portion of the total $140 million Workforce Initiatives supported by the General Fund and HCRA Program, an additional $10 million is supported under HCRA State Operations.

[3] A majority of the growth in All Other for FY 2023 is due to additional investments in the Hunger Prevention and Nutrition Assistance Program (HPNAP).

Public Health spending grows over the Financial Plan period due to expiration of enhanced Federal resources, including FFCRA eFMAP, for the CHP program. Growth in FY 2023 reflects the timing of FY 2022 payment processing due to COVID-19, a $140 million investment in workforce initiatives, a $22 million investment in HPNAP, and other one-time spending programs. Increased spending in FY 2023 will be partially offset by State savings from the utilization of Federal funding where applicable. With the extension of the PHE through March 2023, CHP is expected to receive an additional $40.3 million in COVID-19 eFMAP savings in FY 2023 and $12 million in FY 2024.

The Updated Financial Plan continues SOFA support to address locally identified capacity needs for services to maintain the elderly in their communities, support family and friends in their caregiving roles, and reduce future Medicaid costs by intervening earlier with less intensive services. The Updated 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); Nurses Across New York (NANY); and the Statewide Health Information Network for New York (SHIN-NY)/All-Payer Claims Database (APCD).

**HCRA FINANCIAL PLAN**
**(millions of dollars)**

| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **OPENING BALANCE** | 16 | 88 | | 0 | | 0 | | 0 | | 0 | |
| **TOTAL RECEIPTS** | 6,508 | 6,611 | 1.6% | 6,542 | -1.0% | 6,536 | -0.1% | 6,382 | -2.4% | 6,378 | 0.0% |
| Surcharges | 3,993 | 4,110 | 2.9% | 4,037 | -1.8% | 4,058 | 0.5% | 4,078 | 0.5% | 4,098 | 0.0% |
| Covered Lives Assessment[1] | 985 | 1,109 | 12.6% | 1,150 | 3.7% | 1,150 | 0.0% | 1,150 | 0.0% | 1,150 | 0.0% |
| Cigarette Tax Revenue | 665 | 632 | -5.0% | 602 | -4.7% | 573 | -4.8% | 546 | -4.7% | 520 | 0.0% |
| Hospital Assessments | 509 | 508 | -0.2% | 505 | -0.6% | 507 | 0.4% | 510 | 0.6% | 512 | 0.0% |
| Excise Tax on Vapor Products | 29 | 27 | -6.9% | 27 | 0.0% | 27 | 0.0% | 27 | 0.0% | 27 | 0.0% |
| NYC Cigarette Tax Transfer | 18 | 21 | 16.7% | 21 | 0.0% | 21 | 0.0% | 21 | 0.0% | 21 | 0.0% |
| EPIC Receipts/ICR Audit Fees | 59 | 54 | -8.5% | 50 | -7.4% | 50 | 0.0% | 50 | 0.0% | 50 | 0.0% |
| Distressed Provider Assistance[2] | 250 | 150 | -40.0% | 150 | 0.0% | 150 | 0.0% | 0 | -100.0% | 0 | 0.0% |
| **TOTAL DISBURSEMENTS AND TRANSFERS** | 6,436 | 6,699 | 4.1% | 6,542 | -2.3% | 6,536 | -0.1% | 6,382 | -2.4% | 6,378 | 0.0% |
| Medicaid Assistance Account | 4,381 | 4,555 | 4.0% | 4,251 | -6.7% | 4,211 | -0.9% | 4,035 | -4.2% | 4,010 | 0.0% |
| Medicaid Costs | 3,956 | 4,230 | 6.9% | 3,926 | -7.2% | 3,886 | -1.0% | 3,860 | -0.7% | 3,835 | 0.0% |
| Distressed Provider Assistance[2] | 250 | 150 | -40.0% | 150 | 0.0% | 150 | 0.0% | 0 | -100.0% | 0 | 0.0% |
| Workforce Recruitment & Retention | 175 | 175 | 0.0% | 175 | 0.0% | 175 | 0.0% | 175 | 0.0% | 175 | 0.0% |
| Hospital Indigent Care | 732 | 717 | -2.0% | 717 | 0.0% | 717 | 0.0% | 717 | 0.0% | 717 | 0.0% |
| HCRA Program Account | 326 | 404 | 23.9% | 381 | -5.7% | 381 | 0.0% | 381 | 0.0% | 381 | 0.0% |
| Child Health Plus | 737 | 749 | 1.6% | 953 | 27.2% | 989 | 3.8% | 1,008 | 1.9% | 1,030 | 0.0% |
| Elderly Pharmaceutical Insurance Coverage | 111 | 104 | -6.3% | 74 | -28.8% | 74 | 0.0% | 74 | 0.0% | 74 | 0.0% |
| Qualified Health Plan Administration | 37 | 42 | 13.5% | 44 | 4.8% | 45 | 2.3% | 48 | 6.7% | 48 | 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 | 36 | 40 | 11.1% | 40 | 0.0% | 40 | 0.0% | 40 | 0.0% | 40 | 0.0% |
| All Other | 25 | 31 | 24.0% | 31 | 0.0% | 28 | -9.7% | 28 | 0.0% | 27 | 0.0% |
| **ANNUAL OPERATING SURPLUS/(DEFICIT)** | 72 | (88) | | 0 | | 0 | | 0 | | 0 | |
| **CLOSING BALANCE** | 88 | 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 HCRA Financial Plan includes time limited resources from local county contributions in support of State funded payments to distressed health care providers through the Medicaid program ($250 million in FY 2022 and $150 million annually through FY 2025) .

Total HCRA receipts are anticipated to increase in FY 2023, reflecting the assumption that health care surcharge and assessment collections will continue to trend closer to pre-pandemic levels. The HCRA financial plan includes an additional $150 million annually through FY 2025 to support distressed providers through Medicaid program payments. Additionally, the Governor signed legislation for the Covered Lives Assessment and EI 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. The Updated Financial Plan reflects over $4.5 billion in continued support for Medicaid spending, including $150 million annually through FY 2025 to increase support for distressed providers and nearly $750 million for the CHP program. Estimated growth in CHP spending 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 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

The Mental Hygiene agencies consist of OPWDD, OMH, OASAS, the Developmental Disabilities Planning Council (DDPC), and the Justice Center for the Protection of People with Special Needs (Justice Center). These agencies provide services directly to their clients through State-operated facilities and indirectly through community-based providers. 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. The service costs are reimbursed by Medicaid, Medicare, third-party insurance, and State funding.

MENTAL HYGIENE
(millions of dollars)

| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STATE OPERATING FUNDS** | 4,660 | 5,552 | 19.1% | 6,810 | 22.7% | 5,709 | -16.2% | 5,749 | 0.7% | 5,967 | 3.8% |
| **People with Developmental Disabilities** | **2,506** | **2,981** | **19.0%** | **2,984** | **0.1%** | **3,152** | **5.6%** | **3,302** | **4.8%** | **3,440** | **4.2%** |
| Residential Services | 1,407 | 1,685 | 19.8% | 1,687 | 0.1% | 1,779 | 5.5% | 1,861 | 4.6% | 1,938 | 4.1% |
| Day Programs | 614 | 736 | 19.9% | 736 | 0.0% | 777 | 5.6% | 813 | 4.6% | 846 | 4.1% |
| Clinic | 15 | 18 | 20.0% | 18 | 0.0% | 19 | 5.6% | 19 | 0.0% | 20 | 5.3% |
| All Other Services (Net of Offsets) | 470 | 542 | 15.3% | 543 | 0.2% | 577 | 6.3% | 609 | 5.5% | 636 | 4.4% |
| **Mental Health** | **1,475** | **2,027** | **37.4%** | **2,071** | **2.2%** | **2,118** | **2.3%** | **2,170** | **2.5%** | **2,219** | **2.3%** |
| Adult Local Services | 1,220 | 1,622 | 33.0% | 1,697 | 4.6% | 1,764 | 3.9% | 1,808 | 2.5% | 1,849 | 2.3% |
| Children Local Services | 255 | 331 | 29.8% | 343 | 3.6% | 354 | 3.2% | 362 | 2.3% | 370 | 2.2% |
| MLR/BHET Reinvestment[1] | 0 | 74 | 0.0% | 31 | -58.1% | 0 | -100.0% | 0 | 0.0% | 0 | 0.0% |
| **Addiction Services and Supports** | **371** | **724** | **95.1%** | **560** | **-22.7%** | **569** | **1.6%** | **577** | **1.4%** | **608** | **5.4%** |
| Residential | 100 | 128 | 28.0% | 121 | -5.5% | 125 | 3.3% | 132 | 5.6% | 141 | 6.8% |
| Other Treatment | 182 | 237 | 30.2% | 220 | -7.2% | 231 | 5.0% | 244 | 5.6% | 259 | 6.1% |
| Prevention | 52 | 66 | 26.9% | 63 | -4.5% | 67 | 6.3% | 71 | 6.0% | 75 | 5.6% |
| Recovery | 37 | 47 | 27.0% | 45 | -4.3% | 44 | -2.2% | 47 | 6.8% | 50 | 6.4% |
| Opioid Settlement Fund[2] | 0 | 185 | 0.0% | 58 | -68.6% | 57 | -1.7% | 36 | -36.8% | 36 | 0.0% |
| 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 | 0.0% | 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** | **(181)** | **-159.0%** | **1,194** | **759.7%** | **(131)** | **-111.0%** | **(301)** | **-129.8%** | **(301)** | **0.0%** |
| OPWDD Local Share | 307 | 216 | -29.6% | 1,240 | 474.1% | 170 | -86.3% | 0 | -100.0% | 0 | 0.0% |
| OPWDD Spending Funded by Global Cap | 0 | (397) | 0.0% | (46) | 88.4% | (301) | -554.3% | (301) | 0.0% | (301) | 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** | **4,353** | **5,733** | **31.7%** | **5,616** | **-2.0%** | **5,840** | **4.0%** | **6,050** | **3.6%** | **6,268** | **3.6%** |

1 The Financial Plan reinvests recoveries from Managed Care companies attributable to their underspending against Medical Loss Ratio (MLR) by Health and Recovery Plans (HARPs) and Behavioral Health Expenditure Targets (BHET) by Mainstream MCOs. Predetermined thresholds attribute a percentage of premium spending that must be spent on care for enrollees with any underspending being recovered from 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.

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 through 2025 reflect OPWDD-related local share expenses that will be funded outside of the DOH Global Cap through use of additional Financial Plan resources.

The Updated Financial Plan 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 and the establishment of the 988 Crisis Hotline. Additionally, investments are made to restore funding for inpatient State-operated bed capacity; increase funding for Article 28 inpatient psychiatric hospital beds; recruit psychiatrists and psychiatric nurse practitioners; and 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 $300 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.

The Updated Financial Plan also includes a 5.4 percent human services COLA, which will provide over $600 million in Federal and State funding to voluntary-operated programs overseen by the mental hygiene agencies, and a targeted bonus payment up to $3,000 to eligible healthcare and direct care workers.

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

### 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 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STATE OPERATING FUNDS** | **1,347** | **2,627** | **95.0%** | **1,750** | **-33.4%** | **1,825** | **4.3%** | **1,814** | **-0.6%** | **1,863** | **2.7%** |
| SSI | 566 | 657 | 16.1% | 657 | 0.0% | 667 | 1.5% | 667 | 0.0% | 667 | 0.0% |
| Public Assistance Benefits | 573 | 596 | 4.0% | 600 | 0.7% | 617 | 2.8% | 562 | -8.9% | 564 | 0.4% |
| Public Assistance Initiatives | 11 | 18 | 63.6% | 11 | -38.9% | 11 | 0.0% | 11 | 0.0% | 11 | 0.0% |
| Homeless Housing and Services | 11 | 219 | 1890.9% | 342 | 56.2% | 390 | 14.0% | 434 | 11.3% | 481 | 10.8% |
| Rental Assistance | 183 | 1,128 | 516.4% | 135 | -88.0% | 135 | 0.0% | 135 | 0.0% | 135 | 0.0% |
| All Other | 3 | 9 | 200.0% | 5 | -44.4% | 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 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 resulted in an increase to the public assistance caseload, particularly in New York City, which increases Safety Net assistance spending. The FY 2023 Enacted Budget made changes to public assistance to help alleviate the "benefits cliff" by encouraging increased earnings and allowing more savings while remaining eligible for the program. In addition, the FY 2023 Enacted Budget reduced the 45-day waiting period for prospective Safety Net Assistance recipients before they can begin to receive program benefits to 30 days, in line with Family Assistance benefits. SSI spending is expected to increase in FY 2023 after the one-time Federal assistance provided during FY 2022 expires that otherwise would have been partly funded out of SSI.

The increase in rental assistance in FY 2023 reflects the addition of $800 million for the time-limited ERAP to provide economic relief to low and moderate-income households at risk of experiencing homelessness or housing instability. Additionally, the FY 2023 Enacted Budget added $125 million for aid to landlords whose tenants have left their rental property or who are unwilling to apply for ERAP. The Updated Financial Plan shifts $35 million annually from DHCR to OTDA to support legal services and representation for eviction cases outside of New York City.

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 which have begun to be allocated to those agencies in the Updated Financial Plan and will continue to be allocated in future updates to the Financial Plan. To date, $20 million has been allocated to OMH.

# OCFS

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

| CHILDREN AND FAMILY SERVICES (millions of dollars) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
| **TOTAL STATE OPERATING FUNDS** | **1,794** | **1,744** | **-2.8%** | **1,841** | **5.6%** | **2,593** | **40.8%** | **2,594** | **0.0%** | **2,594** | **0.0%** |
| Child Welfare Service | 678 | 477 | -29.6% | 477 | 0.0% | 477 | 0.0% | 477 | 0.0% | 477 | 0.0% |
| Foster Care Block Grant | 445 | 396 | -11.0% | 396 | 0.0% | 396 | 0.0% | 396 | 0.0% | 396 | 0.0% |
| Child Care | 103 | 334 | 224.3% | 445 | 33.2% | 1,197 | 169.0% | 1,198 | 0.1% | 1,198 | 0.0% |
| Adoption | 117 | 172 | 47.0% | 183 | 6.4% | 183 | 0.0% | 183 | 0.0% | 183 | 0.0% |
| Youth Programs | 167 | 106 | -36.5% | 99 | -6.6% | 99 | 0.0% | 99 | 0.0% | 99 | 0.0% |
| Medicaid | 52 | 74 | 42.3% | 74 | 0.0% | 74 | 0.0% | 74 | 0.0% | 74 | 0.0% |
| Adult Protective/Domestic Violence | 106 | 54 | -49.1% | 54 | 0.0% | 54 | 0.0% | 54 | 0.0% | 54 | 0.0% |
| Committees on Special Education | 6 | 0 | -100.0% | 29 | 0.0% | 29 | 0.0% | 29 | 0.0% | 29 | 0.0% |
| All Other | 120 | 131 | 9.2% | 84 | -35.9% | 84 | 0.0% | 84 | 0.0% | 84 | 0.0% |

The FY 2023 Enacted Budget continued for one year 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 FY 2023 Enacted Budget actions included funding to increase the child care market rate to include 80 percent of providers, expanding eligibility for child care subsidies to more families, investing in adoption subsidies through the modernization of the rate setting methodology, increasing funding for the Runaway Homeless Youth (RHY) program, expanding the Healthy Families New York (HFNY) Home Visiting program and funding a 5.4 percent increase for human services workers.

## Transportation

The Department of Transportation (DOT) maintains 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) 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 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
| **STATE OPERATING FUNDS SUPPORT** | **3,786** | **4,599** | **21.5%** | **4,850** | **5.5%** | **4,852** | **0.0%** | **4,854** | **0.0%** | **4,855** | **0.0%** |
| Mass Transit Operating Aid: | 2,620 | 3,421 | 30.6% | 3,662 | 7.0% | 3,662 | 0.0% | 3,662 | 0.0% | 3,662 | 0.0% |
| Metro Mass Transit Aid | 2,463 | 3,260 | 32.4% | 3,502 | 7.4% | 3,502 | 0.0% | 3,502 | 0.0% | 3,502 | 0.0% |
| Public Transit Aid | 112 | 117 | 4.5% | 116 | -0.9% | 116 | 0.0% | 116 | 0.0% | 116 | 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% | 156 | 0.6% | 158 | 1.3% | 159 | 0.6% |
| Dedicated Mass Transit | 681 | 674 | -1.0% | 684 | 1.5% | 684 | 0.0% | 684 | 0.0% | 684 | 0.0% |
| AMTAP | 77 | 107 | 39.0% | 105 | -1.9% | 105 | 0.0% | 105 | 0.0% | 105 | 0.0% |
| All Other | 0 | 0 | 0.0% | 0 | 0.0% | 1 | 0.0% | 1 | 0.0% | 1 | 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*[11] decision.

Funding for transportation is projected to increase by $813 million in FY 2023. Projected increases in operating aid to the MTA and other transit systems are funded mainly by stronger dedicated receipts collections, for an additional $653 million to the MTA, $125 million for non-MTA downstate transit systems, and $35 million for upstate systems.

[11] 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.

## Agency Operations

Agency operations spending consists of Personal Service (PS) and NPS. Fringe benefits (e.g., pensions and health insurance) provided to State employees and retirees, as well as certain fixed costs such as litigation expenses and taxes on public lands, are also part of operating costs and are described separately under 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. 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.

Over 90 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; Public Employees Federation (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 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| State Workforce[1] | 106,690 | 119,050 | TBD | TBD | TBD | TBD |
| ERS Contribution Rate[2] | 18.8% | 14.5% | 13.6% | 17.7% | 22.5% | 28.1% |
| PFRS Contribution Rate[2] | 28.7% | 27.7% | 28.4% | 31.5% | 35.2% | 38.9% |
| Employee/Retiree Health Insurance Growth Rates | 29.1% | -6.1% | 7.0% | 7.2% | 7.2% | 7.2% |
| PS/Fringe as % of Receipts (All Funds Basis) | 10.5% | 12.1% | 11.9% | 12.8% | 13.2% | 13.7% |

[1] Reflects workforce that is subject to direct Executive control.

[2] 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 spending levels are mainly impacted by workforce and employee compensation, and fluctuations in energy and commodity prices, as well as the utilization of Federal CRF funds in FY 2022 to offset roughly $1.5 billion in eligible spending primarily for payroll costs of public health and safety employees.

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

| | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **SUBJECT TO DIRECT EXECUTIVE CONTROL[1]** | **11,397** | **12,226** | **11,854** | **11,924** | **12,072** | **12,181** |
| Mental Hygiene | 3,008 | 3,388 | 3,241 | 3,288 | 3,331 | 3,380 |
| Corrections and Community Supervision | 2,664 | 2,675 | 2,648 | 2,638 | 2,636 | 2,637 |
| State Police | 791 | 862 | 869 | 886 | 903 | 920 |
| Department of Health | 1,193 | 851 | 871 | 869 | 886 | 888 |
| Information Technology Services | 649 | 608 | 640 | 641 | 655 | 670 |
| Children and Family Services | 197 | 328 | 327 | 332 | 338 | 340 |
| Tax and Finance | 326 | 338 | 332 | 332 | 333 | 333 |
| Transportation | 333 | 356 | 341 | 341 | 351 | 361 |
| Environmental Conservation | 245 | 244 | 244 | 245 | 248 | 247 |
| Healthcare/Direct Care Worker Bonus | 0 | 148 | 0 | 0 | 0 | 0 |
| All Other | 1,991 | 2,428 | 2,341 | 2,352 | 2,391 | 2,405 |
| **FUND ELIGIBLE EXPENSES FROM CRF** | **(1,529)** | **0** | **0** | **0** | **0** | **0** |
| Corrections and Community Supervision | (757) | 0 | 0 | 0 | 0 | 0 |
| Department of Health | (206) | 0 | 0 | 0 | 0 | 0 |
| Information Technology Services | (92) | 0 | 0 | 0 | 0 | 0 |
| State Police | (226) | 0 | 0 | 0 | 0 | 0 |
| Transportation | (25) | 0 | 0 | 0 | 0 | 0 |
| All Other | (223) | 0 | 0 | 0 | 0 | 0 |
| **FEMA PANDEMIC COST/ (REIMBURSEMENT)** | **905** | **(705)** | **(425)** | **(225)** | **0** | **0** |
| COVID Test Kits | 905 | 95 | (225) | (225) | 0 | 0 |
| Expected Reimbursement for Prior-Year Expenses | 0 | (800) | (200) | 0 | 0 | 0 |
| **UNIVERSITY SYSTEMS** | **6,515** | **6,646** | **6,688** | **6,732** | **6,811** | **6,891** |
| State University | 6,515 | 6,646 | 6,688 | 6,732 | 6,811 | 6,891 |
| **INDEPENDENT AGENCIES** | **359** | **387** | **389** | **395** | **402** | **407** |
| Law | 197 | 219 | 218 | 221 | 224 | 227 |
| Audit & Control (OSC) | 162 | 168 | 171 | 174 | 178 | 180 |
| **TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE** | **17,647** | **18,554** | **18,506** | **18,826** | **19,285** | **19,479** |
| **Judiciary** | **1,958** | **2,109** | **2,109** | **2,109** | **2,109** | **2,109** |
| **Legislature** | **231** | **260** | **260** | **260** | **260** | **260** |
| **Statewide Total** | **19,836** | **20,923** | **20,875** | **21,195** | **21,654** | **21,848** |
| Personal Service | 13,243 | 15,541 | 15,298 | 15,411 | 15,553 | 15,664 |
| Non-Personal Service | 6,593 | 5,382 | 5,577 | 5,784 | 6,101 | 6,184 |

[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 and offsets of expenses over multiple fiscal years; the payment of salary increases pursuant to existing contracts; and the FY 2023 payment of retroactive salary increases for CSEA and M/C employees for FY 2022. The central reserves established for the retroactive payments have been allocated to agency budgets in the Updated Financial Plan.

Pursuant to guidelines established by the U.S. Treasury, the State charged roughly $1.5 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 the purchase of COVID-19 test kits for schools and local governments, PPE, durable medical equipment, costs to build out field hospital facilities, testing, and vaccination activities are expected to be reimbursed by FEMA. DOB expects FEMA reimbursement over several years based on prior experience of payment of claims. State agencies are expected to continue to incur costs to respond to the COVID-19 pandemic in FY 2023, which are expected to be funded with FEMA resources.

In addition to the retroactive salary payments and Federal CRF offsets, the most significant spending changes are summarized below:

- **Mental Hygiene.** The FY 2023 Enacted Budget included an investment to enable OPWDD to expand Child and Adolescent Needs and Strengths (CANs) assessments to a larger proportion of the eligible population to improve service delivery and increases to update and improve critical IT systems. Additional funding is included in the FY 2023 Enacted Budget for essential health and safety roles in nursing, direct care, and facility operations at mental hygiene facilities; for prevention, treatment, and recovery efforts to reduce the opioid epidemic's toll; and to enhance OASAS staffing to administer program expansions and modernize funding methodologies. The Updated Financial Plan also includes funding to extend the pilot program to employees at mental hygiene facilities with critical titles in nursing, direct care, and facility operations with up to two and one-half times overtime through November 2022; and increase the hiring rate and geographic pay differentials for certain direct care titles to help recruitment and retention.

- **State Police.** Since the FY 2023 Enacted Budget, the Governor signed legislation intended to strengthen gun safety, address gun violence, and bolster restrictions on concealed carry weapons. Implementation is estimated to add $25 million in new costs in FY 2023, and comparable amounts in the outyears. Costs include implementation of new licensing requirements and requiring gun dealer inspections.

- **Corrections and Community Supervision.** On November 8, 2021, DOCCS announced the closure of six facilities which is expected to produce savings of $142 million annually. In addition, funding is included for a geographic pay differential to help recruit and retain DOCCS medical staff.

- **DOH.** The overall decline in projected spending from FY 2022 reflects a reduction in pandemic-related costs associated with the administration and staffing of vaccine and testing sites, including targeted pop-up sites, laboratory equipment, and call center staffing. A substantial amount of spending incurred in FY 2022 was one-time.

- **IT Services.** Spending growth in FY 2024 and beyond 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.

- **Children and Family Services.** Higher spending in FY 2023 is due to the shift of operating costs to local assistance in FY 2022 and anticipated youth participation in the Raise the Age program.

- **State University.** Spending for SUNY has been revised upward to reflect fully reimbursing colleges for the cost of "TAP Gap" tuition credits at SUNY State-Operated campuses, new funding to hire full-time faculty, an increase for higher education opportunity programs, establishing child care centers on SUNY campuses, and funding for non-recurring strategic investments to improve academic programs, increase enrollment, enhance student support services, and modernize operations.

- **Healthcare/Direct Care Worker Bonus.** FY 2023 spending includes an estimated $148 million to provide bonuses for certain State healthcare and direct care workers earning less than $125,000.

- **Judiciary.** Growth is mainly driven by planned increases in staff hiring and contract spending.

- **All Other Agencies.** Other spending changes include support for security at New York City'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 retail cannabis dispensaries.

## Workforce

In FY 2023, $15.6 billion, or 12.8 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** | **8,877** | **96,603** |
| Mental Hygiene | 2,755 | 33,084 |
| Corrections and Community Supervision | 2,183 | 24,478 |
| State Police | 768 | 5,928 |
| Department of Health | 328 | 4,311 |
| Information Technology Services | 325 | 3,504 |
| Tax and Finance | 265 | 3,785 |
| Children and Family Services | 238 | 2,327 |
| Environmental Conservation | 200 | 2,236 |
| Transportation | 177 | 2,580 |
| Financial Services | 162 | 1,391 |
| All Other | 1,476 | 12,979 |
| **UNIVERSITY SYSTEMS** | **4,395** | **46,771** |
| State University | 4,395 | 46,771 |
| **INDEPENDENT AGENCIES** | **2,269** | **18,420** |
| Law | 160 | 1,572 |
| Audit & Control (OSC) | 133 | 1,572 |
| Judiciary | 1,773 | 15,273 |
| Legislature[2] | 203 | 3 |
| **Statewide Total** | **15,541** | **161,794** |

[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

GSC spending includes employee related expenses for fringe benefits the State provides to current and former employees, as well as certain statewide fixed costs. Fringe benefits include 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, 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 are paid centrally through GSCs in the General Fund. Some agencies with dedicated revenue sources outside of the General Fund partially reimburse the GSCs in the General Fund via the agency fringe benefit assessments.

| GENERAL STATE CHARGES (millions of dollars) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY 2022 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
| **TOTAL STATE OPERATING FUNDS** | **10,025** | **9,849** | **-1.8%** | **10,585** | **7.5%** | **11,794** | **11.4%** | **13,121** | **11.3%** | **14,533** | **10.8%** |
| **Fringe Benefits** | **9,596** | **9,371** | **-2.3%** | **10,104** | **7.8%** | **11,304** | **11.9%** | **12,623** | **11.7%** | **14,026** | **11.1%** |
| Health Insurance | 5,379 | 5,034 | -6.4% | 5,355 | 6.4% | 5,765 | 7.7% | 6,208 | 7.7% | 6,682 | 7.6% |
| Retiree Health Benefit Trust Fund | 320 | 320 | 0.0% | 375 | 17.2% | 375 | 0.0% | 375 | 0.0% | 375 | 0.0% |
| Pensions | 2,492 | 2,397 | -3.8% | 2,696 | 12.5% | 3,421 | 26.9% | 4,237 | 23.9% | 5,101 | 20.4% |
| Social Security | 1,067 | 1,127 | 5.6% | 1,175 | 4.3% | 1,178 | 0.3% | 1,201 | 2.0% | 1,224 | 1.9% |
| Apr-Dec 2020 Social Security (CRF) | 650 | 24 | -96.3% | 0 | -100.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Workers' Compensation | 556 | 600 | 7.9% | 638 | 6.3% | 683 | 7.1% | 702 | 2.8% | 723 | 3.0% |
| Employee Benefits | 98 | 116 | 18.4% | 121 | 4.3% | 122 | 0.8% | 123 | 0.8% | 123 | 0.0% |
| Dental Insurance | 59 | 66 | 11.9% | 66 | 0.0% | 66 | 0.0% | 66 | 0.0% | 66 | 0.0% |
| Unemployment Insurance | 0 | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% |
| All Other/Non-State Escrow | (375) | (326) | 13.1% | (335) | -2.8% | (319) | 4.8% | (302) | 5.3% | (281) | 7.0% |
| Federal CRF Offset | (650) | 0 | 100.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| **Fixed Costs** | **429** | **478** | **11.4%** | **481** | **0.6%** | **490** | **1.9%** | **498** | **1.6%** | **507** | **1.8%** |
| Public Land Taxes/PILOTS | 291 | 306 | 5.2% | 309 | 1.0% | 318 | 2.9% | 326 | 2.5% | 335 | 2.8% |
| Litigation | 138 | 172 | 24.6% | 172 | 0.0% | 172 | 0.0% | 172 | 0.0% | 172 | 0.0% |

Higher estimated costs in the health insurance program reflect anticipated medical inflation and increased utilization in non-essential procedures that were postponed during the pandemic. In addition, a $724 million health insurance prepayment in FY 2022 will be applied towards the State's health insurance premiums in the later years of the Financial Plan. The annual decline in FY 2023 reflects this prepayment, as well as a reconciliation credit of $121 million related to FY 2022 NYSHIP costs.

The State has and continues to fund 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 and create an asset against the State's OPEB liability. An initial deposit to the RHBTF of $320 million was made in FY 2022 and planned deposits include $320 million in FY 2023, and $375 million in FY 2024 through FY 2027, fiscal conditions permitting.

The pension estimates for the New York State and Local Retirement System reflect 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 realized $67 million in pension interest savings by paying the entire FY 2023 ERS/PFRS bill in May 2022.

In addition, the multi-year forecast includes two pension reform actions. The first reform, which is intended to improve the recruitment and retention of employees in Tier 5 and Tier 6, permanently reduces their vesting period from ten years to five years. This change will cost the State $136 million over the Financial Plan period. The second reform provides a temporary, two-year exclusion of overtime from the variable income-based Tier 6 employee contribution calculation. This will ensure that employees who worked considerable overtime during the pandemic will not experience a significant increase in their employee contribution. This change will cost the State $2.6 million through FY 2024.

Social Security costs reflect the interest free repayment of the State and Judiciary non-Medicare payroll taxes deferred from April-December 2020 as authorized in the Federal CARES Act. The State made its $278 million interest free repayments on November 21, 2021 and March 21, 2022. The Judiciary paid its deferment of $69 million in its entirety in June 2021. The three SUNY Hospitals made their first repayment of $24 million in November 2021 and are scheduled to remit their remaining $24 million repayment by December 2022.

The estimate for workers' compensation reflects current utilization and an increase in the average weekly wage.

In FY 2022, certain fringe benefit costs related to payroll expenses for State Police, first responders, and public safety officers were funded from the Federal CRF pursuant to Treasury eligibility guidelines. This resulted in an increase in Federal fringe benefits spending of $650 million and a commensurate reduction in General Fund spending.

## 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 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **TOTAL TRANSFERS TO OTHER FUNDS** | 9,813 | 8,157 | 9,923 | 9,134 | 6,386 | 5,872 |
| **State Share of Mental Hygiene Medicaid** | 0 | 0 | 0 | 0 | 0 | 0 |
| **Debt Service** | 340 | 290 | 253 | 311 | 332 | 373 |
| **SUNY University Operations** | 1,385 | 1,508 | 1,499 | 1,482 | 1,482 | 1,482 |
| **Capital Projects** | 6,818 | 4,358 | 6,288 | 5,949 | 3,196 | 2,627 |
| **Extraordinary Monetary Settlements:** | 246 | 193 | 829 | 559 | 155 | 2 |
| Dedicated Infrastructure Investment Fund | 235 | 676 | 1,086 | 524 | 146 | 0 |
| Bond Proceeds Receipts for Javits Center Expansion | 0 | (500) | (500) | 0 | 0 | 0 |
| Clean Water Grants | 0 | 0 | 225 | 25 | 0 | 0 |
| Mass Transit Capital | 5 | 3 | 1 | 0 | 0 | 0 |
| Health Care | 6 | 14 | 17 | 10 | 9 | 2 |
| Dedicated Highway and Bridge Trust Fund | 532 | 383 | 441 | 600 | 643 | 588 |
| Environmental Protection Fund | 28 | 100 | 100 | 100 | 100 | 100 |
| Other DIIF | 0 | 100 | 318 | 0 | 0 | 0 |
| All Other Capital | 6,012 | 3,535 | 4,620 | 4,712 | 2,312 | 1,944 |
| **ALL OTHER TRANSFERS** | 1,270 | 2,001 | 1,883 | 1,392 | 1,376 | 1,390 |
| Department of Transportation (MTA Payroll Tax) | 244 | 244 | 244 | 244 | 244 | 244 |
| SUNY - Medicaid Reimbursement | 244 | 243 | 243 | 243 | 243 | 243 |
| NY Central Business District Trust | 152 | 153 | 155 | 156 | 158 | 159 |
| Judiciary Funds | 93 | 109 | 109 | 109 | 109 | 109 |
| Dedicated Mass Transportation Trust Fund | 65 | 129 | 65 | 65 | 65 | 65 |
| Health Care Transformation Fund | 0 | 500 | 500 | 0 | 0 | 0 |
| All Other | 472 | 623 | 567 | 575 | 557 | 570 |

General Fund transfers to Other Funds are projected to total $8.2 billion in FY 2023, a decline of $1.7 billion from FY 2022 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; and 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 capital 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 DMV. The General Fund subsidizes DHBTF expenses that are not covered by revenue and bond proceeds. In addition, the FY 2023 Enacted Budget provided support to the DHBTF in FY 2023 to hold harmless the transportation programs that will be negatively impacted from the temporary fuel taxes suspension.

## 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 Empire State Development (ESD), DASNY, and 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 Actuals | FY 2023 Projected | Change | FY 2024 Projected | Change | FY 2025 Projected | Change | FY 2026 Projected | Change | FY 2027 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| General Fund | 340 | 290 | -14.7% | 253 | -12.8% | 311 | 22.9% | 332 | 6.8% | 373 | 12.3% |
| Other State Support | 12,205 | 7,322 | -40.0% | 4,651 | -36.5% | 4,159 | -10.6% | 5,306 | 27.6% | 5,294 | -0.2% |
| **Total State Operating Funds** | **12,545** | **7,612** | **-39.3%** | **4,904** | **-35.6%** | **4,470** | **-8.8%** | **5,638** | **26.1%** | **5,667** | **0.5%** |

State Operating Funds debt service is projected to be $7.6 billion in FY 2023, of which $290 million is paid from the General Fund and $7.3 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 Enacted Budget Financial Plan included prepayments totaling $2 billion in FY 2023. Total prepayments made in FY 2022 and planned in FY 2023 are $9.6 billion. As shown in the table below, the net impact of these transactions and prepayments in prior years increases debt service in FY 2022 and FY 2023 and will decrease debt service costs in FY 2024 through FY 2027.

**STATE-SUPPORTED DEBT SERVICE**
**(millions of dollars)**

| | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| **Base Debt Service** | **5,995** | **6,687** | **7,159** | **7,615** | **8,018** | **8,527** |
| **Total Prepayment Adjustment** | **6,550** | **925** | **(2,255)** | **(3,145)** | **(2,380)** | **(2,860)** |
| Prior Prepayments | (1,065) | (700) | (700) | (700) | 0 | 0 |
| FY 2022 Prepayment | 7,615 | (375) | (1,555) | (1,695) | (1,630) | (2,360) |
| FY 2023 Prepayment | 0 | 2,000 | 0 | (750) | (750) | (500) |
| **Mid-Year Update State Debt Service** | **12,545** | **7,612** | **4,904** | **4,470** | **5,638** | **5,667** |

The FY 2023 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 2023 as a tool to manage unanticipated financial disruptions. The Updated Financial Plan does not assume any PIT note issuances or use of the line of credit. DOB evaluates cash results regularly and may adjust the use of notes and/or the line of credit based on liquidity needs, market considerations, and other factors.

The Updated Financial Plan estimates for debt service spending reflect bond sale results, including 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 Revenue 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 $5.5 billion of the State's portion of the MTA's 2015-19 Capital Plan.

# APRIL – SEPTEMBER 2022
# OPERATING RESULTS

This discussion provides a summary of operating results for April through September 2022 compared to: (1) the projections set forth in the FY 2023 Enacted Budget Financial Plan ("initial estimates"), (2) the most recent projections set forth in the FY 2023 First Quarterly Update ("revised estimates") and (3) prior fiscal year results for the same period (April through September 2021).

## Summary of General Fund Operating Results

The General Fund ended September 2022 with a balance of $50 billion, $10.9 billion above the initial estimate. The higher balance was driven by stronger than expected tax receipts which exceeded expectations by nearly $5 billion. Since the adoption of the FY 2023 Enacted Budget, DOB has recognized stronger receipts to date with upward revisions to the General Fund tax receipts estimates in FY 2023 of roughly $3 billion. Disbursements through September were nearly $5 billion lower than initial estimates due mainly to routine timing variances in local aid payments and capital spending.

GENERAL FUND OPERATING RESULTS
FY 2023 April to September
(millions of dollars)

| | | | | Variance Above/ (Below) | | | |
|---|---|---|---|---|---|---|---|
| | | | | Initial Estimate | | Revised Estimate | |
| | Initial Estimate | Revised Estimate | Actuals | $ | % | $ | % |
| **OPENING BALANCE** | **33,053** | **33,053** | **33,053** | **0** | **0.0%** | **0** | **0.0%** |
| **Total Receipts** | **50,216** | **52,996** | **56,105** | **5,889** | **11.7%** | **3,109** | **5.9%** |
| Taxes: | 48,726 | 51,261 | 53,704 | 4,978 | 10.2% | 2,443 | 4.8% |
| Personal Income Tax[1] | 27,339 | 29,694 | 32,104 | 4,765 | 17.4% | 2,410 | 8.1% |
| Consumption / Use Taxes[1] | 8,154 | 8,296 | 8,484 | 330 | 4.0% | 188 | 2.3% |
| Business Taxes | 4,915 | 5,147 | 4,973 | 58 | 1.2% | (174) | -3.4% |
| Pass Through Entity Tax | 6,943 | 6,697 | 6,313 | (630) | -9.1% | (384) | -5.7% |
| Other Taxes[1] | 1,375 | 1,427 | 1,830 | 455 | 33.1% | 403 | 28.2% |
| Miscellaneous and Federal Receipts | 874 | 897 | 1,225 | 351 | 40.2% | 328 | 36.6% |
| Transfers From Other Funds | 616 | 838 | 1,176 | 560 | 90.9% | 338 | 40.3% |
| **Total Spending** | **44,147** | **40,824** | **39,165** | **(4,982)** | **-11.3%** | **(1,659)** | **-4.1%** |
| Local Assistance | 29,538 | 27,956 | 26,683 | (2,855) | -9.7% | (1,273) | -4.6% |
| Agency Operations (including GSCs) | 10,772 | 10,532 | 10,411 | (361) | -3.4% | (121) | -1.1% |
| Transfers to Other Funds | 3,837 | 2,336 | 2,071 | (1,766) | -46.0% | (265) | -11.3% |
| Debt Service Transfer | 154 | 154 | 153 | (1) | -0.6% | (1) | -0.6% |
| Capital Projects Transfer | 1,950 | 370 | (74) | (2,024) | -103.8% | (444) | -120.0% |
| SUNY Operations Transfer | 1,174 | 1,077 | 1,118 | (56) | -4.8% | 41 | 3.8% |
| All Other Transfers | 559 | 735 | 874 | 315 | 56.4% | 139 | 18.9% |
| **Change in Operations** | **6,069** | **12,172** | **16,940** | **10,871** | **179.1%** | **4,768** | **39.2%** |
| **CLOSING BALANCE** | **39,122** | **45,225** | **49,993** | **10,871** | **27.8%** | **4,768** | **10.5%** |

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

Through September 2022, General Fund receipts, including transfers from other funds, totaled $56.1 billion, $5.9 billion (11.7 percent) above the initial estimate. Tax receipts exceeded projections by nearly $5 billion due primarily to higher current year estimated payments and lower current year refunds. Lower refunds were partly offset by higher refunds related to Tax Year 2022 refund payments advanced to eligible taxpayers prior to filing final returns. Higher consumption/use tax receipts were due to stronger than expected sales tax collections. PTET collections were below initial projections due to higher than expected refunds for prior overpayments by taxpayers. The receipt of four super-large estate tax payments and the continued strong performance of the real estate market, especially in New York City, contributed receipts in other taxes that exceeded initial projections.

Miscellaneous receipts and grants through September were $351 million above initial estimates mainly attributable to higher than projected revenues from investment income ($195 million), refunds and reimbursements ($73 million), licenses and fees ($38 million) and Extraordinary Monetary Settlements ($30 million).

Transfers from other funds exceeded initial estimates by $560 million due to a higher than projected transfer from Mental Health Services fund ($605 million), partially offset by lower than projected transfers from the Federal Health and Human Services ($33 million) and USDA Food and Nutrition Service ($10 million) funds.

General Fund disbursements, including transfers to other funds, totaled $39.2 billion, nearly $5 billion (11.3 percent) below the initial estimate. The largest variances from the initial plan are summarized below.

Local assistance spending was $2.9 billion below the initial estimates with lower spending occurring in nearly all major functions and programs as a result of routine timing variances.

- Medicaid ($790 million lower) attributable primarily to lower than anticipated claims ($1.2 billion) reflecting under-utilization in Long-Term Care services, and higher than anticipated COVID eFMAP offsets ($135 million). This underspending was partially offset by accelerated State-only payments to financially distressed hospitals ($235 million) and Upper Payment Limit Conversion credits ($225 million).

- Mental Hygiene ($630 million lower) due to lower than estimated spending in OPWDD Residential Habilitation and Day Habilitation programs ($291 million), and timing-related changes from initial projections across various OMH ($266 million) and OASAS ($71 million) programs.

- School Aid ($431 million lower) due primarily to lower than expected spending on Excess Cost Aid ($174 million), Prekindergarten programs ($141 million), and School Aid Categorical Programs ($139 million), partially offset by higher spending on General Aid ($58 million).

- OTDA ($331 million lower) due primarily to lower than anticipated spending on Rental Assistance programs ($241 million), Social Security Income ($46 million), and the ESSHI ($44 million).

- Public Health ($120 million lower) attributable primarily to delays in new workforce investment programs ($100 million) and the timing of GPHW county claims ($25 million).

- Higher Education ($80 million lower) due to lower than anticipated spending for HESC's Tuition Assistance Program.

- All Other Education ($70 million lower) driven primarily by slower than expected preschool special education payments ($141 million). This underspending was partially offset by the timing of New York City Charter School Facilities Aid payments ($43 million) and summer school special education payments ($36 million).

- All other local assistance spending ($341 million lower) reflects a reclassification of SUNY's Disproportionate Share Hospital payment ($193 million) and lower-than-anticipated spending on Labor ($66 million), the Division of Housing and Community Renewal (DHCR) ($55 million), the Division of Criminal Justice Services ($47 million), the Office for the Aging ($36 million) and the Judiciary ($23 million). Underspending was partially offset by higher than projected spending by the Department of Public Service ($50 million), due to the timing of payments for the COVID utility arrears relief program, and ESD ($41 million).

Agency operations spending, including fringe benefits, was $361 million below the initial estimate due mainly to the reconciliation of FY 2022 health insurance costs and lower than projected PS spending as agencies continue to face challenges with staff recruitment and retention.

Transfers to other funds were $1.8 billion lower than initially planned due mainly to slower than anticipated capital spending and the timing of capital reimbursements from bond proceeds.

## Summary of All Governmental Funds Operating Results

All Governmental Funds ended September 2022 with a balance of $74.1 billion, $14 billion above the initial estimate.

**ALL GOVERNMENTAL FUNDS COMPARED TO PLANS**
**FY 2023 April to September**
**(millions of dollars)**

| | | | | Variance Above/ (Below) | | | |
|---|---|---|---|---|---|---|---|
| | | | | Initial Estimate | | Revised Estimate | |
| | Initial Estimate | Revised Estimate | Actuals | $ | % | $ | % |
| **OPENING BALANCE** | **53,549** | **53,549** | **53,549** | **0** | **0.0%** | **0** | **0.0%** |
| **ALL FUNDS RECEIPTS:** | **112,913** | **115,828** | **116,842** | **3,929** | **3.5%** | **1,014** | **0.9%** |
| **Total Taxes** | **53,440** | **56,010** | **58,390** | **4,950** | **9.3%** | **2,380** | **4.2%** |
| Personal Income Tax | 28,341 | 30,770 | 33,179 | 4,838 | 17.1% | 2,409 | 7.8% |
| Consumption / Use Tax | 10,075 | 10,208 | 10,339 | 264 | 2.6% | 131 | 1.3% |
| Business Taxes | 6,576 | 6,784 | 6,608 | 32 | 0.5% | (176) | -2.6% |
| Pass Through Entity Tax | 6,943 | 6,697 | 6,313 | (630) | 100.0% | (384) | 100.0% |
| Other Taxes | 1,505 | 1,551 | 1,951 | 446 | 29.6% | 400 | 25.8% |
| **Miscellaneous Receipts** | **14,792** | **15,538** | **15,265** | **473** | **3.2%** | **(273)** | **-1.8%** |
| **Federal Receipts** | **44,681** | **44,280** | **43,187** | **(1,494)** | **-3.3%** | **(1,093)** | **-2.5%** |
| **ALL FUNDS DISBURSEMENTS:** | **106,224** | **101,215** | **96,242** | **(9,982)** | **-9.4%** | **(4,973)** | **-4.9%** |
| **STATE OPERATING FUNDS** | **56,404** | **54,323** | **52,572** | **(3,832)** | **-6.8%** | **(1,751)** | **-3.2%** |
| **Local Assistance** | **39,461** | **37,667** | **36,130** | **(3,331)** | **-8.4%** | **(1,537)** | **-4.1%** |
| School Aid | 13,473 | 13,266 | 13,042 | (431) | -3.2% | (224) | -1.7% |
| DOH Medicaid | 13,155 | 12,201 | 12,305 | (850) | -6.5% | 104 | 0.9% |
| Higher Education | 1,029 | 1,027 | 949 | (80) | -7.8% | (78) | -7.6% |
| Transportation | 2,232 | 2,227 | 2,209 | (23) | -1.0% | (18) | -0.8% |
| Social Services | 2,154 | 1,998 | 1,778 | (376) | -17.5% | (220) | -11.0% |
| Mental Hygiene | 3,140 | 2,902 | 2,436 | (704) | -22.4% | (466) | -16.1% |
| All Other | 4,278 | 4,046 | 3,411 | (867) | -20.3% | (635) | -15.7% |
| **State Operations** | **15,437** | **15,212** | **15,017** | **(420)** | **-2.7%** | **(195)** | **-1.3%** |
| **Agency Operations** | **10,142** | **10,058** | **9,977** | **(165)** | **-1.6%** | **(81)** | **-0.8%** |
| Executive Agencies | 5,515 | 5,423 | 5,415 | (100) | -1.8% | (8) | -0.1% |
| University Systems | 3,273 | 3,294 | 3,304 | 31 | 0.9% | 10 | 0.3% |
| Elected Officials | 1,354 | 1,341 | 1,258 | (96) | -7.1% | (83) | -6.2% |
| **Fringe Benefits/Fixed Costs** | **5,295** | **5,154** | **5,040** | **(255)** | **-4.8%** | **(114)** | **-2.2%** |
| Pension Contribution | 1,922 | 1,911 | 1,899 | (23) | -1.2% | (12) | -0.6% |
| Health Insurance | 2,469 | 2,324 | 2,317 | (152) | -6.2% | (7) | -0.3% |
| Other Fringe Benefits/Fixed Costs | 904 | 919 | 824 | (80) | -8.8% | (95) | -10.3% |
| **Debt Service** | **1,506** | **1,444** | **1,425** | **(81)** | **-5.4%** | **(19)** | **-1.3%** |
| **CAPITAL PROJECTS (State and Federal Funds)** | **8,455** | **6,993** | **5,733** | **(2,722)** | **-32.2%** | **(1,260)** | **-18.0%** |
| **FEDERAL OPERATING AID** | **41,365** | **39,899** | **37,937** | **(3,428)** | **-8.3%** | **(1,962)** | **-4.9%** |
| **NET OTHER FINANCING SOURCES** | **(125)** | **(119)** | **(60)** | **65** | **52.0%** | **59** | **49.6%** |
| **CHANGE IN OPERATIONS** | **6,564** | **14,494** | **20,540** | **13,976** | **212.9%** | **6,046** | **41.7%** |
| **CLOSING BALANCE** | **60,113** | **68,043** | **74,089** | **13,976** | **23.2%** | **6,046** | **8.9%** |

Receipts

All Funds receipts totaled $116.8 billion, exceeding initial estimates by $4 billion due to higher tax collections and miscellaneous receipts consistent with the General Fund summary of variances described earlier. Federal receipts were lower than planned through September 2022 due to the timing of Federal operating aid spending and reimbursements.

Spending

State Operating Funds spending was $3.8 billion below the initial estimate. Variances in local assistance and agency operations spending, including GSCs, are consistent with the General Fund summary of variances described earlier.

Capital projects spending was $2.7 billion (32.2 percent) lower than initial projections due to routine timing delays in various construction projects including: Economic Development ($819 million) related to labor shortages for ESD projects; Education ($450 million) due to COVID-related project delays at SUNY and CUNY and delays in the submission and processing of Smart Schools Bond Act claims; Transportation ($436 million) attributable to the timing of DOT construction projects; DHCR ($362 million) due to variable market conditions that impact the closedown of projects; DOH ($230 million) due to lower than expected grantee reimbursement submissions for Capital Restructuring Financing Programs and Statewide Healthcare Facility transformation; and Parks & Environment ($175 million) related to the timing of water infrastructure projects.

Federal operating aid spending was $3.4 billion (8.3 percent) below initial projections. The largest variances occurred in the following areas:

- Medicaid, including administrative costs, ($1.8 billion lower) primarily attributable to slower than expected spending on HCBS initiatives funded by the ARP due to delays in Federal CMS approvals, and the timing of district claiming and payments.

- School Aid ($1.2 billion lower) due primarily to the timing of COVID-19-related grants ($1.4 billion) and Elementary and Secondary Education Act Title grants ($194 million), partially offset by higher spending on U.S. Department of Agriculture School Lunch Act grants ($399 million).

- All Other Education ($104 million lower) driven by slower than anticipated spending on IDEA grants ($91 million) and COVID-related NPS expenses ($15 million), partially offset by higher than expected school food program administrative spending ($2 million).

- EP ($168 million higher) due to the accelerated timing of a $200 million quality pool payment in June.

- Social Services ($113 million higher) due to ERAP ($223 million), the Flexible Fund for Family Services ($90 million), and HEAP ($135 million); partially offset by lower-than projected spending on public assistance benefit payments ($214 million) and Child Care ($194 million).

- Other Federal spending was lower than projected due primarily to delayed FEMA reimbursements for certain NPS costs ($200 million) and underspending on Homeland Security and Emergency Services ($191 million), Economic Development ($115 million), SUNY ($59 million) and Housing & Community Renewal ($21 million).

## All Governmental Funds Results Compared to Prior Year

The September 2022 All Funds balance, totaling $74.1 billion, was $30.5 billion higher than the prior year due to a larger opening balance in FY 2023 ($34.8 billion), partly offset by higher disbursements ($4.4 billion).

| ALL GOVERNMENTAL FUNDS - RESULTS COMPARED TO PRIOR YEAR<br>FY 2023 April to September<br>(millions of dollars) | | | | |
|---|---|---|---|---|
| | Actuals | | Increase/(Decrease) | |
| | FY 2022 | FY 2023 | $ | % |
| **OPENING BALANCE** | **18,752** | **53,549** | **34,797** | **185.6%** |
| **ALL FUNDS RECEIPTS:** | **116,739** | **116,842** | **103** | **0.1%** |
| **Total Taxes** | **52,944** | **58,390** | **5,446** | **10.3%** |
| Personal Income Tax | 35,795 | 33,179 | (2,616) | -7.3% |
| Pass Through Entity Tax | 0 | 6,313 | 6,313 | 100.0% |
| All Other Taxes | 17,149 | 18,898 | 1,749 | 10.2% |
| **Miscellaneous Receipts** | **11,495** | **15,265** | **3,770** | **32.8%** |
| **Federal Receipts** | **52,300** | **43,187** | **(9,113)** | **-17.4%** |
| **Bond & Note Proceeds** | **0** | **0** | **0** | **0.0%** |
| **ALL FUNDS DISBURSEMENTS:** | **91,846** | **96,242** | **4,396** | **4.8%** |
| **STATE OPERATING FUNDS** | **48,997** | **52,572** | **3,575** | **7.3%** |
| **Local Assistance** | **33,147** | **36,130** | **2,983** | **9.0%** |
| School Aid | 11,420 | 13,042 | 1,622 | 14.2% |
| DOH Medicaid (incl. admin and EP) | 11,425 | 12,305 | 880 | 7.7% |
| All Other | 10,302 | 10,783 | 481 | 4.7% |
| **State Operations** | **14,652** | **15,017** | **365** | **2.5%** |
| **Agency Operations** | **9,267** | **9,977** | **710** | **7.7%** |
| Executive Agencies | 4,774 | 5,415 | 641 | 13.4% |
| University Systems | 3,229 | 3,304 | 75 | 2.3% |
| Elected Officials | 1,264 | 1,258 | (6) | -0.5% |
| **Fringe Benefits/Fixed Costs** | **5,385** | **5,040** | **(345)** | **-6.4%** |
| Pension Contribution | 2,365 | 1,899 | (466) | -19.7% |
| Health Insurance | 2,296 | 2,317 | 21 | 0.9% |
| Other Fringe Benefits/Fixed Costs | 723 | 824 | 101 | 14.0% |
| **Debt Service** | **1,198** | **1,425** | **227** | **18.9%** |
| **CAPITAL PROJECTS (State and Federal Funds)** | **6,282** | **5,733** | **(549)** | **-8.7%** |
| **FEDERAL OPERATING AID** | **36,567** | **37,937** | **1,370** | **3.7%** |
| **NET OTHER FINANCING SOURCES** | **(74)** | **(60)** | **14** | **18.9%** |
| **CHANGE IN OPERATIONS** | **24,819** | **20,540** | **(4,279)** | **-17.2%** |
| **CLOSING BALANCE** | **43,571** | **74,089** | **30,518** | **70.0%** |

Receipts

Tax collections through September 2022 were $5.4 billion higher than through the same period in FY 2022. Higher receipts were primarily driven by PTET collections ($6.3 billion), which the State did not begin to collect until December 2021, and business taxes ($681 million), attributable to an increase in CFT and insurance gross receipts and audits. Consumption/use tax collections grew by $518 million mostly due to moderate growth in sales tax collections, partially offset by the temporary suspension of the sales tax and motor fuel tax. The year-to-year increase in other taxes ($508 million) is primarily driven by larger than anticipated estate tax collections and a stronger than expected real estate market, particularly in New York City.

PIT receipts were $2.6 billion (7.3 percent) lower than the prior year, which was largely attributable to the impact of the PTET program. Current year estimated payments were lower due to anticipated tax year 2022 PTET PIT credits and higher current year refunds attributable to claimed tax year 2021 PTET PIT credits. Lower PIT receipts also reflect increased Homeowner's Tax Refund Credit, partially offset by increases in extensions, final returns, and withholdings.

The year-to-year increase in miscellaneous receipts ($3.8 billion) is due primarily to the timing of reimbursements for capital projects ($2.7 billion), and higher-than-projected receipts from mobile sports wagering ($287 million), investment income ($201 million), Financial Services ($100 million), SUNY operating revenues ($138 million) and Opioid Settlements ($93 million).

Federal receipts through September 2022 were $9.1 billion lower than through the same period last year largely due to the receipt of $12.75 billion in ARP aid in May of 2021.

Spending

State Operating Funds spending totaled $52.6 billion through September 2022, an increase of $3.6 billion (7.3 percent) as compared to the same period in FY 2022.

Local assistance spending through September 2022 was $3 billion higher than in the prior year. The largest spending changes include the following:

- School Aid ($1.6 billion higher) which is primarily driven by higher General Aid payments ($882 million), related to the second year of the three-year phase-in of full funding of Foundation Aid as reflected in a higher level of appropriated spending in the Enacted Budget, and education payments supported by higher Mobile Sports Wagering ($615 million), Lottery ($50 million) and VLT ($48 million) receipts.

- Medicaid ($880 million higher) primarily due to higher Medicaid claims ($1.4 billion), attributable to increased enrollments in Managed Care associated with the continuation of the Public Health Emergency. The increased spending was partly offset by certain timing related transactions including the carryover of eFMAP savings into FY 2023.

- Mental Hygiene ($480 million higher) attributable to a higher OPWDD FY 2023 Local Share Adjustment ($629 million), partially offset by a shift to the Mental Hygiene Stabilization Fund ($199 million).

- OTDA ($412 million higher) due to increased spending on ERAP ($282 million), the Landlord Rental Assistance Program ($70 million), Public Assistance benefits ($25 million) and Adult Shelter/Public Homes ($25 million).

- Transportation ($265 million higher) primarily due to increased support for the MTA.

- OCFS ($242 million higher) due to increased spending on Child Care ($104 million), Child Welfare Services ($76 million), and Foster Care Block Grants ($42 million).

- All Other Education ($61 million higher) related to the timing of New York City Charter School Facilities Aid payments ($46 million) and preschool special education payments ($44 million), partially offset by lower spending on Fiscal Stabilization grants ($26 million).

- Higher Education ($424 million lower) primarily attributable to a higher CUNY Senior College payment in FY 2022 ($521 million), partially offset by higher spending for SUNY Community College Operating Aid ($102 million).

- All Other local assistance ($651 million lower) primarily due to the one-time payments for the Excluded Workers program in FY 2022 ($931 million) and the ESD Small Business Pandemic Relief program ($101 million). The spending decrease is partially offset by higher public service spending for COVID utility arrears relief payments in FY 2023 ($250 million) and the disbursement of tribal state casino payments received in April of 2022 owed to host localities ($144 million).

Agency operations spending increased by $710 million (7.7 percent) over the prior year due largely to the offset of eligible State costs through the CRF in June and July of 2021. Annual fringe benefits spending declined ($345 million) due to reconciliation of FY 2022 health insurance costs and a reduced pension costs in FY 2023 that reflect lower employer contribution rates following extraordinary market returns in FY 2021.

Increased Federal operating spending ($1.4 billion) was due predominantly to the following:

- Medicaid ($2.8 billion higher) due to significantly higher claims spending ($2.7 billion) associated with increased enrollments stemming from Federal MOE restrictions on recipient disenrollment, and the timing of HCBS ARP Funding ($679 million), which was not available to the State in FY 2022. Overspending was partially offset by the timing of offline payments including the Managed Care and Managed Long Term Care Encounter Withhold payments ($663 million) and higher than anticipated cash audit collections ($66 million).

- EP ($155 million higher) attributable to a quality pool payment ($200 million), which was not processed in FY 2022, partially offset by lower than projected enrollee costs.

- All Other Education ($87 million lower) primarily related to the timing of Individuals with Disabilities Education Act grant claims and payments.

- Public Health ($232 million lower) due to significant COVID related spending in FY 2022 and Federal offsets applied in FY 2023.

- OCFS ($462 million lower) driven by decreased spending on Child Welfare Services ($227 million), Child Care ($145 million), and Title XX ($90 million) due to payment timing.

- All Other Federal spending ($834 million lower) reflects non-recurring funding of eligible costs through the CRF in the first six months of FY 2022.

# 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 2022 on July 27, 2022. The Comptroller also prepares and issues an Annual Comprehensive Financial Report, which, in addition to the components referred to above, also includes an introductory section and a statistical section. The Annual Comprehensive Financial Report for the fiscal year ended March 31, 2022 was issued on September 29, 2022.

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, 2022 | 11,339 | 1,792 | 4,352 | 1,173 | 18,656 | 31,651 |
| March 31, 2021 | 8,600 | 467 | 2,596 | 4,186 | 15,849 | 20,338 |
| March 31, 2020 | 355 | (296) | (900) | (79) | (920) | 3,736 |

**SUMMARY OF NET POSITION (millions of dollars)**

| Fiscal Year Ended | Governmental Activities | Business-Type Activities | Total Primary Government |
|---|---|---|---|
| March 31, 2022 | 25,354 | (18,862) | 6,492 |
| March 31, 2021 | 7,303* | (20,969)** | (13,666) |
| March 31, 2020 | (5,240) | (8,375) | (13,615) |

* The restatement in governmental funds is due to the reclassification of the Tuition Savings account from a General Fund account to a Private Purpose Trust, included within the Fiduciary Funds financial statements.

** The restatement for the business-type activities is a result of a change in accounting policy related to the timing of recording certain asset and debt activity from March 31 to June 30.

The most recent Annual Comprehensive Financial Report 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 original 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 SALT deduction. In order to preserve debt service 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 the PTET credits are not necessarily realized by taxpayers within the same fiscal year that PTET revenue is received by the State, the PTET will not be revenue-neutral to the State within each fiscal year.

For so long as the Federal limit on the SALT deduction remains in effect, donations to the Charitable Gifts Trust Fund could reduce State PIT receipts by nearly one dollar for every dollar donated. 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[12] 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 Updated 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.

[12] The Federal SALT deduction limit is currently scheduled to expire on December 31, 2025. Upon such expiration, the Charitable Gifts Trust Fund would not provide any federal tax advantage to participating State residents.

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 RBTF below the levels projected in February 2018 before State tax reforms were enacted. If that were to occur, it is DOB's expectation that changes to the tax law would be recommended to further increase the percentage of PIT receipts deposited into the RBTF.

As of March 31, 2022, approximately $46.7 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 RBTF

**PROJECTED PIT REVENUE BOND COVERAGE RATIOS [1]**
**(millions of dollars)**

| | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| Projected RBTF Receipts | 43,590 | 31,978 | 37,788 | 38,999 | 39,459 | 39,361 |
| Projected New PIT Bonds Issuances | 6,954 | 5,747 | 6,398 | 5,366 | 6,264 | 6,435 |
| Projected Total PIT Bonds Outstanding | 46,681 | 45,920 | 51,124 | 55,176 | 59,269 | 64,183 |
| Projected Maximum Annual Debt Service | 4,446 | 4,629 | 5,078 | 5,432 | 5,944 | 6,480 |
| Projected PIT Coverage Ratio | 9.8 | 6.9 | 7.4 | 7.2 | 6.6 | 6.1 |

[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, 2022, $12.4 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 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|---|
| Projected Sales Tax Receipts [1] | 8,248 | 8,627 | 8,920 | 9,095 | 9,326 | 9,535 |
| Projected New Sales Tax Bonds Issuances | 2,105 | 2,285 | 2,745 | 2,469 | 2,156 | 2,145 |
| Projected Total Sales Tax Bonds Outstanding | 12,444 | 12,387 | 14,890 | 16,991 | 18,674 | 20,242 |
| Projected Maximum Annual Debt Service | 1,171 | 1,179 | 1,315 | 1,521 | 1,700 | 1,879 |
| Projected Sales Tax Coverage Ratio | 7.0 | 7.3 | 6.8 | 6.0 | 5.5 | 5.1 |

[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 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
| Personal Income Tax Revenue Bonds | 6,954 | 5,747 | 6,398 | 5,366 | 6,264 | 6,435 |
| Sales Tax Revenue Bonds | 2,105 | 2,285 | 2,745 | 2,469 | 2,156 | 2,145 |
| General Obligation Bonds | 0 | 438 | 629 | 584 | 419 | 335 |
| **Total Issuances** | 9,059 | 8,470 | 9,772 | 8,419 | 8,839 | 8,915 |

In FY 2023, debt issuances totaling $8.5 billion are planned to finance new capital spending, a decrease of $589 million (6.5 percent) from FY 2022. The decrease is mainly attributable to the one-time issuance of State-supported debt to refinance all of the then outstanding Sales Tax Asset Receivable Corporation (STARC) and Secured Hospitals Bonds in FY 2022. Additionally, the Updated Financial Plan assumes that the State's contributions to the MTA Capital Plans will be funded by State-supported 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 ($1.4 billion), education ($831 million), the environment ($614 million), health and mental hygiene ($443 million), State facilities and equipment ($897 million), and transportation ($4.3 billion).

Over the period of the Capital Plan, new debt issuances are projected to total $44.4 billion. New issuances are expected for economic development and housing ($9.5 billion), education facilities ($6.5 billion), the environment ($4.2 billion), mental hygiene and health care facilities ($3.6 billion), State facilities and equipment ($3.0 billion), and transportation infrastructure ($17.6 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 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
| Personal Income Tax Revenue Bonds | 46,681 | 45,920 | 51,124 | 55,176 | 59,269 | 64,183 |
| Sales Tax Revenue Bonds | 12,444 | 12,387 | 14,890 | 16,991 | 18,674 | 20,242 |
| General Obligation Bonds | 1,996 | 2,274 | 2,739 | 3,109 | 3,295 | 3,368 |
| Other Revenue Bonds | 675 | 291 | 271 | 221 | 170 | 169 |
| Service Contract & Lease Purchase | 140 | 48 | 16 | 0 | 0 | 0 |
| **TOTAL STATE-SUPPORTED** | 61,936 | 60,920 | 69,040 | 75,497 | 81,408 | 87,962 |

## State-Related Debt Service Requirements

In general, the State is contractually required to make debt service payments to the bond trustee prior to the date on which bondholders are paid and may also elect to make payments earlier than contractually required (i.e., prepayments). State-related debt service is projected at $7.6 billion in FY 2023, a decrease of $4.9 billion (39 percent) from FY 2022, which is largely due to the prepayment of $7.6 billion in FY 2022 of future debt service costs. The $7.6 billion prepayment in FY 2022 has the effect of increasing debt service in FY 2022 and decreasing debt service in FY 2023 through FY 2027. The following table presents the current and projected debt service (principal and interest) requirements on State-related debt including executed and expected prepayments.

**ESTIMATED DEBT SERVICE REQUIREMENTS ON EXISTING STATE-RELATED DEBT BY CREDIT STRUCTURE [1]**
**(millions of dollars)**

| | FY 2022 Actuals | FY 2023 Projected | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected | Total |
|---|---|---|---|---|---|---|---|
| Personal Income Tax Revenue Bonds | 9,373 | 5,918 | 3,134 | 2,473 | 3,527 | 3,347 | 27,772 |
| Sales Tax Revenue Bonds | 2,676 | 1,280 | 1,397 | 1,568 | 1,706 | 1,846 | 10,473 |
| General Obligation Bonds | 239 | 220 | 202 | 222 | 210 | 215 | 1,308 |
| Other State-Supported Bonds [2] | 258 | 194 | 171 | 206 | 194 | 258 | 1,281 |
| All Other State-Related Bonds [2] | 41 | 31 | 0 | 0 | 0 | 0 | 72 |
| **Total Debt Service** | 12,587 | 7,643 | 4,904 | 4,469 | 5,637 | 5,666 | 40,906 |

[1] Reflects existing debt service on debt issued and projected debt service on assumed new debt issuances. Debt service requirements for variable rate bonds for which there are no related interest rate exchange agreements were calculated at assumed rates, which average 1.76%. Debt service is not adjusted for prepayments.

[2] Excludes Mortgage Loan Commitments and Capital Leases

If the previous table is adjusted to back out prepayments, State-related debt service is projected at $6.7 billion in FY 2023, an increase of $682 million (11.3 percent) from FY 2022. Adjusted State-related debt service is projected to increase from $6.0 billion in FY 2022 to $8.5 billion in FY 2027, an average rate of 7.2 percent annually. For additional information on debt service prepayments, see "Financial Plan Overview - Debt Service".

# 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 Annual Comprehensive 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, 2021 (with respect to JDA as of March 31, 2022), 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 $224 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, 2021(2)**
**(millions of dollars)**

| Authority | State-Related Debt | Authority and Conduit | Total |
|---|---|---|---|
| Dormitory Authority | 37,783 | 21,960 | 59,743 |
| Metropolitan Transportation Authority | 0 | 43,566 | 43,566 |
| Port Authority of NY & NJ | 0 | 27,112 | 27,112 |
| UDC/ESD | 20,832 | 1,035 | 21,867 |
| Housing Finance Agency | 0 | 17,534 | 17,534 |
| Job Development Authority(2) | 0 | 14,390 | 14,390 |
| Triborough Bridge and Tunnel Authority | 0 | 9,039 | 9,039 |
| Thruway Authority | 2,734 | 6,198 | 8,932 |
| Long Island Power Authority(3) | 0 | 8,894 | 8,894 |
| Environmental Facilities Corporation | 0 | 5,387 | 5,387 |
| State of New York Mortgage Agency | 0 | 2,908 | 2,908 |
| Power Authority | 0 | 2,207 | 2,207 |
| Energy Research and Development Authority | 0 | 1,603 | 1,603 |
| Battery Park City Authority | 0 | 844 | 844 |
| Niagara Frontier Transportation Authority | 0 | 125 | 125 |
| Bridge Authority | 0 | 114 | 114 |
| **TOTAL OUTSTANDING** | 61,349 | 162,916 | 224,265 |

Source: Compiled by the Office of the State Comptroller from data submitted by the Public Authorities. Debt classifications by DOB.

(1) Includes only authorities with $100 million or more in outstanding debt which are reported as component units or joint ventures of the State in the Annual Comprehensive Financial Report (ACFR). Includes short-term and long-term debt. Reflects par amounts outstanding for bonds and financing arrangements or gross proceeds outstanding in the case of capital appreciation bonds. Amounts outstanding do not reflect accretion of capital appreciation bonds or premiums received.

(2) All Job Development Authority (JDA) debt outstanding reported as of March 31, 2022. This includes $14.4 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), $490 million issued by the Brooklyn Arena Local Development Corporation, and $7.8 billion issued by the New York Transportation Development Corporation.

(3) Includes $3.70 billion of Utility Debt Securitization Authority (UDSA) bonds. Chapter 173 of the Laws of 2013, as amended, authorized UDSA to restructure certain outstanding indebtedness of the Long Island Power Authority (LIPA) and UDSA, as well as to finance system resiliency costs. 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 |
|---|---|---|---|---|---|---|---|
| 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 |
| 2022 | 38,845 | 51,820 | 0 | 966 | 2,557 | 15,043 | 109,231 |

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. Starting in 2022, the City has implemented GASB Statement No. 87 with respect to general lease obligations, and found restatement of prior periods not practical.

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:// 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 for fiscal years ending in 2021, a total of 20 local governments (8 cities, 2 towns, and 10 villages) and 23 school districts have been placed in a stress category by OSC. The vast majority of local governments (98.6 percent) and school districts (96.6 percent) are not classified in a fiscal stress 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 2021.

**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 |
| 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 | 36,375 | 8,741 | 131,400 | 8,741 |
| 2021 | 94,184 | 0 | 36,519 | 8,064 | 130,703 | 8,064 |

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.

As used in this section, the abbreviation CRF refers to the Common Retirement Fund. Elsewhere in this AIS Update, the abbreviation CRF refers to the Coronavirus Relief Fund.

## 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, 2022, is included in NYSLRS' Annual Comprehensive Financial Report ("NYSLRS' Financial Report") for the fiscal year ended March 31, 2022 and is available on the OSC website at the following address: https://www.osc.state.ny.us/files/retirement/resources/pdf/annual-comprehensive-financial-report-2022.pdf.

Additionally, available at the OSC website is the System's asset listing for the fiscal year ended March 31, 2022. The audited financial statements with the independent auditor's report for the fiscal year ended March 31, 2022 is available on the OSC website at the following address: https://www.osc.state.ny.us/files/retirement/resources/pdf/asset-listing-2022.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 2022 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 31 percent of the System's membership as of March 31, 2022. There were 2,972 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, 2022, 685,450 persons were members of the System, and 507,923 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, 2022, approximately 41 percent of ERS members were in Tiers 3 and 4 and approximately 48 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. Approximately 54 percent of ERS members and 46 percent of PFRS members are in Tier 6.

Benefits paid to members vary depending on tier. Tiers vary with respect to 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). New legislation enacted on April 9, 2022 means all retirement system members become vested after five years of service credit; prior to this legislation, Tier 5 and 6 members needed ten years of service to be vested. ERS members in Tiers 3, 4 and 5 can begin receiving full retirement benefits at age 62; Tier 3 and 4 members and certain Tier 5 members can retire as early as age 55 with full benefits if they have at least 30 years of service; the full retirement age for Tier 6 is 63 years. 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 of service 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 79 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.[13] 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. Legislation enacted in April 2022 temporarily removed overtime earned from April 1, 2020 through March 31, 2022 from the calculation of contribution rates that Tier 6 members pay during FY 2022-23 and FY 2023-24.

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.[14]

The current actuarial smoothing method recognizes unexpected annual gains and losses (returns above or below the assumed investment rate of return) over an 8-year period.

The amount of future annual employer contribution rates will depend, in part, on the value of the assets held by the CRF as of each April 1, as well as on the present value of the anticipated benefits to be paid by the System as of each April 1. Contribution rates for FY 2024 were released on September 1, 2022. The average ERS rate will increase by 1.5 percent from 11.6 percent of salary in FY 2023 to 13.1 percent of salary in FY 2024, while the average PFRS rate will increase by 0.8 percent from 27.0 percent of salary in FY 2023 to 27.8 percent of salary in FY 2024. Information regarding average rates for FY 2024 may be found in the 2022 Annual Report to the Comptroller on Actuarial Assumptions which is accessible at:
https://www.osc.state.ny.us/files/retirement/resources/pdf/actuarial-assumptions-2022.pdf.

---

[13] Less than 0.5 percent of the 16,027 PFRS Tier 6 members are non-contributory.

[14] 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 and FY 2024.

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. 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.

The following represents the amortized receivable balance from local participating employers as of March 31, 2022, including the statutory amortization threshold and interest rate, for each respective fiscal year:

**CHAPTER 57, LAWS OF 2010**

| | % of Payroll | | | |
|---|---|---|---|---|
| Year | ERS | PFRS | Interest % | Local |
| | | | | (dollars in millions) |
| 2011 | 9.5 | 17.5 | 5.00 | $ — |
| 2012 | 10.5 | 18.5 | 3.75 | — |
| 2013 | 11.5 | 19.5 | 3.00 | 27.9 |
| 2014 | 12.5 | 2.5 | 3.67 | 35.1 |
| 2015 | 13.5 | 21.5 | 3.15 | 40.4 |
| 2016 | 14.5 | 22.5 | 3.21 | 26.0 |
| 2017 | 15.1 | 23.5 | 2.33 | 3.2 |
| 2018 | 14.9 | 24.3 | 2.84 | 2.7 |
| 2019 | 14.4 | 23.5 | 3.64 | 3.1 |
| 2020 | 14.2 | 23.5 | 2.55 | — |
| 2021 | 14.1 | 24.4 | 1.33 | — |
| 2022 | 15.1 | 25.4 | 1.76 | 1.1 |
| | | | | $ 139.5 |

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.

The following represents the amortized receivable balance from Local participating employers as of March 31, 2022, including the statutory amortization threshold and interest rate, for each respective fiscal year:

**CHAPTER 57, LAWS OF 2013**

| | % of Payroll | | | |
|---|---|---|---|---|
| Year | ERS | PFRS | Interest % | Local |
| | | | | (dollars in millions) |
| 2014 | 12.0 | 20.0 | 3.76 | $ 31.9 |
| 2015 | 12.0 | 20.0 | 3.50 | 59.5 |
| 2016 | 12.5 | 20.5 | 3.31 | 47.7 |
| 2017 | 13.0 | 21.0 | 2.63 | 38.6 |
| 2018 | 13.5 | 21.5 | 3.31 | 40.0 |
| 2019 | 14.0 | 22.0 | 3.99 | 10.3 |
| 2020 | 14.2 | 22.5 | 2.87 | 7.9 |
| 2021 | 14.1 | 23.0 | 1.60 | 31.1 |
| 2022 | 14.6 | 23.5 | 2.24 | 19.6 |
| | | | | $ 286.6 |

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 was approximately $2.247 billion. The State 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 $1.946 billion. Multiple prepayments (including interest credit) have reduced the estimated total to approximately $27 million.

The estimated total State payment (including Judiciary) for FY 2024 is approximately $1.932 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, 2022 was $273.7 billion (including $2.4 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 $13.6 billion or 5.2 percent from the FY 2021 level of $260.1 billion. The increase in net position restricted for pension benefits from FY 2021 to FY 2022 is primarily the result of the net appreciation of the fair value of the investment portfolio.[15] The System's audited Financial Statement reports a time-weighted investment rate of return of 9.5 percent (gross rate of return before the deduction of certain fees) for FY 2022.

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. [16]

The System reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased to $320.1 billion (including $166.6 billion for retirees and beneficiaries) as of April 1, 2022, up from $308.8 billion as of April 1, 2021. 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, 2022. 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, 2022 in that the determination of actuarial assets restarted a smoothing method, with an eight-year smoothing period, that recognized 12.5 percent of the unexpected gain

---

[15] On November 22, 2022, the State Comptroller announced that the New York State Common Retirement Fund's ("Fund") time-weighted estimated return (gross of certain investment fees) for the three-month period ended September 30, 2022 was -3.85 percent. The Fund ended the quarter with an estimated value of $233.2 billion in invested assets. The value of the invested assets changes daily.

[16] More detail on the CRF's asset allocation as of March 31, 2022 and long-term policy allocation can be found on page 110 of the NYSLRS' Financial Report for the fiscal year ending March 31, 2022.

for FY 2022. Actuarial assets increased from $260.1 billion on April 1, 2021 to $267.3 billion on April 1, 2022.

The ratio of fiduciary net position to the total pension liability for ERS, as of March 31, 2022, calculated by the System's Actuary, was 103.65 percent. The ratio of the fiduciary net position to the total pension liability for PFRS, as of March 31, 2022, calculated by the System's Actuary, was 98.66 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: All Participating Employers [1] [2] | Local Employers [1] [2] | State [1] [2] | Employees | Total Benefits Paid [3] |
|---|---|---|---|---|---|
| 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 |
| 2022 | 5,628 | 3,578 | 2,050 | 578 | 14,905 |

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 |
|---|---|---|
| 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% |
| 2022 | 273,719 | 5.2% |

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, 2022 includes approximately $2.4 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 2022 NYSLRS' Financial Report is available on the OSC website at the following web address:

https://www.osc.state.ny.us/files/retirement/resources/pdf/annual-comprehensive-financial-report-2022.pdf.

1) Information on the number of members and retirees, including the change in the number of members and retirees and beneficiaries since 2012 can be found on page 30 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 47 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 76-79 at the link noted above.

4) Information on contributions can be found on pages 155-163 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 2012 can be found on page 164 of the NYSLRS' Financial Report at the link noted above.

Information related to the salaries of members can be found on pages 197-201 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 2023 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 Update.

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 2023 or thereafter. The Basic Financial Statements for FY 2022, which OSC issued on July 27, 2022, 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 2023 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 2023. 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. On August 15, 2022, at the request of the St. Regis and with the consent of all parties, the Second Circuit dismissed its appeal with prejudice.

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.

On March 14, 2022, the Court issued a Memorandum-Decision and Order granting in part, and denying in part, plaintiffs' partial motions for summary judgment. The Court concluded that plaintiffs had established a *prima facie* case under the Non-Intercourse Act and rejected several of the counterclaims and defenses asserted by the State and County defendants. The issue of whether the Hogansburg Triangle claim is barred by the doctrine of laches, however, remains in the case to be resolved after completion of discovery. As such, the Court has not yet rendered a full decision on the merits.

At the Court's direction, the parties have retained a mediator. The mediator held several joint and individual mediation sessions with the parties through the summer and fall of 2022. The case has not yet settled, but the parties have made substantial progress in their negotiations since retaining the mediator.

On November 7, 2022, the parties filed status reports summarizing the progress made in negotiations at the most recent, October 28, 2022, joint mediation and requesting permission to continue mediation. On November 16, 2022, the Court directed the parties to continue mediation and extended the mediation deadline to December 30, 2022.

## 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 the 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. Subsequently, the Court permitted the parties to brief how it should proceed in addressing an appropriate remedy. By Letter Order dated April 6, 2022, the Court permitted the State to brief the historical increases in education aid and the current levels of education funding (state and federal) and whether this funding has sufficiently addressed the constitutional violations found by the Appellate Division, Third Department, in its May 27, 2021, Decision. Justice O'Connor found that the Court's standard of review of the State's proposed remedy is "reasonableness," and that the scope of the remedy should be limited to addressing the "at risk students" in the Plaintiffs-Districts in accordance with the Appellate Division, Third Department's Decision. By Notice of Appeal dated April 27, 2022, the plaintiffs appealed Justice O'Connor's Letter Order. Upon the request of the plaintiffs and consent by the State, Justice O'Connor stayed the lower court proceedings pending the plaintiffs' appeal of the Court's April 6, 2022, Letter Order. The plaintiffs must perfect their appeal on or before January 26, 2023.

## 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 of the cases. The State defendants argued primarily that nothing in the language of any of the collective bargaining agreements or in the negotiating history supported 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 the terms of the collective bargaining agreements required extension of those premium modifications. 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. The District Court's decision in *Donohue,* designated as the lead case, may be found at *Donohue v. New York,* 347 F. Supp. 3d 110 (N.D.N.Y. 2018) (*Donohue I*). Timely notices of appeal were filed in all of the cases. After briefing and argument on the appeals, the U.S. Court of Appeals on November 6, 2020, 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) (*Donohue II*).

The Second Circuit's certification order addressed only *Donohue v. Cuomo*. The Circuit reserved decision in the other 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. *Donohue v. Cuomo,* 38 N.Y.3d 1 (2022) (*Donohue III*). It answered the certified questions only in part, holding that, under New York state law, a contract's silence does not give rise to an inference of vesting or create ambiguity warranting the consideration of extrinsic evidence.

Following supplemental briefing on the effect of the New York Court of Appeals' decision, the Second Circuit affirmed the district court's grant of summary judgment to defendants in *Donohue*. *Donohue v. Hochul,* 32 F.4th 200 (2d Cir. 2022) (*Donohue IV*). Then, after supplemental briefing in the remaining appeals, the Second Circuit on July 27, 2022 issued orders affirming the district court's grant of summary judgment in each of the other appeals. Police Benevolent Ass'n v. Hochul, 2022 WL 2965546 (2d Cir. July 27, 2022); Kreh v. Hochul, 2022 WL 2965550 (2d Cir. July 27, 2022); New York State Court Officers Ass'n v. Corso, 2022 WL 2965558 (2d Cir. July 27, 2022); New York State Correctional Officers v. Hochul, 2022 WL 2965553 (2d Cir. July 27, 2022); New York State Law Enforcement Officers Union v. Hite, 2022 WL 2964573 (2d Cir. July 27, 2022); Roberts v. Hochul, 2022 WL 2964572 (2d Cir. July 27, 2022); Police Benevolent Ass'n of New York State v. Hochul, 2022 WL 2965551 (2d Cir. July 27, 2022); Spence v. Hochul, 2022 WL 2965549 (2d Cir. July 27, 2022); Strandberg v. Hochul, 2022 WL 2965554 (2d Cir. July 27, 2022); New York State Police Investigators Ass'n v. Hochul, 2022 WL 2965552 (2d Cir. July 27, 2022).

Plaintiffs did not move for rehearing in the Second Circuit and the time in which to petition for a writ of certiorari in the U.S. Supreme Court expired on October 25, 2022. Therefore, these cases have concluded.

## Compensation of Assigned Counsel

New York County Lawyers Ass'n, et al. v. State of New York, et al., 156916/2021 (Sup Ct. N.Y. Cty.) is a plenary action in which plaintiffs challenge the compensation rates paid pursuant to County Law Article 18-B, Section 245 of the Family Court Act, and Section 35 of the Judiciary Law for private counsel assigned to represent children and indigent adults. Plaintiffs assert that the low rates prevent children and indigent adults from receiving their constitutional right to effective and meaningful legal representation and sought declaratory and injunctive relief preventing the continued violation and setting new rates. The summons and complaint were filed on July 26, 2021. The State's answer was filed on November 17, 2021. On February 2, 2022, plaintiffs filed an order to show cause and a motion for a preliminary injunction. On April 21, 2022, Justice Headley held a hearing on the PI motion and reserved decision. On July 25, 2022, the Court granted the plaintiffs' requested preliminary injunction and ordered payment of an increased rate by the State and the City of $158 per hour, retroactive to February 2, 2022. The preliminary injunction was silent on the funding structure for payment of the increased rates, as such, the structure shall remain as it is under current law and the State will be responsible for increased costs to the Judiciary as applicable to the representation of children pursuant to Judiciary Law Section 35, while the City will be responsible for the increased costs to represent indigent adults in Family Court, Criminal Court, and other court proceedings in New York City as required by County Law Article 18-B. The notice of entry was filed July 26, 2022. On August 25, 2022, the City Defendants filed an original and amended notice of appeal of the Court's decision and order, indicating that their challenge will focus on (1) the order to "defendants" to pay an increased rate without addressing allocation of expenses between the defendants; and (2) the provision for the increase to be retroactive to February 2, 2022. On or about August 25, 2022, the City filed a notice of claim to compel the State to assume the costs of the rate increase.

New York State Bar Association v. State of New York, 16091/2022 (Sup. Ct. N.Y. Cty.): This is a plenary action against the State as sole defendant, seeking the same relief as in the NYCLA litigation, but applicable to all 57 non-New York City counties. The Complaint was filed on November 30, 2022. On the same date, Plaintiff filed a Request for Judicial Intervention and a letter to the Court requesting a conference to determine whether briefing on an anticipated preliminary injunction was necessary in light of the injunction issued in NYCLA and, if so, to set a briefing schedule. On December 20, 2022, the State filed a stipulation signed by both parties extending the State's time to answer until January 31, 2023.

On December 15, 2022, a new suit was filed on behalf of a plaintiff class certified in Hurrell-Harring v. State of New York, contending, among other things, that the State's failure to raise rates for assigned counsel violated a settlement agreement entered in Hurrell-Harring in 2015. See Index No. 909435-2022 (Sup. Ct. Albany Cty.)

# 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 2022 and projected receipts and disbursements for fiscal years 2023 through 2027 on a General Fund, State Operating Funds and All Governmental Funds basis.[17]



[17] 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 2022 Actuals | FY 2023 Mid-Year | Annual $ Change | Annual % Change |
|---|---|---|---|---|
| **Opening Fund Balance** | **9,161** | **33,053** | **23,892** | **260.8%** |
| **Receipts:** | | | | |
| Taxes: | | | | |
| Personal Income Tax | 33,464 | 22,646 | (10,818) | -32.3% |
| Consumption/Use Taxes | 4,721 | 7,029 | 2,308 | 48.9% |
| Business Taxes | 16,697 | 17,357 | 660 | 4.0% |
| Other Taxes | 1,407 | 1,682 | 275 | 19.5% |
| Miscellaneous Receipts | 2,325 | 2,195 | (130) | -5.6% |
| Federal Receipts | 4,500 | 2,350 | (2,150) | -47.8% |
| Transfers from Other Funds: | | | | |
| PIT in Excess of Revenue Bond Debt Service | 26,055 | 18,598 | (7,457) | -28.6% |
| PTET in Excess of Revenue Bond Debt Service | 8,215 | 7,499 | (716) | -8.7% |
| ECEP in Excess of Revenue Bond Debt Service | 0 | 7 | 7 | 0.0% |
| Sales Tax in Excess of LGAC Bond Debt Service | 4,121 | 2,198 | (1,923) | -46.7% |
| Sales Tax in Excess of Revenue Bond Debt Service | 5,572 | 7,344 | 1,772 | 31.8% |
| Real Estate Taxes in Excess of CW/CA Debt Service | 1,479 | 1,157 | (322) | -21.8% |
| All Other | 4,254 | (430) | (4,684) | -110.1% |
| **Total Receipts** | **112,810** | **89,632** | **(23,178)** | **-20.5%** |
| **Disbursements:** | | | | |
| Local Assistance | 58,384 | 65,114 | 6,730 | 11.5% |
| State Operations: | | | | |
| Personal Service | 8,063 | 10,481 | 2,418 | 30.0% |
| Non-Personal Service | 3,675 | 2,763 | (912) | -24.8% |
| General State Charges | 8,983 | 8,666 | (317) | -3.5% |
| Transfers to Other Funds: | | | | |
| Debt Service | 340 | 290 | (50) | -14.7% |
| Capital Projects | 6,818 | 4,358 | (2,460) | -36.1% |
| SUNY Operations | 1,385 | 1,508 | 123 | 8.9% |
| Other Purposes | 1,270 | 2,001 | 731 | 57.6% |
| **Total Disbursements** | **88,918** | **95,181** | **6,263** | **7.0%** |
| **Excess (Deficiency) of Receipts Over Disbursements** | **23,892** | **(5,549)** | **(29,441)** | **-123.2%** |
| **Closing Fund Balance** | **33,053** | **27,504** | **(5,549)** | **-16.8%** |
| **Statutory Reserves** | | | | |
| Tax Stabilization Reserve | 1,435 | 1,632 | 197 | |
| Rainy Day Reserve | 1,884 | 4,836 | 2,952 | |
| Contingency Reserve | 21 | 21 | 0 | |
| Community Projects | 26 | 21 | (5) | |
| **Reserved For** | | | | |
| Timing of PTET/PIT Credits | 16,430 | 6,342 | (10,088) | |
| Pandemic Assistance | 2,000 | 0 | (2,000) | |
| Undesignated Fund Balance | 2,980 | 3,341 | 361 | |
| Debt Management | 500 | 1,355 | 855 | |
| Labor Settlements/Agency Operations | 275 | 765 | 490 | |
| Economic Uncertainties | 5,665 | 7,647 | 1,982 | |
| Extraordinary Monetary Settlements | 1,837 | 1,544 | (293) | |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>GENERAL FUND<br>(millions of dollars) | FY 2023<br>Mid-Year | FY 2024<br>Projected | FY 2025<br>Projected | FY 2026<br>Projected | FY 2027<br>Projected |
|---|---|---|---|---|---|
| **Receipts:** | | | | | |
| Taxes: | | | | | |
| Personal Income Tax | 22,646 | 28,134 | 29,102 | 31,265 | 37,870 |
| Consumption/Use Taxes | 7,029 | 9,526 | 9,696 | 9,922 | 10,128 |
| Business Taxes | 17,357 | 16,424 | 16,632 | 14,929 | 8,831 |
| Other Taxes | 1,682 | 1,414 | 1,473 | 1,539 | 1,601 |
| Miscellaneous Receipts | 2,195 | 1,814 | 1,842 | 1,879 | 1,914 |
| Federal Receipts | 2,350 | 2,250 | 3,645 | 0 | 0 |
| Transfers from Other Funds: | | | | | |
| PIT in Excess of Revenue Bond Debt Service | 18,598 | 26,759 | 28,279 | 29,340 | 36,093 |
| PTET in Excess of Revenue Bond Debt Service | 7,499 | 7,928 | 8,277 | 6,617 | (50) |
| ECEP in Excess of Revenue Bond Debt Service | 7 | 7 | 8 | 8 | (1) |
| Sales Tax in Excess of LGAC Bond Debt Service | 2,198 | 0 | 0 | 0 | 0 |
| Sales Tax in Excess of Revenue Bond Debt Service | 7,344 | 7,523 | 7,527 | 7,620 | 7,689 |
| Real Estate Taxes in Excess of CW/CA Debt Service | 1,157 | 1,077 | 1,159 | 1,243 | 1,334 |
| All Other | (430) | 1,892 | 1,928 | 2,007 | 1,887 |
| **Total Receipts** | **89,632** | **104,748** | **109,568** | **106,369** | **107,296** |
| | | | | | |
| **Disbursements:** | | | | | |
| Local Assistance | 65,114 | 71,991 | 76,742 | 79,712 | 82,597 |
| State Operations: | | | | | |
| Personal Service | 10,481 | 10,302 | 10,376 | 10,474 | 10,543 |
| Non-Personal Service | 2,763 | 3,051 | 3,258 | 3,533 | 3,570 |
| General State Charges | 8,666 | 9,397 | 10,591 | 11,901 | 13,294 |
| Transfers to Other Funds: | | | | | |
| Debt Service | 290 | 253 | 311 | 332 | 373 |
| Capital Projects | 4,358 | 6,288 | 5,949 | 3,196 | 2,627 |
| SUNY Operations | 1,508 | 1,499 | 1,482 | 1,482 | 1,482 |
| Other Purposes | 2,001 | 1,883 | 1,392 | 1,376 | 1,390 |
| **Total Disbursements** | **95,181** | **104,664** | **110,101** | **112,006** | **115,876** |
| | | | | | |
| **Use (Reservation) of Fund Balance:** | | | | | |
| Community Projects | 5 | 3 | 0 | 0 | 0 |
| Debt Management | (855) | (81) | 576 | 860 | 0 |
| Economic Uncertainties | (1,982) | 860 | 569 | 3,514 | 2,627 |
| Extraordinary Monetary Settlements | 293 | 828 | 559 | 155 | 2 |
| Labor Settlements/Agency Operations | (490) | (1,000) | (1,450) | (1,450) | (1,450) |
| Pandemic Assistance | 2,000 | 0 | 0 | 0 | 0 |
| Rainy Day Reserve | (2,952) | (3,101) | (3,276) | (3,344) | (2,547) |
| Tax Stabilization Reserve | (197) | (207) | (218) | (170) | (80) |
| Timing of PTET/PIT Credits | 10,088 | (358) | (101) | 2,761 | 4,040 |
| Undesignated Fund Balance | (361) | 2,824 | 375 | 0 | 0 |
| **Total Use (Reservation) of Fund Balance** | **5,549** | **(232)** | **(2,966)** | **2,326** | **2,592** |
| | | | | | |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **0** | **(148)** | **(3,499)** | **(3,311)** | **(5,988)** |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>GENERAL FUND<br>(millions of dollars) | | | | | |
|---|---|---|---|---|---|
| | FY 2023 Enacted | Change | FY 2023 First Quarter | Change | FY 2023 Mid-Year |
| **Receipts:** | | | | | |
| Taxes: | | | | | |
| Personal Income Tax | 21,658 | 738 | 22,396 | 250 | 22,646 |
| Consumption/Use Taxes | 6,815 | 247 | 7,062 | (33) | 7,029 |
| Business Taxes | 17,249 | 8 | 17,257 | 100 | 17,357 |
| Other Taxes | 1,372 | 0 | 1,372 | 310 | 1,682 |
| Miscellaneous Receipts | 1,768 | 0 | 1,768 | 427 | 2,195 |
| Federal Receipts | 2,350 | 0 | 2,350 | 0 | 2,350 |
| Transfers from Other Funds: | | | | | |
| PIT in Excess of Revenue Bond Debt Service | 17,611 | 737 | 18,348 | 250 | 18,598 |
| PTET in Excess of Revenue Bond Debt Service | 7,499 | 0 | 7,499 | 0 | 7,499 |
| ECEP in Excess of Revenue Bond Debt Service | 7 | 0 | 7 | 0 | 7 |
| Sales Tax in Excess of LGAC Bond Debt Service | 2,119 | 44 | 2,163 | 35 | 2,198 |
| Sales Tax in Excess of Revenue Bond Debt Service | 7,055 | 291 | 7,346 | (2) | 7,344 |
| Real Estate Taxes in Excess of CW/CA Debt Service | 1,157 | 0 | 1,157 | 0 | 1,157 |
| All Other | 1,646 | 0 | 1,646 | (2,076) | (430) |
| **Total Receipts** | **88,306** | **2,065** | **90,371** | **(739)** | **89,632** |
| **Disbursements:** | | | | | |
| Local Assistance | 66,309 | (282) | 66,027 | (913) | 65,114 |
| State Operations: | | | | | |
| Personal Service | 10,155 | 273 | 10,428 | 53 | 10,481 |
| Non-Personal Service | 2,712 | 24 | 2,736 | 27 | 2,763 |
| General State Charges | 8,787 | (121) | 8,666 | 0 | 8,666 |
| Transfers to Other Funds: | | | | | |
| Debt Service | 290 | 0 | 290 | 0 | 290 |
| Capital Projects | 4,348 | 0 | 4,348 | 10 | 4,358 |
| SUNY Operations | 1,508 | 0 | 1,508 | 0 | 1,508 |
| Other Purposes | 1,994 | 0 | 1,994 | 7 | 2,001 |
| **Total Disbursements** | **96,103** | **(106)** | **95,997** | **(816)** | **95,181** |
| **Use (Reservation) of Fund Balance:** | | | | | |
| Community Projects | 5 | 0 | 5 | 0 | 5 |
| Debt Management | (855) | 0 | (855) | 0 | (855) |
| Economic Uncertainties | (1,905) | 0 | (1,905) | (77) | (1,982) |
| Extraordinary Monetary Settlements | 293 | 0 | 293 | 0 | 293 |
| Labor Settlements/Agency Operations | (600) | 110 | (490) | 0 | (490) |
| Pandemic Assistance | 2,000 | 0 | 2,000 | 0 | 2,000 |
| Rainy Day Reserve | (2,952) | 0 | (2,952) | 0 | (2,952) |
| Tax Stabilization Reserve | (197) | 0 | (197) | 0 | (197) |
| Timing of PTET/PIT Credits | 10,088 | 0 | 10,088 | 0 | 10,088 |
| Undesignated Fund Balance | 1,920 | (2,281) | (361) | 0 | (361) |
| **Total Use (Reservation) of Fund Balance** | **7,797** | **(2,171)** | **5,626** | **(77)** | **5,549** |
| **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 First Quarter | Change | FY 2024 Mid-Year |
|---|---|---|---|---|---|
| **Receipts:** | | | | | |
| Taxes: | | | | | |
| Personal Income Tax | 29,309 | (1,175) | 28,134 | 0 | 28,134 |
| Consumption/Use Taxes | 9,249 | 277 | 9,526 | 0 | 9,526 |
| Business Taxes | 16,379 | (105) | 16,274 | 150 | 16,424 |
| Other Taxes | 1,414 | 0 | 1,414 | 0 | 1,414 |
| Miscellaneous Receipts | 1,814 | 0 | 1,814 | 0 | 1,814 |
| Federal Receipts | 2,250 | 0 | 2,250 | 0 | 2,250 |
| Transfers from Other Funds: | | | | | |
| PIT in Excess of Revenue Bond Debt Service | 27,934 | (1,175) | 26,759 | 0 | 26,759 |
| PTET in Excess of Revenue Bond Debt Service | 7,928 | 0 | 7,928 | 0 | 7,928 |
| ECEP in Excess of Revenue Bond Debt Service | 7 | 0 | 7 | 0 | 7 |
| Sales Tax in Excess of LGAC Bond Debt Service | 0 | 0 | 0 | 0 | 0 |
| Sales Tax in Excess of Revenue Bond Debt Service | 7,246 | 277 | 7,523 | 0 | 7,523 |
| Real Estate Taxes in Excess of CW/CA Debt Service | 1,077 | 0 | 1,077 | 0 | 1,077 |
| All Other | 1,892 | 0 | 1,892 | 0 | 1,892 |
| **Total Receipts** | **106,499** | **(1,901)** | **104,598** | **150** | **104,748** |
| **Disbursements:** | | | | | |
| Local Assistance | 71,499 | 541 | 72,040 | (49) | 71,991 |
| State Operations: | | | | | |
| Personal Service | 10,145 | 131 | 10,276 | 26 | 10,302 |
| Non-Personal Service | 3,029 | 11 | 3,040 | 11 | 3,051 |
| General State Charges | 9,397 | 0 | 9,397 | 0 | 9,397 |
| Transfers to Other Funds: | | | | | |
| Debt Service | 253 | 0 | 253 | 0 | 253 |
| Capital Projects | 6,288 | 0 | 6,288 | 0 | 6,288 |
| SUNY Operations | 1,499 | 0 | 1,499 | 0 | 1,499 |
| Other Purposes | 1,876 | 7 | 1,883 | 0 | 1,883 |
| **Total Disbursements** | **103,986** | **690** | **104,676** | **(12)** | **104,664** |
| **Use (Reservation) of Fund Balance:** | | | | | |
| Community Projects | 3 | 0 | 3 | 0 | 3 |
| Debt Management | (81) | 0 | (81) | 0 | (81) |
| Economic Uncertainties | 860 | 0 | 860 | 0 | 860 |
| Extraordinary Monetary Settlements | 828 | 0 | 828 | 0 | 828 |
| Labor Settlements/Agency Operations | (1,000) | 0 | (1,000) | 0 | (1,000) |
| Rainy Day Reserve | (3,101) | 0 | (3,101) | 0 | (3,101) |
| Tax Stabilization Reserve | (207) | 0 | (207) | 0 | (207) |
| Timing of PTET/PIT Credits | (358) | 0 | (358) | 0 | (358) |
| Undesignated Fund Balance | 543 | 2,281 | 2,824 | 0 | 2,824 |
| **Total Use (Reservation) of Fund Balance** | **(2,513)** | **2,281** | **(232)** | **0** | **(232)** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **0** | **(310)** | **(310)** | **162** | **(148)** |

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

| | FY 2025 Enacted | Change | FY 2025 First Quarter | Change | FY 2025 Mid-Year |
|---|---|---|---|---|---|
| **Receipts:** | | | | | |
| Taxes: | | | | | |
| Personal Income Tax | 31,002 | (1,900) | 29,102 | 0 | 29,102 |
| Consumption/Use Taxes | 9,425 | 271 | 9,696 | 0 | 9,696 |
| Business Taxes | 16,657 | (175) | 16,482 | 150 | 16,632 |
| Other Taxes | 1,473 | 0 | 1,473 | 0 | 1,473 |
| Miscellaneous Receipts | 1,842 | 0 | 1,842 | 0 | 1,842 |
| Federal Receipts | 3,645 | 0 | 3,645 | 0 | 3,645 |
| Transfers from Other Funds: | | | | | |
| PIT in Excess of Revenue Bond Debt Service | 30,179 | (1,900) | 28,279 | 0 | 28,279 |
| PTET in Excess of Revenue Bond Debt Service | 8,277 | 0 | 8,277 | 0 | 8,277 |
| ECEP in Excess of Revenue Bond Debt Service | 8 | 0 | 8 | 0 | 8 |
| Sales Tax in Excess of LGAC Bond Debt Service | 0 | 0 | 0 | 0 | 0 |
| Sales Tax in Excess of Revenue Bond Debt Service | 7,255 | 272 | 7,527 | 0 | 7,527 |
| Real Estate Taxes in Excess of CW/CA Debt Service | 1,159 | 0 | 1,159 | 0 | 1,159 |
| All Other | 1,928 | 0 | 1,928 | 0 | 1,928 |
| **Total Receipts** | **112,850** | **(3,432)** | **109,418** | **150** | **109,568** |
| **Disbursements:** | | | | | |
| Local Assistance | 76,709 | 6 | 76,715 | 27 | 76,742 |
| State Operations: | | | | | |
| Personal Service | 10,220 | 130 | 10,350 | 26 | 10,376 |
| Non-Personal Service | 3,237 | 12 | 3,249 | 9 | 3,258 |
| General State Charges | 10,591 | 0 | 10,591 | 0 | 10,591 |
| Transfers to Other Funds: | | | | | |
| Debt Service | 311 | 0 | 311 | 0 | 311 |
| Capital Projects | 5,949 | 0 | 5,949 | 0 | 5,949 |
| SUNY Operations | 1,482 | 0 | 1,482 | 0 | 1,482 |
| Other Purposes | 1,385 | 7 | 1,392 | 0 | 1,392 |
| **Total Disbursements** | **109,884** | **155** | **110,039** | **62** | **110,101** |
| **Use (Reservation) of Fund Balance:** | | | | | |
| Community Projects | 0 | 0 | 0 | 0 | 0 |
| Debt Management | 576 | 0 | 576 | 0 | 576 |
| Economic Uncertainties | 569 | 0 | 569 | 0 | 569 |
| Extraordinary Monetary Settlements | 559 | 0 | 559 | 0 | 559 |
| Labor Settlements/Agency Operations | (1,450) | 0 | (1,450) | 0 | (1,450) |
| Rainy Day Reserve | (3,276) | 0 | (3,276) | 0 | (3,276) |
| Tax Stabilization Reserve | (218) | 0 | (218) | 0 | (218) |
| Timing of PTET/PIT Credits | (101) | 0 | (101) | 0 | (101) |
| Undesignated Fund Balance | 375 | 0 | 375 | 0 | 375 |
| **Total Use (Reservation) of Fund Balance** | **(2,966)** | **0** | **(2,966)** | **0** | **(2,966)** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **0** | **(3,587)** | **(3,587)** | **88** | **(3,499)** |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>GENERAL FUND<br>(millions of dollars) | FY 2026 Enacted | Change | FY 2026 First Quarter | Change | FY 2026 Mid-Year |
|---|---|---|---|---|---|
| **Receipts:** | | | | | |
| Taxes: | | | | | |
| Personal Income Tax | 33,165 | (1,900) | 31,265 | 0 | 31,265 |
| Consumption/Use Taxes | 9,633 | 289 | 9,922 | 0 | 9,922 |
| Business Taxes | 14,952 | (173) | 14,779 | 150 | 14,929 |
| Other Taxes | 1,539 | 0 | 1,539 | 0 | 1,539 |
| Miscellaneous Receipts | 1,879 | 0 | 1,879 | 0 | 1,879 |
| Transfers from Other Funds: | | | | | |
| PIT in Excess of Revenue Bond Debt Service | 31,240 | (1,900) | 29,340 | 0 | 29,340 |
| PTET in Excess of Revenue Bond Debt Service | 6,617 | 0 | 6,617 | 0 | 6,617 |
| ECEP in Excess of Revenue Bond Debt Service | 8 | 0 | 8 | 0 | 8 |
| Sales Tax in Excess of LGAC Bond Debt Service | 0 | 0 | 0 | 0 | 0 |
| Sales Tax in Excess of Revenue Bond Debt Service | 7,331 | 289 | 7,620 | 0 | 7,620 |
| Real Estate Taxes in Excess of CW/CA Debt Service | 1,243 | 0 | 1,243 | 0 | 1,243 |
| All Other | 2,007 | 0 | 2,007 | 0 | 2,007 |
| **Total Receipts** | **109,614** | **(3,395)** | **106,219** | **150** | **106,369** |
| **Disbursements:** | | | | | |
| Local Assistance | 79,832 | 1 | 79,833 | (121) | 79,712 |
| State Operations: | | | | | |
| Personal Service | 10,316 | 131 | 10,447 | 27 | 10,474 |
| Non-Personal Service | 3,512 | 12 | 3,524 | 9 | 3,533 |
| General State Charges | 11,901 | 0 | 11,901 | 0 | 11,901 |
| Transfers to Other Funds: | | | | | |
| Debt Service | 332 | 0 | 332 | 0 | 332 |
| Capital Projects | 3,196 | 0 | 3,196 | 0 | 3,196 |
| SUNY Operations | 1,482 | 0 | 1,482 | 0 | 1,482 |
| Other Purposes | 1,369 | 7 | 1,376 | 0 | 1,376 |
| **Total Disbursements** | **111,940** | **151** | **112,091** | **(85)** | **112,006** |
| **Use (Reservation) of Fund Balance:** | | | | | |
| Community Projects | 0 | 0 | 0 | 0 | 0 |
| Debt Management | 860 | 0 | 860 | 0 | 860 |
| Economic Uncertainties | 3,514 | 0 | 3,514 | 0 | 3,514 |
| Extraordinary Monetary Settlements | 155 | 0 | 155 | 0 | 155 |
| Labor Settlements/Agency Operations | (1,450) | 0 | (1,450) | 0 | (1,450) |
| Rainy Day Reserve | (3,344) | 0 | (3,344) | 0 | (3,344) |
| Tax Stabilization Reserve | (170) | 0 | (170) | 0 | (170) |
| Timing of PTET/PIT Credits | 2,761 | 0 | 2,761 | 0 | 2,761 |
| **Total Use (Reservation) of Fund Balance** | **2,326** | **0** | **2,326** | **0** | **2,326** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **0** | **(3,546)** | **(3,546)** | **235** | **(3,311)** |

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

| | FY 2027 Enacted | Change | FY 2027 First Quarter | Change | FY 2027 Mid-Year |
|---|---|---|---|---|---|
| **Receipts:** | | | | | |
| Taxes: | | | | | |
| Personal Income Tax | 41,070 | (3,200) | 37,870 | 0 | 37,870 |
| Consumption/Use Taxes | 9,873 | 255 | 10,128 | 0 | 10,128 |
| Business Taxes | 8,858 | (177) | 8,681 | 150 | 8,831 |
| Other Taxes | 1,601 | 0 | 1,601 | 0 | 1,601 |
| Miscellaneous Receipts | 1,914 | 0 | 1,914 | 0 | 1,914 |
| Transfers from Other Funds: | | | | | |
| PIT in Excess of Revenue Bond Debt Service | 39,293 | (3,200) | 36,093 | 0 | 36,093 |
| PTET in Excess of Revenue Bond Debt Service | (50) | 0 | (50) | 0 | (50) |
| ECEP in Excess of Revenue Bond Debt Service | (1) | 0 | (1) | 0 | (1) |
| Sales Tax in Excess of LGAC Bond Debt Service | 0 | 0 | 0 | 0 | 0 |
| Sales Tax in Excess of Revenue Bond Debt Service | 7,434 | 255 | 7,689 | 0 | 7,689 |
| Real Estate Taxes in Excess of CW/CA Debt Service | 1,334 | 0 | 1,334 | 0 | 1,334 |
| All Other | 1,887 | 0 | 1,887 | 0 | 1,887 |
| **Total Receipts** | **113,213** | **(6,067)** | **107,146** | **150** | **107,296** |
| **Disbursements:** | | | | | |
| Local Assistance | 82,710 | 0 | 82,710 | (113) | 82,597 |
| State Operations: | | | | | |
| Personal Service | 10,385 | 132 | 10,517 | 26 | 10,543 |
| Non-Personal Service | 3,551 | 13 | 3,564 | 6 | 3,570 |
| General State Charges | 13,294 | 0 | 13,294 | 0 | 13,294 |
| Transfers to Other Funds: | | | | | |
| Debt Service | 373 | 0 | 373 | 0 | 373 |
| Capital Projects | 2,627 | 0 | 2,627 | 0 | 2,627 |
| SUNY Operations | 1,482 | 0 | 1,482 | 0 | 1,482 |
| Other Purposes | 1,383 | 7 | 1,390 | 0 | 1,390 |
| **Total Disbursements** | **115,805** | **152** | **115,957** | **(81)** | **115,876** |
| **Use (Reservation) of Fund Balance:** | | | | | |
| Economic Uncertainties | 2,627 | 0 | 2,627 | 0 | 2,627 |
| Extraordinary Monetary Settlements | 2 | 0 | 2 | 0 | 2 |
| Labor Settlements/Agency Operations | (1,450) | 0 | (1,450) | 0 | (1,450) |
| Rainy Day Reserve | (2,547) | 0 | (2,547) | 0 | (2,547) |
| Tax Stabilization Reserve | (80) | 0 | (80) | 0 | (80) |
| Timing of PTET/PIT Credits | 4,040 | 0 | 4,040 | 0 | 4,040 |
| **Total Use (Reservation) of Fund Balance** | **2,592** | **0** | **2,592** | **0** | **2,592** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **0** | **(6,219)** | **(6,219)** | **231** | **(5,988)** |

Source: NYS DOB.

**CASH FINANCIAL PLAN**
**STATE OPERATING FUNDS**
**FY 2023**
**(millions of dollars)**

| | General Fund | State Special Revenue Funds | Debt Service Funds | State Operating Funds Total |
|---|---|---|---|---|
| **Opening Fund Balance** | **33,053** | **7,612** | **102** | **40,767** |
| **Receipts:** | | | | |
| Taxes | 48,714 | 6,414 | 43,993 | 99,121 |
| Miscellaneous Receipts | 2,195 | 13,692 | 382 | 16,269 |
| Federal Receipts | 2,350 | (18) | 70 | 2,402 |
| **Total Receipts** | **53,259** | **20,088** | **44,445** | **117,792** |
| **Disbursements:** | | | | |
| Local Assistance | 65,114 | 18,334 | 0 | 83,448 |
| State Operations: | | | | |
| Personal Service | 10,481 | 5,060 | 0 | 15,541 |
| Non-Personal Service | 2,763 | 2,574 | 45 | 5,382 |
| General State Charges | 8,666 | 1,183 | 0 | 9,849 |
| Debt Service | 0 | 0 | 7,612 | 7,612 |
| Capital Projects | 0 | 0 | 0 | 0 |
| **Total Disbursements** | **87,024** | **27,151** | **7,657** | **121,832** |
| **Other Financing Sources (Uses):** | | | | |
| Transfers from Other Funds | 36,373 | 3,454 | 1,688 | 41,515 |
| Transfers to Other Funds | (8,157) | 3,427 | (38,477) | (43,207) |
| Bond and Note Proceeds | 0 | 0 | 0 | 0 |
| **Net Other Financing Sources (Uses)** | **28,216** | **6,881** | **(36,789)** | **(1,692)** |
| **Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements** | **(5,549)** | **(182)** | **(1)** | **(5,732)** |
| **Closing Fund Balance** | **27,504** | **7,430** | **101** | **35,035** |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>STATE OPERATING FUNDS<br>FY 2024<br>(millions of dollars) | General Fund | State Special Revenue Funds | Debt Service Funds | State Operating Funds Total |
|---|---|---|---|---|
| **Receipts:** | | | | |
| Taxes | 55,498 | 6,306 | 47,817 | 109,621 |
| Miscellaneous Receipts | 1,814 | 14,069 | 392 | 16,275 |
| Federal Receipts | 2,250 | (17) | 67 | 2,300 |
| **Total Receipts** | **59,562** | **20,358** | **48,276** | **128,196** |
| **Disbursements:** | | | | |
| Local Assistance | 71,991 | 16,487 | 0 | 88,478 |
| State Operations: | | | | |
| Personal Service | 10,302 | 4,996 | 0 | 15,298 |
| Non-Personal Service | 3,051 | 2,480 | 46 | 5,577 |
| General State Charges | 9,397 | 1,188 | 0 | 10,585 |
| Debt Service | 0 | 0 | 4,904 | 4,904 |
| Capital Projects | 0 | 0 | 0 | 0 |
| **Total Disbursements** | **94,741** | **25,151** | **4,950** | **124,842** |
| **Other Financing Sources (Uses):** | | | | |
| Transfers from Other Funds | 45,186 | 3,335 | 1,629 | 50,150 |
| Transfers to Other Funds | (9,923) | 1,170 | (44,941) | (53,694) |
| Bond and Note Proceeds | 0 | 0 | 0 | 0 |
| **Net Other Financing Sources (Uses)** | **35,263** | **4,505** | **(43,312)** | **(3,544)** |
| **Use (Reservation) of Fund Balance:** | | | | |
| Community Projects | 3 | 0 | 0 | 3 |
| Debt Management | (81) | 0 | 0 | (81) |
| Economic Uncertainties | 860 | 0 | 0 | 860 |
| Extraordinary Monetary Settlements | 828 | 0 | 0 | 828 |
| Labor Settlements/Agency Operations | (1,000) | 0 | 0 | (1,000) |
| Rainy Day Reserve | (3,101) | 0 | 0 | (3,101) |
| Tax Stabilization Reserve | (207) | 0 | 0 | (207) |
| Timing of PTET/PIT Credits | (358) | 0 | 0 | (358) |
| Undesignated Fund Balance | 2,824 | 0 | 0 | 2,824 |
| **Total Use (Reservation) of Fund Balance** | **(232)** | **0** | **0** | **(232)** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **(148)** | **(288)** | **14** | **(422)** |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>STATE OPERATING FUNDS<br>FY 2025<br>(millions of dollars) | General Fund | State Special Revenue Funds | Debt Service Funds | State Operating Funds Total |
|---|---|---|---|---|
| **Receipts:** | | | | |
| Taxes | 56,903 | 6,208 | 49,286 | 112,397 |
| Miscellaneous Receipts | 1,842 | 13,379 | 396 | 15,617 |
| Federal Receipts | 3,645 | (17) | 62 | 3,690 |
| **Total Receipts** | **62,390** | **19,570** | **49,744** | **131,704** |
| **Disbursements:** | | | | |
| Local Assistance | 76,742 | 15,327 | 0 | 92,069 |
| State Operations: | | | | |
| Personal Service | 10,376 | 5,035 | 0 | 15,411 |
| Non-Personal Service | 3,258 | 2,480 | 46 | 5,784 |
| General State Charges | 10,591 | 1,203 | 0 | 11,794 |
| Debt Service | 0 | 0 | 4,470 | 4,470 |
| Capital Projects | 0 | 0 | 0 | 0 |
| **Total Disbursements** | **100,967** | **24,045** | **4,516** | **129,528** |
| **Other Financing Sources (Uses):** | | | | |
| Transfers from Other Funds | 47,178 | 2,830 | 1,666 | 51,674 |
| Transfers to Other Funds | (9,134) | 1,278 | (46,883) | (54,739) |
| Bond and Note Proceeds | 0 | 0 | 0 | 0 |
| **Net Other Financing Sources (Uses)** | **38,044** | **4,108** | **(45,217)** | **(3,065)** |
| **Use (Reservation) of Fund Balance:** | | | | |
| Debt Management | 576 | 0 | 0 | 576 |
| Economic Uncertainties | 569 | 0 | 0 | 569 |
| Extraordinary Monetary Settlements | 559 | 0 | 0 | 559 |
| Labor Settlements/Agency Operations | (1,450) | 0 | 0 | (1,450) |
| Rainy Day Reserve | (3,276) | 0 | 0 | (3,276) |
| Tax Stabilization Reserve | (218) | 0 | 0 | (218) |
| Timing of PTET/PIT Credits | (101) | 0 | 0 | (101) |
| Undesignated Fund Balance | 375 | 0 | 0 | 375 |
| **Total Use (Reservation) of Fund Balance** | **(2,966)** | **0** | **0** | **(2,966)** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **(3,499)** | **(367)** | **11** | **(3,855)** |

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS
FY 2026
(millions of dollars)

| | General Fund | State Special Revenue Funds | Debt Service Funds | State Operating Funds Total |
|---|---|---|---|---|
| **Receipts:** | | | | |
| Taxes | 57,655 | 6,269 | 50,060 | 113,984 |
| Miscellaneous Receipts | 1,879 | 14,205 | 387 | 16,471 |
| Federal Receipts | 0 | (17) | 58 | 41 |
| **Total Receipts** | **59,534** | **20,457** | **50,505** | **130,496** |
| **Disbursements:** | | | | |
| Local Assistance | 79,712 | 15,975 | 0 | 95,687 |
| State Operations: | | | | |
| Personal Service | 10,474 | 5,079 | 0 | 15,553 |
| Non-Personal Service | 3,533 | 2,522 | 46 | 6,101 |
| General State Charges | 11,901 | 1,220 | 0 | 13,121 |
| Debt Service | 0 | 0 | 5,638 | 5,638 |
| Capital Projects | 0 | 0 | 0 | 0 |
| **Total Disbursements** | **105,620** | **24,796** | **5,684** | **136,100** |
| **Other Financing Sources (Uses):** | | | | |
| Transfers from Other Funds | 46,835 | 2,796 | 1,652 | 51,283 |
| Transfers to Other Funds | (6,386) | 1,281 | (46,446) | (51,551) |
| Bond and Note Proceeds | 0 | 0 | 0 | 0 |
| **Net Other Financing Sources (Uses)** | **40,449** | **4,077** | **(44,794)** | **(268)** |
| **Use (Reservation) of Fund Balance:** | | | | |
| Debt Management | 860 | 0 | 0 | 860 |
| Economic Uncertainties | 3,514 | 0 | 0 | 3,514 |
| Extraordinary Monetary Settlements | 155 | 0 | 0 | 155 |
| Labor Settlements/Agency Operations | (1,450) | 0 | 0 | (1,450) |
| Tax Stabilization Reserve | (170) | 0 | 0 | (170) |
| Timing of PTET/PIT Credits | 2,761 | 0 | 0 | 2,761 |
| Rainy Day Reserve | (3,344) | 0 | 0 | (3,344) |
| **Total Use (Reservation) of Fund Balance** | **2,326** | **0** | **0** | **2,326** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **(3,311)** | **(262)** | **27** | **(3,546)** |

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS
FY 2027
(millions of dollars)

| | General Fund | State Special Revenue Funds | Debt Service Funds | State Operating Funds Total |
|---|---|---|---|---|
| **Receipts:** | | | | |
| Taxes | 58,430 | 6,491 | 50,262 | 115,183 |
| Miscellaneous Receipts | 1,914 | 15,128 | 387 | 17,429 |
| Federal Receipts | 0 | (17) | 53 | 36 |
| **Total Receipts** | **60,344** | **21,602** | **50,702** | **132,648** |
| **Disbursements:** | | | | |
| Local Assistance | 82,597 | 16,832 | 0 | 99,429 |
| State Operations: | | | | |
| Personal Service | 10,543 | 5,121 | 0 | 15,664 |
| Non-Personal Service | 3,570 | 2,568 | 46 | 6,184 |
| General State Charges | 13,294 | 1,239 | 0 | 14,533 |
| Debt Service | 0 | 0 | 5,667 | 5,667 |
| Capital Projects | 0 | 0 | 0 | 0 |
| **Total Disbursements** | **110,004** | **25,760** | **5,713** | **141,477** |
| **Other Financing Sources (Uses):** | | | | |
| Transfers from Other Funds | 46,952 | 2,818 | 1,729 | 51,499 |
| Transfers to Other Funds | (5,872) | 1,280 | (46,685) | (51,277) |
| Bond and Note Proceeds | 0 | 0 | 0 | 0 |
| **Net Other Financing Sources (Uses)** | **41,080** | **4,098** | **(44,956)** | **222** |
| **Use (Reservation) of Fund Balance:** | | | | |
| Economic Uncertainties | 2,627 | 0 | 0 | 2,627 |
| Extraordinary Monetary Settlements | 2 | 0 | 0 | 2 |
| Labor Settlements/Agency Operations | (1,450) | 0 | 0 | (1,450) |
| Tax Stabilization Reserve | (80) | 0 | 0 | (80) |
| Timing of PTET/PIT Credits | 4,040 | 0 | 0 | 4,040 |
| Rainy Day Reserve | (2,547) | 0 | 0 | (2,547) |
| **Total Use (Reservation) of Fund Balance** | **2,592** | **0** | **0** | **2,592** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **(5,988)** | **(60)** | **33** | **(6,015)** |

Source: NYS DOB.

CASH RECEIPTS
ALL GOVERNMENTAL FUNDS
FY 2023 THROUGH FY 2027
(millions of dollars)

| | FY 2023 Mid-Year | FY 2024 Projected | FY 2025 Projected | FY 2026 Projected | FY 2027 Projected |
|---|---|---|---|---|---|
| **Taxes:** | | | | | |
| Withholdings | 52,638 | 54,608 | 57,418 | 60,214 | 63,119 |
| Estimated Payments | 16,145 | 13,953 | 13,201 | 14,943 | 26,078 |
| Final Payments | 4,939 | 4,130 | 4,231 | 4,521 | 4,567 |
| Other Payments | 1,733 | 1,610 | 1,664 | 1,720 | 1,772 |
| **Gross Collections** | **75,455** | **74,301** | **76,514** | **81,398** | **95,536** |
| State/City Offset | (2,324) | (1,553) | (1,682) | (1,731) | (1,869) |
| Refunds | (24,181) | (13,038) | (13,400) | (14,000) | (14,844) |
| **Reported Tax Collections** | **48,950** | **59,710** | **61,432** | **65,667** | **78,823** |
| STAR (Dedicated Deposits) | 0 | 0 | 0 | 0 | 0 |
| RBTF (Dedicated Transfers) | 0 | 0 | 0 | 0 | 0 |
| **Personal Income Tax** | **48,950** | **59,710** | **61,432** | **65,667** | **78,823** |
| Sales and Use Tax | 18,438 | 19,053 | 19,427 | 19,921 | 20,368 |
| Cigarette and Tobacco Taxes | 919 | 889 | 851 | 816 | 782 |
| Vapor Excise Tax | 27 | 27 | 27 | 27 | 27 |
| Motor Fuel Tax | 200 | 500 | 499 | 497 | 495 |
| Alcoholic Beverage Taxes | 280 | 284 | 287 | 289 | 293 |
| Opioid Excise Tax | 29 | 29 | 29 | 29 | 29 |
| Medical Cannabis Excise Tax | 13 | 13 | 13 | 13 | 13 |
| Adult Use Cannabis Tax | 56 | 95 | 158 | 245 | 339 |
| Highway Use Tax | 142 | 144 | 146 | 146 | 147 |
| Auto Rental Tax | 113 | 99 | 98 | 99 | 100 |
| Peer to Peer Car Sharing Tax | 2 | 7 | 8 | 9 | 10 |
| **Gross Consumption/Use Taxes** | **20,219** | **21,140** | **21,543** | **22,091** | **22,603** |
| LGAC/STBF (Dedicated Transfers) | 0 | 0 | 0 | 0 | 0 |
| **Consumption/Use Taxes** | **20,219** | **21,140** | **21,543** | **22,091** | **22,603** |
| Corporation Franchise Tax | 8,790 | 7,308 | 6,948 | 6,813 | 7,403 |
| Corporation and Utilities Tax | 552 | 498 | 576 | 566 | 572 |
| Insurance Taxes | 2,561 | 2,697 | 2,790 | 2,911 | 3,037 |
| Bank Tax | 84 | 0 | 0 | 0 | 0 |
| Pass Through Entity Tax | 14,998 | 15,856 | 16,553 | 13,234 | (100) |
| Petroleum Business Tax | 1,103 | 1,152 | 1,149 | 1,147 | 1,141 |
| **Gross Business Taxes** | **28,088** | **27,511** | **28,016** | **24,671** | **12,053** |
| RBTF (Dedicated Transfers) | 0 | 0 | 0 | 0 | 0 |
| **Business Taxes** | **28,088** | **27,511** | **28,016** | **24,671** | **12,053** |
| Estate Tax | 1,660 | 1,392 | 1,450 | 1,516 | 1,586 |
| Real Estate Transfer Tax | 1,449 | 1,366 | 1,449 | 1,532 | 1,623 |
| Employer Compensation Expense Program | 14 | 14 | 16 | 16 | (1) |
| 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** | **3,138** | **2,787** | **2,930** | **3,079** | **3,223** |
| Real Estate Transfer Tax (Dedicated) | 0 | 0 | 0 | 0 | 0 |
| RBTF (Dedicated Transfers) | 0 | 0 | 0 | 0 | 0 |
| **Other Taxes** | **3,138** | **2,787** | **2,930** | **3,079** | **3,223** |
| **Payroll Tax** | **0** | **0** | **0** | **0** | **0** |
| **Total Taxes** | **100,395** | **111,148** | **113,921** | **115,508** | **116,702** |
| Licenses, Fees, Etc. | 529 | 580 | 630 | 630 | 628 |
| Abandoned Property | 450 | 450 | 450 | 450 | 450 |
| Motor Vehicle Fees | 1,232 | 1,228 | 1,244 | 1,282 | 1,321 |
| ABC License Fee | 69 | 71 | 72 | 72 | 70 |
| Reimbursements | 70 | 66 | 66 | 66 | 66 |
| Investment Income | 363 | 10 | 8 | 6 | 6 |
| Extraordinary Settlements | 110 | 33 | 0 | 0 | 0 |
| Other Transactions | 22,589 | 25,447 | 22,651 | 24,386 | 25,679 |
| **Miscellaneous Receipts** | **25,412** | **27,885** | **25,121** | **26,892** | **28,220** |
| **Federal Receipts** | **89,720** | **82,866** | **78,777** | **78,673** | **80,428** |
| **Total** | **215,527** | **221,899** | **217,819** | **221,073** | **225,350** |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>ALL GOVERNMENTAL FUNDS<br>FY 2023<br>(millions of dollars) | General Fund | Special Revenue Funds | Capital Projects Funds | Debt Service Funds | All Funds Total |
|---|---|---|---|---|---|
| **Opening Fund Balance** | **33,053** | **21,938** | **(1,544)** | **102** | **53,549** |
| **Receipts:** | | | | | |
| Taxes | 48,714 | 6,414 | 1,274 | 43,993 | 100,395 |
| Miscellaneous Receipts | 2,195 | 13,894 | 8,941 | 382 | 25,412 |
| Federal Receipts | 2,350 | 84,308 | 2,992 | 70 | 89,720 |
| **Total Receipts** | **53,259** | **104,616** | **13,207** | **44,445** | **215,527** |
| **Disbursements:** | | | | | |
| Local Assistance | 65,114 | 97,792 | 5,392 | 0 | 168,298 |
| State Operations: | | | | | |
| Personal Service | 10,481 | 5,748 | 0 | 0 | 16,229 |
| Non-Personal Service | 2,763 | 5,278 | 0 | 45 | 8,086 |
| General State Charges | 8,666 | 1,569 | 0 | 0 | 10,235 |
| Debt Service | 0 | 0 | 0 | 7,612 | 7,612 |
| Capital Projects | 0 | 0 | 11,482 | 0 | 11,482 |
| **Total Disbursements** | **87,024** | **110,387** | **16,874** | **7,657** | **221,942** |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers from Other Funds | 36,373 | 3,454 | 4,760 | 1,688 | 46,275 |
| Transfers to Other Funds | (8,157) | 1,400 | (1,291) | (38,477) | (46,525) |
| Bond and Note Proceeds | 0 | 0 | 398 | 0 | 398 |
| **Net Other Financing Sources (Uses)** | **28,216** | **4,854** | **3,867** | **(36,789)** | **148** |
| **Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements** | **(5,549)** | **(917)** | **200** | **(1)** | **(6,267)** |
| **Closing Fund Balance** | **27,504** | **21,021** | **(1,344)** | **101** | **47,282** |

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 | 55,498 | 6,306 | 1,527 | 47,817 | 111,148 |
| Miscellaneous Receipts | 1,814 | 14,234 | 11,445 | 392 | 27,885 |
| Federal Receipts | 2,250 | 77,148 | 3,401 | 67 | 82,866 |
| **Total Receipts** | **59,562** | **97,688** | **16,373** | **48,276** | **221,899** |
| **Disbursements:** | | | | | |
| Local Assistance | 71,991 | 89,797 | 8,232 | 0 | 170,020 |
| State Operations: | | | | | |
| Personal Service | 10,302 | 5,688 | 0 | 0 | 15,990 |
| Non-Personal Service | 3,051 | 4,462 | 0 | 46 | 7,559 |
| General State Charges | 9,397 | 1,574 | 0 | 0 | 10,971 |
| Debt Service | 0 | 0 | 0 | 4,904 | 4,904 |
| Capital Projects | 0 | 0 | 13,156 | 0 | 13,156 |
| **Total Disbursements** | **94,741** | **101,521** | **21,388** | **4,950** | **222,600** |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers from Other Funds | 45,186 | 3,335 | 6,668 | 1,629 | 56,818 |
| Transfers to Other Funds | (9,923) | (813) | (1,394) | (44,941) | (57,071) |
| Bond and Note Proceeds | 0 | 0 | 399 | 0 | 399 |
| **Net Other Financing Sources (Uses)** | **35,263** | **2,522** | **5,673** | **(43,312)** | **146** |
| **Use (Reservation) of Fund Balance:** | | | | | |
| Community Projects | 3 | 0 | 0 | 0 | 3 |
| Debt Management | (81) | 0 | 0 | 0 | (81) |
| Economic Uncertainties | 860 | 0 | 0 | 0 | 860 |
| Extraordinary Monetary Settlements | 828 | 0 | 0 | 0 | 828 |
| Labor Settlements/Agency Operations | (1,000) | 0 | 0 | 0 | (1,000) |
| Rainy Day Reserve | (3,101) | 0 | 0 | 0 | (3,101) |
| Tax Stabilization Reserve | (207) | 0 | 0 | 0 | (207) |
| Timing of PTET/PIT Credits | (358) | 0 | 0 | 0 | (358) |
| Undesignated Fund Balance | 2,824 | 0 | 0 | 0 | 2,824 |
| **Total Use (Reservation) of Fund Balance** | **(232)** | **0** | **0** | **0** | **(232)** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **(148)** | **(1,311)** | **658** | **14** | **(787)** |

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 | 56,903 | 6,208 | 1,524 | 49,286 | 113,921 |
| Miscellaneous Receipts | 1,842 | 13,543 | 9,340 | 396 | 25,121 |
| Federal Receipts | 3,645 | 71,481 | 3,589 | 62 | 78,777 |
| **Total Receipts** | **62,390** | **91,232** | **14,453** | **49,744** | **217,819** |
| **Disbursements:** | | | | | |
| Local Assistance | 76,742 | 84,392 | 6,750 | 0 | 167,884 |
| State Operations: | | | | | |
| Personal Service | 10,376 | 5,729 | 0 | 0 | 16,105 |
| Non-Personal Service | 3,258 | 4,262 | 0 | 46 | 7,566 |
| General State Charges | 10,591 | 1,590 | 0 | 0 | 12,181 |
| Debt Service | 0 | 0 | 0 | 4,470 | 4,470 |
| Capital Projects | 0 | 0 | 12,580 | 0 | 12,580 |
| **Total Disbursements** | **100,967** | **95,973** | **19,330** | **4,516** | **220,786** |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers from Other Funds | 47,178 | 2,830 | 6,310 | 1,666 | 57,984 |
| Transfers to Other Funds | (9,134) | (671) | (1,548) | (46,883) | (58,236) |
| Bond and Note Proceeds | 0 | 0 | 330 | 0 | 330 |
| **Net Other Financing Sources (Uses)** | **38,044** | **2,159** | **5,092** | **(45,217)** | **78** |
| **Use (Reservation) of Fund Balance:** | | | | | |
| Debt Management | 576 | 0 | 0 | 0 | 576 |
| Economic Uncertainties | 569 | 0 | 0 | 0 | 569 |
| Extraordinary Monetary Settlements | 559 | 0 | 0 | 0 | 559 |
| Labor Settlements/Agency Operations | (1,450) | 0 | 0 | 0 | (1,450) |
| Rainy Day Reserve | (3,276) | 0 | 0 | 0 | (3,276) |
| Tax Stabilization Reserve | (218) | 0 | 0 | 0 | (218) |
| Timing of PTET/PIT Credits | (101) | 0 | 0 | 0 | (101) |
| Undesignated Fund Balance | 375 | 0 | 0 | 0 | 375 |
| **Total Use (Reservation) of Fund Balance** | **(2,966)** | **0** | **0** | **0** | **(2,966)** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **(3,499)** | **(2,582)** | **215** | **11** | **(5,855)** |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>ALL GOVERNMENTAL FUNDS<br>FY 2026<br>(millions of dollars) | General Fund | Special Revenue Funds | Capital Projects Funds | Debt Service Funds | All Funds Total |
|---|---|---|---|---|---|
| **Receipts:** | | | | | |
| Taxes | 57,655 | 6,269 | 1,524 | 50,060 | 115,508 |
| Miscellaneous Receipts | 1,879 | 14,369 | 10,257 | 387 | 26,892 |
| Federal Receipts | 0 | 74,981 | 3,634 | 58 | 78,673 |
| **Total Receipts** | **59,534** | **95,619** | **15,415** | **50,505** | **221,073** |
| **Disbursements:** | | | | | |
| Local Assistance | 79,712 | 85,041 | 6,243 | 0 | 170,996 |
| State Operations: | | | | | |
| Personal Service | 10,474 | 5,776 | 0 | 0 | 16,250 |
| Non-Personal Service | 3,533 | 4,118 | 0 | 46 | 7,697 |
| General State Charges | 11,901 | 1,608 | 0 | 0 | 13,509 |
| Debt Service | 0 | 0 | 0 | 5,638 | 5,638 |
| Capital Projects | 0 | 0 | 11,433 | 0 | 11,433 |
| **Total Disbursements** | **105,620** | **96,543** | **17,676** | **5,684** | **225,523** |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers from Other Funds | 46,835 | 2,796 | 3,554 | 1,652 | 54,837 |
| Transfers to Other Funds | (6,386) | (668) | (1,591) | (46,446) | (55,091) |
| Bond and Note Proceeds | 0 | 0 | 288 | 0 | 288 |
| **Net Other Financing Sources (Uses)** | **40,449** | **2,128** | **2,251** | **(44,794)** | **34** |
| **Use (Reservation) of Fund Balance:** | | | | | |
| Debt Management | 860 | 0 | 0 | 0 | 860 |
| Economic Uncertainties | 3,514 | 0 | 0 | 0 | 3,514 |
| Extraordinary Monetary Settlements | 155 | 0 | 0 | 0 | 155 |
| Labor Settlements/Agency Operations | (1,450) | 0 | 0 | 0 | (1,450) |
| Rainy Day Reserve | (3,344) | 0 | 0 | 0 | (3,344) |
| Tax Stabilization Reserve | (170) | 0 | 0 | 0 | (170) |
| Timing of PTET/PIT Credits | 2,761 | 0 | 0 | 0 | 2,761 |
| **Total Use (Reservation) of Fund Balance** | **2,326** | **0** | **0** | **0** | **2,326** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **(3,311)** | **1,204** | **(10)** | **27** | **(2,090)** |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>ALL GOVERNMENTAL FUNDS<br>FY 2027<br>(millions of dollars) | General Fund | Special Revenue Funds | Capital Projects Funds | Debt Service Funds | All Funds Total |
|---|---|---|---|---|---|
| **Receipts:** | | | | | |
| Taxes | 58,430 | 6,491 | 1,519 | 50,262 | 116,702 |
| Miscellaneous Receipts | 1,914 | 15,292 | 10,627 | 387 | 28,220 |
| Federal Receipts | 0 | 76,897 | 3,478 | 53 | 80,428 |
| **Total Receipts** | **60,344** | **98,680** | **15,624** | **50,702** | **225,350** |
| **Disbursements:** | | | | | |
| Local Assistance | 82,597 | 87,742 | 6,117 | 0 | 176,456 |
| State Operations: | | | | | |
| Personal Service | 10,543 | 5,820 | 0 | 0 | 16,363 |
| Non-Personal Service | 3,570 | 4,205 | 0 | 46 | 7,821 |
| General State Charges | 13,294 | 1,628 | 0 | 0 | 14,922 |
| Debt Service | 0 | 0 | 0 | 5,667 | 5,667 |
| Capital Projects | 0 | 0 | 11,064 | 0 | 11,064 |
| **Total Disbursements** | **110,004** | **99,395** | **17,181** | **5,713** | **232,293** |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers from Other Funds | 46,952 | 2,818 | 2,985 | 1,729 | 54,484 |
| Transfers to Other Funds | (5,872) | (669) | (1,507) | (46,685) | (54,733) |
| Bond and Note Proceeds | 0 | 0 | 208 | 0 | 208 |
| **Net Other Financing Sources (Uses)** | **41,080** | **2,149** | **1,686** | **(44,956)** | **(41)** |
| **Use (Reservation) of Fund Balance:** | | | | | |
| Economic Uncertainties | 2,627 | 0 | 0 | 0 | 2,627 |
| Extraordinary Monetary Settlements | 2 | 0 | 0 | 0 | 2 |
| Labor Settlements/Agency Operations | (1,450) | 0 | 0 | 0 | (1,450) |
| Rainy Day Reserve | (2,547) | 0 | 0 | 0 | (2,547) |
| Tax Stabilization Reserve | (80) | 0 | 0 | 0 | (80) |
| Timing of PTET/PIT Credits | 4,040 | 0 | 0 | 0 | 4,040 |
| Undesignated Fund Balance | 0 | 0 | 0 | 0 | 0 |
| **Total Use (Reservation) of Fund Balance** | **2,592** | **0** | **0** | **0** | **2,592** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **(5,988)** | **1,434** | **129** | **33** | **(4,392)** |

Source: NYS DOB.

**CASHFLOW**
**GENERAL FUND**
**FY 2023**
**(millions of dollars)**

| | 2022 April Actuals | May Actuals | June Actuals | July Actuals | August Actuals | September Actuals | October Projected | November Projected | December Projected | 2023 January Projected | February Projected | March Projected | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **OPENING BALANCE** | 33,053 | 45,693 | 40,311 | 43,797 | 43,699 | 42,930 | 49,993 | 46,783 | 37,864 | 39,701 | 36,227 | 33,124 | 33,053 |
| **RECEIPTS:** | | | | | | | | | | | | | |
| Personal Income Tax | 7,360 | 1,364 | 2,095 | 1,546 | 1,794 | 2,430 | 930 | (2,106) | 1,537 | 1,222 | 2,164 | 2,310 | 22,646 |
| Consumption/Use Taxes | 370 | 374 | 489 | 405 | 382 | 496 | 755 | 696 | 880 | 752 | 625 | 805 | 7,029 |
| Business Taxes | 1,160 | 111 | 3,204 | 262 | (34) | 3,426 | (107) | 140 | 4,260 | 162 | 193 | 4,580 | 17,357 |
| Other Taxes | 129 | 127 | 124 | 135 | 160 | 402 | 274 | 66 | 67 | 68 | 65 | 65 | 1,682 |
| Total Taxes | 9,019 | 1,976 | 5,912 | 2,348 | 2,302 | 6,754 | 1,852 | (1,204) | 6,744 | 2,204 | 3,047 | 7,760 | 48,714 |
| Abandoned Property | 1 | 0 | 0 | 0 | 10 | 100 | 30 | 130 | 0 | 30 | 10 | 139 | 450 |
| ABC License Fee | 5 | 6 | 6 | 5 | 6 | 6 | 6 | 5 | 6 | 6 | 5 | 7 | 69 |
| Investment Income | 7 | 12 | 27 | 37 | 53 | 69 | 92 | 30 | 18 | 10 | 5 | 3 | 363 |
| Licenses, Fees, etc. | 41 | 72 | 74 | (13) | 88 | 53 | 73 | 25 | 35 | 25 | 30 | 26 | 529 |
| Motor Vehicle Fees | 18 | 26 | 35 | 14 | 36 | 13 | 5 | 15 | 17 | 18 | 16 | 25 | 238 |
| Reimbursements | 114 | (12) | 66 | (39) | (47) | 131 | (34) | 0 | (25) | (20) | (10) | (54) | 70 |
| Extraordinary Settlements | 0 | 0 | 0 | 0 | 30 | 0 | 0 | 80 | 0 | 0 | 0 | 0 | 110 |
| Other Transactions | 12 | (3) | 8 | 80 | 12 | 66 | 34 | 13 | 60 | 15 | 8 | 61 | 366 |
| Total Miscellaneous Receipts | 198 | 101 | 216 | 84 | 188 | 438 | 206 | 298 | 111 | 84 | 64 | 207 | 2,195 |
| Federal Receipts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,350 | 2,350 |
| PIT in Excess of Revenue Bond Debt Service | 7,361 | 1,328 | 2,097 | 1,346 | 1,056 | 2,327 | 930 | (2,105) | 1,106 | 411 | 381 | 2,360 | 18,598 |
| PTET in Excess of Revenue Bond Debt Service | 91 | (24) | 1,390 | (24) | 44 | 1,681 | (328) | 75 | 2,318 | 20 | 138 | 2,118 | 7,499 |
| 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 | 311 | 327 | 438 | 345 | 335 | 442 | 0 | 0 | 0 | 0 | 0 | 0 | 2,198 |
| Sales Tax in Excess of Revenue Bond Debt Service | 504 | 529 | 755 | 569 | 548 | 863 | 577 | 525 | 711 | 566 | 470 | 727 | 7,344 |
| Real Estate Taxes in Excess of CW/CA Debt Service | 142 | 130 | 118 | 143 | 113 | 107 | 103 | 64 | 58 | 69 | 59 | 51 | 1,157 |
| All Other | 250 | 115 | 170 | 165 | 99 | 377 | 88 | 132 | 164 | 156 | 201 | (2,347) | (430) |
| Total Transfers from Other Funds | 8,659 | 2,405 | 4,968 | 2,544 | 2,195 | 5,797 | 1,370 | (1,309) | 4,359 | 1,225 | 1,249 | 2,911 | 36,373 |
| TOTAL RECEIPTS | 17,876 | 4,482 | 11,096 | 4,976 | 4,685 | 12,989 | 3,428 | (2,215) | 11,214 | 3,513 | 4,360 | 13,228 | 89,632 |
| **DISBURSEMENTS:** | | | | | | | | | | | | | |
| School Aid | 1,329 | 4,091 | 1,664 | 294 | 587 | 1,685 | 687 | 1,800 | 2,425 | 812 | 944 | 9,473 | 25,791 |
| Higher Education | 60 | 13 | 545 | 112 | 52 | 167 | 499 | 28 | 230 | 37 | 515 | 806 | 3,064 |
| All Other Education | 48 | 242 | 134 | 537 | 112 | 45 | 50 | 373 | 263 | 78 | 107 | 534 | 2,523 |
| Medicaid - DOH | 2,017 | 2,011 | 1,118 | 1,510 | 1,794 | 861 | 2,317 | 1,940 | 1,588 | 2,325 | 1,257 | 188 | 18,926 |
| Public Health | 43 | 74 | 38 | 38 | 122 | 46 | 32 | 59 | 68 | 73 | 69 | 194 | 856 |
| Mental Hygiene | 17 | 71 | 1,234 | 44 | 34 | 1,031 | 133 | 98 | 931 | 227 | 594 | 920 | 5,334 |
| Children and Families | 8 | 44 | 177 | 197 | 180 | 201 | 63 | 111 | 255 | 143 | 111 | 251 | 1,741 |
| Temporary & Disability Assistance | 90 | 178 | 139 | 215 | 211 | 138 | 178 | 301 | 295 | 270 | 252 | 359 | 2,626 |
| Transportation | 0 | 33 | 19 | 0 | 32 | 0 | 0 | 33 | 13 | 0 | 20 | 1 | 151 |
| Unrestricted Aid | 0 | 12 | 388 | 0 | 0 | 119 | 9 | 9 | 194 | 9 | 9 | 76 | 825 |
| All Other | 34 | (44) | (73) | 167 | 333 | 65 | 128 | 163 | 177 | 151 | 589 | 1,587 | 3,277 |
| Total Local Assistance | 3,646 | 6,725 | 5,383 | 3,114 | 3,457 | 4,358 | 4,096 | 4,915 | 6,439 | 4,125 | 4,467 | 14,389 | 65,114 |
| Personal Service | 740 | 695 | 867 | 714 | 905 | 716 | 801 | 765 | 938 | 844 | 853 | 1,643 | 10,481 |
| Non-Personal Service | 149 | 225 | 247 | 161 | 225 | 231 | 212 | 274 | 292 | 287 | 304 | 156 | 2,763 |
| Total State Operations | 889 | 920 | 1,114 | 875 | 1,130 | 947 | 1,013 | 1,039 | 1,230 | 1,131 | 1,157 | 1,799 | 13,244 |
| General State Charges | 780 | 2,000 | 357 | 442 | 489 | 468 | 589 | 397 | 517 | 536 | 955 | 1,136 | 8,666 |
| Debt Service | 112 | 0 | 0 | 43 | 0 | (2) | 5 | 0 | 0 | 155 | (10) | (13) | 290 |
| Capital Projects | (612) | (176) | 171 | 348 | 222 | (27) | 792 | 58 | 1,096 | 971 | 849 | 666 | 4,358 |
| SUNY Operations | 223 | 286 | 326 | 213 | 61 | 10 | 13 | 199 | 26 | 21 | 22 | 108 | 1,508 |
| Other Purposes | 198 | 109 | 259 | 39 | 95 | 172 | 130 | 96 | 69 | 48 | 23 | 763 | 2,001 |
| Total Transfers to Other Funds | (79) | 219 | 756 | 643 | 378 | 153 | 940 | 353 | 1,191 | 1,195 | 884 | 1,524 | 8,157 |
| TOTAL DISBURSEMENTS | 5,236 | 9,864 | 7,610 | 5,074 | 5,454 | 5,926 | 6,638 | 6,704 | 9,377 | 6,987 | 7,463 | 18,848 | 95,181 |
| Excess/(Deficiency) of Receipts over Disbursements | 12,640 | (5,382) | 3,486 | (98) | (769) | 7,063 | (3,210) | (8,919) | 1,837 | (3,474) | (3,103) | (5,620) | (5,549) |
| **CLOSING BALANCE** | 45,693 | 40,311 | 43,797 | 43,699 | 42,930 | 49,993 | 46,783 | 37,864 | 39,701 | 36,227 | 33,124 | 27,504 | 27,504 |

Source: NYS DOB.