NEW YORK STATE
ANNUAL INFORMATION STATEMENT

June 29, 2022

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INTRODUCTION

This Annual Information Statement (AIS) is dated June 29, 2022, and contains information only through that date. This AIS constitutes the official disclosure regarding the financial position of the State of New York (the "State") and related matters and replaces the AIS dated June 8, 2021 and all updates and supplements issued in connection therewith. This AIS is scheduled to be updated on a quarterly basis and may be supplemented from time to time as developments warrant. This AIS, including the Exhibits attached hereto, should be read in its entirety, together with any updates and supplements that may be issued during the fiscal year.

In this AIS, readers will find:

1. Information on the State's current financial projections, including summaries and extracts from the State's fiscal year 2023 (FY 2023)[1] Enacted Budget Financial Plan (the "Financial Plan") issued by the Division of the Budget (DOB) in May 2022. The Financial Plan sets forth the State's official financial projections for FY 2023 through FY 2027 ("the Financial Plan period"). It includes, among other things, information on the major components of the FY 2023 General Fund gap-closing plan, future potential General Fund budget gaps, multi-year projections of receipts and disbursements in the State's operating funds, the impact on debt measures, and the anticipated debt issuances required to support the planned capital spending. While the disclosure contained in this AIS is derived from the Financial Plan, this AIS contains certain updates to information set forth in the Financial Plan which are not deemed by DOB to materially change the projections contained in the Financial Plan. DOB next expects to update the State's multi-year financial projections in July 2022 with the first quarterly update to the 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) operating results for the three prior fiscal years (presented on a cash basis of accounting), (b) the State's revised economic forecast and a profile of the State economy, (c) the State's debt and other financing activities, (d) the organization of State government, and (e) 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.

[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.

DOB is responsible for preparing the State's Financial Plan and presenting the information that appears in this AIS on behalf of the State. In preparing this AIS, 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.

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. Investors and other market participants should, however, refer to this AIS, 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 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 actual 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.

Note that all FY 2022 financial results contained within this AIS are unaudited and preliminary. The annual independent audit of the State's Basic Financial Statements for the fiscal year ending March 31, 2022 is expected to be completed by July 29, 2022. Both the Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting and the State's Basic Financial Statements are due by July 29, 2022. These reports will contain the final FY 2022 financial results. Copies may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236. The Basic Financial Statements for FY 2021 are available in electronic form at www.osc.state.ny.us and at www.emma.msrb.org.

In addition to regularly scheduled quarterly updates to this AIS, the State may issue AIS supplements or other disclosure notices related to this 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 this AIS in official statements or related disclosure documents for State or State-supported debt issuances. The State has filed this AIS with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. An electronic copy of this AIS can be accessed through EMMA at www.emma.msrb.org. An official copy of this AIS may be obtained by contacting the New York State Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 474-2302.

Usage Notice

This AIS 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 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 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.

Neither this AIS 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 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 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: the General Fund; State Special Revenue Funds, which receive certain dedicated taxes, fees, and other revenues used for specified purposes; Federal Special Revenue Funds, which receive certain Federal grants; State and Federal Capital Projects Funds, which account for costs incurred in the construction, maintenance, and rehabilitation of roads, bridges, prisons, university facilities, and other infrastructure projects; and Debt Service Funds, which account for the payment of principal, interest, and related expenses for debt issued by the State and on the State's behalf by its public authorities.

The State's **General Fund** receives most State taxes and all income not earmarked for a specified program or activity. State law requires the Governor to submit, and the Legislature to enact, a General Fund Budget that is balanced on a cash basis of accounting. The State Constitution and State Finance Law do not provide a precise definition of budget balance. In practice, the General Fund is considered balanced if sufficient resources are, or are expected to be, available during the fiscal year for the State to: (a) make all planned payments, including Personal Income Tax (PIT) refunds, without the issuance of deficit notes or bonds, or extraordinary cash management actions; (b) restore the balances in the Tax Stabilization Reserve Fund and the Rainy Day Reserve Fund (collectively, the "Rainy Day Reserves") to levels at or above those on deposit when the fiscal year began; and (c) maintain other reserves, as required by law. For purposes of calculating budget balance, the General Fund includes transfers to and from other funds.

The General Fund is the sole financing source for the School Tax Relief (STAR) fund and is typically the financing source of last resort for the State's other major funds, including the Health Care Reform Act (HCRA) funds, the Dedicated Highway and Bridge Trust Fund (DHBTF), and the Lottery Fund. Therefore, General Fund projections account for any estimated funding shortfalls in these funds. Since the General Fund is required by law to be balanced, the focus of the State's budgetary and gap-closing discussion in the Financial Plan is generally weighted toward the General Fund.

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[2] State Finance Law also requires DOB to prepare a pro forma Financial Plan using, to the extent practicable, Generally Accepted Accounting Principles (GAAP). The GAAP-basis Financial Plan is informational only. DOB does not use it as a benchmark for 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 OSC in preparation of the audited Basic Financial Statements, but there can be no assurance that the pro forma GAAP financial plan conforms to all GAAP principles.

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

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

State Operating Funds is a broader measure of spending on operations (as distinct from capital purposes) that is funded with State resources. It includes financial activity in the General Fund, as well as State-funded Special Revenue Funds and Debt Service Funds (spending from Capital Projects Funds and Federal Funds is excluded). As significant financial activity occurs in funds outside the General Fund, the State Operating Funds perspective is, in DOB’s view, a more comprehensive measure of operations funded with State resources (e.g., taxes, assessments, fees and tuition). The State Operating Funds perspective eliminates certain distortions in operating activities that may be caused by, among other things, the State's complex fund structure and the transfer of money between funds. For example, the State funds its share of the Medicaid program from both the General Fund and State Special Revenue Funds. The State Operating Funds perspective captures Medicaid disbursements from both fund types, giving a more complete accounting of State-funded Medicaid disbursements. Accordingly, projections often emphasize the State Operating Funds perspective.

The Financial Plan projections reflect certain actions that have affected, or are intended to affect, the amount of annual spending reported on a State Operating Funds basis. Such actions include but are not limited to: (a) payment of certain operating costs using available resources outside the State Operating Funds basis of reporting; and (b) reclassification as Enterprise Funds of certain activities in which goods or services are provided to the public for a fee. If these or other transactions are not executed or reported in a manner consistent with DOB’s interpretation of the legislation and legislative intent, annual spending growth in State Operating Funds would be higher than projections.

The State also reports disbursements and receipts activity for **All Governmental Funds** (All Funds), which includes spending from Capital Projects Funds and Federal Funds, in addition to State Operating Funds. The All Funds basis is the most comprehensive view of the cash-basis financial operations of the State.

Differences may occur from time to time between DOB's 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 certain Financial Plan information for FY 2022 and FY 2023.

FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES (millions of dollars)		
	FY 2022 Actuals	FY 2023 Projected
State Operating Funds Disbursements		
Size of Budget	$117,404	$122,741
Annual Growth	12.7%	4.5%
Other Disbursement Measures		
General Fund (Including Transfers)[1]	$88,918	$96,103
Annual Growth	20.0%	8.1%
Capital Budget (Federal and State)	$14,704	$17,360
Annual Growth	19.2%	18.1%
Federal Operating Aid	$77,231	$82,088
Annual Growth	10.3%	6.3%
All Funds	$209,339	$222,189
Annual Growth	12.2%	6.1%
Inflation (CPI)	6.2%	6.1%
All Funds Receipts		
Taxes[2]	$104,706	$107,456
Annual Growth	27.1%	2.6%
Miscellaneous Receipts	$27,932	$27,107
Annual Growth	-9.2%	-3.0%
Federal Receipts (Operating and Capital)	$95,307	$87,786
Annual Growth	22.0%	-7.9%
Total All Funds Receipts[2]	$227,945	$222,349
Annual Growth	19.2%	-2.5%
General Fund Cash Balance	$33,053	$25,256
Rainy Day Reserves	$3,319	$6,468
Economic Uncertainties	$5,665	$7,570
Extraordinary Monetary Settlements	$1,837	$1,544
Timing of PTET/PIT Credits	$16,430	$6,342
Reserve for Pandemic Assistance	$2,000	$0
All Other	$3,802	$3,332
Debt		
Debt Service as % All Funds Receipts[2]	5.2%	3.6%
State-Related Debt Outstanding	$61,966	$67,628
Debt Outstanding as % Personal Income	4.1%	4.5%

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.

Overview

The FY 2023 Budget Process

The Governor submitted the FY 2023 Executive Budget, with amendments, to the Legislature on February 17, 2022. The Executive Budget Financial Plan provided for balanced General Fund operations in each year of the Financial Plan. Spending growth in State Operating Funds was estimated at 3.2 percent. The FY 2023 Executive Budget proposed initiatives intended to advance the State's recovery from the COVID-19 pandemic, including tax relief for individuals and small businesses; investments to improve health care access, quality, and affordability; wage increases for workers in the health, mental health, and social services sectors; rate increases for service providers; and funding increases for a range of other essential services. In addition, the Financial Plan included a $2 billion reserve funded from FY 2022 operations that was intended to finance additional pandemic relief initiatives in FY 2023 (the "pandemic reserve"). It was expected that the uses of the pandemic reserve would be negotiated with the Legislature as part of the budget process.

On March 1, 2022, the Director of the Budget and the secretaries of the Senate Finance Committee and Assembly Ways and Means Committee issued a joint report containing a consensus forecast for the economy and projections of certain receipts for the current and ensuing fiscal years. In the report, the parties agreed that total receipts would exceed the Executive Budget forecast in the range of $800 million to $1.2 billion over a two-year period (FYs 2022 and 2023).

On March 29, 2022, the Legislature enacted the annual debt service appropriations, without amendment, in advance of the new fiscal year that began on April 1. In the following days, the Governor and Legislative leaders reached agreement on the outlines of the budget for FY 2023, with the Legislature completing final action on the budget bills on April 9, 2022. The Governor completed her review of the budget bills on April 21, 2022.

Since enactment of the FY 2023 Budget, the Legislature has passed several bills that, if approved by the Governor, could result in significant new costs to the General Fund in FY 2023 and future years. The bills are expected to be sent to the Governor for her consideration in the coming months. DOB will reflect the fiscal impact of bills that are approved by the Governor in future updates to the Financial Plan.

The State also recently reached an agreement with the Civil Service Employees Association (CSEA) for a five-year term covering FY 2022 - FY 2026, which is subject to ratification by the membership. The agreement provides annual 2 percent salary increases in FY 2022 and FY 2023, and annual 3 percent salary increases in FY 2024 through FY 2026, as well as other compensation and is partly offset by health insurance benefit design changes. The State expects to allocate the reserve for labor settlements and agency operations previously set aside for this purpose following ratification. There can be no assurance that amounts informally reserved in the Financial Plan for labor settlements and agency operations will be sufficient to fund the cost of future labor contracts with other bargaining units.

Summary of Revisions to the Executive Budget Proposal

DOB estimates that the budget enacted by the Legislature and approved by the Governor is balanced in FY 2023, as required by law. In addition, the multi-year Financial Plan shows no budget gaps through FY 2027, with available resources generated from operations in FY 2022, and, to a lesser extent, expected to be generated in FY 2023, allocated over multiple years to eliminate the budget gaps that would otherwise have occurred in FYs 2024 through 2027. Without the application of FY 2022 and FY 2023 resources, the Financial Plan would show budget gaps starting in FY 2024. The following table summarizes revisions to the multi-year projections that were contained in the Executive Budget Financial Plan. A more detailed table of the revisions appears in the section entitled, "FY 2023 General Fund Financial Plan."

FY 2023 GENERAL FUND FINANCIAL PLAN
REVISIONS TO EXECUTIVE BUDGET ESTIMATES: SAVINGS/(COSTS)
(millions of dollars)

	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE	**0**	**0**	**0**	**0**	**0**
Negotiated Changes	**(91)**	**(972)**	**(2,056)**	**(2,140)**	**(2,251)**
Adds:	(4,761)	(2,258)	(2,355)	(2,582)	(2,693)
Spending	(3,627)	(2,178)	(2,185)	(2,426)	(2,519)
Recurring	(953)	(2,003)	(2,123)	(2,363)	(2,456)
Non-Recurring	(2,222)	(25)	0	0	0
Table Adds	(311)	(31)	(27)	(28)	(28)
Restorations	(141)	(119)	(35)	(35)	(35)
Revenue	(1,134)	(80)	(170)	(156)	(174)
Available Resources/Offsets	4,670	1,286	299	442	442
Other Revisions	**91**	**972**	**2,056**	**2,140**	**2,251**
Revenue/Expenditure Forecast	882	(338)	(154)	(145)	(193)
Debt Service Prepayments	(2,000)	1,130	1,880	1,880	1,860
Advances/Reimbursable Expenses	1,209	180	330	405	584
ENACTED SURPLUS/(GAP) ESTIMATE	**0**	**0**	**0**	**0**	**0**

Negotiated Changes

The budget agreement authorized an estimated $4.76 billion in additions to the General Fund compared to the FY 2023 Executive Budget Financial Plan, consisting of $3.6 billion in new spending and $1.1 billion in tax relief. The new costs are funded by the pandemic assistance reserve funded from FY 2022 operations ($2 billion), the higher tax receipts attributable to the consensus revenue agreement ($1.2 billion), health care savings from FY 2022 ($800 million) and Federal aid available for eligible health care and childcare investments ($650 million).

The additions to the General Fund consist of recurring and non-recurring costs. Recurring additions carry an estimated cost of $1.1 billion in FY 2023, annualizing to $2.8 billion in the out-years of the plan. Initiatives that drive recurring costs include a $3 increase in the minimum wage for home health care workers, additional funding for full-day prekindergarten, and expanded eligibility for childcare services. In addition, the final budget agreement included the restoration (i.e., rejection) of several Executive Budget savings proposals in the areas of health care and education.

Non-recurring additions are estimated at $3.6 billion in FY 2023. The largest additions include emergency rental assistance (State-share: $800 million); aid to hospitals in financial distress ($800 million); a temporary suspension of certain fuel taxes and an accompanying "hold harmless" provision for dedicated transportation funds ($609 million); aid to address utility arrears ($250 million); a one-time increase in the Earned Income Tax Credit (EITC) and Empire State Child Credit (ESCC) ($475 million); and emergency aid to homeowners and landlords ($125 million).[3] In addition, nearly all the discretionary additions for individual program areas ("table adds") are not continued after FY 2023.

Other Revisions

Outside of the negotiated changes outlined above, DOB has made other revisions to the Executive Budget Financial Plan based on FY 2022 results, tax collections through April 2022, and updated economic data.

Revisions to the revenue and expense forecast result in savings in FY 2023 and modest cost increases in the outyears of the plan. Tax receipts have increased in comparison to the Executive Budget forecast, based mainly on the strength of business tax collections through April 2022. While the PIT performed better than expected through April, DOB is making no changes to any of the components at this time (except for the timing of PIT refunds originally expected to be made in March 2022 and now expected in FY 2023). It has determined that instability in the financial markets and the growing risk of an economic downturn call for a wait-and-see approach. Disbursements have been lowered in FY 2023, due mainly to the extension of enhanced FMAP through September 2022 (reduced by the costs of compliance with Federal rules for receiving the enhanced rate).

Lastly, revisions have been made to reflect the management of surplus resources generated in FY 2022 and used to help maintain balanced operations through FY 2027. DOB estimates that, absent the execution of prepayments and management of reimbursements and advances, the General Fund would have ended FY 2022 with a cash balance that was $10.5 billion higher than the Executive Budget estimate. This reflected both stronger receipts ($5.8 billion) and lower disbursements ($4.7 billion). Actions were taken at the close of FY 2022 to allocate $7.5 billion of the unplanned cash resources to help ensure the General Fund would remain in balance through FY 2027. The actions consisted of the prepayment of debt service due in future years and the management of advances and reimbursements. The remaining balance of $3 billion accrued to the General Fund closing balance, and has been programmed for use in FY 2023 and later.

[3] Please see "General Fund – Changes to the Executive Budget" for an itemized summary of changes.

Reserves

The Financial Plan maintains all of the planned deposits and set asides to principal reserves that were proposed in the FY 2023 Executive Budget.[4] No funds were diverted to fund any negotiated changes. Planned deposits of $15.4 billion through FY 2025 will bring the balance in principal reserves to just under $19.5 billion. The annual deposits total $5 billion in FY 2022 (completed), $5 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 has been adjusted to reflect the new allowable balance and deposit authorization for the Rainy Day Reserve, as discussed below. The total has not changed.

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

	FY 2022	FY 2023	FY 2024	FY 2025
Planned Deposits (Uses)	**5,018**	**5,054**	**2,448**	**2,925**
Rainy Day Reserves	843	3,149	3,308	3,494
Economic Uncertainties	4,175	1,905	(860)	(569)
Balance At Year-End	**8,984**	**14,038**	**16,486**	**19,411**
Rainy Day Reserves	3,319	6,468	9,776	13,270
Economic Uncertainties	5,665	7,570	6,710	6,141
Estimated SOF Spending	**117,404**	**122,741**	**123,686**	**129,078**
Principal Reserves % SOF	*7.7%*	*11.4%*	*13.3%*	*15.0%*

The Legislature also approved two changes that will 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 from 0.75 percent to 3 percent of General Fund spending. In addition, the maximum annual deposit to the Retiree Health Benefits Trust was raised from 0.5 percent to 1.5 percent of the actuarial accrued liability ($75.8 billion at last valuation).

The FY 2023 Enacted Budget Financial Plan also maintains $6 billion for Pay-As-You-Go (PAYGO) capital funding, as proposed in the Executive Budget. Most of the PAYGO funding is expected to be used to avoid taxable bond issuances, which typically have higher interest expense and amortize over a shorter period than the State's tax-exempt bonds.

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[4] 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 from the American Rescue Plan (ARP) is expected to be used over four years (FY 2022-FY 2025). No changes have been made to the 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.

Impact of Budget Agreement on State Spending

State Operating Funds spending is estimated at $122.7 billion in FY 2023, an increase of 4.5 percent over FY 2022 results of $117.4 billion[5]. Spending is $3.8 billion higher than the $118.9 billion estimated in the FY 2023 Executive Budget. The increase includes the allocation of the one-time pandemic recovery reserve and other negotiated spending additions, as well as the planned $2 billion payment in future debt service costs.

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[5] State Operating Funds results for FY 2022 were $2.2 billion higher than the Executive Budget forecast and reflect the prepayment of expenses due in future years.

FY 2023 Enacted Budget Financial Plan Summary of Actions and Revisions Compared to Baselevel Projections

The following table summarizes the impact of the FY 2023 Enacted Budget actions on General Fund operations, starting with the baselevel projections.[6] It is followed by a summary of the significant actions with an emphasis on the projected fiscal impact for FY 2023.

[6] The baselevel projections, which were done in January 2022, represent the projected surpluses and gaps before any changes proposed by the Governor or enacted by the Legislature.

FY 2023 GENERAL FUND FINANCIAL PLAN SAVINGS/(COSTS) (millions of dollars)	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
"BASE" BUDGET SURPLUS/(GAP) ESTIMATE	**6,514**	**5,363**	**5,534**	**2,966**	**4,070**
Receipts	**(5,931)**	**165**	**1,440**	**2,442**	**2,295**
Tax Receipts[1]	(3,574)	(1,044)	(481)	(129)	(543)
Homeowner Tax Rebate Credit	(2,200)	0	0	0	0
Middle Class Tax Cut Acceleration	(162)	(615)	(360)	(44)	0
Small Business Tax Relief Credit	(100)	(100)	(100)	(100)	(100)
Small Business Tax Relief Credit for COVID-19	0	(250)	0	0	0
NYC Musical & Theatrical Credit Extension	0	(100)	0	0	0
Fuel Taxes Suspension	(297)	0	0	0	0
EITC/Empire State Child Credits Advance	(475)	0	0	0	0
Forecast Revisions/Other	(340)	21	(21)	15	(443)
Payment of Future Debt Service	(2,000)	1,130	1,880	2,380	2,860
Other Receipts/Transfers	(357)	79	41	191	(22)
Disbursements	**(5,469)**	**(7,039)**	**(7,925)**	**(6,066)**	**(6,367)**
Local Assistance	(4,200)	(3,122)	(4,793)	(5,629)	(6,169)
Education	(444)	(724)	(865)	(889)	(912)
Medicaid[2]	(1,408)	387	(76)	(893)	(1,700)
eFMAP Extension through September 30, 2022	1,870	0	0	0	0
Healthcare/Direct Care Worker Bonus	(1,140)	0	0	0	0
Home Care Wages	(363)	(965)	(1,233)	(1,315)	(1,402)
Home Care Wages HCBS Waiver	363	702	0	0	0
Public Health/Aging[2]	(327)	(262)	(248)	(248)	(247)
Human Services/Mental Hygiene COLA	(256)	(256)	(256)	(256)	(256)
Mental Hygiene [2]	6	(1,079)	(374)	(364)	(354)
Social Welfare[2]	(1,415)	(250)	(1,002)	(1,003)	(1,003)
Economic Development	(382)	(141)	(84)	(79)	(79)
Higher Education	(300)	(316)	(268)	(262)	(262)
Public Safety	(168)	(131)	(131)	(131)	(131)
All Other	(236)	(87)	(256)	(189)	177
Agency Operations, including GSCs	(42)	(752)	(755)	(552)	(571)
Healthcare/Direct Care Worker Bonus	(121)	0	0	0	0
Executive Agencies	(91)	(725)	(725)	(516)	(533)
Non-Executive Agencies	(118)	(123)	(128)	(133)	(139)
Fringe Benefits/Fixed Costs	288	96	98	97	101
Transfers to Other Funds	(1,227)	(3,165)	(2,377)	115	373
Capital Projects/PAYGO Capital	(533)	(2,672)	(2,425)	160	321
SUNY Operating	(152)	(119)	(86)	(86)	(86)
Fuel Taxes Suspension	(312)	0	0	0	0
All Other	(230)	(374)	134	41	138
Use of/(Deposit to) Reserves[1]	**4,886**	**1,511**	**951**	**658**	**2**
Pandemic Assistance	2,000	0	0	0	0
Prior Year Resources	1,920	543	375	0	0
Debt Management	1,000	1,000	1,000	860	0
Other Reserves	(34)	(32)	(424)	(202)	2
ENACTED BUDGET SURPLUS/(GAP) ESTIMATE	**0**	**0**	**0**	**0**	**0**

[1] Excludes revisions to taxes and reserves related to the Pass Through Entity Tax Program that total $1 billion in FY 2023, $115 million in FY 2024, $399 million in FY 2025, $1.4 billion in FY 2026, and $410 million in FY 2027. These revisions have no net impact on operations.

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

Receipts

Tax Receipts. The FY 2023 Enacted Budget Financial Plan reflects the following tax actions and revisions:

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

- **Middle-Class Tax Credit Acceleration.** The middle-class tax cut, which began in 2018 and was scheduled to be fully phased in by 2025, will now be fully phased in by 2023.

- **Small Business Tax Relief Credit.** The FY 2023 Enacted Budget provides recurring tax relief to businesses through a revision to the income exclusion and expands the benefit to include pass-through entities with less than $1.5 million in New York-source gross income.

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

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

- **Fuel Taxes Suspension**. The FY 2023 Enacted Budget suspends the motor fuel tax ($0.08/gallon), the State sales tax ($0.08/gallon), and the Metropolitan Commuter Transportation District (MCTD) sales tax ($0.0075/gallon) imposed on the sale and use of gasoline and highway diesel from June through December 2022. In addition to the $297 million forgone State tax collections, the State will replace all revenue that otherwise would have been expected to be deposited in dedicated transportation funds. The replacement revenue, which is calculated at $312 million, will be transferred from the General Fund to the dedicated transportation funds monthly.

- **Tax Credit Advances**. EITC recipients will receive a one-time supplemental payment equal to 25 percent of the EITC or Noncustodial Parent EITC claimed for tax year 2021, provided the benefit is at least $25. ESCC recipients will receive a one-time supplemental payment of between 25 and 100 percent of the ESCC claimed for tax year 2021, provided the benefit is at least $25.

- **Forecast Revisions**. Based on results through April 2022 and the updated economic forecast, DOB has increased the FY 2023 tax receipts forecast by $428 million mainly attributable to increased business and other tax collections. In addition, tax year 2021 refund payments released in March 2022 fell short of the $3 billion refund cap by approximately $620 million due to a lack of refund inventory. These refunds, which had been planned to be paid in FY 2022, are expected to be paid in FY 2023.

- **Other.** The FY 2023 Enacted Budget also increases and extends existing tax credits, including credits for low-income housing, clean energy, and the employment of youth, veterans, and restaurant staff. It also includes new tax credits to farmers to support and sustain food production.

Debt Service. Payment of future debt service costs executed in FY 2022 and planned in FY 2023 will reduce costs in later years of the Financial Plan period.

Other Receipts/Transfers. Debt service costs are revised to reflect the cost of funding capital adds and initiatives, partially offset by savings expected from paying cash for capital projects that would otherwise have been funded with taxable debt. In addition, the State expects to receive $100 million in penalties over three years (FY 2022 through 2024) from Mashreqbank, PSC ("Mashreqbank") pursuant to a Consent Order with the New York State Department of Financial Services (DFS). The FY 2023 Enacted Budget adds these funds to the Reserve for Economic Uncertainties, consistent with prior large settlements. The FY 2023 Enacted Budget also includes reductions to certain planned transfers due to the availability of revenues in other funds that have been earmarked to support new investments.

Disbursements

Local Assistance

Education. The FY 2023 Enacted Budget includes $31.4 billion in State aid to school districts for School Year (SY) 2023, an increase of $2.1 billion (7.2 percent). Including Federal prekindergarten expansion grants, districts will receive $31.5 billion. This growth primarily reflects a $1.5 billion (7.7 percent) Foundation Aid increase as part of the second year of the three-year phase-in of full funding of the current Foundation Aid formula, including a 3 percent minimum annual increase to fully funded districts that would otherwise not receive a Foundation Aid increase under current law. The FY 2023 Enacted Budget also increases the State's annual support for three- and four-year-old prekindergarten to $975 million in SY 2023 from $842 million in SY 2022, including a new $125 million investment in programming for four-year-olds.

The Financial Plan assumes an 11 percent cost-of-living adjustment (COLA) for SY 2023 provider tuition rates paid to special education providers that will be partially reimbursed by the State. The FY 2023 Enacted Budget also increases funding for public broadcasting, independent living centers, public libraries, and opportunity programs.

Medicaid. The FY 2023 Enacted Budget implements a new Global Cap index that is based on the five-year rolling average of the Centers for Medicare & Medicaid Services (CMS) annual projections of health care spending. The new index would account for enrollment and changes in specific populations, which are significant drivers of costs. The index increases allowable Medicaid spending growth by $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 FY 2023 Enacted Budget includes a restoration of the 1.5 percent across-the-board (ATB) reduction to fee-for-service providers implemented in the FY 2021 Enacted Budget, as well as an increase of 1 percent to all provider reimbursement rates. The increased rates recognize growth in service costs. Increased funding is also included for hospitals, nursing homes and other organizations. The FY 2023 Enacted Budget also includes $800 million for several groups of hospitals to support operating needs in the aftermath of the pandemic.

eFMAP Extension. On April 16, 2022, the Federal government extended the public health emergency (PHE) through July 15, 2022, which will authorize the eFMAP provisions through September 2022, the end of the quarter in which the emergency period is set to expire. The extension is expected to provide an additional $1.9 billion in resources, increasing the total projected benefit in FY 2023 to nearly $2.1 billion. The extension of the PHE (and eFMAP) is accompanied by 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. These costs are estimated to total $935 million over two years (FY 2023 and FY 2024).

Bonus for Healthcare and Direct Care Workers. Healthcare and direct workers earning less than $125,000 will receive a State-funded bonus payment of up to $3,000 in FY 2023. The amount of the bonus will be based on hours worked and length of time in service. State employees in comparable titles will receive bonuses, as well. The total State cost is estimated at $1.3 billion ($1.1 billion for non-State employees; $121 million for State employees).

Home Care Wage Increase. The minimum wage for home health workers and personal care aides will be increased by $3 over two years, with a $2.00 increase on October 1, 2022 and a $1.00 increase on October 1, 2023. Federal aid available through the Home Care and Community Based Waiver program is expected to offset the State cost of the increase in full in FY 2023 and in part in FY 2024.

Public Health/Aging. The FY 2023 Enacted Budget adds funding for public health programs including various health workforce initiatives; Nourish New York; investment in local health departments through enhanced reimbursement via the General Public Health Work (GPHW) program for all counties including New York City; emergency management services; and opioid overdose and harm reduction programs.

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

Mental Hygiene. Funding is included for Office of Mental Health (OMH) residential programs and establishment of Critical Time Intervention (CTI) teams of mental health professionals to direct homeless individuals to services and housing. The budget also provides funding to implement a 988 crisis hotline, enhance crisis response services for children and families, and reinvest recoupments from managed care organizations for behavioral health services. In addition, prevention, treatment, and recovery efforts to reduce the opioid epidemic's toll are being funded outside of the General Fund. Moneys to support increased housing costs and develop new housing opportunities for people with developmental disabilities are also included.

Social Welfare. Funding is provided to increase child care subsidies to provide access to 80 percent of providers at the local market rate, expand eligibility for child care subsidies to more families, and increase wages for child care workers. The FY 2023 Enacted Budget also includes time-limited funding to provide relief through the Emergency Rental Assistance Program (ERAP) and Utility Arrears Relief Program to low and moderate-income households at risk of experiencing homelessness or housing instability, and aid for landlords whose tenants have left their rental property or who are unwilling to apply for ERAP.

Economic Development. New or increased investments include one-time grants from Economic Development funds for workforce development, job creation and retention; matching funding for local school districts to create two-year residency programs for graduate-level teacher candidates; expanding alternative teacher certification programs to make it easier and more appealing for professionals in other careers to become teachers; funding for the World University Games, and standardizing and centralizing venture competitions designed to connect startups with investors and help new innovation-sector businesses access funding. In addition, the FY 2023 Enacted Budget authorizes investment in seed funding for new small businesses formed just prior to or during the COVID-19 pandemic to support early stage, micro and small businesses in a recovering New York economy.

Higher Education. The FY 2023 Enacted Budget expands the Tuition Assistance Program (TAP) for part-time students in degree programs and community college students enrolled part-time in high-demand workforce credential programs; grants incarcerated individuals access to TAP; accelerates the FY 2022 Enacted Budget "TAP Gap" funding plan at the City University of New York (CUNY) Senior College campuses; invests in full-time faculty at CUNY and the State University of New York (SUNY); establishes child care centers on SUNY and CUNY campuses; provides one-time funding for strategic initiatives at CUNY and SUNY; and increases funding for higher education opportunity programs and training centers.

Public Safety. Funding is increased for initiatives to reduce gun violence, including gun-tracing efforts, improving crime data collection, violence interrupter programs such as the SNUG street outreach program and intervention programs including job training and community engagement. In addition, the FY 2023 Enacted Budget provides resources to support discovery reform implementation and pretrial services, including $65 million in new investments to discovery that ensure public safety, including system-wide coordination, technology, expanded storage capabilities, and administrative support and $25 million for pretrial services, alternative to incarceration services and reentry programs.

All Other Local Assistance. The FY 2023 Enacted Budget includes funding increases for various programs administered by the Department of Agriculture and Markets, the Liberty Defense program, the Office for the New Americans, transit aid, Commission on Ethics and Lobbying in Government, and local government assistance.

Agency Operations

Executive Agencies. The growth in executive agency budgets reflects increased funding for mental hygiene direct care and clinical staff; expansion of Child and Adolescent Needs and Strengths (CANS) assessments to improve service delivery; updates to technology; and increased costs to administer the Medicaid program. Funding is also provided, as needed, to restore operating capacity in agencies to pre-pandemic levels.

The Financial Plan continues to assume that the Federal government will fully fund the State's direct pandemic response costs, but timing differences between State outlays and the Federal Emergency Management Agency (FEMA) reimbursements will occur. In addition, COVID-19 expenses related to the purchase of test kits for local governments and schools are assumed to be eligible for FEMA reimbursement.

Non-Executive Agencies. The FY 2023 Enacted Budget operational spending estimates reflects budget requests submitted by the Legislature and Judiciary. The Judiciary requested increases in annual operating spending to fund expected hiring, increased health insurance premium payments, three planned Court Officer Academy classes, and the addition of 14 new Supreme Court Judgeships as authorized by Chapter 188 of the Laws of 2021. Spending increases for the Legislature, OSC, and Department of Law mainly reflect projected increases in personal service and technology costs.

Fringe Benefits/Fixed Costs. Lower spending reflects the full payment of the FY 2023 Employees' Retirement System (ERS)/Police and Fire Retirement System (PFRS) pension bills in May 2022, the full repayment in FY 2022 of the State non-Medicare payroll taxes deferred from April-December 2020, and the use of FY 2022 surplus funds that will be used to offset health insurance costs in the later years of the Financial Plan period.

The FY 2023 Enacted Budget also includes legislation to permanently reduce the vesting period for Tier 5 and Tier 6 employees from ten years to five years, and temporarily excludes overtime -- for a two-year period -- from the variable pension contribution rate calculation for Tier 6 members.

Transfer to Other Funds

Capital Projects. The FY 2023 Enacted Budget includes an additional $6 billion in PAYGO capital spending over the Financial Plan period to reduce debt service costs, ensure the State stays within the debt limit, and allow for a larger Department of Transportation (DOT) capital plan. The PAYGO will be targeted to primarily avoid higher cost taxable debt issuances. The increases are offset in part by using funds set aside for debt management, as well as reduced costs resulting from advances executed in FY 2022 that were supported by surplus funds. Other investments include projects to address health and safety at nonpublic school buildings, zero-emission light utility State vehicles by 2035, and various economic development projects. In addition, the State will contribute funding for a new Buffalo Bills stadium in Orchard Park ($418 million from certain payments received in FY 2022 and $182 million in other resources).

SUNY Operations. The FY 2023 Enacted Budget increases the State's subsidy payments to fund additional full-time faculty, provide one-time funding for strategic initiatives at SUNY, offset lost revenue via the TAP and fund various initiatives, including child care centers at all campuses.

Fuel Tax Suspension. The State will replace all tax revenue that otherwise would have been expected to be deposited in dedicated transportation funds. The replacement revenue will be transferred monthly from the General Fund to the dedicated transportation funds.

Other Transfers. The FY 2023 Enacted Budget increases transfers to support the DOT five-year capital plan, recruitment incentives for licensed drivers, and ongoing highway maintenance, as well as the criminal justice improvement account. In addition, the Financial Plan uses the resources that will be set aside in the Health Care Transformation Fund over several years to offset investments in healthcare related to homecare wages.

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)
Enacted Budget 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 collect another $15 billion from PTET and pay $25 billion in 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 $10 billion 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 Enacted Budget Financial Plan

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

GENERAL FUND FINANCIAL PLAN (millions of dollars)				
			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**	**88,306**	**(24,504)**	**-21.7%**
Receipts (Excluding PTET)	96,380	98,394	2,014	2.1%
Taxes	85,301	92,630	7,329	8.6%
Miscellaneous Receipts	2,325	1,768	(557)	-24.0%
Federal Receipts	4,500	2,350	(2,150)	-47.8%
Non-Tax Transfers from Other Funds	4,254	1,646	(2,608)	-61.3%
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**	**96,103**	**7,185**	**8.1%**
Local Assistance	58,384	66,309	7,925	13.6%
State Operations	20,721	21,654	933	4.5%
Transfers to Other Funds	9,813	8,140	(1,673)	-17.0%
Net Change in Operations	**23,892**	**(7,797)**	**(31,689)**	**-132.6%**
Closing Fund Balance	**33,053**	**25,256**	**(7,797)**	**-23.6%**
Statutory Reserves:				
Rainy Day[1]	3,319	6,468	3,149	
Community Projects	26	21	(5)	
Contingency	21	21	0	
Fund Balance Reserved for:				
Labor Settlements/Agency Operations	275	875	600	
Economic Uncertainties	5,665	7,570	1,905	
Debt Management	500	1,355	855	
Reserve for Pandemic Assistance	2,000	0	(2,000)	
Undesignated Fund Balance	2,980	1,060	(1,920)	
Subtotal Excluding Settlements/PTET	**14,786**	**17,370**	**2,584**	
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 $98.4 billion in FY 2023, an increase of $2.0 billion over FY 2022.

Tax receipts, excluding the impact of PTET, but including transfers after payment of debt service, are estimated to total $92.6 billion in FY 2023, an increase of $7.3 billion (8.6 percent) from FY 2022. The increase reflects projected growth in tax receipts and the impact of prepayments of future debt service costs.

PIT receipts, excluding PTET and net of transfers, are estimated to total nearly $64.4 billion in FY 2023, an increase of $4.8 billion (8.1 percent) from FY 2022. The increase reflects the improved economic forecast and the actual and planned prepayments of debt service due in future years. These transactions reduce reported PIT receipts in the fiscal year in which the payments are made and increase PIT receipts in the fiscal years in which the debt service was originally scheduled to be paid. Debt prepayments reduce General Fund PIT receipts by $4.3 billion in FY 2022 and $925 million in FY 2023. Excluding the impact of debt prepayments described above and PTET, PIT receipts grow by 2.3 percent in FY 2023.

Consumption/use tax receipts, including transfers after payment of debt service on Sales Tax Revenue Bonds, are estimated to total $16 billion in FY 2023, an increase of $1.6 billion (10.9 percent) from FY 2022. This includes the impact of the prepayment of debt service in FY 2022, which reduce receipts by $2.25 billion partially offset by a surge in consumption in FY 2022 following the economic impact of the shutdown in the first phase of the pandemic. Base sales tax growth is estimated at 4.1 percent in FY 2023 as the economy continues to recover from the COVID-19 economic downturn.

Business tax receipts, excluding PTET, are estimated at $9.8 billion in FY 2023, an increase of $1.3 billion (15.0 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 $2.5 billion in FY 2023, a decrease of $357 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 $557 million from 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 to provide a hedge against shortfalls. Excluding the risk reserves, total non-tax transfers are estimated at $3.6 billion in FY 2023, a decrease of $608 million from FY 2022. The change is mainly attributable to the large Tribal State Compact Funds receipt in FY 2022.

Disbursements

General Fund disbursements, including transfers to other funds, are expected to total $96.1 billion in FY 2023, an increase of $7.2 billion (8.1 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, recovery assistance to individuals and small businesses, and the expected expiration of the eFMAP that temporarily lowers State spending and increases the Federal share of Medicaid costs.

Local assistance spending is estimated at $66.3 billion in FY 2023, an increase of $7.9 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 $1.1 billion. School Aid and Medicaid, the largest local programs, grew 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 enhanced FMAP in September 2022.

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 ($741 million) for expanded services, increased capacity, and a 5.4 percent human services 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 ($237 million), public protection and safety ($140 million), and other programs including child care, housing, and economic development.

Agency operations costs, including fringe benefits, are expected to total $21.7 billion in FY 2023, an increase of $934 million 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 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 employee health care reserve. In addition, FY 2023 spending includes an offset of $800 million for expected 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 $8.1 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 SUNY ($123 million) and all other transfers ($723 million) mainly for health care, indigent legal services and transportation and transit support.

FY 2023 Closing Balance

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. Excluding PTET activity, DOB estimates the General Fund will end FY 2023 with a balance of $18.9 billion, an increase of $2.3 billion over FY 2022. Principal reserves are expected to increase by $5.1 billion (statutory rainy reserves: $3.1 billion; set aside for economic uncertainties: $1.9 billion). The balance available for other purposes is expected to decline by $2.8 billion, with amounts used to fund both new commitments in the FY 2023 budget and projects financed from extraordinary monetary settlements ($4.2 billion). The use of balances is offset in part by increased set-asides for debt management and labor settlements ($1.5 billion).

Changes to the Executive Budget Financial Plan

The following table summarizes the negotiated changes and other revisions to the FY 2023 Executive Budget Financial Plan.

CHANGES TO THE EXECUTIVE BUDGET FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE	**0**	**0**	**0**	**0**	**0**
NEGOTIATED ADDS	**(91)**	**(972)**	**(2,056)**	**(2,140)**	**(2,251)**
SPENDING RESTORATIONS/ADDS	**(3,627)**	**(2,178)**	**(2,185)**	**(2,426)**	**(2,519)**
Restorations/Modifications:	(141)	(119)	(35)	(35)	(35)
Medicaid	(84)	(84)	0	0	0
Med Mal Payment Delay	(51)	0	0	0	0
Committee on Special Education	0	(29)	(29)	(29)	(29)
Market Based Interest Rate on Judgments	(6)	(6)	(6)	(6)	(6)
Recovery Initiatives:	(2,222)	(25)	0	0	0
Emergency Rental Assistance	(800)	0	0	0	0
Hospital Funding	(800)	0	0	0	0
Utility Arrears	(250)	0	0	0	0
Small Landlord Assistance	(125)	0	0	0	0
All Other	(247)	(25)	0	0	0
New Spending Adds:	(1,264)	(2,034)	(2,150)	(2,391)	(2,484)
Home Care Wage Increase	(363)	(965)	(1,234)	(1,315)	(1,403)
Child Care Access Expansion	(290)	(506)	(291)	(291)	(291)
Distressed Provider Local Intercept Modification	(100)	(100)	(100)	(250)	(250)
Pre-K Expansion	(88)	(213)	(273)	(288)	(297)
Discovery and Pretrial Support	(44)	(47)	(53)	(47)	(44)
Employee Pension Benefit Modification	(29)	(29)	(27)	(27)	(27)
Legislative Table Adds	(311)	(31)	(27)	(28)	(28)
All Other	(39)	(143)	(145)	(145)	(144)
TAX LAW/REVENUE CHANGES	**(1,134)**	**(80)**	**(170)**	**(156)**	**(174)**
Not Accepted:	(43)	(76)	(151)	(151)	(152)
Tax on Vacation Rental Industry	(20)	(40)	(40)	(40)	(40)
All Other	(23)	(36)	(111)	(111)	(112)
Modified/New:	(1,091)	(4)	(19)	(5)	(22)
Fuel Taxes Suspension	(609)	0	0	0	0
EITC/Empire State Child Credits Advance	(475)	0	0	0	0
All Other	(7)	(4)	(19)	(5)	(22)
AVAILABLE RESOURCES/OFFSETS	**4,670**	**1,286**	**299**	**442**	**442**
Pandemic Assistance Reserve	2,000	0	0	0	0
Consensus Revenue Reserve	1,200	0	0	0	0
Health Care Transformation Reserve	0	250	250	250	250
Global Cap Savings/Prior Year Resources	800	100	100	100	100
Federal Offsets/Other	670	936	(51)	92	92
OTHER REVISIONS	**91**	**972**	**2,056**	**2,140**	**2,251**
Tax Receipts Revisions	428	166	225	265	(154)
eFMAP Extension through 9/30/2022	1,124	0	0	0	0
MA Enrollment/MOE Restrictions Due to eFMAP extension	(646)	(289)	0	0	0
Payment of Future Debt Service Costs	(2,000)	1130	1,880	1,880	1,860
GSCs/Health Insurance Prepayments	278	180	180	180	184
Capital Advances/Bond Reimbursable Spending	931	0	150	225	400
All Other	(24)	(215)	(379)	(410)	(39)
ENACTED BUDGET SURPLUS/(GAP) ESTIMATE	**0**	**0**	**0**	**0**	**0**

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 authorizes 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 before the end of December 2022 which mature no later than March 31, 2023. It also allows up to $2 billion in line of credit facilities, which are limited to one year in duration and may 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 Financial Plan does not assume 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 APRIL (ACTUALS)/MAY THROUGH MARCH (PROJECTED) (millions of dollars)			
	General Fund	Other Funds	All Funds
April 2022	45,693	21,428	67,121
May 2022	37,992	21,015	59,007
June 2022	39,998	23,530	63,528
July 2022	37,903	23,496	61,399
August 2022	36,637	22,728	59,365
September 2022	39,122	20,991	60,113
October 2022	33,593	21,634	55,227
November 2022	27,037	20,444	47,481
December 2022	30,214	21,922	52,136
January 2023	30,100	22,000	52,100
February 2023	25,480	25,686	51,166
March 2023	25,256	18,549	43,805

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 made estimated PTET payments totaling $10.2 billion that were classified as business taxes. For FY 2022, receipts totaled $16.4 billion. DOB expects the accompanying tax credits to impact PIT receipts beginning in April 2022, decreasing PIT collections. 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 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. Therefore, the estimates in the 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 is 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 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 ENACTED BUDGET FINANCIAL PLAN 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 total Tax Receipts.

FY 2023 State Operating Funds Spending

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

	FY 2022 Actuals	FY 2023 Projected	Annual Change $	Annual Change %
LOCAL ASSISTANCE	**74,998**	**84,658**	**9,660**	**12.9%**
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[1]	24,958	27,680	2,722	10.9%
Temporary eFMAP Increase	(2,984)	(2,118)	866	29.0%
Mental Hygiene (Gross)[2]	4,353	5,477	1,124	25.8%
Mental Hygiene - DOH Global Cap Adjustment[2]	307	137	(170)	-55.4%
Transportation	3,786	4,599	813	21.5%
Social Services	3,141	4,354	1,213	38.6%
Higher Education	2,725	3,063	338	12.4%
Other Education	2,186	2,537	351	16.1%
Healthcare/Direct Care Worker Bonus	0	1,140	1,140	0.0%
All Other[3]	5,356	4,586	(770)	-14.4%
STATE OPERATIONS/GENERAL STATE CHARGES	**29,861**	**30,471**	**610**	**2.0%**
State Operations	19,836	20,521	685	3.5%
Executive Agencies	11,397	11,729	332	2.9%
University Systems	6,515	6,628	113	1.7%
Elected Officials	2,548	2,748	200	7.8%
Healthcare/Direct Care Worker Bonus	0	121	121	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	9,950	(75)	-0.7%
Pension Contribution	2,492	2,397	(95)	-3.8%
Health Insurance	5,379	5,155	(224)	-4.2%
Fund Eligible Expenses from CRF	(650)	0	650	100.0%
Other Fringe Benefits/Fixed Costs	2,804	2,398	(406)	-14.5%
DEBT SERVICE	**12,545**	**7,612**	**(4,933)**	**-39.3%**
TOTAL STATE OPERATING FUNDS	**117,404**	**122,741**	**5,337**	**4.5%**
Capital Projects (State and Federal Funds)	**14,704**	**17,360**	**2,656**	**18.1%**
Federal Operating Aid	**77,231**	**82,088**	**4,857**	**6.3%**
TOTAL ALL GOVERNMENTAL FUNDS	**209,339**	**222,189**	**12,850**	**6.1%**

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

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

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

Department of Health (DOH) Medicaid spending, excluding eFMAP, is estimated at $27.7 billion in FY 2023, an annual increase of 10.9 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 the Office for People with Developmental Disabilities (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 FMAP rate that began at the onset of the COVID-19 PHE in January 2020. The Financial Plan assumes the continuation of eFMAP through September 30, 2022, which provided State share savings of nearly $3 billion in FY 2022 and is expected to provide another $2.1 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 provides 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 NYC, 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, small 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 TAP, increased operating support for 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 $1.1 billion for non-State healthcare and direct care workers 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 and Homeowner Protection Program (HPNAP), discovery reform implementation and pretrial services, Indigent Legal Services, local aid payments made from tribal state compact receipts, and pandemic recovery initiatives including small business assistance, public utility arrears assistance, and other targeted initiatives. This increased spending in FY 2023 is more than offset by the $2.1 billion in one-time assistance to excluded workers in FY 2022.

State Operations/General State Charges (GSCs)

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

Operational spending for executive agencies is affected by pandemic response and recovery efforts, including: the timing of Federal reimbursement; offsets of expenses across fiscal years; and the payment of salary increases pursuant to existing contracts. 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 $121 million for State healthcare and direct care workers 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.

Pursuant to guidelines established by the Treasury, the State charged roughly $2.2 billion in eligible costs to the Federal Coronavirus Relief Fund (CRF) in FY 2022. This includes payroll costs and fringe benefits for public health and safety employees and other eligible pandemic response costs. Certain pandemic response expenses incurred in FY 2021 and 2022, including 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 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 $200 million (7.8 percent). Roughly $150 million of the planned increases is attributable to Judiciary personnel and contract costs.

GSCs spending is projected to remain at the FY 2022 level of roughly $10 billion in FY 2023 as a result of payment advances and offsets that balance underlying growth. 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. Pensions 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 ERS/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 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 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 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 Financial Plan is based on numerous assumptions including the condition of the State and national economies, and the collection of economically sensitive tax receipts in the amounts projected. Uncertainties and risks that may affect economic and receipts forecasts include, but are not limited to, national and international events; inflation; consumer confidence; commodity prices; major terrorist events; hostilities or war; climate change and extreme weather events; severe epidemic or pandemic events; cybersecurity threats; Federal funding laws and regulations; financial sector compensation; monetary policy affecting interest rates and the financial markets; credit rating agency actions; financial and real estate market developments which may adversely affect bonus income and capital gains realizations; technology industry developments and employment; effect of household debt on consumer spending and State tax collections; and outcomes of litigation and other claims affecting the State.

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

The Financial Plan is subject to various uncertainties and contingencies including, but not limited to, wage and benefit increases for State employees that exceed projected annual costs; changes in the size of the State's workforce; realization of the projected rate of return for pension fund asset assumptions with respect to wages for State employees affecting the State's required pension fund contributions; the willingness and ability of the Federal government to provide the aid projected in the Financial Plan; the ability of the State to implement cost reduction initiatives, including reductions in State agency operations, and the success with which the State controls expenditures; unanticipated growth in Medicaid program costs; and 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 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 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 Financial Plan; and achievement of cost-saving measures including, but not limited to, transfer of available fund balances to the General Fund at levels currently projected and Federal approvals necessary to implement the Medicaid savings actions. Such assumptions, if they were not to materialize, could adversely impact the Financial Plan in the current year or future years, or both.

The Financial Plan also includes actions that affect spending reported on a State Operating Funds basis, including accounting and reporting changes. If these actions are not implemented or reported as planned, the annual spending change in State Operating Funds would increase above current estimates.

In developing the Financial Plan, DOB attempts to mitigate financial risks from receipts volatility, litigation, and unexpected costs, with an emphasis on the General Fund. It does this by, among other things, exercising caution when calculating total General Fund disbursements and managing the accumulation of financial resources that can be used to offset new costs. Such resources include, but are not limited to, fund balances that are not needed each year, reimbursement for capital advances, acceleration of tax refunds above the level budgeted each year, and prepayment of expenses. There can be no assurance that such financial resources will be enough to address risks that may materialize in a given fiscal year.

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 Financial Plan in current or future years. To mitigate and manage these impacts, significant long-term planning and investments by the Federal government, State, municipalities, and public utilities are expected to be needed to adapt existing infrastructure to climate change risks.

In August 2021, the Intergovernmental Panel on Climate Change of the United Nations (IPCC) reported that 1.5°C of warming is likely to occur by 2040 under all emissions scenarios considered and that the 1.5°C benchmark will be exceeded by 2100 unless deep reductions in greenhouse gas emissions occur in the coming decades. Human-induced climate change is already affecting many weather extremes in every region across the globe. Further warming to 1.5°C is expected to increase the risk of adverse outcomes, including extreme weather events and coastal flooding. The risk of severe impacts increases further at higher temperatures.

Consequences of Climate Change

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

The State continues to recover from damage sustained during these powerful storms. Hurricane Irene disrupted power and caused extensive flooding in various counties. Tropical Storm Lee caused flooding in additional counties and, in some cases, exacerbated damage caused by Hurricane Irene two weeks earlier. Superstorm Sandy struck the East Coast, causing widespread infrastructure damage and economic losses to the greater New York region. Hurricane Ida caused severe flooding in the New York metropolitan area. The frequency and intensity of these storms present economic and financial risks to the State. Reimbursement claims for costs of the immediate response, recovery, and future mitigation efforts continue, largely supported by Federal funds.

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 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 population and roughly half of 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 did not result in 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. The State's Climate Leadership and Community Protection Act of 2019 (CLCPA) set the State on a path toward developing regulations to reduce statewide greenhouse gas emissions to 40 percent below the 1990 level by 2030, and 85 percent below the 1990 level by 2050.

Meeting the CLCPA goals will require a statewide transition to electricity generated from carbon-neutral sources. The New York Climate Action Council is developing a draft scoping plan for achieving the goals set forth in the CLCPA. The Council released the draft scoping plan for public comment on January 1, 2022, for which comments are now due July 1, 2022. Concurrently, the State is taking regulatory steps to limit greenhouse gas emissions, electrify transportation, and generate more electricity from renewable sources.

Pursuant to the CLCPA, the Department of Environmental Conservation (DEC) is required to develop rules and regulations for greenhouse gas limits by the end of 2023, including legally enforceable emissions limits and performance standards. As an interim step, DEC issued a sector-specific report on emissions in 2021.

In 2021, the State enacted a law 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. The law also requires the New York State Energy Research and Development Authority to formulate a zero-emissions vehicle development strategy by 2023 in order to expedite the implementation of State policies and programs to achieve this goal.

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 New York Public Service Commission (PSC), which regulates public utilities, adopted an order in October 2020 amending the Clean Energy Standard to reflect CLCPA targets. The State is a member of the Regional Greenhouse Gas Initiative (RGGI) and has used a cap-and-trade mechanism to regulate carbon dioxide emissions from electric power plants operating within the State since 2008.

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 has also led some New York residents to shelter in locations outside of the State. In addition, some taxpayers who previously resided in New York have permanently relocated outside of the State during the pandemic. The State continues to monitor the data to understand whether these trends are transitory.

There can be no assurance that 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 actions, preempt State laws, change State and Local Tax (SALT) bases and taxpayer behavior through tax policies, and influence industries through regulatory action. Federal resources support vital services such as health care, education, 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 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 $85 billion in FY 2023 and includes $15.1 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), Child Health Plus (CHP), eFMAP, IDEA, and the Temporary Assistance for Needy Families (TANF) Pandemic Emergency Fund. Federal Funds spending in FY 2023 is estimated to increase by $5.5 billion from FY 2022 driven by the expenditure of 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	47,495	46,449	48,186	50,920	52,205
Health	8,227	8,914	9,528	9,946	10,382	10,724
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]	1,609	1,457	1,381	1,333	1,315	1,315
Pandemic Assistance[2]	12,708	15,133	8,432	3,648	134	69
Child Care Funds	987	966	445	0	0	0
Education ARP Act Funds	496	2,864	3,491	2,454	0	0
eFMAP, including local passthrough	3,629	2,576	0	0	0	0
HCBS eFMAP	0	1,735	702	0	0	0
Coronavirus Relief Fund	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	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 (SSBCI)	0	279	223	0	0	0
FHWA Surface Transportation Block Grant	2	50	150	150	65	0
Total Disbursements	**79,483**	**85,016**	**78,065**	**75,652**	**75,425**	**77,053**

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

[2] Pandemic Assistance excludes $12.8 billion in State aid provided through the American Rescue Plan Act, as this funding is reflected as a receipt to Federal Funds and transfer to the General Fund.

- **Medicaid/Health.** Funding shared by the Federal government helps support health care costs for more than nine million New Yorkers, including more than two million children. Medicaid is the single largest category of Federal funding. The Federal government also provides support for several health programs administered by DOH, including the Essential Plan (EP), which provides health care coverage for low-income individuals who do not qualify for Medicaid or CHP.

- **Social Welfare.** Funding provides assistance for several programs managed by the Office of Temporary and Disability Assistance (OTDA), including TANF-funded public assistance benefits and the Flexible Fund for Family Services, Home Energy Assistance Program (HEAP), Supplemental Nutrition Assistance Program (SNAP), and Child Support. Support from the Federal government also supports programs managed by the Office of Children and Family Services (OCFS), including Child Care, Child Welfare Services, Adult Protective & Domestic Violence Services, Foster Care, and Adoption Subsidies.

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

- **Public Protection.** Federal funding supports various programs and operations of the State Police, the Department of Corrections and Community Supervision (DOCCS), the Office of Victim Services, the Division of Homeland Security and Emergency Services (DHSES), and the Division of Military and Naval Affairs (DMNA). Federal funds are also passed on to municipalities to support a variety of public safety programs.

- **Transportation.** Federal resources support infrastructure investments in highway and transit systems throughout the State, including funding participation in ongoing transportation capital plans. The recently enacted Infrastructure Investment and Jobs Act (P.L. 117-58) will increase Federal funds for transportation capital costs significantly.

- **All Other.** 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, CRSSA, 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 January 1, 2020 and is currently expected to continue through September 2022. 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 will be realized in FY 2023. Two additional quarters of eFMAP have been assumed in FY 2023 as a result of the extension of the PHE, increasing the projected FY 2023 benefit to $2.1 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. 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 approval of 37 proposals of the 43 original spending plan proposals which detail several investments in HCBS. On May 18, 2022, CMS provided further partial approval of the spending plan by approving six of the nine new proposals submitted in the second quarterly report. On February 15, 2022, the State submitted the second quarterly update to its eFMAP spending plan, and on May 6, 2022, the State submitted the third quarterly update. The State will continue to submit quarterly updates as required. The State is working with CMS to achieve full approval of the submitted plan; however, CMS has not yet provided guidance related to the HCBS eFMAP, which may restrict or delay the implementation of certain MRT II savings actions. 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 $700 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 have been 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 the Coronavirus Response and Relief Supplemental Appropriations Act (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.

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

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

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

- **FEMA Reimbursement of Eligible Pandemic Expenses.** The State has applied for FEMA reimbursement for expenses incurred to date related to emergency protective measures due to the COVID-19 pandemic. The 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 Financial Plan.

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

- **FEMA Local Pass-Through Funding.** Funding is assumed to flow through the 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 is expected to distribute 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.

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

- **Coronavirus Capital Projects Fund.** The ARP created the Coronavirus Capital Projects Fund to provide funding to carry out critical capital projects that directly enable work, education, and health monitoring, including remote options, in response to the COVID-19 PHE. The State has been allocated $345 million for the program.

- **State Small Business Credit Initiative.** 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 sum 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 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 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)	90,094	10,669
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	**348,400**	**49,437**

- **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 in response to the COVID-19 pandemic.

- **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 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, as detailed below.

ESTIMATED STATE EXPENSES ELIGIBLE FOR SLFRF FUNDING
(millions of dollars)

	FY 2022
Public Health and Safety Payroll	964
Small Business Grants	623
Tourism Recovery	78
Landlord Rental Assistance	158
Emergency Rental Assistance	45
Government Services[1]	2,632
	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** provides funding for education, testing, tracing, vaccine distribution, unemployment assistance, small business programs, and housing.

- **FEMA Lost Wage Assistance** 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 Public Health Emergency Preparedness program, and small businesses.

In addition, the pandemic has resulted in a significant increase in individuals filing for unemployment benefits. Such benefits are paid from the Unemployment Insurance (UI) Trust Fund, which is supported by employer contributions. In the event that there are insufficient resources in the UI Trust Fund to pay benefits, as became the case starting in May 2020, the UI Trust Fund may borrow from the Federal government for this purpose. As of March 31, 2022, the UI Trust Fund's Federal loan balance for the State was approximately $9.6 billion. The balance in the UI Trust Fund is expected to be repaid by employers through UI contribution rates.

Federal Infrastructure Investment and Jobs Act (IIJA)

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

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

Federal Risks

The amount and composition of Federal funds received by the State have changed over time because of legislative and regulatory actions at the Federal level and will likely continue to change over the Financial Plan period. The Financial Plan may also be adversely affected by other Federal government actions including audits, disallowances, and changes to Federal participation rates or other Medicaid rules. Any reductions in Federal aid could have a materially adverse impact on the Financial Plan. Notable areas with potential for change include health care and human services.

The State submitted a 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 that focuses on addressing health disparities that have been highlighted and exacerbated by the COVID-19 pandemic and achieving health equity in the State through the greater integration of health, behavioral health, and social care. This request seeks approximately $13.5 billion in Federal funding over five years to invest in an array of multi-faceted and related initiatives that would change the way the Medicaid program integrates and pays for social care and health care in the

State. This comprehensive initiative will also lay the groundwork for reducing long standing racial, disability-related, and socioeconomic health care disparities, increasing health equity through measurable improvement of clinical outcomes and keeping overall Medicaid program expenditures budget neutral to the Federal government.

After working directly with CMS and stakeholders on concepts contained in this new programmatic waiver amendment, DOH will submit the application formally to CMS in mid-2022 upon completion of the public transparency process required by Federal regulations. To satisfy these transparency requirements, DOH submitted a Federal public notice to the NYS Registry on April 13, 2022, and held two public hearings on May 3, 2022 and May 10, 2022, with the 30-day public comment period ending May 20, 2022. During the public comment period, DOH received 246 comments and heard from 75 speakers at two public hearings. The presentation slides and recordings from the May 3, 2022 webinar are available on the DOH website.

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 Financial Plan resulting from a future Federal government default are unknown and impossible to predict. However, data from past economic downturns suggests that the State's revenue loss could be substantial if there was an economic downturn due to a Federal default.

A payment default by the Federal government may also adversely affect the municipal bond market. Municipal issuers, including the State and its public authorities and localities, could face higher borrowing costs and impaired access to capital markets. This would jeopardize planned capital investments in transportation infrastructure, higher education facilities, hazardous waste remediation, environmental projects, and economic development projects. Additionally, the market for and market value of outstanding municipal obligations, including municipal obligations of the State and its public authorities, could be adversely affected.

Federal Tax Law Changes

The Tax Cuts and Jobs Act of 2017 (TCJA) made major changes to the Federal Internal Revenue Code, most of which were effective in tax year 2018. The TCJA made extensive changes to Federal personal income taxes, corporate income taxes, and estate taxes.

The State's income tax system interacts with the Federal system. Changes to the Federal tax code have significant flow-through effects on State tax burdens and concomitantly on State tax receipts. One key impact of the TCJA on New York State taxpayers is the $10,000 limit on the deductibility of SALT payments, which represents a large increase in the State's effective tax rate relative to historical experience and may adversely affect New York State's economic competitiveness.

Moreover, the TCJA contains numerous provisions that may adversely affect residential real estate prices in New York State and elsewhere, of which the SALT deduction limit is the most significant. A loss of wealth associated with a decline in home prices could have a significant impact on household spending in the State through the wealth effect, whereby consumers perceive the rise and fall of the value of an asset, such as a home, as a corresponding increase or decline in income, causing them to alter their spending practices. Reductions in household spending by New York residents, if they were to occur, would be expected to result in lower sales for the State's businesses which, in turn, would cause further reductions in economic activity and employment. Lastly, falling home prices could result in homeowners delaying the sale of their homes. The combined impact of lower home prices and fewer sales transactions could result in lower real estate transfer tax collections.

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

Litigation Challenging TCJA Provisions. On July 17, 2018, the State, joined by Connecticut, Maryland, and New Jersey, filed a lawsuit to protect New York taxpayers from the Federal limit on the SALT deduction. On September 30, 2019, the U.S. District Court for the Southern District of New York found that the states failed to allege a valid legal claim that the SALT limit unconstitutionally encroaches on states' sovereign authority to determine their own taxation and fiscal policies. The State, in conjunction with Connecticut, Maryland, and New Jersey, filed a notice of appeal to the U.S. Court of Appeals for the Second Circuit, and on October 5, 2021, the Second Circuit affirmed the district court's ruling. On January 3, 2022, the State, joined by Connecticut, Maryland, and New Jersey, petitioned the Supreme Court of the U.S. for a writ of certiorari to review the Second Circuit's decision. On April 18, 2022, the Supreme Court issued an order denying the request to review the decision.

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

On July 17, 2019, New York State, joined by Connecticut and New Jersey, filed a Federal lawsuit in the United States District Court for the Southern District of New York challenging these charitable contribution regulations. Among other things, the lawsuit seeks to restore the full Federal income tax deduction for charitable contributions, regardless of the amount of any State tax credit provided to taxpayers as a result of contributions made to the Charitable Gifts Trust Fund, in accordance with precedent since 1917. The Federal defendants moved to dismiss the complaint, or alternatively for summary judgment, on December 23, 2019. The states responded and filed their own motion for summary judgment on February 28, 2020. Briefing on the motions was completed in July 2020. The district court denied the states' request for oral argument on March 16, 2021, but a decision on the outstanding motions to dismiss, and cross-motions for summary judgment, remains pending.

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. 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 Financial Plan through FY 2024.

Likewise, the rise in unemployment and decrease in family income during the pandemic have resulted in increased public assistance caseloads, particularly in New York City. In addition to existing family and safety net assistance programs, the FY 2023 Enacted Budget includes 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 commits 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 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.

- 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 will pay the State and its subdivisions up to $1.0 billion over 18 years and develop a monitoring mechanism to collect and analyze opioid drug distribution. The first settlement payment of $36.3 million was deposited in the New York State Opioid Settlement Fund (Opioid Settlement Fund) in March 2022, and payments will continue over the next 17 years.

- Drug manufacturer Endo Health Solutions (Endo) settled for $50 million with New York State (AG only) and the counties of Nassau and Suffolk, divided $22.3 million to the State and $27.7 million split evenly between Nassau and Suffolk Counties. Of the 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. This payment is expected by mid-2022 and over $150 million of these funds will be dedicated to opioid abatement. The settlement between the State and Allergan Finance, LLC and its affiliates also prevents them from participating in the opioid business.

- Mallinckrodt PLC emerged from bankruptcy on June 16, 2022. As a part of its resolution with New York, Mallinckrodt will pay up to $58.5 million over eight years for abatement. An initial payment of $8.3 million is expected to be made in late 2022. The bankruptcy plan then allows Mallinckrodt 18 months to determine whether it will prepay claims. Should Mallinckrodt elect to prepay, then New York is expected to receive approximately $41.1 million.

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 (Current Contract Period)

The State negotiates multi-year collective bargaining agreements with its unionized workforce. The agreements affect personal service and fringe benefit costs.

Recently reached agreements with the Police Benevolent Association of New York State (PBANYS), the District Council 37 (Local 1359 Rent Regulation Service Employees), and the Council 82 Security Supervisors Unit have been ratified. The four-year agreement with PBANYS provides annual 2 percent salary increases in FY 2020 through FY 2023. The two-year agreement with District Council 37 provides annual 2 percent salary increases in FY 2022 and FY 2023. The seven-year agreement with Council 82 includes annual 2 percent salary increases in FY 2017 through FY 2023.

The State also recently reached an agreement with the Civil Service Employees Association (CSEA) for a five-year term covering FY 2022 through FY 2026, which is subject to ratification. The agreement provides annual 2 percent salary increases in FY 2022 and FY 2023, and annual 3 percent salary increases in FY 2024 through FY 2026. Allocations of reserves set aside for this purpose will be reflected in future Financial Plan updates following ratification.

There can be no assurance that amounts informally reserved in the Financial Plan for labor settlements and agency operations will be sufficient to fund the cost of future labor contracts.

UNION LABOR CONTRACTS

	Contract Period	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
CSEA[1]	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

1. The State and CSEA have reached a 5-year labor agreement from FY 2022 to FY 2026, which is subject to ratification by the union membership.

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).

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[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 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).

The 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 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)

Fiscal Year	Statewide Pension Payments[1]: Normal Costs[2]	Statewide Pension Payments[1]: (Amortization Amount) / Excess Contributions	Statewide Pension Payments[1]: Repayment of Amortization	Statewide Pension Payments[1]: Total Statewide Pension Payments	Interest Rate on Amortization Amount (%)[3]	Rates for Determining (Amortization Amount) / Excess Contributions: System Average Normal Rate[4] ERS (%)	System Average Normal Rate[4] PFRS (%)	Amortization Threshold (Graded Rate) ERS (%)	Amortization Threshold (Graded Rate) 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	TBD	11.4	27.0	14.1	26.4
--- *Projected by DOB*[7] ---									
2024	2,288.6	145.5	0.0	2,434.1	TBD	11.9	28.2	13.1	27.4
2025	3,154.8	0.0	0.0	3,154.8	TBD	13.6	30.5	13.6	28.4
2026	3,964.0	0.0	0.0	3,964.0	TBD	16.4	32.8	14.6	29.4
2027	4,821.8	0.0	0.0	4,821.8	TBD	20.3	35.0	15.6	30.4

1 Pension Contribution values in this table do not include pension costs related to the ORP, VDC, and TRS for SUNY and SED, whereas the projected pension costs in other Financial Plan tables include such pension disbursements.

2 Normal costs include payments from amortizations prior to FY 2011, which ended in FY 2016 as a result of early repayments.

3 Interest rates are determined by the Comptroller based on the market rate of return on comparable taxed fixed income investments (e.g., Ten-Year Treasuries). The interest rate is fixed for the duration of the ten-year repayment period.

4 The system average normal rate represents system-wide amortization-eligible costs (i.e. normal and administrative costs, as well as the cost of certain employer options) as a percentage of the system's total salary base. The normal rate does not include the following costs, which are not eligible for amortization: Group Life Insurance Plan (GLIP) contributions, deficiency contributions, previous amortizations, incentive costs, costs of new legislation in some cases, and prior-year adjustments. "(Amortization Amount) / Excess Contributions" are calculated for each employer in the system using employer-specific normal rates, which may differ from the system average.

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

6 The Judiciary paid off their entire prior year amortization balance in FY 2022 eliminating their repayment obligation through FY 2026 resulting in approximately $8.4 million in interest savings over the financial plan period.

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

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

Social Security

The CARES Act allowed employers, including the State, to defer the deposit and payment of the employer’s share of Social Security taxes through December 2020, and for the deferral to be repaid, interest free, in two equal installments no later than December 31, 2022. The Executive and the Judiciary deferred $556 million and $69 million, respectively, in 2020. The first installment of the Executive's deferment was paid in November 2021, with the second repayment remitted in March 2022. The Judiciary's deferment was repaid in full in June 2021.

OPEB

State employees become eligible for post-employment benefits (e.g., health insurance) if they reach retirement while working for the State; are enrolled in either the New York State Health Insurance Program (NYSHIP) or the NYSHIP opt-out program at the time they reach retirement; and have the required years of eligible service. The cost of providing post-retirement health insurance is shared between the State and the retired employee. Contributions are established by law and may be amended by the Legislature. The State pays its share of costs on a PAYGO basis as required by law.

The State Comptroller adopted Governmental Accounting Standards Board Statement (GASBS) 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, for the State’s Basic Financial Statements for FY 2019. GASBS 75, which replaces GASBS 45 and GASBS 57, addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. GASBS 75 establishes standards for recognizing and measuring liabilities and expenses/expenditures, as well as identifying the methods and assumptions required to be used to project benefit payments, discount projected benefit payments to their actuarial determined present value, and attribute that present value to periods of employee service. Specifically, GASBS 75 now requires that the full liability be recognized.

The State's total OPEB liability equals the employer's share of the actuarial determined present value of projected benefit payments attributed to past periods of employee service. The total OPEB obligation less any OPEB assets set aside in an OPEB trust or similar arrangement represents the net OPEB obligation.

As reported in the State's Basic Financial Statements for FY 2021, the total ending OPEB liability for FY 2021 was $75.8 billion ($60.3 billion for the State and $15.5 billion for SUNY). The total OPEB liability as of March 31, 2021 was measured as of March 31, 2020 and was determined using an actuarial valuation as of April 1, 2019, with updated procedures used to roll forward the total OPEB liability to March 2020. The total beginning OPEB liability for FY 2021 was $63.9 billion ($51.1 billion for the State and $12.8 billion for SUNY). The total OPEB liability was calculated using the Entry Age Normal cost method. The discount rate is based on the Bond Buyer 20-year general obligation municipal bond index rate on March 31 (3.79 percent in FY 2020 and 2.84 percent in FY 2021). The total OPEB liability increased by $11.9 billion (18.6 percent) during FY 2021 primarily due to the reduction in the discount rate and updated medical trend assumptions based on current anticipation of future costs, and projected claim costs were updated based on the recent claims experience for the Preferred Provider Organization (PPO) plan and premium rates for the Health Maintenance Organization (HMO) plan.

The contribution requirements of NYSHIP members and the State are established by, and may be amended by, the Legislature. The State is not required to provide funding above the PAYGO amount necessary to provide current benefits to retirees. The State continues to fund these costs, along with all other employee health care expenses, on a PAYGO basis, meaning the State pays these costs as they become due.

The Retiree Health Benefit Trust Fund (RHBTF) was created in FY 2018 as a qualified trust under GASBS 75 and is authorized to reserve money for the payment of health benefits of retired employees and their dependents. Unlike State pensions, which are pre-funded, future retiree health care 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 ($75.8 billion at March 31, 2021). 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 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 implementation of the Financial Plan is dependent on the State's ability to market bonds. The State finances much of its capital spending, in the first instance, from the General Fund or STIP, which it then reimburses with proceeds from the sale of bonds. An inability of the State to sell bonds or notes at the level or on the timetable it expects could have a material and adverse impact on the State's financial position and the implementation of its Capital Plan. The success of projected public sales of municipal bonds is subject to prevailing market conditions and related ratings issued by national credit rating agencies, among other factors. The outbreak of COVID-19 in the United States temporarily disrupted the municipal bond market in 2020, and the emergence of 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 Global Ratings -- 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 June 11, 2021, both Fitch and S&P changed the State's credit outlook from "negative" to "stable", based on the State's fiscal and economic progress and receipt of substantial ARP Federal aid. On December 21, 2021, Kroll reaffirmed the State's AA+ rating with a stable outlook, stating that "the breadth of New York's economic resource base is expected to contribute to continued revenue recovery in the post-pandemic environment." On 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".

Debt Reform Act Limit

The Debt Reform Act of 2000 ("Debt Reform Act") restricts the issuance of State-supported debt funding to capital purposes only and limits the maximum term of bonds to 30 years. The Act limits the amount of new State-supported debt to 4 percent of State personal income, and new State-supported debt service costs to 5 percent of All Funds receipts. The restrictions apply to State-supported debt issued after April 1, 2000. DOB, as administrator of the Debt Reform Act, determined that the State complied with the statutory caps in the most recent calculation period (FY 2021).

The FY 2023 Enacted Budget reinstates the provisions of the Debt Reform Act for State-supported debt issued in FY 2023 and beyond. One limited exception to the Debt Reform Act remains for issuances undertaken by the State for MTA capital projects which may be issued with maximum maturities longer than 30 years. This change allows bonds to be issued over the full useful life of the assets being financed, subject to Federal tax law limitations, and is consistent with the rules that would have been in effect if the projects had been directly financed by the MTA.

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 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. 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 $18.8 billion in FY 2022 to a low point of $423 million in FY 2027. This calculation excludes all State-supported debt issuances in FY 2021 and FY 2022 but includes the estimated impact of the COVID-19 pandemic on personal income calculations and of funding increased capital commitment levels with State bonds after FY 2022. The debt service on State-supported debt issued after April 1, 2000 and subject to the statutory cap is projected at $4.2 billion in FY 2023, or roughly $6.4 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	$1,515,757	4.00%	60,630	41,846	18,784	2.76%	1.24%	20,090	61,936
FY 2023	$1,509,922	4.00%	60,397	48,301	12,096	3.20%	0.80%	19,327	67,628
FY 2024	$1,572,808	4.00%	62,912	55,658	7,254	3.54%	0.46%	18,680	74,338
FY 2025	$1,646,077	4.00%	65,843	61,411	4,432	3.73%	0.27%	17,791	79,202
FY 2026	$1,720,795	4.00%	68,832	66,574	2,258	3.87%	0.13%	16,972	83,546
FY 2027	$1,798,208	4.00%	71,928	71,505	423	3.98%	0.02%	16,236	87,741

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	4,841	7,378	1.98%	3.02%	1,154	5,995
FY 2023	$212,259	5.00%	10,613	4,248	6,365	2.00%	3.00%	2,439	6,687
FY 2024	$221,030	5.00%	11,052	4,819	6,233	2.18%	2.82%	2,341	7,160
FY 2025	$220,372	5.00%	11,019	5,383	5,636	2.44%	2.56%	2,818	8,201
FY 2026	$223,573	5.00%	11,179	6,558	4,621	2.93%	2.07%	1,293	7,851
FY 2027	$230,390	5.00%	11,520	7,156	4,364	3.11%	1.89%	953	8,109

[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.

Enacted Budget – Debt Cap Changes

In the FY 2023 Enacted Budget, the State added new bond-financed capital commitments that are expected to add $12 billion in new debt over the five-year Capital Plan period. The capital spending increases are partially offset by $6 billion of new capital PAYGO, estimated underspending, and adjustments to bond sale assumptions, which reduce projected debt issuances. The cash PAYGO will be used to fund capital projects in lieu of issuing debt, primarily higher cost taxable debt.

Changes in the State's available debt capacity reflect personal income forecast adjustments, debt amortizations, and bond sale results. 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
Executive Budget as Amended	**19,210**	**11,462**	**7,367**	**4,354**	**2,297**	**673**
Personal Income Forecast Update	(432)	(130)	(259)	(180)	(80)	30
Capital Adds/Bond Sale Adjustments	6	(436)	(3,154)	(5,242)	(5,259)	(5,180)
Capital PAYGO - Issuances Offset ($6 Billion)	0	1,200	3,300	5,500	5,300	4,900
Enacted Budget	**18,784**	**12,096**	**7,254**	**4,432**	**2,258**	**423**

[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 Financial Plan projections. The wide-ranging economic, health, and social disruptions caused by COVID-19 have adversely affected the City of New York and surrounding localities. Localities outside New York City, including cities and counties, have also experienced financial problems, and have been allocated additional State assistance during the last several State fiscal years. In 2013, the Financial Restructuring Board for Local Governments was created to aid distressed local governments. The Restructuring Board performs comprehensive reviews and provides grants and loans on the condition of implementing recommended efficiency initiatives. For additional details on the Restructuring Board, please visit www.frb.ny.gov.

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 billion to the MTA's 2020-24 Capital Plan. These State commitment levels represent substantial increases from the funding levels for prior MTA Capital Plans (2010-2014: $770 million; 2005-2009: $1.45 billion). In addition, a substantial amount of new funding to the MTA was authorized in the FY 2020 Enacted Budget as part of a comprehensive reform plan expected to generate an estimated $25 billion in financing for the MTA's 2020-2024 Capital Plan.

The pandemic caused severe declines in MTA ridership and traffic in 2020, and ridership remains significantly below pre-pandemic levels. To offset operating losses to MTA's Financial Plan from the estimated fare, toll, and dedicated revenue loss attributable to 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 the ARP ($7 billion). The MTA also borrowed $2.9 billion through the Federal Reserve's Municipal Liquidity Facility (MLF).

If financial impacts of the COVID-19 pandemic on the MTA's operating budget extend after the Federal funds are fully spent, and without additional Federal aid, the MTA 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 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, the MTA's primary credit program, which increased the cost of borrowing for the MTA. As a result, the State has issued PIT revenue bonds since the start of FY 2021 to fund $4.8 billion of the State's portion of the MTA's 2015-19 Capital Plan. Previously, the Financial Plan assumed that the projects would be bonded by the MTA but funded by the State through additional operating aid to the MTA. The Financial Plan now assumes the State will fund its direct contributions to the MTA 2015-19 and 2020-24 Capital Plans through PIT and Sales Tax revenue bonds.

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 comprehensive policies and standards, programs, and services relating to the security of State government networks, and annually assesses the maturity of State agencies' cyber posture through the Nationwide Cyber Security Review. In addition, the CISO maintains the New York State Cyber Command Center team, which provides a security operations center, digital forensics capabilities, and cyber incident reporting and response. CISO distributes real-time advisories and alerts, provides managed security services, and implements statewide information, security awareness and training.

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 cyber 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 a cyber command center that is intended to provide a statewide view of the cyber-threat landscape and improve coordination. The initiative is designed to increase collaboration on threat intelligence, reduce response time, and yield quicker remediation in the event of a major cyber incident. The FY 2023 Enacted Budget also provides 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 a CISO with responsibility to oversee the cybersecurity program, (d) annually certify compliance with the cybersecurity regulations, and (e) report to DFS cybersecurity events that have a reasonable likelihood of materially harming any substantial part of the entity's normal operation(s) or for which notice is required to any government body, self-regulatory agency, or supervisory body.

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

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

The third and final closing is anticipated to occur within 36 months after the NMS Closing (i.e., by March 13, 2023). At the final closing, title to the two remaining portions of the LICH properties will be conveyed to special purpose entities of Fortis, and Holdings will receive the balance of the purchase price, $120 million less the remaining down payment. The final closing is conditioned upon completion of the New Medical Building by NYU Langone, and relocation of the emergency department to the New Medical Building.

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

There can be no assurance that the resolution of legal, financial, and regulatory issues surrounding LICH, including the payment of outstanding liabilities, will not have a materially adverse impact on SUNY.

STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Introduction

This section presents the State's multi-year 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 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	82,542	100,543	105,435	105,728	109,412
Miscellaneous Receipts	2,325	1,768	1,814	1,842	1,879	1,914
Federal Receipts	4,500	2,350	2,250	3,645	0	0
Other Transfers	4,254	1,646	1,892	1,928	2,007	1,887
Total Receipts	**112,810**	**88,306**	**106,499**	**112,850**	**109,614**	**113,213**
DISBURSEMENTS						
Local Assistance	58,384	66,309	71,499	76,709	79,832	82,710
School Aid (SFY)	24,783	25,791	29,522	31,352	32,701	34,123
Medicaid	16,153	18,941	21,072	23,453	25,210	26,990
All Other	17,448	21,577	20,905	21,904	21,921	21,597
State Operations	11,738	12,867	13,174	13,457	13,828	13,936
Personal Service	8,063	10,155	10,145	10,220	10,316	10,385
Non-Personal Service	3,675	2,712	3,029	3,237	3,512	3,551
General State Charges	8,983	8,787	9,397	10,591	11,901	13,294
Transfers to Other Funds	9,813	8,140	9,916	9,127	6,379	5,865
Debt Service	340	290	253	311	332	373
Capital Projects	6,818	4,348	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	1,994	1,876	1,385	1,369	1,383
Total Disbursements	**88,918**	**96,103**	**103,986**	**109,884**	**111,940**	**115,805**
Use (Reservation) of Fund Balance:	**(23,892)**	**7,797**	**(2,513)**	**(2,966)**	**2,326**	**2,592**
Community Projects	4	5	3	0	0	0
Timing of PTET/PIT Credits	(16,430)	10,088	(358)	(101)	2,761	4,040
Reserve for Pandemic Assistance	(2,000)	2,000	0	0	0	0
Undesignated Fund Balance	(419)	1,920	543	375	0	0
Tax Stabilization Reserve	(177)	(197)	(207)	(218)	(170)	(80)
Rainy Day Reserve	(666)	(2,952)	(3,101)	(3,276)	(3,344)	(2,547)
Economic Uncertainties	(4,175)	(1,905)	860	569	3,514	2,627
Debt Management	0	(855)	(81)	576	860	0
Labor Settlements/Agency Operations	(275)	(600)	(1,000)	(1,450)	(1,450)	(1,450)
Extraordinary Monetary Settlements[1]	246	293	828	559	155	2
BUDGET SURPLUS/(GAP) PROJECTIONS	**0**	**0**	**0**	**0**	**0**	**0**

[1] Reflects transfers of Extraordinary Monetary Settlement funds from the General Fund to the Dedicated Infrastructure Investment Fund, the Environmental Protection Fund, and the Capital Projects Fund.

State Operating Funds Projections

STATE OPERATING FUNDS DISBURSEMENTS
(millions of dollars)

	FY 2022 Actuals	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
RECEIPTS						
Taxes	119,823	96,094	111,320	115,631	117,178	121,054
Miscellaneous Receipts/Federal Grants	27,349	19,943	18,265	19,036	16,223	17,170
Total Receipts	**147,172**	**116,037**	**129,585**	**134,667**	**133,401**	**138,224**
DISBURSEMENTS						
Local Assistance	74,998	84,658	87,512	91,807	95,587	99,326
School Aid (School Year Basis)[1]	29,266	31,372	34,707	36,048	37,498	39,014
DOH Medicaid[2]	21,974	25,562	27,293	29,671	31,290	33,044
Transportation	3,786	4,599	4,789	4,790	4,792	4,794
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	4,356	3,556	4,383	4,373	4,422
Mental Hygiene[3]	4,660	6,752	5,924	5,535	5,743	5,961
All Other[4]	7,542	7,123	6,289	6,412	6,914	7,127
State Operations	19,836	20,521	20,689	21,012	21,467	21,665
Personal Service	13,243	15,182	15,134	15,248	15,387	15,499
Non-Personal Service	6,593	5,339	5,555	5,764	6,080	6,166
General State Charges	10,025	9,950	10,581	11,789	13,116	14,529
Pension Contribution	2,492	2,397	2,696	3,421	4,237	5,101
Health Insurance	5,699	5,475	5,730	6,140	6,583	7,057
All Other	1,834	2,078	2,155	2,228	2,296	2,371
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**	**122,741**	**123,686**	**129,078**	**135,808**	**141,187**
Net Other Financing Sources/(Uses)	(3,935)	(1,671)	(3,544)	(3,065)	(268)	223
RECONCILIATION TO GENERAL FUND GAP						
Designated Fund Balances:	(25,833)	8,375	(2,355)	(2,524)	2,675	2,740
General Fund	(23,892)	7,797	(2,513)	(2,966)	2,326	2,592
Special Revenue Funds	(1,904)	577	172	453	376	181
Debt Service Funds	(37)	1	(14)	(11)	(27)	(33)
GENERAL FUND BUDGET SURPLUS/(GAP)	**0**	**0**	**0**	**0**	**0**	**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.

2 Total State share Medicaid funding is reported prior to the spending offset from the application of Master Settlement Agreement (MSA) payments, which are deposited directly to a Medicaid Escrow Fund to cover a portion of the State's takeover of Medicaid costs for counties and New York City. The value of the offset is reported in "All Other" local assistance disbursements. Spending is offset by the benefit of eFMAP of 6.2 percent.

3 Multi-year estimates exclude a portion of spending reported under the Medicaid Global Cap that has no impact on mental hygiene service delivery or operations.

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

Receipts

Financial Plan receipts results and projections include a variety of taxes, fees and assessments, charges for State-provided services, Federal grants, and other miscellaneous receipts. Multi-year receipts estimates are prepared by DOB with the assistance of DTF and other agencies which collect State receipts and are premised on economic analysis and forecasts.

Overall base growth (i.e., growth not due to law changes) in tax receipts is dependent on many factors. In general, base tax receipts growth rates are determined by economic changes including, but not limited to, changes in interest rates, prices, wages, employment, nonwage income, capital gains realizations, taxable consumption, corporate profits, household net worth, real estate prices and gasoline prices. Federal law changes can influence taxpayer behavior, which often alters base tax receipts. State taxes account for approximately half of total All Funds receipts.

Projections of Federal receipts generally correspond to the anticipated spending levels of a variety of programs supported by Federal aid including Medicaid, public assistance, mental hygiene, education, public health, and other activities.

Where noted, certain tables in the following section display General Fund tax receipts that exclude amounts transferred to the General Fund in excess of amounts needed for certain debt service obligations (e.g., PIT receipts in excess of the amount transferred for debt service on revenue bonds).

Overview of the Receipts Forecast

All Funds receipts in FY 2023 are projected to total $212.3 billion, a 13.1 percent ($32.1 billion) decrease from FY 2022 results as Federal receipts return to pre-COVID-19 levels. FY 2023 State tax receipts are projected to decrease $23.8 billion (19.6 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	46,975	-33.6%	62,060	32.1%	65,232	5.1%	69,467	6.5%	85,223	22.7%
Consumption/Use Taxes	19,621	19,585	-0.2%	20,544	4.9%	20,960	2.0%	21,470	2.4%	22,055	2.7%
Business Taxes	27,725	27,980	0.9%	27,456	-1.9%	28,033	2.1%	24,686	-11.9%	12,072	-51.1%
Other Taxes	3,053	2,828	-7.4%	2,787	-1.4%	2,930	5.1%	3,079	5.1%	3,223	4.7%
Total State Taxes	**121,136**	**97,368**	**-19.6%**	**112,847**	**15.9%**	**117,155**	**3.8%**	**118,702**	**1.3%**	**122,573**	**3.3%**
Miscellaneous Receipts	27,932	27,107	-3.0%	27,558	1.7%	24,730	-10.3%	26,593	7.5%	27,920	5.0%
Federal Receipts	95,307	87,786	-7.9%	80,627	-8.2%	78,487	-2.7%	78,279	-0.3%	79,897	2.1%
Total All Funds Receipts	**244,375**	**212,261**	**-13.1%**	**221,032**	**4.1%**	**220,372**	**-0.3%**	**223,574**	**1.5%**	**230,390**	**3.0%**

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**	**46,975**	**-33.6%**	**62,060**	**32.1%**	**65,232**	**5.1%**	**69,467**	**6.5%**	**85,223**	**22.7%**
Gross Collections	81,122	72,480	-10.7%	76,351	5.3%	80,614	5.6%	85,898	6.6%	102,786	19.7%
Refunds (Incl. State/City Offset)	(10,385)	(25,505)	-145.6%	(14,291)	44.0%	(15,382)	-7.6%	(16,431)	-6.8%	(17,563)	-6.9%
GENERAL FUND[1]	**33,464**	**21,658**	**-35.3%**	**29,309**	**35.3%**	**31,002**	**5.8%**	**33,165**	**7.0%**	**41,070**	**23.8%**
Gross Collections	81,122	72,480	-10.7%	76,351	5.3%	80,614	5.6%	85,898	6.6%	102,786	19.7%
Refunds (Incl. State/City Offset)	(10,385)	(25,505)	-145.6%	(14,291)	44.0%	(15,382)	-7.6%	(16,431)	-6.8%	(17,563)	-6.9%
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)	(23,486)	33.6%	(31,028)	-32.1%	(32,614)	-5.1%	(34,734)	-6.5%	(42,612)	-22.7%

[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	51,638	53,608	56,418	59,214	62,119
Estimated Payments	21,666	14,645	17,003	18,301	20,643	34,428
Current Year	14,123	4,387	4,445	4,307	5,861	18,513
Prior Year[1]	7,543	10,258	12,558	13,994	14,782	15,915
Final Returns	4,519	4,664	4,130	4,231	4,321	4,467
Current Year	474	346	367	385	404	424
Prior Year[1]	4,045	4,318	3,763	3,846	3,917	4,043
Delinquent	1,609	1,533	1,610	1,664	1,720	1,772
Gross Receipts	81,122	72,480	76,351	80,614	85,898	102,786
Refunds						
Prior Year[1]	5,490	17,334	8,003	8,752	9,554	10,186
Previous Year	729	725	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	1,424	1,553	1,682	1,731	2,019
Total Refunds	10,385	25,505	14,291	15,382	16,431	17,563
Net Receipts	**70,737**	**46,975**	**62,060**	**65,232**	**69,467**	**85,223**

[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 strong 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 are projected to decline, 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, advanced credit payments attributable to Tax Year 2022, 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 newly enacted Homeowner Tax Rebate Credit is projected to produce similarly exceptional growth in advanced credit payments. 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 the absence of the large amount of refunds caused by the Tax Year 2021 PTET credit realization as well as 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.

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 projected increases in withholding and total estimated payments, partially offset by a projected increase in total refunds.

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 as the impact of the PTET payments and credits/refunds is expected to end following the expiration of the TCJA provisions in 2025. Excluding PTET, PIT receipts are estimated to increase by 4.3 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	19,585	-0.2%	20,544	4.9%	20,960	2.0%	21,470	2.4%	22,055	2.7%
Sales Tax	17,579	17,804	1.3%	18,457	3.7%	18,844	2.1%	19,300	2.4%	19,820	2.7%
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	6,815	44.4%	9,249	35.7%	9,425	1.9%	9,633	2.2%	9,873	2.5%
Sales Tax	4,122	6,217	50.8%	8,643	39.0%	8,824	2.1%	9,037	2.4%	9,280	2.7%
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 slightly decrease from FY 2022 results. Sales tax receipts are estimated to increase due to a moderate increase in taxable consumption (i.e., estimated sales tax base increase of 4.1 percent), partially offset by $312 million ($297 for the State sales tax and $15 million for the 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 declining trend 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 the first half of FY 2023, 25 percent of State sales tax receipts will be deposited into the Local Government Assistance Tax Fund until the termination of the Fund on October 1, 2022, pursuant to statute. Additionally, the portion deposited into the Sales Tax Revenue Bond Fund will increase to 50 percent (previously 25 percent) and the portion deposited to the General Fund will be reduced from 50 to 25 percent. These funds are intended to support debt service payments on bonds issued under the State's sales tax revenue bond programs, respectively. Excess receipts above the debt service requirements are subsequently transferred to the General Fund.

Effective October 1, 2022, when the Local Government Assistance Tax Fund is terminated and annually thereafter, the portion of State sales tax receipts deposited into the Sales Tax Revenue Bond Fund will remain unchanged at 50 percent (initially increased from 25 percent to 50 percent in FY 2022) and the portion deposited in the General Fund will revert to 50 percent.

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 1.4 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 moderately 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 moderate 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 suspends 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" calculates the projected revenue that would have been distributed to the aforementioned 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**	**27,980**	**0.9%**	**27,456**	**-1.9%**	**28,033**	**2.1%**	**24,686**	**-11.9%**	**12,072**	**-51.1%**
Corporate Franchise Tax	7,236	8,760	21.1%	7,362	-16.0%	7,051	-4.2%	6,919	-1.9%	7,516	8.6%
Corporation and Utilities Tax	554	552	-0.4%	498	-9.8%	576	15.7%	566	-1.7%	572	1.1%
Insurance Tax	2,453	2,483	1.2%	2,588	4.2%	2,704	4.5%	2,820	4.3%	2,943	4.4%
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**	**17,249**	**3.3%**	**16,379**	**-5.0%**	**16,657**	**1.7%**	**14,952**	**-10.2%**	**8,858**	**-40.8%**
Corporate Franchise Tax	5,818	7,015	20.6%	5,739	-18.2%	5,506	-4.1%	5,365	-2.6%	5,826	8.6%
Corporation and Utilities Tax	434	420	-3.2%	375	-10.7%	438	16.8%	430	-1.8%	434	0.9%
Insurance Tax	2,214	2,245	1.4%	2,337	4.1%	2,437	4.3%	2,540	4.2%	2,648	4.3%
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 corporate franchise tax (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 and refunds paid are expected to decrease significantly 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 because PTET payments are generally received in the fiscal year prior to PIT credit claims.

Receipts from the repealed bank tax (all from prior liability periods) in FY 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 projected 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. A projected decline in CUT and bank tax receipts is offset by increases in PTET, insurance tax, and PBT 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**	**2,828**	**-7.4%**	**2,787**	**-1.4%**	**2,930**	**5.1%**	**3,079**	**5.1%**	**3,223**	**4.7%**
Estate Tax	1,386	1,350	-2.6%	1,392	3.1%	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**	**1,372**	**-2.5%**	**1,414**	**3.1%**	**1,473**	**4.2%**	**1,539**	**4.5%**	**1,601**	**4.0%**
Estate Tax	1,386	1,350	-2.6%	1,392	3.1%	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 decrease from FY 2022 results, primarily due to the expectation that FY 2022's record real estate transfer tax monthly collections do not continue unabated amidst estimated increasing mortgage rates, decreasing housing starts, and continuing inflation.

General Fund other tax receipts for FY 2023 are estimated to decrease, mainly due to an estimated decrease in estate tax receipts driven by an expected return to a more typical amount of super-large payments and collections.

All Funds other tax receipts for FY 2024 are projected to decrease slightly, primarily due to a projected decline in real estate transfer tax receipts as mortgage rates are projected to continue to increase as the market stabilizes itself. This is slightly offset by a projected increase in estate tax receipts. 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 and 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**	**27,107**	**-3.0%**	**27,558**	**1.7%**	**24,730**	**-10.3%**	**26,593**	**7.5%**	**27,920**	**5.0%**
General Fund	2,325	1,768	-24.0%	1,814	2.6%	1,842	1.5%	1,879	2.0%	1,914	1.9%
Special Revenue Funds	20,172	15,556	-22.9%	13,924	-10.5%	13,272	-4.7%	14,080	6.1%	14,997	6.5%
Capital Projects Funds	5,007	9,401	87.8%	11,428	21.6%	9,220	-19.3%	10,247	11.1%	10,622	3.7%
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 Grants

FEDERAL GRANTS (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**	**87,786**	**-7.9%**	**80,627**	**-8.2%**	**78,487**	**-2.7%**	**78,279**	**-0.3%**	**79,897**	**2.1%**
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	82,374	-7.1%	74,909	-9.1%	71,191	-5.0%	74,587	4.8%	76,366	2.4%
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 grants generally correspond to changes in Federally reimbursed spending. Accordingly, DOB typically projects Federal reimbursements will be received in the State fiscal year in which spending occurs, but due to the variable timing of Federal grant receipts, actual results often differ from projections.

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

Disbursements

The multi-year disbursements projections consider various factors, including statutorily indexed rates, agency staffing levels, program caseloads, inflation, and funding formulas contained in State and Federal law. Factors that affect spending estimates vary by program. For example, public assistance spending is based primarily on anticipated caseloads that are estimated by analyzing historical trends and projected economic conditions. Projections also account for the timing of payments, since not all of the amounts appropriated are disbursed in the same fiscal year. Consistent with past practice, the aggregate receipts and spending projections (i.e., the sum of all projected receipts and spending by individual agencies) in State Special Revenue Funds are centrally adjusted downward to reflect aggregate spending trends and patterns observed between estimated and actual results over time.

Local Assistance Grants

Local assistance spending includes payments to local governments, school districts, health care providers, and other entities, as well as financial assistance to, or on behalf of, individuals, families, and not-for-profit organizations 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	7,560,153	6,564,114	6,121,622	6,110,784	6,110,784	6,110,784
Essential Plan - Individuals Covered	1,037,196	1,027,935	1,160,580	1,239,404	1,239,404	1,239,404
Child Health Plus - Individuals Covered	407,267	442,728	495,399	500,012	500,012	500,012
State Takeover of County/NYC Costs[3]	$4,818	$5,179	$5,550	$5,933	$6,327	$6,732
CY 2005 Local Medicaid Cap	$3,353	$3,531	$3,720	$3,919	$4,132	$4,354
FY 2013 Local Takeover Costs	$1,465	$1,648	$1,830	$2,014	$2,195	$2,378
EDUCATION						
School Aid (School Year-Basis Funding)[4]	$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	48,542	50,233	51,648	51,680	51,930	52,180
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	103,937	106,264	107,853	108,069	108,554	108,990

[1] Reflects preliminary unaudited actuals.

[2] Enrollment in public health insurance programs is subject to risks related to the COVID-19 pandemic.

[3] 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.

[4] 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 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, current projections of growth in School Aid reflect the projected ten-year average growth in State personal income (PIGI).

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

	SY 2022	SY 2023	Change	SY 2024	Change	SY 2025	Change	SY 2026	Change	SY 2027	Change
Total	29,266	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 Terminal (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]
(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%	29,383	14.6%	31,213	6.2%	32,561	4.3%	33,983	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%	454	-26.2%	482	6.2%	498	3.3%	507	1.8%
Cannabis Revenue	0	0	0.0%	9	0.0%	21	133.3%	47	123.8%	81	72.3%

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

Other Education Funding

The State provides funding and support for various other education-related programs. These include special education services; programs administered by the Office of Prekindergarten through Grade 12 Education; cultural education; higher and professional education programs; and adult career and continuing education services.

OTHER EDUCATION FUNDING
(millions of dollars)

	FY 2022 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 of 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.

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

Higher Education

Local assistance 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. Local assistance for health care-related spending includes Medicaid, statewide public health programs and a variety of mental hygiene programs. Most government-financed health care programs are included under DOH, however, several programs are also supported through multi-agency efforts.

In addition to State funding, DOH also engages in Federally supported initiatives, including Medicaid redesign, public health, and COVID-19 pandemic response efforts. For more information on the MRT Medicaid Waiver and Federal COVID-19 response efforts please see "Other Matters Affecting the Financial Plan" herein.

Medicaid

Medicaid is a means-tested program that finances health care services for low-income individuals and long-term care services for the elderly and disabled, primarily through payments to health care providers. Medicaid services include inpatient hospital care, outpatient hospital services, clinics, nursing homes, managed care, prescription drugs, home care and services provided in a variety of community-based settings (including mental health, substance abuse treatment, developmental disabilities services, school-based services, and foster care services). 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 $98.8 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	57,835	58.5%
State	32,967	33.4%
Local	8,005	8.1%
Total	**98,807**	**100%**

[1] Includes operational costs and the Essential Plan.

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	19,316	21,457	23,840	25,605	27,388
HCRA	4,541	4,242	4,209	4,040	4,014
All Other	1,718	1,617	1,647	1,678	1,678
Total	**25,575**	**27,316**	**29,696**	**31,323**	**33,080**

[1] Includes operational costs and the Essential 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	75.5%	78.6%	80.3%	81.7%	82.8%
HCRA	17.8%	15.5%	14.2%	12.9%	12.1%
All Other	6.7%	5.9%	5.5%	5.4%	5.1%
Total	100%	100%	100%	100%	100%

[1] Includes operational costs and the Essential Plan.

See “Factors Affecting Medicaid” and “HCRA Financial Plan” below for more information.

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

Despite the projected return to pre-pandemic enrollment, total Medicaid costs are expected to grow annually due to an increase in populations that typically drive higher service utilization and costs. Other factors that continue to place upward pressure on State-share Medicaid costs 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**	**27,316**	**29,696**	**31,323**	**33,080**
Local Assistance	24,958	27,318	26,931	29,309	30,928	32,682
State Operations	316	375	385	387	395	398
eFMAP[1]	(2,984)	(2,118)	0	0	0	0
Other State Agency Medicaid Spending	**5,403**	**7,030**	**6,177**	**5,715**	**5,900**	**6,077**
Mental Hygiene[2]	5,234	6,808	5,955	5,493	5,678	5,855
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**	**32,605**	**33,493**	**35,411**	**37,223**	**39,157**
Annual $ Change		4,912	888	1,918	1,812	1,934
Annual % Change		17.7%	2.7%	5.7%	5.1%	5.2%

1 FY 2022 State savings via eFMAP of 6.2 percent includes retroactive benefit to January 2020 (33 months).

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.

FY 2023 Enacted State Operating Funds Budget Actions

The table below summarizes the Medicaid revisions and adds included in the FY 2023 Enacted Budget.

FY 2023 ENACTED BUDGET (millions of dollars)					
	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Mid-Year Unsolved Global Cap Deficit[1]	**(137)**	**(1,076)**	**(1,300)**	**(1,800)**	**(2,400)**
Additional Global Cap Growth Under New Index (5-Year CMS Actuary)	**366**	**899**	**1,542**	**2,281**	**3,112**
Enacted Budget Actions	**1,819**	**1,039**	**1,087**	**1,111**	**1,131**
Local Assistance	**1,719**	**935**	**983**	**1,000**	**1,017**
Additional Hospital Funding	800	100	100	100	100
Medicaid FFS/MC Rate Increase 1.0%/Wage Increase	318	318	318	318	318
Restore 1.5% FFS ATB	141	141	141	141	141
Increased Aid to Distressed Hospital Pool	350	350	350	350	350
Increase Nursing Home Support	100	100	100	100	100
All Other	10	(74)	(26)	(9)	8
State Operations	**100**	**104**	**104**	**111**	**114**
Other Base Actions and Resources	**(1,590)**	**(1,216)**	**(845)**	**(630)**	**(419)**
Distressed Intercept Fund Offset (FP Financing)	(250)	(250)	(250)	(250)	(250)
COVID MOE (FP Financing)	(277)	(289)	0	0	0
Mainstream Managed Care Non-Federal Share Assumption	(486)	0	0	0	0
Signed Legislation, Timing of Payments Across Fiscal Years, Other	(577)	(677)	(595)	(380)	(169)
Global Cap Change from Mid-Year Update	**229**	**(177)**	**242**	**481**	**712**
Non-Global Cap Medicaid Revisions (Excluded from Above)	**529**	**957**	**1,294**	**1,376**	**1,463**
Health Care/Direct Care Worker Bonus	923	0	0	0	0
Home Care Wages net of HCBS eFMAP	0	263	1,233	1,315	1,402
eFMAP/PHE Extension (Apr-Sept)	(1,870)	0	0	0	0
Lost Savings	277	289	0	0	0
Medicaid Enrollment Revision (incl. PHE Extension)	1,212	354	0	0	0
Mental Hygiene COLA/Other Actions - Local Costs	(13)	51	61	61	61

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

The FY 2023 Enacted Budget includes several investments in health care including a restoration of the 1.5 percent across-the-board reduction to fee-for-service providers implemented in the FY 2021 Budget, as well as an increase of 1 percent to all provider reimbursement rates. The increased rates recognize growth in service costs and will provide flexibility to respond to market needs and compete in the labor market to attract qualified workers.

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

The FY 2023 Enacted Budget includes various Medicaid savings actions including the maximization of Federal resources to provide enhanced pregnancy coverage and postpartum care; utilization of the temporary 10 percent increase to the FMAP for specific Medicaid HCBS to support workforce investments, capacity increases, and digital infrastructure; and accessing Federal funding for enhanced pregnancy coverage through the Children's Health Insurance Program, which is currently funded with State dollars.

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 implements a new Global Cap index based on the five-year rolling average of Centers for Medicare & Medicaid Services (CMS) annual projections of health care spending. The CMS projections account for enrollment, including specific populations, such as the aging 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**	**4,667**	**5,821**	**6,085**	**6,356**
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	1,831	2,014	2,197	2,380
MSA Payments (Share of Local Growth)[3]	0	(362)	(362)	(362)	(362)	(362)
All Other	(1,708)	528	528	528	527	528
Total DOH Medicaid	**22,290**	**25,575**	**27,316**	**29,696**	**31,323**	**33,080**
Annual $ Change	2,298	3,285	1,741	2,380	1,627	1,757
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, in order 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 Financial Plan assumes the remaining MRT II savings will be implemented in FY 2023, aside from those actions limited to the maintenance of effort requirements associated with the recent Federal public health emergency extension, which extends the eFMAP benefit through September 30, 2022, 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. On April 16, 2022, the Federal government extended the PHE declaration through July 15, 2022, which will authorize the eFMAP provisions through September 2022. Accordingly, the Financial Plan assumes an additional $876 million in new resources, increasing the projected benefit in FY 2023 to nearly $2.1 billion. State share savings from eFMAP 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 will be phased in with a $2 increase 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 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

County	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Rest of State	2,396,444,576	2,531,355,341	2,670,178,519	2,813,027,569	2,960,019,241	3,111,273,672
New York City	2,421,745,114	2,647,938,370	2,880,691,230	3,120,193,923	3,366,642,195	3,620,237,466
Statewide	4,818,189,690	5,179,293,711	5,550,869,749	5,933,221,492	6,326,661,436	6,731,511,137

Master Settlement Agreement (MSA)

DOB expects to receive annual payments from tobacco manufacturers under the MSA totaling roughly $362 million annually through FY 2027. State law directs these payments be used to help defray costs of the State's takeover of Medicaid costs for counties and New York City. Consistent with State law, the MSA payments are deposited directly to the Medicaid Payment Escrow Fund to offset the non-Federal share of annual Medicaid growth, formerly borne by local governments, which the State now pays on behalf of local governments. The deposit mechanism has no impact on overall Medicaid spending funded with State resources but reduces reported State-supported Medicaid spending accounted for in State Operating Funds. The table below shows total State spending adjusted for the MSA offset.

Health Care Transformation Fund

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 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**

A summary of the individual asset sales and conversions is included in the Accompanying Notes section of the Financial Plan.

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 a decrease in enrollment from FY 2022 as the economy recovers and unemployment trends towards pre-pandemic levels, offset by growth in enrollment due to expanded eligibility.

ESSENTIAL PLAN
(millions of dollars)

	FY 2022 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**	**6,099**	**9.9%**	**6,525**	**7.0%**	**6,884**	**5.5%**	**7,288**	**5.9%**	**7,753**	**6.4%**
State Operating Funds	**63**	**71**	**12.7%**	**78**	**9.9%**	**80**	**2.6%**	**88**	**10.0%**	**91**	**3.4%**
Local Assistance[1]	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	63	71	12.7%	78	9.9%	80	2.6%	88	10.0%	91	3.4%
Federal Operating Funds	**5,489**	**6,028**	**9.8%**	**6,447**	**7.0%**	**6,804**	**5.5%**	**7,200**	**5.8%**	**7,662**	**6.4%**

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

On an All Funds basis, EP spending is anticipated to fluctuate over the 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, the expanded eligibility up to 250 percent of the Federal poverty level, and the initiative to cover pregnant women and to provide 12 months of postpartum coverage for individuals enrolled in EP.

The Financial Plan also includes new benefits for long-term services and support, and a commitment to expand health insurance to postpartum New Yorkers. Due to a high Federal reimbursement rate for the EP under current methodology, local assistance spending for the EP is not anticipated to drive a commensurate increase in State support.

Public Health/Aging Programs

Public Health includes many programs. CHP, the largest program in this category, provides health insurance coverage for children of low-income families up to the age of 19. The GPHW program reimburses local health departments for the cost of providing certain public health services. The Elderly Pharmaceutical Insurance Coverage (EPIC) program provides prescription drug insurance to seniors. The Early Intervention (EI) program pays for services provided to infants and toddlers under the age of three with disabilities or developmental delays. Many public health programs, such as the EI and GPHW programs, are run by county health departments that are reimbursed by the State for a share of the program costs. State spending projections do not include the county share of these programs. In addition, a significant portion of HCRA spending is included under the Public Health budget.

The State Office for the Aging (SOFA) promotes and administers programs and services for New Yorkers 60 years of age and older. SOFA primarily oversees community-based services (including in-home services and nutrition assistance) provided through a network of county Area Agencies on Aging (AAA) and local providers.

PUBLIC HEALTH AND AGING
(millions of dollars)

	FY 2022 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**	**2,269**	**17.0%**	**2,324**	**2.4%**	**2,342**	**0.8%**	**2,359**	**0.7%**	**2,385**	**1.1%**
Public Health	**1,803**	**2,097**	**16.3%**	**2,157**	**2.9%**	**2,170**	**0.6%**	**2,181**	**0.5%**	**2,202**	**1.0%**
Child Health Plus[1]	737	788	6.9%	961	22.0%	989	2.9%	1,001	1.2%	1,023	2.2%
General Public Health Work	166	204	22.9%	230	12.7%	215	-6.5%	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	339	6.9%	344	1.5%	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]	359	401	11.7%	298	-25.7%	298	0.0%	297	-0.3%	296	-0.3%
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 retroactive to January 2020 (33 months).
[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 September 2022, CHP is expected to receive an additional $17.4 million in COVID-19 eFMAP savings in FY 2023.

The 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 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	4,069	1.9%	4,037	-0.8%	4,058	0.5%	4,078	0.5%	4,098	0.0%
Covered Lives Assessment[1]	985	1,150	16.8%	1,150	0.0%	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	4,541	3.7%	4,242	-6.6%	4,209	-0.8%	4,040	-4.0%	4,014	0.0%
Medicaid Costs	3,956	4,216	6.6%	3,917	-7.1%	3,884	-0.8%	3,865	-0.5%	3,839	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	378	16.0%	381	0.8%	381	0.0%	381	0.0%	381	0.0%
Child Health Plus	737	788	6.9%	961	22.0%	989	2.9%	1,002	1.3%	1,023	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	44	18.9%	46	4.5%	47	2.2%	49	4.3%	50	0.0%
Roswell Park Cancer Institute	51	57	11.8%	51	-10.5%	51	0.0%	51	0.0%	51	0.0%
SHIN-NY/APCD	36	40	11.1%	40	0.0%	40	0.0%	40	0.0%	40	0.0%
All Other	25	30	20.0%	30	0.0%	28	-6.7%	28	0.0%	28	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 Enacted 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 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 over $780 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, the Office of Addiction Services and Supports (OASAS), the Developmental Disabilities Planning Council (DDPC), and the Justice Center for the Protection of People with Special Needs (Justice Center). 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**	**6,752**	**44.9%**	**5,924**	**-12.3%**	**5,535**	**-6.6%**	**5,743**	**3.8%**	**5,961**	**3.8%**
People with Developmental Disabilities	**2,506**	**2,969**	**18.5%**	**2,984**	**0.5%**	**3,152**	**5.6%**	**3,302**	**4.8%**	**3,440**	**4.2%**
Residential Services	1,407	1,678	19.3%	1,687	0.5%	1,779	5.5%	1,861	4.6%	1,938	4.1%
Day Programs	614	733	19.4%	736	0.4%	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	540	14.9%	543	0.6%	577	6.3%	609	5.5%	636	4.4%
Mental Health	**1,475**	**2,003**	**35.8%**	**2,071**	**3.4%**	**2,114**	**2.1%**	**2,164**	**2.4%**	**2,213**	**2.3%**
Adult Local Services	1,220	1,598	31.0%	1,697	6.2%	1,760	3.7%	1,802	2.4%	1,843	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**	**719**	**93.8%**	**560**	**-22.1%**	**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	232	27.5%	220	-5.2%	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**	**1,060**	**245.3%**	**308**	**-70.9%**	**(301)**	**-197.7%**	**(301)**	**0.0%**	**(301)**	**0.0%**
OPWDD Local Share	307	1,457	374.6%	354	-75.7%	0	-100.0%	0	0.0%	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**	**5,692**	**30.8%**	**5,616**	**-1.3%**	**5,836**	**3.9%**	**6,044**	**3.6%**	**6,262**	**3.6%**

[1] The Enacted Budget 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. Also consistent with these settlement agreements, roughly $56 million of the $185 million expected to disburse from the Opioid Settlement Fund will pass through the State to local municipalities.

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

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

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

Funding is included to support OMH community services and the continued transition of individuals to more cost-effective community settings. Service expansion includes increases for residential programs and supported housing units throughout the State, additional peer support services, and new targeted services, such as mobile crisis teams to directly assist homeless individuals 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 $100 million in additional resources from the Opioid Stewardship Tax and litigation settlements with pharmaceutical manufacturers and distributors will be targeted at the opioid epidemic through expanded addiction services programs. Of the $185 million in settlement funds expected to disburse in FY 2023, roughly $56 million will pass through the State to local municipalities consistent with the statewide opioid settlement agreements.

The FY 2023 Enacted Budget 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**	**2,612**	**93.9%**	**1,715**	**-34.3%**	**1,790**	**4.4%**	**1,779**	**-0.6%**	**1,828**	**2.8%**
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	239	2072.7%	342	43.1%	390	14.0%	434	11.3%	481	10.8%
Rental Assistance	183	1,093	497.3%	100	-90.9%	100	0.0%	100	0.0%	100	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 makes 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 reduces 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 Budget adds $125 million for aid to landlords whose tenants have left their rental property or who are unwilling to apply for ERAP.

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

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 continues 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 include 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 Runaway Homeless Youth (RHY) program, expanding the HFNY Home Visiting program and funding a 5.4 percent increase for human service workers.

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%**	**4,789**	**4.1%**	**4,790**	**0.0%**	**4,792**	**0.0%**	**4,794**	**0.0%**
Mass Transit Operating Aid:	2,620	3,421	30.6%	3,599	5.2%	3,599	0.0%	3,599	0.0%	3,600	0.0%
Metro Mass Transit Aid	2,463	3,260	32.4%	3,440	5.5%	3,440	0.0%	3,440	0.0%	3,441	0.0%
Public Transit Aid	112	117	4.5%	115	-1.7%	115	0.0%	115	0.0%	115	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%	686	1.8%	686	0.0%	686	0.0%	686	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%	0	0.0%	0	0.0%	0	0.0%

Projected operating aid to the MTA and other transit systems mainly reflects the current receipts forecast. A substantial amount of new funding to the MTA was authorized in the FY 2020 Enacted Budget as part of a comprehensive reform plan expected to generate an estimated $25 billion in financing for the MTA's 2020-2024 Capital Plan. This includes a portion of sales tax receipts collected by online marketplace providers on all sales facilitated through their platforms, and implementation and enforcement of regulations associated with the *Wayfair*[10] decision.

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.

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

Local Government Assistance

Direct aid to local governments includes the Aid and Incentives for Municipalities (AIM) program, created in FY 2006 to consolidate various unrestricted local aid funding streams; miscellaneous financial assistance for certain counties, cities, towns, and villages; and efficiency-based incentive grants to local governments.

LOCAL GOVERNMENT ASSISTANCE - AIM PROGRAM
(millions of dollars)

	FY 2022 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	**695**	**740**	**6.5%**	**763**	**3.1%**	**763**	**0.0%**	**763**	**0.0%**	**763**	**0.0%**
Big Four Cities	451	429	-4.9%	429	0.0%	429	0.0%	429	0.0%	429	0.0%
Other Cities	228	218	-4.4%	218	0.0%	218	0.0%	218	0.0%	218	0.0%
Towns and Villages	9	68	655.6%	68	0.0%	68	0.0%	68	0.0%	68	0.0%
Restructuring/Efficiency	7	25	257.1%	48	92.0%	48	0.0%	48	0.0%	48	0.0%

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

Currently, 846 towns and 479 villages receive a total of $59.1 million in AIM-related payments funded through local sales tax collections. The FY 2023 Enacted Budget ends this practice and resumes State General Fund support for these towns and villages through the traditional AIM program, allowing local governments to retain a greater amount of local sales tax revenue annually.

Agency Operations

Agency operating costs consist of Personal Service (PS), NPS, and GSCs. PS includes salaries of State employees of the Executive, Legislative, and Judicial branches consistent with current negotiated collective bargaining agreements, as well as temporary/seasonal employees. NPS includes real estate rentals, utilities, contractual payments (e.g., consultants, IT, and professional business services), supplies and materials, equipment, and telephone service. GSCs, discussed separately, reflect the cost of fringe benefits (e.g., pensions and health insurance) provided to State employees and retirees of the Executive, Legislative and Judicial branches, as well as certain fixed costs such as litigation expenses and taxes on public lands. Certain agency operating costs of DOT and the Department of Motor Vehicles (DMV) are included in Capital Projects Funds and are not reflected in State Operating Funds.

Approximately 94 percent of the State workforce is unionized. The largest unions include CSEA, which represents office support staff, administrative personnel, machine operators, skilled trade workers, and therapeutic and custodial care staff; PEF, which represents professional and technical personnel (attorneys, nurses, accountants, engineers, social workers, and institution teachers); United University Professions (UUP), which represents faculty and nonteaching professional staff within the SUNY system; and New York State Correctional Officers and Police Benevolent Association (NYSCOPBA), which represents security personnel (correctional, safety and security officers).

Agency Operations projections include increasing energy and commodity prices and planned general salary increases, a portion of which is offset using the Labor Settlements/Agency Operations reserve that was previously set aside for this purpose. In addition, the State charged roughly $1.5 billion in eligible costs to the Federal CRF in FY 2022 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**	**11,850**	**11,672**	**11,745**	**11,889**	**12,002**
Mental Hygiene	3,008	3,160	3,116	3,162	3,207	3,256
Corrections and Community Supervision	2,664	2,657	2,639	2,630	2,628	2,628
State Police	791	836	845	862	878	895
Department of Health	1,193	839	849	853	867	871
Information Technology Services	649	609	641	642	656	671
Children and Family Services	197	323	327	332	338	340
Tax and Finance	326	336	332	332	333	333
Transportation	333	353	341	341	351	361
Environmental Conservation	245	237	244	245	248	247
Healthcare/Direct Care Worker Bonus	0	120	0	0	0	0
All Other	1,991	2,380	2,338	2,346	2,383	2,400
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**	**6,628**	**6,688**	**6,732**	**6,811**	**6,891**
State University	6,515	6,628	6,688	6,732	6,811	6,891
INDEPENDENT AGENCIES	**359**	**379**	**385**	**391**	**398**	**403**
Law	197	212	214	217	220	223
Audit & Control (OSC)	162	167	171	174	178	180
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	**17,647**	**18,152**	**18,320**	**18,643**	**19,098**	**19,296**
Judiciary	**1,958**	**2,109**	**2,109**	**2,109**	**2,109**	**2,109**
Legislature	**231**	**260**	**260**	**260**	**260**	**260**
Statewide Total	**19,836**	**20,521**	**20,689**	**21,012**	**21,467**	**21,665**
Personal Service	13,243	15,182	15,134	15,248	15,387	15,499
Non-Personal Service	6,593	5,339	5,555	5,764	6,080	6,166

[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; offsets of expenses across fiscal years; and the payment of salary increases pursuant to existing contracts.

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.

Other notable spending changes include:

- **Mental Hygiene.** The FY 2023 Enacted Budget includes an investment to enable OPWDD to expand 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.
- **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.
- **DOH.** The overall decline in projected spending from FY 2022 to FY 2023 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. These costs were incurred in FY 2022 creating higher than normal disbursements that will not carry into FY 2023. Additionally, retroactive payments of collective bargaining agreements temporarily inflated spending in FY 2022. Costs related to these agreements will normalize in the out years.
- **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.
- **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.
- **Judiciary.** Growth is mainly driven by planned increases in staff hiring and contract spending.

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

Workforce

In FY 2023, $15.2 billion, or 12.4 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	**8,543**	**96,430**
Mental Hygiene	2,555	33,074
Corrections and Community Supervision	2,165	24,478
State Police	756	5,794
Department of Health	321	4,308
Information Technology Services	326	3,519
Tax and Finance	263	3,785
Children and Family Services	232	2,327
Environmental Conservation	193	2,236
Transportation	174	2,580
Financial Services	161	1,391
All Other	1,397	12,938
UNIVERSITY SYSTEMS	**4,378**	**46,771**
State University	4,378	46,771
INDEPENDENT AGENCIES	**2,261**	**18,376**
Law	153	1,528
Audit & Control (OSC)	132	1,572
Judiciary	1,773	15,273
Legislature[2]	203	3
Statewide Total	**15,182**	**161,577**

[1] FTEs represent the number of annual-salaried full-time filled positions (e.g., one FTE may represent a single employee serving at 100 percent full-time, or a combination of employees serving at less than full-time that, when combined, equal a full-time position). The reported FTEs do not include nonannual salaried positions, such as those filled on an hourly, per-diem or seasonal basis.

[2] Legislative employees who are nonannual salaried are excluded from this table.

General State Charges

The State provides a variety of fringe benefits to current and former employees, including health insurance, pensions, workers' compensation coverage, unemployment insurance, survivors' benefits, and dental and vision benefits (some of which are provided through union-specific Employee Benefit Funds). The GSC budget also pays the Social Security payroll tax and certain statewide fixed costs, including taxes on State-owned lands, Payments in Lieu of Taxes (PILOT), and judgments and settlements awarded in the Court of Claims. Many of these payments are mandated by law or collective bargaining agreements.

Employee fringe benefits paid through GSCs are financed from the General Fund in the first instance and are partially reimbursed by revenue collected from agency fringe benefit assessments. In FY 2022, fringe benefit costs reflected the reclassification of payroll expenses for State Police, first responders, and public safety officers to the Federal CRF pursuant to Treasury eligibility guidelines. This resulted in an increase in Federal fringe benefits spending of $650 million and a commensurate reduction in General Fund spending.

GSC spending is projected to increase over the Financial Plan period mostly due to increases in the health insurance program which reflects medical inflation and the potential for increased utilization in non-essential procedures that were postponed during the pandemic. In FY 2022, a $722 million prepayment was applied towards the State's health insurance premiums in the later years of the Financial Plan. The estimate for workers' compensation reflects current utilization and an increase in the average weekly wage.

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.

The Financial Plan also reflects the repayment of the State and Judiciary non-Medicare payroll taxes deferred from April-December 2020 as authorized in the Federal CARES Act. The Executive made its first interest free repayment on November 21, 2021 for $278 million followed by a second and final payment on March 21, 2022 for another $278 million. The Judiciary paid its deferment of $69 million in its entirety in June 2021. SUNY Hospital made its first interest free repayment of $24 million in November 2021 and is scheduled to remit its remaining $24 million repayment by December 2022.

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**	**9,950**	**-0.7%**	**10,581**	**6.3%**	**11,789**	**11.4%**	**13,116**	**11.3%**	**14,529**	**10.8%**
Fringe Benefits	**9,596**	**9,472**	**-1.3%**	**10,100**	**6.6%**	**11,299**	**11.9%**	**12,618**	**11.7%**	**14,022**	**11.1%**
Health Insurance (Gross)	5,379	5,155	-4.2%	5,355	3.9%	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 (Gross)	1,067	1,127	5.6%	1,175	4.3%	1,178	0.3%	1,201	2.0%	1,224	1.9%
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)	(346)	7.7%	(339)	2.0%	(324)	4.4%	(307)	5.2%	(285)	7.2%
Non-State Escrow (CRF)	(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	302	3.8%	305	1.0%	314	3.0%	322	2.5%	331	2.8%
Litigation	138	176	27.5%	176	0.0%	176	0.0%	176	0.0%	176	0.0%

The State historically funds employee and retiree health care expenses as they become due, on a PAYGO basis. The Retiree Health Benefit Trust Fund was created in FY 2018 to reserve money for the payment of health benefits of retired employees and their dependents. The Financial Plan reflects a deposit to the Retiree Health Benefit Trust Fund of $320 million in FY 2022 and planned deposits of $320 million in FY 2023, and $375 million in FY 2024 through FY 2027, fiscal conditions permitting. These deposits will establish an asset against the State's (OPEB) liability.

The FY 2023 Enacted Budget 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.

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**	**8,140**	**9,916**	**9,127**	**6,379**	**5,865**
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	4,348	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	373	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	3,582	4,600	4,690	2,298	1,937
ALL OTHER TRANSFERS	**1,270**	**1,994**	**1,876**	**1,385**	**1,369**	**1,383**
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	616	560	568	550	563

General Fund transfers to Other Funds are projected to total $8.1 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 provides 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 includes 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 increase debt service in FY 2022 and FY 2023, and will decrease debt service costs in FYs 2024 through FY 2027.

STATE-SUPPORTED DEBT SERVICE
(millions of dollars)

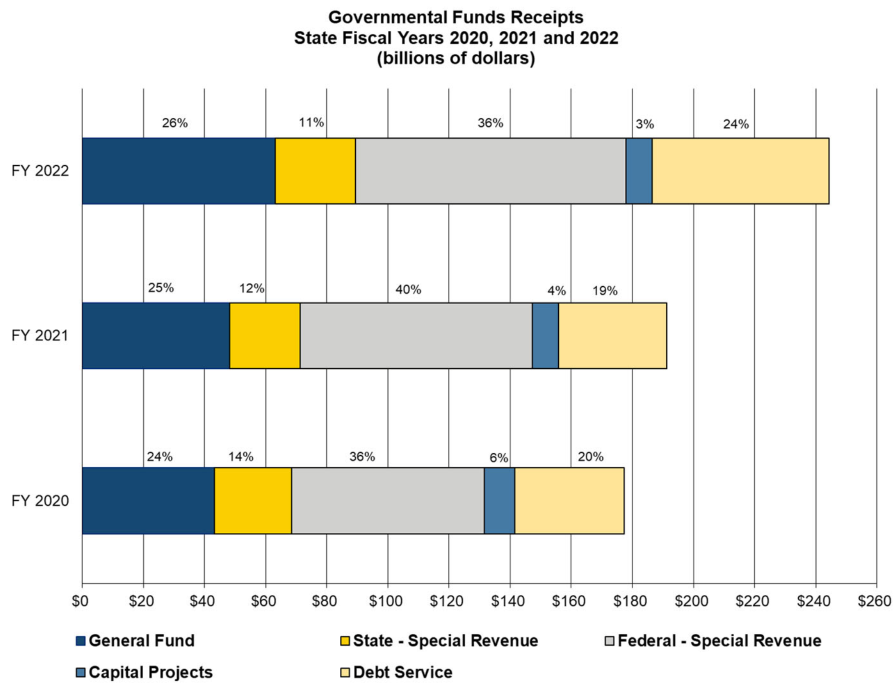
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Base Debt Service	**5,995**	**6,687**	**7,159**	**7,615**	**8,018**	**8,527**
Total Prepayment Adjustment	**6,550**	**925**	**(2,255)**	**(3,145)**	**(2,380)**	**(2,860)**
Prior Prepayments	(1,065)	(700)	(700)	(700)	0	0
FY 2022 Prepayment	7,615	(375)	(1,555)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

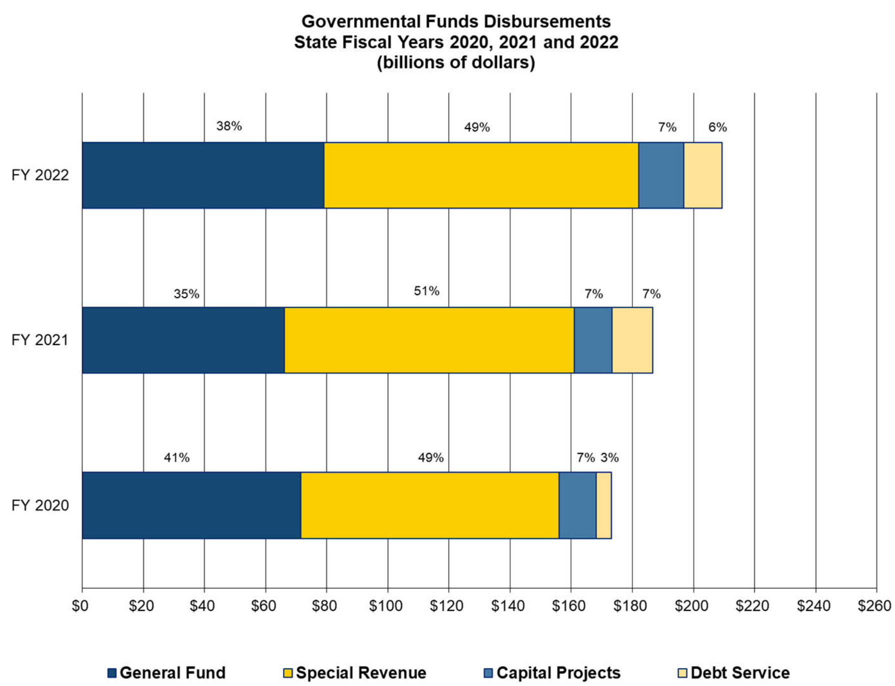
The FY 2023 Enacted Budget authorized liquidity financing in the form of up to $3.0 billion of PIT notes and $2.0 billion of line of credit facilities in FY 2023 as a tool to manage unanticipated financial disruptions. The Financial Plan does not assume any PIT note issuances or use of the line of credit. 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 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 $4.8 billion of the State's portion of the MTA's 2015-19 Capital Plan.

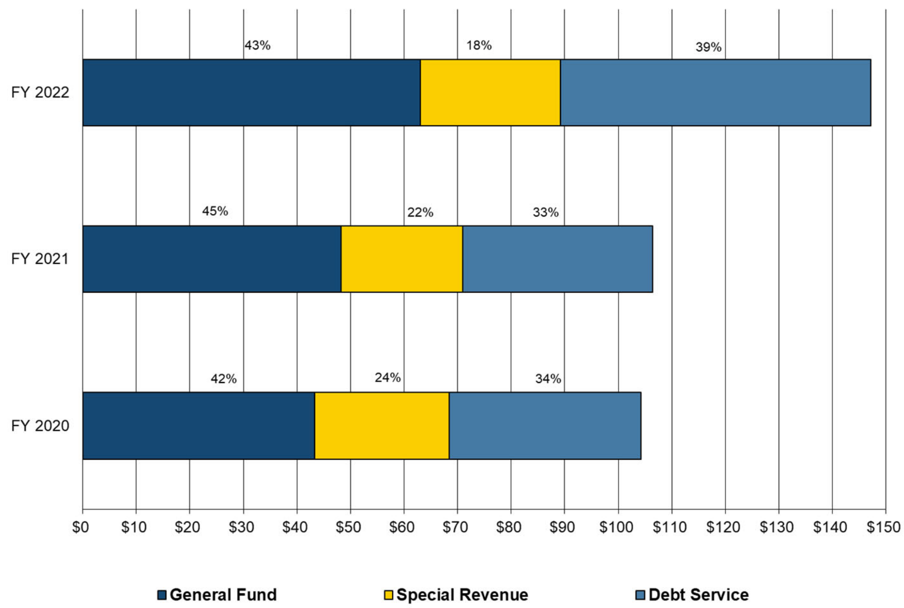
PRIOR FISCAL YEARS

The following six charts show the composition of the State's governmental funds, State Operating Funds and the General Fund as of March 31, 2022. Following the tables is a summary of the cash-basis results for the State's three most recent fiscal years.

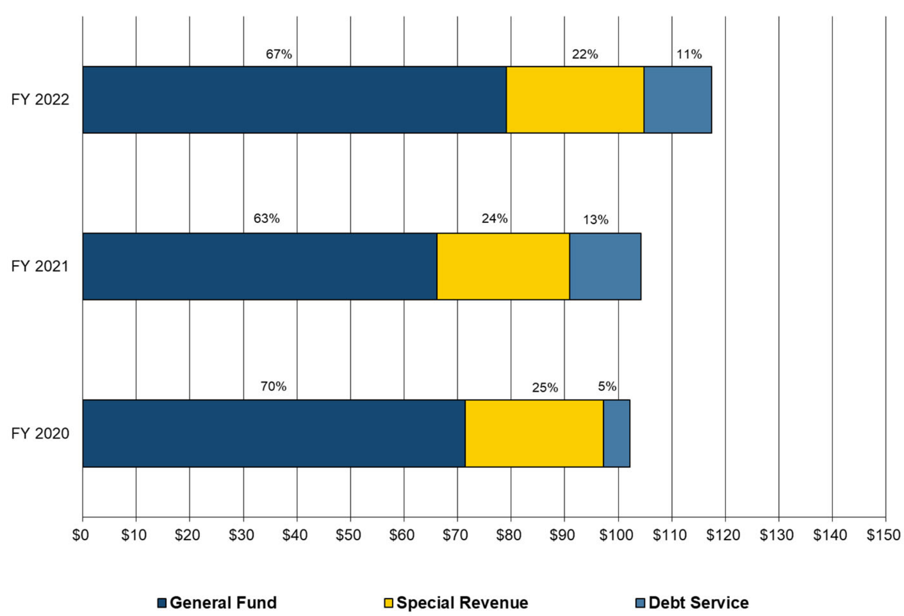




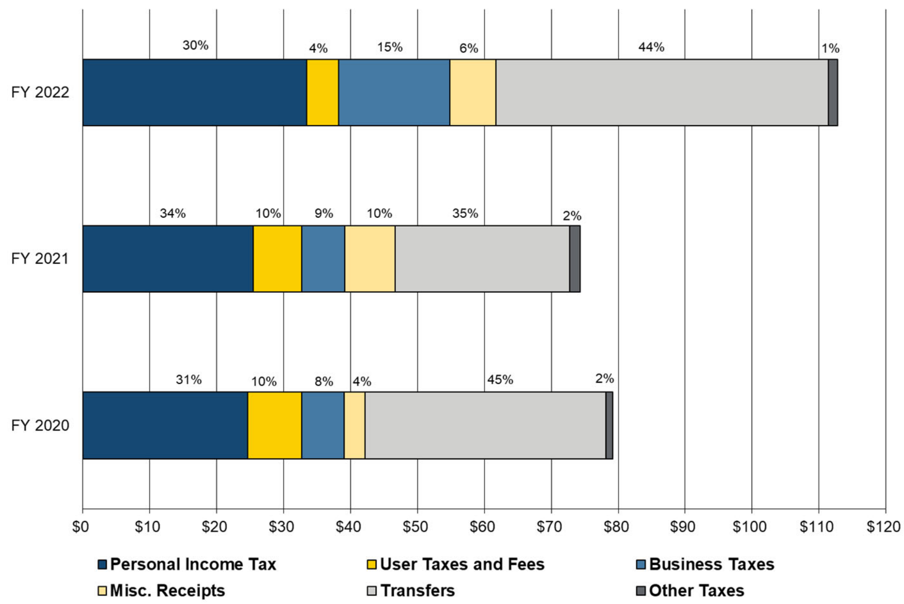
State Operating Funds Receipts
State Fiscal Years 2020, 2021 and 2022
(billions of dollars)



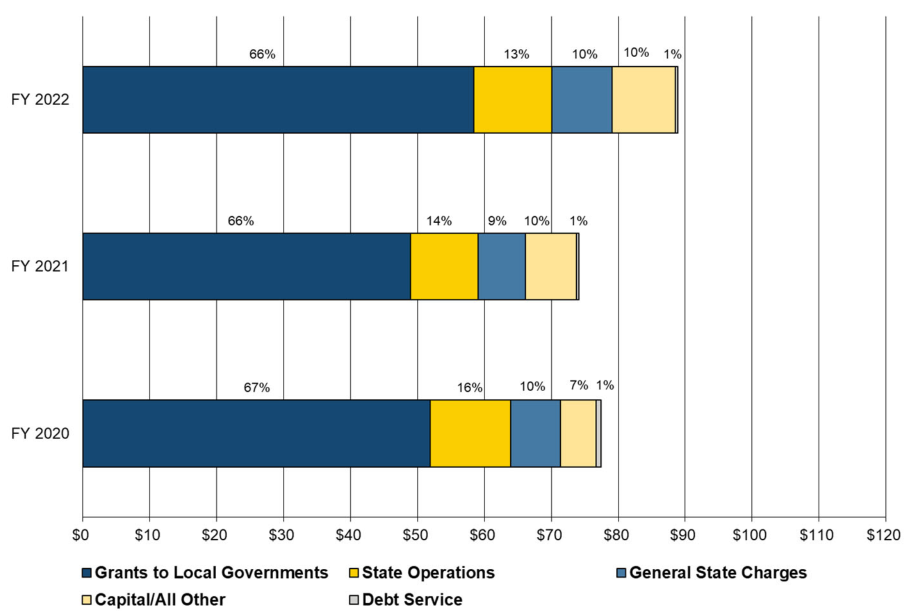
State Operating Funds Disbursements
State Fiscal Years 2020, 2021 and 2022
(billions of dollars)



General Fund Receipts and Transfers by Source
State Fiscal Years 2020, 2021 and 2022
(billions of dollars)



General Fund Disbursements and Transfers by Type
State Fiscal Years 2020, 2021 and 2022
(billions of dollars)



The State reports its financial results on the cash basis of accounting, showing receipts and disbursements; and the GAAP basis (including modified accrual and full accrual), as prescribed by GAAP, showing revenues and expenditures. With the exception of FY 2022 financial results, the State's GAAP-basis financial results set forth in this section have been audited. Note that the FY 2022 financial results included in this AIS are preliminary and unaudited.

Cash-Basis Results for Prior Fiscal Years

General Fund FY 2020 Through FY 2022

The General Fund is the principal operating fund of the State and is used to account for all financial transactions, except those required by law to be accounted for in another fund. It is the State's largest single fund and receives most State taxes and other resources not dedicated to particular purposes. General Fund moneys in prior fiscal years were also transferred to other funds, primarily to support certain State share Medicaid payments, capital projects and debt service payments in other fund types. In some cases, the fiscal year results provided below may exclude certain timing-related transactions which have no net impact on operations.

In the cash basis of accounting, the State defines a balanced budget in the General Fund in any given fiscal year as (a) the ability to make all planned payments anticipated in the Financial Plan, including tax refunds, without the issuance of deficit bonds or notes or extraordinary cash management actions, (b) the restoration of the balances in the Rainy Day Reserves to a level equal to or greater than the level at the start of the fiscal year, and (c) maintenance of other designated balances, as required by law.

The State has allowed limited spending growth to meet the demand for services. In addition, Rainy Day Reserve Fund balances have been supported and maintained. The following table summarizes General Fund results for the prior three fiscal years.

COMPARISON OF GENERAL FUND RECEIPTS AND DISBURSEMENTS FY 2020 THROUGH FY 2022 (millions of dollars)	FY 2020	FY 2021	FY 2022
OPENING FUND BALANCE	7,206	8,944	9,161
Personal Income Tax [1]	24,646	25,456	33,464
Consumption/User Taxes:			
Sales and Use Tax [2]	7,447	6,639	4,122
Cigarette and Tobacco Tax	313	310	293
Alcoholic Beverage Taxes	259	271	277
Opioid Excise Tax	19	30	29
Subtotal	8,038	7,250	4,721
Business Taxes:			
Corporation Franchise Tax	3,791	3,890	5,818
Corporation and Utilities Taxes	518	417	434
Insurance Taxes	2,053	1,976	2,214
Bank Tax	8	137	16
Pass-Through Entity Tax [1]	0	0	8,215
Subtotal	6,370	6,420	16,697
Other Taxes:			
Estate and Gift Taxes	1,070	1,538	1,386
Pari-Mutuel Tax	14	10	13
Other Taxes [1]	3	1	8
Subtotal	1,087	1,549	1,407
Miscellaneous Receipts & Federal Grants	3,159	7,515	6,825
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	25,862	18,578	26,055
PTET in Excess of Revenue Bond Debt Service	0	0	8,215
Sales Tax in Excess of Revenue Bond Debt Service	2,762	1,278	5,572
Sales Tax in Excess of LGAC Debt Service	3,417	3,238	4,121
All Other Transfers	3,866	3,028	5,733
Subtotal	35,907	26,122	49,696
TOTAL RECEIPTS	79,207	74,312	112,810
Grants to Local Governments:			
School Aid	23,521	23,127	24,783
Medicaid - DOH	16,071	13,871	16,153
All Other Local Aid	12,271	11,984	17,448
State Operations:			
Personal Service	8,940	7,154	8,063
Non-Personal Service	3,114	2,950	3,675
General State Charges	7,454	7,032	8,983
Transfers to Other Funds:			
In Support of Debt Service	736	326	340
In Support of Capital Projects	3,128	4,540	6,818
SUNY Operations	1,179	1,229	1,385
All Other Transfers	1,055	1,883	1,270
Subtotal	6,098	7,978	9,813
TOTAL DISBURSEMENTS	77,469	74,095	88,918
Excess (Deficiency) of Receipts and Other Financing Sources over Disbursements and Other Financing Uses	1,738	217	23,892
CLOSING FUND BALANCE	8,944	9,161	33,053

Sources: NYS Office of the State Comptroller. Financial Plan categorical detail by NYS Division of the Budget.

(1) Excludes tax receipts that flow into the Revenue Bond Tax Fund (RBTF) in the first instance and are then transferred to the General Fund after debt service obligation is satisfied.

(2) Excludes sales tax in excess of LGAC Debt Service and Sales Tax Revenue Bond Fund.

FY 2022

The State ended FY 2022 in balance on a cash basis in the General Fund, based on preliminary unaudited results. General fund receipts, including transfers from other funds, totaled $112.8 billion. General Fund disbursements, including transfers to other funds, totaled $88.9 billion. The State ended FY 2022 with a General Fund balance of $33.1 billion, an increase of $23.9 billion from FY 2021 results. A large share of the higher balance reflects $16.4 billion in PTET collections and $1.1 billion in eligible public safety payroll expenses moved to the CRF, partly offset by prepayments and advances totaling $9 billion. Excluding these transactions, the General Fund ended March 2022 with a balance of $24.4 billion, an increase of $15.3 billion from FY 2021 results.

FY 2021

The State ended FY 2021 in balance on a cash basis in the General Fund. General Fund receipts, including transfers from other funds, totaled $74.3 billion. General Fund disbursements, including transfers to other funds, totaled $74.1 billion. The State ended FY 2021 with a General Fund balance of $9.2 billion, an increase of $217 million from FY 2020 results.

FY 2020

The State ended FY 2020 in balance on a cash basis in the General Fund. General Fund receipts, including transfers from other funds, totaled $79.2 billion. General Fund disbursements, including transfers to other funds, totaled $77.5 billion. The State ended FY 2020 with a General Fund balance of $8.9 billion, an increase of $1.7 billion from FY 2019 results.

State Operating Funds FY 2020 Through FY 2022

State Operating Funds is composed of the General Fund, State special revenue funds and debt service funds. The State Operating Funds perspective is primarily intended as a measure of State-financed spending.

FY 2022

State Operating Funds receipts totaled $147.2 billion in FY 2022, an increase of $40.8 billion over FY 2021 results. Disbursements totaled $117.4 billion in FY 2022, an increase of $13.2 billion or 13 percent from FY 2021 results. The State ended FY 2022 with a State Operating Funds cash balance of $40.8 billion.

FY 2021

State Operating Funds receipts totaled $106.4 billion in FY 2021, an increase of $2.1 billion over the FY 2020 results. Disbursements totaled $104.2 billion in FY 2021, an increase of $2.1 billion or 2 percent from the FY 2020 results. The State ended FY 2021 with a State Operating Funds cash balance of $15.1 billion.

FY 2020

State Operating Funds receipts totaled $104.2 billion in FY 2020, an increase of $6.5 billion over the FY 2019 results. Disbursements totaled $102.2 billion in FY 2020, an increase of $2.0 billion or 2 percent from the FY 2019 results. The State ended FY 2020 with a State Operating Funds cash balance of $14.4 billion.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2022
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	**9,161**	**5,708**	**65**	**14,934**
Receipts:				
Taxes	56,289	6,054	57,480	119,823
Miscellaneous Receipts	2,325	19,990	428	22,743
Federal Receipts	4,500	38	68	4,606
Total Receipts	**63,114**	**26,082**	**57,976**	**147,172**
Disbursements:				
Local Assistance	58,384	16,614	0	74,998
State Operations:				
Personal Service	8,063	5,180	0	13,243
Non-Personal Service	3,675	2,904	14	6,593
General State Charges	8,983	1,042	0	10,025
Debt Service	0	0	12,545	12,545
Capital Projects	0	0	0	0
Total Disbursements	**79,105**	**25,740**	**12,559**	**117,404**
Other Financing Sources (Uses):				
Transfers from Other Funds*	49,696	2,535	1,896	54,127
Transfers to Other Funds*	(9,813)	(973)	(47,276)	(58,062)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**39,883**	**1,562**	**(45,380)**	**(3,935)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**23,892**	**1,904**	**37**	**25,833**
Closing Fund Balance	**33,053**	**7,612**	**102**	**40,767**

Source: NYS DOB.

*Actual reported transfer amounts include eliminations between State Special Revenue Funds and Federal Special Revenue Funds.

CASH FINANCIAL PLAN STATE OPERATING FUNDS BUDGET FY 2021 (millions of dollars)	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	**8,944**	**5,401**	**63**	**14,408**
Receipts:				
Taxes	40,675	5,576	34,949	81,200
Miscellaneous Receipts	7,515	17,193	401	25,109
Federal Receipts	0	(13)	74	61
Total Receipts	**48,190**	**22,756**	**35,424**	**106,370**
Disbursements:				
Local Assistance	48,981	16,106	0	65,087
State Operations:				
Personal Service	7,154	5,201	0	12,355
Non-Personal Service	2,950	2,639	62	5,651
General State Charges	7,032	886	0	7,918
Debt Service	0	0	13,196	13,196
Capital Projects	0	0	0	0
Total Disbursements	**66,117**	**24,832**	**13,258**	**104,207**
Other Financing Sources (Uses):				
Transfers from Other Funds*	26,122	3,088	3,224	32,434
Transfers to Other Funds*	(7,978)	(507)	(25,388)	(33,873)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**18,144**	**2,581**	**(22,164)**	**(1,439)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**217**	**505**	**2**	**724**
Closing Fund Balance	**9,161**	**5,906**	**65**	**15,132**

Source: NYS DOB.

*Actual reported transfer amounts include eliminations between State Special Revenue Funds and Federal Special Revenue Funds.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2020
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	**7,206**	**5,091**	**65**	**12,362**
Receipts:				
Taxes	40,141	6,059	35,272	81,472
Miscellaneous Receipts	3,159	19,064	477	22,700
Federal Receipts	0	(13)	74	61
Total Receipts	**43,300**	**25,110**	**35,823**	**104,233**
Disbursements:				
Local Assistance	51,863	16,789	0	68,652
State Operations:				
Personal Service	8,940	5,150	0	14,090
Non-Personal Service	3,114	2,928	36	6,078
General State Charges	7,454	969	0	8,423
Debt Service	0	0	4,916	4,916
Capital Projects	0	0	0	0
Total Disbursements	**71,371**	**25,836**	**4,952**	**102,159**
Other Financing Sources (Uses):				
Transfers from Other Funds*	35,907	2,269	3,742	41,918
Transfers to Other Funds*	(6,098)	(1,233)	(34,615)	(41,946)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**29,809**	**1,036**	**(30,873)**	**(28)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**1,738**	**310**	**(2)**	**2,046**
Closing Fund Balance	**8,944**	**5,401**	**63**	**14,408**

Source: NYS DOB.

*Actual reported transfer amounts include eliminations between State Special Revenue Funds and Federal Special Revenue Funds.

All Funds FY 2020 Through FY 2022

The All Funds Financial Plan records the operations of the four governmental fund types: the General Fund, special revenue funds, capital projects funds, and debt service funds. It is the broadest measure of State governmental activity and includes spending from Federal funds and capital projects funds.

FY 2022

The FY 2022 All Funds closing balance totaled $53.5 billion, $34.6 billion above FY 2021. The growth was attributable to a larger opening balance ($4.5 billion) and higher receipts ($53.1 billion), including $16.4 billion of PTET collections, partly offset by higher spending ($22.8 billion). Receipts growth, excluding PTET, includes growth in tax receipts ($22.3 billion) and Federal aid ($17.2 billion) inclusive of pandemic-related aid.

Tax collections increased in every category compared to FY 2021. PIT collections were $15.8 billion (28.7 percent) higher than last year driven by substantial growth in total estimated payments, final returns and delinquencies coupled with a decrease in current year refunds and the state/city offset. Consumption/use tax collections grew by $3.5 billion due to a recovery in sales tax collections, which were depressed in 2020 by taxpayers' behavioral responses to COVID-19 closures and stay-at-home orders. Higher business taxes collections ($18.9 billion) were driven mainly by PTET collections ($16.4 billion) and strong CFT gross receipts.

Federal grants in FY 2022 were $17.2 billion higher than FY 2021. This increase includes the net increase in extraordinary Federal aid to the State ($12.75 billion in ARP aid received in May 2021 less $5.1 billion in CRF aid received in April 2020), and other pandemic related aid, including education aid and emergency rental assistance, as well as growth in ordinary Federal operating aid.

Through March, State Operating Funds spending totaled $117.4 billion in FY 2022, an increase of $13.2 billion (12.7 percent) from FY 2021.

Local assistance spending through March was $9.9 billion higher than in the prior year. The largest areas of change include the following.

- Mental Hygiene ($2.7 billion) spending reflects changes in funding reported under the Medicaid Global Cap, a delay of non-Medicaid payments in FY 2021, and the timing of COVID-19 related payments.

- Medicaid ($2.6 billion) spending growth is due to higher claims spending ($1.7 billion) associated with the Federal PHE restriction on disenrolling members during the pandemic, Managed Care/Managed Long-Term Care (MC/MLTC) Encounter Withhold payments ($518 million) that were new in FY 2022, and lower COVID eFMAP collections ($491 million) due to the claiming of 14 months in FY 2021 (for the period of January 2020 to February 2021) and 11 months claimed in FY 2022 (for the period of March 2021 to January 2022).

- Department of Labor ($2.0 billion) spending increased due to the inception of the new Excluded Workers Program in FY 2022.

- School Aid spending growth ($1.5 billion) is primarily due to an increase in General Aid payments ($1.4 billion) related to the first year of the three-year phase-in of the Foundation Aid formula and the full restoration of the $1.1 billion Pandemic Adjustment State aid reduction that was implemented in SY 2021, as well as an increase in payments related to the Teacher Retirement System ($124 million).

Executive agency operations spending growth ($1.7 billion) is driven primarily by the purchase of COVID test kits ($905 million), a reduction in the amount of eligible payroll costs being offset through the CRF, and the payment of deferred FY 2021 General Salary Increases for CSEA, DC-37, NYSCOPBA, Police Investigators Association (PIA), Police Benevolent Association (PBA), Unified Court System (UCS), Management Confidential (MC), UUP and the new PEF settlement.

Increased fringe benefits spending ($2.1 billion) includes normal costs increases for employee benefits and repayments and advances executed in FY 2022. As provided for in the CARES Act, the State took advantage of the interest free deferral of Social Security payments in FY 2021 and repaid the deferred payments in two equal installments of $278 million in November 2021 and March 2022. In addition, the State advanced monies to the health insurance escrow fund for future Health Insurance costs ($724 million).

Lower debt service spending is largely due to the repayment of the FY 2021 liquidity financing ($4.5 billion) and the net impact of debt service prepayments executed in FY 2021 and FY 2022 ($9.7 billion).

Higher Capital Projects spending (State and Federal) was due to uncertainty surrounding the COVID-19 pandemic in April and May of 2020, resulting in lower than usual spending in FY 2021. DOT ($431 million), DEC ($306 million) and DOH ($245 million) had the highest levels of year-to-year spending growth. In addition, the State made $1.5 billion more in payments to the MTA in FY 2022 than in FY 2021, including a $931 million advance made to the MTA in March of 2022 to support the MTA's 2015-2019 capital plan.

Increased Federal operating spending growth ($7.2 billion) was due predominantly to the following:

- Social Services ($3.5 billion higher) due to a resumption of regular Social Services program payments relative to FY 2021 and the allocation of nearly $1.7 billion in emergency rental assistance in FY 2022.

- Medicaid ($3.1 billion higher) due largely to higher claim spending ($3.8 billion) associated with increased enrollment and HCBS Federal financial participation payments ($702 million); partially offset by the ending of the DSRIP program in FY 2021 ($727 million) and delays in timing of credits.

- School Aid ($2.9 billion higher) due primarily to spending from K-12 COVID-19 relief grants ($1.8 billion) and Elementary and Secondary Education Act grants ($444 million) as well as increased U.S. Department of Agriculture School Lunch Act claiming ($670 million).

FY 2021

All Funds ended FY 2021 with a balance of $18.9 billion, $4.7 billion above FY 2020. The higher balance is attributable to higher receipts, which are partly offset by higher spending as summarized below.

Higher receipts reflect PIT collections that were higher than in FY 2020 by $1.3 billion (2.4 percent), primarily due to growth in withholding and final returns, augmented by a decline in advanced credit payments related to the expiration of the Property Tax Relief Credit. The growth in PIT collections was offset by a decrease in total estimated payments driven by a decline in the growth of nonwage income not related to unemployment insurance and by an increase in current year refunds. Consumption/use tax collections were significantly lower ($1.9 billion) than the prior year due to substantial declines in sales tax and motor fuel tax receipts due to the pandemic. Lower business taxes ($204 million) were attributable to reduced CFT and gross insurance taxes combined with lower PBT collections, partially offset by higher CFT audits and lower CFT refunds.

The receipt of $4.5 billion in note proceeds from the FY 2021 liquidity financing, along with increased income from SUNY, resulted in annual growth in miscellaneous receipts ($1.3 billion). Offsetting this growth, significant declines were observed in lottery receipts ($554 million), HCRA receipts ($425 million), other licenses/fees ($199 million), and investment income ($137 million), all of which were negatively impacted by the COVID-19 pandemic. In addition, receipts from extraordinary monetary settlements decreased ($187 million). Receipts also reflect a decrease in reimbursements of capital projects from bond proceeds ($900 million).

Federal grants were $13.1 billion higher in FY 2021 than in FY 2020, largely due to the receipt of Federal CARES Act funding, funding for the Lost Wages Assistance (LWA) program, eFMAP and emergency rental assistance.

State Operating Funds spending totaled $104.2 billion in FY 2021, an increase of $2 billion (2.0 percent) from FY 2020 due primarily to the prepayment of debt service obligations and pension amortizations, offset by reduced disbursements in local assistance and agency operations.

Local assistance spending was $3.6 billion lower than in the prior year, mainly due to a decline in Medicaid ($2.4 billion) attributable to COVID-19 Federal funding which had the effect of reducing State spending ($3.4 billion). State share costs associated with increased pandemic-related enrollment ($912 million) and timing of offline payments ($107 million) eroded the value of the eFMAP benefit.

Local assistance payments totaling $1.4 billion were delayed from FY 2020 to FY 2021 due to interruptions and uncertainty caused by the pandemic. These payments affected spending levels for higher education, social welfare, public health, transportation, and mental hygiene. The delay partly offset the overall reduction in local assistance spending.

Other significant variances in local assistance spending include:

- Timing delays attributable to the ongoing payment review and withholding process, as well as claiming and processing delays. Impacted areas include student financial aid ($148 million), Preschool Special Education and Summer School Special Education programs ($189 million), Non-Public School Aid ($137 million) and various other education programs ($162 million).

- General Aid payments for School Aid ($190 million) reflect lower expense-based aid claims and the offset of a portion of State support to school districts with Federal CARES Act funds. The portion of School Aid supported by Lottery revenues also declined ($186 million) due to lower receipt projections.

- TRS payments ($238 million) reflect a lower employer contribution rate consistent with the forecasted pension portfolio.

- STAR ($157 million lower) reflects the transition of beneficiaries from the STAR benefit program to the STAR PIT credit.

Lower spending in executive agency operations was driven by the reclassification of certain eligible FY 2021 expenses to the Federal CRF, one-time NYSCOPBA collective bargaining retroactive payments made in FY 2020, the withholding of general salary increases, execution of 10 percent State Operations reductions and general underspending. Fringe benefit spending declined due to the deferment of Social Security payments, as permitted under the CARES Act, and increased reimbursement of fringe costs from Federal funds due to the reclassification of eligible personal service expenses to the CRF. These declines were partially offset by the repayment of pension amortizations ($918 million) and higher health insurance payments ($111 million).

Higher debt service spending is largely due to the repayment of the FY 2021 liquidity financing ($4.5 billion) and the impact of debt service prepayments ($3.1 billion).

Higher capital projects spending ($333 million) reflects higher spending on capital projects for the MTA ($825 million), DHCR ($202 million) and other agencies. This growth is offset by underspending in SIA ($455 million), Environmental Conservation ($241 million), ESD ($154 million), and SUNY ($126 million).

Federal operating spending growth ($11.2 billion) mainly reflects the LWA payments, temporary eFMAP, and public health and safety costs charged to the Federal CRF.

FY 2020

All Funds ended FY 2020 with a balance of $14.3 billion, $4.3 billion above FY 2019 as both receipts and disbursements were higher than the prior year levels.

Higher receipts include growth in tax collections and Federal Grants that were partly offset by a drop in miscellaneous receipts. Growth in local assistance spending is primarily comprised of Medicaid, attributable to increased claiming and offline payments, and School Aid, reflecting the authorized School Aid increase. State operations growth reflects the payment of retroactive salary increases, higher SUNY spending, and non-personal spending for COVID-19 related expenses. Debt service spending was lower than the prior year due mainly to the prepayment of FY 2020 obligations at the end of FY 2019.

PIT collections were $5.6 billion (11.6 percent) higher than last year due to an increase in April 2019 extensions and final returns related to taxpayer behavior in response to the cap on SALT deductions and moderate growth in withholding, partially offset by a scheduled increase in Tax Year 2019 Property Tax Relief Credits and continued phase-in of the middle class tax cut program.

Business tax collections growth ($1.1 billion) is due to higher corporate franchise tax (CFT) and insurance gross receipts partially offset by higher refunds. Growth in consumption/use tax collections ($666 million) reflects growth of the sales tax base. It also reflects additional revenues from the requirement that marketplace providers collect Sales and Use Tax (SUT) on sales that they facilitate, the elimination of the Energy Service Companies (ESCOs) exemption, and DTF guidance associated with the U.S. Supreme Court Wayfair ruling. These increases were partially offset by the direct remittance of various supplemental fees and taxes to the MTA beginning in FY 2020.

Miscellaneous receipts declined by $1.7 billion (5.5 percent) due to a reduction in bond proceeds reimbursements in response to capital spending ($946 million), reduced proceeds from Fidelis Care pursuant to the sale of substantially all its assets to Centene Corporation in July 2018 ($600 million) and a drop in Extraordinary Monetary Settlement receipts ($319 million).

Federal grants were $3.7 billion higher in FY 2020 than in FY 2019 largely due to the deferral of the final FY 2019 Medicaid cycle as well as the timing of reimbursements for program costs initially financed by the State and later reimbursed with Federal funding.

State Operating Funds spending totaled $102.2 billion in FY 2020, an increase of $2 billion (2.0 percent) over FY 2019.

Local assistance spending was $2.5 billion higher than the prior year, mainly due to growth in Medicaid ($1.7 billion), Mental Hygiene ($1.3 billion) and School Aid ($965 million). Medicaid spending growth reflects escalating program utilization and costs for certain populations, including Managed Long-Term Care and an increase in "offline" payments such as Medicaid clawback and Supplemental Medical Insurance (SMI). Lower rebates augmented the increase. In addition, an adjustment to the amount of mental hygiene spending funded under the Global Cap resulted in a decrease in Medicaid spending with a commensurate increase in mental hygiene spending ($1 billion). Higher School Aid spending includes the authorized 3.8 percent State aid increase.

The higher spending was partly offset by the roughly $1.9 billion of payments that were not released. Other significant variances include:

- Transportation ($449 million lower) included one-time payments made to the MTA in FY 2019 for the MTA Subway Action Plan ($194 million), and a final payment of payroll mobility tax collections attributable to FY 2018 ($135 million).

- STAR ($239 million lower) reflects the transition of beneficiaries from the STAR Exemption program to a STAR Personal Income Tax credit.

- Public Health ($282 million higher) due to higher CHP disbursements related to the Medicaid eligible immigrant population.

- All Other Education ($176 million higher) largely related to the timing of payments for nonpublic school aid ($77 million), charter schools ($55 million) and preschool special education programs ($44 million).

Agency operational spending growth ($1.1 billion) includes costs associated with the payment of retroactive salary increases in FY 2020 and costs related to the State response efforts to the COVID-19 pandemic. Higher University System costs reflect spending for SUNY hospitals and personal service costs at SUNY colleges. Fringe benefits spending increased due to growing employee health insurance, social security, and pension payments.

Debt service spending declined due to the impact of prepayments affecting both FY 2020 and FY 2019. Lower Capital Projects spending (State and Federal) occurred in ESD ($317 million), Special Infrastructure ($230 million), and MTA ($195 million); which was partly offset by growth in public health ($223 million), housing ($79 million), and various other areas.

Federal operating spending growth reflects Medicaid utilization and cost increases ($1.0 billion), higher Division of Homeland Security & Emergency Services (DHSES) spending ($237 million); partially offset by a timing variance related to school district claiming of Individuals with Disabilities in Education (IDEA) grants ($268 million), and reduced spending for Medicaid administration ($252 million), EP ($173 million) and child care ($115 million).

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2022
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	**9,161**	**10,669**	**(1,144)**	**65**	**18,751**
Receipts:					
Taxes	56,289	6,054	1,313	57,480	121,136
Miscellaneous Receipts	2,325	20,172	5,007	428	27,932
Federal Receipts	4,500	88,673	2,066	68	95,307
Total Receipts	**63,114**	**114,899**	**8,386**	**57,976**	**244,375**
Disbursements:					
Local Assistance	58,384	88,230	7,324	0	153,938
State Operations:					
Personal Service	8,063	7,031	0	0	15,094
Non-Personal Service	3,675	5,591	0	14	9,280
General State Charges	8,983	2,077	0	0	11,060
Debt Service	0	42	0	12,545	12,587
Capital Projects	0	0	7,380	0	7,380
Total Disbursements	**79,105**	**102,971**	**14,704**	**12,559**	**209,339**
Other Financing Sources (Uses):					
Transfers from Other Funds	49,696	2,535	7,172	1,896	61,299
Transfers to Other Funds	(9,813)	(3,194)	(1,254)	(47,276)	(61,537)
Bond and Note Proceeds	0	0	0	0	0
Net Other Financing Sources (Uses)	**39,883**	**(659)**	**5,918**	**(45,380)**	**(238)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**23,892**	**11,269**	**(400)**	**37**	**34,798**
Closing Fund Balance	**33,053**	**21,938**	**(1,544)**	**102**	**53,549**

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2021
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	**8,944**	**6,313**	**(1,035)**	**63**	**14,285**
Receipts:					
Taxes	40,675	5,576	1,176	34,949	82,376
Miscellaneous Receipts	7,515	17,375	5,481	401	30,772
Federal Receipts	0	76,124	1,954	74	78,152
Total Receipts	**48,190**	**99,075**	**8,611**	**35,424**	**191,300**
Disbursements:					
Local Assistance	48,981	80,550	5,241	0	134,772
State Operations:					
Personal Service	7,154	7,638	0	0	14,792
Non-Personal Service	2,950	4,364	0	62	7,376
General State Charges	7,032	2,228	0	0	9,260
Debt Service	0	102	0	13,196	13,298
Capital Projects	0	0	7,090	0	7,090
Total Disbursements	**66,117**	**94,882**	**12,331**	**13,258**	**186,588**
Other Financing Sources (Uses):					
Transfers from Other Funds	26,122	3,088	4,855	3,224	37,289
Transfers to Other Funds	(7,978)	(2,727)	(1,447)	(25,388)	(37,540)
Bond and Note Proceeds	0	0	203	0	203
Net Other Financing Sources (Uses)	**18,144**	**361**	**3,611**	**(22,164)**	**(48)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**217**	**4,554**	**(109)**	**2**	**4,664**
Closing Fund Balance	**9,161**	**10,867**	**(1,144)**	**65**	**18,949**

Source: NYS DOB.

CASH FINANCIAL PLAN ALL GOVERNMENTAL FUNDS FY 2020 (millions of dollars)	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	**7,206**	**3,842**	**(1,138)**	**65**	**9,975**
Receipts:					
Taxes	40,141	6,059	1,417	35,272	82,889
Miscellaneous Receipts	3,159	19,279	6,551	477	29,466
Federal Receipts	0	62,897	2,109	74	65,080
Total Receipts	**43,300**	**88,235**	**10,077**	**35,823**	**177,435**
Disbursements:					
Local Assistance	51,863	73,242	5,013	0	130,118
State Operations:					
Personal Service	8,940	5,787	0	0	14,727
Non-Personal Service	3,114	4,327	0	36	7,477
General State Charges	7,454	1,303	0	0	8,757
Debt Service	0	0	0	4,916	4,916
Capital Projects	0	0	6,986	0	6,986
Total Disbursements	**71,371**	**84,659**	**11,999**	**4,952**	**172,981**
Other Financing Sources (Uses):					
Transfers from Other Funds	35,907	2,269	3,547	3,742	45,465
Transfers to Other Funds	(6,098)	(3,375)	(1,522)	(34,615)	(45,610)
Bond and Note Proceeds	0	0	0	0	0
Net Other Financing Sources (Uses)	**29,809**	**(1,106)**	**2,025**	**(30,873)**	**(145)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**1,738**	**2,470**	**103**	**(2)**	**4,309**
Closing Fund Balance	**8,944**	**6,312**	**(1,035)**	**63**	**14,284**

Source: NYS DOB.

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 expects to issue the Basic Financial Statements for FY 2022 on July 29, 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 is expected to be issued later in the current calendar year.

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

COMPARISON OF ACTUAL GAAP-BASIS OPERATING RESULTS
SURPLUS/(DEFICIT)
(in millions of dollars)

Fiscal Year Ended	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	All Governmental Funds	Accumulated General Fund Surplus/Deficit
March 31, 2021	8,600	467	2,596	4,186	15,849	20,338
March 31, 2020	355	(296)	(900)	(79)	(920)	3,736
March 31, 2019	(1,291)	1,873	594	(1,079)	97	3,381

SUMMARY OF NET POSITION
(millions of dollars)

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

The 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.

ECONOMICS AND DEMOGRAPHICS

The demographic and statistical data in this section, which have been obtained from the sources indicated, do not represent all factors that may have a bearing on the State's fiscal and economic affairs. Further, such information requires economic and demographic analysis to assess its significance and may be interpreted differently by individual experts. Note that DOB has chosen to provide certain economic and demographic analyses updated through the date of this AIS, although continuing disclosure requirements require analysis only through March 31, 2022.

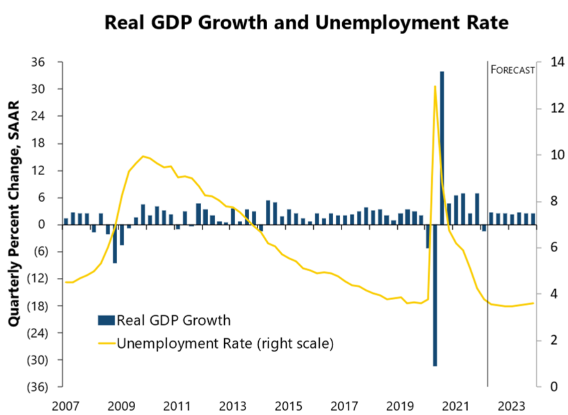
The U.S. Economy

The nation's economic recovery stalled entering 2022, initially due to the Omicron wave of domestic COVID infections but then worsened following Russia's invasion of Ukraine, which resulted in a surge in energy and commodity prices. Furthermore, COVID outbreaks and subsequent lockdowns in China exacerbated ongoing global supply-chain disruptions, slowing economic growth in China and weakening demand for U.S. exports. According to the second estimate released by the Bureau of Economic Analysis (BEA), U.S. real Gross Domestic Product (GDP) decreased at an annual rate of 1.5 percent in the first quarter of 2022, a reversal from the strong growth of 6.9 percent in the fourth quarter of 2021. This decline was driven by a large 3.2 percentage point drag from net exports, a 1.1 percentage point hit from inventories, and a negative 0.5 percentage point contribution from government spending as Federal fiscal support waned. Real consumption and residential and business investment, on the other hand, continued to grow in the first quarter of 2022.

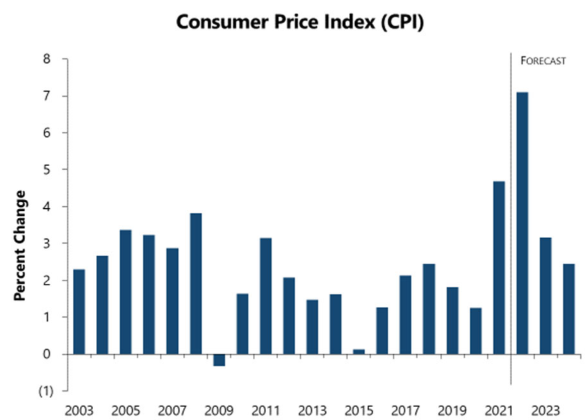
The U.S. labor market recovery has been exceptional in recent months, despite a decline in real GDP during the first quarter. Job growth averaged 539,000 per month in the first quarter of 2022 — nearly as strong as the average monthly job gains in 2021. As of May 2022, U.S. total nonfarm employment recovered to within 0.8 million of its pre-pandemic level in February 2020, only 0.5 percent below that previous peak. The U.S. labor market is expected to recover all its pandemic-era job losses by the second half of 2022, as tourism and travel demand continue to return. Moreover, the rebound in the prime-age labor force participation rate to 82.6 percent in May 2022 is within 0.4 percentage point of its pre-pandemic level in February 2020. Additionally, the civilian unemployment rate was 3.6 percent as of May 2022, nearly back to its February 2020 level of 3.5 percent.

Although the Federal Reserve has accomplished the employment side of its dual mandate, it has largely left inflation unchecked as price levels have continued to ramp up since April 2021, reaching historically high rates during the first quarter of 2022. The high inflation was driven by a combination of labor shortages, supply-chain disruptions, rebounding energy prices, strong housing market demand, and excess consumer demand supported by Federal fiscal stimulus. The Russian invasion of Ukraine at the end of February 2022 further propelled prices of crude oil, natural gas, and many industrial and agricultural commodities. As a result, the Consumer Price Index (CPI) grew by 1.2 percent in March 2022, the largest monthly increase since September 2005. The year-over-year CPI inflation rate recorded a 40-year high of 8.6 percent in May 2022.

The Federal Open Market Committee (FOMC) kicked off a monetary tightening cycle by announcing an increase in the federal funds target rate by 25 basis points at its March 15-16 meeting, followed by an increase of 50 basis points at its May 3-4 meeting, and another increase of 75 basis points at its June 14-15 meeting. The FOMC has signaled its willingness to raise the federal funds rate further in its upcoming meetings in order to achieve its maximum employment and 2 percent long-term inflation targets. This trajectory raises concerns about a monetary tightening-induced economic contraction. The Federal Reserve is more likely to be placed in a position of needing to weigh faster inflation against slower economic growth as surging inflation erodes real income and real output.



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



Source: Haver Analytics/BLS; DOB staff estimates.

U.S. Economic Forecast

DOB's U.S. economic forecast incorporates the third estimate of GDP for the fourth quarter of 2021, estimates of personal income and outlays for February 2022, the CPI report for March 2022, and the initial estimate of employment for March 2022.

Real GDP is projected to grow 3.0 percent in 2022, reflecting mainly the softening real consumption and weakening of exports growth. According to BEA's second estimate, real consumption growth held up well at an annualized rate of 3.1 percent in the first quarter of 2022, indicating that consumers quickly restored spending — especially on services affected by the precautionary restrictions under the Omicron wave. Strong job and wage gains are likely to continue to support consumer spending. However, rapidly rising prices — particularly in food and gasoline — are weighing on real disposable personal income. In conjunction with the saving rate falling to 4.4 percent in April of 2022, this economic headwind indicates that real consumption is set up for a much weaker showing in the remainder of 2022. DOB estimates real consumption growth will decelerate from 7.9 percent in 2021 to 3.1 percent in 2022.

ECONOMIC INDICATORS FOR THE UNITED STATES (Calendar Year)	2017	2018	2019	2020	2021	2022 [1]
Gross Domestic Product						
Nominal ($ billions)	$19,479.6	$20,527.2	$21,372.6	$20,893.7	$22,996.1	$24,980.3
Percent Change	4.2	5.4	4.1	(2.2)	10.1	8.6
Real ($ billions)	$18,079.1	$18,606.8	$19,032.7	$18,384.7	$19,427.3	$20,009.7
Percent Change	2.3	2.9	2.3	(3.4)	5.7	3.0
Personal Income						
($ billions)	$16,850.2	$17,706.0	$18,424.4	$19,627.6	$21,077.2	$21,509.7
Percent Change	4.7	5.1	4.1	6.5	7.4	2.1
Nonfarm Employment						
(millions)	146.6	148.9	150.9	142.1	146.1	151.9
Percent Change	1.6	1.6	1.4	(5.8)	2.8	3.9
Unemployment Rate (%)	4.3	3.9	3.7	8.1	5.4	3.6
Consumer Price Index						
(1982-84=100)	245.1	251.1	255.7	258.8	271.0	290.2
Percent Change	2.1	2.4	1.8	1.2	4.7	7.1

Sources: U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics. Table reflects revisions by source agencies to figures for prior years.

[1] As projected by DOB, based on National Income and Product Account, employment and CPI data released through March 2022.

Meanwhile, a decline in real exports, coupled with strong growth in real imports due to the easing of shipping congestion, made net exports a considerable drag on U.S. real GDP growth in the first quarter of 2022. As the global demand for U.S. goods and services is expected to remain weak for the rest of 2022, real exports are projected to grow 4.7 percent in 2022.

DOB estimates that U.S. total nonfarm employment will grow by 3.9 percent in 2022, and the unemployment rate will decline to 3.6 percent on average in 2022. DOB estimates significantly higher average wages in 2022, and thus total wage growth is projected to grow robustly at 8.7 percent in 2022, only slightly below the increase of 9.3 percent in 2021. Accordingly, personal income is projected to grow 2.1 percent in 2022. As the unemployment rate falls to the pre-pandemic level of 3.5 percent, job growth is expected to slow down to 1.7 percent in 2023. Despite this slower pace of job gains, high average wage growth is expected to lead to an increase in total wages at a robust 5.5 percent in 2023, as well as support overall personal income growth of 4.8 percent.

Driven by the continued strength in energy and food prices, the CPI inflation was stronger-than-expected in the first quarter of 2022. DOB estimates CPI inflation to increase 7.1 percent on an annual average basis in 2022. Crude oil prices were above $115 per barrel as of mid-June 2022, with no signs of immediate reprieve for consumers at the pump. Food prices are also unlikely to ease in 2022, as the war in Ukraine has damaged global supplies of grains and fertilizers. However, DOB expects inflation to be brought under control with the rapid monetary tightening projected in 2022 and 2023. As a result, CPI inflation is expected to slow to 3.2 percent in 2023, followed by 2.4 percent in 2024.

As the Federal Reserve has taken a hawkish stance on short-term interest rates, the longer end of the yield curve has also quickly moved up. The 10-year Treasury yield has increased by over 100 basis points since the beginning of 2022, reflecting the improving U.S. economic outlook and the accelerating recovery from the COVID-19 pandemic. However, this shift also reflects rising inflation expectations and greater uncertainty about the future path of interest rates. Increased long-term interest rates drive up borrowing costs for homebuyers and businesses. The 30-year mortgage rate crept above 5.0 percent in April 2022, the highest level in over ten years. As a result, DOB expects the housing market to cool down in the second half of 2022, leading to stagnant residential investment. Due to higher borrowing costs and tighter financial conditions, the business investment outlook is also weaker during the second half of the year. In addition, the global supply-chain recovery may be further delayed by temporary closures of key trading hubs in China amid COVID outbreaks. This delay offsets some of the strength in mining structure investment, as oil and natural gas drilling activities are expected to increase alongside elevated energy prices.

In the U.S. equity market, valuations are being pressured by concerns about high inflation, the prospects for more aggressive monetary tightening than previously anticipated, and fallouts from the war in Ukraine. The S&P 500 stock price index declined at an annual rate of 11.1 percent in the first quarter of 2022. It is projected to continue on this downward trend during the remainder of 2022.

The U.S. economy faces several significant downside risks, including the potential for overly aggressive monetary tightening by the Federal Reserve, which could bring about a recession. DOB's forecast assumes that the nation's COVID response continues to transition from pandemic to endemic. However, COVID infections and policy responses remain a significant direct risk to countries like China that could hamper its growth, further spilling over into global supply chains and increasing the likelihood of a domestic recession. Another significant downside risk is the war in Ukraine. The war could lead to persistently higher energy prices and weigh down global growth without a resolution. Furthermore, it could extend the already burdensome supply-chain disruptions. Although highly unlikely, a spiraling of the current conflict into a drawn-out military confrontation between Russia and western nations presents an even more perilous downside risk to the U.S. economy.

On the upside, a quicker-than-anticipated resolution of supply-chain issues domestically and abroad could contribute to stronger overall growth and lower-than-expected inflation.

The New York State Economy[11]

The New York State labor market continues recovering from the initial 1,986,000 job losses at the onset of the pandemic in March and April 2020. According to Current Employment Statistics (CES) data, the State had regained 1,540,000 of these jobs as of April 2022, representing 77.6 percent of its pandemic-related job losses. Despite these significant gains, New York State continues to trail the nation, which had recovered 94.5 percent of its pandemic-related job losses during the same period.

In 2022, the New York State jobs recovery is expected to slow due to high and persisting inflation, rising interest rates, and the ongoing war in Ukraine. Additionally, a decline in New York State's population in 2021 and reluctance among many workers to return to the office or re-enter the workforce are also expected to contribute to the anticipated slowdown in the jobs recovery. State employment is estimated to grow by 3.8 percent in FY 2023. New York State is expected to reach its pre-pandemic employment level by 2025, approximately three years after the nation's anticipated employment recovery in the second half of 2022.

Strong earnings by NYSE member firms in 2021 contributed to the finance and insurance sector bonuses forecast of 18.2 percent in FY 2022. However, uncertainties in the current fiscal year, anticipated increases in the federal funds rate, and the depletion of the pandemic-era reserves lead to a projected 13.6 percent decline in finance and insurance sector bonuses in FY 2023. State wages are estimated to increase by 11.7 percent in FY 2022. Persistent and higher-than-anticipated inflation is expected to drive non-bonus average wage growth upward. As a result, New York State's total wages are projected to grow by 3.3 percent in FY 2023 — despite the decline in bonuses.

Pandemic-related stimulus payments raised personal incomes in 2020 and 2021. Given the conclusion of these payments, New York State's personal income is estimated to increase by only 1.1 percent in FY 2022, followed by projected growth of 1.2 percent in FY 2023.

The New York State economy faces several significant downside risks, including the persistence of supply-chain disruptions. A prolonged war in Ukraine, as well as extended lockdowns in China, could exacerbate these supply-chain issues and weigh down the global recovery from the pandemic. In addition, soaring energy and other commodity prices, as well as continuing labor shortages, could accelerate increases in production costs pushing inflation even higher and undermining profits. In turn, these factors could increase the volatility in the U.S. equity market, bring about unexpected layoffs and weaker bonuses, slowing overall wage growth. Furthermore, higher interest rates represent a serious downside risk that could hinder the State's economic recovery, especially in the commercial and residential real estate markets. More locally, the persistence of telework, relocation of urban workers outside of New York, and the continued decline in State population pose long-run risks to wages and employment. Finally, New York State and the nation remain vulnerable to consumers' reluctance to return to pre-pandemic norms — especially spending patterns in service-oriented industries.

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[11] DOB's New York State economic forecast incorporates the 2021 fourth quarter BEA State personal income report released on March 23, 2022.

The State also faces several noteworthy upside risks, including a more rapid reversion to pre-pandemic consumer norms, as well as a faster and more substantial return to an in-office working environment. These shifts could propel robust growth through higher output and employment, bringing about a sooner-than-expected recovery to pre-pandemic economic conditions. Finally, a more-swift-than-anticipated end to the war in Ukraine and ratcheting back of sanctions by Western Nations could ease energy prices and the associated supply chain disruptions, benefiting the U.S. and New York economies.

ECONOMIC INDICATORS FOR NEW YORK STATE
(Calendar Year)

	2018	2019	2020	2021	2022[1]
Personal Income					
($ billions)	$1,316.4	$1,361.5	$1,440.0	$1,515.8	$1,509.9
Percent Change	3.4	3.4	5.8	5.3	(0.4)
Nonfarm Employment					
(thousands)	9,404.3	9,515.5	8,563.0	8,788.8	9,216.8
Percent Change	1.3	1.2	(10.0)	2.6	4.9
Unemployment Rate (NSA, %)	4.1	3.8	9.9	6.9	4.7

Sources: Personal income data are based on U.S. Bureau of Economic Analysis; employment data come from NYS Department of Labor; unemployment rate data come from U.S. Bureau of Labor Statistics. Table reflects revisions by source agencies to data for prior years.

[1] As projected by DOB, based on National Income and Product Account and employment data released through March 2022.

New York is the fourth most populous state in the nation, after California, Texas, and Florida, and has a relatively high level of personal wealth. The State's economy is diverse, with a comparatively large share of the nation's financial activities, information, education, and health services employment, and a small share of the nation's farming and mining activity. The State's location, air transport facilities, and natural harbors have made it an important hub for international commerce. Travel and tourism constitute an important part of the economy. Like the rest of the nation, New York has a declining proportion of its workforce engaged in manufacturing and an increasing proportion engaged in service industries.

Manufacturing: Manufacturing employment continues to stagnate as a share of total State nonfarm employment, as in most other states, and as a result, New York's economy is less reliant on this sector than in the past. However, it remains an important sector of the State economy, particularly for the upstate region, which hosts higher concentrations of manufacturers.

Trade, Transportation, and Utilities: As defined under the North American Industry Classification System (NAICS), the trade, transportation, and utilities supersector accounts for the third-largest component of State nonfarm employment but only the fifth largest when measured by wage share.

This sector accounts for proportionally less employment and wages for the State than for the nation.

Financial Activities: New York City is the nation's leading center for banking and finance. For this reason, this sector is far more important for the State than the nation. Although this sector accounts for less than one-tenth of all nonfarm jobs in the State, it contributes more than one-fifth of total wages.

Other Service Sectors: The remaining service-producing sectors include information, professional and business services, private education and healthcare, leisure and hospitality services, and other services. When combined, these industries account for over half of all nonfarm jobs in New York. Information, education and health, and other services account for a higher proportion of total State employment than for the nation.

Agriculture: Farming is an important part of the State's rural economy, although it constitutes less than 0.2 percent of the total State GDP. According to the New York State Department of Agriculture and Markets, New York ranked in the top ten in the production of 30 commodities in 2020. Notably, the State was the second-largest producer of apples, snap beans, and maple syrup. The State was also the third-largest producer of cabbage, grapes, and dairy, which represented the largest segment of the State's agricultural sector that year.

Government: Federal, State, and local governments comprise the second-largest sector in terms of nonfarm jobs. Public education is the source of over 40 percent of total State and local government employment.

THE COMPOSITION OF NONFARM EMPLOYMENT AND WAGES (2021)
(Percent)

	Employment		Wages	
	New York	U.S.	New York	U.S.
Natural Resources and Mining	0.1	0.4	0.1	0.8
Construction	4.1	5.1	4.1	5.4
Manufacturing	4.5	8.4	4.0	9.5
Trade, Transportation, and Utilities	15.7	19.0	11.1	15.6
Information	3.1	1.9	6.0	4.3
Financial Activities	7.8	6.0	20.2	9.9
Professional and Business Services	14.1	14.5	18.6	18.9
Educational and Health Services	22.7	16.2	15.2	13.6
Leisure and Hospitality	8.0	9.6	3.9	4.4
Other Services	4.0	3.7	2.7	3.0
Government	15.9	15.1	14.3	14.7

Sources: U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis.

The importance of the various sectors of the State's economy relative to the national economy is shown in the above table, which compares nonfarm employment and wages by sector for the State and the nation. Construction accounts for a smaller share of employment for the State than for the nation, while the combined service industries account for a larger share. The share of total wages originating in the financial activities sector is particularly large for the State relative to the nation. Thus, the State is likely to be less affected than the nation during an economic recession concentrated in manufacturing and construction but likely to be more affected by any economic downturn concentrated in the services sector.

Economic and Demographic Trends

In the calendar years 1990 through 1998, the State's rate of economic growth was somewhat slower than that of the nation. During the 1990-91 recession, the State, like much of the Northeast, experienced a greater economic contraction than the nation as a whole and was slower to recover. However, the situation subsequently improved. In 1999, for the first time in 13 years, State employment growth surpassed that of the nation, and in 2000 their growth rates were nearly the same. In 2001, the September 11th attack resulted in a downturn in New York that was more severe than for the nation. In contrast, the State's labor market fared better than that of the nation during the 2008 recession, though New York experienced a historically large wage decline in 2009. The State's unemployment rate was higher than the national rate from 1991 to 2004. The State's rate fell below the nation's for much of the Great Recession and remained below until November 2011. The State's unemployment rate rose above the national rate in December 2011 but fell below yet again in May 2015, where it remained competitive with the nation's rate until the second half of 2016. As the epicenter of the COVID-19 pandemic, the virus struck New York's economy especially hard, bringing its unemployment rate well above the nation's rate throughout the crisis.

The following table compares population changes in the State and the United States since 1980. Between April 2020 and July 2021, the nation's total population continued to increase by 0.1 percent, whereas the population of the State decreased by 1.8 percent.

COMPARATIVE POPULATION FIGURES

	New York			U.S.	
	Total Population (000s)	% Change from Preceding Period	Percentage of U.S. Population	Total Population (000s)	% Change from Preceding Period
1980	17,558	(3.7)	7.8	226,546	11.5
1990	17,990	2.5	7.2	248,710	9.8
2000	18,976	5.5	6.7	281,422	13.2
2010	19,378	2.1	6.3	308,746	9.7
2020	20,201	4.2	6.1	331,449	7.4
2021	19,836	(1.8)	6.0	331,894	0.1

Note: All population numbers are based on the Decennial Census, except for 2021.
Source: U.S. Census Bureau.

Total State nonfarm employment has declined as a share of national nonfarm employment compared with the 1980s and 1990s. The following historical table compares these levels and the rate of unemployment for the State and the nation.

NONFARM EMPLOYMENT AND UNEMPLOYMENT RATE FOR NEW YORK AND THE UNITED STATES					
	Employment (NSA, 000s)		New York as Percent of U.S. Employment	Unemployment Rate (NSA, %)	
	New York	U.S.		New York	U.S.
1980	7,207	90,533	8.0	7.4	7.1
1990	8,204	109,526	7.5	5.3	5.6
2000	8,619	132,011	6.5	4.5	4.0
2010	8,545	130,345	6.6	8.7	9.6
2020	8,814	142,186	6.2	9.9	8.1
2021	9,045	146,124	6.2	6.9	5.4

Note: Nonfarm employment and unemployment rates are generated from separate surveys.
Source: U.S. Bureau of Labor Statistics.

State per capita personal income has historically been significantly higher than the national average, although the ratio has varied substantially over time. Because New York City is an employment center for a multi-state region, State personal income measured on a residence basis understates the relative importance of the State to the national economy and the size of the base to which State taxation applies. The following table compares per capita personal incomes for the State and the nation.

PER CAPITA PERSONAL INCOME (Income in Dollars)			
	New York	U.S.	Ratio New York/U.S.
1980	$11,001	$10,180	1.08
1990	$23,990	$19,621	1.22
2000	$36,090	$30,672	1.18
2010	$48,768	$40,683	1.20
2020	$71,449	$59,147	1.21
2021	$76,415	$63,444	1.20

Source: U.S. Bureau of Economic Analysis.

CAPITAL PROGRAM AND FINANCING PLAN OVERVIEW

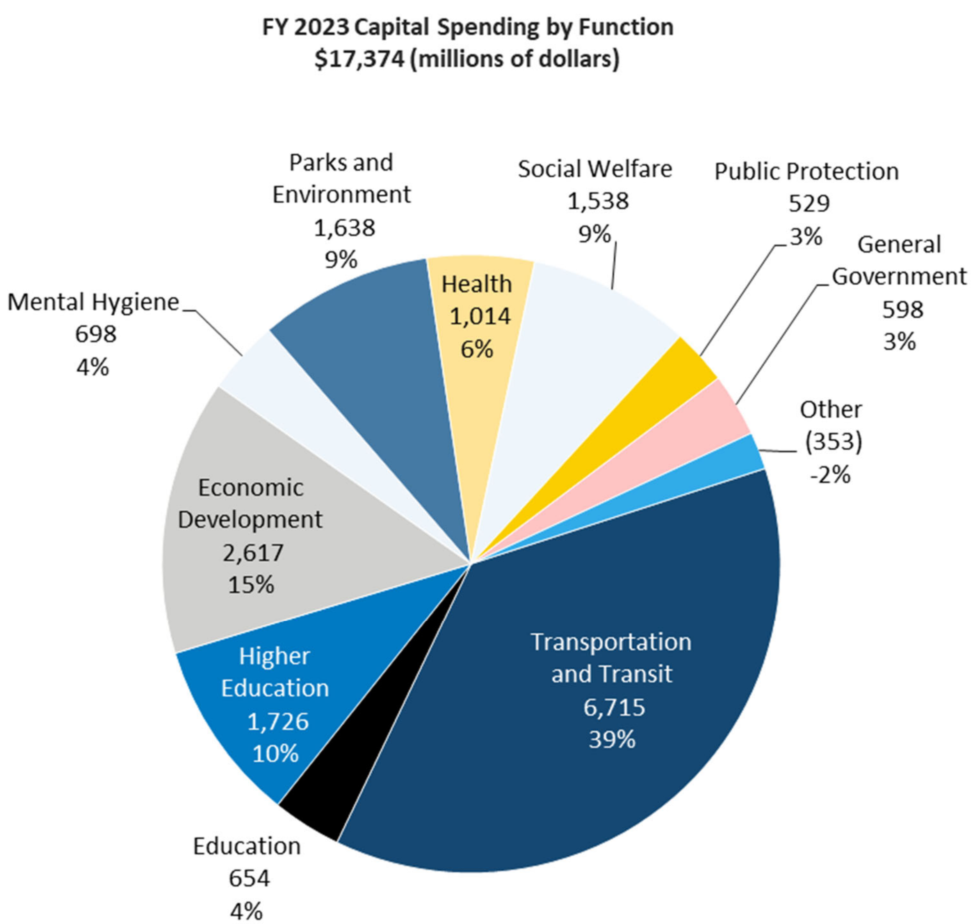
A copy of the Capital Plan can be obtained by contacting the Division of the Budget, State Capitol, Albany, NY 12224, (518) 474-8282, and it is also posted at www.budget.ny.gov.

Capital Plan

The total commitment and disbursement levels in the Capital Plan reflect, among other things, projected capacity under the State's statutory debt limit, anticipated levels of Federal aid, and the timing of capital activity based on known needs and historical patterns. The following capital projects information relates to FY 2023.

FY 2023 Capital Projects Spending

Spending on capital projects is projected to total $17.4 billion in FY 2023. Overall, capital spending in FY 2023 is projected to increase by $2.7 billion or 18.1 percent from FY 2022.



In FY 2023, transportation and transit spending is projected to total $6.7 billion, which represents 39 percent of total capital spending. Economic development spending accounts for 15 percent, higher education accounts for 10 percent, and spending related to parks and the environment represents 9 percent. The remaining 27 percent comprises spending for health care, mental hygiene, social welfare, public protection, education, general government, and the all other category, which includes Special Infrastructure Account spending.

Overall transportation and transit spending is projected to decrease by $1.4 billion from FY 2022 to FY 2023. This is almost exclusively due to an advance of $931 million from the State's contribution to the MTA's 2015-19 Capital Plan. This amount was originally planned to be disbursed in FY 2023, but was accelerated to FY 2022, to fund ongoing MTA capital projects during FY 2023. When adjusted for this payment, underlying transportation and transit spending is expected to increase by $500 million, which is primarily attributable to major road and bridge projects undertaken by DOT and increases in local road and bridge support from the State.

Parks and environment spending is estimated to increase by $479 million (41 percent) in FY 2023, primarily reflecting the continued phase-in of the $5 billion clean water drinking grants program and increased capital support for State parks.

Economic development spending is projected to increase by $1.7 billion (173 percent) in FY 2023. This reflects spending from new investments such as the State's offshore wind port infrastructure and supply chain, ConnectALL broadband expansion, and regional economic and community development programs. The plan also continues to invest in programs created to promote regional economic development, including spending from both phases of the Buffalo Billion program, the URI, Lake Ontario REDI, REDCs, and construction of a new Buffalo Bills stadium in Orchard Park, NY.

Spending for health care is projected to increase by $225 million (29 percent) in FY 2023. The increase is due to spending from Health Care Restructuring Program grant awards; the continued phase-in of spending related to rounds one through three of the Health Care Facility Transformation Program; and $1.6 billion to support the new, fourth round of the program.

Spending for social welfare is projected to increase by $834 million (118 percent) in FY 2023, primarily reflecting ongoing spending from the prior housing plan and the influx of funding from the new $25 billion housing plan, of which the State is supporting $6.3 billion in direct capital assistance.

Education spending is projected to increase by $433 million (196 percent) in FY 2023. The increase is due to continued spending from the Smart Schools Bond Act.

Higher education spending is projected to increase by $552 million (47 percent) in FY 2023, which is primarily related to the ongoing maintenance and preservation of SUNY and CUNY facilities and infrastructure.

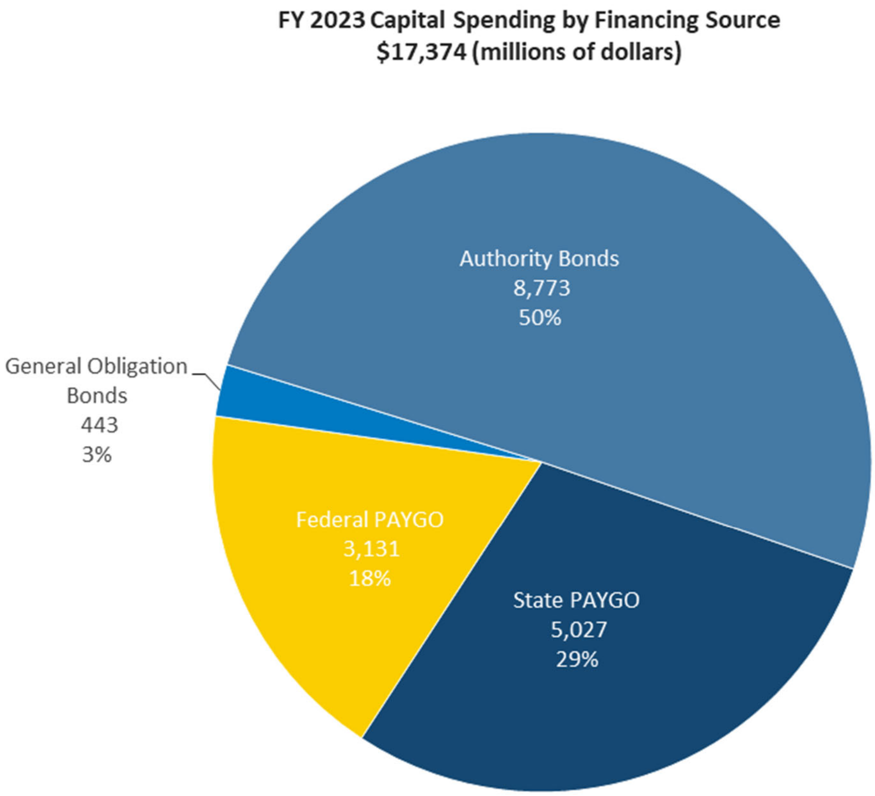
Spending for public protection is projected to decrease by $121 million (-19 percent) in FY 2023, which is mainly attributable to high levels of spending for DMNA in FY 2022 due to the pandemic relief efforts. Spending for public protection supports maintaining and operating DOCCS, DHSES, DMNA, and DSP infrastructure. In addition, FY 2023 includes spending for a new capital investment in communities with high gun violence and another round of the SCAHC grant program.

Mental hygiene capital spending is anticipated to increase by $312 million (81 percent) in FY 2023, reflecting continued investment in mental health facilities.

General governmental capital spending is projected to increase by $262 million (78 percent) in FY 2023, which is mainly attributable to maintenance of State facilities and State information technology projects.

Spending in the All Other category is projected to decrease by $613 million (-236 percent). Total planned capital disbursements are reduced by $1.2 billion, or approximately 10 percent, in each year of the Plan to account for typical variances between estimates and results.

Financing FY 2023 Capital Projects Spending



In FY 2023, the State plans to finance 53 percent of capital projects spending with long-term bonds and 47 percent with cash and Federal aid. Most of the long-term bonds (95 percent) will be issued on behalf of the State through public authorities. All authority debt issued on behalf of the State is approved by the State legislature, acting on behalf of the people and the issuing authority's board of directors, and, in certain instances, is subject to approval by the PACB. Authority Bonds, as defined in the Capital Plan, do not include debt issued by authorities that are backed by non-State resources. State cash resources, including monetary settlements, will finance 29 percent of capital spending. Federal aid is expected to fund 18 percent of the State's FY 2023 capital spending, primarily for transportation. Year-to-year, total PAYGO support is projected to increase by $2.6 billion, with State PAYGO increasing by $1.8 billion and Federal PAYGO support increasing by $783 million. Bond-financed spending is projected to increase by $71 million, with Authority Bond spending decreasing by $198 million and General Obligation Bond spending increasing by $269 million.

Financing Plan

New York State, including its public authorities, is one of the largest issuers of municipal debt in the United States, ranking second among the states, behind California, in the aggregate amount of debt outstanding. As of March 31, 2022, State-related debt outstanding totaled $62.0 billion excluding capital leases and mortgage loan commitments, equal to approximately 4.1 percent of New York personal income. The State's debt levels are typically measured by DOB using two categories: *State-supported debt* and *State-related debt*.

State-supported debt represents obligations of the State that are paid from traditional State resources (i.e., tax revenue) and have a budgetary impact. It includes General Obligation debt, to which the full faith and credit of the State has been pledged, and lease purchase and contractual obligations of public authorities and municipalities, where the State's legal obligation to make payments to those public authorities and municipalities is subject to and paid from annual appropriations made by the Legislature. These include the State PIT Revenue Bond program and the State Sales Tax Revenue Bond program. The State's debt reform caps on debt outstanding and debt service apply to State-supported debt.

State-related debt is a broader measure of State debt which includes all debt that is reported in the State's GAAP-basis financial statements, except for unamortized premiums and accumulated accretion on capital appreciation bonds. These financial statements are audited by external independent auditors and published by OSC on an annual basis. The debt reported in the GAAP-basis financial statements includes General Obligation debt, other State-supported debt as defined in the State Finance Law, certain debt of the Municipal Bond Bank Agency (MBBA) issued to finance prior year school aid claims and capital leases and mortgage loan commitments. In addition, State-related debt reported by DOB includes State-guaranteed debt, moral obligation financings and certain contingent-contractual obligation financings, where debt service is paid from non-State sources in the first instance, but State appropriations are available to make payments if necessary. These numbers are not reported as debt in the State's GAAP-basis financial statements. This category also includes inter-governmental loans, where no bonds are issued but the State has agreed to pay annual loan payments to another governmental entity.

The State's debt does not encompass, and does not include, debt that is issued by, or on behalf of, local governments and secured (in whole or in part) by State local assistance aid payments. For example, certain State aid to public schools paid to school districts or New York City has been pledged by those local entities to help finance debt service for locally-sponsored and locally-determined financings. Additionally, certain of the State's public authorities issue debt supported by non-State resources (e.g., NYSTA toll revenue bonds, Triborough Bridge and Tunnel Authority (TBTA) revenue bonds, MTA revenue bonds and DASNY dormitory facilities revenue bonds) or issue debt on behalf of private clients (e.g., DASNY's bonds issued for not-for-profit colleges, universities, and hospitals). This debt, however, is not treated by DOB as either State-supported debt or State-related debt because it (i) is not issued by the State (nor on behalf of the State), and (ii) does not result in a State obligation to pay debt service. Instead, this debt is accounted for in the respective financial statements of the local governments or other entity responsible for the issuance of such debt and is similarly treated.

The issuance of General Obligation debt is undertaken by OSC. All other State-supported and State-related debt is issued by the State's financing authorities (known as "Authorized Issuers" in connection with the issuance of PIT and Sales Tax Revenue Bonds) acting under the direction of DOB, which coordinates the structuring of bonds, the timing of bond sales, and decides which programs are to be funded in each transaction. The Authorized Issuers for PIT Revenue Bonds are DASNY, ESD, NYSTA, the Environmental Facilities Corporation (EFC), and the New York State Housing Finance Agency (HFA) and the Authorized Issuers for Sales Tax Revenue Bonds are DASNY, ESD, and NYSTA. Prior to any issuance of new State-supported debt and State-related debt, approval is required by the State Legislature, DOB, the issuer's board, and in certain instances, PACB and the State Comptroller.

The State uses three primary bond programs, Personal Income Tax Revenue Bonds, Sales Tax Revenue Bonds, and to a lesser extent General Obligation Bonds to finance capital spending. These bonding programs, as well as older programs that are no longer being issued under but continue to have debt outstanding are described in more detail below.

OUTSTANDING STATE-SUPPORTED AND STATE-RELATED DEBT [1]
(millions of dollars)

	FY 2020	FY 2021	FY 2022
State-Supported Debt	**54,207**	**58,714**	**61,936**
Personal Income Tax Revenue Bonds	37,118	43,769	46,681
Sales Tax Revenue Bonds	11,542	10,716	12,444
General Obligation	2,131	2,170	1,996
Local Government Assistance Corporation	253	90	0
Service Contract & Lease Purchase	1,475	1,111	140
Other Revenue Bonds	1,687	858	675
Contingent-Contractual Obligation Financings	**135**	**100**	**0**
DASNY/MCFFA - Secured Hospital Program	135	100	0
Other State Financings	**633**	**587**	**621**
MBBA Prior Year School Aid Claims	104	68	30
Capital Leases	466	458	530
Mortgage Loan Commitments	63	61	61
TOTAL STATE-RELATED DEBT [2]	54,975	59,401	62,557

Source: NYS DOB. Except Mortgage Loan Commitments which are taken from the CAFR for FY 2020 and FY 2021. Mortgage Loan Commitments and Capital Leases are estimated by DOB for FY 2021.

[1] Reflects par amounts outstanding for bonds and financing arrangements or gross proceeds outstanding in the case of capital appreciation bonds. Amounts do not reflect accretion of capital appreciation bonds or premiums received.

[2] Capital leases and mortgage loan commitments are included in all figures and references to State-related debt in this AIS unless otherwise specifically noted.

State-Supported Debt Outstanding

State-supported debt includes General Obligation Bonds, State PIT Revenue Bonds, Sales Tax Revenue Bonds, and lease purchase and service contract obligations of public authorities and municipalities. Payment of all obligations, except for General Obligation Bonds, cannot be made without annual appropriation by the State Legislature, but the State's credits have different security features, as described in this section. The Debt Reform Act of 2000 limits the amount of new State supported debt issued since April 1, 2000. Legislation included in the FY 2021 and FY 2022 Enacted Budgets authorized the exclusion of all State-supported debt issued in FY 2021 and FY 2022 from the calculation of the debt caps. See "Financial Plan Overview — Other Matters Affecting the Financial Plan — Debt Reform Act Limit" herein for more information.

Legislation included in the Enacted Budget authorized short-term financing for liquidity purposes during FY 2023. In doing so, it maintained a tool to help the State manage cashflow if unanticipated financial disruptions arise. Specifically, the authorization allows for the issuance of up to $3 billion of PIT revenue anticipation notes that mature no later than March 31, 2023. It also allows up to $2 billion in line of credit facilities, which are limited to a maximum of one year in duration and may 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 Financial Plan does not currently assume short-term liquidity financing 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 FY 2023 Enacted Budget reinstated the provisions of the Debt Reform Act for State-supported debt issued in FY 2023. Previously, the State had enacted legislation to suspend the Debt Reform Act for FY 2021 and FY 2022 bond issuances as part of the State response to the COVID-19 pandemic.

State PIT Revenue Bond Program

Since 2002, the PIT Revenue Bond Program has been the primary financing vehicle used to fund the State's capital program. Legislation enacted in 2001 provided for the issuance of State PIT Revenue Bonds by the State's Authorized Issuers. The legislation required 25 percent of State PIT receipts (excluding refunds owed to taxpayers) to be deposited into the RBTF for purposes of making debt service payments on these bonds, with the excess amounts returned to the General Fund. Over time, other State revenue sources have been dedicated to the RBTF in order to address the anticipated impact that certain legislative changes could have on the level of State PIT receipts, namely, the enactment of (i) the ECEP and the Charitable Gifts Trust Fund in 2018, and (ii) the 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 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.

Donations to the Charitable Gifts Trust Fund, however, could reduce State PIT receipts by nearly one dollar for every dollar donated. Accordingly, the amount of donations to the State Charitable Gifts Trust Fund is the principal direct risk to the aggregate amount of New York State PIT receipts that would otherwise be received in a given year. On June 13, 2019, the IRS issued final regulations (Treasury Decision 9864) that effectively curtailed further donations to the Charitable Gifts Trust Fund beyond the $93 million in donations that the State received in 2018, when the U.S. Treasury and the IRS first published proposed regulatory changes. Virtually no additional donations to the Charitable Gifts Trust Fund have been received by the State after the 2018 tax year. If Treasury Decision 9864 is upheld in Federal court, taxpayer participation in the future will likely be reduced. However, if the legal challenge is successful in restoring the full Federal tax deduction for charitable contributions, donations to the Charitable Gifts Trust Fund in future years could be higher than in 2018. In such event, the amount of donations to the Charitable Gifts Trust Fund would likely pose a risk to the amount of New York State PIT receipts deposited to the RBTF in future years.

DOB and DTF have calculated the maximum amount of charitable donations to the Charitable Gifts Trust Fund for Tax Years 2022 through 2025[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

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

of itemized and standardized filers. It also relies on DOB's projections of the level of PTET liability and the associated PTET credits, which serve to reduce PIT liability. The calculation assumes that all PTET credits are claimed by taxpayers negatively affected by the $10,000 Federal SALT deduction limit, thereby reducing the maximum amount of charitable donations to the Charitable Gifts Trust Fund on a dollar-for-dollar basis. The calculation also assumes that (a) no further changes in tax law occur and (b) DOB projections of the level of State taxpayer liability for the forecast period as set forth in the Financial Plan are materially accurate. The calculation is only intended to serve as a stress test on State PIT receipts that may flow to the RBTF under different levels of assumed taxpayer participation. Accordingly, the calculation should not, under any circumstances, be viewed as a projection of likely donations in any future year. Other factors that may influence donation activity include: continued federal limitations on the SALT deduction coupled with statements, actions, or interpretive guidance by the IRS or other governmental actors relating to the deductibility of such donations; the liquidity position, risk tolerance, and knowledge of individual taxpayers; and advice or guidance of tax advisors or other professionals.

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
FY 2022 THROUGH 2027
(millions of dollars)

	FY 2022 Actuals	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Projected RBTF Receipts [1]	43,590	30,991	38,963	40,899	41,359	42,561
Projected New PIT Bonds Issuances	6,954	5,817	6,398	5,366	6,264	6,435
Projected Total PIT Bonds Outstanding	46,681	50,652	54,972	57,894	60,852	63,823
Projected Maximum Annual Debt Service	4,509	4,947	5,396	5,750	6,262	6,199
Projected PIT Coverage Ratio	9.7	6.3	7.2	7.1	6.6	6.9

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	8,336	8,643	8,824	9,037	9,280
Projected New Sales Tax Bonds Issuances	2,105	2,279	2,745	2,469	2,156	2,145
Projected Total Sales Tax Bonds Outstanding	12,444	14,044	16,072	17,734	19,010	20,190
Projected Maximum Annual Debt Service	1,231	1,421	1,511	1,671	1,796	1,846
Projected Sales Tax Coverage Ratio	6.7	5.9	5.7	5.3	5.0	5.0

[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.

General Obligation Financings

With limited exceptions for emergencies, the State Constitution prohibits the State from undertaking a long-term General Obligation borrowing (i.e., borrowing for more than one year) unless it is authorized in a specific amount for a single work or purpose by the Legislature and approved by voter referendum. There is no constitutional limitation on the amount of long-term General Obligation debt that may be so authorized and subsequently incurred by the State. The State Constitution provides that General Obligation Bonds, which can be paid without an appropriation, must be paid in equal annual principal installments or installments that result in substantially level or declining debt service payments, mature within 40 years after issuance, and begin to amortize not more than one year after the issuance of such bonds. However, general obligation housing bonds must be paid within 50 years after issuance, with principal commencing no more than three years after issuance.

General Obligation debt is currently authorized for transportation, environment, housing and education purposes. Transportation-related bonds are issued for State and local highway and bridge improvements, mass transportation, rail, aviation, canal, port and waterway programs and projects. Environmental bonds are issued to fund environmentally sensitive land acquisitions, air and water quality improvements, municipal non-hazardous waste landfill closures and hazardous waste site cleanup projects. Education-related bonds are issued to fund enhanced education technology in schools, with eligible projects including infrastructure improvements to bring high-speed broadband to schools and communities in their school district and the purchase of classroom technology for use by students. Additionally, these bonds will enable long-term investments in full-day pre-kindergarten through the construction of new pre-kindergarten classroom space.

Most General Obligation debt-financed spending in the Capital Plan is authorized under ten previously approved bond acts (five for transportation, four for environmental and recreational programs and one for education purposes). The majority of projected general obligation bond-financed spending supports authorizations for the 2005 Rebuild and Renew New York Bond Act and the $2 billion Smart Schools Bond Act, which was approved by voters in November 2014. As part of the FY 2023 Enacted Budget, the State authorized the $4.2 billion Clean Water, Clean Air, and Green Jobs Bond Act to fund environmental restoration and climate mitigation projects across the State, subject to voter approval in November 2022. DOB projects that spending authorizations from the remaining bond acts will be virtually depleted by the end of the Capital Plan.

As of March 31, 2022, approximately $2.0 billion of General Obligation Bonds were outstanding. See “Exhibit B — State-Related Bond Authorizations” for information regarding the levels of authorized, authorized but unissued, and outstanding General Obligation debt by bond act.

The State Constitution permits the State to undertake short-term General Obligation borrowings without voter approval in anticipation of the receipt of (i) taxes and revenues, by issuing general obligation tax and revenue anticipation notes (TRANs), and (ii) proceeds from the sale of duly authorized but unissued General Obligation bonds, by issuing bond anticipation notes (BANs). General Obligation TRANs must mature within one year from their date of issuance and cannot be refunded or refinanced beyond such period. However, since 1990, the State's ability to issue general obligation TRANs that mature in the same State fiscal year in which they were issued has been limited due to the enactment of the fiscal reform program which created LGAC. LGAC bonds were fully retired on April 1, 2021.

General Obligation BANs may only be issued for the purposes and within the amounts for which bonds may be issued pursuant to General Obligation authorizations, and must be paid from the proceeds of the sale of bonds in anticipation of which they were issued or from other sources within two years of the date of issuance or, in the case of BANs for housing purposes, within five years of the date of issuance. In order to provide flexibility within these maximum term limits, the State had previously used the BANs authorization to conduct a commercial paper program to fund disbursements eligible for General Obligation bond financing.

State-Supported Lease-Purchase and Other Contractual-Obligation Financings

Prior to the 2002 commencement of the State's PIT Revenue Bond program, public authorities or municipalities issued other lease purchase and contractual-obligation debt. These types of debt, where debt service is payable from moneys received from the State and is subject to annual State appropriation, are not general obligations of the State.

Debt service payable to certain public authorities from State appropriations for such lease-purchase and contractual obligation financings are paid from general resources of the State. Although these financing arrangements involve a contractual agreement by the State to make payments to a public authority, municipality or other entity, the State's obligation to make such payments is expressly made subject to appropriation by the Legislature and the actual availability of money to the State for making the payments. In FY 2023, the State is authorized to enter into up to $2.0 billion of line of credit facilities supported by a State service contract. The Enacted Budget does not currently assume any use of the line of credit in FY 2023. As of March 31, 2022, approximately $140 million of State-supported lease-purchase and other contractual obligation financings were outstanding.

Legislation first enacted in FY 2011, and extended through June 30, 2023, authorizes the State to set aside moneys in reserve for debt service on general obligation, lease-purchase, and service contract bonds. Pursuant to a certificate filed by the Director of the Budget with the State Comptroller, the Comptroller is required to transfer from the General Fund such reserved amounts on a quarterly basis in advance of required debt service payment dates. The State currently has no plans to issue lease-purchase or other contractual-obligation financings, including the line of credit facility authorized in the Enacted Budget.

Dedicated Highway and Bridge Trust Fund Bonds

DHBTF bonds were issued for State transportation purposes and are backed by dedicated motor fuel, gas and other transportation related taxes and fees, subject to appropriation. As of March 31, 2022, approximately $587 million of DHBTF bonds were outstanding. The State currently has no plans to issue additional DHBTF bonds but could in the future if market conditions warrant.

Mental Health Facilities Improvement Bonds

Mental Health Facilities Improvement Bonds were issued to maintain both State and community-based facilities operated and/or licensed by OMH, OPWDD, and OASAS. As of March 31, 2022, there are no outstanding Mental Health Facilities Improvement Bonds. The State currently has no plans to issue additional Mental Health Facilities Improvement Bonds.

SUNY Dormitory Facilities Bonds

Legislation enacted in 2013 changed the method of paying debt service on outstanding SUNY Dormitory Facilities Lease Revenue Bonds (the "Lease Revenue Bonds") and established a new revenue-based financing credit, the SUNY Dormitory Facilities Revenue Bonds (the "Facilities Revenue Bonds") to finance the SUNY residence hall program in the future. The Facilities Revenue Bonds, unlike the Lease Revenue Bonds, do not include a SUNY general obligation pledge, thereby eliminating any recourse to the State with respect to the payment of the Facilities Revenue Bonds. The legislation also provided for the assignment of the revenues derived from the use and occupancy of SUNY's dormitory facilities (the "Dormitory Facilities Revenues") for the payment of debt service on both the Lease Revenue Bonds and the Facilities Revenue Bonds from SUNY to DASNY. As of March 31, 2022, there are no Lease Revenue Bonds outstanding.

State-Related Debt Outstanding

State-related debt is a broader measure of debt that includes State-supported debt, as discussed above, and contingent-contractual obligations, moral obligations, State-guaranteed debt and other debt.

Contingent-Contractual Obligation Financing

Contingent-contractual debt, included in State-related debt, is debt where the State enters into a statutorily authorized contingent-contractual obligation via a service contract to pay debt service in the event there are shortfalls in revenues from other non-State resources pledged or otherwise available to pay the debt service. As with State-supported debt, except for General Obligation bonds, all payments are subject to annual appropriation. There is no State contingent-contractual debt outstanding.

State-Guaranteed Financings

Pursuant to specific constitutional authorization, the State may also directly guarantee certain public authority obligations. Payments of debt service on State guaranteed bonds and notes are legally enforceable obligations of the State. The only current authorization provides for the State guarantee of the repayment of certain borrowings for designated projects of the New York State Job Development Authority (JDA). However, all JDA bonds guaranteed by the State have been paid off, and the State does not anticipate any future JDA indebtedness to be guaranteed by the State. The State has never been called upon to make any direct payments pursuant to any such guarantees.

Other State Financings

Other State financings relate to the issuance of debt by a public authority, including capital leases, mortgage loan commitments and MBBA prior year school aid claims. Regarding the MBBA prior year school aid claims, the municipality assigns specified State and local assistance payments it receives to the MBBA or the bond trustee to ensure that debt service payments are made. The State has no legal obligation to make any debt service payments or to continue to appropriate local assistance payments that are subject to the assignment. The final MBBA debt payment is expected on December 1, 2022.

Intergovernmental Loans

Intergovernmental loans represent loans where no bonds are issued but the State has agreed to pay annual loan payments, subject to appropriation, to another governmental entity. The FY 2023 Enacted Budget authorized a $2.35 billion State capital commitment through a Federal transportation loan for the Gateway Hudson Tunnel Project supported by a service contract with the Gateway Development Commission.

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	5,817	6,398	5,366	6,264	6,435
Sales Tax Revenue Bonds	2,105	2,279	2,745	2,469	2,156	2,145
General Obligation Bonds	0	438	629	584	419	335
Total Issuances	9,059	8,534	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 $525 million (5.8 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 Financial Plan assumes that the State's contributions to the MTA Capital Plans will be funded by the 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 ($1.9 billion), education ($1.4 billion), the environment ($850 million), health and mental hygiene ($754 million), State facilities and equipment ($503 million), and transportation ($3.2 billion).

Over the period of the Capital Plan, new debt issuances are projected to total $44.5 billion. New issuances are expected for economic development and housing ($10.0 billion), education facilities ($7.0 billion), the environment ($4.4 billion), mental hygiene and health care facilities ($3.9 billion), State facilities and equipment ($2.6 billion), and transportation infrastructure ($16.4 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	50,652	54,972	57,894	60,852	63,823
Sales Tax Revenue Bonds	12,444	14,044	16,072	17,734	19,010	20,190
General Obligation Bonds	1,996	2,274	2,739	3,109	3,295	3,368
Other Revenue Bonds	675	611	540	465	389	360
Service Contract & Lease Purchase	140	48	16	0	0	0
TOTAL STATE-SUPPORTED	61,936	67,629	74,339	79,202	83,546	87,741

State-Related Debt Service Requirements

The following table presents the current and projected debt service (principal and interest) requirements on State-related debt. State-related debt service is projected at $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 State is contractually required to make debt service payments prior to bondholder payment dates in most instances and may also elect to make payments earlier than contractually required. The State expects to use three principal bonding programs -- Personal Income Tax Revenue Bonds, Sales Tax Revenue Bonds, and General Obligation Bonds -- to fund all bond-financed capital spending.

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

	FY 2022 Actuals	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	Total
Personal Income Tax Revenue Bonds	9,373	5,917	3,134	2,473	3,527	3,347	27,771
Sales Tax Revenue Bonds	2,676	1,280	1,397	1,568	1,707	1,846	10,474
General Obligation Bonds	239	220	202	222	210	216	1,309
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	7,642	4,904	4,469	5,638	5,667	40,907

[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

Adjusting debt service shown in the previous table for prepayments, State-related debt service is projected at $6.7 billion in FY 2023, an increase of $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 $8.1 billion in FY 2027, an average rate of 6.1 percent annually.

AUTHORITIES AND LOCALITIES

Public Authorities

For the purposes of this section, “authorities” refer to public benefit corporations or public authorities, created pursuant to State law, which are reported in the State’s 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, 2021), each of the 16 authorities listed in the following table had outstanding debt of $100 million or more, and the aggregate outstanding debt, including refunding bonds, was approximately $220 billion, only a portion of which constitutes State-supported or State-related debt. Note that the outstanding debt information contained in the following table is the most current information provided by OSC from data submitted by the 16 authorities as of the date of this AIS.

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	39,281	39,281
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	14,516	14,516
Thruway Authority	2,734	6,198	8,932
Long Island Power Authority[(3)]	0	8,894	8,894
Triborough Bridge and Tunnel Authority	0	8,739	8,739
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	158,457	219,806

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

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

(2) All Job Development Authority (JDA) debt outstanding reported as of March 31, 2021. This includes $14.5 billion in conduit debt issued by JDA's blended component units consisting of $6.1 billion issued by New York Liberty Development Corporation ($1.2 billion of which is also included in the amount reported for Port Authority of NY and NJ), $516 million issued by the Brooklyn Arena Local Development Corporation, and $7.9 billion issued by the New York Transportation Development Corporation.

(3) Includes $3.70 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 to assess, at this time, the financial and healthcare impacts on the State's localities.

While the fiscal condition of New York City and other local governments in the State is reliant, in part, on State aid to balance their annual budgets and meet their cash requirements, the State is not legally responsible for their financial condition and viability. Indeed, the provision of State aid to localities, while one of the largest disbursement categories in the State budget, is not constitutionally obligated to be maintained at current levels or to be continued in future fiscal years and the State Legislature may amend or repeal statutes relating to the formulas for and the apportionment of State aid to localities.

The City of New York

The fiscal demands on the State may be affected by the fiscal condition of New York City, which relies in part on State aid to balance its budget and meet its cash requirements. It is also possible that the State's finances may be affected by the ability of New York City, and its related issuers, to market securities successfully in the public credit markets. The official financial disclosure of the City of New York and its related issuers is available by contacting Investor Relations, (212) 788-5864, or contacting the City Office of Management and Budget, 255 Greenwich Street, 8th Floor, New York, NY 10007. The official financial disclosures of the City of New York and its related issuers can also be accessed through the EMMA system website at www.emma.msrb.org. The State assumes no liability or responsibility for any financial information reported by the City of New York. The following table summarizes the debt of New York City and its related issuers.

DEBT OF NEW YORK CITY AND RELATED ENTITIES [1]
AS OF JUNE 30 OF EACH YEAR
(millions of dollars)

Year	General Obligation Bonds	Obligations of TFA [1]	Obligations of STARC Corp. [2]	Obligations of TSASC, Inc.	Hudson Yards Infrastructure Corporation	Other Obligations [3]	Total
2012	42,286	26,268	2,054	1,253	3,000	2,493	77,354
2013	41,592	29,202	1,985	1,245	3,000	2,394	79,418
2014	41,665	31,038	1,975	1,228	3,000	2,334	81,240
2015	40,460	33,850	2,035	1,222	3,000	2,222	82,789
2016	38,073	37,358	1,961	1,145	3,000	2,102	83,639
2017	37,891	40,696	1,884	1,089	2,751	2,034	86,345
2018	38,628	43,355	1,805	1,071	2,724	2,085	89,668
2019	37,519	46,624	1,721	1,053	2,724	1,901	91,542
2020	38,784	48,978	1,634	1,023	2,724	1,882	95,025
2021	38,574	49,957	0	993	2,677	1,983	94,184

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

[1] Includes amounts for Building Aid Revenue Bonds (BARBs), the debt service on which will be funded solely from future State Building Aid payments that are subject to appropriation by the State and have been assigned by the City of New York to the Transitional Finance Authority (TFA).

[2] A portion of the proceeds of the Sales Tax Asset Receivable Corporation (STARC) bonds were used to retire outstanding Municipal Assistance Corporation bonds. The debt service on STARC bonds was funded from annual revenues provided by the State, subject to annual appropriation. These revenues were assigned to the STARC by the Mayor of the City of New York.

[3] Includes bonds issued by the Fiscal Year 2005 Securitization Corporation, the New York City Educational Construction Fund, the Industrial Development Agency and, beginning in 2010, the New York City Tax Lien Collateralized Bonds. Also included are bonds issued by the Dormitory Authority of the State of New York for education, health and court capital projects, and other long-term leases which will be repaid from revenues of the City or revenues that would otherwise be available to the City if not needed for debt service.

The staffs of the Financial Control Board for the City of New York (FCB), the Office of the State Deputy Comptroller (OSDC), the City Comptroller and the Independent Budget Office issue periodic reports on the City's financial plans. Copies of the most recent reports are available by contacting: FCB, 80 Maiden Lane, Suite 402, New York, NY 10038, Attention: Executive Director, http://www.fcb.ny.gov/; OSDC, 59 Maiden Lane, 29th Floor, New York, NY 10038, Attention: Deputy Comptroller, http://www.osc.state.ny.us/osdc/; City Comptroller, Municipal Building, 6th Floor, One Centre Street, New York, NY 10007-2341, Attention: Deputy Comptroller for Budget, https://comptroller.nyc.gov/; and IBO, 110 William Street, 14th Floor, New York, NY 10038, Attention: Director, http://www.ibo.nyc.ny.us/.

Other Localities

Certain localities other than New York City have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. While a relatively infrequent practice, deficit financing by local governments has become more common in recent years. State legislation enacted post-2004 includes 29 special acts authorizing bond issuances to finance local government operating deficits. Included in this figure are special acts that extended the period of time related to prior authorizations and modifications to issuance amounts previously authorized. When a local government is authorized to issue bonds to finance operating deficits, the local government is subject to certain additional fiscal oversight during the time the bonds are outstanding as required by the State's Local Finance Law, including an annual budget review by OSC.

In addition to deficit financing authorizations, the State has periodically enacted legislation to create oversight boards in order to address deteriorating fiscal conditions within particular localities. The Cities of Buffalo and Troy, and the Counties of Erie and Nassau are subject to varying levels of review and oversight by entities created by such legislation. The City of Newburgh operates under special State legislation that provides for fiscal oversight by the State Comptroller and the City of Yonkers must adhere to a Special Local Finance and Budget Act. The impact on the State of any possible requests in the future for additional oversight or financial assistance cannot be determined at this time and therefore is not included in the Financial Plan projections.

Legislation enacted in 2013 created the Financial Restructuring Board for Local Governments (the "Restructuring Board"). The Restructuring Board consists of ten members, including the State Director of the Budget, who is the Chair, the Attorney General, the State Comptroller, the Secretary of State and six members appointed by the Governor. The Restructuring Board, upon the request of a "fiscally eligible municipality", is authorized to perform a number of functions including reviewing the municipality's operations and finances, making recommendations on reforming and restructuring the municipality's operations, proposing that the municipality agree to fiscal accountability measures, and making available certain grants and loans. To date, the Restructuring Board is currently reviewing or has completed reviews for twenty-six municipalities. The Restructuring Board is also authorized, upon the joint request of a fiscally eligible municipality and a public employee organization, to resolve labor impasses between municipal employers and employee organizations for police, fire and certain other employees in lieu of binding arbitration before a public arbitration panel.

OSC implemented its Fiscal Stress Monitoring System (the "Monitoring System") in 2013. The Monitoring System utilizes a number of fiscal and environmental indicators with the goal of providing an early warning to local communities about stress conditions in New York's local governments and school districts. Fiscal indicators consider measures of budgetary solvency while environmental indicators consider measures such as population, poverty, and tax base trends. Individual entities are then scored according to their performance on these indicators. An entity's score on the fiscal components will determine whether or not it is classified in one of three levels of stress: significant, moderate or susceptible. Entities that do not meet established scoring thresholds are classified as "No Designation".

Based on financial data filed with OSC for the local fiscal years ending in 2021, a total of 12 non-calendar fiscal year end local governments (2 cities and 10 villages) and 23 school districts have been placed in a stress category by OSC. Additionally, of the local governments with a December 31, 2020 fiscal year end, 19 — including 6 counties, 4 cities and 9 towns — were placed in a fiscal stress category by OSC. The vast majority of local governments (97.8 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 2020.

DEBT OF NEW YORK LOCALITIES [1]
(millions of dollars)

Locality Fiscal Year Ending	Combined New York City Debt [2]		Other Localities Debt [3]		Total Locality Debt [3]	
	Bonds	Notes	Bonds [4]	Notes [4]	Bonds [3] [4]	Notes [4]
1980	12,995	0	6,835	1,793	19,830	1,793
1990	20,027	0	10,253	3,082	30,280	3,082
2000	39,244	515	19,093	4,470	58,337	4,985
2010	69,536	0	36,110	7,369	105,646	7,369
2016	83,639	0	35,006	6,952	118,645	6,952
2017	86,345	0	34,788	5,617	121,133	5,617
2018	89,668	0	35,855	5,737	125,523	5,737
2019	91,542	0	36,661	7,632	128,203	7,632
2020	95,025	0	36,088	8,626	131,113	8,626

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

NOTE: For localities other than New York City, the amounts shown for fiscal years ending 1990 may include debt that has been defeased through the issuance of refunding bonds.

(1) Because the State calculates locality debt differently for certain localities (including New York City), the figures above may vary from those reported by such localities. In addition, this table excludes indebtedness of certain local authorities and obligations issued in relation to State lease-purchase arrangements.

(2) Includes bonds issued by New York City and its related issuers, the Transitional Finance Authority, STAR Corporation, TSASC, Inc., the Hudson Yards Infrastructure Corporation, and Treasury obligations (as shown in the table "Debt of New York City and Related Entities" in the section of this document entitled "Authorities and Localities - The City of New York"). Also included are the bonds of the Fiscal Year 2005 Securitization Corporation, the Industrial Development Agency, the Municipal Assistance Corporation, the Samurai Funding Corporation, the New York City Educational Construction Fund, and the Dormitory Authority of the State of New York for education, health and court capital projects, and other long-term leases which will be repaid from revenues of the City or revenues which would otherwise be available to the City if not needed for debt service and, beginning in 2010, the New York City Tax Lien Collateralized Bonds.

(3) Includes bonds issued by localities and certain debt guaranteed by the localities and excludes capital lease obligations (for localities other than New York City), assets held in sinking funds and certain amounts available at the start of a fiscal year for redemption of debt. Starting in 2001, debt for other localities includes installment purchase contracts.

(4) Amounts reflect those set forth on Annual Update Documents provided to OSC by New York State localities. Does not include indebtedness of certain localities that did not file Annual Update Documents (financial reports) with the State Comptroller.

STATE GOVERNMENT EMPLOYMENT

As of March 31, 2022, the State had approximately 169,200 FTE annual salaried employees funded from All Funds, including some part-time and temporary employees, independently-elected agencies and university systems, but excluding seasonal, legislative and judicial employees. The State workforce is projected to total 184,000 positions at the end of FY 2023. The State workforce subject to direct Executive control is expected to total 118,802 full time equivalent positions at the end of FY 2023. The State workforce peaked in 1990, at approximately 230,000 positions.

HISTORICAL SUMMARY OF EXECUTIVE BRANCH WORKFORCE
ANNUAL SALARIED FTEs
ALL FUNDS

Date	Subject to Direct Executive Control	Grand Total
2/29/2012*	119,579	179,598
3/31/2013	119,756	180,802
3/31/2014	118,492	180,041
3/31/2015	117,807	179,620
3/31/2016	117,862	180,220
3/31/2017	117,907	181,436
3/31/2018	117,397	181,599
3/31/2019	117,967	182,799
3/31/2020	118,193	183,715
3/31/2021	111,230	175,559
3/31/2022	106,622	169,272

* Reflects a payroll prior to fiscal year-end due to concurrent implementation of the State's Statewide Financial System (SFS) which resulted in anomalies to the accounting of FTEs with the actual FY 2012 year-end payroll.

WORKFORCE SUMMARY ALL FUNDS FY 2021 THROUGH FY 2023	FY 2021 Actuals (03/31/21)	FY 2022 Actuals (03/31/22)	FY 2023 Estimate (03/31/23)
Major Agencies			
Children and Family Services, Office of	2,647	2,542	2,886
Corrections and Community Supervision, Department of	26,694	24,950	26,423
Education Department, State	2,555	2,534	2,876
Environmental Conservation, Department of	2,853	2,815	3,100
Financial Services, Department of	1,289	1,224	1,391
General Services, Office of	1,741	1,685	1,856
Health, Department of	4,567	4,438	5,984
Information Technology Services, Office of	3,200	2,967	3,569
Labor, Department of	2,616	2,744	2,778
Mental Health, Office of	13,332	12,834	14,011
Motor Vehicles, Department of	2,663	2,942	3,028
Parks, Recreation and Historic Preservation, Office of	1,947	2,095	2,087
People with Developmental Disabilities, Office for	17,749	16,178	18,960
State Police, Division of	5,450	5,390	5,879
Taxation and Finance, Department of	3,589	3,413	3,785
Temporary and Disability Assistance, Office of	1,791	1,781	1,922
Transportation, Department of	8,107	7,883	8,485
Workers' Compensation Board	1,018	943	1,081
Subtotal - Major Agencies	**103,808**	**99,358**	**110,101**
Minor Agencies	**7,422**	**7,264**	**8,701**
Subtotal - Subject to Direct Executive Control	**111,230**	**106,622**	**118,802**
Adjustments			
Hiring Freeze Savings			
Subtotal - Adjustments	**0**	**0**	**0**
University Systems			
City University of New York	13,350	13,243	14,016
State University Construction Fund	130	136	145
State University of New York	46,373	44,877	46,771
Subtotal - University Systems	**59,853**	**58,256**	**60,932**
Independently Elected Agencies			
Audit and Control, Department of	2,721	2,614	2,770
Law, Department of	1,755	1,780	1,820
Subtotal - Independently Elected Agencies	**4,476**	**4,394**	**4,590**
Grand Total	**175,559**	**169,272**	**184,324**

Source: NYS DOB, as provided with the FY 2023 Enacted Budget Report published in May 2022.

STATE RETIREMENT SYSTEM

THE INFORMATION THAT FOLLOWS UNDER THIS HEADING HAS BEEN PREPARED SOLELY BY THE OFFICE OF THE STATE COMPTROLLER, AND DOB HAS NOT UNDERTAKEN ANY INDEPENDENT VERIFICATION OF SUCH INFORMATION.

General

This section summarizes key information regarding the New York State and Local Retirement System ("NYSLRS" or the "System") and the Common Retirement Fund ("CRF"). The System was established as a means to pay benefits to the System's participants. The CRF comprises a pooled investment vehicle designed to protect and enhance the long-term value of the System's assets. Greater detail, including the independent auditor's report for the fiscal year ending March 31, 2021, is included in NYSLRS' Comprehensive Annual Financial Report ("NYSLRS' Financial Report") for the fiscal year ended March 31, 2021 and is available on the OSC website at the following address: https://www.osc.state.ny.us/files/retirement/resources/pdf/comprehensive-annual-financial-report-2021.pdf.

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

The Annual Reports to the Comptroller on Actuarial Assumptions from the Retirement System's Actuary - the contents of which explain the methodology used to determine employer contribution rates to the System - issued from 2007 through 2021 are available at the OSC website at: https://www.osc.state.ny.us/retirement/resources/financial-statements-and-supplementary-information.

Benefit plan booklets describing how each of the System's tiers works can be accessed at https://www.osc.state.ny.us/retire/publications/.

The State Comptroller is the administrative head of NYSLRS, which has the powers and privileges of a corporation and comprises the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS"). The State Comptroller promulgates rules and regulations for the administration and transaction of the business of the System. Pursuant to the State's Retirement and Social Security Law and Insurance Law, NYSLRS is subject to the supervision of the Superintendent of DFS.

The State Comptroller is also the trustee and custodian of the CRF, a trust created pursuant to the Retirement and Social Security Law to hold the System's assets, and, as such, is responsible for investing the assets of the System. Consistent with statutory limitations affecting categories of investment, the State Comptroller, as trustee of the CRF, establishes a target asset allocation and approves policies and procedures to guide and direct the investment activities of the Division of Pension Investment and Cash Management of the Office of the State Comptroller ("Division"). Division employees, outside advisors, consultants and legal counsel provide the State Comptroller with advice and oversight of investment decisions. Outside advisors and internal investment staff are part of the chain of approval that must recommend all investment decisions before final action by the State Comptroller. The Investment Advisory Committee and the Real Estate Advisory Committee, both made up of outside advisors, assist the State Comptroller in his investment duties. The Investment Advisory Committee advises the State Comptroller on investment policies relating to the CRF, reviews the portfolio of the CRF and makes such recommendations as the Committee deems necessary. The Real Estate Advisory Committee reviews and must approve mortgage and real estate investments for consideration by the State Comptroller.

The System engages an independent auditor to conduct an audit of the System's annual financial statements. Furthermore, an Actuarial Advisory Committee meets annually to review the actuarial assumptions and the results of the actuarial valuation of the System. The Actuarial Advisory Committee is composed of current or retired senior actuaries from major insurance companies or pension plans. The System also engages the services of an outside actuarial consultant to perform a statutorily required quinquennial review. At least once every five years, NYSLRS is also examined by DFS. The Comptroller has established within the Retirement System, the Pension Integrity Bureau, the purpose of which is to identify and prevent errors, fraud and abuse. The State Comptroller has also established an Office of Internal Audit to provide the Comptroller with independent and objective assurance and consulting services for the programs and operations of the Office of the State Comptroller, including programs and operations of NYSLRS. The Comptroller's Advisory Audit Committee, established in compliance with DFS regulations, meets three times per year to review the System's audited financial statements and the NYSLRS' Financial Report, and to discuss a variety of financial and investment-related activities. Pursuant to DFS regulations, a fiduciary review of the System for the three-year period ended March 31, 2021 was issued on February 7, 2022.

The System

The System provides pension benefits to public employees of the State and its localities (except employees of New York City, and public school teachers and administrators, who are covered by separate public retirement systems). State employees made up about 32 percent of the System's membership as of March 31, 2021. There were 2,966 public employers participating in the System, including the State, all cities and counties (except New York City), most towns, villages and school districts (with respect to non-teaching employees), and many public authorities.

As of March 31, 2021, 675,519 persons were members of the System, and 496,628 pensioners or beneficiaries were receiving pension benefits. Article 5, section 7 of the State Constitution considers membership in any State pension or retirement system to be "a contractual relationship, the benefits of which shall not be diminished or impaired."

Comparison of Benefits by Tier

The System's members are categorized into six tiers depending on date of membership. As of March 31, 2021, approximately 45 percent of ERS members were in Tiers 3 and 4 and approximately 54 percent of PFRS members were in Tier 2. Tier 5 was enacted in 2009 and included significant changes to the benefit structure for ERS members who joined on or after January 1, 2010 and PFRS members who joined on or after January 9, 2010. Tier 6 was enacted in 2012 and included further changes to the benefit structure for ERS and PFRS members who joined on or after April 1, 2012. More than 48 percent of ERS members are in Tier 6 while close to 40 percent of PFRS members are in Tier 6.

Benefits paid to members vary depending on tier. Tiers vary with respect to vesting, employee contributions, retirement age, reductions for early retirement, and calculation and limitation of "final average salary" – generally the average of an employee's three consecutive highest years' salary (for Tier 6 members, final average salary is determined by taking the average of an employee's five consecutive highest years' salary). ERS members in Tiers 3 and 4 can begin receiving full retirement benefits at age 62, or at age 55 with at least 30 years of service. The amount of the benefit is based on years of service, age at retirement and the final average salary earned. The majority of PFRS members are in special plans that permit them to retire after 20 or 25 years regardless of age. Charts comparing the key benefits provided to members of ERS and PFRS in most of the tiers of the System can be accessed at:

ERS Chart: http://www.osc.state.ny.us/retire/employers/tier-6/ers_comparison.php
PFRS Chart: http://www.osc.state.ny.us/retire/employers/tier-6/pfrs_comparison.php

Contributions and Funding

Contributions to the System are provided by employers and employees. Employers contribute on the basis of the plan or plans they provide for members. All ERS members joining from mid-1976 through 2009 were required to contribute 3 percent of their salaries. A statutory change in 2000, however, limited the contributions to the first 10 years of membership, but did not authorize refunds where contributions had already exceeded 10 years. All ERS members joining after 2009 and prior to April 1, 2012, and all PFRS members joining after January 9, 2010 and prior to April 1, 2012, are members of Tier 5. All Tier 5 ERS members and 78 percent of the Tier 5 PFRS members are required to contribute 3 percent of their salaries for their career. Members joining on or after April 1, 2012 are in Tier 6, and are required to pay contributions throughout their career on a stepped basis relative to each respective member's wages.[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.

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 a 5-year period.

[13] Less than 1 percent of the 13,956 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.

The amount of future annual employer contribution rates will depend, in part, on the value of the assets held by the CRF as of each April 1, as well as on the present value of the anticipated benefits to be paid by the System as of each April 1. Contribution rates for FY 2023 were released in August 2021. The average ERS rate decreased by 4.6 percent from 16.2 percent of salary in FY 2022 to 11.6 percent of salary in FY 2023, while the average PFRS rate decreased by 1.3 percent from 28.3 percent of salary in FY 2022 to 27.0 percent of salary in FY 2023. Information regarding average rates for FY 2023 may be found in the 2021 Annual Report to the Comptroller on Actuarial Assumptions which is accessible at:
https://www.osc.state.ny.us/files/retirement/resources/pdf/actuarial-assumptions-2021.pdf.

Legislation enacted in 2010 authorized the State and participating employers to amortize a portion of their annual pension costs during periods when actuarial contribution rates exceed thresholds established by the statute. The legislation provided employers with an optional mechanism intended to reduce the budgetary volatility of employer contributions. Amortized amounts must be paid by the State and participating employers in equal annual installments over a ten-year period, and employers may prepay these amounts at any time without penalty. Employers are required to pay interest on the amortized amounts at a rate determined annually by the State Comptroller that is comparable to taxable fixed income investments of a comparable duration. The interest rate on the amount an employer chooses to amortize in a particular rate year is fixed for the duration of the ten-year repayment period. Should the employer choose to amortize in the next rate year, the interest rate on that amortization will be the rate set for that year. For amounts amortized in FY 2011, FY 2012, FY 2013, FY 2014, FY 2015, FY 2016, FY 2017, FY 2018, FY 2019, FY 2020, FY 2021, and FY 2022 the interest rates are 5 percent, 3.75 percent, 3 percent, 3.67 percent, 3.15 percent, 3.21 percent, 2.33 percent, 2.84 percent, 3.64 percent, 2.55 percent, 1.33 percent, and 1.76 percent, respectively. The first payment is due in the fiscal year following the decision to amortize pension costs. When contribution rates fall below legally specified levels and all outstanding amortizations have been paid, employers that elected to amortize will be required to pay additional monies into reserve funds, specific to each employer, which will be used to offset their contributions in the future. These reserve funds will be invested separately from pension assets. Over time, OSC expects that this will reduce the budgetary volatility of employer contributions.

As of March 31, 2021, the amortized amount receivable, including accrued interest, for the 2012 amortization is $0 from the State and $18.5 million from 80 participating employers; the amortized amount receivable, including accrued interest, for the 2013 amortization is $23.3 million from the State and $68.9 million from 116 participating employers; the amortized amount receivable, including accrued interest, for the 2014 amortization is $36.8 million for the State and $58 million from 88 participating employers; the amortized amount receivable including accrued interest, for the 2015 amortization is $41.1 million from the State and $57.6 million from 76 participating employers; the amortized amount receivable, including accrued interest for the 2016 amortization, is $32.2 million from the State and $34.8 million from 50 participating employers; the amortized amount receivable, including accrued interest for the 2017 amortization, is $3.8 million from 9 participating employers; the State did not amortize in 2017; the amortized amount receivable, including accrued interest for the 2018 amortization, is $3.2 million from 4 participating employers; the State did not amortize in 2018; and the amortized amount receivable, including accrued interest for the 2019 amortization, is $3.5 million from 1 participating employer; the State did not amortize in 2019. No participating employer or the State amortized under the Contribution Stabilization Program in 2020 or 2021.

The FY 2014 Enacted Budget included an alternate contribution program (the "Alternate Contribution Stabilization Program") that provides certain participating employers with a one-time election to amortize slightly more of their required contributions than would have been available for amortization under the 2010 legislation. In addition, the maximum payment period was increased from ten years to twelve years. The election is available to counties, cities, towns, villages, BOCES, school districts and the four public health care centers operated in the counties of Nassau, Westchester and Erie. The State is not eligible to participate in the Alternate Contribution Stabilization Program. There are 41 employers that are currently enrolled in the program. Employers are not required to amortize every year. As of March 31, 2021, the amortized amount receivable, including interest, from 23 participating employers for the 2014 amortization is $64.4 million. The amortized amount receivable, including interest, from 25 participating employers for the 2015 amortization is $97.7 million. The amortized amount receivable, including interest, from 22 participating employers for the 2016 amortization is $76.7 million. The amortized amount receivable, including interest, from 18 participating employers for the 2017 amortization is $59.9 million. The amortized amount receivable, including interest, from 13 participating employers for the 2018 amortization is $58.9 million. The amortized amount receivable, including interest, from 11 participating employers for the 2019 amortization is $21.7 million. The amortized amount receivable, including interest, from 4 participating employers for the 2020 amortization is $18.1 million. The amortized amount receivable, including interest, from 5 participating employers for the 2021 amortization is $45.1 million.

For those eligible employers electing to participate in the Alternate Contribution Stabilization Program, the graded contribution rate for fiscal years ending 2014 and 2015 is 12 percent of salary for ERS and 20 percent of salary for PFRS. Thereafter, the graded contribution rate will increase one half of one percent per year towards the actuarially required rate. The FY 2021 amounts are 14.1 percent for ERS and 23 percent for PFRS. Electing employers may amortize the difference between the graded rate and the actuarially required rate over a twelve-year period at an interpolated twelve-year U.S. Treasury Security rate (3.76 percent for FY 2014, 3.50 percent for FY 2015, 3.31 percent for FY 2016, 2.63 percent for FY 2017, 3.31 percent for FY 2018, 3.99 percent for FY 2019, 2.87 percent for FY 2020, 1.60 percent for FY 2021, and 2.24 percent for FY 2022). As with the original Contribution Stabilization Program, when contribution rates fall below legally specified levels and all outstanding amortizations have been paid, employers that elect to amortize under the alternate program will be required to pay additional monies into reserve funds, specific to each employer, which will be used to offset their contributions in the future.

Legislation enacted in June 2017 modified the calculation of an employer's graded rate to be the product of the System's graded rate with the ratio of the employer's average contribution rate to the System's average contribution rate, not to exceed the System's graded rate.

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

The estimated total State payment (including Judiciary) for FY 2023 is approximately $1.950 billion. Multiple prepayments (including interest credit) have reduced the estimated total to approximately $20 million.

Pension Assets and Liabilities

The System's assets are held by the CRF for the exclusive benefit of members, retirees and beneficiaries. Investments for the System are made by the State Comptroller as trustee of the CRF.

The System reports that the net position restricted for pension benefits as of March 31, 2021 was $260.1 billion (including $5.5 billion in receivables, which consist of employer contributions, amortized amounts, member contributions, member loans, accrued interest and dividends, investment sales and other miscellaneous receivables), an increase of $62 billion or 31.3 percent from the FY 2020 level of $198.1 billion. The increase in net position restricted for pension benefits from FY 2020 to FY 2021 is primarily the result of the net appreciation of the fair value of the investment portfolio.[15] The System's audited Financial Statement reports a time-weighted investment rate of return of 33.6 percent (gross rate of return before the deduction of certain fees) for FY 2021.

Consistent with statutory limitations affecting categories of investment, the State Comptroller, as trustee of the CRF, establishes a target asset allocation and approves policies and procedures to guide and direct the investment activities of the Division of Pension Investment and Cash Management. The purpose of this asset allocation strategy is to identify the optimal diversified mix of assets to meet the requirements of pension payment obligations to members. In the fiscal year ended March 31, 2020, an asset liability analysis was completed, and a long-term policy allocation was adopted as of April 1, 2021. The current long-term policy allocation seeks a mix that includes 47 percent public equities (32 percent domestic and 15 percent international); 24 percent fixed income and cash; and 29 percent alternative investments (10 percent private equity, 9 percent real estate, 4 percent credit, 3 percent opportunistic/absolute return or hedge funds, and 3 percent real assets). Since the implementation of the long-term policy allocation will take several years, transition targets have been established to aid in the asset rebalancing process. [16]

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[15] On February 8, 2022, the State Comptroller announced that the New York State Common Retirement Fund's ("Fund") estimated time-weighted return (gross of certain investment fees) for the three-month period ending December 31, 2021 was 4.74 percent, and the Fund ended the quarter with an estimated value of $279.7 billion. These returns reflect unaudited data for the invested assets of the System. The value of the invested assets changes daily.

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

The System reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased to $308.8 billion (including $157.9 billion for retirees and beneficiaries) as of April 1, 2021, up from $268.9 billion as of April 1, 2020. The funding method used by the System anticipates that the plan net position, plus future actuarially determined contributions, will be sufficient to pay for the anticipated benefits of current members, retirees and beneficiaries. The valuation used by the Retirement Systems Actuary was based on audited net position restricted for pension benefits as of March 31, 2021. Actuarially determined contributions are calculated using actuarial assets and the present value of anticipated benefits. Actuarial assets did not differ from plan net position on April 1, 2021 due to the implementation of a “market restart”. Specifically, the determination of actuarial assets for the 2021 fiscal year suspended the utilization of a traditional smoothing method recognizing previous fiscal years’ unexpected gains and losses. Instead, the actuarial value of assets was set equal to the market value of assets. Actuarial assets increased from $214.1 billion on April 1, 2020 to $260.1 billion (the market value of assets) on April 1, 2021.

The ratio of fiduciary net position to the total pension liability for ERS, as of March 31, 2021, calculated by the System’s Actuary, was 99.95 percent. The ratio of the fiduciary net position to the total pension liability for PFRS, as of March 31, 2021, calculated by the System’s Actuary, was 95.79 percent.

Detailed “Schedules of Employer Allocation” and “Schedules of Pension Amounts by Employer” can be found on the OSC website at the following link:
https://www.osc.state.ny.us/retirement/resources/financial-statements-and-supplementary-information?redirect=legacy.

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

CONTRIBUTIONS AND BENEFITS NEW YORK STATE AND LOCAL RETIREMENT SYSTEM (1) (millions of dollars)					
Fiscal Year	Contributions Recorded				Total
Ended	All Participating	Local			Benefits
March 31	Employers (1) (2)	Employers (1) (2)	State (1) (2)	Employees	Paid (3)
2012	4,585	2,799	1,786	273	8,938
2013	5,336	3,386	1,950	269	9,521
2014	6,064	3,691	2,373	281	9,978
2015	5,797	3,534	2,263	285	10,514
2016	5,140	3,182	1,958	307	11,060
2017	4,787	2,973	1,814	329	11,508
2018	4,823	3,021	1,802	349	12,129
2019	4,744	2,973	1,771	387	12,834
2020	4,783	3,023	1,760	454	13,311
2021	5,030	3,160	1,870	492	14,122

Sources: State and Local Retirement System.

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

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

(3) Includes payments from the Group Life Insurance Plan, which funds the first $50,000 of any death benefit paid.

NET POSITION RESTRICTED FOR PENSION BENEFITS OF THE NEW YORK STATE AND LOCAL RETIREMENT SYSTEM (1) (millions of dollars)		
Fiscal Year Ended March 31	Net Assets	Percent Increase / (Decrease) From Prior Year
2012	153,394	2.6%
2013	164,222	7.1%
2014	181,275	10.4%
2015	189,412	4.5%
2016	183,640	-3.0%
2017	197,602	7.6%
2018	212,077	7.3%
2019	215,169	1.5%
2020	198,080	-7.9%
2021	260,081	31.3%

Sources: State and Local Retirement System.

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

Additional Information Regarding the System

The NYSLRS' Financial Report contains in-depth and audited information about the System. Among other things, the NYSLRS' Financial Report contains information about the number of members and retirees, salaries of members, valuation of assets, changes in fiduciary net position and information related to contributions to the System. The 2021 NYSLRS' Financial Report is available on the OSC website at the following web address:

http://www.osc.state.ny.us/files/retirement/resources/pdf/comprehensive-annual-financial-report-2021.pdf.

1) Information on the number of members and retirees, including the change in the number of members and retirees and beneficiaries since 2011 can be found on page 31 of the NYSLRS' Financial Report at the link noted above. More information on this topic is available in the "Statistical" section of the NYSLRS' Financial Report.

2) A combined basic statement of changes in fiduciary net position can be found on page 45 of the NYSLRS' Financial Report at the link noted above.

3) Schedule of Changes in the Employers' Net Pension Liability and Related Ratios (unaudited) can be found on pages 74-77 at the link noted above.

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

5) A table with the market value of assets, actuarial value of assets and actuarial accrued liability of the CRF since 2011 can be found on page 158 of the NYSLRS' Financial Report at the link noted above.

Information related to the salaries of members can be found on pages 191-195 of the NYSLRS' Financial Report at the link noted above.

LITIGATION

General

The legal proceedings listed below involve State finances and programs and other claims in which the State is a defendant and the potential monetary claims against the State are deemed to be material, meaning in excess of $100 million or involving significant challenges to or impacts on the State's financial policies or practices. As explained below, these proceedings could adversely affect the State's finances in FY 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 this AIS.

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

The State is party to other claims and litigation, with respect to which its legal counsel has advised that it is not probable that the State will suffer adverse court decisions, or which the State has determined do not, considered on a case-by-case basis, meet the materiality threshold described in the first paragraph of this section. Although the amounts of potential losses, if any, resulting from these litigation matters are not presently determinable, it is the State's position that any potential liability in these litigation matters is not expected to have a material and adverse effect on the State's financial position in FY 2023 or thereafter. The Basic Financial Statements for FY 2021, which OSC issued on July 29, 2021, reported possible and probable awards and anticipated unfavorable judgments against the State.

Adverse developments in the proceedings described below; other proceedings for which there are unanticipated, unfavorable and material judgments; or the initiation of new proceedings could affect the ability of the State to maintain a balanced FY 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. The land claim has been stayed by the Second Circuit through August 12, 2022, to allow for settlement negotiations, which are ongoing.

On May 28, 2014, the State, the New York Power Authority and St. Lawrence County signed a memorandum of understanding (MOU) with the St. Regis Mohawk Tribe endorsing a general framework for a settlement, subject to further negotiation. The MOU does not address all claims by all parties and will require a formal written settlement agreement. Any formal settlement agreement will also require additional local, State and Congressional approval.

Discovery in this matter was stayed for several years while the parties continued their settlement discussions. On January 11, 2021, the Court issued a Text Order lifting the stay of discovery. The Court directed that the parties serve updated initial disclosures on or before March 2, 2021, which the parties did. On May 17, 2021, the plaintiffs filed motions for partial summary judgment. On August 30, 2021, defendants filed their opposition to plaintiffs' motions. The United States filed its reply on September 21, 2021, and the People of the Longhouse of Akwesasne and the St. Regis Mohawk Tribe filed their replies on September 22, 2021.

Settlement negotiations remain ongoing. At the Court's direction the parties have retained a mediator. The Court has directed that the mediation be completed by August 1, 2022, with a status report on whether a settlement has been reached due by August 12, 2022. A joint mediation session was held on June 23, 2022. The parties anticipate scheduling a second mediation session to be held in July.

School Aid

In *Maisto v. State of New York* (formerly identified as *Hussein v. State of New York*), plaintiffs seek a judgment declaring that the State's system of financing public education violates § 1 of article 11 of the State Constitution, on the ground that it fails to provide a sound basic education. In a decision and order dated July 21, 2009, Supreme Court, Albany County, denied the State's motion to dismiss the action. On January 13, 2011, the Appellate Division, Third Department, affirmed the denial of the motion to dismiss. On May 6, 2011, the Third Department granted the defendant leave to appeal to the Court of Appeals. On June 26, 2012, the Court of Appeals affirmed the denial of the State's motion to dismiss.

The trial commenced on January 21, 2015 and was completed on March 12, 2015. On September 19, 2016, the trial court ruled in favor of the State and dismissed the action. On appeal, by decision and order dated October 26, 2017, the Appellate Division reversed the judgment of the trial court and remanded the case for the trial court to make specific findings as to the adequacy of inputs and causation. In a decision and order dated January 10, 2019, Supreme Court, Albany County, found that the State's system of financing public education is adequate to provide the opportunity for a sound basic education. On appeal, by opinion and order dated May 27, 2021, the Appellate Division, Third Department, reversed, and granted a declaration that plaintiffs demonstrated a violation of § 1 of Article 11 of the State Constitution in each of the subject school districts as relates to the at-risk student population. The Appellate Division remitted the matter to Supreme Court for the State to determine the appropriate remedy. The defendant moved in the Appellate Division for leave to appeal to the Court of Appeals, which the court denied.

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

Health Insurance Premiums

In *Donohue v. Cuomo*, 11-CV-1530 (NDNY) and ten other cases, state retirees and certain current court employees allege various claims, including violation of the Contracts Clause of the United States Constitution, via 42 U.S. Code § 1983, against the Governor and other State officials, challenging the 2011 increase in their health insurance contribution.

In 2011, CSEA negotiated a two percent increase in the employee contribution to health insurance premiums. Over time, the other unions incorporated this term into their collective bargaining agreements. In October 2011, as permitted by a 2011 amendment to section 167(8) of the New York Civil Service Law, the premium shift was administratively extended to unrepresented employees, retirees, and certain court employees pursuant to their contract terms (which provide that their health insurance terms are those of the majority of Executive Branch employees). The administrative extension is at issue in all eleven cases.

Certain claims were dismissed, including the claims against all State agencies and the personal capacity claims against all individual State defendants except Patricia Hite.

Following discovery, the State defendants moved for summary judgment in all eleven cases. In the motions, the State defendants argued primarily that nothing in the language of any of the collective bargaining agreements or in the negotiating history supports plaintiffs' claim that the health insurance premium contribution rates for retirees vested and could not be changed. With respect to the court employees, the State defendants argued that their contract terms required extension of the premium shift to them. The State defendants also argued that plaintiffs' contracts were not substantially impaired and that, even if an impairment occurred, the administrative extension served a legitimate public purpose and was reasonable and necessary.

On September 24, 2018, the District Court granted defendants' motions for summary judgment in all respects. 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*). Between October 13, 2018 and November 2, 2018, notices of appeal were filed in all eleven cases. The U.S. Court of Appeals for the Second Circuit thereafter approved a coordinated briefing schedule and heard oral argument.

On November 6, 2020, the Second Circuit panel certified two questions to the New York Court of Appeals:

1. Under New York state law, and in light of *Kolbe v. Tibbetts*, 22 N.Y.3d 344 (2013), *M & G Polymers USA, LLC v. Tackett*, 574 U.S. 427 (2015), and *CNH Indus. N.V. v. Reese*, 138 S. Ct. 761 (2018), do §§ 9.13 (setting forth contribution rates of 90% and 75%), 9.23(a) (concerning contribution rates for surviving dependents of deceased retirees), 9.24(a) (specifying that retirees may retain NYSHIP coverage in retirement), 9.24(b) (permitting retirees to use sick-leave credit to defray premium costs), and 9.25 (allowing for the indefinite delay or suspension of coverage or sick-leave credits) of the 2007-2011 collective bargaining agreement between the Civil Service Employees Association, Inc. and the Executive Branch of the State of New York ("the CBA"), singly or in

combination, (1) create a vested right in retired employees to have the State's rates of contribution to health-insurance premiums remain unchanged during their lifetimes, notwithstanding the duration of the CBA, or (2) if they do not, create sufficient ambiguity on that issue to permit the consideration of extrinsic evidence as to whether they create such a vested right?

2. If the CBA, on its face, or as interpreted at trial upon consideration of extrinsic evidence, creates a vested right in retired employees to have the State's rates of contribution to health-insurance premiums remain unchanged during their lives, notwithstanding the duration of the CBA, does New York's statutory and regulatory reduction of its contribution rates for retirees' premiums negate such a vested right so as to preclude a remedy under state law for breach of contract?

Donohue v. Cuomo, 980 F.3d 53, 87-88 (2d Cir. 2020) (*Donohue II*).

The Second Circuit's certification order addressed only *Donohue v. Cuomo*. The Circuit reserved decision in the other 11 appeals, observing that the New York Court of Appeals' resolution of the above questions in Donohue "will significantly advance, if not control, the dispositions of the other cases." *Id.* at 64 n.6.

The New York Court of Appeals accepted the certified questions on December 15, 2020. Following briefing and oral argument, on February 10, 2022, the New York Court of Appeals issued its decision. *Donohue v. Cuomo,* 38 N.Y.3d 1 (2022) (*Donohue III*). 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*). The Second Circuit then issued orders in the other 11 appeals directing the parties to submit supplemental briefs on how those cases should be resolved in light of *Donohue II, III,* and *IV.* That briefing is ongoing.

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 bring a challenge to the compensation rates for private counsel assigned to represent children and indigent adults. Plaintiffs seek a declaratory judgment that portions of County Law Article 18-B, Section 245 of the Family Court Act, and Section 35 of the Judiciary Law are unconstitutional as applied to children and indigent adults. They seek an injunction setting new rates and removing the current limits on compensation for private counsel who participate in the assigned counsel program. They also ask the Court to order the State to fund the expenses incurred as a result of the 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.

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]

General Fund - Total Budget
- Financial Plan, Annual Change from FY 2022 to FY 2023
- Financial Plan Projections FY 2023 through FY 2027

State Operating Funds Budget
- FY 2023
- FY 2024
- FY 2025
- FY 2026
- FY 2027

All Governmental Funds – Receipts Detail
- Financial Plan Projections FY 2023 – FY 2027

All Governmental Funds - Total Budget
- FY 2023
- FY 2024
- FY 2025
- FY 2026
- FY 2027

Cashflow - FY 2023 Monthly Projections
- General Fund

[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 Projected	Annual $ Change	Annual % Change
Opening Fund Balance	**9,161**	**33,053**	**23,892**	**260.8%**
Receipts:				
Taxes:				
Personal Income Tax	33,464	21,658	(11,806)	-35.3%
Consumption/Use Taxes	4,721	6,815	2,094	44.4%
Business Taxes	16,697	17,249	552	3.3%
Other Taxes	1,407	1,372	(35)	-2.5%
Miscellaneous Receipts	2,325	1,768	(557)	-24.0%
Federal Receipts	4,500	2,350	(2,150)	-47.8%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	26,055	17,611	(8,444)	-32.4%
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	2,119	(2,002)	-48.6%
Sales Tax in Excess of Revenue Bond Debt Service	5,572	7,055	1,483	26.6%
Real Estate Taxes in Excess of CW/CA Debt Service	1,479	1,157	(322)	-21.8%
All Other	4,254	1,646	(2,608)	-61.3%
Total Receipts	**112,810**	**88,306**	**(24,504)**	**-21.7%**
Disbursements:				
Local Assistance	58,384	66,309	7,925	13.6%
State Operations:				
Personal Service	8,063	10,155	2,092	25.9%
Non-Personal Service	3,675	2,712	(963)	-26.2%
General State Charges	8,983	8,787	(196)	-2.2%
Transfers to Other Funds:				
Debt Service	340	290	(50)	-14.7%
Capital Projects	6,818	4,348	(2,470)	-36.2%
SUNY Operations	1,385	1,508	123	8.9%
Other Purposes	1,270	1,994	724	57.0%
Total Disbursements	**88,918**	**96,103**	**7,185**	**8.1%**
Excess (Deficiency) of Receipts Over Disbursements	**23,892**	**(7,797)**	**(31,689)**	**-132.6%**
Closing Fund Balance	**33,053**	**25,256**	**(7,797)**	**-23.6%**
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)	
Reserve for Pandemic Assistance	2,000	0	(2,000)	
Undesignated Fund Balance	2,980	1,060	(1,920)	
Debt Management	500	1,355	855	
Labor Settlements/Agency Operations	275	875	600	
Economic Uncertainties	5,665	7,570	1,905	
Extraordinary Monetary Settlements	1,837	1,544	(293)	

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Receipts:					
Taxes:					
Personal Income Tax	21,658	29,309	31,002	33,165	41,070
Consumption/Use Taxes	6,815	9,249	9,425	9,633	9,873
Business Taxes	17,249	16,379	16,657	14,952	8,858
Other Taxes	1,372	1,414	1,473	1,539	1,601
Miscellaneous Receipts	1,768	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	17,611	27,934	30,179	31,240	39,293
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	2,119	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	7,055	7,246	7,255	7,331	7,434
Real Estate Taxes in Excess of CW/CA Debt Service	1,157	1,077	1,159	1,243	1,334
All Other	1,646	1,892	1,928	2,007	1,887
Total Receipts	**88,306**	**106,499**	**112,850**	**109,614**	**113,213**
Disbursements:					
Local Assistance	66,309	71,499	76,709	79,832	82,710
State Operations:					
Personal Service	10,155	10,145	10,220	10,316	10,385
Non-Personal Service	2,712	3,029	3,237	3,512	3,551
General State Charges	8,787	9,397	10,591	11,901	13,294
Transfers to Other Funds:					
Debt Service	290	253	311	332	373
Capital Projects	4,348	6,288	5,949	3,196	2,627
SUNY Operations	1,508	1,499	1,482	1,482	1,482
Other Purposes	1,994	1,876	1,385	1,369	1,383
Total Disbursements	**96,103**	**103,986**	**109,884**	**111,940**	**115,805**
Use (Reservation) of Fund Balance:					
Community Projects	5	3	0	0	0
Timing of PTET/PIT Credits	10,088	(358)	(101)	2,761	4,040
Reserve for Pandemic Assistance	2,000	0	0	0	0
Undesignated Fund Balance	1,920	543	375	0	0
Tax Stabilization Reserve	(197)	(207)	(218)	(170)	(80)
Rainy Day Reserve	(2,952)	(3,101)	(3,276)	(3,344)	(2,547)
Debt Management	(855)	(81)	576	860	0
Labor Settlements/Agency Operations	(600)	(1,000)	(1,450)	(1,450)	(1,450)
Economic Uncertainties	(1,905)	860	569	3,514	2,627
Extraordinary Monetary Settlements	293	828	559	155	2
Total Use (Reservation) of Fund Balance	**7,797**	**(2,513)**	**(2,966)**	**2,326**	**2,592**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**0**	**0**	**0**	**0**

Source: NYS DOB.

CASH FINANCIAL PLAN STATE OPERATING FUNDS BUDGET FY 2023 (millions of dollars)	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	**33,053**	**7,612**	**102**	**40,767**
Receipts:				
Taxes	47,094	6,363	42,637	96,094
Miscellaneous Receipts	1,768	15,391	382	17,541
Federal Receipts	2,350	(18)	70	2,402
Total Receipts	**51,212**	**21,736**	**43,089**	**116,037**
Disbursements:				
Local Assistance	66,309	18,349	0	84,658
State Operations:				
Personal Service	10,155	5,027	0	15,182
Non-Personal Service	2,712	2,582	45	5,339
General State Charges	8,787	1,163	0	9,950
Debt Service	0	0	7,612	7,612
Capital Projects	0	0	0	0
Total Disbursements	**87,963**	**27,121**	**7,657**	**122,741**
Other Financing Sources (Uses):				
Transfers from Other Funds	37,094	3,447	1,688	42,229
Transfers to Other Funds	(8,140)	1,361	(37,121)	(43,900)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**28,954**	**4,808**	**(35,433)**	**(1,671)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(7,797)**	**(577)**	**(1)**	**(8,375)**
Closing Fund Balance	**25,256**	**7,035**	**101**	**32,392**

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2024
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	56,351	6,254	48,715	111,320
Miscellaneous Receipts	1,814	13,759	392	15,965
Federal Receipts	2,250	(17)	67	2,300
Total Receipts	**60,415**	**19,996**	**49,174**	**129,585**
Disbursements:				
Local Assistance	71,499	16,013	0	87,512
State Operations:				
Personal Service	10,145	4,989	0	15,134
Non-Personal Service	3,029	2,480	46	5,555
General State Charges	9,397	1,184	0	10,581
Debt Service	0	0	4,904	4,904
Capital Projects	0	0	0	0
Total Disbursements	**94,070**	**24,666**	**4,950**	**123,686**
Other Financing Sources (Uses):				
Transfers from Other Funds	46,084	3,328	1,629	51,041
Transfers to Other Funds	(9,916)	1,170	(45,839)	(54,585)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**36,168**	**4,498**	**(44,210)**	**(3,544)**
Use (Reservation) of Fund Balance:				
Community Projects	3	0	0	3
Timing of PTET/PIT Credits	(358)	0	0	(358)
Undesignated Fund Balance	543	0	0	543
Tax Stabilization Reserve	(207)	0	0	(207)
Rainy Day Reserve	(3,101)	0	0	(3,101)
Debt Management	(81)	0	0	(81)
Reserve for Labor Settlements/Agency Operations	(1,000)	0	0	(1,000)
Reserve for Economic Uncertainties	860	0	0	860
Extraordinary Monetary Settlements	828	0	0	828
Total Use (Reservation) of Fund Balance	**(2,513)**	**0**	**0**	**(2,513)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**(172)**	**14**	**(158)**

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	58,557	6,159	50,915	115,631
Miscellaneous Receipts	1,842	13,108	396	15,346
Federal Receipts	3,645	(17)	62	3,690
Total Receipts	**64,044**	**19,250**	**51,373**	**134,667**
Disbursements:				
Local Assistance	76,709	15,098	0	91,807
State Operations:				
Personal Service	10,220	5,028	0	15,248
Non-Personal Service	3,237	2,481	46	5,764
General State Charges	10,591	1,198	0	11,789
Debt Service	0	0	4,470	4,470
Capital Projects	0	0	0	0
Total Disbursements	**100,757**	**23,805**	**4,516**	**129,078**
Other Financing Sources (Uses):				
Transfers from Other Funds	48,806	2,823	1,666	53,295
Transfers to Other Funds	(9,127)	1,279	(48,512)	(56,360)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**39,679**	**4,102**	**(46,846)**	**(3,065)**
Use (Reservation) of Fund Balance:				
Timing of PTET/PIT Credits	(101)	0	0	(101)
Undesignated Fund Balance	375	0	0	375
Tax Stabilization Reserve	(218)	0	0	(218)
Rainy Day Reserve	(3,276)	0	0	(3,276)
Debt Management	576	0	0	576
Reserve for Labor Settlements/Agency Operations	(1,450)	0	0	(1,450)
Reserve for Economic Uncertainties	569	0	0	569
Extraordinary Monetary Settlements	559	0	0	559
Total Use (Reservation) of Fund Balance	**(2,966)**	**0**	**0**	**(2,966)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**(453)**	**11**	**(442)**

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	59,289	6,218	51,671	117,178
Miscellaneous Receipts	1,879	13,916	387	16,182
Federal Receipts	0	(17)	58	41
Total Receipts	**61,168**	**20,117**	**52,116**	**133,401**
Disbursements:				
Local Assistance	79,832	15,755	0	95,587
State Operations:				
Personal Service	10,316	5,071	0	15,387
Non-Personal Service	3,512	2,522	46	6,080
General State Charges	11,901	1,215	0	13,116
Debt Service	0	0	5,638	5,638
Capital Projects	0	0	0	0
Total Disbursements	**105,561**	**24,563**	**5,684**	**135,808**
Other Financing Sources (Uses):				
Transfers from Other Funds	48,446	2,789	1,652	52,887
Transfers to Other Funds	(6,379)	1,281	(48,057)	(53,155)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**42,067**	**4,070**	**(46,405)**	**(268)**
Use (Reservation) of Fund Balance:				
Timing of PTET/PIT Credits	2,761	0	0	2,761
Tax Stabilization Reserve	(170)	0	0	(170)
Contingency Reserve	0	0	0	0
Universal Pre-Kindergarten Reserve	0	0	0	0
Rainy Day Reserve	(3,344)	0	0	(3,344)
Debt Management	860	0	0	860
Reserve for Labor Settlements/Agency Operations	(1,450)	0	0	(1,450)
Reserve for Economic Uncertainties	3,514	0	0	3,514
Extraordinary Monetary Settlements	155	0	0	155
Total Use (Reservation) of Fund Balance	**2,326**	**0**	**0**	**2,326**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**(376)**	**27**	**(349)**

Source: NYS DOB.

CASH FINANCIAL PLAN STATE OPERATING FUNDS BUDGET FY 2027 (millions of dollars)	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	61,402	6,445	53,207	121,054
Miscellaneous Receipts	1,914	14,833	387	17,134
Federal Receipts	0	(17)	53	36
Total Receipts	**63,316**	**21,261**	**53,647**	**138,224**
Disbursements:				
Local Assistance	82,710	16,616	0	99,326
State Operations:				
Personal Service	10,385	5,114	0	15,499
Non-Personal Service	3,551	2,569	46	6,166
General State Charges	13,294	1,235	0	14,529
Debt Service	0	0	5,667	5,667
Capital Projects	0	0	0	0
Total Disbursements	**109,940**	**25,534**	**5,713**	**141,187**
Other Financing Sources (Uses):				
Transfers from Other Funds	49,897	2,811	1,729	54,437
Transfers to Other Funds	(5,865)	1,281	(49,630)	(54,214)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**44,032**	**4,092**	**(47,901)**	**223**
Use (Reservation) of Fund Balance:				
Timing of PTET/PIT Credits	4,040	0	0	4,040
Tax Stabilization Reserve	(80)	0	0	(80)
Contingency Reserve	0	0	0	0
Universal Pre-Kindergarten Reserve	0	0	0	0
Rainy Day Reserve	(2,547)	0	0	(2,547)
Reserve for Labor Settlements/Agency Operations	(1,450)	0	0	(1,450)
Reserve for Economic Uncertainties	2,627	0	0	2,627
Extraordinary Monetary Settlements	2	0	0	2
Total Use (Reservation) of Fund Balance	**2,592**	**0**	**0**	**2,592**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**(181)**	**33**	**(148)**

Source: NYS DOB.

CASH RECEIPTS ALL GOVERNMENTAL FUNDS FY 2023 THROUGH FY 2027 (millions of dollars)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Taxes:					
Withholdings	51,638	53,608	56,418	59,214	62,119
Estimated Payments	14,645	17,003	18,301	20,643	34,428
Final Payments	4,664	4,130	4,231	4,321	4,467
Other Payments	1,533	1,610	1,664	1,720	1,772
Gross Collections	**72,480**	**76,351**	**80,614**	**85,898**	**102,786**
State/City Offset	(1,424)	(1,553)	(1,682)	(1,731)	(2,019)
Refunds	(24,081)	(12,738)	(13,700)	(14,700)	(15,544)
Reported Tax Collections	**46,975**	**62,060**	**65,232**	**69,467**	**85,223**
STAR (Dedicated Deposits)	0	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0	0
Personal Income Tax	**46,975**	**62,060**	**65,232**	**69,467**	**85,223**
Sales and Use Tax	17,804	18,457	18,844	19,300	19,820
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
Taxicab Surcharge	0	0	0	0	0
Gross Consumption/Use Taxes	**19,585**	**20,544**	**20,960**	**21,470**	**22,055**
LGAC/STBF (Dedicated Transfers)	0	0	0	0	0
Consumption/Use Taxes	**19,585**	**20,544**	**20,960**	**21,470**	**22,055**
Corporation Franchise Tax	8,760	7,362	7,051	6,919	7,516
Corporation and Utilities Tax	552	498	576	566	572
Insurance Taxes	2,483	2,588	2,704	2,820	2,943
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	**27,980**	**27,456**	**28,033**	**24,686**	**12,072**
RBTF (Dedicated Transfers)	0	0	0	0	0
Business Taxes	**27,980**	**27,456**	**28,033**	**24,686**	**12,072**
Estate Tax	1,350	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	**2,828**	**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	**2,828**	**2,787**	**2,930**	**3,079**	**3,223**
Payroll Tax	**0**	**0**	**0**	**0**	**0**
Total Taxes	**97,368**	**112,847**	**117,155**	**118,702**	**122,573**
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	13	10	8	6	6
Extraordinary Settlements	33	33	0	0	0
Other Transactions	24,711	25,120	22,260	24,087	25,379
Miscellaneous Receipts	**27,107**	**27,558**	**24,730**	**26,593**	**27,920**
Federal Receipts	**87,786**	**80,627**	**78,487**	**78,279**	**79,897**
Total	**212,261**	**221,032**	**220,372**	**223,574**	**230,390**

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2023
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	**33,053**	**21,938**	**(1,544)**	**102**	**53,549**
Receipts:					
Taxes	47,094	6,363	1,274	42,637	97,368
Miscellaneous Receipts	1,768	15,556	9,401	382	27,107
Federal Receipts	2,350	82,374	2,992	70	87,786
Total Receipts	**51,212**	**104,293**	**13,667**	**43,089**	**212,261**
Disbursements:					
Local Assistance	66,309	96,630	5,528	0	168,467
State Operations:					
Personal Service	10,155	5,716	0	0	15,871
Non-Personal Service	2,712	5,314	0	45	8,071
General State Charges	8,787	1,549	0	0	10,336
Debt Service	0	0	0	7,612	7,612
Capital Projects	0	0	11,832	0	11,832
Total Disbursements	**87,963**	**109,209**	**17,360**	**7,657**	**222,189**
Other Financing Sources (Uses):					
Transfers from Other Funds	37,094	3,447	4,740	1,688	46,969
Transfers to Other Funds	(8,140)	(666)	(1,291)	(37,121)	(47,218)
Bond and Note Proceeds	0	0	433	0	433
Net Other Financing Sources (Uses)	**28,954**	**2,781**	**3,882**	**(35,433)**	**184**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(7,797)**	**(2,135)**	**189**	**(1)**	**(9,744)**
Closing Fund Balance	**25,256**	**19,803**	**(1,355)**	**101**	**43,805**

Source: NYS DOB.

CASH FINANCIAL PLAN ALL GOVERNMENTAL FUNDS FY 2024 (millions of dollars)	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	56,351	6,254	1,527	48,715	112,847
Miscellaneous Receipts	1,814	13,924	11,428	392	27,558
Federal Receipts	2,250	74,909	3,401	67	80,627
Total Receipts	**60,415**	**95,087**	**16,356**	**49,174**	**221,032**
Disbursements:					
Local Assistance	71,499	87,644	8,201	0	167,344
State Operations:					
Personal Service	10,145	5,680	0	0	15,825
Non-Personal Service	3,029	4,451	0	46	7,526
General State Charges	9,397	1,570	0	0	10,967
Debt Service	0	0	0	4,904	4,904
Capital Projects	0	0	13,205	0	13,205
Total Disbursements	**94,070**	**99,345**	**21,406**	**4,950**	**219,771**
Other Financing Sources (Uses):					
Transfers from Other Funds	46,084	3,328	6,668	1,629	57,709
Transfers to Other Funds	(9,916)	(813)	(1,394)	(45,839)	(57,962)
Bond and Note Proceeds	0	0	434	0	434
Net Other Financing Sources (Uses)	**36,168**	**2,515**	**5,708**	**(44,210)**	**181**
Use (Reservation) of Fund Balance:					
Community Projects	3	0	0	0	3
Timing of PTET/PIT Credits	(358)	0	0	0	(358)
Undesignated Fund Balance	543	0	0	0	543
Tax Stabilization Reserve	(207)	0	0	0	(207)
Rainy Day Reserve	(3,101)	0	0	0	(3,101)
Debt Management	(81)	0	0	0	(81)
Reserve for Labor Settlements/Agency Operations	(1,000)	0	0	0	(1,000)
Reserve for Economic Uncertainties	860	0	0	0	860
Extraordinary Monetary Settlements	828	0	0	0	828
Total Use (Reservation) of Fund Balance	**(2,513)**	**0**	**0**	**0**	**(2,513)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**(1,743)**	**658**	**14**	**(1,071)**

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2025
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	58,557	6,159	1,524	50,915	117,155
Miscellaneous Receipts	1,842	13,272	9,220	396	24,730
Federal Receipts	3,645	71,191	3,589	62	78,487
Total Receipts	**64,044**	**90,622**	**14,333**	**51,373**	**220,372**
Disbursements:					
Local Assistance	76,709	84,350	6,717	0	167,776
State Operations:					
Personal Service	10,220	5,721	0	0	15,941
Non-Personal Service	3,237	4,258	0	46	7,541
General State Charges	10,591	1,585	0	0	12,176
Debt Service	0	0	0	4,470	4,470
Capital Projects	0	0	12,503	0	12,503
Total Disbursements	**100,757**	**95,914**	**19,220**	**4,516**	**220,407**
Other Financing Sources (Uses):					
Transfers from Other Funds	48,806	2,823	6,310	1,666	59,605
Transfers to Other Funds	(9,127)	(670)	(1,548)	(48,512)	(59,857)
Bond and Note Proceeds	0	0	340	0	340
Net Other Financing Sources (Uses)	**39,679**	**2,153**	**5,102**	**(46,846)**	**88**
Use (Reservation) of Fund Balance:					
Timing of PTET/PIT Credits	(101)	0	0	0	(101)
Undesignated Fund Balance	375	0	0	0	375
Tax Stabilization Reserve	(218)	0	0	0	(218)
Rainy Day Reserve	(3,276)	0	0	0	(3,276)
Debt Management	576	0	0	0	576
Reserve for Labor Settlements/Agency Operations	(1,450)	0	0	0	(1,450)
Reserve for Economic Uncertainties	569	0	0	0	569
Extraordinary Monetary Settlements	559	0	0	0	559
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	**0**	**(3,139)**	**215**	**11**	**(2,913)**

Source: NYS DOB.

CASH FINANCIAL PLAN ALL GOVERNMENTAL FUNDS FY 2026 (millions of dollars)					
	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	59,289	6,218	1,524	51,671	118,702
Miscellaneous Receipts	1,879	14,080	10,247	387	26,593
Federal Receipts	0	74,587	3,634	58	78,279
Total Receipts	**61,168**	**94,885**	**15,405**	**52,116**	**223,574**
Disbursements:					
Local Assistance	79,832	84,934	6,173	0	170,939
State Operations:					
Personal Service	10,316	5,767	0	0	16,083
Non-Personal Service	3,512	4,112	0	46	7,670
General State Charges	11,901	1,603	0	0	13,504
Debt Service	0	0	0	5,638	5,638
Capital Projects	0	0	11,444	0	11,444
Total Disbursements	**105,561**	**96,416**	**17,617**	**5,684**	**225,278**
Other Financing Sources (Uses):					
Transfers from Other Funds	48,446	2,789	3,554	1,652	56,441
Transfers to Other Funds	(6,379)	(668)	(1,591)	(48,057)	(56,695)
Bond and Note Proceeds	0	0	238	0	238
Net Other Financing Sources (Uses)	**42,067**	**2,121**	**2,201**	**(46,405)**	**(16)**
Use (Reservation) of Fund Balance:					
Timing of PTET/PIT Credits	2,761	0	0	0	2,761
Tax Stabilization Reserve	(170)	0	0	0	(170)
Rainy Day Reserve	(3,344)	0	0	0	(3,344)
Debt Management	860	0	0	0	860
Reserve for Labor Settlements/Agency Operations	(1,450)	0	0	0	(1,450)
Reserve for Economic Uncertainties	3,514	0	0	0	3,514
Extraordinary Monetary Settlements	155	0	0	0	155
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	**0**	**590**	**(11)**	**27**	**606**

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2027
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	61,402	6,445	1,519	53,207	122,573
Miscellaneous Receipts	1,914	14,997	10,622	387	27,920
Federal Receipts	0	76,366	3,478	53	79,897
Total Receipts	**63,316**	**97,808**	**15,619**	**53,647**	**230,390**
Disbursements:					
Local Assistance	82,710	87,566	6,108	0	176,384
State Operations:					
Personal Service	10,385	5,812	0	0	16,197
Non-Personal Service	3,551	4,169	0	46	7,766
General State Charges	13,294	1,624	0	0	14,918
Debt Service	0	0	0	5,667	5,667
Capital Projects	0	0	11,064	0	11,064
Total Disbursements	**109,940**	**99,171**	**17,172**	**5,713**	**231,996**
Other Financing Sources (Uses):					
Transfers from Other Funds	49,897	2,811	2,985	1,729	57,422
Transfers to Other Funds	(5,865)	(668)	(1,507)	(49,630)	(57,670)
Bond and Note Proceeds	0	0	204	0	204
Net Other Financing Sources (Uses)	**44,032**	**2,143**	**1,682**	**(47,901)**	**(44)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	(2,592)	780	129	33	(1,650)
Use (Reservation) of Fund Balance:					
Timing of PTET/PIT Credits	4,040	0	0	0	4,040
Tax Stabilization Reserve	(80)	0	0	0	(80)
Rainy Day Reserve	(2,547)	0	0	0	(2,547)
Reserve for Labor Settlements/Agency Operations	(1,450)	0	0	0	(1,450)
Reserve for Economic Uncertainties	2,627	0	0	0	2,627
Extraordinary Monetary Settlements	2	0	0	0	2
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	**0**	**780**	**129**	**33**	**942**

Source: NYS DOB.

CASHFLOW
GENERAL FUND
FY 2023
(dollars in millions)

	2022 April Actuals	May Projected	June Projected	July Projected	August Projected	September Projected	October Projected	November Projected	December Projected	2023 January Projected	February Projected	March Projected	Total
OPENING BALANCE	33,053	45,693	37,992	39,998	37,903	36,637	39,122	33,593	27,037	30,214	30,100	25,480	33,053
RECEIPTS:													
Personal Income Tax	7,360	909	1,723	1,245	1,689	1,244	(122)	(288)	1,796	1,677	2,097	2,328	21,658
Consumption/Use Taxes	370	367	465	401	378	456	666	679	866	738	612	817	6,815
Business Taxes	1,160	97	3,179	215	138	3,596	206	111	4,200	181	169	3,997	17,249
Other Taxes	129	112	112	113	113	113	113	113	114	115	112	113	1,372
Total Taxes	9,019	1,485	5,479	1,974	2,318	5,409	863	615	6,976	2,711	2,990	7,255	47,094
Abandoned Property	1	0	0	0	10	100	30	130	0	30	10	139	450
ABC License Fee	5	6	6	6	6	6	7	5	6	6	5	5	69
Investment Income	7	0	1	1	1	0	1	0	1	0	0	1	13
Licenses, Fees, etc.	41	60	40	30	45	60	25	35	55	35	40	63	529
Motor Vehicle Fees	18	24	24	22	20	24	18	17	19	15	18	19	238
Reimbursements	114	15	(20)	10	5	15	(15)	10	(25)	(15)	10	(35)	69
Extraordinary Settlements	0	0	0	0	0	0	0	33	0	0	0	0	33
Other Transactions	12	15	45	15	13	71	17	13	61	14	18	73	367
Total Miscellaneous Receipts	198	120	96	84	100	276	83	243	117	85	101	265	1,768
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	875	1,723	1,044	889	1,277	(122)	(396)	1,865	2,751	(2,024)	2,368	17,611
PTET in Excess of Revenue Bond Debt Service	91	28	1,439	75	50	1,790	69	50	2,325	20	138	1,424	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	322	415	340	328	405	0	0	0	0	0	(2)	2,119
Sales Tax in Excess of Revenue Bond Debt Service	504	526	713	564	538	751	483	503	692	547	452	782	7,055
Real Estate Taxes in Excess of CW/CA Debt Service	142	125	98	101	109	108	91	76	70	81	71	85	1,157
All Other	250	5	74	4	14	269	3	12	31	38	84	862	1,646
Total Transfers from Other Funds	8,659	1,881	4,462	2,128	1,928	4,600	524	245	4,985	3,440	(1,279)	5,521	37,094
TOTAL RECEIPTS	17,876	3,486	10,037	4,186	4,346	10,285	1,470	1,103	12,078	6,236	1,812	15,391	88,306
DISBURSEMENTS:													
School Aid	1,329	4,269	1,718	317	671	1,777	861	1,687	2,410	793	925	9,034	25,791
Higher Education	60	18	547	203	49	152	506	27	186	29	506	781	3,064
All Other Education	48	234	60	285	202	358	87	39	282	54	105	769	2,523
Medicaid - DOH	2,017	2,408	789	2,191	2,128	568	2,208	2,540	712	2,060	854	466	18,941
Public Health	43	53	79	149	93	65	65	70	76	81	83	(18)	839
Mental Hygiene	17	90	1,343	149	67	1,396	145	71	1,432	127	713	985	6,535
Children and Families	8	103	267	103	103	267	103	103	240	103	103	238	1,741
Temporary & Disability Assistance	90	231	247	246	245	244	233	231	212	211	213	208	2,611
Transportation	0	33	19	0	33	0	0	33	13	0	20	0	151
Unrestricted Aid	0	15	392	4	5	125	12	4	191	4	5	68	825
All Other	34	116	145	104	131	286	402	315	290	323	327	815	3,288
Total Local Assistance	3,646	7,570	5,606	3,751	3,727	5,238	4,622	5,120	6,044	3,785	3,854	13,346	66,309
Personal Service	740	739	895	749	933	707	802	810	995	821	801	1,163	10,155
Non-Personal Service	149	246	56	215	268	275	314	298	319	145	146	281	2,712
Total State Operations	889	985	951	964	1,201	982	1,116	1,108	1,314	966	947	1,444	12,867
General State Charges	780	2,013	513	474	476	544	579	415	490	562	957	984	8,787
Debt Service	112	0	0	47	(2)	(3)	12	0	0	145	(10)	(11)	290
Capital Projects	(612)	300	459	719	109	975	418	725	968	836	624	(1,173)	4,348
SUNY Operations	223	296	351	275	15	14	8	187	13	18	27	81	1,508
Other Purposes	198	23	151	51	86	50	244	104	72	38	33	944	1,994
Total Transfers to Other Funds	(79)	619	961	1,092	208	1,036	682	1,016	1,053	1,037	674	(159)	8,140
TOTAL DISBURSEMENTS	5,236	11,187	8,031	6,281	5,612	7,800	6,999	7,659	8,901	6,350	6,432	15,615	96,103
Excess/(Deficiency) of Receipts over Disbursements	12,640	(7,701)	2,006	(2,095)	(1,266)	2,485	(5,529)	(6,556)	3,177	(114)	(4,620)	(224)	(7,797)
CLOSING BALANCE	45,693	37,992	39,998	37,903	36,637	39,122	33,593	27,037	30,214	30,100	25,480	25,256	25,256

Source: NYS DOB.

EXHIBIT A TO AIS – SELECTED STATE GOVERNMENT SUMMARY

State Government Organization

The State has a centralized administrative system with most executive powers vested in the Governor. The State has four officials elected in statewide elections, the Governor, Lieutenant Governor, Comptroller and Attorney General. These officials serve four-year terms that next expire on December 31, 2022.

Name	Office	Party Affiliation	First Elected
Kathy C. Hochul	Governor	Democrat	2021*
Antonio Delgado	Lieutenant Governor	Democrat	2022*
Thomas P. DiNapoli	Comptroller	Democrat	2007
Letitia James	Attorney General	Democrat	2018

* Assumed office.

The Governor and Lieutenant Governor are elected jointly. The Comptroller and Attorney General are chosen separately by the voters during the election of the Governor. The Governor appoints the heads of most State departments, including the Director of the Budget (the current Director is Robert F. Mujica Jr.). DOB is responsible for preparing the Governor's Executive Budget, negotiating that budget with the State Legislature, and implementing the budget once it is adopted, which includes updating the State's fiscal projections quarterly. DOB is also responsible for coordinating the State's capital program and debt financing activities. The Comptroller is responsible for auditing the disbursements, receipts and accounts of the State, as well as for auditing State departments, agencies, public authorities and municipalities. The Comptroller is also charged with managing the State's General Obligation debt and most of its investments (see "Appropriations and Fiscal Controls" and "Investment of State Moneys" below). The Attorney General is the legal advisor to State departments, represents the State and certain public authorities in legal proceedings and opines upon the validity of all State General Obligation bonds and notes.

The State Legislature is presently composed of a 63-member Senate and a 150-member Assembly, all elected from geographical districts for two-year terms, expiring December 31, 2022. Both the Senate and the Assembly operate on a committee system. The Legislature meets annually, generally for about six months, and remains formally in session the entire year. In recent years there have been special sessions, as well. The current Leader of the Senate is President Pro Tempore and Majority Leader Andrea Stewart-Cousins (Democrat). Carl Heastie (Democrat) is the Speaker of the Assembly. The minority leaders are Robert Ortt (Republican) in the Senate and William Barclay (Republican) in the Assembly.

Appropriations and Fiscal Controls

The State Constitution requires the Comptroller to audit the accrual and collection of State revenues and receipts and to audit vouchers before payment as well as all official accounts. Generally, no State payment may be made unless the Comptroller has audited it. Additionally, the State Constitution requires the Comptroller to prescribe such methods of accounting as are necessary for the performance of the foregoing duties.

Disbursements from State and Federal funds are limited to the level of authorized appropriations. Generally, most State contracts for disbursements in excess of $50,000 (or $85,000 in the case of the Office of General Services) require prior approval by the Comptroller. Certain contracts, primarily of SUNY and CUNY, and those established as a centralized contract through the Office of General Services, are subject to Comptroller review under a Memorandum of Understanding agreed to with the Executive in 2019. In most cases, State agency contracts depend upon the existence of an appropriation and the availability of that appropriation as certified by the Director of the Budget. The Budget Director must review all applications for State participation in continuing grant- or contract-supported programs, with specified exceptions. Certain legislative leaders have the opportunity to make recommendations on the applications. In addition, the Comptroller has the discretion to identify and review certain public authority contracts valued at $1.0 million or greater that are either awarded without competition or which are paid using State-appropriated funds.

Appropriations may be increased or decreased in accordance with statutory authority under certain circumstances by transfer, interchange or otherwise. In addition, appropriations may be increased or decreased by statutory amendment or by supplemental appropriations.

The Governor has traditionally exercised substantial authority in administering the State Financial Plan by limiting certain disbursements after the Legislature has enacted appropriation bills and revenue measures. The Governor may, primarily through DOB, limit certain spending by State departments, and delay construction projects to control disbursements through (i) reserves on the level of appropriation segregation and (ii) quarterly spending controls, both of which are established within the Statewide Financial System. The State Court of Appeals has held that, even in an effort to maintain a balanced Financial Plan, neither the Governor nor the Director of the Budget has the authority to refuse to make a local assistance disbursement mandated by law.

Investment of State Moneys

The Comptroller is responsible for the investment of substantially all State moneys. By law, such moneys may be invested only in obligations issued or guaranteed by the Federal government or the State, obligations of certain Federal agencies that are not guaranteed by the Federal government, certain general obligations of other states, direct obligations of the State's municipalities and obligations of certain public authorities, certain short-term corporate obligations, certain bankers' acceptances, and certificates of deposit secured by legally qualified governmental securities. All securities in which the State invests moneys held by funds administered within the State Treasury must mature within twelve years of the date they are purchased. Money impounded by the Comptroller for payment of TRANs may only be invested, subject to the provisions of the State Finance Law, in (i) obligations of the Federal government, (ii) certificates of deposit secured by such obligations, or (iii) obligations of or obligations guaranteed by agencies of the Federal government as to which the payment of principal and interest is guaranteed by the Federal government.

The Comptroller invests General Fund moneys, bond proceeds, and other funds not immediately required to make payments through STIP, which is comprised of joint custody funds (Governmental Funds, Internal Service Funds, Enterprise Funds and Private Purpose Trust Funds), as well as several sole custody funds including the Tobacco Settlement Fund. The interest earnings accrued are allocated and deposited to the credit of those funds with positive balances that contribute to the overall invested STIP pool.

The Comptroller is authorized to make temporary loans from STIP to cover temporary cash shortfalls in certain funds and accounts resulting from the timing of receipts and disbursements. The Legislature authorizes the funds and accounts that may receive loans each year, based on legislation submitted with the Executive Budget. Loans may be granted only for amounts that the Director of the Budget certifies are "receivable on account" or can be repaid from the current operating receipts of the fund (i.e., loans cannot be granted in expectation of future revenue enhancements). The General Fund is authorized to receive temporary loans from STIP for a period not to exceed four months or the end of the fiscal year, whichever is shorter.

The State Comptroller repays loans from the first cash receipts into the borrowing fund or account. Fund balances outside the General Fund are presented on a net basis, i.e., they are reduced by the amount of outstanding temporary loans from STIP. Some sources of the State's temporary loans include timing-related delays in the receipt from Federal funds and the sale of bonds used to finance capital projects, and unreimbursed costs related to the Office of Information Technology Services (ITS) Internal Service Funds. The total outstanding balance of loans from STIP at March 31, 2022 was $5.936 billion, an increase of $96 million from the outstanding loan balance of $5.840 billion at March 31, 2021.

Accounting Practices, Financial Reporting and Budgeting

Historically, the State has accounted for, reported and budgeted its operations on a cash basis. Under this form of accounting, receipts are recorded at the time money or checks are deposited in the State Treasury, and disbursements are recorded at the time a check or electronic payment is released. As a result, actions and circumstances, including discretionary decisions by certain governmental officials, can affect the timing of payments and deposits and therefore can significantly affect the cash amounts reported in a fiscal year. Under cash-basis accounting, all estimates and projections of State receipts and disbursements relating to a particular fiscal year are of amounts to be deposited in or disbursed from the State Treasury during that fiscal year, regardless of the fiscal period to which particular receipts or disbursements may otherwise be attributable.

The State also has an accounting and financial reporting system based on GAAP and currently formulates a GAAP financial plan. GAAP for governmental entities requires use of the accrual basis of accounting for the government-wide financial statements which includes governmental and business-type activities and component units. Revenues are recorded when they are estimated to have been earned and expenses are recorded when a liability is estimated to have been incurred, regardless of the timing of related cash flows. Governmental fund financial statements are prepared using the modified accrual basis of accounting. Under modified accrual procedures, revenues are recorded when they become both measurable and available within 12 months of the end of the current fiscal period to finance expenditures; expenditures are recorded in the accounting period for which the liability is incurred to the extent it is expected to be paid within the next 12 months with the exception of expenditures such as debt service, compensated absences, and claims and judgments. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Non-exchange grants and subsidies such as local assistance grants and public benefit corporation subsidies are recognized as expenditures when all requirements of the grant and or subsidy have been satisfied.

EXHIBIT B TO AIS – STATE-RELATED BOND AUTHORIZATIONS

Bond authorizations reflected in the following tables represent authorizations where there are remaining amounts authorized, but unissued, or where there is debt outstanding.

STATE-RELATED DEBT
FY 2023 BOND CAPS AND DEBT OUTSTANDING
(millions of dollars) (1)

Type of Cap (Gross or Net)*	Program (2)	FY 2023 Bond Caps	Authorized But Unissued (3)	Debt Outstanding (4) As of 3/31/22
Education:				
Gross	SUNY Educational Facilities (5)	16,612	2,219	9,763
Net	SUNY Upstate Community Colleges (6)	1,123	194	740
Gross	CUNY Educational Facilities (7)	10,255	1,866	4,941
Net	School District Capital Outlay Grants	140	40	0
Net	Transportation Transition Grants	80	12	0
Net	Higher Education Capital Matching Grants	345	165	33
Net	EXCEL	2,600	30	988
Net	Library Facilities	333	87	99
Net	Cultural Education Storage Facilities	79	69	0
Net	State Longitudinal Data System	20	10	0
Net	SUNY 2020 Challenge Grants	660	448	138
Net	Private Special Education	302	285	12
Environment:				
Net	Environmental Infrastructure Projects (8)	8,171	5,140	1,956
Net	Hazardous Waste Remediation	2,200	933	663
Net	Riverbank State Park	78	18	0
Net	Water Pollution Control (SRF)	1,080	193	35
State Facilities:				
Net	Empire State Plaza	133	13	0
Net	Division of State Police Facilities	426	272	112
Net	Division of Military & Naval Affairs	197	171	56
Net	Alfred E. Smith Building	89	0	1
Net	Sheridan Ave. (Elk St.) Parking Garage	25	0	3
Net	State Office Buildings and Other Facilities	1,605	797	530
Net	Judiciary Improvements	38	1	1
Net	OSC State Buildings	52	0	9
Net	Albany Parking Garage (East)	41	0	5
Net	OGS State Buildings and Other Facilities (9)	165	51	39
Net	Equipment Acquisition (COPs) (10)	784	106	2
Net	Food Laboratory	41	1	26
Net	OFT Facilities	21	18	0
Net	Courthouse Improvements	76	0	31
Gross	Prison Facilities	9,503	1,554	3,850
Net	Homeland Security	384	122	117
Gross	Youth Facilities	963	437	189
Net	Storm Recovery Capital	450	450	0
Net	Information Technology	1,153	548	409
Net	Nonprofit Infrastructure Capital Investment Program	170	93	56
Net	Statewide Equipment	393	379	13
Health/Mental Hygiene:				
Net	Department of Health Facilities (inc. Axelrod)	495	3	88
Gross	Mental Health Facilities	10,943	2,650	3,237
Net	HEAL NY Capital Program	750	95	91
Net	Capital Restructuring Program	4,653	3,381	1,086
Transportation:				
Gross	Consolidated Highway Improvement Program (CHIPS)	13,054	2,658	4,447
Net	Dedicated Highway & Bridge Trust	19,777	3,474	5,573
Net	High Speed Rail	22	14	6
Net	Transportation Initiatives	10,148	5,997	3,116
Net	MTA Transportation Facilities	12,516	7,217	5,400
N/A	MTA Service Contract	2,005	0	1,020
Net	Transportation (TIFIA)	750	750	0

STATE-RELATED DEBT
FY 2023 BOND CAPS AND DEBT OUTSTANDING
(millions of dollars) [(1)]

Type of Cap (Gross or Net)*	Program	FY 2023 Bond Caps	Authorized But Unissued [(2)]	Debt Outstanding [(3)] As of 3/31/22
Economic Development:				
Gross	Housing Capital Programs	13,083	8,582	2,212
Net	Community Enhancement Facilities (CEFAP)	424	37	8
Net	University Technology Centers (incl. HEAT) [(11)]	248	13	0
Net	Sports Facilities	145	0	1
Net	Bio-Tech Facilities	10	10	0
Net	Strategic Investment Program	216	13	6
Net	Regional Economic Development (Fund 002) [(12)]	1,190	36	57
Net	NYS Economic Development (2004) [(13)]	346	0	37
Net	Regional Economic Development (2004) [(14)]	243	198	6
Net	High Technology and Development	249	55	43
Net	Regional Economic Development/SPUR	90	12	11
Net	Buffalo Inner Harbor	50	0	8
Net	Economic Development 2006 (Various) [(15)]	2,310	256	800
Net	Javits Convention Center	1,350	350	867
Net	Queens Stadium (Mets)	75	0	19
Net	Bronx Stadium (Yankees)	75	0	14
Net	NYS Ec Dev Stadium Parking ('06)	75	69	3
Net	State Modernization Projects (RIOC Tram, etc.)	50	15	0
Net	2008 and 2009 Economic Development Initiatives	1,269	80	298
Net	H.H. Richardson Complex/Darwin Martin House	84	0	35
Net	Economic Development Initiatives	14,968	8,409	4,039
Net	State and Municipal Facilities	3,184	2,208	721
Net	Empire Station Complex	1,300	1,300	0
LGAC:				
Net	Local Government Assistance Corporation	4,700	0	119
GO:				
Gross	General Obligation	19,435	2,308	1,996
Other State-Supported:				
N/A	Secured Hospitals [(16)]	N/A	N/A	85
N/A	STARC [(16)]	N/A	N/A	1,671
Total State-Supported Debt		**201,065**	**66,914**	**61,937**
Other State Financings:				
MBBA Special Purpose School Aid Bonds				30
Capital Lease and Mortgage Loan Commitments [(17)]				591
Total State-Related Debt [(18)]				**62,558**

Totals may not add due to rounding.
** Gross caps include cost of issuance fees. Net caps do not.*
Source: NYS DOB

[(1)] Includes only authorized programs that are active at March 31, 2022 or have outstanding program balances or both.

[(2)] Excludes programs that have repaid all oustanding debt and have program balances of $2 million or less, and SUNY Dormitory Facilities that are no longer financed with State-supported bonds

[(3)] Amounts issued may exceed the stated amount authorized by premiums, by providing for the cost of issuance, reserve fund requirements and, in certain circumstances, refunding bonds. In some cases, Authorized but Unissued bond cap amounts have been reduced by the higher of (i) net bond proceeds available to fund program, or (ii) par amount of bonds issued.

[(4)] Reflects par amounts outstanding for bonds and financing arrangements or gross proceeds outstanding in the case of capital appreciation bonds. Amounts do not reflect accretion of capital appreciation bonds or premiums received.

[(5)] Authorization also includes any amount necessary to refund outstanding Housing Finance Agency State University Construction Bonds, all of which have been refunded.

[(6)] Authorization applies to bonds issued after March 31, 2002, prior to that date there was no limit.

[(7)] The amount outstanding includes CUNY Community Colleges bonds for which the State pays debt service. The total amount authorized for CUNY Senior Colleges was unlimited for resolutions adopted prior to 7/1/85 and limited to $8.315 billion for both CUNY Senior and CUNY Community Colleges for resolutions adopted after 7/1/85.

[(8)] Includes bonds issued for West Valley, DEC Environmental Infrastructure Projects, Environmental Protection Fund, Onondaga Lake, and the Office of Parks and Recreation and Historic Preservation.

[(9)] Includes debt outstanding for OGS Buildings: 44 Holland Ave., 50 Wolf Rd., 625 Broadway Ave., Hampton Plaza, and DOT Region 1.

[(10)] Authorized amounts includes Certificates of Participation, which have been issued as bonds after March 31, 2003.

[(11)] Includes authorizations for Science and Technology Center (Syracuse), Super Computer Center (Cornell), Center for Telecommunications (Columbia), HEAT, Center for Industrial Innovation (City of Troy), Center for Advanced materials (Clarkson), Center for Electro-Optic (Rochester), Center for Neural Sciences (NYU) and Center for Incubator Facilities.

[(12)] Includes bonds issued for Community Capital Assistance Program (CCAP), Rebuilding the Empire State Through Opportunities in Regional Economies Program (RESTORE), Empire Opportunity Fund (EOF), Generating Employment Through New York Science Program (Gen*NY*sis), Multi-Modal Transportation Program, and Center of Excellence Program (Laws of 2002).

[(13)] Includes bonds to be issued for economic development projects outside cities of 1 million or more in population.

[(14)] Includes bonds issued for the EOF, RESTORE and CCAP.

[(15)] Includes bonds to be issued for economic development and environmental projects.

[(16)] Legislation included as part of the FY 2022 Enacted Budget authorized the refunding of all outstanding NYC STARC debt and DASNY Secured Hospital debt in FY 2022.

[(17)] Estimated.

[(18)] Capital leases and mortgage loan commitments are included in all figures and references to State-related debt in this AIS unless otherwise specifically noted.

STATE GENERAL OBLIGATION DEBT [1]
as of March 31, 2022
(In Millions)

Purpose/Year Authorized	Total Authorized	Authorized but Unissued	Total Debt Outstanding [2]
Transportation Bonds:			
Rebuild and Renew New York Transportation Bonds (2005)			
Highway Facilities/Other Transportation (Excluding MTA)			
Highway Facilities	Note 3	Note 3	$ 514
Mass Transit - DOT	Note 3	Note 3	12
Rail & Port	Note 3	Note 3	85
Canals & Waterways	Note 3	Note 3	6
Aviation	Note 3	Note 3	39
Subtotal Highway Facilities/Other Transportation (Excluding MTA)	$ 1,450	$ 42	656
Mass Transit - Metropolitan Transportation Authority	1,450	386	665
Accelerated Capacity and Transportation			
Improvements of the Nineties (1988)	3,000	20	8
Rebuild New York Through Transportation			
Infrastructure Renewal (1983)			
Highway Related Projects [4]	1,064	21	Note 5
Ports, Canals, and Waterways [4]	49	-	-
Rapid Transit, Rail and Aviation Projects [4]	137	-	1
Energy Conservation Through Improved Transportation (1979)			
Local Streets and Highways	100	-	-
Rapid Transit and Rail Freight	400	-	1
Transportation Capital Facilities (1967)			
Highways	1,250	-	-
Mass Transportation	1,000	-	-
Aviation	250	-	1
Total Transportation Bonds	**10,150**	**469**	**1,332**
Environmental Bonds:			
Clean Water/Clean Air (1996)			
Air Quality	230	28	1
Safe Drinking Water	355	-	-
Clean Water	790	54	253
Solid Waste	175	-	7
Environmental Restoration	200	21	33
Environmental Quality (1986)			
Land and Forests	250	1	2
Solid Waste Management	1,200	33	68
Environmental Quality (1972)			
Air	150	12	-
Land and Wetlands	350	3	4
Water	650	2	4
Outdoor Recreation Development (1966)	200	Note 6	-
Pure Waters (1965)	1,000	20	12
Park and Recreation Land Acquisition (1960 and 1962)	100	1	-
Total Environmental Bonds	**5,650**	**175**	**384**
Education Bonds:			
SMART Schools Bond Act (2014)	2,000	1,597	276
Total Education	**2,000**	**1,597**	**276**
Housing Bonds:			
Low-Income Housing (through 1958)	960	8	3
Middle-Income Housing (through 1958)	150	1	1
Urban Renewal (1958)	25	1	-
Total Housing Bonds	**1,135**	**10**	**4**
TOTAL GENERAL OBLIGATION DEBT	**$ 18,935**	**$ 2,251**	**$ 1,996**

Source: Office of the State Comptroller

(1) This table reflects General Obligation Bond Acts where there is a remaining authorized but unissued amount and/or a remaining debt outstanding balance.
(2) Reflects unaudited amounts.
(3) The Legislature did not provide any limitation on bonds to be issued for specific project categories or programs authorized within the Highway Facilities/Other Transportation (excluding MTA) Purpose.
(4) Authorizations have been adjusted to reflect reallocations made by Chapter 54 of the Laws of 1990.
(5) This amount rounds to zero, but there was a debt outstanding balance of $177,295 at March 31, 2022.
(6) This amount rounds to zero, but there was an authorized but unissued balance of $230,000 at March 31, 2022.

EXHIBIT C TO AIS – PRINCIPAL STATE TAXES AND FEES

Personal income taxes are imposed on the New York source income of individuals, estates and trusts. Personal income taxes accounted for more than 58 percent of All Government Funds tax receipts during FY 2022. The State tax adheres closely to the definitions of adjusted gross income and itemized deductions used for Federal personal income tax purposes, with certain modifications. Receipts from this tax are sensitive to changes in economic conditions in the State and to taxpayers' responses to Federal and State law changes. Marginal tax rates on middle-income tax filers will gradually phase down from between 5.9 percent and 6.65 percent to between 5.5 percent and 6 percent during tax years 2018 through 2023. New York allows a standard deduction of $16,050 for married couples filing jointly, with lower deductions for the other types of filers. New York also allows a $1,000 exemption for dependents. The current top three brackets, which apply marginal tax rates between 9.65 percent and 10.9 percent, are scheduled to expire after the 2027 tax year. Beginning in tax year 2028, these brackets are replaced by a single bracket with an 8.82 percent marginal tax rate.

Taxpayers with incomes above $1 million are limited to deducting 50 percent of their Federal charitable contributions as their only New York itemized deduction. For tax years 2010 through 2024, taxpayers with incomes above $10 million may deduct only 25 percent of their Federal charitable contributions deductions as their only itemized deduction.

New York also allows several credits against the tax. Significant credits include the: Empire State Child Credit, household credit, credit for taxes paid to other states, investment tax credit, child and dependent care credit, real property tax circuit breaker credit, earned income tax credit, long-term care insurance credit, college tuition credit, STAR credit for new homeowners, New York City STAR PIT credit, and the pass-through entity tax credit.

Legislation enacted in 2020 extended warrantless State tax debt collection for five years; limited the long term care insurance credit to taxpayers with incomes below $250,000 and capped the credit at $1,500 annually; authorized the Department of Taxation and Finance to provide unclaimed tax benefits; provided a five-year extension to the entrance date for program participants in the START-UP NY program, and a one-year extension of the Hire a Vet Credit; and decoupled from certain provisions of the Coronavirus Aid, Relief, and Economic Security Act. Further, the Excelsior Jobs Program was enhanced for certain green projects and extended through 2039, and the Empire State film production and post-production credits were reformed, including a reduction to the base credit rate from 30 percent to 25 percent, and extended one additional year through 2025.

Legislation enacted in 2021 established a temporary high-income PIT surcharge which replaced the previous 8.82 percent marginal tax rate with a 9.65 percent marginal tax rate. Furthermore, this legislation established new brackets starting at $5 million and $25 million in taxable income with marginal tax rates of 10.3 percent and 10.9 percent, respectively. Other significant 2021 legislation established an optional pass-through entity tax; decoupled from the Federal Opportunity Zones program; established a new real property tax relief credit; extended the farm workforce retention credit for three years; scheduled the conversion of existing mobile home STAR exemptions to PIT STAR credits; and exempted MTA COVID-19 death benefits from taxation.

Legislation in enacted in 2022 accelerated the phase-in of the Middle-Class Tax Cut; established one-time supplemental earned income tax credit and Empire State Child Credit payments; enhanced the investment tax credit for farm employers; enhanced and extended the farm workforce retention credit; created a farm employer overtime credit; established a credit for geothermal energy systems; enhanced and expanded the small business subtraction modification; expanded the financial institution data management program; and established a homeowner tax rebate credit.

In 2001, legislation was enacted to provide for the issuance of State PIT Revenue Bonds, which has become the primary financing vehicle for a broad range of existing State-supported debt programs previously secured by service contract or lease-purchase payments. The first bonds were issued in May 2002. The legislation provided that 25 percent of PIT receipts (excluding refunds owed to taxpayers and deposits to the STAR Fund) be deposited to the RBTF for purposes of making debt service payments on the bonds, with excess amounts transferred to the General Fund. Legislation enacted with the FY 2008 Budget provided that the RBTF will be calculated based on 25 percent of PIT receipts (excluding refunds owed to taxpayers, but before deposits to the STAR fund). FY 2019 Enacted Budget legislation increased RBTF deposits from 25 percent to 50 percent of PIT receipts.

In the event that (i) the State Legislature fails to appropriate amounts required to make all debt service payments on the State PIT Revenue Bonds or (ii) 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 bonds, the legislation requires that PIT receipts continue to be deposited to the RBTF until amounts on deposit in the Fund equal the greater of 40 percent of annual PIT receipts or $12 billion.

User taxes and fees consist of several taxes on consumption, the largest of which is the State sales and compensating use tax. The discussion below describes each tax and summarizes recent significant enacted legislation.

The *sales and use tax* is imposed, in general, on the receipts from the sale of all tangible personal property unless specifically exempted, and all services are exempt unless specifically enumerated. The current State sales tax rate is 4 percent. Per statute, in FY 2022 the portion of receipts to be deposited in the General Fund was reduced to 25 percent (previously 50 percent), the portion deposited in the Local Government Assistance Tax Fund remained unchanged at 25 percent, and the portion deposited in the Sales Tax Revenue Bond Fund was increased to

50 percent (previously 25 percent). Effective in the second half of FY 2023 and annually thereafter, the portion of sales tax receipts that was initially deposited into the Sales Tax Revenue Bond Fund will remain unchanged at 50 percent (increased from 25 percent to 50 percent in FY 2022) and the portion deposited into the General Fund will revert back to 50 percent. Receipts in excess of debt service requirements are transferred back to the General Fund.

Although there are numerous exemptions, the most significant are: food; clothing and footwear items costing less than $110 (also see discussion below); drugs; medicine and medical supplies; residential energy; capital improvements and installation charges; machinery and equipment used in manufacturing; trade in allowances; and goods sold to Federal, State or local governments.

Legislation enacted in 2020 updated and conformed annual sales and use tax reporting requirement thresholds for small alcohol producers in Tax Law to the State Liquor Authority's (SLA) annual alcohol production caps for farm producer licenses; and extended the Lower Manhattan sales tax exemption for an additional three years.

Legislation enacted in 2021 eliminated the racing admissions tax and replaced it with the State sales tax; extended certain sales tax exemptions related to the Dodd-Frank Protection Act for three years; made technical corrections to the sales tax remote vendor registration; extended the sales tax exemption for alternative fuels for an additional five years; codified into law the existing sales tax exemption for breast pumps and certain replacement parts; extended the existing sales tax exemption for certain vending machine purchases for an additional year; clarified when sales tax is due on the full (not discounted) retail price of a purchase if a rebate, discount, or similar price reduction is used, and the vendor is fully reimbursed by a third party; and modified the sales tax treatment of vehicle leases with terminal rental adjustment clauses (TRACs) to authorize lessees or lessors, depending on the circumstance, to claim a SUT refund/credit for tax paid in the event the lessor refunds the lessee at the end of the lease term.

Legislation enacted in 2022 extended the existing sales tax exemption for certain vending machine purchases for an additional year; and suspended the State and MCTD sales taxes on gasoline and diesel fuel from June 1, 2022 through December 31, 2022.

The State imposes a *tax on cigarettes* at the rate of $4.35 per package of 20 cigarettes and imposes a *tax on other tobacco products* equal to 75 percent of the wholesale price. The tax on cigarettes was raised from $2.75 to $4.35 per pack on July 1, 2010. The revenue derived from the tax is split, with 24 percent of receipts deposited in the General Fund and the balance deposited in the Tobacco Control and Insurance Initiatives Pool established by the Health Care Reform Act of 2000. Legislation enacted in 2019 imposed a vapor products tax at a rate of 20 percent of retail sales and required purchasers of tobacco and vapor products to be 21 years of age or older. Legislation enacted in 2020 prohibited the sale or distribution of e-cigarettes or vapor products that have a characterizing flavor. Legislation enacted in 2021 bolstered the 2020 enacted changes to aid in enforcement of the sale of untaxed cigarette or tobacco products by requiring retailer dealers with a revoked license to dispose of their cigarette and tobacco inventory.

The State imposes *motor fuel* and *diesel motor fuel taxes* at 8 cents per gallon upon the sale, generally for highway use, of gasoline and diesel fuel. All motor fuel taxes have been deposited in the dedicated transportation funds since April 1, 2001. Legislation enacted in 2021 extended the existing tax exemption for alternative fuels for an additional five years. Legislation enacted in 2022 suspended the motor fuel excise tax on gasoline and diesel fuel from June 1, 2022 through December 31, 2022.

The State imposes *alcoholic beverage excise taxes* at various rates on liquor, beer, wine and specialty beverages. The tax rate on beer is 14 cents per gallon and the tax rate on wine is 30 cents per gallon. The tax rate on liquor at or above 24 percent alcohol content is $1.70 per liter, and the tax rate on liquor below 24 percent alcohol content is 67 cents per liter. Legislation enacted in 2012 removed an unconstitutional exemption provided to certain small beer brewers and replaced the benefit with personal and business tax credits that yield similar tax relief to small brewers that produce in New York State. Legislation enacted in 2020 standardized the tax exemption on inter-distributor sales by extending the exemption to every registered distributor; and repealed the one cent per liter tax levied on liquor containing less than two percent of alcohol by volume, simplifying the ABT return process and move towards web-based filing. Legislation enacted in 2021 further simplified the ABT return process for certain filers by allowing for annual, instead of quarterly, returns.

The State imposes the *highway use tax* (HUT) which consists of three revenue sources: the truck mileage tax, related highway use permit fees and the fuel use tax. The truck mileage tax is levied on commercial vehicles, at rates graduated by vehicle weight, based on miles traveled on State highways. Prior to April 13, 2016, highway use registration certificates (original or renewed) were $15 and decals were $4. Legislation enacted in 2016 reduced the registration and decal fees from $19 to $1.50 per vehicle and directed the revenue from these fees to a newly created HUT Administration Account. The fuel use tax is an equitable complement to the State's motor fuel tax and sales tax paid by those who purchase fuel outside but consume it in New York. It is levied on commercial vehicles having three or more axles or a gross vehicle weight of more than 26,000 pounds. Currently, all collections from the highway use tax, aside from HUT registration fees, are deposited in the DHBTF. Legislation enacted in 2021 reduced the filing frequency and reporting requirements for certain monthly and quarterly filers.

The State imposes an *auto rental tax* on charges for the rental or use in this State of a passenger car with a gross vehicle weight of 9,000 pounds or less. Receipts are deposited in the DHBTF. Legislation enacted in 2009 increased this tax rate from 5 percent to 6 percent and also imposed a supplemental tax of 5 percent in the MCTD. Monies from this supplemental tax are deposited in the MTA Aid Trust Account of the MTA Financial Assistance Fund. Legislation enacted in 2019 increased the supplemental tax rate within the MCTD to 6 percent and changed the process for remitting MCTD tax revenue to the MTA; receipts are directly remitted to the MTA without appropriation. Additionally, legislation enacted in 2019 raised new revenues for the upstate transit systems by expanding the supplemental tax to counties outside of the MCTD.

The State imposes a *medical cannabis tax* on registered organizations that dispense medical marihuana. This excise tax of 7 percent is levied on gross receipts from medical marihuana and is entirely deposited into the Medical Marihuana Trust Fund. This tax became effective in January 2016. Legislation enacted in 2021 authorized the transfer of the previously undistributed portion of tax revenues to the newly established New York State Cannabis Revenue Fund. Legislation enacted in 2022 replaced the aforementioned transfer of the previously undistributed portion of tax revenues to the New York State Cannabis Revenue Fund with a direct deposit into the Fund.

The State imposes a 4 percent assessment on transportation network companies (TNCs) that operate outside of New York City. Municipalities have the option to license TNCs. All revenues are deposited in the General Fund. This tax became effective in June 2017.

The State imposes an *opioid excise tax* on the first sale of opioids within the State by registered organizations that dispense opioids. The excise tax varies based on the per unit wholesale cost of an opioid; a quarter of a cent per morphine milligram equivalent if the wholesale cost is less than fifty cents and one and one-half cents per morphine milligram equivalent if the wholesale cost is fifty cents or more. This tax became effective in July 2019.

The State imposes both a wholesale THC-based tax and a retail excise tax on adult-use cannabis. The THC-based tax is paid on the sale of a product from a distributor to a retailer and varies based on the product type. Cannabis flower is taxed at five-tenths of one cent per milligram of total THC; concentrated cannabis is taxed at a rate of eight-tenths of one cent per milligram of total THC; and cannabis edible product is taxed at a rate of three cents per milligram of total THC. The retail excise tax is imposed at a rate of 9 percent of the retail price charged to the consumer. All adult-use cannabis revenues are to be deposited in the New York State Cannabis Revenue Fund. After covering reasonable costs to administer the program and implement the law, the remaining fund balance is then distributed in the following manner: 40 percent to the State Lottery Fund for education, 40 percent to the Community Grants Reinvestment Fund, and 20 percent to the Drug Treatment and Public Education Fund.

Legislation enacted in 2021 established a new tax on peer-to-peer car sharing trips. A three percent tax is imposed on all peer-to-peer car sharing trips within the State, with receipts to be deposited in the General Fund. An additional three percent tax is imposed on peer-to-peer car sharing trips within the MCTD, with receipts to be deposited in the MTA's Special Assistance Fund – Corporate Account. Lastly, an additional three percent tax is imposed on peer-to-peer car sharing trips outside the MCTD, with receipts to be deposited in the Public Transportation Systems Operating Assistance Fund. This tax is to be administered and collected jointly with the State sales tax.

Business taxes include a general business corporation franchise tax as well as specialized franchise taxes on insurance companies, certain transportation and transmission companies, a recently enacted pass-through entity tax that applies to partnerships and S corporations, and a cents per gallon based levy on businesses engaged in the sale or importation for sale of various petroleum products. The discussion below describes each tax and summarizes recent significant enacted legislation.

The *corporation franchise tax* is the largest of the business taxes, and the State's third largest source of revenue. It is imposed on all domestic general business corporations and foreign general business corporations which do business or conduct certain other activities in the State. The tax is imposed, generally, at a rate of 6.5 percent of taxable income allocated to New York. Taxable income is defined as Federal taxable income with certain modifications. The tax includes two other bases: the capital and fixed dollar minimum. The taxpayer must pay under the base which produces the highest tax.

Legislation enacted in 2020 included a five-year extension to the entrance date for program participants in the START-UP NY program and a one-year extension of the Hire a Vet Credit, and decoupled from certain provisions of the Coronavirus Aid, Relief, and Economic Security Act. The Excelsior Jobs Program was enhanced for certain green projects and extended through 2039. The Empire State film production and post-production credits were reformed, including a reduction to the base credit rate from 30 percent to 25 percent, and extended one additional year through 2025.

Legislation enacted in 2021 included a temporary tax increase for tax years 2021 through 2023 and new credits for restaurants, NYC musical and theatrical productions, and employer childcare. The Rehabilitation of Historic Properties tax credit was enhanced for small projects while the Musical and Theatrical Production credit was extended and enhanced. The Hire a Vet credit and Empire State film production and post-production credits were extended for one year while the Low Income Housing credit and Economic Transformation and Facility Redevelopment Program tax credits were extended for five years. The CFT was decoupled from the Federal Opportunity Zone Program benefits that previously flowed through to the CFT.

Legislation enacted in 2022 included new credits for COVID-19 expenses for small businesses, the phase out of no. 6 heating oil, and digital gaming media productions. The NYC musical and theatrical production credit, credit for companies who provide transportation to individuals with disabilities, workers with disabilities credit, brownfield cleanup program tax credits, New York youth jobs program tax credits, and empire state apprenticeship tax credit, and Empire State film production and post-production credits were all extended. The Hire a Vet credit was extended and enhanced while an additional credit for the recipients of the Restaurant Return to Work credit was created to ensure the original allocation was fully utilized. Additionally, the Low Income Housing credit aggregate caps were increased.

Receipts from the *corporation and utilities taxes* are primarily attributable to taxes imposed on transportation and transmission companies, utility services and telecommunication services. Legislation enacted in 2021 created a new credit to provide debt relief for utilities in arrears as a result of the COVID-19 pandemic.

Insurance taxes are imposed on insurance corporations, insurance brokers and certain insurers that operate in New York State. Non-life insurers are subject to a premiums tax. Accident and health premiums are taxed at the rate of 1.75 percent and all other premiums are taxed at the rate of 2 percent. The insurance tax on life insurers ranges from 1.5 percent to 2 percent of premiums after taking into account the tax on income allocated to New York State. Other taxes are imposed on certain brokers and independently procured insurance.

The State imposed a *franchise tax on banking corporations* at a basic tax rate of 7.1 percent of entire net income with certain exclusions, and subject to special rates for institutions with three other tax bases similar to the *corporate franchise tax* until December 31, 2014. Beginning with tax years on and after January 1, 2015, all former bank taxpayers are now subject to tax under the corporate franchise tax.

As part of the State's continuing response to Federal tax law changes, in 2021 the State enacted an optional *pass-through-entity tax (PTET)* on the New York sourced income of partnerships and S corporations. Qualifying entities that elect to pay PTET will pay a tax of up to 10.9 percent on their taxable income at the partnership or corporation level, and their individual partners, members, and shareholders will receive a refundable tax credit equal to the proportionate or pro rata share of taxes paid by the electing entity. Additionally, the program includes a resident tax credit that allows for reciprocity with other states that have implemented substantially similar taxes, which currently includes Connecticut and New Jersey.

The State imposes a *petroleum business tax* on the privilege of operating a petroleum business in the State. This tax is measured by the quantity of various petroleum products imported into the State for sale or use. The tax is imposed at various cents per gallon rates depending on the type of petroleum product. The cents per gallon tax rates are indexed to reflect petroleum price changes but are limited to changes of no more than 5 percent of the tax rate in any one year. Legislation enacted in 2021 extended the existing tax exemption for alternative fuels for an additional five years. Legislation enacted in 2022 exempted tugboats and towboats from the petroleum business tax.

Other tax revenues include taxes on pari-mutuel wagering, the estate tax, taxes on real estate transfers, certain other minor taxes, and residual receipts following the repeal of the real property gains tax and the gift tax.

The State imposes an *estate tax* on the estates of deceased New York residents, and on that part of a nonresident's net estate made up of real and tangible personal property located within New York State. Legislation enacted in 2014 comprehensively reformed the estate tax to decouple from Federal law. The unified threshold of $1 million (associated with the State's prior "pick-up tax" methodology) was replaced with an applicable credit equal to the tax on a basic threshold amount. The basic threshold amount equals the Federal basic threshold amount pursuant to Federal law as it existed on December 1, 2017, with annual inflation indexing for those dying on or after January 1, 2019. The credit, similar to the pick-up tax, phases out from the threshold amount to 5 percent above that threshold amount. If a taxable estate is more than 105 percent of the threshold, then the entire taxable estate is taxed, not just the portion of the estate above the threshold. Gifts taxable under Section 2053 of the Internal Revenue Code that were not otherwise included in

Federal Gross Estate and that were made during the three years ending on the date of death must be added to the New York Gross Estate. However, gifts made while the decedent was a nonresident of New York State and gifts made prior to April 1, 2014, or after January 1, 2019, are not included. Legislation enacted in 2019 extended this three-year gift addback rule effective January 16, 2019, until January 1, 2026, as well as required a binding New York State QTIP election be made on State estate tax returns. Reflecting the composition of many decedents' estates in New York, collections of this tax are influenced at least in part by fluctuations in the equity markets.

The *real estate transfer tax* applies to each real property conveyance, subject to certain exceptions, at a rate of $2 for each $500 of consideration or fraction thereof. There is an additional real estate transfer tax of 1 percent of the sales price applicable to residences where consideration is $1 million or more. Legislation enacted in 2010 reduced the statutorily fixed deposit to the EPF from $199.3 million to $119.1 million. Legislation enacted in 2022 increased the statutorily fixed deposit to the EPF from $119.1 million to $257.35 million. The remaining receipts are deposited in the Clean Water/Clean Air (CW/CA) Debt Service Fund.

Legislation enacted in 2019 imposed an additional real estate transfer tax in New York City on each commercial real property conveyance of at least $2 million and each residential real property conveyance of at least $3 million at a rate of $1.25 for each $500 of consideration or fraction thereof. It also imposed an additional progressive real estate transfer tax in New York City on each residential real property conveyance of at least $2 million using a graduated tax rate schedule starting at 0.25 percent for residential property conveyances of at least $2 million but less than $3 million and topping out at 2.9 percent on residential property conveyances $25 million and above. All revenues from these taxes are directed to the MTA's Central Business District tolling capital lockbox.

The State levies *pari-mutuel taxes* on wagering activity conducted at horse racetracks, simulcast theaters and Off-Track Betting (OTB) parlors throughout the State. Legislation enacted in 2008, and extended annually since, reinstated lower 2005 pari-mutuel tax rates.

Other taxes include a 3 percent tax on both gross receipts and broadcasting rights from boxing and wrestling exhibitions, limited to $50,000 in tax due for both pieces per event. Effective September 2016, for all other authorized combative sports, a tax of 8.5 percent of the admissions charge and 3 percent on broadcasting rights and digital streaming, with the broadcasting and streaming portion limited to $50,000 in tax due per event.

Legislation enacted in 2021 repealed the 4 percent tax on the charge for admissions to racetracks and simulcast theaters, which was replaced with the State sales tax.

Miscellaneous receipts and other revenues include various fees, fines, tuition, license revenues, lottery revenues, investment income, assessments on various businesses (including healthcare providers), and abandoned property. Miscellaneous receipts also include minor amounts received from the Federal government and deposited directly in the General Fund.

Gaming miscellaneous receipts includes traditional lottery, Video Lottery Terminal (VLT) games, commercial gaming, interactive fantasy sports, mobile sports wagering, and Tribal State Compact.

Legislation enacted in 2020 amended sports wagering lounge restrictions and allowed for the building of a new equine drug testing lab.

Legislation enacted in 2021 allowed certain draw games to be offered twice daily (instead of only once daily) and authorized a competitive bidding process for mobile sports wagering licenses. Mobile sports wagering tax revenue is directed to education, except for $6 million to problem gambling and $5 million for a statewide youth sports grant and education program. However, in FY 2022, problem gambling and the youth sports program each received 1 percent of revenue. Revenues from the $25 million license fee per platform provider, totaling $200 million, were directed entirely to education. Additionally, legislation was included that allowed commercial gaming facilities to petition the Gaming Commission for a temporary reduction in the slot tax rate to assist facilities in hiring and retaining employees.

Legislation enacted in 2022 authorized the process for awarding the three remaining commercial gaming facility licenses.

Alcohol license fees are imposed on those who sell alcoholic beverages in New York. The fees vary depending on the type and location of the establishment or premises operated by the licensee, as well as the class of beverage for which the license is issued.

Motor vehicle fees are derived from a variety of sources, including motor vehicle registration fees and driver licensing fees, which together account for most motor vehicle fee revenue. Legislation enacted in 2019 expanded access to standard (not for federal purposes), non-commercial driver licenses or learner permits for all undocumented immigrants, age 16 or older, who reside in New York State.

The Public Safety Communications Surcharge is collected by wireless communications service suppliers from their customers. The surcharge is $1.20 per month per device used to access this service. Legislation enacted in 2017 expanded the surcharge to prepaid purchases of mobile communication services, with purchases subject to a 90-cent surcharge. Local governments, including those that do not currently impose the surcharge on mobile plan contracts, can also opt in for a 30-cent surcharge on prepaid purchases. This surcharge supports the State’s public safety activities and funds the Statewide Interoperable Communications Grant program.

EXHIBIT D TO AIS – GLOSSARY OF FINANCIAL TERMS

The following glossary, which is an integral part of this AIS, includes certain terms that are used herein and are intended for use only in connection with the entire AIS.

Appropriation: An appropriation is a statutory authorization against which liabilities may be incurred during a specific year, and from which disbursements may be made, up to a stated amount, for the purposes designated. Appropriations generally are authorizations, rather than mandates, to spend, and disbursements from an appropriation need not, and generally do not, equal the amount of the appropriation. An appropriation represents maximum spending authority. Appropriations may be adopted at any time during the fiscal year.

Bond Anticipation Note or *BANs*: A bond anticipation note is a short-term obligation, the principal of which is paid from the proceeds of the bonds in anticipation of which such note is issued.

Business-type Activities: "Business-type activities" describe those operations that are financed in whole or in part by fees charged to external parties for goods or services. These activities are usually reported in enterprise funds and include the Lottery, Unemployment Insurance Benefit, SUNY, and CUNY senior colleges.

Capital Projects Funds: Capital Projects Funds, one of the four GAAP-defined governmental fund types, account for financial resources of the State to be used for the acquisition or construction of major capital facilities (other than those financed by Special Revenue Funds (SRFs), Proprietary Funds and Fiduciary Funds).

Cash Basis Accounting: Accounting, budgeting and reporting of financial activity on a cash basis results in the recording of receipts at the time money or checks are deposited in the State Treasury and the recording of disbursements at the time a check is drawn, regardless of the fiscal period to which the receipts or disbursements relate.

Community Projects Fund: The State created this fund within the General Fund in 1996 to finance certain community projects for the Legislature and the Governor. The State transfers moneys from other General Fund accounts into the Community Projects Fund, as provided by law. Spending out of the Community Projects Fund is governed by specific appropriations for each account in the Fund but cannot exceed the cash balance for that account.

Contingency Reserve Fund: This fund was established in 1993 to assist the State in financing the costs of any extraordinary known or anticipated litigation. Deposits to this fund are made from the General Fund.

Contractual-Obligation Financing: Contractual-obligation financing is an arrangement pursuant to which the State makes periodic payments to a public benefit corporation under a contract having a term not less than the amortization period of debt obligations issued by the public benefit corporation in connection with such contract. Payments made by the State are used to pay debt service on such obligations and are subject to annual appropriation by the Legislature and the availability of moneys to the State for the purposes of making contractual payments.

Debt Reduction Reserve Fund or *DRRF*: The State created the DRRF in 1998 to accumulate surplus revenues to pay debt service costs on State-supported bonds, retire or defease such bonds, and to finance capital projects. Use of DRRF funds requires an appropriation.

Debt Service: Debt service refers to the payment of principal and interest on bonds, notes, or other evidences of indebtedness, including interest on BANs and TRANs, in accordance with the respective terms thereof.

Debt Service Funds: DSFs, one of the four GAAP-defined governmental fund types, account for the accumulation of resources (including receipts from certain taxes, transfers from other funds and miscellaneous revenues, such as dormitory room rental fees, which are dedicated by statute for payment of lease-purchase rentals) for the payment of general long-term debt service and related costs and payments under lease-purchase and contractual-obligation financing arrangements.

Disbursement: A disbursement is a cash outlay and in the General Fund includes transfers to other funds.

Executive Budget: The Executive Budget is the Governor's constitutionally mandated annual submission to the Legislature which contains his recommended program for the forthcoming fiscal year. The Executive Budget is an overall plan of recommended appropriations. It projects disbursements and expenditures needed to carry out the Governor's recommended program and receipts and revenues expected to be available for such purpose. The recommendations contained in the Executive Budget serve as the basis for the State Financial Plan (defined below) which is adjusted after the Legislature acts on the Governor's submission. Under the State Constitution, the Governor is required each year to propose an Executive Budget that is balanced on a cash basis.

Expenditure: An expenditure, in GAAP terminology, is a decrease in net financial resources as measured under the modified accrual basis of accounting. In contexts other than GAAP, the State uses the term expenditure to refer to a cash outlay or disbursement.

Expenses: Expenses, in GAAP terminology, are a decrease in net financial resources as measured in the government-wide financial statements under the accrual basis of accounting.

Fiduciary Funds: Fiduciary Funds refers to a GAAP-defined fund type which accounts for assets held by the State in a trustee capacity or as agent for individuals, private organizations and other governmental units and/or other funds. These funds are custodial in nature and do not involve the measurement of operations. Although the Executive Budget for a fiscal year generally contains operating plans for Fiduciary Funds, and their results are included in the Comptroller's GAAP-based financial statements, they are not included in the State Financial Plan.

Financial Plan: See State Financial Plan.

Fiscal Year: The State's fiscal year commences on April 1 and ends on March 31. The term fiscal year refers to the fiscal year of the State unless the context clearly indicates otherwise.

Fund Accounting: The accounts of the State are presented on the basis of GAAP funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise the fund's assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

GAAP: GAAP refers to generally accepted accounting principles for state and local governments, which are the uniform minimum standards of and guidelines for financial accounting and reporting prescribed by GASB. GAAP requires that the government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise funds, component units and the fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when they become both measurable and available to finance expenditures. Expenditures and related liabilities are recognized in the accounting period they are incurred to the extent they are expected to be paid within the next 12 months, under the modified accrual basis of accounting.

General Fund: The General Fund, one of the four GAAP-defined governmental fund types, is the major operating fund of the State and receives all receipts that are not required by law to be deposited in another fund, including most State tax receipts and certain fees, transfers from other funds and miscellaneous receipts from other sources.

General Obligation bonds: Long-term obligations of the State, used to finance capital projects. These obligations must be authorized by the voters in a general election, are issued by the Comptroller, and are backed by the full faith and credit of the State. Under current provisions of the Constitution, only one bond issue may be put before the voters at each general election, and it must be for a single work or purpose. Debt service must be paid from the first available taxes whether or not the Legislature has enacted the required appropriations for such payments.

General State Charges: Costs mandated by statute or court decree or by agreements negotiated with employee unions for which the State is liable, including: pensions; health, dental and optical benefits; payments on behalf of State employees for Social Security; unemployment insurance benefits; employee benefit programs; court judgments and settlements; assessments for local improvements; and taxes on public lands.

Governmental Activities: Governmental activities describes those operations that are generally financed through taxes, intergovernmental revenues, and other nonexchange revenues and are reported in the governmental funds.

Governmental Funds: Governmental funds refers to a category of GAAP-defined funds which account for most governmental functions and which, for the State, include four GAAP-defined governmental fund types: the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. The State's projections of receipts and disbursements in the governmental funds comprise the State Financial Plan.

Interfund Transfers: Under GAAP fund accounting principles, each fund is treated as a separate fiscal and accounting unit with limitations on the kinds of disbursements to be made. To comply with these limitations, moneys are moved from one fund to another to make them available for use in the proper fund, and are accounted for as "interfund transfers".

Lease-Purchase Financing: Lease-purchase financing is an arrangement pursuant to which the State leases facilities from a public benefit corporation or municipality for a term not less than the amortization period of the debt obligations issued by the public benefit corporation or municipality to finance acquisition and construction, and pays rent which is used to pay debt service on the obligations. At the expiration of the lease, title to the facility vests in the State in most cases. Generally, the State's rental payments are expressly subject to annual appropriation by the Legislature and availability of moneys to the State for the purposes thereof.

Local Assistance: Disbursements of State grants to counties, cities, towns, villages, school districts and other local entities, certain contractual payments to localities, and financial assistance to, or on behalf of, individuals and not-for-profit organizations.

Moral obligation debt: Long-term bonds issued by certain State public benefit corporations which are essentially supported by their own revenues. Moral obligation debt is not incurred pursuant to a referendum, is not State-supported debt, and is not backed by the full faith and credit of the State. However, the authorities selling such obligations have been allowed to establish procedures where, under certain conditions, the State may be requested to meet deficiencies in debt service reserve funds supporting such bonds. An appropriation must be enacted by the Legislature to meet any such request.

Official Statement: A disclosure document prepared to accompany an issuance of bonds, notes and certificates of participation offered for sale by the State or its public authorities. Its primary purpose is to provide prospective bond or note purchasers sufficient information to make informed investment decisions. It describes, among other things, the issuer, the project or program being financed and the security behind the bond issue.

PAYGO financing: The use of current State resources (as opposed to bonds or other borrowing) to finance capital projects. Also referred to as "hard dollar" financing.

Rainy Day Reserve Fund: This fund was created in 2007 to enhance the State's fiscal reserves. The fund, which may have a maximum balance equal to 15 percent of General Fund spending, may be used to respond to an economic downturn or catastrophic event, as defined by the enabling statute.

Receipts: Receipts consist of cash actually received during the fiscal year and in the General Fund include transfers from other funds.

Revenue Accumulation Fund: This fund holds certain tax receipts temporarily before their deposit into other funds.

Revenues: Revenues, in GAAP terminology, are an increase in net financial resources, as measured for the government-wide financial statements under the accrual basis of accounting and for the governmental funds under the modified accrual basis of accounting. In contexts other than GAAP, the State uses the term revenues to refer to income or receipts.

Short-Term Investment Pool or *STIP*: The combination of available cash balances in funds within the State Treasury on a daily basis for investment purposes.

Special Revenue Funds: SRFs, one of the four GAAP-defined governmental fund types, account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects), such as Federal grants, that are legally restricted to specified purposes.

State Financial Plan: The State Financial Plan sets forth projections of State receipts and disbursements in the governmental fund types for each fiscal year and is prepared by the Director of the Division of Budget, based initially upon the recommendations contained in the Executive Budget. After the budget is enacted, the State Financial Plan is adjusted to reflect revenue measures, appropriation bills and certain related bills enacted by the Legislature. It serves as the basis for the administration of the State's finances by the Director of the Budget, and is updated quarterly, or more frequently as necessary, during the fiscal year.

State Funds: "State funds" refer to a category of funds which includes the General Fund and all other State-controlled moneys, excluding Federal grants. This category captures all governmental disbursements except spending financed with Federal grants.

State-guaranteed debt: Debt authorized by the voters to be sold by three public authorities: the Job Development Authority, the New York State Thruway Authority, and the Port Authority of New York and New Jersey. State-guaranteed bonds issued for the Thruway Authority and the Port Authority were fully retired on July 1, 1995 and December 31, 1996, respectively. Such debt is backed by the full faith and credit of the State.

State Operations: Operating costs of State departments and agencies, the Legislature and the Judiciary, including salaries and other compensation for most State employees.

State-related debt: In this broad category, DOB combines all forms of debt for which the State is liable, either directly or on a contingent basis, including all State-supported debt and State-guaranteed and moral obligation debt.

State-supported debt: This category includes all obligations for which the State appropriates money that is used to pay debt service, including General Obligation debt, lease-purchase and contractual-obligation debt, including PIT Revenue Bonds, Sales Tax Revenue Bonds, LGAC and certificates of participation. While tax supported debt (obligations supported by State taxes) represents the majority of obligations in this category, obligations supported by other State revenues (such as dormitory fees or patient revenues) are also included.

Tax and Revenue Anticipation Notes or *TRANs*: Notes issued in anticipation of the receipt of taxes and revenues, direct or indirect, for the purposes and within the amounts of appropriations theretofore made.

Tax Refund Reserve Account: The tax refund reserve account is used to hold moneys available to pay tax refunds. During a given fiscal year, the deposit of moneys in the account reduces receipts and the withdrawal of moneys from the account increases receipts. There is no requirement that moneys withdrawn from this account be replaced.

Tax Stabilization Reserve Fund: This fund was created to hold surplus revenue that can be used in the event of any unanticipated General Fund deficit. Amounts within this fund can be borrowed to cover any year-end deficit and must be repaid within six years in no less than three equal annual installments. The fund balance cannot exceed two percent of General Fund disbursements for the fiscal year; contributions are limited to two-tenths of one percent of General Fund disbursements in that year.

EXHIBIT E TO AIS – GLOSSARY OF ACRONYMS

AAA	Area Agencies on Aging
ACA	Affordable Care Act
AFL-CIO	American Federation of Labor and Congress of Industrial Organizations
AFP	American Families Plan
AFSCME	American Federation of State, County & Municipal Employees
AG	Attorney General
AIG	American International Group, Inc.
AIM	Aid and Incentives for Municipalities
AJP	American Jobs Plan
ALICO	American Life Insurance Company
AMI	Area Median Income
AML	Anti-Money Laundering
AMTAP	Additional Mass Transportation Assistance Program
APCD	All-Payer Claims Database
ARP	American Rescue Plan Act of 2021
ATB	Across-the-Board
AXA	AXA Equitable Life Insurance Company
AY	Academic Year (July 1 through June 30) – SUNY/CUNY
BANs	Bond Anticipation Notes
BBA 19	Bipartisan Budget Act of 2019
BEA	Bureau of Economic Analysis
BLS	Bureau of Labor Statistics
BNPP	BNP Paribas, S.A., New York Branch
BOCES	Boards of Cooperative Educational Services
BofA	Bank of America
BofAML	Bank of America Corporation and Merrill Lynch, Pierce, Fenner and Smith Incorporated
BSA	Bank Security Act
BTMU	Bank of Tokyo-Mitsubishi UFJ, Ltd.
CANS	Child and Adolescent Needs and Strengths
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CBPP	Center for Budget and Policy Priorities
CES	Current Employment Statistics
CFT	Corporate Franchise Tax
CFY	City Fiscal Year
CHP	Child Health Plus
CHUBB	Chubb Group Holdings Inc. and Illinois Union Insurance Company
CIGNA	Cigna Health and Life Insurance Company
CISO	Chief Information Security Office
CLCPA	Climate Leadership and Community Protection Act of 2019
CMS	Centers for Medicare & Medicaid Services
COLA	Cost-of-Living Adjustment
COVID-19	Coronavirus Disease 2019
CPI	Consumer Price Index
CPRSA	Coronavirus Preparedness and Response Supplemental Appropriations Act
CRF	Coronavirus Relief Fund
CRRSA	Coronavirus Response and Relief Supplemental Appropriations Act
CSE	Committees on Special Education
CSEA	Civil Service Employees Association
CSX	CSX Transportation, Inc.
CTI	Critical Time Intervention
CUNY	City University of New York
CUT	Corporation and Utilities Tax
CW/CA	Clean Water/Clean Air
CY	County Year

DANY	New York County District Attorney
DASNY	Dormitory Authority of the State of New York
DDPC	Developmental Disabilities Planning Council
DEC	Department of Environmental Conservation
DelAm	Delaware American Life Insurance Company
DFS	Department of Financial Services
DHBTF	Dedicated Highway and Bridge Trust Fund
DHCR	Division of Housing and Community Renewal
DHSES	Division of Homeland Security & Emergency Services
DMNA	Division of Military and Naval Affairs
DMTTF	Dedicated Mass Transportation Trust Fund
DMV	Department of Motor Vehicles
DOB	Division of the Budget
DOCCS	Department of Corrections and Community Supervision
DOH	Department of Health
DOS	Department of State
DOT	Department of Transportation
DS	Debt Service
DSH	Disproportionate Share Hospital
DTF	Department of Taxation and Finance
EANS	Emergency Assistance for Nonpublic Schools
ECEP	Employer Compensation Expense Program
EDF	Economic Development Fund
eFMAP	Enhanced Federal Medical Assistance Percentage
EI	Early Intervention
EITC	Earned Income Tax Credit
EP	Essential Plan
EPIC	Elderly Pharmaceutical Insurance Coverage
ERAP	Emergency Rental Assistance Program
ERS	Employees' Retirement System
ESCC	Empire State Child Credit
ESEA	Elementary and Secondary Education Act
ESD	Empire State Development
ESG	Environmental, Social and Governance
ESPRI	Empire State Poverty Reduction Initiative
ESSER	Elementary and Secondary School Emergency Relief Fund
ESSHI	Empire State Supportive Housing Initiative
FAST	Fixing America's Surface Transportation
FEMA	Federal Emergency Management Agency
FFCRA	Families First Coronavirus Response Act
FFY	Federal Fiscal Year (October 1 Through September 30)
FHWA	Federal Highway Administration
FMAP	Federal Medical Assistance Percentage
FMR	Fair Market Rent
FOMC	Federal Open Market Committee's
FPG	Fortis Property Group
FRB	Financial Restructuring Board
FTE	Full-Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GASBS	Governmental Accounting Standards Board Statement
GDP	Gross Domestic Product
GEER	Governor's Emergency Education Relief
GFOA	Government Finance Officers Association

GLIP	Group Life Insurance Plan
GPHW	General Public Health Work
GSCs	General State Charges
GSEU	Graduate Student Employees Union
HALT	Humane Alternatives to Long Term Solitary Confinement Act
HCBS	Home and Community-Based Services
HCRA	Health Care Reform Act
HCTF	Health Care Transformation Fund
HEAP	Home Energy Assistance Program
HESC	Higher Education Services Corporation
HFNY	Healthy Families New York
HHS	Health and Human Services
HMO	Health Maintenance Organization
HPNAP	Hunger Prevention and Nutrition Assistance and Homeowner Protection Program
HRI	Health Research, Inc.
HUT	Highway Use Tax
ICP	Indigent Care Payments
ICR	Institutional Cost Reports
IDEA	Individuals with Disabilities Education Act
IIJA	Infrastructure Investment and Jobs Act
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change of the United Nations
IRS	Internal Revenue Service
IT	Information Technology
ITS	Information Technology Services
J&J	Johnson & Johnson
JSOC	Joint Security Operations Center
LFY	Local Fiscal Year
LGAC	Local Government Assistance Corporation
LICH	Long Island College Hospital
LLC	Limited Liability Company
LWA	Lost Wages Assistance
MAT	Medication-Assisted Treatment
MC	Management Confidential
MCTD	Metropolitan Commuter Transportation District
MLF	Municipal Liquidity Facility
MC/MLTC	Managed Care/Managed Long-Term Care
MOE	Maintenance of Effort
MRT	Medicaid Redesign Team
MRT II	Medicaid Redesign Team II
MSA	Master Settlement Agreement
MTA	Metropolitan Transportation Authority
MTOAF	Mass Transportation Operating Assistance Fund
NANY	Nurses Across New York
NMS	New Medical Site
NPS	Non-Personal Service
NYC	New York City
NYS	New York State
NYSCA	New York State Council on the Arts
NYSCOPBA	New York State Correctional Officers and Police Benevolent Association
NYSHIP	New York State Health Insurance Program
NYSLRS	New York State and Local Retirement System
NYSOH	New York State of Health
NYSPIA	New York State Police Investigators Association
NYSTA	New York State Thruway Authority

NYSTPBA	Police Benevolent Association of the New York State Troopers
NYU	New York University
OAG	Office of the Attorney General
OASAS	Office of Addiction Services and Supports
OCFS	Office of Children and Family Services
OFAC	Office of Foreign Assets Control
OMH	Office of Mental Health
OPEB	Other Post-Employment Benefits
OPWDD	Office for People with Developmental Disabilities
ORP	Optional Retirement Program
OSC	Office of the State Comptroller
OTDA	Office of Temporary and Disability Assistance
PAYGO	Pay-As-You-Go
PBA	Police Benevolent Association
PBANYS	Police Benevolent Association of New York State
PBT	Petroleum Business Tax
PEF	Public Employees Federation
PFRS	Police and Fire Retirement System
PHE	Public Health Emergency
PIA	Police Investigators Association
PIGI	Personal Income Growth Index
PILOT	Payments in Lieu of Taxes
PIT	Personal Income Tax
PMT	Payroll Mobility Tax
PPE	Personal Protective Equipment
PPO	Preferred Provider Organization
PPP	Paycheck Protection Program
PS	Personal Service
PSC	Public Service Commission
PTET	Pass-Through Entity Tax
PwC	PricewaterhouseCoopers LLP
QCEW	Quarterly Census of Employment and Wages
RBS	RBS Financial Products Inc. (formally Greenwich Capital Financial Products, Inc.)
RBTF	Revenue Bond Tax Fund
RFP	Request for Proposals
RGGI	Regional Greenhouse Gas Initiative
RHBTF	Retiree Health Benefit Trust Fund
RHY	Runaway Homeless Youth
RSSL	Retirement and Social Security Law
SALT	State and Local Tax
SCB	Standard Chartered Bank
SCB NY	Standard Chartered Bank, New York Branch
SED	State Education Department
SFY	State Fiscal Year (April 1 Through March 31)
SHIN-NY	Statewide Health Information Network for New York
SNAP	Supplemental Nutrition Assistance Program
SOFA	State Office for the Aging
SSI	Supplemental Security Income
STAR	School Tax Relief
STEM	Science, Technology, Engineering, and Math
STIP	Short-Term Investment Pool
SUNY	State University of New York
SY	School Year (July 1 through June 30)
TANF	Temporary Assistance for Needy Families
TAP	Tuition Assistance Program

TCJA	Tax Cuts and Jobs Act of 2017
TRS	Teachers' Retirement System
TY	Tax Year (January 1 Through December 31)
UBS	UBS Securities LLC and UBS Real Estate Securities Inc.
UCS	Unified Court System
UI	Unemployment Insurance
URI	Upstate Revitalization Initiative
U.S.	United States
UUP	United University Professions
VDC	Voluntary Defined Contribution
VLT	Video Lottery Terminal
VOCA	Victims of Crime Act