UPDATE TO ANNUAL INFORMATION STATEMENT

STATE OF NEW YORK

WE ARE NY

March 8, 2023

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INTRODUCTION

This third quarterly update to the Annual Information Statement for FY 2023 (the "AIS Update") is dated March 8, 2023 and contains information only through that date. The Annual Information Statement for FY 2023 dated June 29, 2022 (the "AIS") and this AIS Update constitute the official disclosure regarding the financial condition of the State of New York (the "State"). This AIS Update should be read in its entirety, together with the AIS.

In this AIS Update, readers will find:

1. Information on the State's current financial projections, including summaries and extracts from the Governor's Executive Budget Financial Plan for FY 2024, as amended (the "Updated Financial Plan" or "Updated Executive Budget Financial Plan") issued by the Division of the Budget (DOB) in March 2023. The Updated Financial Plan (which is available on the DOB website, www.budget.ny.gov) includes a summary of third quarter operating results for FY 2023 (quarter ended December 31, 2022) and updates to the State's official financial projections for FY 2023 through FY 2027 (the "Financial Plan period").[1] Except for the specific revisions described in these extracts, the projections (and the assumptions upon which they are based) in the Updated Financial Plan are consistent with the projections set forth in the FY 2023 Enacted Budget Financial Plan (the "Enacted Budget Financial Plan") reflected in the AIS. DOB next expects to update the State's multi-year financial projections with the FY 2024 Enacted Budget Financial Plan.
2. A discussion of issues and risks that may affect the State's financial projections during FY 2023 or in future fiscal years is provided under the heading "Other Matters Affecting the Financial Plan".
3. Information on other subjects relevant to the State's finances, including summaries of: (a) the Generally Accepted Accounting Principles (GAAP)-basis results for the prior three fiscal years, (b) the State's debt and other financing activities, and (c) activities of public authorities and localities.
4. Updated information regarding the State Retirement System.
5. The status of significant litigation that has the potential to adversely affect the State's finances.
6. Financial Plan tables that summarize actual General Fund receipts and disbursements for FY 2022 and projected receipts and disbursements for FY 2023 through FY 2027 on a General Fund, State Operating Funds and All Governmental Funds basis.

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

[1] The State fiscal year is identified by the calendar year in which it ends. For example, fiscal year 2023 ("FY 2023") is the fiscal year that began on April 1, 2022 and will end on March 31, 2023.

During the fiscal year, the Governor, the State Comptroller, State legislators, and others may issue statements or reports that contain predictions, projections, or other information relating to the State's financial position or condition, including potential operating results for the current fiscal year and projected budget gaps for future fiscal years, that may vary materially from the information provided in this AIS Update. Investors and other market participants should, however, refer to this AIS Update, as updated or supplemented, for the most current official information regarding the financial position of the State.

Factors affecting the State's financial condition are numerous and complex. This AIS Update contains "forward-looking statements" relating to future results and economic performance as defined in the Private Securities Litigation Reform Act of 1995. Since many factors may materially affect fiscal and economic conditions in the State, the forecasts, projections, and estimates should not be regarded as a representation that results will not vary. The forward-looking statements contained herein are based on the State's expectations at the time they were prepared and are necessarily dependent upon assumptions, estimates, calculations, and data that it believes are reasonable as of the date made, but that may be incorrect, incomplete or imprecise or not reflective of actual results. Forecasts, projections, and estimates are not intended as representations of fact or guarantees of results. The words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "calculates," "assumes" and analogous expressions are intended to identify forward-looking statements. Any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially and adversely from projections. Such risks and uncertainties include, but are not limited to, general economic and business conditions; natural calamities; foreign hostilities or wars; domestic or foreign terrorism; changes in political, social, economic and environmental conditions, including climate change and extreme weather events; epidemics or pandemics; cybersecurity events; impediments to the implementation of gap-closing actions; regulatory initiatives and compliance with governmental regulations; litigation; Federal tax law changes; actions by the Federal government to reduce or disallow expected aid, including Federal aid authorized or appropriated by Congress, but subject to sequestration, administrative actions, or other actions that would reduce aid to the State; and various other events, conditions and circumstances. Many of these risks and uncertainties are beyond the control of the State. These forward-looking statements are based on the State's expectations as of the date of this AIS Update.

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

OSC issued the State's Basic Financial Statements for FY 2022 and the Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting on July 27, 2022 in accordance with the annual statutory deadline. Copies of this report may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 and on its website at www.osc.state.ny.us. The Basic Financial Statements for FY 2022 can also be accessed through EMMA at www.emma.msrb.org.

Usage Notice

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

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

BUDGETARY AND ACCOUNTING PRACTICES

Significant Budgetary and Accounting Practices

Unless clearly noted otherwise, all financial information is presented on a cash basis of accounting.

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 receipts; State and Federal Capital Projects Funds, which account for costs incurred in the construction, maintenance, and rehabilitation of roads, bridges, prisons, university facilities, and other infrastructure projects; and Debt Service Funds, which account for the payment of principal, interest, and related expenses for debt issued by the State and on the State's behalf by its public authorities.

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

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

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

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

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

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

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

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

Differences may occur from time to time between DOB and OSC's financial reports in presentation and reporting of receipts and disbursements. For example, DOB may reflect a net expenditure amount while OSC may report the gross expenditure. Any such differences in reporting between DOB and OSC could result in differences in the presentation and reporting for total receipts and disbursements under different fund perspectives (e.g., State Operating Funds and All Funds).

FINANCIAL PLAN OVERVIEW

Summary of Revisions to the Executive Budget Financial Plan

On March 1, 2023, as required by law, the Executive and Legislature issued a joint report containing a consensus forecast for the economy and estimate of receipts for the current and upcoming fiscal years. The parties agreed that tax receipts in FY 2023 and FY 2024 are likely to exceed the Executive Budget forecast, as amended, by $800 million. As such, DOB has created an $800 million reserve for this purpose that will be taken into consideration in negotiations to adopt a budget for FY 2024.

On March 3, 2023, Governor Kathy Hochul submitted amendments to the Executive Budget proposal for FY 2024 to the Legislature. The Governor's amendments are not expected to have a material Financial Plan impact.

Based on updated economic data and information, as well as operating results to date, DOB has revised the Executive Budget Financial Plan multi-year receipts forecast. The following table summarizes the net General Fund revisions, excluding Pass-Through Entity Tax (PTET) revisions[2].

GENERAL FUND REVISIONS TO THE EXECUTIVE BUDGET FINANCIAL PLAN
SAVINGS/(COSTS)
(millions of dollars)

	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Total Receipts Revisions[1]	**(1,289)**	**1,236**	**609**	**411**	**317**
PIT	(1,900)	550	170	170	170
Business Tax	245	0	0	0	0
Other Taxes	(6)	(6)	(6)	(6)	0
Non-Tax Receipts	372	692	445	247	147
Transaction Risk Reserve Use/(Deposit)	1,289	(436)	0	0	0
Reserve for Consensus Revenue Forecast	0	(800)	0	0	0
Total Revisions[1]	**0**	**0**	**609**	**411**	**317**

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

The General Fund receipts forecast, excluding PTET related revisions, is reduced by almost $1.3 billion in the current year, followed by upward revisions to projections of $1.2 billion in FY 2024, $609 million in FY 2025, $411 million in FY 2026, and $317 million in FY 2027 compared to the Executive Budget Financial Plan. The FY 2023 and FY 2024 revisions are offset by the Transaction Risk Reserve and the set aside of $800 million consistent with the consensus revenue forecast agreement.

PIT receipts have been revised to reflect higher projected withholding ($550 million in both FY 2023 and FY 2024; $170 million in later years). In FY 2023, the higher withholding is offset by a downward adjustment to estimated extensions ($2.45 billion) for a net reduction totaling $1.9 billion.

[2] PTET is expected to be Financial Plan neutral over the multi-year plan. The Updated Financial Plan includes a reserve created with initial business tax collections to offset PIT credits as they are realized. For additional information see "PTET Financial Plan Impact" in the section titled "General Fund Financial Plan".

Other revisions include higher bank tax collections associated with the resolution of a large audit and growth in investment income consistent with rising interest rates. In addition, the estimate for mobile sports wagering receipts has been increased in all years based on updated collections experience. The additional mobile sports wagering receipts collected in FY 2023 will be transferred to the General Fund beginning in FY 2024 to support education.

The Updated Financial Plan maintains a Transaction Risk Reserve to guard against unexpected declines in receipts or costs related to transaction risk execution. Accordingly, the Transaction Risk Reserve is used to offset the $1.3 billion downward revision to the receipts forecast in the current year. In FY 2024, the Transaction Risk Reserve will be increased by $436 million.

PTET Related Receipts Revisions

In the Executive Budget Financial Plan, the State recognized higher personal income tax collections. However, based on updated information from the Department of Taxation and Finance (DTF), a portion ($2.45 billion) of the higher collections are projected to be due to delayed claims of PTET credits and has been set aside for PTET. Other PTET related revisions include an upward revision to PIT refunds ($1 billion in FY 2023 and $2 billion in FY 2024) to reflect the delayed credits that are expected to be paid at the end of the year and through FY 2024, which is partly offset by revisions to estimated payments and other adjustments totaling $400 million.

In FY 2023, the PTET reserve is increased by $1.85 billion and will be mostly used in FY 2024 to support expected refund payments. The following table summarizes the net PTET revisions.

PTET REVISIONS TO THE EXECUTIVE BUDGET FINANCIAL PLAN
SAVINGS/(COSTS)
(millions of dollars)

	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Total Receipts Revisions	**1,850**	**(1,600)**	**0**	**0**	**(250)**
PIT Reestimate	2,450	0	0	0	0
PIT Refunds/Other	(600)	(1,600)	0	0	(250)
Reserve for Timing of PTET/PIT Credits	**(1,850)**	**1,600**	**0**	**0**	**250**
Total Revisions	**0**	**0**	**0**	**0**	**0**

The Updated Financial Plan has been updated in its entirety for the impact of these forecast revisions. Aside from these changes, the information herein is substantially unchanged from the Initial Executive Budget Financial Plan dated February 1, 2023.

The following table provides key financial measures for FY 2023 and the FY 2024 Financial Plan.

FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES (millions of dollars)	FY 2022 Actuals	FY 2023 Current Estimate	FY 2024 Executive Proposal
State Operating Funds Disbursements			
Size of Budget	$117,404	$122,703	$125,184
Annual Growth	12.7%	4.5%	2.0%
Other Disbursement Measures			
General Fund (Including Transfers)[1]	$88,918	$94,491	$106,933
Annual Growth	20.0%	6.3%	13.2%
Capital Budget (Federal and State)	$14,704	$15,937	$21,423
Annual Growth	19.2%	8.4%	34.4%
Federal Operating Aid	$77,231	$82,924	$80,384
Annual Growth	10.3%	7.4%	-3.1%
All Funds	$209,339	$221,564	$226,991
Annual Growth	12.2%	5.8%	2.4%
Inflation (CPI)	6.2%	7.4%	3.4%
All Funds Receipts			
Taxes[2]	$104,706	$114,672	$110,323
Annual Growth	27.1%	9.5%	-3.8%
Miscellaneous Receipts	$27,932	$28,704	$27,281
Annual Growth	-9.2%	2.8%	-5.0%
Federal Receipts (Operating and Capital)	$95,307	$89,542	$88,492
Annual Growth	22.0%	-6.0%	-1.2%
Total All Funds Receipts[2]	$227,945	$232,918	$226,096
Annual Growth	19.2%	2.2%	-2.9%
General Fund Cash Balance	$33,053	$38,924	$35,706
Economic Uncertainties	$5,665	$13,070	$13,070
Extraordinary Monetary Settlements	$1,837	$1,552	$725
Pandemic Assistance	$2,000	$0	$0
Rainy Day Reserves	$3,319	$6,468	$6,468
Timing of PTET/PIT Credits	$16,430	$10,549	$8,253
All Other	$3,802	$7,285	$7,190
Debt			
Debt Service as % All Funds Receipts[2]	5.2%	3.8%	1.6%
State-Related Debt Outstanding[3]	$61,966	$58,478	$66,693
Debt Outstanding as % Personal Income	4.1%	3.8%	4.3%

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

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

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

Executive Summary

The State's Financial Rebound from COVID-19

In the decade between the Great Recession and the onset of COVID, the New York economy steadily expanded. The State's gross product grew at 4.4 percent annually and total employment increased by nearly 1.4 million. State finances were stable, with State Operating Funds spending increasing at an average annual rate of 2.4 percent. Tax collections, which fund roughly three-quarters of State Operating Funds spending, grew at a yearly average of just under 3.8 percent, reaching a "pre-COVID" peak in FY 2020, rising by nearly 10 percent over FY 2019.

The onset of the COVID pandemic in New York, which coincided with the start of the State's 2021 fiscal year, triggered sweeping public health measures at the State and local levels to slow the spread of the virus. Economic activity slowed dramatically, unemployment spiked, and the State prepared for a prolonged economic downturn. State spending, adjusted for the timing of payments, flattened.

State finances, however, have fared better than expected. In FY 2021, during the acute phase of the pandemic, tax collections declined by just 0.6 percent from FY 2020, bolstered by Federal economic stimulus — and have subsequently soared. In FY 2022, tax collections grew by 27 percent, which is equal to about seven years of typical tax receipts growth compressed into a single year. In FY 2023, collections are expected to increase by nearly 10 percent to total almost $115 billion, or over $32 billion higher than FY 2021 results.[3]

FY 2023 General Fund Surplus

In the Updated Financial Plan, DOB is increasing the current-year estimate for tax receipts by $4.3 billion in comparison to the Mid-Year Update. The increase in tax receipts, combined with $4.4 billion in other, non-tax revisions, including downward revisions to estimated disbursements, leaves a General Fund surplus of $8.7 billion.

As described below, the remarkable surge in tax collections that began last year is expected to peak by the end of FY 2023, as the post-COVID expansion runs its course. Accordingly, the surplus is used to strengthen the State's capacity to weather the projected economic downturn on the horizon. More than half of the surplus will be used to accelerate the deposits to principal reserves that had been planned for FY 2024 ($2.4 billion) and FY 2025 ($2.9 billion), bringing the balance held in principal reserves to more than 15 percent of spending by March 31, 2023 — two years ahead of schedule. An additional $600 million will be used to fund deposits to the Retiree Health Trust Fund that were scheduled in later years, bringing the balance to $1.2 billion. To ensure the State can abide by the limits imposed by the Debt Reform Act, $1 billion will be used to recapitalize the debt reduction reserve. The remaining surplus will be used to prepay expenses and manage future budget gaps.

[3] All the discussions of tax receipts in this summary have been adjusted to exclude the impact of the PTET program.

In October 2021, Governor Hochul committed to building the State's reserves to ensure that it could honor its current commitments through good and bad times. The extraordinary gains in tax receipts have been directed to accomplish that purpose. By the end of FY 2023, the State will have boosted its reserves by over $20 billion since FY 2020. It will have also prepaid over $10 billion in future debt service costs that were due in FY 2024 through FY 2027.

The Post-COVID-19 Expansion is Ending

Yet even as tax receipts continue to show strength in the current year, DOB has downgraded its expectations for the economic outlook twice since the FY 2023 Enacted Budget Financial Plan was published in May 2022, first in the First Quarterly Update to the Financial Plan and again in the Updated Financial Plan. It is now forecasting a mild national recession in calendar year 2023.

At the State level, key economic drivers of tax receipts have been revised sharply downward. Total wage growth is now expected to slow to 2.8 percent in FY 2023 and 2.3 percent in FY 2024, compared to 3.3 percent and 4.3 percent in the May 2022 forecast. Bonus income is expected to decline by 27 percent in FY 2024 from the FY 2022 peak. In comparison, the Enacted Budget forecast called for a 15.5 percent decline in bonus income in FY 2023 followed by growth of 3.5 percent in FY 2024.

Beginning in FY 2024, the weakening economic activity is expected to start becoming apparent in tax collections (which are a lagging indicator of changing economic activity). This is expected to carry through the following years of the Financial Plan, with the most pronounced impact on FY 2025 and FY 2026 operations. General Fund tax receipts, before proposed actions in the FY 2024 Executive Budget, have been reduced by $2.1 billion in FY 2024, $7.4 billion in FY 2025, $7.8 billion in FY 2026, and $5.2 billion in FY 2027 in comparison to the Enacted Budget Financial Plan.

FY 2024 Updated Executive Budget Financial Plan

The Governor introduced the FY 2024 Executive Budget on February 1, 2023 and submitted amendments on March 3, 2023. DOB estimates that the General Fund will be balanced on a cash basis in FY 2024, if the Legislature adopts the Governor's proposal without modification. The FY 2024 Executive Budget fully funds existing commitments, including the third and final year of the Foundation Aid phase-in. By the end of School Year (SY) 2024, Foundation Aid will have increased by $5.7 billion since SY 2021. DOB expects the General Fund to end FY 2024 with a balance of $35.7 billion, with principal reserves intact.

Three of the most pressing issues facing the State at the start of 2023 are addressed in the FY 2024 Executive Budget: the solvency of the Metropolitan Transportation Authority (MTA), the stability of the State's health care system, and the provision of care for thousands of new asylum seekers coming to the State. In response to these challenges, the FY 2024 Executive Budget advances a comprehensive funding plan to put the MTA on stable financial footing. It adds substantial new operating and capital aid for health care and establishes a new commission to examine and recommend reforms to improve quality and reduce costs. It also provides extraordinary funding to local governments that are providing services and assisting with the resettlement process for asylum seekers.

The proposed FY 2024 Executive Budget also funds the initiatives outlined in the Governor's State of the State address. These include expanding mental health inpatient, outpatient, and supportive services (FY 2024: $134 million; FY 2025: $276 million); providing matching funds to increase the State University centers endowments (maximum of $500 million total); giving a monthly discount on electric utility bills for moderate-income customers (FY 2024: $200 million; FY 2025: $50 million); and indexing the minimum wage to inflation and funding the cost for State service providers (FY 2024: $19 million; FY 2025: $63 million).

State Spending

The Updated Financial Plan projects that State Operating Funds spending will total $125.2 billion in FY 2024, an increase of $2.5 billion, or 2 percent, from the current fiscal year.

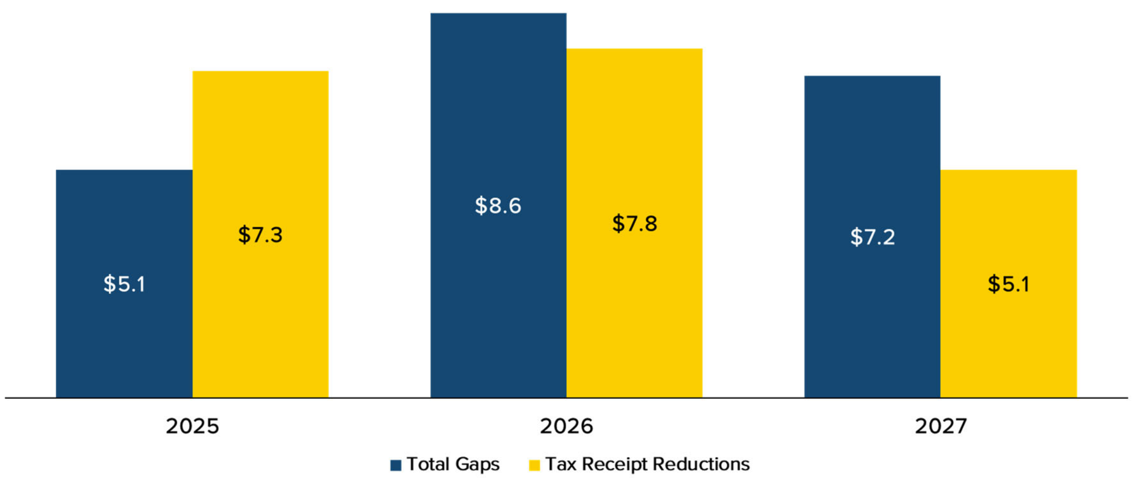
FY 2024 EXECUTIVE BUDGET SPENDING (billions of dollars)

	FY 2023 Updated	FY 2024 Projected	$ Change	% Change
All Funds	**221.6**	**227.0**	**5.4**	**2.4%**
State Operating Funds	**122.7**	**125.2**	**2.5**	**2.0%**
School Aid (School Year Basis)	31.3	34.4	3.1	10.0%
Medicaid	25.8	27.8	2.0	7.7%
Executive Agency Operations	12.3	12.6	0.3	2.4%
All Other	53.3	50.4	-2.9	-5.4%

Outyear Budget Gaps

The Updated Executive Budget Financial Plan projects out-year budget gaps of $5.1 billion in FY 2025, $8.6 billion in FY 2026, and $7.2 billion in FY 2027, a total of roughly $21 billion over three years. The budget gaps that have opened in each year are due principally to the downward revisions in projected tax receipts, which have been lowered by $20 billion (FY 2025 to FY 2027) in comparison to the Enacted Budget Financial Plan. If the FY 2025 Budget is balanced with recurring savings, the projected budget gap for FY 2026 would be $3.5 billion. The projected budget gaps do not reflect the use of any reserves to balance operations.

OUTYEAR BUDGET GAPS AND TAX RECEIPTS REDUCTIONS

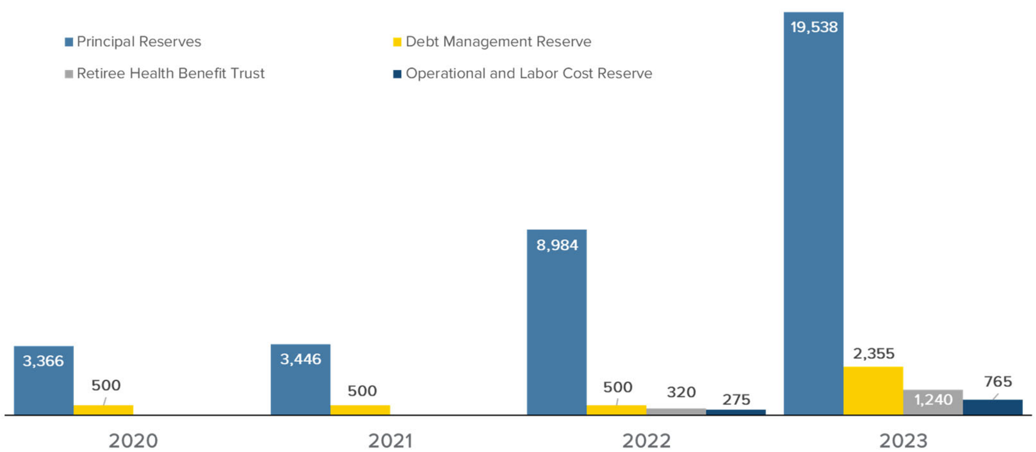


Tax reductions reflect downward revisions since the FY 2023 Enacted Budget Financial Plan (May 2022).

Reserves and Risks

Economic turning points create heightened risks to the Financial Plan. In the two recessions prior to COVID, tax receipts fell more steeply and for a longer period than originally expected. While the DOB forecast is based on reasonable assumptions, the impact of an economic slowdown is highly unpredictable. A second, new risk has been created by the PTET program, which has introduced a high degree of uncertainty in the level and timing of expected PIT tax collections. Lastly, the State is dependent on a range of Federal approvals to implement savings measures and receive reimbursement for costs it has incurred in the first instance. The Updated Financial Plan maintains a reserve for such transaction risks, in addition to the principal reserves and other reserves for specific purposes (e.g., future labor agreements).

$20 BILLION ADDED TO RESERVES SINCE 2020



- *Principal reserves include the statutory Rainy Day Reserves and the informal reserve for economic uncertainties.*
- *The Retiree Health Benefit Trust Fund (RHBTF) is a trust fund for the payment of health benefits of retired employees and their dependents and is not included in the General Fund balance.*
- *Other statutory reserves for dedicated purposes (PTET, pandemic assistance, and undesignated fund balance) are excluded.*

FY 2024 Updated Executive Budget Financial Plan

"Base" Revisions to the Financial Plan

The updated “base” forecast provides the basis for the development of the Governor’s FY 2024 Executive Budget proposal. DOB has made several forecast (“base”) revisions to the Financial Plan estimates in the Mid-Year Update, which are summarized in the following table. The most significant change has been to base tax receipts, which have been reduced in each year of the Financial Plan, starting in FY 2024. The downward revisions are consistent with DOB’s updated economic forecast, which calls for a mild recession in calendar year 2023. Disbursements have been revised for updated operating results and program information. Other changes include revisions to the Reserve for the Timing of PTET/PIT Credits and the addition of an $800 million reserve consistent with the consensus revenue forecast agreement.

FY 2024 EXECUTIVE BUDGET FINANCIAL PLAN
GENERAL FUND REVISIONS TO MID-YEAR ESTIMATES BEFORE PROPOSED EXECUTIVE BUDGET
(millions of dollars)

	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
MID-YEAR UPDATE SURPLUS/(GAP) ESTIMATE	**(148)**	**(3,499)**	**(3,311)**	**(5,988)**
Receipts Revisions	**(1,866)**	**(3,692)**	**(3,554)**	**(432)**
Taxes	(2,978)	(4,388)	(4,065)	(969)
Debt Service	471	192	237	359
Miscellaneous/Federal	600	392	194	94
Transfers from Other Funds	41	112	80	84
Disbursements Revisions	**375**	**57**	**(72)**	**(767)**
Local Assistance	59	(125)	(219)	(808)
Agency Operations	447	386	354	282
Transfers to Other Funds	(131)	(204)	(207)	(241)
Use of/(Deposit to) Reserves	**1,853**	**321**	**(481)**	**1,722**
Rainy Day	0	0	0	0
Tax Stabilization	0	0	0	0
Contingency	0	0	0	0
Community Projects	0	0	0	0
Other	1,853	321	(481)	1,722
UPDATED "BASE" BUDGET SURPLUS/(GAP) ESTIMATE	**214**	**(6,813)**	**(7,418)**	**(5,465)**

The Governor's Executive Budget Proposal

The Governor’s Updated Executive Budget Financial Plan for FY 2024 is balanced in the General Fund, and State Operating Funds spending grows by 2 percent.

The FY 2024 Executive Budget funds initiatives and investments for a range of essential services including the health care system, MTA and local governments. It also funds the initiatives outlined in the Governor’s State of the State address, including investments in mental health, housing, public safety, and additional funding for SUNY.

In addition, State operations funding is increased for essential services. Lastly, new capital commitments proposed in the budget are funded not only with bonds but also with cash resources, to ensure that the State’s debt burden remains affordable.

The following table summarizes the impact of the FY 2024 Executive Budget proposals on General Fund operations, starting with the updated "base" estimates. The base is followed by a summary of the significant actions, with an emphasis on the projected fiscal impact for FY 2024.

FY 2024 EXECUTIVE BUDGET FINANCIAL PLAN (millions of dollars)	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
UPDATED "BASE" BUDGET SURPLUS/(GAP) ESTIMATE	**214**	**(6,813)**	**(7,418)**	**(5,465)**
Receipts	**833**	**627**	**763**	**252**
Tax Receipts	(57)	669	853	408
Debt Service	(7)	(33)	(79)	(146)
Payment of Future Debt Service	900	0	0	0
Other Receipts/Transfers	(3)	(9)	(11)	(10)
Disbursements	**(2,644)**	**(2,363)**	**(2,486)**	**(2,490)**
Local Assistance	(1,330)	(1,444)	(1,901)	(1,960)
Education	84	87	80	80
Medicaid	(1,673)	(769)	(1,396)	(1,360)
eFMAP extension through Dec. 31, 2023	1,248	0	0	0
Asylum Seekers Services and Assistance	(944)	(355)	0	0
Minimum Wage Indexing	(14)	(51)	(86)	(131)
MHSF/Local Share Adjustment	738	178	82	77
Mental Hygiene	(65)	(142)	(171)	(193)
Public Health/Aging	(9)	(14)	(14)	(14)
Social Services/Housing	60	(70)	(68)	(78)
Environment/Energy	(203)	(50)	(50)	(50)
Higher Education	(48)	(77)	(92)	(114)
Public Safety	(107)	(89)	(89)	(89)
Transportation	(349)	(51)	(51)	(47)
All Other	(49)	(41)	(47)	(42)
Agency Operations, including GSCs	(1,014)	(667)	(123)	(260)
Executive Agency Operations	(413)	(490)	(452)	(445)
Asylum Seekers Services and Assistance	(162)	0	0	0
Minimum Wage Indexing	(5)	(12)	(17)	(17)
State Police Recruiting Classes	(67)	(46)	(47)	(48)
SUNY Endowment Funding	(375)	(125)	0	0
Legislature/Judiciary (incl. fringe benefits)	(38)	(38)	(38)	(38)
Accelerate Retiree Health Reserve Deposits	0	0	375	225
Fringe Benefits/Fixed Costs	46	44	56	63
Transfers to Other Funds	(300)	(252)	(462)	(270)
Capital Projects	(192)	(154)	(368)	(161)
SUNY Operating	(113)	(103)	(99)	(114)
All Other	5	5	5	5
Use of/(Deposit to) Reserves	**1,597**	**3,470**	**544**	**544**
Accelerate Principal Reserve Deposits	2,448	2,926	0	0
Manage Prior/Current Year Surplus	(851)	544	544	544
EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE	**0**	**(5,079)**	**(8,597)**	**(7,159)**

Receipts

The FY 2024 Executive Budget proposes the following tax law changes with significant Financial Plan impacts:

- **Corporate Franchise Tax Rates.** The FY 2024 Executive Budget extends through Tax Year 2026 the tax rates on the business income base for Article 9-A filers with business income tax bases over $5 million, as well as reinstates the capital base tax rate for certain taxpayers.

- **Tobacco Tax Increase/Flavor Ban.** To reduce tobacco use, especially among young people, the FY 2024 Executive Budget proposes expanding the State's ban on the sale of flavored vaping products by prohibiting the sale of all flavored tobacco products and increasing the cigarette tax from $4.35 to $5.35 per pack. These actions are expected to reduce cigarette tax receipts that flow to both the General Fund and HCRA.

- **Other Tax Revenue Actions.** The FY 2024 Executive Budget proposes various extensions, enforcement initiatives and reforms including the proposed extension of credits for historic property rehabilitation, NYC musical arts, and farmers, as well as a new credit for child care expansion.

Debt Service. Costs reflect the financing of new capital initiatives included in the FY 2024 Executive Budget. The Updated Financial Plan also includes $900 million of additional debt service prepayments in FY 2023 that reduce debt service costs in FY 2024.

Other Receipts/Transfers. The Updated Financial Plan also includes reductions to certain planned transfers due to the availability of revenues in other funds that are earmarked to support new investments.

Disbursements

Local Assistance

School Aid. The Updated Executive Budget Financial Plan recommends $34.4 billion in State aid to schools for school year (SY) 2024, an increase of $3.1 billion (10.0 percent). Including Federal prekindergarten expansion grants, schools will receive $34.5 billion. This growth primarily reflects a $2.7 billion (12.8 percent) Foundation Aid increase, including a minimum 3 percent annual increase to fully funded districts that would otherwise not receive a Foundation Aid increase under current law. The growth in Foundation Aid largely reflects the full funding of the current formula for the first time in its 17-year history, marking the final year of the three-year phase-in. Additionally, a High-Impact Tutoring Set-Aside of $250 million within Foundation Aid directs support to students struggling to recover from pandemic-related learning loss. In addition to the Foundation Aid increase, School Aid growth includes a $232 million increase in expense-based aids and a $125 million increase in State-funded full-day prekindergarten programming for four-year-old children.

Medicaid Global Cap. Global Cap spending growth in FY 2024 is estimated at $1.4 billion. The Global Cap index has been revised based on updated Centers for Medicare & Medicaid Services (CMS) annual projections of health care spending. The revised rates allow additional Medicaid spending growth above the Mid-Year Financial Plan forecast of $224 million in FY 2023 and $475 million in FY 2024, growing to $754 million in FY 2027.

Medicaid spending is currently projected to exceed the cap by $454 million in FY 2026 and $526 million in FY 2027. The higher cost is mainly attributable to higher-than-expected enrollment, utilization and spending trends.

The FY 2024 Executive Budget proposes several investments in health care, including increasing and/or adding Medicaid reimbursement for hospitals, nursing homes and assisted living providers, primary care, school-based health centers, transportation services, and additional types of mental health providers in community health centers. In addition, the Updated Financial Plan includes savings beginning April 1, 2023 due to the transition of the prescription drug program for all Medicaid members enrolled in Mainstream Managed Care to the State run Medicaid Pharmacy Program. With this transition, New York State will pay pharmacies directly for drugs and supplies on behalf of Medicaid members. Transitioning the pharmacy benefit from Managed Care to Medicaid Fee-for-Service will result in significant savings to the State, most of which will be reinvested back into healthcare. Other proposals include expanding the Medicaid Buy-in program so more disabled persons can continue to work without the risk of losing health benefits and supporting critical primary and preventative care for Medicaid enrollees that will help improve population health and reduce preventable hospitalizations and emergency room visits.

To maintain spending within the Global Cap, several proposals to reduce or offset costs are advanced in the FY 2024 Executive Budget. Most notably, the State expects to utilize the entirety of Affordable Care Act (ACA) Enhanced Federal Medical Assistance Percentage (eFMAP) savings to offset growth in Medicaid costs borne by the State rather than counties ($624 million). Other savings proposals include shifting pregnancy coverage to the Essential Plan (EP) ($53 million in FY 2024 and $210 million annually thereafter); and aligning the timing of expanded coverage for certain groups with the Federal waiver submission ($172 million).

eFMAP Extension. The Federal FY 2023 Omnibus Appropriations bill included an extension of eFMAP through the end of the 2023 calendar year. Beginning April 1, 2023, eFMAP will be reduced over the next three quarters: 5 percent through June 30, 2.5 percent through September 30, and 1.5 percent through December 31. The Financial Plan previously reflected eFMAP through March 31, 2023.

Asylum Seekers Services and Assistance. The FY 2024 Executive Budget provides support to asylum seekers in New York City, including shelter cost reimbursement.

Minimum Wage Indexing. The FY 2024 Executive Budget proposes indexing New York's minimum wage to inflation to benefit hundreds of thousands of minimum wage workers across New York State and assist them to meet the rising cost of living, which results in increased State assistance to mental hygiene, health care and social services providers supported by the State.

Mental Health. Proposed actions for the Office of Mental Health (OMH) include investments across the continuum of care for mental health and continued support for community-based services, including residential programs. Specifically, this includes establishing and operating 3,500 new residential units for people with mental illness, including 1,500 Supportive Housing beds, 900 transitional step-down beds, 600 licensed apartment treatment beds and 500 community residence-single room occupancy (CR-SRO) beds. Outpatient mental health services throughout the State will be significantly expanded by funding twelve new Comprehensive Psychiatric Emergency Programs; 42 new Assertive Community Treatment teams; 26 new Certified Community Behavioral Health Clinics, including an Indigent Care Program to ensure providers are reimbursed for care; eight new Safe Options Support teams; the expansion of the Critical Time Intervention (CTI) initiative started in 2022; 42 new Health Home Plus Care Managers; and start-up funding and operating costs for expanded clinic capacity at 20 sites. The FY 2024 Executive Budget also expands mental health services for children and families, enhances suicide prevention programs, strengthens supportive housing programs, and supports the 2.5 percent Cost of Living Adjustment (COLA) for voluntary operated providers.

Public Health/Aging. The FY 2024 Executive Budget adds funding for respite care for high-need family caregivers and expands access to home care aides for lower income older adults.

Social Services/Housing. The FY 2024 Executive Budget provides funding to ensure continuity in the level of childcare subsidies, expands eligibility for child care subsidies to more families, and creates an Employer-Supported Child Care Pilot Program to provide new financial support for child care. Other significant increases include investments in permanency resource centers and kinship services, consolidating afterschool program funding in the Office of Children and Family Services (OCFS), assisting foster care agencies with Federal provisions as they relate to Institutions for Mental Disease (IMD), and establishing the Planning Assistance Fund to support local governments in achieving new home targets pursuant to the New York Housing Compact. These investments are offset by making permanent the restructured financing approach for residential school placements of children with special needs outside New York City and utilization of Mortgage Insurance Fund (MIF) resources to fund housing and homelessness programs.

Environment/Energy. The FY 2024 Executive Budget includes funding to expand the Energy Affordability Program to consumers who have not been previously eligible. The program will provide income-eligible customers with a discount on their monthly electric and/or gas bills ($200 million in FY 2024 and $50 million thereafter).

Higher Education. The FY 2024 Executive Budget adds $40 million in recurring annual operating support for City University of New York (CUNY) campuses starting in Academic Year 2024 and provides additional funding in FY 2024 to help cover student tuition costs.

Public Safety. The FY 2024 Executive Budget includes increased support for Prosecutors, Alternatives to Incarceration (ATI), the Gun Involved Violence Elimination (GIVE) program, re-entry services, and pretrial services. The Budget also includes funding to combat the flow of fentanyl, including the establishment of an Anti-Fentanyl Innovation Grant, as well as support to hire additional crime and data analysts focused on fentanyl distribution and deaths.

Transportation. The FY 2024 Executive Budget proposes one-time State assistance to the MTA to address extraordinary revenue impacts caused by the pandemic ($300 million) and increases to upstate transit operating aid to match the year to year increase in on-budget, traditional MTA aid. Other initiatives include $24 million annually for operating costs of the Gateway Development Commission and $2 million to begin funding an Innovative Mobility Initiative for non-MTA systems.

All Other Local Assistance. The FY 2024 Executive Budget includes increased funding for various other programs and initiatives including recurring assistance to the City of Albany ($15 million), the Liberty Defense Project and the Office of New Americans, and various programs administered by the Empire State Development Corporation.

Agency Operations

Agency Operations. The growth in executive agency budgets reflects funding to meet critical service needs, as well as efforts to assess lead risks and support lead abatement in housing across the State and modernize health reporting systems. In addition, funding is included to support consulting costs associated with development of Section 1115 Medicaid demonstration waivers that have allowed the State to implement a managed care program that provides comprehensive and coordinated health care to Medicaid patients. Increased funding for agency operations also supports inpatient beds in State-operated Psychiatric Centers, expanded State Police community stabilization units, enhanced parole supervisions programs, investments in information technology including the Joint Security Operations Center, and geographical wage adjustments.

Asylum Seekers Services and Assistance. The Division of Military and Naval Affairs (DMNA) has deployed national guard servicemembers to various hotels, homeless shelters, and emergency sites throughout New York City to implement, administer, and effectuate the provision of services.

State Police Recruiting Class. Increased funding will support two additional State Police recruiting classes in FY 2024, for a total of four planned classes.

SUNY Endowment Funding. The State will provide $1 in State funds (up to $500 million) for every $2 in private contributions to endowments for SUNY's four university centers: Buffalo, Binghamton, Albany, and Stony Brook. The endowment funds are expected to be used to provide long-term support for campus operations, student scholarships, research, endowed professorships, and the development of new academic fields.

Legislature/Judiciary. The FY 2024 Executive Budget reflects budget requests submitted by the Legislature and Judiciary. The Judiciary requested increases in annual operating spending to fund expected hiring, three planned Court Officer Academy classes, the addition of 34 new Judgeships, and collective bargaining increases expected to be implemented by March 2023. Spending increases for the Legislature are mainly driven by personnel costs for legislative staff, as well as anticipated increases for the recently approved increase in member salaries.

Accelerate Deposits to the RHBTF. In FY 2022, the State made its first deposit to the RHBTF, which was created in FY 2018 to reserve money for the payment of health benefits of retired employees and their dependents. The reserves establish an asset against the State's post-employment health insurance liability. The Updated Financial Plan reflects making deposits that were planned in later years of the Financial Plan in FY 2023.

Fringe Benefits/Fixed Costs. The Judiciary Budget includes lower pension estimates offset by increased health insurance costs.

The FY 2024 Executive Budget also includes proposed legislation again this year that would align interest rates paid on court judgements by public and private entities to the rate permitted for civil money judgments recovered in Federal district court. Since the early 1980s, the interest rate on judgments and accrued claims has been set at 9 percent. Payment of a prevailing market rate is expected to help ensure that neither party in a lawsuit is disadvantaged by an interest rate that is above or below what otherwise could be earned while cases are being adjudicated. This proposal will provide relief for local governments and lower State taxpayer costs by millions of dollars.

Transfer to Other Funds

Capital Projects. The FY 2024 Executive Budget proposes investments to expand housing capacity, outpatient mental health services, facilitate digital transformation across the SUNY system, invest in new and renovated research buildings, laboratories, and state-of-the art instrumentation at SUNY Flagship institutions, improve capital facilities through the SUNY and CUNY systems and various economic development projects. The FY 2024 Executive Budget also funds the DMV transformation initiative and geographic pay increases for DOT maintenance staff.

SUNY Operations. The FY 2024 Executive Budget includes $75 million in State aid to SUNY in Academic Year 2024 ($56 million in FY 2024) for transformational initiatives at campuses that support innovation, help meet workforce needs, and provide student support. This funding commitment will disburse over a two-year period. In addition, the Updated Financial Plan provides $60 million ($45 million in FY 2024) in new recurring general operating support for SUNY campuses and provides additional funding in FY 2024 to help cover student tuition costs.

Reserve Changes

The previously planned deposits to principal reserves in FY 2024 ($2.4 billion) and FY 2025 ($2.9 billion) will be accelerated and completed in the current year (FY 2023). In addition, the projected available surpluses in FY 2023 ($782 million) and FY 2024 ($851 million) will be carried forward and used to lower the projected outyear budget gaps.

Other Financial Plan Highlights

Reserve Increases

Principal Reserves[4]. The Updated Financial Plan reflects completing the remaining $10.6 billion of planned deposits and set asides to principal reserves two years ahead of schedule. By the end of FY 2023, the balance in principal reserves is expected to be just over $19.5 billion, an amount that maintains 15 percent of projected FY 2025 State Operating Funds disbursements as proposed in the FY 2023 Executive Budget.

The following table shows the completed and planned deposits to principal reserves.

FY 2024 EXECUTIVE BUDGET "PRINCIPAL" RESERVES (millions of dollars)				
	FY 2022	FY 2023	FY 2024	FY 2025
Planned Deposits (Uses)	**5,018**	**10,554**	**0**	**0**
Rainy Day Reserves	843	3,149	0	0
Economic Uncertainties	4,175	7,405	0	0
Balance At Year-End	**8,984**	**19,538**	**19,538**	**19,538**
Rainy Day Reserves	3,319	6,468	6,468	6,468
Economic Uncertainties	5,665	13,070	13,070	13,070
Estimated SOF Spending	**117,404**	**122,703**	**125,184**	**131,496**
Principal Reserves % SOF	*8%*	*16%*	*16%*	*15%*

The FY 2024 Executive Budget includes legislation to increase the amount the State is permitted to set aside in statutory reserves by increasing the maximum allowable balance for the Rainy Day Reserve from 15 percent to 20 percent, and the maximum annual deposit from 3 percent to 10 percent, of State Operating Funds spending. In addition, the calculation would be based on the spending projection included in the Enacted Budget Financial Plan. The allocation of principal reserves may be adjusted in future updates consistent with the allowable balance and deposit authorization for the Rainy Day Reserve.

Debt Reduction Reserve Fund. To ensure the State can abide by the limits imposed by the Debt Reform Act, $1 billion will be used to recapitalize the debt reduction reserve.

RHBTF. The Updated Financial Plan reflects accelerating a $600 million deposit in FY 2023, from FY 2026 and FY 2027, increasing the reserve to $1.2 billion by the end of FY 2023. The deposit is consistent with the statutory limit of 1.5 percent of the actuarial accrued liability.

[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.

Cash Position

DOB expects that the General Fund will have sufficient liquidity in FY 2024 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.

Debt Service

Debt service spending consists of the payment of principal, interest, and related expenses on State-supported debt. Prepayments executed in prior years, 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 remain flat in FY 2024 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 2023	FY 2024	FY 2025	FY 2026	FY 2027
Base Debt Service	**6,666**	**6,653**	**7,415**	**7,818**	**8,273**
Total Prepayment Adjustment	**1,825**	**(3,155)**	**(3,145)**	**(2,380)**	**(2,860)**
Prior Prepayments	(700)	(700)	(700)	0	0
FY 2022 Prepayment	(375)	(1,555)	(1,695)	(1,630)	(2,360)
FY 2023 Prepayment (FY23 Enacted Add)	2,000	0	(750)	(750)	(500)
FY 2023 Prepayment (FY24 Executive Add)	900	(900)	0	0	0
Executive Budget State Debt Service	**8,491**	**3,498**	**4,270**	**5,438**	**5,413**

General Fund Financial Plan

General Fund receipts are affected by the deposit of dedicated taxes in other funds for debt service and other purposes, the transfer of balances between funds of the State, and other factors. Three significant factors affect reported General Fund tax receipts, as described below.

First, changes in debt service on State-supported revenue bonds affect General Fund tax receipts. The State utilizes bonding programs where tax receipts are deposited into dedicated debt service funds (outside the General Fund) and used to make debt service payments. After satisfying debt service requirements for these bonding programs, the balance is transferred to the General Fund.

Second, the STAR program is funded from PIT receipts, with changes in the State-supported cost of the program affecting reported PIT receipts.

Lastly, beginning in FY 2022, the PTET program began affecting reported General Fund tax collections. In FY 2022, the State collected $16.4 billion in PTET payments through business tax receipts. In FY 2023, it expects to continue to collect PTET and pay PIT credits connected with the program for tax years 2021 and 2022. The General Fund reserved the entire amount of PTET collections received in FY 2022 and will use a portion of that balance to cover the difference between PTET collections and related PIT refunds in FY 2023 and beyond. 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.

Updated FY 2023 Financial Plan

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

GENERAL FUND FINANCIAL PLAN
(millions of dollars)

	FY 2022 Actuals	FY 2023 Projected	Annual Change Dollar	Annual Change Percent
Opening Fund Balance	**9,161**	**33,053**	**23,892**	**260.8%**
Total Receipts	**112,810**	**100,362**	**(12,448)**	**-11.0%**
Receipts (Excluding PTET)	96,380	106,243	9,863	10.2%
Taxes	85,301	99,017	13,716	16.1%
Miscellaneous Receipts	2,325	3,032	707	30.4%
Federal Receipts	4,500	2,350	(2,150)	-47.8%
Non-Tax Transfers from Other Funds	4,254	1,844	(2,410)	-56.7%
PTET Receipts	16,430	(5,881)	(22,311)	-135.8%
PIT Credits	0	(18,829)	(18,829)	0.0%
Business Taxes	16,430	12,948	(3,482)	-21.2%
Total Disbursements	**88,918**	**94,491**	**5,573**	**6.3%**
Local Assistance	58,384	64,472	6,088	10.4%
State Operations	20,721	21,853	1,132	5.5%
Transfers to Other Funds	9,813	8,166	(1,647)	-16.8%
Net Change in Operations	**23,892**	**5,871**	**(18,021)**	**-75.4%**
Closing Fund Balance	**33,053**	**38,924**	**5,871**	**17.8%**
Statutory Reserves:				
Community Projects	26	21	(5)	
Contingency	21	21	0	
Rainy Day[1]	3,319	6,468	3,149	
Fund Balance Reserved for:				
Debt Management	500	2,355	1,855	
Economic Uncertainties	5,665	13,070	7,405	
Labor Settlements/Agency Operations	275	765	490	
Pandemic Assistance	2,000	0	(2,000)	
Undesignated Fund Balance	2,980	4,123	1,143	
Subtotal Excluding Settlements/PTET	**14,786**	**26,823**	**12,037**	
Fund Balance Reserved for:				
Extraordinary Monetary Settlements	1,837	1,552	(285)	
Timing of PTET/PIT Credits	16,430	10,549	(5,881)	

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

Receipts

General Fund receipts, including transfers but excluding PTET, are expected to total $106.2 billion in FY 2023, an increase of $9.9 billion (10.2 percent) over FY 2022.

Tax receipts, excluding the impact of PTET, but including transfers after payment of debt service, are estimated to total $99.0 billion in FY 2023, an increase of $13.7 billion (16.1 percent) from FY 2022. The increase reflects projected growth in tax receipts and the impact of prepayments of future debt service costs. Excluding the prepayments, tax receipts are estimated to increase by 9.8 percent from FY 2022.

PIT receipts, excluding PTET and debt prepayments, are estimated to total $70.1 billion in FY 2023, an increase of $6.3 billion (9.9 percent) from FY 2022 reflecting underlying growth in collections. The actual and planned prepayments of debt service due in future years reduce reported PIT receipts in the fiscal year in which the payments are made and increase PIT receipts in the fiscal years in which the debt service was originally scheduled to be paid. Debt prepayments reduce General Fund PIT receipts by $4.3 billion and $1.8 billion in FY 2022 and FY 2023, respectively and increase PIT receipts in FY 2024 by $3.2 billion.

Consumption/use tax receipts, including transfers after payment of debt service on Sales Tax Revenue Bonds, are estimated to total $17.2 billion in FY 2023, an increase of $569 million (3.4 percent) from FY 2022. This includes the impact of the prepayment of debt service in FY 2022, which reduces receipts by $2.25 billion. Base sales tax growth is estimated at 10.6 percent in FY 2023 and is offset by the drop in tax revenue attributable to the temporary suspension of the State sales tax on gasoline and diesel motor fuel from June 1, 2022 to December 31, 2022 and estimated declines in cigarette and tobacco tax collections.

Business tax receipts, excluding PTET, are estimated at $10.2 billion in FY 2023, an increase of $1.8 billion (20.8 percent) from FY 2022. The increase is primarily attributable to an increase in Corporate Franchise Tax (CFT) gross receipts and audit receipts. FY 2023 includes the first prepayment affected by 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 $3.2 billion in FY 2023, an increase of $357 million from FY 2022. This is primarily due to the receipt of multiple super-large estate tax payments of more than $100 million.

Miscellaneous receipts are projected to increase by $707 million from FY 2022 primarily driven by higher investment income receipts. The State used $4.5 billion from ARP recovery aid in FY 2022 and plans to use another $2.4 billion from American Rescue Plan Act of 2021 (ARP) recovery aid in FY 2023 to fund eligible expenditures, including essential governmental services.

Non-tax transfers in FY 2023 includes a Transaction Risk Reserve that offsets total projected transfers from other funds and provides a hedge against risks to receipts that may materialize later in the fiscal year or in FY 2024. The Transaction Risk Reserve totals $1.8 billion in FY 2023, after adjustments made herein and the movement of $1 billion to the reserve for Debt Management. Excluding the risk reserve, total non-tax transfers are estimated at $3.6 billion in FY 2023, a decrease of $623 million from FY 2022 due to the transfer of a large Tribal State Compact Fund receipt in FY 2022.

Disbursements

General Fund disbursements, including transfers to other funds, are expected to total $94.5 billion in FY 2023, an increase of $5.6 billion (6.3 percent) from FY 2022. The growth in spending is attributable to initiatives and investments in nearly all major programs, including health care, School Aid, mental hygiene, social services, one-time bonus payments to health care/direct care workers, and recovery assistance to individuals and small businesses.

Local assistance spending is estimated at $64.5 billion in FY 2023, an increase of $6.1 billion from FY 2022. In FY 2023, healthcare and direct care workers earning less than $125,000 will receive a State-funded bonus payment of up to $3,000 at an estimated cost of $1.3 billion. School Aid and Medicaid, the largest local programs, are projected to increase spending by a combined $4.0 billion in FY 2023. School Aid is estimated to increase by nearly $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 $3.1 billion, reflecting the updated method for calculating allowable spending growth under the Global Cap, increased costs related to minimum wage and funding of the local share of program growth.

Other areas with significant growth include the Office of Temporary and Disability Assistance (OTDA) ($1.2 billion) driven by rental assistance and homeless housing services; funding for backlogged Child Welfare Services claims ($796 million), mental hygiene ($196 million) for expanded services, increased capacity, and a 5.4 percent human services COLA; special education and other education programs ($255 million) driven by increased special education provider tuition rates and enrollment growth for such programs, charter school supplemental tuition reimbursement and aid to nonpublic schools; utility arrears assistance ($250 million); public health and aging ($200 million); public protection and safety ($73 million); and other programs including child care, housing, and economic development.

Agency operations costs, including fringe benefits, are expected to total $21.9 billion in FY 2023, an increase of $1.1 billion from FY 2022. The annual change is partly driven by several nonrecurring transactions processed in FY 2022, including the funding of $2.2 billion of eligible payroll costs, including fringe benefits, from the Coronavirus Relief Fund (CRF), which lowered FY 2022 spending. The lower spending in FY 2022 is partly offset by the ongoing purchase of COVID-19 test kits, payment of retroactive salary increases, and the transfer of additional funds to RHBTF, including the acceleration of deposits previously planned in FYs 2025 and 2026 to FY 2023 ($600 million). In addition, FY 2023 spending includes an offset of $800 million for expected Federal Emergency Management Agency (FEMA) reimbursement that lowers spending. Excluding these nonrecurring transactions, operational costs are projected to increase in FY 2023 due to rising energy and commodity prices and negotiated general salary increases.

General Fund transfers to Other Funds are projected to total $8.2 billion in FY 2023, a decrease of $1.6 billion from FY 2022. Transfers for capital projects are expected to decline by $2.4 billion reflecting the timing of bond reimbursements and a $931 million transfer to the MTA accelerated from FY 2023 to March 2022 and are partly offset by higher transfers for SUNY ($122 million) and all other transfers ($656 million) mainly for health care, indigent legal services and transportation and transit support.

FY 2023 Closing Balance

Excluding the PTET[5] reserve for the timing of PTET/PIT credits and the reserve for extraordinary monetary settlements to fund existing commitments and projects, DOB estimates the General Fund will end FY 2023 with a balance of $26.8 billion, an increase of $12.0 billion over FY 2022.

Principal reserves are expected to increase by $10.6 billion -- $3.1 billion in statutory Rainy Day Reserves and $7.4 billion set aside for economic uncertainties. This includes the acceleration of planned deposits totaling $5.3 billion from FY 2024 and FY 2025 that will be deposited in FY 2023. The reserves for debt management and labor settlements increase by $2.3 billion. The balance available for all other purposes is expected to decline due to funding of new commitments, including pandemic relief and recovery assistance, offset by resources available for FY 2024 operations.

[5] 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.

FY 2024 Updated Executive Budget Financial Plan

The following table summarizes the projected annual change in General Fund receipts, disbursements, and fund balances from FY 2023 to FY 2024.

GENERAL FUND FINANCIAL PLAN
(millions of dollars)

	FY 2023 Projected	FY 2024 Projected	Annual Change: Dollar	Annual Change: Percent
Opening Fund Balance	**33,053**	**38,924**	**5,871**	**17.8%**
Total Receipts	**100,362**	**103,715**	**3,353**	**3.3%**
Receipts (Excluding PTET)	106,243	106,011	(232)	-0.2%
Taxes	99,017	99,417	400	0.4%
Miscellaneous Receipts	3,032	2,401	(631)	-20.8%
Federal Receipts	2,350	2,250	(100)	-4.3%
Non-Tax Transfers from Other Funds	1,844	1,943	99	5.4%
PTET Receipts	(5,881)	(2,296)	3,585	61.0%
PIT Credits	(18,829)	(13,756)	5,073	26.9%
Business Taxes	12,948	11,460	(1,488)	-11.5%
Total Disbursements	**94,491**	**106,933**	**12,442**	**13.2%**
Local Assistance	64,472	73,262	8,790	13.6%
State Operations	21,853	23,317	1,464	6.7%
Transfers to Other Funds	8,166	10,354	2,188	26.8%
Net Change in Operations	**5,871**	**(3,218)**	**(9,089)**	**-154.8%**
Closing Fund Balance	**38,924**	**35,706**	**(3,218)**	**-8.3%**
Statutory Reserves:				
Community Projects	21	18	(3)	
Contingency	21	21	0	
Rainy Day[1]	6,468	6,468	0	
Fund Balance Reserved for:				
Consensus Revenue	0	800	800	
Debt Management	2,355	2,436	81	
Economic Uncertainties	13,070	13,070	0	
Labor Settlements/Agency Operations	765	1,765	1,000	
Undesignated Fund Balance	4,123	2,150	(1,973)	
Subtotal Excluding Settlements/PTET	**26,823**	**26,728**	**(95)**	
Fund Balance Reserved for:				
Extraordinary Monetary Settlements	1,552	725	(827)	
Timing of PTET/PIT Credits	10,549	8,253	(2,296)	

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

Receipts

General Fund receipts, including transfers from other funds, are estimated to total $103.7 billion in FY 2024, an increase of $3.4 billion (3.3 percent) from FY 2023. Excluding the impact of the PTET program, total receipts are projected to decrease by $232 million (0.2 percent) from FY 2023.

Tax receipts, excluding the impact of PTET and debt prepayments, but including transfers after payment of debt service, are estimated to total $96.3 billion in FY 2024, a decrease of $4.6 billion (4.5 percent) from FY 2023. The decrease reflects the effects of a mild recession on PIT revenues, in addition to declines in CFT receipts and estate tax receipts. Including the prepayments described above, tax receipts are estimated to increase by $400 million from FY 2023.

PIT receipts, excluding PTET and debt prepayments, but including transfers after payment of debt service, are estimated to total $66.7 billion in FY 2024, a decrease of $3.4 billion (4.9 percent) from FY 2023. The decrease reflects reduced extension payments for tax year 2022 driven by a strong decline in nonwage income, coupled with declines in final returns and delinquencies, offset by a decrease in total refunds primarily attributable to the expiration of the 2022 homeowner tax rebate credit.

Consumption/use tax receipts, including transfers after payment of debt service on Sales Tax Revenue Bonds, are estimated to total $18.4 billion in FY 2024, an increase of $1.2 billion (6.8 percent) from FY 2023. This increase reflects moderate growth in the sales tax base (2.9 percent), including the expiration of the temporary suspension of the State sales tax on gasoline and diesel motor fuel on December 31, 2022.

Business tax receipts, excluding PTET, are estimated at $8.8 billion in FY 2024, a decrease of $1.4 billion (14.0 percent) from FY 2023. The decrease primarily reflects a decrease in CFT gross receipts, reflecting a projected decline in corporate profits, and a decrease in audit receipts to recent trend levels.

Other tax receipts, including transfers after payment of debt service on CW/CA Bonds, are expected to total $2.4 billion in FY 2024, a decrease of $889 million from FY 2023. This is primarily due to a decline in the real estate transfer tax and the estate tax returning to typical trends following record receipt collections in FY 2023.

Miscellaneous receipts are projected to decline by over $600 million from FY 2023 due to high investment income receipts in FY 2023.

Non-tax transfers are estimated to total $1.9 billion in FY 2024, an increase of $99 million from FY 2023. The modest change is mainly attributable to increases in transfers from the Health Care Transformation and Mental Health Services funds and is almost fully offset by an increase in the Transaction Risk Reserve compared to FY 2023.

Disbursements

General Fund disbursements, including transfers to other funds, are expected to total $106.9 billion in FY 2024, an increase of $12.4 billion (13.2 percent) from FY 2023. The annual change in spending is affected by the expected expiration of the eFMAP at the end of the third quarter of FY 2024. The higher Federal matching rate has temporarily lowered State-share spending and increased the Federal share of Medicaid costs.

Local assistance spending is estimated to total $73.3 billion in FY 2024, an increase of $8.8 billion from FY 2023. General Fund spending for education and health care represents most of the local assistance spending. General Fund support for these programs is affected by the level of financing sources (i.e., HCRA and lottery/gaming receipts) available in other funds, as well as the impact of eFMAP. School Aid is estimated to increase by $3.2 billion (12.6 percent) on a State fiscal year basis, primarily reflecting the final year of the phase-in of full funding of the current Foundation Aid formula, a $125 million investment in State-funded full day prekindergarten programming for four-year old children and assumed growth in expense-based aids.

Medicaid spending is projected to grow by $2.3 billion due to investments in health care, offset by savings resulting from the transition of the pharmacy benefit from Managed Care to Medicaid Fee-for-Service, the phase down of the eFMAP extension through December 31, 2023, and actions to maintain spending within the Global Cap. Additional local assistance growth is primarily a result of additional assistance to the MTA to address operating shortfalls, initiatives and investments to improve mental health care services, access to affordable housing, additional support for public safety initiatives, wage increases, and one-time funding to support asylum seekers services and assistance in New York City. Partially offsetting these increases are one-time funding for Child welfare services and pandemic recovery initiatives. Lastly, General Fund local assistance has been reduced in the current year based on operating results to date and other information.

General Fund agency operations costs, including fringe benefits, are expected to total $23.3 billion in FY 2024, an increase of $1.5 billion from FY 2023. The growth in executive agency budgets reflects efforts to assess lead risks and support lead abatement for housing across the State, modernize health reporting systems, conduct additional State Police recruiting classes, provide State matching funds for contributions to the endowments for SUNY’s four university centers, and increase inpatient beds in State-operated Psychiatric Centers. Additionally, the cost of deploying the National Guard to assist New York City, providing care for asylum seekers, and consulting costs associated with development of Section 1115 Medicaid demonstration waivers increase spending in FY 2024. Fringe benefit costs are expected to increase in FY 2024 primarily due to the increased costs of providing health insurance and pension benefits to current and retired employees.

General Fund transfers to Other Funds are projected to total $10.4 billion in FY 2024, an increase of $2.2 billion from FY 2023, mainly attributable to transfers for capital projects reflecting an increase in planned PAYGO capital spending and increased transfers to SUNY for transformational initiatives at campuses that support innovation, help meet workforce needs, and provide student support.

FY 2024 Closing Balance

Excluding the PTET[6] reserve for the timing of PTET/PIT credits and the reserve for extraordinary monetary settlements to fund existing commitments and projects, DOB projects the State will end FY 2024 with a General Fund cash balance of $26.7 billion, a decrease of $95 million from FY 2023. The reserves for debt management and labor settlements are projected to increase by just over $1 billion. The balance available for all other purposes is expected to decline due to the use of prior year resources to fund certain commitments and operations in FY 2024, partially offset by the addition of an $800 million reserve consistent with the consensus revenue agreement.

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

Cash Flow

State Finance Law authorizes the General Fund to borrow money temporarily from available funds held in the Short-Term Investment Pool (STIP). Loans to the General Fund are limited to a term not to exceed four months or the end of the fiscal year, whichever is shorter. The resources that can be borrowed by the General Fund are limited to available balances in STIP, as determined by the State Comptroller. Available balances include money in the State's governmental funds and a relatively small amount of other money belonging to the State, held in internal service and enterprise funds, as well as certain agency funds. Several accounts in Debt Service Funds and Capital Projects Funds that are part of All Governmental Funds are excluded from the balances deemed available in STIP. These excluded funds consist of bond proceeds and money obligated for debt service payments.

The FY 2024 Executive Budget continues to authorize short-term financing for liquidity purposes during the fiscal year. In doing so, it provides a tool to help the State manage cashflow, if needed, and more effectively deploy resources as the State continues to respond to the pandemic. Specifically, the authorization allows for the issuance of up to $3 billion of PIT revenue anticipation notes which mature no later than March 31, 2024. It also allows the State to obtain up to $2 billion in line of credit facilities, which may be drawn through March 31, 2024 subject to available appropriation. Neither authorization allows borrowed amounts to be extended or refinanced beyond their initial maturity. The Updated Financial Plan does not assume the use of short-term financing for liquidity purposes during FY 2024. 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 2024 PROJECTED MONTH-END CASH BALANCES (millions of dollars)			
	General Fund	Other Funds	All Funds
April 2023	46,447	20,749	67,196
May 2023	40,471	20,152	60,623
June 2023	43,053	21,694	64,747
July 2023	42,763	21,643	64,406
August 2023	41,453	22,014	63,467
September 2023	45,466	20,110	65,576
October 2023	42,903	20,280	63,183
November 2023	39,807	19,795	59,602
December 2023	43,383	20,694	64,077
January 2024	45,728	20,697	66,425
February 2024	43,200	21,910	65,110
March 2024	35,706	20,263	55,969

PTET Financial Plan Impact

The U.S. Department of the Treasury (Treasury) and the Internal Revenue Service (IRS) have determined that State and local income taxes imposed on and paid by a partnership or an S corporation on its income, such as the PTET, are allowable as a Federal deduction to taxable income. In November 2020, the IRS released Notice 2020-75, which announced that the Treasury and IRS intend to issue clarifying regulations with respect to such pass-through taxes.

As part of the State's continuing response to Federal tax law changes, legislation was enacted in FY 2022 to allow an optional PTET on the New York-sourced income of partnerships and S corporations. Qualifying entities that elect to pay PTET will pay a tax of up to 10.9 percent on their taxable income at the partnership or corporation level, and their individual partners, members and shareholders will receive a refundable PIT credit equal to the proportionate or pro rata share of taxes paid by the electing entity. Additionally, the program includes a resident tax credit that allows for reciprocity with other states that have implemented substantially similar taxes, which currently include Connecticut and New Jersey.

In December 2021, electing entities began making estimated PTET payments that were classified as business taxes and totaled $16.4 billion in FY 2022. The accompanying tax credits result in decreased PIT collections beginning in April 2022. DOB expects that the PTET will, on a multi-year basis, be revenue neutral for the State. However, because the PTET credits are not necessarily realized by taxpayers within the same fiscal year that PTET revenue is received by the State, the PTET will not be revenue-neutral to the State within each fiscal year. The Updated Financial Plan includes an estimate for PTET within business taxes and the corresponding decrease in PIT receipts. Additionally, it has reserved PTET collected in FY 2022 for purposes of offsetting the decrease in PIT receipts expected in FY 2023 and beyond. It is expected that the tax benefit accompanying the PTET program will end in 2025 due to the scheduled expiration of the State and Local Tax (SALT) cap under current Federal law. Therefore, the estimates in the Updated Financial Plan reflect the likelihood that entities cease to participate in the later years of the Financial Plan period.

PTET is expected to reduce FY 2023 PIT collections by $18.8 billion and reduce all funds receipts by a net amount of $5.9 billion, due to timing. PIT credits may be claimed on the April tax return in the following fiscal year, or they can be reflected sooner through reductions in current estimated payments. In 2021, taxpayers could not reduce their current estimated PIT payments for PTET, because enrollment in the PTET was not completed until late 2021 and affected taxpayers were not statutorily authorized to do so. Going forward, some taxpayers are expected to choose this option. FY 2023 PIT collections are expected to be reduced by credits for both the majority 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 net impact of PTET declines in FY 2024 but is expected to reduce FY 2024 PIT collections by $13.8 billion and reduce all funds receipts by a net amount of $2.3 billion.

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

FY 2024 EXECUTIVE BUDGET
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	(5,881)	(2,296)	(219)	(2,280)	(5,754)
PIT Credits	0	(18,829)	(13,756)	(11,429)	(10,805)	(4,551)
PTET Collections (Business Taxes)	16,430	12,948	11,460	11,210	8,525	(1,203)
Use of/(Deposit to) Reserve for PTET Refunds	(16,430)	5,881	2,296	219	2,280	5,754

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

FY 2023 State Operating Funds Spending

STATE OPERATING FUNDS DISBURSEMENTS FY 2023 TO FY 2024 (millions of dollars)				
	FY 2023 Projected	FY 2024 Projected	Annual Change $	Annual Change %
LOCAL ASSISTANCE	**83,271**	**89,417**	**6,146**	**7.4%**
School Aid (School Year Basis)	31,250	34,386	3,136	10.0%
DOH Medicaid	25,423	27,300	1,877	7.4%
Mental Hygiene (Gross)[1]	5,367	5,887	520	9.7%
Transportation	4,572	5,216	644	14.1%
Social Services	5,122	4,388	(734)	-14.3%
Higher Education	2,947	3,091	144	4.9%
Other Education	2,447	2,522	75	3.1%
All Other[2]	6,143	6,627	484	7.9%
STATE OPERATIONS/GENERAL STATE CHARGES	**30,941**	**32,269**	**1,328**	**4.3%**
State Operations	20,913	22,259	1,346	6.4%
Executive Agencies	12,315	12,611	296	2.4%
University Systems	6,611	7,186	575	8.7%
Elected Officials	2,787	2,887	100	3.6%
FEMA Eligible Costs/(Reimbursement)	(800)	(425)	375	46.9%
General State Charges	10,028	10,010	(18)	-0.2%
Pension Contribution	2,087	2,287	200	9.6%
Health Insurance	5,922	5,551	(371)	-6.3%
Other Fringe Benefits/Fixed Costs	2,019	2,172	153	7.6%
DEBT SERVICE	**8,491**	**3,498**	**(4,993)**	**-58.8%**
TOTAL STATE OPERATING FUNDS	**122,703**	**125,184**	**2,481**	**2.0%**
Capital Projects (State and Federal Funds)	**15,937**	**21,423**	**5,486**	**34.4%**
Federal Operating Aid	**82,924**	**80,384**	**(2,540)**	**-3.1%**
TOTAL ALL GOVERNMENTAL FUNDS	**221,564**	**226,991**	**5,427**	**2.4%**

[1] Reflects mental hygiene spending with no adjustments for costs reported under the Medicaid Global Cap and/or OPWDD-related local share expenses that will be funded outside of the DOH Global Cap.

[2] All Other includes spending for certain recovery initiatives; reclassifications between financial plan categories; a reconciliation between school year and State fiscal year spending for School Aid; reconciliation for the net impact of the Mental Hygiene Stabilization Fund and OPWDD Local Share Adjustments related to the Medicaid Global Cap 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.

Over the past two years, local assistance funding has included a significant amount of spending for pandemic recovery initiatives, which support time-limited programs including the Emergency Rental Assistance Program (ERAP), the 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. Most of the one-time assistance is expected to be exhausted in FY 2023.

School Aid spending for School Year (SY) 2024 is estimated at $34.4 billion, excluding Federal prekindergarten grants, representing an annual increase of $3.1 billion (10.0 percent). This annual growth is primarily driven by increased funding for Foundation Aid ($2.7 billion), expense-based reimbursement programs ($232 million), and the expansion of State-funded full-day prekindergarten programming for four-year-old children ($125 million). The growth in Foundation Aid reflects the full funding of the current formula for the first time in its history, marking the final year of the three-year phase-in, and a minimum 3 percent annual increase to fully funded districts that would otherwise not receive a Foundation Aid increase under current law.

Department of Health (DOH) Medicaid local assistance spending, excluding eFMAP, is estimated at $27.3 billion in FY 2024, an annual increase of 7.4 percent. Medicaid costs reported under the Global Cap are projected to increase by $475 million, consistent with the updated growth index. The increased funding will support growth in enrollment and medical cost inflation, increased rates to nursing homes, increased homecare wages, expanded access to health coverage, and higher provider reimbursements. The remaining growth is attributable to costs reported outside the Global Cap and is mainly driven by minimum wage for health care providers ($188 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 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 affected by the Federal government's increased share of Medicaid funding through eFMAP. Beginning January 1, 2020, the Federal government increased its share by 6.2 percent, which will be phased out by the end of the 2023 calendar year. Beginning April 1, 2023, eFMAP will be reduced for each of the three quarters to 5 percent through June 30, 2.5 percent through September 30, and 1.5 percent through December 31. The estimated State benefit of the eFMAP in FY 2023 and FY 2024 is $3.7 billion and $1.5 billion, respectively. State share savings from eFMAP have and continue to be used to offset increased costs associated with persistently elevated COVID related enrollment, asylum seekers services and assistance, and lost MRT II savings due to Federal restrictions regarding program restructuring while the eFMAP remained in place. These costs and most of the eFMAP are outside of the Global Cap and are funded through the Mental Hygiene Stabilization Fund.

Mental Hygiene spending growth provides increased support for targeted investments in services to ensure individuals with developmental disabilities, mental illness, substance use disorders and problem gambling have appropriate access to care. The increases include continued support for prior year initiatives, such as implementation of the nationwide 988 Suicide and Crisis Lifeline, OPWDD housing subsidy enhancements, and Office of Mental Health (OMH) residential investments. Additional funding is included for a 2.5 percent human services COLA, new costs associated with indexing the minimum wage to inflation, establishing and operating 3,500 new OMH residential units, increased support for youth suicide prevention programs and other evidence-based programs serving children, and enhanced mental health services in schools.

Spending for transportation is projected to increase significantly due to one-time funding to the MTA to address extraordinary financial impacts resulting from the pandemic ($300 million), increases to upstate transit operating aid and forecasted increases in dedicated receipts that are collected by the State and remitted to the various transit systems. Including one-time aid, total year to year increases are expected to provide an additional $560 million to the MTA, $40 million for non-MTA downstate transit systems, and $18 million for upstate transit systems. The remaining increases reflect a new Innovative Mobility Initiative for non-MTA transit systems and funding for the State share of operating costs for the Gateway Development Commission.

Social Services increases include funding for services and assistance to New York City for asylum seekers in FY 2024 and increases in child care assistance due to an expanded subsidy eligibility, increased reimbursement for child care providers and their workforce, and the creation of an Employer-Supported Child Care Pilot Program. Other Social Services actions include investments in permanency resource centers and kinship services, the consolidation of the Empire State and Advantage Afterschool programs under OCFS, assistance for foster care agencies transitioning under Federal requirements, and the indexing of the minimum wage. There is also increased funding for Code Blue, New York's emergency weather safety plan, and increases in the Empire State Supportive Housing Initiative (ESSHI). Payments for the child welfare program will continue to support local districts' services and the year-to-year decline in such spending is attributable to the timing of such payments.

Higher education spending is projected to grow by 4.9 percent in FY 2024, primarily reflecting estimated increases in spending for student financial aid programs, including the continued expansion of TAP for part-time students, and increased operating support for CUNY senior colleges.

Increased funding for other education programs largely reflects the continuation of increased State support for special education programs related to approval of an 11 percent COLA for provider tuition rates for SY 2023 and enrollment growth for such programs, as well as increased costs to reimburse school districts for charter school supplemental tuition and increased payments to New York City for charter school facilities aid. These increases are partially offset by the discontinuation of one-time additions to the FY 2023 Enacted Budget.

Other local assistance spending growth includes additional funding for energy affordability; criminal justice programs including Aid to Prosecution, Alternatives to Incarceration (ATI) and Gun Involved Violence Elimination (GIVE) programs; pretrial services; and Fentanyl abuse prevention. This increased spending is more than offset by time-limited pandemic recovery initiatives including small business assistance, public utility arrears assistance, and one time funding for the Office of Cannabis Management Social Equity Fund and world university games.

State Operations/General State Charges (GSCs)

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

Operational spending for executive agencies is affected by the timing of Federal reimbursement for State incurred pandemic response and recovery efforts; and the payment of salary increases pursuant to existing contracts, including retroactive salary increases. FY 2024 spending includes increased spending to support asylum seekers services and assistance efforts, four State Police recruiting classes, lead abatement, and the opening of new inpatient beds in State-operated Psychiatric Centers.

University systems spending growth in FY 2024 reflects expected State payments related to the establishment of a $500 million SUNY Endowment Fund to match new philanthropic contributions to the endowments of SUNY's university centers. Among other purposes, the earnings on these funds will provide long-term support for campus operations, student scholarships, endowed professorships, innovative research, and the development of new academic fields. It also includes a one-time investment of $75 million for transformational initiatives at SUNY campuses that support innovation, help meet the workforce needs of the future, and provide needed supports to students. In addition, the Updated Financial Plan includes $60 million in new recurring operating aid support for SUNY State-operated campuses and $21 million in additional funding to help cover student tuition costs in response to proposed tuition changes at SUNY campuses.

The operating costs for the offices of independently elected officials (Attorney General, Comptroller, Judiciary, and Legislature) are projected to increase by a combined $100 million (3.6 percent). The increase is primarily due to planned increases for personnel and contract costs.

Growth in GSCs spending is primarily attributable to cost increases for health insurance, driven by medical cost inflation and projected utilization growth following delayed medical visits and procedures during the pandemic, and pension benefits for current and retired employees. This annual growth is entirely offset by the advance payment to the State's Retiree Health Insurance Trust Fund of $600 million in FY 2023. The State's annual pension payment is projected to grow by $200 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 Updated Financial Plan. The emphasis is on risks to the Updated Financial Plan, but the section includes other information intended to provide context for understanding the State's financial operations more broadly. This section includes information on the following topics:

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

The Updated Financial Plan is subject to economic, social, financial, political, public health, and environmental risks and uncertainties, many of which are outside the ability of the State to predict or control. The projections of receipts and disbursements in the Updated Financial Plan are based on reasonable assumptions at the time they were prepared, but DOB is unable to provide any assurance that actual results will not differ materially and adversely from these projections.

The Updated Financial Plan is based on numerous assumptions including the condition of the State and national economies, and the collection of economically sensitive tax receipts in the amounts projected. Uncertainties and risks that may affect economic and receipts forecasts include, but are not limited to, national and international events; inflation; consumer confidence; commodity prices; supply chain disruptions; major terrorist events; hostilities or war; climate change and extreme weather events; severe epidemic or pandemic events; cybersecurity events; Federal funding laws and regulations; financial sector compensation; monetary policy affecting interest rates and the financial markets; credit rating agency actions; financial and real estate market developments which may adversely affect bonus income and capital gains realizations; technology industry developments and employment; effect of household debt on consumer spending and State tax collections; and outcomes of litigation and other claims affecting the State.

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

The Updated Financial Plan is subject to various uncertainties and contingencies including, but not limited to, wage and benefit increases for State employees that exceed projected annual costs; changes in the size of the State's workforce; realization of the projected rate of return for pension fund asset assumptions with respect to wages for State employees affecting the State's required pension fund contributions; the willingness and ability of the Federal government to provide the aid projected in the Updated Financial Plan, including the Federal matching grant for the healthcare/direct care worker bonus program; the ability of the State to implement cost reduction initiatives, including reductions in State agency operations, and the success with which the State controls expenditures; unanticipated growth in Medicaid program costs; and the ability of the State and its public authorities to issue securities successfully in public credit markets. Some of these issues are described in more detail herein. The projections and assumptions contained in the Updated Financial Plan are subject to revisions which may result in substantial changes. No assurance can be given that these estimates and projections, which depend in part upon actions the State expects to be taken but which are not within the State's control, will be realized.

DOB routinely executes cash management actions to manage the State's large and complex budget. These actions are intended to improve the State's cash flow, manage resources within and across State fiscal years, adhere to spending targets, and better position the State to address unanticipated costs, including economic downturns, revenue deterioration, and unplanned expenditures. In recent years, the State has prepaid certain payments, subject to available resources, to maintain budget flexibility.

Financial Projections and Management

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to, reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid; delays in or suspension of capital maintenance and construction; extraordinary financing of operating expenses; and use of non-recurring resources. In some cases, the ability of the State to implement such actions requires the approval of the Legislature and cannot be implemented solely by the Governor.

The Updated Financial Plan forecast assumes various transactions will occur as planned including, but not limited to, receipt of certain payments from public authorities; receipt of revenue sharing payments under the Tribal-State Compacts; receipt of Federal COVID-19 emergency assistance and other Federal aid as projected; receipt of miscellaneous revenues at the levels set forth in the Updated Financial Plan; and achievement of cost-saving measures including, but not limited to, transfer of available fund balances to the General Fund at levels currently projected and Federal approvals necessary to implement the Medicaid savings actions. Such assumptions, if they were not to materialize, could adversely impact the Updated Financial Plan in the current year or future years, or both.

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

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

Climate Change

Overview

Climate change poses significant long-term threats to physical, biological, and economic systems in New York and around the world. Potential hazards and risks related to climate change for the State include, among other things, rising sea levels, increased coastal flooding and related erosion hazards, intensifying storms, and more extreme heat. The potential effects of climate change could adversely impact the Updated Financial Plan in current or future years. To mitigate and manage these impacts, significant long-term planning and investments by the Federal government, the State, municipalities, and public utilities are expected to be needed to adapt existing infrastructure.

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

Consequences of Climate Change

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

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

Rating agencies are incorporating Environmental, Social, and Governance (ESG) factors into their credit analysis for the State and other issuers. Rising sea levels and their effect on coastal infrastructure have been identified as the primary climate risks for the northeastern United States, including New York State. These risks are heightened by population and critical infrastructure concentration in coastal counties. In June 2021, Moody’s first assigned New York State an environmental issuer profile score of E-3 (moderately negative), below the nationwide median score of E-2 (neutral to low). The E-3 score reflected Moody’s assessment that the State faces moderately negative exposure to physical climate risks, especially hurricanes and sea level rise, which could cause significant economic disruption and pose risks to the State’s economy and tax base. In March 2022, S&P assigned New York State an environmental issuer profile score of E-3 (moderately negative) due to the risk of coastal flooding in New York City and Long Island, which S&P equates to risk exposure affecting about 40 percent of the State’s population and roughly half of its jobs. The S&P report cited the risk that a climate-related natural disaster could disrupt the State’s economy and budgetary balance. The release of issuer ESG scores by the rating agencies does not cause a change in the State’s overall credit ratings, which are based on financial information in addition to the ESG component. Climate change risks increasingly fall within the maximum maturity term of current outstanding bonds of the State, its public authorities, and municipalities. State bonds may generally be issued with a term of up to 30 years under State statute.

State Response to Climate Change

The State is participating in efforts to reduce greenhouse gas emissions to mitigate the risk of severe impacts from climate change. In 2019, the Climate Leadership and Community Protection Act (CLCPA) was signed into law. The CLCPA set the State on a path toward developing regulations to reduce statewide greenhouse gas emissions by 40 percent below the 1990 level by 2030, and 85 percent below the 1990 level by 2050. Additionally, in accordance with the CLCPA, the State plans to generate a minimum of 70 percent of electricity from renewable sources by 2030 and to fully transition its electricity sector away from carbon emissions by 2040. There can be no assurances that such goals will ultimately be achieved.

The CLCPA created the Climate Action Council (CAC), which was tasked with developing a Scoping Plan with recommendations to reduce greenhouse gas emissions, increase renewable energy usage, and promote climate justice. The CAC approved and adopted the final Scoping Plan on December 19, 2022. Pursuant to the CLCPA, by January 1, 2024 the Department of Environmental Conservation is required to draft and circulate enforceable rules and regulations that are consistent with meeting the CLCPA's statewide greenhouse gas emission limits.

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

- Requiring new off-road vehicles and equipment sold in New York to be zero-emissions by 2035 and new medium-duty and heavy-duty vehicles to be zero-emissions by 2045;

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

- Mandating that by no later than July 1, 2027, school districts and private transportation contractors purchase or lease only zero-emission school buses when purchasing or leasing new school buses, with full fleet conversion and operation of zero-emission school buses required by July 1, 2035;

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

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

- Amending the Clean Energy Standard to reflect CLCPA targets.

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

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

COVID-19 Pandemic

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

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

The COVID-19 pandemic also led some New York residents to shelter in locations outside of the State. In addition, some taxpayers who previously resided in New York have permanently relocated outside of the State during the pandemic. The State continues to monitor the data to understand whether these trends are transitory.

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

Federal Policy and Funding

Overview

The Federal government influences the economy and budget of New York State through grants, direct spending on its own programs such as Medicare and Social Security, and through Federal tax policy. Federal policymakers may place conditions on grants, mandate certain state actions, preempt state laws, change SALT bases and taxpayer behavior through tax policies, and influence industries through regulatory action. Federal resources support vital services such as health care, education, and transportation, as well as severe weather and emergency response and recovery. Any changes to Federal policy or funding levels could have a materially adverse impact on the Updated Financial Plan.

Federal funding is a significant component of New York's budget representing more than one-third of All Funds spending. Routine Federal aid supports programs for vulnerable populations and those living at or near the poverty level. Such programs include Medicaid, Temporary Assistance for Needy Families (TANF), Elementary and Secondary Education Act (ESEA) Title I grants, and Individuals with Disabilities Education Act (IDEA) grants. Other Federal resources are directed at infrastructure and public protection.

In response to the COVID-19 PHE, the Federal government has taken legislative, administrative, and Federal Reserve actions intended to stabilize financial markets, extend aid to large and small businesses, health care providers, and individuals, and reimburse governments for the direct costs of pandemic response. The Federal government enacted several laws between March 2020 and March 2021 to provide financial assistance to state and local governments, schools, hospitals, transit systems, businesses, families and individuals for COVID-19 pandemic response and recovery. The State also received additional Federal aid in the form of enhanced Unemployment Insurance funding, which is reported under Proprietary and Fiduciary Funds and is excluded from All Governmental Funds. A summary of the Federal legislation is provided later in this section.

Total Federal Funds spending for all purposes, inclusive of both capital and operating spending, is expected to total $83.9 billion in FY 2024 and includes $11 billion in spending identified as pandemic assistance. The reporting of certain program spending related to the pandemic is included in the agency disbursements, the largest of which include Disproportionate Share Hospital (DSH), CHP, eFMAP, IDEA, and the TANF Pandemic Emergency Fund. Federal Funds spending estimated in FY 2024 continues to include significant pandemic assistance funds for education, eFMAP related to the extension of the COVID eFMAP phase down, and Home 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 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
DISBURSEMENTS					
Medicaid	47,191	49,586	48,923	51,135	52,484
Health	8,657	9,426	10,575	11,109	11,494
Social Welfare	4,477	4,545	4,699	4,702	4,703
Education	3,941	3,940	3,857	3,857	3,857
Public Protection	1,327	1,301	1,305	1,337	1,303
Transportation	2,271	2,495	2,696	2,825	2,888
All Other[1]	1,714	1,608	1,603	1,607	1,628
Pandemic Assistance[2]	16,426	11,019	3,648	134	69
Child Care Funds	966	445	0	0	0
Education ARP Funds	2,864	3,491	2,454	0	0
FFCRA/COVID eFMAP, including local passthrough	4,441	1,826	0	0	0
ARP HCBS eFMAP	975	1,462	0	0	0
Coronavirus Relief Fund (CRF)	0	0	0	0	0
Education Supplemental Appropriations Act	2,196	1,353	0	0	0
Lost Wages Assistance	0	0	0	0	0
Emergency Rental Assistance Program (ERAP)	602	325	0	0	0
Education CARES Act Funds	267	0	0	0	0
SUNY State-Operated Campuses Federal Stimulus	278	0	0	0	0
FEMA Reimbursement of Eligible Pandemic Expenses	800	425	225	0	0
FEMA Local Pass-Through Funding	1,452	1,250	750	0	0
Coronavirus Local Fiscal Recovery Fund Non-Entitlement Pass-Through	387	0	0	0	0
Homeowner Assistance Program	465	0	0	0	0
Home Energy Assistance Program	335	0	0	0	0
Coronavirus Capital Projects Fund	69	69	69	69	69
State Small Business Credit Initiative	279	223	0	0	0
FHWA Surface Transportation Block Grant	50	150	150	65	0
Total Disbursements	**86,004**	**83,920**	**77,307**	**76,706**	**78,426**

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

[2] Pandemic Assistance excludes $12.7 billion in State aid provided through the American Rescue Plan Act, as this funding is reflected as a receipt to Federal Funds and transfer to the General Fund.

- **Medicaid/Health.** Funding shared by the Federal government helps support health care costs for over 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 EP, which provides health care coverage for low-income individuals who do not qualify for Medicaid or CHP.

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

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

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

- **Transportation.** Federal resources support infrastructure investments in highway and transit systems throughout the State, including funding participation in ongoing transportation capital plans. The recently enacted Infrastructure Investment and Jobs Act (P.L. 117-58) increases the amount of Federal resources available to the State to fund capital costs associated with transportation projects.

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

Pandemic Assistance

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

- **Families First Coronavirus Response Act (FFCRA)/COVID eFMAP.** In response to the COVID-19 pandemic, the Federal government increased its share of Medicaid funding (eFMAP) by 6.2 percent for each calendar quarter occurring during the PHE. The enhanced funding began on January 1, 2020, and pursuant to the 2023 Consolidated Appropriations Act signed into law on December 29, 2022, will be phased out by the end of December 2023: eFMAP will be reduced to 5 percent from April 1, 2023 through June 30, 2023, to 2.5 percent from July 1, 2023 through September 30, 2023, and to 1.5 percent from October 1, 2023 through December 31, 2023. The Updated Executive Budget Financial Plan projects a benefit to the State of $3.7 billion in FY 2023 and $1.5 billion in FY 2024 through this enhanced Federal funding.

- **ARP HCBS eFMAP.** The ARP also provided a temporary 10 percentage point increase to the FMAP for certain Medicaid HCBS through March 31, 2022. In accordance with Maintenance of Effort requirements on ARP HCBS eFMAP eligibility, the State has delayed the implementation of certain Medicaid Redesign Team II (MRT II) savings actions so that the State can receive an estimated $2.4 billion in eFMAP for HCBS expenditures across health and mental hygiene programs ($975 million in FY 2023 and $1.5 billion in FY 2024). CMS guidelines require the use of additional funding to supplement existing State funding, not supplant existing resources, and the State has until March 31, 2024 to expend its earned eFMAP in accordance with the submitted spending plan.

  The State, as required by CMS, submitted an initial spending plan and narrative detailing the use of the temporary eFMAP on July 8, 2021. Following, the initial submission, CMS requires states to submit quarterly spending plan updates and semi-annual spending plan narratives. Accordingly, the State submitted spending plans on October 18, 2021, February 15, 2022, May 6, 2022, July 28, 2022, October 31, 2022, and February 7, 2023. Updates to the spending plan will continue to be submitted in accordance with the reporting requirements. To date, CMS provided a partial spending plan approval of 40 out of 42 proposals, and the State will continue working with CMS to receive full approval.

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

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

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

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

- **FEMA Reimbursement of Eligible Pandemic Expenses.** The State has applied for FEMA reimbursement for expenses incurred to date related to emergency protective measures due to the COVID-19 pandemic, including home test kits for schools. The Updated Financial Plan assumes reimbursement of $800 million in FY 2023, $425 million in FY 2024, and $225 million in FY 2025. However, there is no assurance that FEMA will approve claims for the State to receive reimbursement in the amounts or State fiscal years as projected in the Updated Financial Plan.

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

- **Coronavirus Local Fiscal Recovery Fund Non-Entitlement Pass-Through.** The ARP requires states to pass-through the allocations to non-entitlement cities, towns, and villages. The State distributed $387 million to local governments in FY 2022 and distributed an additional $387 million to local governments in FY 2023, for a total of $774 million overall.

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

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

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

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

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

Federal Coronavirus Response Legislation and Action

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

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

FEDERAL PANDEMIC ASSISTANCE LEGISLATION AND ACTION
(millions of dollars)

Bill/Source	Total Funds Available	Funding Flowing through the Financial Plan
CARES Act	221,163	8,219
Families First Coronavirus Response Act (FFCRA)	84,219	19,150
American Rescue Plan (ARP) Act of 2021	25,307	7,405
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act of 2021	18,588	14,398
FEMA Lost Wage Assistance	4,120	4,120
Paycheck Protection Program and Health Care Enhancement Act	1,556	0
Coronavirus Preparedness and Response Supplemental Appropriations (CPRSA) Act of 2020	65	0
Total	**355,018**	**53,292**

- **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. Beginning January 1, 2023, the Consolidated Appropriations Act delinks the eFMAP from the PHE and provides for a phase-out of enhanced funding over nine months.

- **ARP Act of 2021** provides aid for Federal agencies, individuals, businesses, states and localities, and others, to respond to the COVID-19 pandemic. The ARP has provided the State with $12.75 billion in general aid ("recovery aid") and $19.2 billion in categorical aid for schools, universities, childcare, housing, and other purposes. The ARP also provides $10 billion in recovery aid to localities in New York State and $7 billion directly to the MTA. The State aid provided through the ARP is included in the Updated Financial Plan as a deposit of Federal aid to the General Fund to offset revenue loss, ensure the continuation of essential services and assistance provided by government, and assist with the PHE response and recovery efforts. These funds are expected to be transferred to State Funds over multiple years to support eligible uses and spending.

  Finally, the ARP established a Capital Projects Fund to provide funding to states, territories, and Tribal governments to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the PHE. The State has also been allocated $345 million from the Coronavirus Capital Projects Fund.

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

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

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

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

In addition, the pandemic has resulted in a significant increase in individuals filing for unemployment benefits. Such benefits are paid from the Unemployment Insurance (UI) Trust Fund, which is supported by employer contributions. If there are insufficient resources in the UI Trust Fund to pay benefits, as became the case starting in May 2020, the UI Trust Fund may borrow from the Federal government for this purpose. As of December 31, 2022, the UI Trust Fund's Federal loan balance was approximately $7.97 billion. The balance in the UI Trust Fund is expected to be repaid by employers through UI contribution rates.

Federal Infrastructure Investment and Jobs Act (IIJA)

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

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

Federal Inflation Reduction Act (IRA) of 2022

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

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

Federal Risks

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

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

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

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

During the public comment period, DOH received 358 written comment submissions and heard from 75 speakers at the three public hearings. DOH has worked with partner agencies to review and evaluate the approximately 1,800 comments received and incorporated feedback from stakeholders where possible and appropriate. DOH formally submitted the final waiver amendment application on September 2, 2022. CMS deemed the application submission complete on September 15, 2022, and the Federal public comment period ended on October 19, 2022, during which 298 unique comments were submitted via the Medicaid.gov portal.

After submission to CMS, the review and approval process can take several months or longer. However, DOH is actively working with CMS to achieve an approval as expeditiously as possible. DOH plans to begin the five-year waiver demonstration period upon approval from CMS. Program implementation will begin once the amendment, or components of the amendment, is approved and special terms and conditions are received from CMS.

Healthcare/Direct Care Worker Bonus. The Updated Financial Plan assumes that the State will receive Federal approval for Federal matching funds for the State program to provide bonus payments to eligible healthcare and direct care workers earning less than $125,000. However, there is considerable risk that CMS may not approve all the Federal matching funds for the bonus payments. In the event the Federal matching funds are not approved as assumed, the General Fund would incur unbudgeted costs of up to $1.3 billion over FY 2024 and FY 2025.

The State has submitted the application for reimbursement to CMS, and CMS responded on December 6, 2022 seeking additional information. The State responded on February 15, 2023, after which CMS has an additional 90 days (May 15, 2023) to respond.

In the interim, the State advanced the anticipated Federal share of the bonus payments for claims received to date (approximately $680 million). DOB estimates the Federal share for the entire bonus program to be approximately $1.3 billion.

Federal Debt Limit

On January 19, 2023 the U.S. reached its debt limit, and the Treasury Secretary subsequently announced that the Treasury would begin extraordinary cash management measures. The Treasury Secretary further indicated that "it is unlikely that cash and extraordinary measures will be exhausted before early June." Congress would need to act to increase or suspend the debt limit before then to avoid delaying payments and/or defaulting on debt obligations. Congress last acted on debt limit legislation in December 2021.

A Federal government default on payments, particularly for a prolonged period, could have a materially adverse effect on national and state economies, financial markets, and intergovernmental aid payments. Specific effects on the Updated Financial Plan resulting from a future Federal government default are unknown and impossible to predict. However, data from past economic downturns suggests that the State's revenue loss could be substantial if there was an economic downturn due to a Federal default.

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

Federal Tax Law Changes

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

The State's income tax system interacts with the Federal system. Changes to the Federal tax code have significant flow-through effects on State tax burdens and concomitantly on State tax receipts. One key impact of the TCJA on New York State taxpayers is the $10,000 limit on the deductibility of SALT payments, which, until its scheduled expiration after 2025, represents a large increase in the State's effective tax rate relative to historical experience and may adversely affect New York State's economic competitiveness.

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

State Response to Federal Tax Law Changes

PTET. As part of the State's continuing response to Federal tax law changes and in connection with the FY 2022 Enacted Budget, the State Legislature enacted an optional PTET on the New York-sourced income of partnerships and S corporations. Qualifying entities that elect to pay PTET pay a tax of up to 10.9 percent on their taxable income at the partnership or corporation level, and their individual partners, members and shareholders receive a refundable tax credit equal to the proportionate or pro rata share of taxes paid by the electing entity. Additionally, the program includes a resident tax credit that allows for reciprocity with other states that have implemented substantially similar taxes, which currently include Connecticut and New Jersey.

DOB expects that, on a multi-year basis, the PTET will be revenue neutral for the State as individual taxpayers claim credits against their PIT liabilities that reflect PTET payments made at the entity level. However, because the PTET credits are not necessarily realized by taxpayers within the same fiscal year that PTET revenue is received by the State, the PTET is not revenue-neutral to the State within each fiscal year.

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

The U.S. Treasury Department and the IRS have determined that State and local income taxes imposed on and paid by a partnership or an S corporation on its income, such as the PTET, are allowable as a Federal deduction to taxable income. In November 2020, the IRS released Notice 2020-75, which announced that the Treasury and IRS intend to issue clarifying regulations with respect to such pass-through taxes. The IRS has not yet issued such proposed regulations.

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

The Charitable Gifts Trust Fund was established in tax year 2018 to accept gifts for the purposes of funding health care and education in New York State. Taxpayers who itemize deductions were able to claim these charitable contributions as deductions on their Federal and State income tax returns. Any taxpayer who donates may also claim a State tax credit equal to 85 percent of the donation amount for the tax year after the donation is made. However, after enactment of this program, the IRS issued regulations that impaired the ability of taxpayers to deduct donations to the Charitable Gifts Trust Fund from Federal taxable income while receiving State tax credits for such donations.

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

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

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

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

On July 17, 2019, the 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 reduced volatility in allowable growth and aligned the School Aid cap with the statutory Medicaid cap utilized prior to FY 2023. Prior to FY 2021, the PIGI generally relied on a one-year change in personal income.

The authorized School Aid increases exceeded the indexed levels in FYs 2014 through 2019, were within the indexed levels in FYs 2020 and 2021, and again exceeded the indexed levels in FYs 2022 and 2023. The proposed increase in School Aid for SY 2024 of $3.1 billion (10.0 percent) is above the indexed PIGI rate of 4.2 percent. This $3.1 billion increase includes a $2.7 billion increase in Foundation Aid[7] as part of the final year 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 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. Prior to FY 2023, the Global Cap was previously calculated using the ten-year rolling average of the medical component of the CPI for all urban consumers and thus allowed 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 utilized the CMS Actuary projections issued on March 24, 2020, which were the most recent published data available in developing the Executive Budget proposal and during the legislative budget negotiation period. The FY 2024 Executive Budget incorporates

[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 $24.1 billion in SY 2024. 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.

multi-year revisions to the index consistent with updated CMS Actuary projections issued on March 28, 2022.

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 actual 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 Child Health Plus (CHP). Participants in these programs remain eligible for coverage for 12 continuous months regardless of changes in employment or income levels that may otherwise make them ineligible. Estimated costs for increased enrollment are budgeted in the Updated Financial Plan through FY 2025. Beginning in June of 2023, the State will begin reprocessing eligibility determinations for approximately 9 million public health insurance enrollees to be completed over a fourteen month period, consistent with CMS requirements. Compared to the Mid-Year Financial Plan, Medicaid enrollment is expected to be significantly higher than previously forecasted, adding approximately $1.6 billion in new Medicaid costs over the multi-year Financial Plan, which is a significant contribution to the reported Medicaid deficits in FY 2026 and FY 2027.

Likewise, the rise in unemployment and decrease in family income during the pandemic have resulted in increased public assistance caseloads, particularly in New York City. In addition to existing family and safety net assistance programs, the FY 2023 Enacted Budget included a recurring State-funded rent supplement program to assist individuals and families.

Extraordinary Aid to Hospitals

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

Opioid Settlement Fund

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

- Johnson & Johnson, the parent company of Janssen Pharmaceuticals, Inc., is expected to pay the State and its subdivisions up to $230 million. The settlement established a multi-year payout structure of up to ten years commencing in April 2022. The first settlement payment of $92.4 million was deposited in the New York State Opioid Settlement Fund (Opioid Settlement Fund) in August 2022.

- On September 17, 2021, a Bankruptcy Court in the Southern District of New York entered an Order confirming a plan, including provisions releasing and barring further litigation against Purdue Pharma's executives and directors. Pursuant to that plan, the owners of Purdue Pharma, the Sackler family, were to pay the State and its subdivisions at least $200 million as part of a $4.5 billion bankruptcy plan over a nine-year period commencing in 2022. The settlement between the State and Purdue Pharma would shut down Purdue Pharma, prevent the Sackler family from participating in the opioids business prospectively, and establish a substantial document repository of 30 million plus documents. Following an appeal, on December 16, 2021, a U.S. District Court for the Southern District of New York vacated the confirmation of Purdue Pharma's plan. In re: Purdue Pharma L.P., Case No. 21-cv-07532-CM (S.D.N.Y. Dec. 16, 2021). The District Court held that the law does not allow a bankruptcy plan to give releases to individuals who are not bankrupt. Subsequently, Purdue Pharma appealed to the Second Circuit, which held oral argument on April 29, 2022.

- Drug distributors McKesson Corporation, Cardinal Health Inc., and Amerisource Bergen Drug Corporation have agreed to pay the State and its subdivisions up to $1.0 billion over 18 years and develop a monitoring mechanism to collect and analyze opioid drug distribution. The first settlement payment of $36.3 million was deposited in the Opioid Settlement Fund in March 2022, and payments will continue over the next 17 years.

- Drug manufacturer Endo Health Solutions settled for $50 million with New York State (AG only) and the counties of Nassau and Suffolk, divided $22.3 million to the State and $27.7 million split evenly between Nassau and Suffolk Counties. Of the State portion,

$11.96 million will be distributed to subdivisions (excluding Nassau and Suffolk) and $10.34 million was deposited in the Opioid Settlement Fund in March 2022.

- Allergan Finance, LLC and its affiliates will pay the State and its subdivisions up to $200 million. Over $150 million of these funds will be dedicated to opioid abatement. The State's share, $67 million, was received in October 2022. The settlement between the AG and Allergan Finance, LLC and its affiliates also prevents them from participating in the opioid business.
- Mallinckrodt PLC emerged from bankruptcy on June 16, 2022. As a part of its resolution with the State, Mallinckrodt has agreed to pay the State up to $58.5 million over eight years for opioid abatement. An initial payment of $8.25 million was made in February 2023. The bankruptcy plan then allows Mallinckrodt 18 months to determine whether it will prepay claims. Should Mallinckrodt elect to prepay, the State is expected to receive approximately $41.1 million in total, inclusive of the initial payment.

- Teva Pharmaceuticals Ltd., its American subsidiary Teva Pharmaceuticals USA, and its affiliates reached resolution with New York and its subdivisions for up to $523.89 million. This resolution consists of two settlement agreements, including New York's share of the national settlement which constitutes $210.55 million to be paid over 13 years. In addition, in recognition of New York's liability verdict against Teva, the company will pay $313.34 million over 18 years to resolve the remedies litigation. The payments for this trial premium are expected by the second quarter of 2023 and the payments for New York's share of the national settlement will begin in the third quarter of 2023.

- Walmart Inc. for its role as a prescription drug dispenser will pay New York and its subdivisions up to $139 million over 3 years. There will be two payments in 2023 and the remaining payments are expected to be made in the fourth quarter of 2024 and 2025.

- The pharmacy chains CVS and Walgreens collectively will pay New York and its subdivisions up to $458.2 million as part of a national settlement. CVS Health Corporation, CVS Pharmacy, Inc., and its affiliates will pay up to $220.9 million. Walgreens will pay up to $237.3 million. Payments from CVS will be spread out over a period of 10 years, and payments from Walgreens will be spread out over a period of 15 years. Payments from both CVS and Walgreens are expected to commence in the second half of 2023.

The Financial Plan will be updated pending confirmation of the timing and value of the settlements the State will receive. The State's share of the resources will be deposited into the Opioid Settlement Fund. Pursuant to Chapter 190 of the Laws of 2021, as amended by Chapter 171 of the Laws of 2022, the Opioid Settlement Fund will consist of funds received by the State as the result of a settlement or judgment against opioid manufacturers, distributors, dispensers, consultants, or resellers. Money within the Opioid Settlement Fund will be used to supplement funding for substance use disorder prevention, treatment, recovery, and harm reduction services or programs and/or for payment to local governments as a result of their participation in such settlements or judgments. Money in the Opioid Settlement Fund must be kept separate and not commingled with any other funds and may only be expended following an appropriation consistent with State statute and the terms of any applicable statewide opioid settlement agreement.

State Labor Force

Labor Negotiations and Agreements

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

The State's agreement with CSEA is for the five-year period from FY 2022 through FY 2026. The agreement provides general salary increases of 2 percent annually for FY 2022 and FY 2023, and 3 percent annually for the FY 2024 through FY 2026. Additionally, the agreement provides a one-time bonus of $3,000, and changes in longevity resulting from changes in the health insurance program that are expected to encourage in-network employee utilization to help control health insurance costs.

The State has commenced labor negotiations with several unions for successor contracts; however, there can be no assurance that amounts informally reserved in the Updated Financial Plan for labor settlements and agency operations will be sufficient to fund the cost of future labor contracts.

UNION LABOR CONTRACTS

	Contract Period	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
CSEA	FY 2022 - FY 2026	2%	2%	2%	2%	2%	2%	2%	3%	3%	3%
DC-37	FY 2022 - FY 2023	2%	2%	2%	2%	2%	2%	2%	TBD	TBD	TBD
GSEU	AY 2020 - AY 2023	2%	2%	2%	2%	2%	2%	2%	TBD	TBD	TBD
PBANYS	FY 2020 - FY 2023	2%	2%	2%	2%	2%	2%	2%	TBD	TBD	TBD
PEF	FY 2020 - FY 2023	2%	2%	2%	2%	2%	2%	2%	TBD	TBD	TBD
NYSTPBA	FY 2019 - FY 2023	1.5%	1.5%	2%	2%	2%	2%	2%	TBD	TBD	TBD
NYSPIA	FY 2019 - FY 2023	1.5%	1.5%	2%	2%	2%	2%	2%	TBD	TBD	TBD
CUNY	AY 2018 - AY 2023	2%	1.5%	2%	2%	2%	2%	2%	TBD	TBD	TBD
Council 82	FY 2017 - FY 2023	2%	2%	2%	2%	2%	2%	2%	TBD	TBD	TBD
NYSCOPBA	FY 2017 - FY 2023	2%	2%	2%	2%	2%	2%	2%	TBD	TBD	TBD
UUP	AY 2017 - AY 2022	2%	2%	2%	2%	2%	2%	TBD	TBD	TBD	TBD

The Judiciary has contracts in place with all 12 unions represented within its workforce, which include 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. These contracts cover a five-year period from FY 2022 through FY 2026 with terms consistent with the CSEA agreement.

Pension Contributions[8]

Overview

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

New York State Retirement and Social Security Law (RSSL) Section 11 directs the actuary for NYSLRS to provide regular reports on the Systems' experience and to propose assumptions and methods for the actuarial valuations. Employer contribution rates for NYSLRS are determined based on investment performance in the Common Retirement Fund and actuarial assumptions recommended by the Retirement System's Actuary and approved by the State Comptroller. Pension estimates are based on the actuarial report issued in August 2022.

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

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

The Updated Financial Plan reflects the actuarial changes approved by the Comptroller, including revised ERS/PFRS pension estimates of $1.8 billion for FY 2023 and $2 billion for FY 2024 based

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

[9] The State's aggregate pension costs also include State employees in the Teachers' Retirement System (TRS) for both the SUNY and the State Education Department (SED), the Optional Retirement Program (ORP) for both SUNY and SED, and the New York State Voluntary Defined Contribution Plan (VDC).

on the December 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.

The Comptroller does not forecast pension liability estimates for the later years of the Financial Plan. Thus, estimates for FY 2025 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.

Contribution Stabilization Program

Under legislation enacted in August 2010, the State and local governments may amortize (defer paying) a portion of their annual pension costs. Amortization temporarily reduces the pension costs that must be paid by public employers in a given fiscal year but results in higher costs overall when repaid with interest.

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

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

Neither the State nor the Judiciary have amortized pension costs since FY 2016. The State and Judiciary have completed repayment of all pension amortization liabilities. The excess contribution amounts in FY 2023 of $281.9 million ($242 million State/$39.9 million Judiciary) and FY 2024 of $145.5 million ($123.8 million State/$21.7 million Judiciary) will be placed in the ERS pension reserve fund to offset any future increases in contribution rates. The following table reflects projected pension contributions and historical amortizations exclusively for Executive branch and Judiciary employers participating in ERS and PFRS.

EMPLOYEE RETIREMENT SYSTEM AND POLICE AND FIRE RETIREMENT SYSTEM
IMPACTS OF AMORTIZATION ON PENSION CONTRIBUTIONS
(millions of dollars)

	Statewide Pension Payments[1]					Rates for Determining (Amortization Amount) / Excess Contributions			
Fiscal Year	Normal Costs[2]	(Amortization Amount) / Excess Contributions	Repayment of Amortization	Total Statewide Pension Payments	Interest Rate on Amortization Amount (%)[3]	System Average Normal Rate[4]		Amortization Threshold (Graded Rate)	
						ERS (%)	PFRS (%)	ERS (%)	PFRS (%)
2011	1,543.2	(249.6)	0.0	1,293.6	5.00	11.5	18.1	9.5	17.5
2012	2,037.5	(562.8)	32.3	1,507.0	3.75	15.9	21.6	10.5	18.5
2013	2,077.9	(778.5)	100.9	1,400.3	3.00	18.5	25.7	11.5	19.5
2014	2,633.6	(937.0)	192.1	1,888.7	3.67	20.5	28.9	12.5	20.5
2015	2,328.8	(713.1)	305.7	1,921.4	3.15	19.7	27.5	13.5	21.5
2016	1,972.1	(356.2)	390.0	2,005.9	3.21	17.7	24.7	14.5	22.5
2017	1,789.0	0.0	432.2	2,221.2	2.33	15.1	24.3	15.1	23.5
2018	1,788.7	0.0	432.2	2,220.9	2.84	14.9	24.3	14.9	24.3
2019	1,770.2	0.0	432.2	2,202.4	3.64	14.4	23.5	14.4	23.5
2020	1,782.2	0.0	432.2	2,214.4	2.55	14.2	23.5	14.2	23.5
2021[5]	1,827.2	0.0	1,350.3	3,177.5	1.33	14.1	24.4	14.1	24.4
2022[6]	2,107.8	0.0	151.3	2,259.1	1.76	15.8	28.3	15.1	25.4
2023 Est.	1,550.9	281.9	0.0	1,832.8	3.61	11.4	27.0	14.1	26.4
2024 Est.	1,990.4	35.1	0.0	2,025.5	TBD	13.1	27.8	13.1	27.2
Projected by DOB[7]									
2025	2,621.1	0.0	0.0	2,621.1	TBD	17.2	31.5	14.1	28.2
2026	3,419.6	0.0	0.0	3,419.6	TBD	22.0	35.2	15.1	29.2
2027	4,270.1	0.0	0.0	4,270.1	TBD	27.6	38.9	16.1	30.2

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

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

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

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

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

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

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

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

Social Security

The CARES Act allowed employers, including the State, to defer the deposit and payment of the employer's share of Social Security taxes through December 2020, and for the deferral to be repaid, interest free, in two equal installments no later than December 31, 2022. The Executive, SUNY and the Judiciary have repaid the interest-free loan in full.

Other Post-Employment Benefits (OPEB)

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

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

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

As reported in the State's Basic Financial Statements for FY 2022, the total ending OPEB liability for FY 2022 was $65.7 billion ($52.1 billion for the State and $13.6 billion for SUNY). The total OPEB liability as of March 31, 2022, was measured as of March 31, 2021, and was determined using an actuarial valuation as of April 1, 2020, with updated procedures used to roll forward the total OPEB liability to March 2021. The total beginning OPEB liability for FY 2022 was $75.8 billion ($60.3 billion for the State and $15.5 billion for SUNY). The total OPEB liability was calculated using the Entry Age Normal cost method. The discount rate is based on the Bond Buyer 20-year general obligation municipal bond index rate on March 31 (2.84 percent in FY 2021 and 2.34 percent in FY 2022). The total OPEB liability decreased by $10.1 billion (13.3 percent) during FY 2022 primarily due to updated medical trend assumptions based on current anticipation of future costs, and projected claim costs were updated based on the recent claims experience for the Preferred Provider Organization (PPO) plan and premium rates for the Health Maintenance Organization (HMO) plan.

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

The RHBTF was created in FY 2018 as a qualified trust under GASBS 74 and is authorized to reserve money for the payment of health benefits of retired employees and their dependents. Unlike State pensions, which are pre-funded, future retiree health care costs are unfunded, meaning no money is set aside to pay these future expenses. The State pays these expenses each year as they come due. Under current law, the State may deposit into the RHBTF, in any given fiscal year, up to 1.5 percent of total then-current unfunded actuarial accrued OPEB liability ($65.7 billion on March 31, 2022 as reported in the FY 2022 ACFR). The FY 2023 Enacted Budget increased the maximum allowable deposit from 0.5 percent of the OPEB liability to 1.5 percent of the outstanding OPEB liability. The Updated Financial Plan reflects a deposit of $320 million in FY 2022 and planned deposits of $920 million in FY 2023 and $375 million annually through FY 2025, fiscal conditions permitting. These deposits, which were allocated in prior Financial Plan updates, are the first deposits to the RHBTF.

GASBS 74 and GASBS 75 are not expected to alter the Updated Financial Plan PAYGO projections for health insurance costs. DOB's methodology for forecasting these costs over a multi-year period already incorporates factors and considerations consistent with the new actuarial methods and calculations required by the GASBS.

State Debt

Bond Market and Credit Ratings

Successful execution of the Updated Financial Plan is dependent on the State's ability to market bonds. The State finances much of its capital spending, in the first instance, from the General Fund or STIP, which it then reimburses with proceeds from the sale of bonds. An inability of the State to sell bonds or notes at the level or on the timetable it expects could have a material and adverse impact on the State’s financial position and the implementation of its Capital Plan. The success of projected public sales of municipal bonds is subject to prevailing market conditions and related ratings issued by national credit rating agencies, among other factors. The outbreak of COVID-19 in the United States temporarily disrupted the municipal bond market in 2020, and the emergence of future variants could further disrupt the municipal bond market. In addition, future developments in the financial markets, including possible changes in Federal tax law relating to the taxation of interest on municipal bonds, may affect the market for outstanding State-supported and State-related debt.

The major rating agencies -- Fitch, Kroll, Moody’s, and S&P -- have assigned the State general credit ratings of AA+, AA+, Aa1, and AA+, respectively. The State's rating has a stable outlook from all four rating agencies. These ratings reflect the State's economic recovery from the COVID-19 pandemic and commitment to strong reserve levels. The most recent rating action was on April 13, 2022, when 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 2022).

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

Following this temporary two year suspension as a result of the COVID-19 pandemic, the provisions of the Debt Reform Act were reinstated for State-supported debt issued in FY 2023 and beyond. One limited exception to the Debt Reform Act remains for issuances undertaken by the State for MTA capital projects which may be issued with maximum maturities longer than 30 years. This allows bonds to be issued over the full useful life of the assets being financed, subject to Federal tax law limitations, and is consistent with the rules that would have been in effect if the projects had been directly financed by the MTA.

Current projections anticipate that State-supported debt outstanding and State-supported debt service will continue to remain below the limits imposed by the Debt Reform Act, in part reflecting the statutory suspension of the debt caps during FY 2021 and FY 2022.

Based on the most recent personal income and debt outstanding forecasts, the available debt capacity under the debt outstanding cap is expected to decline from $21.6 billion in FY 2023 to a low point of $290 million in FY 2028. This calculation includes the estimated impact of funding capital commitments with State bonds. The debt service on State-supported debt subject to the statutory cap is projected at $2.7 billion in FY 2023, or roughly $8.7 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 2023	$1,521,817	4.00%	60,873	39,264	21,609	2.58%	1.42%	19,214	58,478
FY 2024	$1,567,579	4.00%	62,703	48,094	14,609	3.07%	0.93%	18,598	66,692
FY 2025	$1,630,994	4.00%	65,240	55,188	10,052	3.38%	0.62%	17,716	72,904
FY 2026	$1,702,543	4.00%	68,102	61,702	6,400	3.62%	0.38%	16,900	78,602
FY 2027	$1,774,056	4.00%	70,962	68,958	2,004	3.89%	0.11%	16,171	85,129
FY 2028	$1,847,017	4.00%	73,881	73,591	290	3.98%	0.02%	15,411	89,002

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 2023	$227,037	5.00%	11,352	2,652	8,700	1.17%	3.83%	4,014	6,666
FY 2024	$223,800	5.00%	11,190	2,865	8,325	1.28%	3.72%	3,789	6,654
FY 2025	$216,336	5.00%	10,817	3,474	7,343	1.61%	3.39%	3,941	7,415
FY 2026	$218,692	5.00%	10,935	3,915	7,020	1.79%	3.21%	3,903	7,818
FY 2027	$224,878	5.00%	11,244	6,858	4,386	3.05%	1.95%	1,415	8,273
FY 2028	$230,536	5.00%	11,527	7,065	4,462	3.06%	1.94%	1,385	8,450

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

[2] Total State-supported debt service is adjusted for prepayments.

The State uses personal income estimates published by the Federal government, specifically the Bureau of Economic Analysis (BEA), to calculate the cap on debt outstanding, as required by statute. The BEA revises these estimates on a quarterly basis and such revisions can be significant. For Federal reporting purposes, BEA reassigns income from the state where it was earned to the state in which a person resides, for situations where a person lives and earns income in different states (the “residency adjustment”). The BEA residency adjustment has the effect of reducing reported New York State personal income because income earned in New York by non-residents regularly exceeds income earned in other states by New York residents. The State taxes all personal income earned in New York, regardless of place of residency.

Executive Budget - Debt Cap Changes

In the FY 2024 Executive Budget, the State proposes new bond-financed capital commitments that would add $4 billion in new debt over the five-year Capital Plan period. The new capital commitments and FY 2024 Executive Budget personal income forecast decrease debt capacity, which is offset by the assumption that the State will issue bonds on a slower schedule and higher underspending on capital projects than previously assumed. 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. As part of the FY 2024 Executive Budget, the State has set aside $1 billion in a debt reduction reserve that can be used, as needed, for debt management actions in the future.

DEBT OUTSTANDING SUBJECT TO CAP [1]
REMAINING CAPACITY SUMMARY
(millions of dollars)

	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Mid-Year Update	**18,906**	**11,989**	**7,393**	**4,144**	**355**	**(1,155)**
Personal Income Forecast Update	260	275	66	2	(82)	(106)
Capital Adds	0	(1,030)	(2,271)	(3,378)	(4,327)	(4,427)
Bond Sale Timing	2,040	1,961	1,878	1,791	1,701	1,621
Capital Re-Estimates	403	1,414	2,986	3,841	4,357	4,357
Executive Budget	**21,609**	**14,609**	**10,052**	**6,400**	**2,004**	**290**

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

Localities and Authorities

Financial Condition of New York State Localities

The State's localities rely in part on State aid to balance their budgets and meet their cash requirements. As such, unanticipated financial needs among localities can adversely affect the State's Updated Financial Plan projections. The wide-ranging economic, health, and social disruptions caused by COVID-19 adversely affected the City of New York and surrounding localities. Localities outside New York City, including cities and counties, have also experienced financial problems, and have been allocated additional State assistance during the last several State fiscal years. In 2013, the Financial Restructuring Board for Local Governments was created to aid distressed local governments. The Restructuring Board performs comprehensive reviews and provides grants and loans on the condition of implementing recommended efficiency initiatives. For additional details on the Restructuring Board, please visit frb.ny.gov.

MTA

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

MTA Capital Plans also rely on significant direct contributions from the State and New York City. The State is directly contributing $9.1 billion to the MTA's 2015-19 Capital Plan and $3.1 billion to the MTA's 2020-24 Capital Plan. These State commitment levels represent substantial increases from the funding levels for prior MTA Capital Plans (2010-2014: $770 million; 2005-2009: $1.45 billion). In addition, a substantial amount of new funding to the MTA was authorized in the FY 2020 Enacted Budget as part of a comprehensive reform plan expected to generate an estimated $25 billion in financing for the MTA's 2020-2024 Capital Plan.

The COVID-19 pandemic caused severe declines in MTA ridership and traffic in 2020, and ridership remains significantly below pre-pandemic levels. To offset operating losses to MTA's Financial Plan from the estimated fare, toll, and dedicated revenue loss attributable to the COVID-19 pandemic, significant Federal operating aid is provided to the MTA from the CARES Act ($4 billion), CRRSA Act ($4.1 billion), and ARP ($7 billion). The MTA also borrowed $2.9 billion through the Federal Reserve's Municipal Liquidity Facility (MLF).

If the financial impacts of the COVID-19 pandemic on the MTA's operating budget extend after the Federal funds are fully spent, and without additional Federal aid, the MTA will need to consider additional actions to balance its future budgets. Risks to MTA's current financial projections include, but are not limited to, the level and pace at which ridership will return, the economic conditions of the MTA region, the ability to implement cost controls and savings actions, and the ability to implement biennial fare and toll increases. If additional resources are provided by the State, either through additional subsidies or new revenues, it could have a material and adverse impact on the State's Updated Financial Plan.

The State has taken action to address MTA financing issues that arose during the pandemic. Specifically, the pandemic adversely affected credit ratings on MTA Transportation Revenue Bonds, which increased the cost of borrowing for the MTA. As a result, the State has issued PIT revenue bonds since the start of FY 2021 to fund $5.5 billion of the State's portion of the MTA's 2015-19 Capital Plan. Previously, the Financial Plan assumed that the projects would be bonded by the MTA but funded by the State through additional operating aid to the MTA. The Updated Financial Plan now assumes the State will fund its direct contributions to the MTA 2015-19 and 2020-24 Capital Plans through PIT and Sales Tax revenue bonds.

Other Risks and Ongoing Concerns

Cybersecurity

New York State government, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the State and its authorities, agencies and public benefit corporations, as well as its political subdivisions (including counties, cities, towns, villages and school districts) face multiple cyber threats involving, among others, hacking, viruses, malware and other electronic attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the State's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. In addition, the tactics used in malicious attacks to obtain unauthorized access to digital networks and systems change frequently and are often not recognized until launched against a target. Accordingly, the State may be unable to fully anticipate these techniques or implement adequate preventative measures.

To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the State invests in multiple forms of cybersecurity and operational controls. The State's Chief Information Security Office (CISO) within the State's Office of Information Technology Services (ITS) maintains policies and standards, programs, and services relating to the security of State government networks, and annually assesses the maturity of State agencies' cyber posture through the Nationwide Cyber Security Review. In addition, the CISO maintains the New York State Cyber Command Center team, which provides a security operations center, digital forensics capabilities, and cyber incident reporting and response. The CISO also distributes real-time advisories and alerts, provides managed security services, and implements statewide information, security awareness and training.

In February 2022, the Governor announced the creation of a Joint Security Operations Center (JSOC) that will serve as the center for joint local, state, and Federal cybersecurity efforts, including data collection, response efforts and information sharing. A partnership launched with New York City and other major cities and cybersecurity leaders across the State, the JSOC is intended to provide a statewide view of the cyber-threat landscape. The initiative is designed to increase collaboration on threat intelligence, reduce response times, and yield faster and more effective remediation in the event of a major cyber incident. The FY 2024 Executive Budget provides funding to expand the shared services program to help local governments and other regional partners acquire and deploy high quality cybersecurity services to bolster their cyber defenses.

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

The State has also adopted regulations designed to protect the financial services industry from cyberattacks. Banks, insurance companies and other covered entities regulated by DFS are, unless eligible for limited exemptions, required to: (a) maintain a cybersecurity program, (b) create written cybersecurity policies and perform risk assessments, (c) designate someone with responsibility to oversee the cybersecurity program, (d) annually certify compliance with the cybersecurity regulations, and (e) report to DFS cybersecurity events that have a reasonable likelihood of materially harming any substantial part of the entity's normal operation(s) or for which notice is required to any government body, self-regulatory agency, or supervisory body.

SUNY Downstate Hospital and the Long Island College Hospital (LICH)

In May 2011, the New York State Supreme Court issued an order that approved the transfer of real property and other assets of LICH to a New York State not-for-profit corporation ("Holdings"), the sole member of which is SUNY. After such transfer, Holdings leased the LICH hospital facility to SUNY University Hospital at Brooklyn. In 2012, the Dormitory Authority of the State of New York (DASNY) issued tax exempt State PIT Revenue Bonds to refund approximately $120 million in outstanding debt originally incurred by LICH and assumed by Holdings.

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

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

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

Pursuant to the terms of the Purchase and Sale Agreement (as amended), the third and final closing is anticipated to occur within 36 months plus 30 days after the NMS Closing (i.e., by 30 days from March 13, 2023). At the final closing, title to the two remaining portions of the LICH properties will be conveyed to special purpose entities of Fortis, and Holdings will receive the balance of the purchase price, $120 million less the remaining down payment. The final closing is conditioned upon various contractual provisions. Holdings will use all available legal remedies to ensure that the closing occurs in accordance with the agreement.

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

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

STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Introduction

This section presents the State's multi-year Financial Plan projections for receipts and disbursements, with an emphasis on FY 2024 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 2025, is the most relevant from a planning perspective. The Updated Financial Plan assumes Federal reimbursement of previously incurred pandemic response and recovery costs. However, there can be no assurance that FEMA will approve claims for the State to receive reimbursement in the amounts or State fiscal years projected in the Updated Financial Plan.

Differences may occur from time to time between DOB and OSC's presentation and reporting of receipts and disbursements in financial reporting. For example, DOB may reflect a net expenditure while OSC may report the gross expenditure. Any such differences in reporting between DOB and OSC could result in differences in the presentation and reporting of receipts and disbursements for discrete funds, as well as differences in the presentation and reporting for total receipts and disbursements under different fund perspectives (e.g., State Operating Funds and All Governmental Funds).

The following tables present the Updated 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.

General Fund Projections

GENERAL FUND PROJECTIONS (millions of dollars)	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
RECEIPTS					
Taxes (After Debt Service)	93,136	97,121	98,593	99,429	103,147
Miscellaneous Receipts	3,032	2,401	2,221	2,060	1,995
Federal Receipts	2,350	2,250	3,645	0	0
Other Transfers	1,844	1,943	2,044	2,089	1,974
Total Receipts	**100,362**	**103,715**	**106,503**	**103,578**	**107,116**
DISBURSEMENTS					
Local Assistance	64,472	73,262	78,311	81,832	85,365
School Aid (SFY)	25,743	28,984	31,030	32,370	33,771
Medicaid	19,204	21,496	24,231	26,624	28,377
All Other	19,525	22,782	23,050	22,838	23,217
State Operations	13,014	14,517	14,405	14,623	14,740
Personal Service	10,421	10,718	10,759	10,860	10,963
Non-Personal Service	2,593	3,799	3,646	3,763	3,777
General State Charges	8,839	8,800	10,101	11,054	12,645
Transfers to Other Funds	8,166	10,354	9,590	7,055	6,383
Debt Service	290	251	309	330	375
Capital Projects	4,443	6,580	6,143	3,607	2,860
SUNY Operations	1,507	1,587	1,595	1,591	1,606
All Other	1,926	1,936	1,543	1,527	1,542
Total Disbursements	**94,491**	**106,933**	**112,407**	**114,564**	**119,133**
Use (Reservation) of Fund Balance:	**(5,871)**	**3,218**	**825**	**2,389**	**4,858**
Community Projects	5	3	0	0	0
Consensus Revenue	0	(800)	0	0	0
Debt Management	(1,855)	(81)	576	860	0
Economic Uncertainties	(7,405)	0	0	3,514	2,627
Extraordinary Monetary Settlements[1]	285	827	561	155	10
Labor Settlements/Agency Operations	(490)	(1,000)	(1,450)	(1,450)	(1,450)
Pandemic Assistance	2,000	0	0	0	0
Rainy Day Reserve	(2,952)	0	0	(3,344)	(2,547)
Tax Stabilization Reserve	(197)	0	0	(170)	(80)
Timing of PTET/PIT Credits	5,881	2,296	219	2,280	5,754
Undesignated Fund Balance	(1,143)	1,973	919	544	544
BUDGET SURPLUS/(GAP) PROJECTIONS	**0**	**0**	**(5,079)**	**(8,597)**	**(7,159)**

[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 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
RECEIPTS					
Taxes	107,545	106,526	108,523	110,630	114,483
Miscellaneous Receipts/Federal Receipts	22,820	18,440	19,930	17,433	17,799
Total Receipts	**130,365**	**124,966**	**128,453**	**128,063**	**132,282**
DISBURSEMENTS					
Local Assistance	83,271	89,417	93,707	97,517	101,420
School Aid (School Year Basis)[1]	31,250	34,386	35,707	37,165	38,668
DOH Medicaid[2]	25,423	27,300	29,882	32,164	33,907
Transportation	4,572	5,216	4,920	4,921	4,919
STAR	1,781	1,717	1,610	1,562	1,535
Higher Education	2,947	3,091	3,215	3,284	3,365
Social Services	5,122	4,388	4,912	4,558	4,620
Mental Hygiene[3]	4,985	6,468	5,839	5,839	6,079
All Other[4]	7,191	6,851	7,622	8,024	8,327
State Operations	20,913	22,259	22,193	23,500	23,721
Personal Service	15,581	15,858	15,930	16,072	16,231
Non-Personal Service	5,332	6,401	6,263	7,428	7,490
General State Charges	10,028	10,010	11,326	12,296	13,906
Pension Contribution	2,087	2,287	2,888	3,693	4,550
Health Insurance	5,922	5,551	6,171	6,279	6,958
All Other	2,019	2,172	2,267	2,324	2,398
Debt Service	8,491	3,498	4,270	5,438	5,413
Capital Projects	0	0	0	0	0
Total Disbursements	**122,703**	**125,184**	**131,496**	**138,751**	**144,460**
Net Other Financing Sources/(Uses)	(1,793)	(3,495)	(3,257)	(673)	6
RECONCILIATION TO GENERAL FUND GAP					
Designated Fund Balances:	(5,869)	3,713	1,221	2,764	5,013
General Fund	(5,871)	3,218	825	2,389	4,858
Special Revenue Funds	1	508	404	403	189
Debt Service Funds	1	(13)	(8)	(28)	(34)
GENERAL FUND BUDGET SURPLUS/(GAP)	**0**	**0**	**(5,079)**	**(8,597)**	**(7,159)**

1 Does not reflect a significant amount of Federal CRRSA and ARP Act funding for school districts to be distributed over multiple years, such as prekindergarten expansion grants supported by ARP Act funding that appear on the School Aid run.

2 Total State share Medicaid spending is offset by the benefit of eFMAP of 6.2 percent.

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

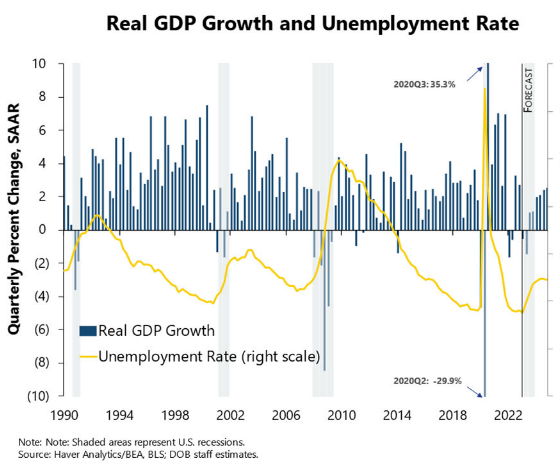
4 All Other includes education, parks, environment, economic development, and public safety, as well as the reconciliation between school year and State fiscal year spending on School Aid.

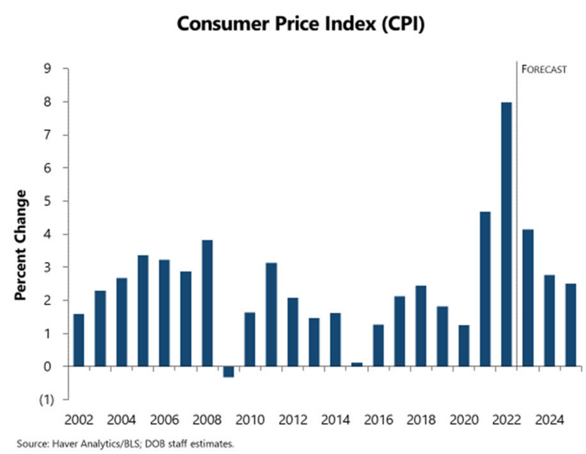
Economic Outlook

The U.S. Economy[10]

Since the start of the 21st Century, the U.S. economy has continued to be buffeted by extremes: in 2008, the deepest recession since the Great Depression, the longest postwar expansion brought to a premature end by the worst pandemic since 1918, the fiercest war on European soil since World War II, and the highest rate of inflation in 40 years. But despite two decades of historic volatility, the U.S. economy has remained resilient, as evidenced by the tightest labor market since the early 1950s. However, that resilience is expected to be put to the test over the course of 2023 as global growth continues to soften, the labor market weakens, and household spending falters.

In a world where supply chains for countless consumer and intermediate goods are truly globalized, the COVID-19 pandemic upended both consumption and production patterns, resulting in an unprecedented array of supply chain disruptions. These disruptions combined with $3.3 trillion in Federal emergency pandemic spending over just two fiscal years to produce the fastest growth in consumer prices in two generations. The problem was only compounded by Russia's invasion of Ukraine and the ensuing sanctions, which further disrupted global trade, particularly in energy and agricultural products. Consumer price inflation spiked at 8.0 percent on an annual average basis in 2022, the highest since 1981.





These developments evoked a strong response from the world's central banks that had not jousted with inflationary pressures in four decades. The backdrop of a historically tight labor market created hope that the Federal Reserve could execute its battle plan without engendering a crash landing, but a persistently inverted yield curve, along with several other reliable leading economic indicators all point toward a recession starting in 2023. DOB projects growth in U.S. real GDP of 0.7 percent on an annual average basis for this calendar year, encompassing two quarters of decline. Correspondingly, consumer price inflation is projected to slow to 4.1 percent for 2023.

[10] DOB's U.S. economic forecast incorporates the advance estimate of 2022 fourth-quarter GDP, the December 2022 personal income and outlays estimates, the January 2023 CPI report, and the initial estimate of January 2023 employment.

The projected recession is expected to be shorter and shallower than the historical average. Early retirements and reduced rates of immigration continue to stymie labor supply growth, promoting wage growth and keeping a lid on job cuts. Employment growth of 1.3 percent is projected for this year on an annual average basis, encompassing declines in the latter three quarters, followed by virtually flat growth for 2024. The unemployment rate is expected to top out at 5.0 percent on a quarterly basis by the middle of 2024, the lowest peak of any postwar recession.[11]

The most interest rate-sensitive sectors of the economy, such as the housing market and nonresidential construction, have already been adversely impacted and are expected to continue to contract in 2023. Real private business investment in equipment held up well last year, but it is expected to contract in 2023. Though inflation has eroded consumers' purchasing power for well over a year, household balance sheets are relatively strong thanks to fiscal policies aimed at cushioning American families against the pain wrought by the pandemic. Finally, equity market prices are expected to display very slow growth over the course of 2023, providing only modest support for household spending through the wealth effect. Growth in real consumption expenditures is projected to slow from 2.8 percent for 2022 to 1.2 percent for 2023.

U.S. ECONOMIC INDICATORS
(Calendar Year Growth)

	CY 2022 Actual	CY 2023 Estimated	CY 2024 Forecast
Real U.S. Gross Domestic Product	2.1	0.7	1.6
Consumer Price Index (CPI)	8.0	4.1	2.8
Personal Income	2.1	4.7	4.4
Nonfarm Employment	4.3	1.3	(0.0)
Civilian Unemployment Rate	3.6	4.1	4.9

Source: Haver Analytics; DOB staff estimates.

But there is a great risk to expectations for a mild downturn. The Federal Reserve was slow to recognize that inflation pressures, though engendered by transitory conditions, were becoming entrenched and would likely persist for a prolonged period, rather than dissipate quickly over the short run. The central bank could be just as slow to recognize when its actions have successfully put the inflation genie back in the bottle. Though it is well recognized that there are significant lags between monetary policy actions and economic activity, there is great uncertainty as to the length of those lags. A policy error at this juncture could be quite costly. With the personal savings rate already at historic lows, if the Federal Reserve overtightens and job losses rise substantially higher than expected, the shallow dip in household spending anticipated by this forecast could be much deeper, and a much longer and more severe downturn could ensue.

[11] The unemployment rate is a lagging indicator, sometimes peaking well after the technical end of the recession as designated by the NBER Business Cycle Dating Committee.

The New York State Economy

Almost three years since the novel coronavirus was declared a global pandemic in March 2020, the New York State economy is continuing to recover from the devastating impact of COVID-19. As of December 2022, the State had recovered 86.5 percent of its 2.0 million pandemic-related job losses, though the nation as a whole had regained all its job losses by June 2022. During 2022, the State recouped 285,000 jobs, including 101,000 in the health care and social assistance sector, as well as another 87,000 jobs in the leisure, hospitality, and other services sector. However, the State's recovery has been hampered by labor shortages, the highest inflation in 40 years, rising interest rates leading to a bear market in equities, slowing global growth, and the uncertainty surrounding a likely recession in 2023. State employment growth is projected to slow to 0.7 percent for this year, following 5.1 percent growth for 2022.

The pandemic had an asymmetric impact across the State's industrial sectors, with low-wage high-contact service industries bearing a disproportionately large brunt of the job losses. But the recovery has been equally uneven. Nine of the State's major industrial sectors are still under water relative to their February 2020 pre-pandemic peaks. The size of the jobs deficit ranges from a gap of 2.7 percent in the financial activities sector to a gap of 9.1 percent in leisure and hospitality. In contrast, only four major sectors were posting net job gains as of December 2022 relative to February 2020: transportation, warehousing and utilities, information, professional and business services, and healthcare and social assistance. Indeed, overstaffing in the information sector appears to be contributing to layoffs and a hiring freeze, as firms begin to prepare for a looming national recession.

Meanwhile, the high-wage, high-skill, and information-intensive sectors have adapted to remote work in relatively large numbers. It is estimated that more than half of the commuters to New York City could work remotely, representing half a million jobs. Businesses that rely heavily on commuter traffic, such as leisure and hospitality, transportation, and administrative and support services, have tended to experience the greatest losses in real wages and output. This phenomenon is likely a central factor causing the State's labor market recovery to continue to lag that of the nation almost three years in.

The State posted 4.1 percent unemployment rate in December 2022 compared to the U.S. unemployment rate of 3.5 percent for the same month. The statewide unemployment rate for December was pulled up by New York City, which posted a rate of 5.1 percent, compared to the Rest of the State's rate of 3.4 percent. The State's labor market remains remarkably tight. As of December 2022, the State labor force was 2.7 percent below its February 2020 level, whereas the nation had already surpassed its pre-pandemic level by 0.8 percent as of January 2023. In comparison, New York City's labor force was down 3.8 percent, while the rest of the State was down only 1.8 percent.

State wages experienced robust growth of 12.4 percent in FY 2022, supported by 7.1 percent employment growth and 16.1 percent bonus growth. However, these wage gains were also associated with high inflation and an extraordinarily tight labor market. Despite this strong wage growth, State personal income grew by only 1.5 percent in FY 2022. The disconnect between wage and personal income growth was primarily due to an 8.7 percent decline in non-wage income as the pandemic-related fiscal payments lapsed in FY 2022. State personal income is estimated to grow by only 1.1 percent in FY 2023 due to an anticipated 25.1 percent decline in finance and insurance sector bonuses largely engendered by the Federal Reserve's aggressive rate hikes, the lapsing of the remaining fiscal stimulus, and the deteriorating global and national economic outlooks.

With financial markets beginning to stabilize during 2023, a smaller finance and insurance sector bonus decline of 5.1 percent is projected for FY 2024. But owing to the downturn in the real economy, a slightly greater bonus decline is projected outside of Wall Street, resulting in an overall bonus decline of 5.7 percent. On balance, wage growth of 2.3 percent is projected for FY 2024, little changed from FY 2023, along with overall personal income growth of 3.5 percent.

NEW YORK STATE ECONOMIC INDICATORS
(State Fiscal Year Growth)

	FY 2022 Actual	FY 2023 Estimated	FY 2024 Forecast
Personal Income*	1.5	1.1	3.5
Wages	12.4	2.8	2.3
Nonfarm Employment	7.1	4.1	0.2

Source: Moody's Analytics; New York State Department of Labor; DOB staff estimates.
* Personal income is constructed by using QCEW wages and BEA non-wage income.

As the national economy likely heads toward a downturn in 2023, there are many risks to the forecast for New York personal income and wages for the upcoming fiscal year. Most notably, continued high inflation could raise the specter of the Federal Reserve pressing more aggressively on the economic brakes with additional unanticipated monetary tightening. This action could cause more volatility in the equity markets, further undermining their performance and leading to weaker bonus payments than projected. Given the importance of the finance and insurance sector to the State, this could further weaken State personal income growth beyond that sector itself through the multiplier effect. The harder the Federal Reserve and other central banks press on the economic brakes, the deeper the expected national and global recessions in the upcoming fiscal year, which in turn could put downward pressure on both national and global demand for New York professional and business services. A deeper economic downturn could result in both lower wage growth due to greater layoffs and lower bonuses than forecast. On the positive side, if the Federal Reserve threads the needle and achieves the fabled soft landing with inflation coming under control, State personal income growth could be stronger than anticipated.

Receipts

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

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

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

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

Overview of the Receipts Forecast

All Funds receipts in FY 2023 are projected to total $227.0 billion, a 7.1 percent ($17.3 billion) decrease from FY 2022 results as Federal receipts return to pre-COVID-19 levels. FY 2023 State tax receipts are projected to decrease $12.3 billion (10.2 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	58,321	-17.6%	60,261	3.3%	62,348	3.5%	65,804	5.5%	78,433	19.2%
Consumption/Use Taxes	19,621	20,535	4.7%	21,750	5.9%	22,047	1.4%	22,656	2.8%	23,192	2.4%
Business Taxes	27,725	26,397	-4.8%	23,369	-11.5%	22,863	-2.2%	20,760	-9.2%	11,301	-45.6%
Other Taxes	3,053	3,538	15.9%	2,647	-25.2%	2,758	4.2%	2,902	5.2%	3,045	4.9%
Total State Taxes	**121,136**	**108,791**	**-10.2%**	**108,027**	**-0.7%**	**110,016**	**1.8%**	**112,122**	**1.9%**	**115,971**	**3.4%**
Miscellaneous Receipts	27,932	28,704	2.8%	27,281	-5.0%	26,008	-4.7%	27,665	6.4%	28,187	1.9%
Federal Receipts	95,307	89,542	-6.0%	88,492	-1.2%	80,312	-9.2%	78,905	-1.8%	80,720	2.3%
Total All Funds Receipts	**244,375**	**227,037**	**-7.1%**	**223,800**	**-1.4%**	**216,336**	**-3.3%**	**218,692**	**1.1%**	**224,878**	**2.8%**

Personal Income Tax

FY 2023 All Funds PIT receipts are estimated to decrease from FY 2022 as underlying net PIT growth is overshadowed by the influence of PTET, an elective tax paid by NYS partnerships and S-corporations for which a corresponding PIT credit may be received. The enactment of PTET has had a dramatic negative effect on FY 2023 PIT collections, despite being revenue neutral across all fiscal years.

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**	**58,321**	**-17.6%**	**60,261**	**3.3%**	**62,348**	**3.5%**	**65,804**	**5.5%**	**78,433**	**19.2%**
Gross Collections	81,122	77,924	-3.9%	76,111	-2.3%	77,106	1.3%	81,506	5.7%	94,888	16.4%
Refunds (Incl. State/City Offset)	(10,385)	(19,603)	-88.8%	(15,850)	19.1%	(14,758)	6.9%	(15,702)	-6.4%	(16,455)	-4.8%
GENERAL FUND[1]	**33,464**	**27,381**	**-18.2%**	**28,417**	**3.8%**	**29,566**	**4.0%**	**31,339**	**6.0%**	**37,681**	**20.2%**
Gross Collections	81,122	77,924	-3.9%	76,111	-2.3%	77,106	1.3%	81,506	5.7%	94,888	16.4%
Refunds (Incl. State/City Offset)	(10,385)	(19,603)	-88.8%	(15,850)	19.1%	(14,758)	6.9%	(15,702)	-6.4%	(16,455)	-4.8%
STAR	(1,904)	(1,781)	6.5%	(1,717)	3.6%	(1,610)	6.2%	(1,562)	3.0%	(1,535)	1.7%
RBTF	(35,369)	(29,159)	17.6%	(30,127)	-3.3%	(31,172)	-3.5%	(32,903)	-5.6%	(39,217)	-19.2%

[1] Excludes Transfers.

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

ALL FUNDS PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS (millions of dollars)						
	FY 2022 Actuals	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Receipts						
Withholding	53,328	52,438	53,108	55,287	58,133	61,138
Estimated Payments	21,666	18,395	16,564	15,325	16,531	26,661
Current Year	14,123	8,137	8,257	8,854	9,310	20,128
Prior Year[1]	7,543	10,258	8,307	6,471	7,221	6,533
Final Returns	4,519	5,259	4,830	4,831	5,121	5,317
Current Year	474	298	467	485	504	524
Prior Year[1]	4,045	4,961	4,363	4,346	4,617	4,793
Delinquent	1,609	1,832	1,609	1,663	1,721	1,772
Gross Receipts	81,122	77,924	76,111	77,106	81,506	94,888
Refunds						
Prior Year[1]	5,489	9,684	7,406	7,674	8,314	8,718
Previous Year	729	1,923	2,837	1,276	1,315	1,350
Current Year[1]	2,380	3,000	3,000	3,000	3,000	3,000
Advanced Credit Payment	663	2,822	908	1,082	1,242	1,418
State/City Offset[1]	1,122	2,174	1,699	1,726	1,831	1,969
Total Refunds	10,383	19,603	15,850	14,758	15,702	16,455
Net Receipts	**70,739**	**58,321**	**60,261**	**62,348**	**65,804**	**78,433**

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

FY 2023 withholding is estimated to decrease compared to the prior year, reflecting a strong decline in bonus wages offset by moderate growth in non-bonus wages. The decline in unemployment insurance income - which increased significantly in response to the pandemic and related legislation – has also contributed to the decline in withholding. Estimated payments for tax year 2022 are expected to decrease significantly due to the influence of PTET credits. Taxpayers were statutorily restricted from adjusting tax year 2021 estimated payments in anticipation of PTET credits, making tax year 2022 estimated payments the first quarterly tax remittances to be negatively affected by PTET. Extension payments (i.e., prior year estimated) for tax year 2021 will increase driven by exceptional growth in nonwage income and PIT rate increases on high-income taxpayers, partially offset by PTET credit realization. Delinquent collections and final return payments are projected to increase as well.

Total refunds in FY 2023 are projected to increase, driven by a combination of increased advanced credit payments attributable to the Homeowner Tax Rebate Credit and PTET-related current refund payments for tax year 2021. Tax year 2021 PTET credits are also projected to drive increases in both the state/city offset and prior year refunds, with the latter primarily realized in the final quarter of FY 2023. General Fund PIT receipts are net of deposits to the STAR Fund, which provides property tax relief, and RBTF, which supports debt service payments on State PIT revenue bonds. The FY 2023 STAR transfer is expected to decline slightly. PIT RBTF receipts are statutorily set to 50 percent of net PIT receipts, and FY 2023 RBTF receipts therefore reflect the decrease in All Funds receipts noted above. FY 2023 General Fund PIT receipts are expected to decrease due to these changes.

The FY 2024 All Funds PIT receipts are projected to increase, driven by a decline in tax year 2022 refunds caused by expected PTET credit realization behavior (i.e., adjustment of quarterly estimated payments rather than waiting until the settlement period). The decline in FY 2024 total refunds will also reflect the expiration of the Homeowner Tax Rebate Credit. This decline in total refunds is partially offset by an increase in prior year refunds – driven primarily by tax year 2021 and tax year 2022 PTET credits - coupled with projected declines in total estimated payments, final returns, and delinquencies.

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

All Funds PIT receipts for FY 2025 are projected to increase from FY 2024 projections. Gross PIT receipts are projected to increase as well, reflecting a withholding increase offset by a projected decline in extension payments. Total refunds are projected to decrease due to a decline in PTET-related prior year 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 due to the expiration of the Federal state and local tax deduction cap at the end of 2025. This expiration will eliminate the incentive to participate in the PTET program and, without the associated credits, quarterly estimated payments are projected to return to pre-PTET levels. Furthermore, the forecast assumes that taxpayers will adjust the timing of payments to benefit from unrestricted state and local tax deductions in tax year 2026, resulting in an increased share of liability paid through quarterly estimated payments (FY 2027) and a reduced share paid through extension payments (FY 2028). Excluding PTET, PIT receipts are estimated to increase by 8.4 percent.

Consumption/Use Taxes

CONSUMPTION/USE TAXES (millions of dollars)												
	FY 2022 Actuals	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
STATE/ALL FUNDS	19,621	20,535	4.7%	21,750	5.9%	22,047	1.4%	22,656	2.8%	23,192	2.4%
Sales Tax	17,579	18,852	7.2%	19,801	5.0%	20,199	2.0%	20,743	2.7%	21,204	2.2%
Cigarette and Tobacco Taxes	958	886	-7.5%	721	-18.6%	589	-18.3%	564	-4.2%	541	-4.1%
Vapor Excise Tax	29	27	-6.9%	27	0.0%	27	0.0%	27	0.0%	27	0.0%
Motor Fuel Tax	495	184	-62.8%	495	169.0%	495	0.0%	494	-0.2%	491	-0.6%
Highway Use Tax	142	139	-2.1%	141	1.4%	143	1.4%	143	0.0%	144	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	12	-7.7%	12	0.0%	12	0.0%	12	0.0%	12	0.0%
Adult Use Cannabis Tax	0	2	0.0%	133	6550.0%	158	18.8%	245	55.1%	339	38.4%
Auto Rental Tax[1]	99	122	23.2%	100	-18.0%	100	0.0%	101	1.0%	102	1.0%
Peer to Peer Car Sharing Tax	0	2	0.0%	7	250.0%	8	14.3%	9	12.5%	10	11.1%
GENERAL FUND[2]	4,721	7,214	52.8%	9,803	35.9%	9,952	1.5%	10,203	2.5%	10,418	2.1%
Sales Tax	4,122	6,622	60.7%	9,266	39.9%	9,452	2.0%	9,705	2.7%	9,921	2.2%
Cigarette and Tobacco Taxes	293	281	-4.1%	218	-22.4%	177	-18.8%	172	-2.8%	166	-3.5%
Alcoholic Beverage Taxes	277	280	1.1%	284	1.4%	287	1.1%	289	0.7%	293	1.4%
Opioid Excise Tax	29	29	0.0%	29	0.0%	29	0.0%	29	0.0%	29	0.0%
Peer to Peer Car Sharing Tax	0	2	0.0%	6	200.0%	7	16.7%	8	14.3%	9	12.5%

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

[2]Excludes Transfers.

All Funds consumption/use tax receipts for FY 2023 are estimated to increase from FY 2022 results. Sales tax receipts are estimated to increase due to an increase in taxable consumption (i.e., estimated sales tax base increase of 10.6 percent), partially offset by $312 million ($297 million for the State sales tax and $15 million for the Metropolitan Commuter Transportation District (MCTD) sales tax, respectively) in lost revenue due to the temporary suspension of the State and MCTD sales taxes on the sale and use of gasoline and diesel motor fuel from June 1, 2022 through December 31, 2022. Cigarette and tobacco tax collections are estimated to decrease, reflecting a continued trend decline in taxable cigarette consumption. Highway use tax (HUT) collections are estimated to moderately decline. Motor fuel tax receipts are estimated to significantly decrease due to the temporary suspension of the State's motor fuel excise tax on the sale 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 $2 million in license and application fees.

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

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

All Funds consumption/use tax receipts for FY 2024 are projected to moderately increase primarily due to a projected increase in sales tax receipts (projected sales tax base growth of 2.9 percent), including the expiration of the temporary fuel taxes suspension on gasoline and diesel motor fuel on December 31, 2022. Motor fuel tax receipts are expected to significantly increase largely due to the expiration of the temporary fuel taxes suspension on gasoline and diesel motor fuel on December 31, 2022 (excluding the impact of the suspension, a moderate increase in receipts is expected due to a small increase in gasoline and diesel consumption). The peer-to-peer car sharing tax is expected to generate $7 million in its first full year. Auto rental tax receipts are estimated to decrease from FY 2023, primarily due to the full-year impact of the expected shift towards the peer-to-peer car sharing program. In addition to $38 million in estimated license and application fees, the State's THC-based and retail excise taxes on the sale of adult-use cannabis products are expected to generate $95 million during the first full year of receipts. These increases are partially offset by a continued decline in taxable cigarette consumption.

FY 2024 General Fund consumption/use tax receipts are projected to significantly increase, mainly due to the statutory elimination of the Local Government Assistance Tax Fund distribution for the entire fiscal year.

All Funds consumption/use tax receipts for FY 2025 are projected to increase, largely reflecting a projected increase in sales tax receipts and the second full year of adult-use cannabis tax receipts as the market continues to mature, partially offset by a continued decline in taxable cigarette consumption.

FY 2025 General Fund consumption/use tax receipts are projected to increase primarily due to the All Funds trends noted above.

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

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

Fuel Taxes Suspension Transfers

The FY 2023 Enacted Budget suspended the State and Metropolitan Commuter Transportation District sales taxes imposed on gasoline and diesel motor fuel, as well as the motor fuel tax, from June 1, 2022 through December 31, 2022. The State made roads and bridges and public transit entities such as the MTA and local transit systems throughout the State whole by replacing estimated lost tax revenue through a State supplement. The "hold harmless provision" contained in the authorizing legislation calculates the projected revenue that would have been distributed to the entities as though the suspension of such taxes was not in effect ($297 million for the motor fuel tax and $15 million for the MCTD sales tax). Transfers were 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**	**26,397**	**-4.8%**	**23,369**	**-11.5%**	**22,863**	**-2.2%**	**20,760**	**-9.2%**	**11,301**	**-45.6%**
Corporate Franchise Tax	7,236	8,855	22.4%	7,650	-13.6%	7,281	-4.8%	7,745	6.4%	7,881	1.8%
Corporation and Utilities Tax	554	540	-2.5%	479	-11.3%	561	17.1%	550	-2.0%	558	1.5%
Insurance Tax	2,453	2,627	7.1%	2,660	1.3%	2,708	1.8%	2,839	4.8%	2,970	4.6%
Bank Tax	20	356	1680.0%	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
Pass-Through-Entity Tax	16,430	12,948	-21.2%	11,460	-11.5%	11,210	-2.2%	8,526	-23.9%	(1,203)	-114.1%
Petroleum Business Tax	1,032	1,071	3.8%	1,120	4.6%	1,103	-1.5%	1,100	-0.3%	1,095	-0.5%
GENERAL FUND[1]	**16,697**	**16,722**	**0.1%**	**14,546**	**-13.0%**	**14,227**	**-2.2%**	**13,448**	**-5.5%**	**8,708**	**-35.2%**
Corporate Franchise Tax	5,818	7,178	23.4%	6,071	-15.4%	5,771	-4.9%	6,226	7.9%	6,229	0.0%
Corporation and Utilities Tax	434	410	-5.5%	361	-12.0%	428	18.6%	419	-2.1%	425	1.4%
Insurance Tax	2,214	2,355	6.4%	2,384	1.2%	2,423	1.6%	2,540	4.8%	2,655	4.5%
Bank Tax	16	305	1806.3%	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
Pass-Through-Entity Tax	8,215	6,474	-21.2%	5,730	-11.5%	5,605	-2.2%	4,263	-23.9%	(601)	-114.1%
Petroleum Business Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%

[1] Excludes Transfers.

All Funds CFT receipts are estimated to increase the most of all business taxes in FY 2023, reflecting stronger gross receipts due to continued growth in corporate profits. The FY 2022 Enacted Budget increased the business income tax rate to 7.25 percent for taxpayers with business income above $5 million and increased the capital base rate, previously set to be completely phased out, to 0.1875 percent (with several exceptions for certain taxpayers including corporate small businesses and qualified manufacturers). These rate increases are in effect for Tax Years 2021 through 2023. Due to the timing of when the tax increase first impacts prepayments, March 2023 gross receipts are expected to sharply increase, which further contributes to the increased CFT receipts. Audit receipts are estimated to increase significantly because FY 2022 results were unusually low due to fewer large cases materializing within FY 2022. 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 increase modestly.

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

All Funds PTET collections for FY 2023 are estimated to decrease resulting from FY 2022 collections containing more than a full year of collections due to timing as well as FY 2023 being the first year of PTET refunds. As noted, DOB expects PTET will be revenue neutral for the State, however, the PTET will not be revenue neutral within each fiscal year as PTET payments are generally received in the fiscal year prior to PIT credit claims.

Receipts from the repealed bank tax (all from prior liability periods) in FY 2023 are estimated to increase significantly due to an increase in large audit receipts. Petroleum Business Tax (PBT) receipts are estimated to increase from FY 2022 results, primarily due to the impact of a 5 percent increase in the PBT rate index effective January 1, 2022, paired with a 5 percent increase in the PBT rate index effective January 1, 2023.

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

General Fund and All Funds business tax receipts for FY 2024 are projected to decrease significantly, primarily reflecting a decrease in PTET and CFT receipts. The decline in PTET receipts reflects a projected decrease in net partnership income. 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 a projected decline in corporate profits. Projected increases in insurance tax and PBT receipts are offset by declines in CUT and bank tax receipts.

General Fund and All Funds business tax receipts for FY 2025 are projected to increase in CUT and insurance tax, while PBT, PTET and CFT decline. The projected decline in CFT is primarily due to an increase in refunds attributed to the New York City Musical and Theatrical Production credit and the Small Business COVID-19 related credit. This increase in CFT refunds is partially offset by increased gross receipts from the FY 2024 Executive Budget proposal to extend the previously described temporary rates an additional three years through Tax Year 2026.

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

General Fund and All Funds business tax receipts for FY 2027 reflect projected trends in corporate profits, taxable insurance premiums, electric utility consumption and prices, consumption of taxable telecommunications services, and automobile fuel consumption and prices. Receipts are expected to decrease significantly due to fewer PTET collections since the SALT cap is scheduled to have expired.

Other Taxes

OTHER TAXES (millions of dollars)	FY 2022 Actuals	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
STATE/ALL FUNDS	**3,053**	**3,538**	**15.9%**	**2,647**	**-25.2%**	**2,758**	**4.2%**	**2,902**	**5.2%**	**3,045**	**4.9%**
Estate Tax	1,386	2,025	46.1%	1,257	-37.9%	1,285	2.2%	1,345	4.7%	1,407	4.6%
Real Estate Transfer Tax	1,640	1,491	-9.1%	1,366	-8.4%	1,449	6.1%	1,532	5.7%	1,623	5.9%
Employer Compensation Expense Program	13	7	-46.2%	9	28.6%	9	0.0%	10	11.1%	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%
GENERAL FUND[1]	**1,407**	**2,044**	**45.3%**	**1,276**	**-37.6%**	**1,305**	**2.3%**	**1,365**	**4.6%**	**1,422**	**4.2%**
Estate Tax	1,386	2,025	46.1%	1,257	-37.9%	1,285	2.2%	1,345	4.7%	1,407	4.6%
Employer Compensation Expense Program	7	4	-42.9%	4	0.0%	5	25.0%	5	0.0%	0	-100.0%
Pari-Mutuel Taxes	13	13	0.0%	13	0.0%	13	0.0%	13	0.0%	13	0.0%
All Other Taxes	1	2	100.0%	2	0.0%	2	0.0%	2	0.0%	2	0.0%

[1]Excludes Transfers.

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

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

All Funds other tax receipts for FY 2024 are projected to decrease, primarily due to an expected return to a more typical amount of super-large payments and collections, as well as a projected decline in real estate transfer tax receipts as mortgage rates are projected to remain elevated as the market stabilizes itself. All Funds other tax receipts in the outyears are projected to increase, largely due to increases in both estate tax and real estate transfer tax receipts, reflecting projected growth in household net worth, housing starts, and housing prices.

General Fund other tax receipts for FY 2024 are projected to decline due to the reason noted above. Other tax receipts in the outyears are projected to increase, resulting from projected increases in estate tax receipts, which reflect projected growth in household net worth.

Miscellaneous Receipts

All Funds miscellaneous receipts include moneys received from HCRA financing sources, SUNY tuition and patient income, lottery and gaming receipts for education, assessments on regulated industries, Tribal-State Compact receipts, Extraordinary Monetary Settlements, and a variety of fees. As such, miscellaneous receipts are driven in part by year-to-year variations in health care surcharges and other HCRA resources, bond proceeds, tuition income revenue and other miscellaneous receipts.

MISCELLANEOUS RECEIPTS (millions of dollars)											
	FY 2022 Actuals	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
ALL FUNDS	**27,932**	**28,704**	**2.8%**	**27,281**	**-5.0%**	**26,008**	**-4.7%**	**27,665**	**6.4%**	**28,187**	**1.9%**
General Fund	2,325	3,032	30.4%	2,401	-20.8%	2,221	-7.5%	2,060	-7.2%	1,995	-3.2%
Special Revenue Funds	20,172	17,212	-14.7%	13,534	-21.4%	13,807	2.0%	15,110	9.4%	15,531	2.8%
Capital Projects Funds	5,007	8,084	61.5%	10,968	35.7%	9,595	-12.5%	10,100	5.3%	10,251	1.5%
Debt Service Funds	428	376	-12.1%	378	0.5%	385	1.9%	395	2.6%	410	3.8%

General Fund miscellaneous receipts in FY 2023 are projected to increase from FY 2022 results, largely due to the combination of rising interest rates and larger state fund balances, leading to much higher investment income receipts.

All Funds miscellaneous receipts in FY 2023 are projected to increase from FY 2022 results, driven by the General Fund increases noted above, which are partially offset by lower than 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 in FY 2024 are projected to decrease from FY 2023 estimates, driven by conservative estimation of investment income and non-General Fund revenues, which are partially offset by growth in bond proceeds driven by higher bond-eligible capital spending and the timing of reimbursements, partially offset by conservative estimation of non-general fund revenues. In the later years of the Updated Financial Plan, All Funds miscellaneous receipts reflect the timing of capital reimbursements.

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

Federal Receipts

FEDERAL RECEIPTS (millions of dollars)											
	FY 2022 Actuals	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
ALL FUNDS	**95,307**	**89,542**	**-6.0%**	**88,492**	**-1.2%**	**80,312**	**-9.2%**	**78,905**	**-1.8%**	**80,720**	**2.3%**
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	83,880	-5.4%	82,878	-1.2%	73,065	-11.8%	75,238	3.0%	77,193	2.6%
Capital Projects Funds	2,066	3,242	56.9%	3,297	1.7%	3,540	7.4%	3,609	1.9%	3,474	-3.7%
Debt Service Funds	68	70	2.9%	67	-4.3%	62	-7.5%	58	-6.5%	53	-8.6%

Aid from the Federal government helps to pay for a variety of programs including Medicaid, public assistance, mental hygiene, School Aid, public health, transportation, and other activities. Annual changes to Federal receipts generally correspond to changes in Federally reimbursed spending. Accordingly, DOB typically projects Federal reimbursements will be received in the State fiscal year in which spending occurs, but due to the variable timing of Federal receipts, actual results often differ from projections.

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

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

Disbursements

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

Local Assistance Grants

Local assistance spending includes payments to local governments, school districts, health care providers, and other entities, as well as financial assistance to, or on behalf of, individuals, families, and not-for-profit organizations who provide services to individuals. School Aid and health care spending account for the majority of State Operating Funds local assistance spending. Local assistance spending represents approximately two-thirds of total State Operating Funds spending.

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

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

	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
HEALTH CARE					
Medicaid - Individuals Covered	7,789,300	6,901,410	6,565,333	6,605,101	6,646,008
Essential Plan - Individuals Covered	1,090,178	968,875	993,563	1,018,992	1,045,183
Child Health Plus - Individuals Covered	405,265	457,936	462,549	471,799	481,235
State Takeover of County/NYC Costs[1]	$5,540	$6,370	$7,253	$8,176	$9,013
CY 2005 Local Medicaid Cap	$3,892	$4,539	$5,239	$5,980	$6,634
FY 2013 Local Takeover Costs	$1,648	$1,831	$2,014	$2,196	$2,379
EDUCATION					
School Aid (School Year-Basis Funding)[2]	$31,250	$34,386	$35,707	$37,165	$38,668
HIGHER EDUCATION					
Public Higher Education Enrollment (FTEs)	458,167	458,167	TBD	TBD	TBD
Tuition Assistance Program (FTEs)	216,000	235,000	TBD	TBD	TBD
PUBLIC ASSISTANCE					
Family Assistance Program (Families)	180,418	209,148	198,646	188,276	211,025
Safety Net Program (Families)	120,957	138,784	130,571	122,396	137,679
Safety Net Program (Singles)	229,043	210,068	207,482	208,728	225,876
MENTAL HYGIENE					
OMH Community Beds	50,805	53,292	54,490	55,148	55,798
OPWDD Community Beds	42,267	42,401	42,535	42,670	42,806
OASAS Community Beds	13,764	13,804	13,854	13,954	14,004
Total	106,836	109,497	110,879	111,772	112,608

[1] 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.

[2] Does not reflect a significant amount of federal CRRSA and ARP Act funding for school districts to be distributed over multiple years, such as prekindergarten expansion grants supported by ARP Act funding that appear on the School Aid run.

Education

School Aid

School Aid supports elementary and secondary education for New York pupils enrolled in the State's 673 major school districts. State aid is provided to districts based on statutory aid formulas and through reimbursement of categorical expenses, such as prekindergarten programs, education of homeless children, and bilingual education. State funding for schools assists districts in meeting locally defined needs, such as the construction of school facilities and the education of students with disabilities.

School Year (July 1 — June 30)

The Updated Financial Plan includes $34.4 billion for School Aid in SY 2024, exclusive of Federal prekindergarten expansion grants, representing an annual increase of approximately $3.1 billion (10.0 percent). This annual increase includes a $2.7 billion (12.8 percent) increase in Foundation Aid. The growth in Foundation Aid reflects the full funding of the current formula for the first time in its history, marking the final year of the three-year phase-in, and a minimum 3 percent annual increase to fully funded districts that would otherwise not receive a Foundation Aid increase under current law. Additionally, a High-Impact Tutoring Set-Aside of $250 million within Foundation Aid directs additional support to students struggling to recover from pandemic-related learning loss. In addition, School Aid growth includes a $232 million increase in expense-based reimbursement programs such as Transportation Aid and Boards of Cooperative Educational 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. The FY 2024 Executive Budget also provides $21 million for new competitive grants, including $20 million to support the establishment of new Early College High School and Pathways in Technology Early College High School (P-TECH) programs.

In SY 2024, growth in School Aid largely reflects the final year of the three-year phase-in of full funding of the current Foundation Aid formula, increased support for full-day prekindergarten, and assumed growth in expense-based aids. In SY 2025 and thereafter, projected School Aid growth is based on 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 2023	SY 2024	Change	SY 2025	Change	SY 2026	Change	SY 2027	Change
Total	**31,250**	**34,386**	**3,136**	**35,707**	**1,321**	**37,165**	**1,458**	**38,668**	**1,503**
			10.0%		3.8%		4.1%		4.0%

[1] Does not reflect a significant amount of Federal CRRSA and ARP Act funding for school districts to be distributed over multiple years, such as prekindergarten expansion grants supported by ARP Act funding 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 was 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 was allocated for the expansion of full-day prekindergarten programs for four-year-old children, grants that the State will gradually take over and fully fund beginning in SY 2025.

State Fiscal Year School Aid

The State finances School Aid from the General Fund, commercial gaming receipts, cannabis sales, mobile sports wagering receipts, and Lottery Fund receipts, including revenues from VLTs. Commercial gaming, Lottery, mobile sports wagering and cannabis receipts are accounted for and disbursed from dedicated accounts. The amount of School Aid spending financed by mobile sports wagering receipts is expected to increase significantly in FY 2024 due to higher than anticipated revenue collections in FY 2023. Additionally, the amount of School Aid spending financed by Lottery Aid is expected to decrease in FY 2024 due to increased spending in FY 2023 related to higher than anticipated revenue collections in FY 2022.

Because the State fiscal year begins on April 1 and the school year begins on July 1, the State typically pays approximately 70 percent of the annual school year commitment during the initial State fiscal year and the remaining 30 percent in the first three months of the following State fiscal year. The table below summarizes the projected sources of School Aid spending on a State fiscal year basis.

SCHOOL AID - STATE FISCAL YEAR BASIS[1,2]
(millions of dollars)

	FY 2023 Projected	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
TOTAL STATE OPERATING FUNDS	**30,388**	**33,363**	**9.8%**	**35,227**	**5.6%**	**36,623**	**4.0%**	**38,095**	**4.0%**
General Fund Local Assistance	25,602	28,844	12.7%	30,890	7.1%	32,230	4.3%	33,632	4.3%
Medicaid	140	140	0.0%	140	0.0%	140	0.0%	140	0.0%
Lottery Aid	2,653	2,314	-12.8%	2,397	3.6%	2,397	0.0%	2,397	0.0%
VLT Lottery Aid	1,237	1,033	-16.5%	1,016	-1.6%	1,018	0.2%	1,017	-0.1%
Commercial Gaming	141	131	-7.1%	136	3.8%	136	0.0%	169	24.3%
Mobile Sports Wagering	615	896	45.7%	648	-27.7%	655	1.1%	659	0.6%
Cannabis Revenue	0	5	0.0%	0	-100.0%	47	0.0%	81	72.3%

[1] Does not reflect a significant amount of Federal CRRSA and ARP Act funding for school districts to be distributed over multiple years, such as prekindergarten expansion grants supported by ARP Act funding that appear on the School Aid run.

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

Other Education Funding

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

OTHER EDUCATION FUNDING (millions of dollars)									
	FY 2023 Projected	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,447**	**2,522**	**3.1%**	**2,668**	**5.8%**	**2,793**	**4.7%**	**2,913**	**4.3%**
Special Education	1,386	1,495	7.9%	1,590	6.4%	1,667	4.8%	1,743	4.6%
All Other Education	1,061	1,027	-3.2%	1,078	5.0%	1,126	4.5%	1,170	3.9%

The State helps fund special education services for approximately 500,000 students with disabilities, from ages 3 to 21. Major programs under the Office of Prekindergarten through Grade 12 address specialized student needs or reimburse school districts for education-related services, including the school breakfast and lunch programs, after-school programs, and other educational grant programs. Cultural education includes aid for operating expenses of the major cultural institutions, State Archives, State Library, and State Museum, as well as support for the Office of Educational Television and Public Broadcasting. Higher and professional education programs monitor the quality and availability of post-secondary education programs, and license and regulate over 50 professions. Adult career and continuing education services focus on the education and employment needs of the State's adult citizens, ensuring that such individuals have access to a one-stop source for all their employment needs, and are made aware of the full range of services available in other agencies.

Special Education costs are expected to increase from FY 2023 levels due to the continuing impact of an 11 percent COLA increase to provider tuition rates for SY 2023 and the return of enrollment to pre-pandemic levels. These increased tuition costs are 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 decrease for All Other Education Programs in FY 2024 is largely attributable 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 STEM instruction, charter school supplemental tuition payments paid as reimbursement to school districts, payments to New York City for charter school facilities aid, funds to support the development of robust high school-college-workforce pipelines, 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 $93,200 will receive a $81,400 exemption in FY 2024.

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. As of FY 2020, homeowners who receive a property tax exemption do not receive 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 2023 Projected	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
TOTAL STAR PROGRAM	**1,781**	**1,717**	**-3.6%**	**1,610**	**-6.2%**	**1,562**	**-3.0%**	**1,535**	**-1.7%**
Gross Program Costs	3,288	3,393	3.2%	3,460	2.0%	3,582	3.5%	3,727	4.0%
Personal Income Tax Credit	(1,507)	(1,676)	-11.2%	(1,850)	-10.4%	(2,020)	-9.2%	(2,192)	-8.5%
Basic Exemption	953	891	-6.5%	787	-11.7%	740	-6.0%	718	-3.0%
Gross Program Costs	1,553	1,617	4.1%	1,636	1.2%	1,727	5.6%	1,840	6.5%
Personal Income Tax Credit	(600)	(726)	-21.0%	(849)	-16.9%	(987)	-16.3%	(1,122)	-13.7%
Enhanced (Senior) Exemption	828	826	-0.2%	823	-0.4%	822	-0.1%	817	-0.6%
Gross Program Costs	980	1,008	2.9%	1,038	3.0%	1,059	2.0%	1,077	1.7%
Personal Income Tax Credit	(152)	(182)	-19.7%	(215)	-18.1%	(237)	-10.2%	(260)	-9.7%
New York City PIT	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Gross Program Costs	755	768	1.7%	786	2.3%	796	1.3%	810	1.8%
Personal Income Tax Credit	(755)	(768)	-1.7%	(786)	-2.3%	(796)	-1.3%	(810)	-1.8%

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 2024 through 2027 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.

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 2023 Projected	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,947**	**3,091**	**4.9%**	**3,215**	**4.0%**	**3,284**	**2.1%**	**3,365**	**2.5%**
City University	**1,842**	**1,921**	**4.3%**	**1,977**	**2.9%**	**2,028**	**2.6%**	**2,076**	**2.4%**
Senior Colleges	1,598	1,680	5.1%	1,736	3.3%	1,787	2.9%	1,835	2.7%
Community College	244	241	-1.2%	241	0.0%	241	0.0%	241	0.0%
Higher Education Services	**607**	**718**	**18.3%**	**790**	**10.0%**	**808**	**2.3%**	**841**	**4.1%**
Tuition Assistance Program	535	619	15.7%	684	10.5%	701	2.5%	721	2.9%
Scholarships/Awards	60	87	45.0%	94	8.0%	95	1.1%	108	13.7%
Aid for Part-Time Study	12	12	0.0%	12	0.0%	12	0.0%	12	0.0%
State University	**498**	**452**	**-9.2%**	**448**	**-0.9%**	**448**	**0.0%**	**448**	**0.0%**
Community College	491	448	-8.8%	444	-0.9%	444	0.0%	444	0.0%
Other/Cornell	7	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 371,000 full- and part-time students. SUNY and CUNY also operate 37 community colleges, serving approximately 234,000 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 $1.3 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 $975 million in FY 2024 for debt service on bond financed capital projects at SUNY and CUNY. In FY 2024, an estimated $30 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 $144 million, or 4.9 percent, from FY 2023 to FY 2024. This spending provides an increase in General Fund operating support to CUNY senior colleges, including fringe benefits and increased financial aid support for students. From FY 2023 to FY 2024, local assistance spending for the State University decreased because of nonrecurring investments and timing of payments related to workforce development programs. Increased HESC spending is driven by the continued implementation of the expansion of TAP for part-time students, as contained in the FY 2023 Enacted Budget, and additional costs for Excelsior Scholarships resulting from proposed tuition rate increases at CUNY senior colleges and SUNY State-operated campuses.

Health Care

DOH works with local health departments and social services departments, including New York City, to coordinate and administer statewide health insurance programs and activities, including operating the Medicaid program that provides health care coverage to 7.8 million low-income individuals and long-term care services for the elderly and disabled. Most government-financed health care programs are included under DOH, however, several programs are also supported through multi-agency efforts. In addition to Medicaid and statewide public health programs, local assistance spending for health care includes a variety of mental hygiene programs.

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

Medicaid

Medicaid is a means-tested program that finances health care services for low-income individuals and long-term care services for the elderly and disabled, primarily through monthly premium payments to managed care plans that enroll Medicaid eligible individuals and direct payments to health care providers for services rendered to Medicaid enrollees. Medicaid services include inpatient hospital care, outpatient hospital services, clinics, nursing homes, managed care, prescription drugs, home care and services provided in a variety of community-based settings (including personal care, mental health, substance abuse treatment, developmental disabilities services, school-based services, and foster care services). The Medicaid program is financed by the Federal government, the State, and counties, including New York City. DOB estimates that spending from all sources, including spending by local governments that is not part of the State's All Funds activity, will total $103 billion in FY 2024. The following table shows the estimated disbursements by level of government.

FY 2024 PROJECTED MEDICAID SPENDING [1]
(millions of dollars)

	Spending	Share
Federal	59,324	57.6%
State	34,804	33.8%
Local	8,908	8.6%
Total	**103,036**	**100.0%**

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

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 79 percent of State-share Medicaid costs in FY 2024. 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	19,580	21,990	24,752	27,113	28,861
HCRA	4,500	4,272	4,090	3,949	3,938
All Other	1,719	1,532	1,561	1,591	1,592
Total	**25,799**	**27,794**	**30,403**	**32,653**	**34,391**

[1] Includes operational costs and the Essential Plan.

STATE-SHARE MEDICAID FINANCING SOURCES [1] (percent)					
	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
General Fund	75.9%	79.1%	81.4%	83.0%	83.9%
HCRA	17.4%	15.4%	13.5%	12.1%	11.5%
All Other	6.7%	5.5%	5.1%	4.9%	4.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

[1] Includes operational costs and the Essential Plan.

See "Factors Affecting Medicaid Funding" and "HCRA Financial Plan" below for more information.
Medicaid eligibility and enrollment fluctuate with economic cycles. Enrollment increased by nearly 1.6 million since March 2020. This enrollment increase has been driven by the steep rise in unemployment triggered by the COVID-19 pandemic, as well as Federal limitations on Medicaid disenrollment activities during the public health emergency period. The Updated Financial Plan forecast assumes that enrollment levels will peak at nearly 7.9 million in June of 2024 and decline thereafter in the later part of FY 2025.

The FY 2024 Executive Budget includes $1.6 billion in new enrollment costs associated with higher enrollment projections as compared to Mid-Year Update. As unemployment trends towards pre-pandemic levels, costs associated with individuals who are temporarily enrolled will continue into FY 2023 and will decline in FY 2024, along with enrollment.

Total Medicaid costs are expected to grow annually due in large part to an increase in high utilization populations. Other factors that continue to place upward pressure on State-share Medicaid costs include but are not limited to provider reimbursements 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[12].

The following table summarizes State-share Medicaid spending by agency.

TOTAL STATE-SHARE MEDICAID DISBURSEMENTS
(millions of dollars)

	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Department of Health Medicaid	**25,799**	**27,794**	**30,403**	**32,653**	**34,391**
Local Assistance	29,075	28,800	29,882	32,164	33,907
State Operations	376	494	521	489	484
eFMAP[1]	(3,652)	(1,500)	0	0	0
Other State Agency Medicaid Spending	**5,713**	**6,648**	**5,926**	**6,044**	**6,259**
Mental Hygiene[2]	5,491	6,426	5,704	5,822	6,037
Foster Care	74	74	74	74	74
Education	140	140	140	140	140
Corrections	8	8	8	8	8
Total State-Share Medicaid (All Agencies)	**31,512**	**34,442**	**36,329**	**38,697**	**40,650**
Annual $ Change		2,930	1,887	2,368	1,953
Annual % Change		9.3%	5.5%	6.5%	5.0%

1 Includes a portion of the benefit of enhanced Federal share (eFMAP).

2 Excludes a portion of spending reported under the DOH Medicaid Global Cap that has no impact on mental hygiene service delivery or operations.

12 There is a great deal of uncertainty with regard to Medicaid enrollment levels and the timing of levels returning to pre-pandemic trends. The State continues to work with Urban Institute and other independent experts and will continue to test and refine the Medicaid enrollment projections utilizing available data.

FY 2024 Executive State Operating Funds Budget Actions

FY 2024 EXECUTIVE BUDGET
STATE OPERATING FUNDS -- SAVINGS/(COSTS)
DEPARTMENT OF HEALTH - MEDICAID GLOBAL CAP
(millions of dollars)

	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
FY 2024 Base Surplus/(Gap)	**(1,226)**	**(1,390)**	**(2,096)**	**(2,091)**
Forecasted Enrollment Projections	(547)	(140)	(396)	(412)
Financial Plan Adjustment for COVID Enrollment	547	(87)	**0**	**0**
Newly Signed Legislation	(6)	(7)	(7)	(7)
Updated New Statutory Global Cap Index	475	694	854	754
FY 2024 Revised Surplus/(Gap)	**(757)**	**(930)**	**(1,645)**	**(1,756)**
Executive Budget Actions	**938**	**1,345**	**1,606**	**1,645**
SUNY Disproportionate Share Hospital (DSH)	(72)	(106)	(53)	(53)
Voluntary Hospital Indigent Care Reduction	43	43	43	43
Removal of Nursing Home Staffing Pool	94	94	94	94
Increase Nursing Home reimbursement by 5%	(158)	(158)	(158)	(158)
Assisted Living Program (ALP) 5% Rate Increase	(9)	(9)	(9)	(9)
DOH Veterans Home Investment	2	2	2	2
FY 2024 Medical Loss Ratio (MLR) Increase for MLTC & MMC	0	67	0	0
Managed Long-Term Care Plans (MLTCP) Reforms	0	65	130	130
Discontinue MLTC and MMC Quality Pool Payments	112	112	112	112
Discontinue MLTC Distressed Plan Pool	15	15	15	15
Discontinue Wage Parity for Consumer Directed Personal Assistance Program (CDPAP)	0	124	495	495
Ensure Comprehensive Health Insurance for CDPAP Workers	0	(62)	(297)	(297)
Pay and Resolve	(7)	(32)	(32)	(32)
Delay Implementation of Undocumented Coverage Expansion for 65+	172	0	0	0
Keep Pregnancy Coverage in Essential Plan	41	165	165	165
Reduced Coverage for Over-The-Counters and Eliminate Co-Pays	9	17	17	17
Discontinue Prescriber Prevails	0	49	49	49
NYRx Transition	410	548	557	562
Support for Ryan White Clinics (NYRx)	(30)	(30)	(30)	(30)
FQHC/DTC Supplemental Payments (NYrx)	(125)	(125)	(125)	(125)
Increase Hospital Reimbursement by 5% (NYRx)	(213)	(213)	(213)	(213)
Utilize Available Federal Funding	624	709	774	808
Recalibrate Health Home Program	30	70	70	70
State of the State Investments	**(181)**	**(415)**	**(415)**	**(415)**
Expand Medicaid Buy-In for those with Disabilities	0	(60)	(60)	(60)
Benchmarking Primary Care Reimbursement to 80% of Medicare	(18)	(35)	(35)	(35)
Establish Adverse Childhood Screening Rates	(5)	(19)	(19)	(19)
Establish Reimbursement for Community Health Workers	(9)	(35)	(35)	(35)
Expand Nutritionist Coverage to All	(14)	(18)	(18)	(18)
Increase Supportive Housing Funding	(15)	(30)	(30)	(30)
Integrated Licensure Standards	(16)	(33)	(33)	(33)
Ensure Adequate Transportation Rates	(14)	(18)	(18)	(18)
Mental Hygiene Medicaid	(59)	(114)	(114)	(114)
All Other SOTS	(31)	(53)	(53)	(53)
FY 2024 Executive Budget Surplus/(Gap)	**0**	**0**	**(454)**	**(526)**
Non-Global Cap Medicaid Revisions (Excluded from Above)	**1,105**	**(13)**	**(22)**	**(31)**
Asylum Seekers Services and Assistance	(125)	0	0	0
Minimum Wage Index	(3)	(13)	(22)	(31)
COVID eFMAP	1,233	0	0	0

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 rolling average of medical price inflation. The FY 2023 Enacted Budget implemented a new Global Cap index based on the five-year rolling average of CMS annual projections of health care spending to better account for enrollment, including specific populations, such as the aging and disabled populations. The new index also accounts for enrollment and population changes, which are significant drivers of costs. Consistent with the index, the FY 2023 Enacted Budget reflected $8 billion in additional Medicaid spending growth between FY 2023 and 2027.

Since the FY 2023 Enacted Budget, new projections published by CMS further support increases ranging from $224 million to $854 million annually between FY 2023 and FY 2027, providing another $3 billion over the multi-year plan and $11 billion in aggregate increased spending allowance.

Medicaid spending is projected to exceed the cap beginning in FY 2026 due mainly to projected utilization and costs trends. The deficits are projected at $454 million in FY 2026 and $526 million in FY 2027.

MEDICAID GLOBAL CAP INDEX
(millions of dollars)

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Five-Year Total
FY 2022 Enacted Budget	**21,172**	**21,749**	**22,333**	**22,957**	**23,612**	**111,823**
Annual $ Change	600	577	584	624	655	
Annual % Change	2.9%	2.7%	2.7%	2.8%	2.9%	
New Statutory Index[1]	366	900	1,542	2,280	3,112	8,200
Updated New Statutory Index[2]	224	475	694	854	754	3,001
Increased Spending Allowance	**590**	**1,375**	**2,236**	**3,134**	**3,866**	**11,201**
Index Pursuant to Statue	**21,762**	**23,124**	**24,569**	**26,091**	**27,478**	**123,024**
FY 2024 Executive Budget	21,762	23,124	24,569	26,545	28,004	124,004
Executive Budget Over/(Under) Index[3]	**0**	**0**	**0**	**454**	**526**	**980**
FY 2024 Executive Budget	**21,762**	**23,124**	**24,569**	**26,545**	**28,004**	**124,004**
Annual $ Change	1,190	1,362	1,445	1,976	1,459	
Annual % Change	5.8%	6.3%	6.2%	8.0%	5.5%	

[1] 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 (CMS) as of March 2020.

[2] Reflects the updated 5-year rolling average pursuant to CMS March 2022 Report.

[3] The Medicaid forecast is projected to spend within the allowable index through FY 2025. Gap-closing savings will be necessary in FY 2026 and FY 2027 to ensure Medicaid spending in future years adheres to the Global Cap indexed rate.

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 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Medicaid Global Cap[1]	**21,762**	**23,124**	**24,569**	**26,092**	**27,478**
Annual $ Change	1,190	1,362	1,445	1,523	1,386
Annual % Change	5.8%	6.3%	6.2%	6.2%	5.3%
FY 2024 Executive Budget Forecast[2]	0	0	0	454	526
Other Medicaid Not Subject to Global Cap	**4,037**	**4,670**	**5,834**	**6,107**	**6,387**
Minimum Wage	2,223	2,411	2,421	2,430	2,440
Home Care Wages	0	262	1,233	1,315	1,402
Local Takeover Cost[3]	1,648	1,830	2,013	2,195	2,378
MSA Payments (Share of Local Growth)[4]	(362)	(362)	(362)	(362)	(362)
All Other	528	529	529	529	529
Total DOH Medicaid	**25,799**	**27,794**	**30,403**	**32,653**	**34,391**
Annual $ Change	3,509	1,995	2,609	2,250	1,738
Annual % Change	15.7%	7.7%	9.4%	7.4%	5.3%

[1] 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] The Medicaid forecast is projected to spend within the allowable index through FY 2025. Gap-closing savings will be necessary in FY 2026 and FY 2027 to ensure Medicaid spending in future years adheres to the Global Cap indexed rate.

[3] 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.

[4] MSA payments are deposited directly to a Medicaid Escrow Fund to cover a portion of the State's share of local Medicaid growth.

Forecasted Medicaid spending also includes the recurring value of MRT II savings initiatives and the Managed Care payment restructuring totaling $1.7 billion that was initially executed at the end of FY 2019 in response to a structural imbalance at the time.

At the close of FY 2019, DOH deferred, for three business days into FY 2020, the final cycle payment to Medicaid Managed Care Organizations, as well as other payments, to avoid exceeding the statutorily indexed rate for FY 2019. The deferral had a State-share value of $1.7 billion and was paid from available funds in the General Fund in April 2019, consistent with contractual obligations and with no impact on provider services.

Following the deferral, DOB recognized that a structural imbalance existed within the Global Cap and the State formed the MRT II as part of the FY 2021 Enacted Budget with the objective of restoring financial sustainability to the Medicaid program. The FY 2021 Enacted Budget included $2.2 billion in MRT II savings initiatives to address the Medicaid imbalance, including identifying efficiencies in the Managed Care and Managed Long-Term Care programs, as well as administrative reforms.

To date, over two-thirds of the $2.2 billion in savings actions have been implemented, with the remaining savings actions pending due to ongoing litigation and Federal government approval of Federal MOE requirements associated with the FFCRA, COVID-19 and ARP HCBS eFMAP provisions. The Updated Financial Plan assumes the remaining MRT II savings will be implemented in FY 2025, subject to Federal approval, in compliance with requirements under ARP HCBS eFMAP provisions.

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.

State Medicaid spending is also impacted by the Federal government's increased share of Medicaid funding through eFMAP during the public health emergency. The enhanced funding began on January 1, 2020, and pursuant to the 2023 Consolidated Appropriations Act signed into law on December 29, 2022, will be phased out by the end of December 2023: eFMAP will be reduced to 5 percent from April 1, 2023 through June 30, 2023, to 2.5 percent from July 1, 2023 through September 30, 2023, and to 1.5 percent from October 1, 2023 through December 31, 2023. The Updated Executive Budget Financial Plan projects a benefit to the State of $3.7 billion in FY 2023 and $1.5 billion in FY 2024 through this enhanced Federal funding.

State share savings from eFMAP have been, and will be, used to offset increased costs associated with persistently elevated COVID enrollment and lost MRT II savings due to Federal restrictions regarding program restructuring while the eFMAP remains in place.

Minimum Wage and Home Care Wages

Medicaid spending includes the cost of increases in the minimum wage for employees in the health care sector. These costs are not subject to the Global Cap.

The State costs of minimum wage increases in the health care sector are projected to grow by $262 million to roughly $2.2 billion in FY 2023. Home health care workers in New York City and certain counties receive supplemental benefits in addition to their base wage. These benefits include paid leave, differential wages, premiums for certain shifts, education, and fringe benefits. The required supplemental benefits typically can be satisfied by increasing the base cash wage for home health care workers by a corresponding amount. As a result, wages for home health care workers in these regions exceed minimum wage levels by $4.09 for New York City and $3.22 for Westchester, Nassau, and Suffolk counties. However, State statute exempts the supplemental wages portion of total compensation from the minimum wage calculation to ensure home health care workers in these counties receive incremental growth in wage compensation commensurate with the new minimum wage schedule.

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

The FY 2024 Executive Budget proposes to automatically increase the State's minimum wage to keep pace with inflation going forward. After reaching $15 per hour, each region's minimum wage will increase consistent with the year-over-year Consumer Price Index-W for the Northeast Region. The State cost is expected to be $3 million in FY 2024 growing to $32 million in FY 2027.

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 $6.4 billion in FY 2024 -- roughly $3.0 billion for counties outside New York City and $3.4 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 2023 to FY 2027

Region	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Rest of State	2,666,266	2,976,347	3,305,963	3,650,783	3,963,824
New York City	2,874,132	3,394,017	3,946,656	4,524,786	5,049,635
Statewide	5,540,398	6,370,364	7,252,619	8,175,569	9,013,459

Master Settlement Agreement (MSA)

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

Health Care Transformation Fund (HCTF)

The HCTF was created in 2018 to account for receipts associated with health care asset sales and conversions. Resources in the HCTF are transferred to any other fund of the State, as directed by the Director of the Budget, to support health care delivery, including for capital investment, debt retirement or restructuring, housing and other social determinants of health, or transitional operating support to health care providers. The HCTF may be used as a repository for future proceeds related to asset sales and conversions, subject to regulatory approvals.

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

The Updated Financial Plan maintains the use of $1 billion added in the FY 2023 Enacted Budget 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 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Opening Balance	**147**	**559**	**750**	**500**	**250**
Receipts	**575**	**500**	**0**	**0**	**0**
General Fund Transfer	500	500	0	0	0
Centene Payment	68	0	0	0	0
Cigna Payment	7	0	0	0	0
Planned Uses	**163**	**309**	**250**	**250**	**250**
Home Care Wages	0	250	250	250	250
Housing Rental Subsidies	73	59	0	0	0
State-Only Payments	46	0	0	0	0
Capital Projects	44	0	0	0	0
Closing Balance	**559**	**750**	**500**	**250**	**0**

Essential Plan

The FY 2015 Enacted Budget authorized the State to participate in the EP, a health insurance program which receives Federal subsidies authorized through the ACA. The EP includes health insurance coverage for legally residing immigrants in New York not eligible for Medicaid, CHP, or other employer-sponsored coverage. Individuals who meet the EP eligibility standards are enrolled through the New York State of Health (NYSOH) insurance exchange, with the cost of insurance premiums subsidized by the State and Federal governments. The Exchange – NYSOH – serves as a centralized marketplace to shop for, compare, and enroll in a health plan. Over 1 million New Yorkers are expected to be enrolled in the EP in FY 2023, which represents an increase in enrollment from FY 2022 as the economy recovers and unemployment trends towards pre-pandemic levels causing individuals to shift out of Medicaid and into EP. Growth in enrollment is also due to expanded eligibility.

ESSENTIAL PLAN
(millions of dollars)

	FY 2023 Projected	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
TOTAL ALL FUNDS SPENDING	**5,983**	**6,542**	**9.3%**	**7,566**	**15.7%**	**8,078**	**6.8%**	**8,615**	**6.6%**
State Operating Funds	**75**	**91**	**21.3%**	**95**	**4.4%**	**103**	**8.4%**	**104**	**1.0%**
Local Assistance[1]	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	75	91	21.3%	95	4.4%	103	8.4%	104	1.0%
Federal Operating Funds	**5,908**	**6,451**	**9.2%**	**7,471**	**15.8%**	**7,975**	**6.7%**	**8,511**	**6.7%**

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

On an All Funds basis, EP spending is anticipated to fluctuate over the Financial Plan period, reflecting a mix of factors. Spending growth in FY 2023 and FY 2024 primarily reflects costs associated with robust growth in program enrollment and the expanded eligibility up to 250 percent of the Federal poverty level. The FY 2024 Executive Budget also includes the shift of pregnant and post-partum women from Medicaid to the EP. This transfer would allow the State to maximize Federal revenue under the EP, while maintaining the same benefit for pregnant and post-partum women.

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 2023 Projected	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,249**	**2,298**	**2.2%**	**2,346**	**2.1%**	**2,369**	**1.0%**	**2,391**	**0.9%**
Public Health	**2,074**	**2,129**	**2.7%**	**2,171**	**2.0%**	**2,189**	**0.8%**	**2,210**	**1.0%**
Child Health Plus[1]	735	933	26.9%	970	4.0%	988	1.9%	1,009	2.1%
General Public Health Work	222	235	5.9%	215	-8.5%	215	0.0%	215	0.0%
EPIC	93	63	-32.3%	63	0.0%	63	0.0%	63	0.0%
Early Intervention	84	81	-3.6%	81	0.0%	81	0.0%	81	0.0%
Unadjusted	181	178	-1.7%	178	0.0%	178	0.0%	178	0.0%
Health Services Initiatives Offset	(97)	(97)	0.0%	(97)	0.0%	(97)	0.0%	(97)	0.0%
Workforce Initiatives[2]	70	110	57.1%	110	0.0%	110	0.0%	110	0.0%
General Fund Local Assistance	51	92	80.4%	92	0.0%	92	0.0%	92	0.0%
HCRA Program	19	18	-5.3%	18	0.0%	18	0.0%	18	0.0%
HCRA Program	395	296	-25.1%	321	8.4%	321	0.0%	321	0.0%
Nourish NY	58	50	-13.8%	50	0.0%	50	0.0%	50	0.0%
All Other[3]	417	361	-13.4%	361	0.0%	361	0.0%	361	0.0%
Aging	**175**	**169**	**-3.4%**	**175**	**3.6%**	**180**	**2.9%**	**181**	**0.6%**

[1] Increased spending for CHP in FY 2023 and beyond is attributable to the expiration of enhanced Federal resources, including FFCRA eFMAP.

[2] This item represents the local portion 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 2024 reflects the timing of FY 2023 payment processing due to COVID-19, fully reflecting GPHW investments originating from FY 2023 and other one-time spending programs. Increased spending in FY 2024 will be partially offset by State savings from the utilization of Federal funding where applicable. With the PHE ending in March 2023, the Federal government will phase down eFMAP rather than end it abruptly. CHP is expected to receive a total of $70.2 million in FY 2023 and $26.7 million in FY 2024.

The Updated Financial Plan continues SOFA support to address locally identified capacity needs for services to maintain the elderly in their communities, support family and friends in their caregiving roles, reduce future Medicaid costs by intervening earlier with less intensive services, and establish quality reporting and accreditation for assisted living residences and implement quality improvement initiatives in nursing homes to promote transparency. The Updated Financial Plan also reflects funding for an annual Human Services COLA of 2.5 percent in FY 2024.

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. The FY 2024 Executive Budget includes reauthorization of HCRA through March 2026. 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 2023 Projected	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
OPENING BALANCE	**88**	**0**		**0**		**0**		**0**	
TOTAL RECEIPTS	**6,584**	**6,439**	**-2.2%**	**6,367**	**-1.1%**	**6,220**	**-2.3%**	**6,225**	**0.1%**
Surcharges	4,110	4,037	-1.8%	4,058	0.5%	4,078	0.5%	4,098	0.5%
Covered Lives Assessment[1]	1,109	1,150	3.7%	1,150	0.0%	1,150	0.0%	1,150	0.0%
Cigarette Tax Revenue	605	503	-16.9%	412	-18.1%	392	-4.9%	375	-4.3%
Hospital Assessments	508	505	-0.6%	507	0.4%	510	0.6%	512	0.4%
Excise Tax on Vapor Products	27	27	0.0%	27	0.0%	27	0.0%	27	0.0%
NYC Cigarette Tax Transfer	21	17	-19.0%	13	-23.5%	13	0.0%	13	0.0%
EPIC Receipts/ICR Audit Fees	54	50	-7.4%	50	0.0%	50	0.0%	50	0.0%
Distressed Provider Assistance[2]	150	150	0.0%	150	0.0%	0	-100.0%	0	0.0%
TOTAL DISBURSEMENTS AND TRANSFERS	**6,672**	**6,439**	**-3.5%**	**6,367**	**-1.1%**	**6,220**	**-2.3%**	**6,225**	**0.1%**
Medicaid Assistance Account	4,500	4,272	-5.1%	4,090	-4.3%	3,949	-3.4%	3,938	-0.3%
Medicaid Costs	4,175	3,947	-5.5%	3,765	-4.6%	3,774	0.2%	3,763	-0.3%
Distressed Provider Assistance[2]	150	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%
Hospital Indigent Care	717	631	-12.0%	631	0.0%	631	0.0%	631	0.0%
HCRA Program Account	432	333	-22.9%	358	7.5%	359	0.3%	359	0.0%
Child Health Plus	749	950	26.8%	990	4.2%	1,009	1.9%	1,030	2.1%
Elderly Pharmaceutical Insurance Coverage	104	74	-28.8%	74	0.0%	74	0.0%	74	0.0%
Qualified Health Plan Administration	42	45	7.1%	46	2.2%	48	4.3%	49	2.1%
Roswell Park Cancer Institute	57	51	-10.5%	51	0.0%	51	0.0%	51	0.0%
SHIN-NY/APCD/Modernization	40	44	10.0%	48	9.1%	48	0.0%	43	-10.4%
All Other	31	39	25.8%	79	102.6%	51	-35.4%	50	-2.0%
ANNUAL OPERATING SURPLUS/(DEFICIT)	**(88)**	**0**		**0**		**0**		**0**	
CLOSING BALANCE	**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 steadily decline over the course of the multi-year plan reflecting the assumption that health care surcharge and assessment collections will remain relatively flat while cigarette tax revenues reflect forecasted declines in the consumption of cigarettes along with reduced sales associated with the FY 2024 Executive Budget's proposals to expand the State's ban on the sale of flavored vaping products by prohibiting the sale of all flavored tobacco products and increasing the cigarette tax from $4.35 to $5.35 per pack. These actions are expected to reduce cigarette tax receipts that flow to both the General Fund and HCRA. Offsetting these declines, are revenues set aside through FY 2025 ($150 million annually) to support distressed providers through Medicaid program payments.

HCRA spending in FY 2024 is anticipated to decrease in line with projected growth in receipts. The Updated Financial Plan reflects over $4 billion in continued support for Medicaid spending, including $150 million annually through FY 2025 to increase support for distressed providers and nearly $1 billion 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, 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 substance use disorder, and individuals with gambling problems. The service costs are reimbursed by Medicaid, Medicare, third-party insurance, and State funding.

MENTAL HYGIENE
(millions of dollars)

	FY 2023 Projected	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
TOTAL STATE OPERATING FUNDS	**4,985**	**6,468**	**29.7%**	**5,839**	**-9.7%**	**6,079**	**4.1%**	**6,394**	**5.2%**
People with Developmental Disabilities	**2,895**	**3,014**	**4.1%**	**3,193**	**5.9%**	**3,365**	**5.4%**	**3,535**	**5.1%**
Residential Services	1,637	1,717	4.9%	1,816	5.8%	1,910	5.2%	2,004	4.9%
Day Programs	715	721	0.8%	764	6.0%	805	5.4%	846	5.1%
Clinic	17	18	5.9%	19	5.6%	20	5.3%	21	5.0%
All Other Services (Net of Offsets)	526	558	6.1%	594	6.5%	630	6.1%	664	5.4%
Mental Health	**1,837**	**2,214**	**20.5%**	**2,356**	**6.4%**	**2,487**	**5.6%**	**2,592**	**4.2%**
Adult Local Services	1,455	1,820	25.1%	1,968	8.1%	2,081	5.7%	2,171	4.3%
Children Local Services	308	363	17.9%	388	6.9%	406	4.6%	421	3.7%
MLR/BHET Reinvestment[1]	74	31	-58.1%	0	-100.0%	0	0.0%	0	0.0%
Addiction Services and Supports	**634**	**658**	**3.8%**	**599**	**-9.0%**	**609**	**1.7%**	**644**	**5.7%**
Residential	127	133	4.7%	133	0.0%	141	6.0%	151	7.1%
Other Treatment	234	216	-7.7%	247	14.4%	262	6.1%	279	6.5%
Prevention	67	63	-6.0%	71	12.7%	75	5.6%	80	6.7%
Recovery	45	52	15.6%	48	-7.7%	51	6.3%	54	5.9%
Opioid Settlement Fund[2]	100	141	41.0%	55	-61.0%	33	-40.0%	33	0.0%
Opioid Stewardship Fund[3]	24	37	54.2%	45	21.6%	47	4.4%	47	0.0%
MLR/BHET Reinvestment[1]	37	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%**
Total DOH Medicaid Global Cap Adjustments[4]	**(382)**	**581**	**252.1%**	**(310)**	**-153.4%**	**(383)**	**-23.5%**	**(378)**	**1.3%**
OPWDD Local Share	15	627	4080.0%	82	-86.9%	0	-100.0%	0	0.0%
OPWDD Spending Funded by Global Cap	(397)	(46)	88.4%	(392)	-752.2%	(383)	2.3%	(378)	1.3%
OMH Spending Funded by Global Cap	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
TOTAL MENTAL HYGIENE SPENDING	**5,367**	**5,887**	**9.7%**	**6,149**	**4.5%**	**6,462**	**5.1%**	**6,772**	**4.8%**

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

[2] Pursuant to Section 99-nn of the State Finance Law, the Opioid Settlement Fund consists of funds received by the State as the result of a settlement or judgment against opioid manufacturers, distributors, dispensers, consultants or resellers and will be used to supplement funding for substance use disorder prevention, treatment, recovery, and harm reduction services or programs consistent with statewide opioid settlement agreements.

[3] The Opioid Stewardship Fund consists 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 2023 through 2025 reflect OPWDD-related local share expenses that will be funded outside of the DOH Global Cap through use of additional Financial Plan resources.

The Updated Financial Plan includes continued support for individuals with developmental disabilities to ensure appropriate access to care, including funding to expand independent living opportunities, provide choice in service options, and support the return to pre-pandemic utilization levels.

Funding continues to be included to support OMH community services and the 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 targeted services, such as mobile crisis teams to directly assist homeless individuals and the nationwide 988 Suicide and Crisis Lifeline. Additionally, continued investments are made to restore inpatient psychiatric care capacity; recruit psychiatrists, psychiatric nurse practitioners, and other licensed mental health practitioners; and incentivize the provision of specialized treatments for children and families.

Increased funding for OASAS addiction service programs will support not-for-profit providers for addiction prevention, treatment, harm reduction, and recovery programs. In FY 2024, 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 investments in addiction services programs.

The FY 2024 Executive Budget proposes to include funding to increase the minimum wage index with inflation, establish and operate 3,500 new residential units for New Yorkers with mental illness, significantly expand outpatient mental health services, enhance mental health services in schools, and increase funding for critical time intervention (CTI) teams and specialized programs for children. The FY 2024 Executive Budget also supports a 2.5 percent COLA for voluntary operated providers.

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 2023 Projected	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,582**	**2,460**	**-4.7%**	**2,204**	**-10.4%**	**1,838**	**-16.6%**	**1,886**	**2.6%**
SSI	627	647	3.2%	657	1.5%	657	0.0%	657	0.0%
Public Assistance Benefits	580	560	-3.4%	632	12.9%	578	-8.5%	578	0.0%
Public Assistance Initiatives	18	12	-33.3%	12	0.0%	12	0.0%	12	0.0%
Homeless Housing and Services	219	305	39.3%	404	32.5%	447	10.6%	494	10.5%
Rental Assistance	1,128	135	-88.0%	135	0.0%	135	0.0%	135	0.0%
Asylum Seekers Services and Assistance	0	792	0.0%	355	-55.2%	0	-100.0%	0	0.0%
All Other	10	9	-10.0%	9	0.0%	9	0.0%	10	11.1%

DOB's caseload models project a total of 558,000 public assistance recipients in FY 2024. Approximately 209,148 families are expected to receive benefits through the Family Assistance program and 138,784 through the Safety Net program in FY 2024, an increase in both programs from FY 2023. The caseload for single adults and childless couples supported through the Safety Net program is projected to be 210,068 in FY 2024, a decrease of 8.3 percent from FY 2023 projections.

The overall decline in OTDA spending in FY 2024 is primarily due to funding for the time-limited emergency rental assistance and landlord aid programs in FY 2023 and utilization of Mortgage Insurance Fund (MIF) resources to fund homelessness programs. Spending increases for homeless housing and services 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 reflects the full estimated costs for the ESSHI program that are shared by multiple agencies which have begun to be allocated to those agencies in the Updated Financial Plan and will continue to be allocated in future updates. To date, $20 million has been allocated to OMH.

Growth in Safety Net Assistance spending is driven by the increase in public assistance caseload, particularly in New York City. There is a significant spending increase for asylum seekers services and assistance due to the State providing time-limited support to New York City for the projected costs of providing services and assistance to the eligible asylum seekers population that has grown in the last year. In addition, the FY 2024 Executive Budget includes increased funding for Code Blue, New York State's emergency weather safety 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 2023 Projected	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,540**	**1,928**	**-24.1%**	**2,708**	**40.5%**	**2,720**	**0.4%**	**2,734**	**0.5%**
Child Welfare Service	1,273	461	-63.8%	461	0.0%	461	0.0%	461	0.0%
Foster Care Block Grant	396	396	0.0%	396	0.0%	396	0.0%	396	0.0%
Child Care	334	453	35.6%	1,205	166.0%	1,204	-0.1%	1,204	0.0%
Adoption	172	183	6.4%	183	0.0%	183	0.0%	183	0.0%
Youth Programs	106	100	-5.7%	99	-1.0%	99	0.0%	99	0.0%
Medicaid	74	74	0.0%	74	0.0%	74	0.0%	74	0.0%
Adult Protective/Domestic Violence	54	54	0.0%	54	0.0%	54	0.0%	54	0.0%
All Other	131	207	58.0%	236	14.0%	249	5.5%	263	5.6%

The FY 2024 Executive Budget continues funding to maintain the child care market rate to include 80 percent of providers and expand eligibility for child care subsidies to more families. In addition, the budget proposes making permanent the restructured financing approach for residential school placements of children with special needs outside New York City that was included in the FY 2023 Enacted Budget, thereby aligning the fiscal responsibility with the school district responsible for the placement.

Additional FY 2024 Executive Budget actions include consolidating the Empire State and Advantage Afterschool programs under OCFS, which currently have different funding sources and involve different agencies, assisting foster care agencies transitioning under Federal requirements as they relate to Institutions for Mental Disease (IMD), investments in permanency resource centers and kinship services, creating a new business navigator program to support businesses who wish to support their employee's child care needs and also creating an Employer-Supported Child Care Pilot Program generating new financial support for child care. Payments for the child welfare program will continue to support local districts' services and the year-to-year decline in such spending is attributable to the timing of such payments.

Transportation

The Department of Transportation (DOT) maintains approximately 43,700 State highway lane miles and 7,700 state highway bridges. DOT also partially funds regional and local transit systems, including the MTA; local government highway and bridge construction; and rail, airport, and port programs.

In FY 2024, the State plans to provide $9.1 billion in operating aid to mass transit systems, including $4 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 $8.3 billion (approximately 91 percent) of the State's mass transit aid.

TRANSPORTATION (millions of dollars)

	FY 2023 Projected	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
STATE OPERATING FUNDS SUPPORT	**4,572**	**5,216**	**14.1%**	**4,920**	**-5.7%**	**4,921**	**0.0%**	**4,919**	**0.0%**
Mass Transit Operating Aid:	3,421	3,697	8.1%	3,697	0.0%	3,697	0.0%	3,697	0.0%
Metro Mass Transit Aid	3,260	3,538	8.5%	3,538	0.0%	3,538	0.0%	3,538	0.0%
Public Transit Aid	117	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%
School Fare	25	25	0.0%	25	0.0%	25	0.0%	25	0.0%
Mobility Tax	244	244	0.0%	244	0.0%	244	0.0%	244	0.0%
NY Central Business District Trust	153	154	0.7%	157	1.9%	158	0.6%	159	0.6%
Dedicated Mass Transit	647	667	3.1%	667	0.0%	667	0.0%	667	0.0%
MTA Fiscal Relief	0	300	100.0%	0	-100.0%	0	0.0%	0	0.0%
AMTAP	107	128	19.6%	128	0.0%	128	0.0%	128	0.0%
Innovative Mobility	0	2	100.0%	4	100.0%	4	0.0%	0	-100.0%
All Other	0	24	100.0%	23	-4.2%	23	0.0%	24	4.3%

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 Supreme Court's Wayfair decision that permits a state to require vendors with no physical presence in such state to collect and remit sales tax on sales to instate consumers.

Projected increases in operating aid in FY 2024 to the MTA and other transit systems include an additional $560 million to the MTA, $40 million for non-MTA downstate transit systems, and $18 million for upstate systems. This includes $300 million in one-time assistance to the MTA to address extraordinary revenue impacts caused by the pandemic. Other new initiatives include

$24 million annually for operating costs of the Gateway Development Commission and $2 million to begin funding an Innovative Mobility Initiative for non-MTA systems.

Agency Operations

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

Over 90 percent of the State workforce is unionized. The largest unions include Civil Service Employees Association (CSEA), which represents office support staff, administrative personnel, machine operators, skilled trade workers, and therapeutic and custodial care staff; Public Employees Federation (PEF), which represents professional and technical personnel (attorneys, nurses, accountants, engineers, social workers, and institution teachers); United University Professions (UUP), which represents faculty and nonteaching professional staff within the SUNY system; and New York State Correctional Officers and Police Benevolent Association (NYSCOPBA), which represents security personnel (correctional, safety and security officers).

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

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING PERSONAL SERVICE AND FRINGE BENEFITS

	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
State Workforce[1]	119,079	120,734	TBD	TBD	TBD
ERS Contribution Rate[2]	14.3%	13.8%	17.7%	22.5%	28.1%
PFRS Contribution Rate[2]	27.0%	27.9%	31.5%	35.2%	38.9%
Employee/Retiree Health Insurance Growth Rates	3.9%	-6.3%	11.2%	1.7%	10.8%
PS/Fringe as % of Receipts (All Funds Basis)	11.6%	11.8%	12.9%	13.2%	13.7%

1 Reflects workforce that is subject to direct Executive control.

2 ERS / PFRS contribution rate reflects the State's normal and administrative costs, contributions to the Group Life Insurance Plan (GLIP), Chapter 41 of 2016 veteran's pension credit legislation (if applicable) and any graded payments required under the Contribution Stabilization Program.

Agency operations spending levels are mainly impacted by workforce levels, employee compensation, and fluctuations in energy and commodity prices.

STATE OPERATING FUNDS - PERSONAL SERVICE/NON-PERSONAL SERVICE COSTS (millions of dollars)					
	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
SUBJECT TO DIRECT EXECUTIVE CONTROL[1]	**12,315**	**12,611**	**12,554**	**13,681**	**13,801**
Corrections and Community Supervision	2,695	2,662	2,652	2,651	2,652
Office of Mental Health	1,698	1,658	1,683	1,695	1,749
Office of People with Developmental Disabilities	1,619	1,568	1,591	1,619	1,639
Environmental Conservation	244	259	277	279	274
Department of Health	1,018	1,071	1,072	1,050	1,041
State Police	862	957	952	970	989
Information Technology Services	609	668	677	691	706
Transportation	356	361	362	372	383
Children and Family Services	329	326	332	337	340
Tax and Finance	336	337	335	336	336
Office of Parks, Recreation and Historic Preservation	206	220	229	232	231
Department of Financial Services	217	217	217	217	217
Education	176	182	186	188	188
Office of Temporary and Disability Assistance	120	119	119	119	119
Labor	68	62	61	61	61
All Other	1,762	1,944	1,809	2,864	2,876
FEMA PANDEMIC COST REIMBURSEMENT	**(800)**	**(425)**	**(225)**	**0**	**0**
UNIVERSITY SYSTEMS	**6,611**	**7,186**	**6,971**	**6,920**	**7,015**
State University	6,611	7,186	6,971	6,920	7,015
INDEPENDENT AGENCIES	**388**	**419**	**425**	**431**	**437**
Law	220	240	242	246	248
Audit & Control (OSC)	168	179	183	185	189
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	**18,514**	**19,791**	**19,725**	**21,032**	**21,253**
Judiciary	**2,133**	**2,187**	**2,187**	**2,187**	**2,187**
Legislature	**266**	**281**	**281**	**281**	**281**
Statewide Total	**20,913**	**22,259**	**22,193**	**23,500**	**23,721**
Personal Service	15,581	15,858	15,930	16,072	16,231
Non-Personal Service	5,332	6,401	6,263	7,428	7,490

[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 the timing of Federal reimbursement of State incurred pandemic response and recovery efforts, and the payment of salary increases pursuant to existing contracts including retroactive salary increases.

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. The Updated Financial Plan assumes reimbursement of $800 million in FY 2023, $425 million in FY 2024, and $225 million in FY 2025. However, there is no assurance that FEMA will approve claims for the State to receive reimbursement in the amounts or State fiscal years as projected in the Updated Financial Plan.

In addition to the reduction in FY 2024 due to retroactive salary payments made in FY 2023, the most significant investments and other spending changes are summarized below:

- Corrections and Community Supervision. The FY 2024 Executive Budget includes additional funding to expand the State's response to gun violence among the parolee population.

- Office of Mental Health. The FY 2024 Executive Budget reflects efforts to increase access to mental health care through the expansion of State operated services, including inpatient psychiatric care. These investments are offset by reductions in COVID-related spending and the time limited pilot program extending two and a half times overtime to certain employees with critical titles.

- DOH. The overall decline in projected spending from FY 2023 reflects the reduced costs associated with the COVID pandemic including home testing kits partially offset by increased funding for consulting costs associated with development of Section 1115 Medicaid demonstration waivers, assessment of lead risks and support for lead abatement, modernization of health reporting systems, and additional support to counties for Emergency Medical Services.

- State Police. The FY 2024 Executive Budget provides funding to support an additional two State Police recruiting classes in FY 2024 for a total of four classes planned. Funding is also increased to expand the Community Stabilization Units and to increase State Police participation on Federal task forces to combat violent crime.

- Information Technology Services. Spending growth in FY 2024 and beyond reflects investments in cyber security, including the Joint Security Operations Center (JSOC) created for the coordination of local, state and Federal cybersecurity efforts, including data collection, response efforts and information sharing.

- State University. The FY 2024 Executive Budget includes one-time funding for state matching contributions to endowments of the four university centers and other SUNY transformation initiatives, as well as an increase in financial aid to help cover tuition costs.

- Judiciary. Growth is mainly driven by planned increases in staff hiring and collective bargaining increases expected to be implemented by March 2023.

- All Other Agencies. Other spending changes include support for asylum seekers response efforts in New York City, including the deployment of National Guard servicemembers to various hotels, homeless shelters, and emergency sites as well as the Port Authority to implement, administer, and effectuate the provision of services at each location.

Workforce

In FY 2024, $15.9 billion 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 2024 FTEs[1] AND PERSONAL SERVICE SPENDING BY AGENCY
(millions of dollars)

	Dollars	FTEs
SUBJECT TO DIRECT EXECUTIVE CONTROL	**8,947**	**98,038**
Corrections and Community Supervision	2,185	24,548
Office for People with Developmental Disabilities	1,325	18,557
Office of Mental Health	1,311	13,307
State Police	842	6,335
Department of Health	357	4,350
Information Technology Services	339	3,558
Tax and Finance	264	3,785
Children and Family Services	234	2,327
Environmental Conservation	204	2,448
Transportation	182	2,580
Office of Parks, Recreation and Historic Preservation	174	1,795
Department of Financial Services	161	1,391
Education	112	1,443
Office of Temporary and Disability Assistance	70	1,002
Labor	37	480
All Other	1,150	10,132
UNIVERSITY SYSTEMS	**4,528**	**45,880**
State University	4,528	45,880
INDEPENDENT AGENCIES	**2,383**	**18,518**
Law	171	1,611
Audit & Control (OSC)	144	1,631
Judiciary	1,847	15,273
Legislature[2]	221	3
Statewide Total	**15,858**	**162,436**

[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

GSCs spending includes employee related expenses for fringe benefits the State provides to current and former employees, as well as certain statewide fixed costs. Fringe benefits include health insurance, pensions, workers' compensation coverage, unemployment insurance, survivors' benefits, and dental and vision benefits (some of which are provided through union-specific Employee Benefit Funds). The GSCs budget also pays the Social Security payroll tax, taxes on State-owned lands, Payments in Lieu of Taxes (PILOT), and judgments and settlements awarded in the Court of Claims. Many of these payments are mandated by law or collective bargaining agreements. Employee fringe benefits are paid centrally through GSCs in the General Fund. Some agencies with dedicated revenue sources outside of the General Fund partially reimburse the GSCs in the General Fund via the agency fringe benefit assessments.

GSCs 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. Similarly, the pension program reflects costs associated increases in the employer contribution rates due to the State Comptroller's actuarial adjustments within the New York State and Local Retirement System, higher salaries, and the annual cost of living adjustment.

GENERAL STATE CHARGES
(millions of dollars)

	FY 2023 Projected	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
TOTAL STATE OPERATING FUNDS	**10,028**	**10,010**	**-0.2%**	**11,326**	**13.1%**	**12,296**	**8.6%**	**13,906**	**13.1%**
Fringe Benefits	**9,550**	**9,532**	**-0.2%**	**10,839**	**13.7%**	**11,801**	**8.9%**	**13,402**	**13.6%**
Health Insurance	5,002	5,176	3.5%	5,796	12.0%	6,279	8.3%	6,808	8.4%
Retiree Health Benefit Trust Fund	920	375	-59.2%	375	0.0%	0	-100.0%	150	0.0%
Pensions	2,087	2,287	9.6%	2,888	26.3%	3,693	27.9%	4,550	23.2%
Social Security	1,112	1,177	5.8%	1,190	1.1%	1,203	1.1%	1,226	1.9%
Apr-Dec 2020 Social Security (CRF)	24	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
Workers' Compensation	560	628	12.1%	683	8.8%	702	2.8%	723	3.0%
Employee Benefits	106	121	14.2%	122	0.8%	123	0.8%	123	0.0%
Dental Insurance	51	66	29.4%	66	0.0%	66	0.0%	66	0.0%
Unemployment Insurance	13	13	0.0%	13	0.0%	13	0.0%	13	0.0%
All Other/Non-State Escrow	(325)	(311)	4.3%	(294)	5.5%	(278)	5.4%	(257)	7.6%
Federal CRF Offset	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Fixed Costs	**478**	**478**	**0.0%**	**487**	**1.9%**	**495**	**1.6%**	**504**	**1.8%**
Public Land Taxes/PILOTS	306	309	1.0%	318	2.9%	326	2.5%	335	2.8%
Litigation	172	169	-1.7%	169	0.0%	169	0.0%	169	0.0%

Changes in the health insurance program reflect an additional $600 million deposit to the Retiree Health Trust Fund that was scheduled in later years. This one time increase in FY 2023 offsets the year over year increases in anticipated medical inflation and increased utilization in non-essential procedures that were postponed during the pandemic. The State has and continues to fund employee and retiree health care expenses as they become due, on a PAYGO basis. In FY 2022, the State made its first deposit ($320 million) to the RHBTF which was created in FY 2018 to reserve money for the payment of health benefits of retired employees and their dependents. The reserves establish an asset against the State's post-employment health insurance liability.

Higher pension costs are reflective of the increase in the employer contribution rates due to the State Comptroller's actuarial adjustments within the New York State and Local Retirement System, higher salaries, and the annual cost of living adjustment.

Social Security costs reflect general salary increases pursuant to the recent collective bargaining agreements and current spending trends. The estimate for workers' compensation reflects current utilization and an increase in the average weekly wage. Similarly, other fringe benefits and fixed costs reflect wage and property tax increases, and current spending trends.

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 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
TOTAL TRANSFERS TO OTHER FUNDS	**8,166**	**10,354**	**9,590**	**7,055**	**6,383**
State Share of Mental Hygiene Medicaid	0	0	0	0	0
Debt Service	290	251	309	330	375
SUNY University Operations	1,507	1,587	1,595	1,591	1,606
Capital Projects	4,443	6,580	6,143	3,607	2,860
Extraordinary Monetary Settlements:	**185**	**828**	**561**	**155**	**9**
Dedicated Infrastructure Investment Fund	676	1,085	525	146	0
Bond Proceeds Receipts for Javits Center Expansion	(500)	(500)	0	0	0
Clean Water Grants	0	225	25	0	0
Mass Transit Capital	3	1	0	0	0
Health Care	6	17	11	9	9
Dedicated Highway and Bridge Trust Fund	486	568	638	688	653
Environmental Protection Fund	100	100	100	100	100
Other DIIF	100	318	0	0	0
All Other Capital	3,572	4,766	4,844	2,664	2,098
ALL OTHER TRANSFERS	**1,926**	**1,936**	**1,543**	**1,527**	**1,542**
Mobility Tax Trust Account	244	244	244	244	244
State University Hospital IFR Operations Account	243	243	243	243	243
NY Central Business District Trust	153	155	156	158	159
Court Facility Income Account	129	104	104	104	104
Dedicated Mass Transportation Trust Fund	129	65	65	65	65
Health Care Transformation	500	500	0	0	0
All Other	528	625	731	713	727

General Fund transfers to Other Funds are projected to total $10.4 billion in FY 2024, an increase of $2.2 billion from FY 2023 mainly due to capital projects funding.

Transfers to capital projects funds are impacted by the timing of bond receipts to offset costs initially funded by monetary settlements; reimbursements to the capital projects fund; 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 the Department of Motor Vehicles (DMV). The General Fund subsidizes DHBTF expenses that are not covered by revenue and bond proceeds. In addition, the FY 2024 Executive Budget increases transfers to the DHBTF to support a Statewide geographic pay differential increasing salaries for most maintenance program positions, including Highway Maintenance Workers, Bridge Repair Assistants, Tree Pruners, and Service and Repair Mechanics and costs associated with the DMV transformation to improve the customer experience and service offerings.

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 2023 Projected	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change
General Fund	290	251	-13.4%	309	23.1%	330	6.8%	375	13.6%
Other State Support	8,201	3,247	-60.4%	3,961	22.0%	5,108	29.0%	5,038	-1.4%
Total State Operating Funds	**8,491**	**3,498**	**-58.8%**	**4,270**	**22.1%**	**5,438**	**27.4%**	**5,413**	**-0.5%**

State Operating Funds debt service is projected to be $3.5 billion in FY 2024, of which $251 million is paid from the General Fund and $3.2 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 Updated Executive Budget Financial Plan includes anticipated prepayments totaling $2.9 billion in FY 2023. Prior prepayments of $2.2 billion in FY 2021 and $7.6 billion in FY 2022 had a multi-year impact. As shown in the table below, the net impact of these prepayments in prior years and expected in FY 2023 increases debt service in FY 2023 and will decrease debt service costs in FY 2024 through FY 2027.

STATE-SUPPORTED DEBT SERVICE (millions of dollars)					
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Base Debt Service	**6,666**	**6,653**	**7,415**	**7,818**	**8,273**
Total Prepayment Adjustment	**1,825**	**(3,155)**	**(3,145)**	**(2,380)**	**(2,860)**
Prior Prepayments	(700)	(700)	(700)	0	0
FY 2022 Prepayment	(375)	(1,555)	(1,695)	(1,630)	(2,360)
FY 2023 Prepayment (FY23 Enacted Add)	2,000	0	(750)	(750)	(500)
FY 2023 Prepayment (FY24 Executive Add)	900	(900)	0	0	0
Executive Budget State Debt Service	**8,491**	**3,498**	**4,270**	**5,438**	**5,413**

APRIL - DECEMBER 2022 OPERATING RESULTS

The following tables and narrative provide a summary of operating results for April through December 2022 compared to: (1) the projections set forth in the FY 2023 Enacted Budget Financial Plan ("initial estimates"), (2) the projections set forth in the FY 2023 Mid-Year Update ("revised estimates") and (3) prior fiscal year results for the same period (April through December 2021).

Summary of General Fund Operating Results

The General Fund ended December 2022 with a balance of $49.4 billion, $19.2 billion above the initial estimate. The higher balance was attributable to $11.9 billion from higher than expected receipts and $7.3 billion in lower spending.

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

	Initial Estimate	Revised Estimate	Actuals	Variance Above/ (Below) Initial Estimate $	Initial Estimate %	Revised Estimate $	Revised Estimate %
OPENING BALANCE	**33,053**	**33,053**	**33,053**	**0**	**0.0%**	**0**	**0.0%**
Total Receipts	**64,867**	**68,531**	**76,815**	**11,948**	**18.4%**	**8,284**	**12.1%**
Taxes:	62,888	65,131	72,961	10,073	16.0%	7,830	12.0%
Personal Income Tax[1]	30,072	32,396	40,539	10,467	34.8%	8,143	25.1%
Consumption / Use Taxes[1]	12,043	12,628	12,752	709	5.9%	124	1.0%
Business Taxes	6,987	7,201	7,214	227	3.2%	13	0.2%
Pass Through Entity Tax	11,832	10,444	9,721	(2,111)	-17.8%	(723)	-6.9%
Other Taxes[1]	1,954	2,462	2,735	781	40.0%	273	11.1%
Miscellaneous and Federal Receipts	1,317	1,840	2,155	838	63.6%	315	17.1%
Transfers From Other Funds	662	1,560	1,699	1,037	156.6%	139	8.9%
Total Spending	**67,706**	**61,883**	**60,428**	**(7,278)**	**-10.7%**	**(1,455)**	**-2.4%**
Local Assistance	45,324	42,133	41,441	(3,883)	-8.6%	(692)	-1.6%
Agency Operations (including GSCs)	15,794	15,196	15,151	(643)	-4.1%	(45)	-0.3%
Transfers to Other Funds	6,588	4,554	3,836	(2,752)	-41.8%	(718)	-15.8%
Debt Service Transfer	166	158	154	(12)	-7.2%	(4)	-2.5%
Capital Projects Transfer	4,061	1,872	1,142	(2,919)	-71.9%	(730)	-39.0%
SUNY Operations Transfer	1,382	1,357	1,328	(54)	-3.9%	(29)	-2.1%
All Other Transfers	979	1,167	1,212	233	23.8%	45	3.9%
Change in Operations	**(2,839)**	**6,648**	**16,387**	**19,226**	**677.2%**	**9,739**	**146.5%**
CLOSING BALANCE	**30,214**	**39,701**	**49,440**	**19,226**	**63.6%**	**9,739**	**24.5%**

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

General Fund Receipts

Tax receipts exceeded initial estimates by $10.1 billion across all major tax categories, excluding PTET. Since the FY 2023 Enacted Budget, DOB has increased its tax receipts estimates in the General Fund for FY 2023 by $8.9 billion – nearly $3 billion was recognized through the Mid-Year Update and another $5.9 billion in this third quarterly update.

Personal Income Tax (PIT) receipts exceeded projections by $10.5 billion across current estimated payments, final returns, delinquencies, and withholding, as well as lower current year refunds and advanced credit payments. A larger than expected state/city offset reconciliation slightly offset the higher PIT receipts. Higher PIT receipts are also attributable to tax year 2021 PTET credits, which were expected to materialize as current year refunds and reduced extensions payments, but are now also expected to be realized through prior year refunds in the last quarter of FY 2023 and throughout FY 2024.

Strong sales tax collections were the main driver of higher consumption/use tax receipts. Higher than projected business taxes were attributable to increased audits, fewer refunds, and slightly lower gross taxes. PTET collections were below initial projections due to higher-than-expected refunds for prior overpayments by taxpayers. Other taxes exceeded initial projections due to the receipt of super-large estate tax payments and the continued strong performance of the real estate market, especially in New York City.

Miscellaneous receipts exceeded initial estimates due mainly to higher investment income due to rising interest rates ($537 million), reimbursements ($189 million) and revenue from the issuance and renewals of licenses & fees ($125 million).

Transfers from other funds exceeded initial estimates due primarily to higher than projected transfers related to mental health funding.

General Fund Spending

General Fund spending, including transfers to other funds, was $7.3 billion below the initial estimate due primarily to the timing of payments and conservative estimation of spending mainly in local aid and capital.

Local assistance spending was $3.9 billion below initial estimates occurring mainly in the following areas:

- Mental Hygiene ($1.3 billion lower) includes OPWDD Medicaid program spending ($272 million) primarily for Residential and Day Habilitation programs, a large shift in the Local Share Adjustment (LSA) ($670 million), and timing-related variances for OMH ($215 million) and OASAS ($74 million), including slower than expected spending related to new FY 2023 initiatives that are expected later in the year.

- School Aid ($760 million lower) due primarily to Excess Cost Aid ($217 million), and the timing of payments for Universal Prekindergarten ($206 million), School Aid Categorical Programs ($145 million), General Aid ($79 million), and BOCES Aid ($75 million).

- Temporary & Disability Assistance ($519 million lower) includes Emergency Rental Assistance ($233 million), the Empire State Supportive Housing Initiative ($77 million), Social Security Income ($73 million), Rent Supplements ($64 million), Public Assistance benefits & Homeless Services ($44 million) and Adult Shelter & Public Homes ($24 million).

- Public Health ($264 million lower) due to slower than expected implementation and contract execution of new workforce investment programs ($151 million) and timing of EI payments ($90 million) and county claims for the General Public Health Works program ($19 million).

- Children and Families ($198 million lower) attributable to Day Care ($93 million), Child Welfare Services ($73 million), and Adoption Subsidies ($31 million), partially offset by higher spending on Youth Programs ($54 million).

- Higher Education ($138 million lower) due to lower than anticipated enrollment in HESC's Tuition Assistance Program ($111 million) and the timing of payments for aid to SUNY community colleges ($12 million).

- All Other Education ($130 million higher) primarily driven by the timing of preschool special education claims and payments ($67 million), payments to New York City for Charter School Facilities Aid ($43 million), and aid to nonpublic schools ($28 million), partially offset by slower than expected spending from various other education programs.

- Medicaid ($149 million higher) primarily related to the accelerated payments to distressed hospitals to advance the Directed Payment Template program ($684 million) and the timing of offsets, including lower than planned disbursements from the Indigent Care account due to reconciliation payments for prior year overpayments. The higher spending is partially offset by lower than anticipated Medicaid Managed Care claims spending ($579 million), reflecting underutilization in Managed Care relative to Enacted assumptions.

- All other local assistance underspending includes the reclassification of SUNY’s Disproportionate Share Hospital payment to transfers, and slower spending for housing programs and public protection, partially offset by higher than projected spending on the Empire State Development Corporation’s COVID 19 Small Business Pandemic Relief program.

Agency operations spending, including fringe benefits, was $643 million below the initial estimate due mainly to lower than projected personnel spending as agencies continue to face challenges with staff recruitment and retention and the reconciliation of FY 2022 health insurance costs.

Transfers to other funds were $2.8 billion lower than initial projections due to slower than anticipated capital spending and the timing of capital reimbursements from bond proceeds.

Summary of All Governmental Funds Operating Results

All Governmental Funds ended December 2022 with a balance of $72.6 billion, $20.5 billion above the initial estimate due to $11.6 billion from higher than expected receipts and $8.8 billion in lower spending.

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

	Initial Estimate	Revised Estimate	Actuals	Variance Above/ (Below) Initial Estimate $	Initial Estimate %	Revised Estimate $	Revised Estimate %
OPENING BALANCE	**53,549**	**53,549**	**53,549**	**0**	**0.0%**	**0**	**0.0%**
ALL FUNDS RECEIPTS:	**156,873**	**160,357**	**168,477**	**11,604**	**7.4%**	**8,120**	**5.1%**
Total Taxes	**69,525**	**72,175**	**79,848**	**10,323**	**14.8%**	**7,673**	**10.6%**
Personal Income Tax	31,253	34,040	42,118	10,865	34.8%	8,078	23.7%
Consumption / Use Tax	14,875	15,421	15,507	632	4.2%	86	0.6%
Business Taxes	9,394	9,599	9,559	165	1.8%	(40)	-0.4%
Pass Through Entity Tax	11,832	10,442	9,721	(2,111)	-17.8%	(721)	-6.9%
Other Taxes	2,171	2,673	2,943	772	35.6%	270	10.1%
Miscellaneous Receipts	**21,264**	**23,192**	**23,217**	**1,953**	**9.2%**	**25**	**0.1%**
Federal Receipts	**66,084**	**64,990**	**65,412**	**(672)**	**-1.0%**	**422**	**0.6%**
ALL FUNDS DISBURSEMENTS:	**158,161**	**149,442**	**149,322**	**(8,839)**	**-5.6%**	**(120)**	**-0.1%**
STATE OPERATING FUNDS	**83,585**	**80,497**	**79,284**	**(4,301)**	**-5.1%**	**(1,213)**	**-1.5%**
Local Assistance	**59,452**	**56,637**	**55,568**	**(3,884)**	**-6.5%**	**(1,069)**	**-1.9%**
School Aid	18,988	18,510	18,227	(761)	-4.0%	(283)	-1.5%
DOH Medicaid	20,126	19,719	20,262	136	0.7%	543	2.8%
Higher Education	1,748	1,706	1,610	(138)	-7.9%	(96)	-5.6%
Transportation	4,341	4,330	4,294	(47)	-1.1%	(36)	-0.8%
Social Services	3,276	2,983	2,560	(716)	-21.9%	(423)	-14.2%
Mental Hygiene	4,850	3,654	3,446	(1,404)	-28.9%	(208)	-5.7%
All Other	6,123	5,735	5,169	(954)	-15.6%	(566)	-9.9%
State Operations	**22,478**	**22,325**	**22,193**	**(285)**	**-1.3%**	**(132)**	**-0.6%**
Agency Operations	**15,327**	**15,404**	**15,322**	**(5)**	**0.0%**	**(82)**	**-0.5%**
Executive Agencies	8,411	8,513	8,423	12	0.1%	(90)	-1.1%
University Systems	4,933	4,982	5,033	100	2.0%	51	1.0%
Elected Officials	1,983	1,909	1,866	(117)	-5.9%	(43)	-2.3%
Fringe Benefits/Fixed Costs	**7,151**	**6,921**	**6,871**	**(280)**	**-3.9%**	**(50)**	**-0.7%**
Pension Contribution	1,994	1,963	1,967	(27)	-1.4%	4	0.2%
Health Insurance	3,697	3,543	3,573	(124)	-3.4%	30	0.8%
Other Fringe Benefits/Fixed Costs	1,460	1,415	1,331	(129)	-8.8%	(84)	-5.9%
Debt Service	**1,655**	**1,535**	**1,523**	**(132)**	**-8.0%**	**(12)**	**-0.8%**
CAPITAL PROJECTS (State and Federal Funds)	**13,371**	**10,783**	**9,189**	**(4,182)**	**-31.3%**	**(1,594)**	**-14.8%**
FEDERAL OPERATING AID	**61,205**	**58,162**	**60,849**	**(356)**	**-0.6%**	**2,687**	**4.6%**
NET OTHER FINANCING SOURCES	**(125)**	**(70)**	**(74)**	**51**	**40.8%**	**(4)**	**-5.7%**
CHANGE IN OPERATIONS	**(1,413)**	**10,845**	**19,081**	**20,494**	**1450.4%**	**8,236**	**75.9%**
CLOSING BALANCE	**52,136**	**64,394**	**72,630**	**20,494**	**39.3%**	**8,236**	**12.8%**

Receipts

All Funds receipts totaled $168.5 billion, exceeding initial estimates by $11.6 billion, due to higher than initially projected tax collections ($10.3 billion) and miscellaneous receipts ($2 billion), consistent with the General Fund summary of variances described earlier. In addition, Federal receipts were lower than planned through December due to the timing of Federal operating aid spending and reimbursements.

Spending

State Operating Funds spending was $4.3 billion below the initial estimate comprised of local assistance and GSCs consistent with the General Fund spending variances described earlier.

Capital projects spending was $4.2 billion below initial projections due to routine timing delays of various construction projects including: Economic Development ($1.2 billion) related to labor shortages for ESDC projects; Transportation ($751 million) attributable to the timing of DOT construction projects; Housing & Community Renewal ($638 million) due to variable market conditions impacting the closedown of projects; Education ($621 million) due to COVID-related project delays at SUNY and CUNY, delays in the submission and processing of Smart Schools Bond Act claims, and implementation delays in other SED programs; the Department of Health ($354 million) due to lower than expected grantee reimbursement submissions for Capital Restructuring Financing Programs and Statewide Healthcare Facility transformation; Parks & Environment ($241 million) related to the timing of water infrastructure projects and project delays due to labor shortages; and Mental Hygiene ($139 million) driven by delays in projects and vehicle purchases due to supply chain disruptions and market conditions, and slower than anticipated housing development.

Federal operating aid spending was $356 million below initial projections. The largest variances occurred in the following areas:

- Children and Families ($277 million lower) attributable to lower than projected spending on Child Care ($230 million) and Child Welfare ($67 million) programs, partially offset by higher spending for Title XX ($23 million).

- All Other Education ($142 million lower) primarily driven by lower than anticipated spending on Individuals with Disabilities Education Act grants.

- Medicaid, including administration ($257 million lower) primarily due to lower than projected HCBS ARPA spending related to delays in Center for Medicaid Services approvals ($1.7 billion) and the timing of Nursing Home UPL payments ($56 million) and timing of payments to certain districts ($151 million). Underspending was partially offset by significantly higher claims spending ($1.6 billion) due to high enrollments associated with the Federal MOE restrictions on disenrollment during the Public Health Emergency.

- EP ($265 million higher) driven by the timing of a Quality Pool payment in June ($200 million) and membership cost growth.

- Temporary & Disability Assistance ($275 million higher) due to the Emergency Rental Assistance Program ($221 million), the Flexible Fund for Family Services ($151 million), Pandemic Emergency Assistance ($120 million), the Home Energy Assistance Program ($87 Million) and Food Stamps ($23 million); partially offset by lower-than projected spending on public assistance benefit payments ($386 million).

- Other Federal spending was lower than projected due primarily to delayed FEMA reimbursements for certain NPS costs ($200 million) and a delayed State Small Business Credit Initiative award for Economic Development ($198 million).

All Governmental Funds Results Compared to Prior Year

ALL GOVERNMENTAL FUNDS - RESULTS COMPARED TO PRIOR YEAR FY 2023 April to December (millions of dollars)				
	Actuals		Increase/(Decrease)	
	FY 2022	FY 2023	$	%
OPENING BALANCE	**18,752**	**53,549**	**34,797**	**185.6%**
ALL FUNDS RECEIPTS:	**179,362**	**168,477**	**(10,885)**	**-6.1%**
Total Taxes	**84,402**	**79,848**	**(4,554)**	**-5.4%**
Personal Income Tax	49,039	42,118	(6,921)	-14.1%
Pass Through Entity Tax	10,163	9,721	(442)	-4.3%
All Other Taxes	25,200	28,009	2,809	11.1%
Miscellaneous Receipts	**19,041**	**23,217**	**4,176**	**21.9%**
Federal Receipts	**75,919**	**65,412**	**(10,507)**	**-13.8%**
Bond & Note Proceeds	**0**	**0**	**0**	**0.0%**
ALL FUNDS DISBURSEMENTS:	**141,487**	**149,322**	**7,835**	**5.5%**
STATE OPERATING FUNDS	**73,907**	**79,284**	**5,377**	**7.3%**
Local Assistance	**51,786**	**55,568**	**3,782**	**7.3%**
School Aid	16,733	18,227	1,494	8.9%
DOH Medicaid (incl. admin and EP)	17,319	20,262	2,943	17.0%
All Other	17,734	17,079	(655)	-3.7%
State Operations	**20,678**	**22,193**	**1,515**	**7.3%**
Agency Operations	**13,682**	**15,322**	**1,640**	**12.0%**
Executive Agencies	7,032	8,423	1,391	19.8%
University Systems	4,795	5,033	238	5.0%
Elected Officials	1,855	1,866	11	0.6%
Fringe Benefits/Fixed Costs	**6,996**	**6,871**	**(125)**	**-1.8%**
Pension Contribution	2,435	1,967	(468)	-19.2%
Health Insurance	3,416	3,573	157	4.6%
Other Fringe Benefits/Fixed Costs	1,145	1,331	186	16.2%
Debt Service	**1,443**	**1,523**	**80**	**5.5%**
CAPITAL PROJECTS (State and Federal Funds)	**10,111**	**9,189**	**(922)**	**-9.1%**
FEDERAL OPERATING AID	**57,469**	**60,849**	**3,380**	**5.9%**
NET OTHER FINANCING SOURCES	**(84)**	**(74)**	**10**	**11.9%**
CHANGE IN OPERATIONS	**37,791**	**19,081**	**(18,710)**	**-49.5%**
CLOSING BALANCE	**56,543**	**72,630**	**16,087**	**28.5%**

All Funds Receipts

Tax collections through December were $4.6 billion lower than through the same period in FY 2022. The annual decline in taxes was primarily driven by PIT receipts that were partially offset by increases in all other major tax categories.

PIT receipts declined by $6.9 billion due to lower current estimated tax payments and higher refunds, partially offset by increased delinquencies, extension payments and final returns. PTET credits are a large contributor to the decline in both current estimated payments and current refunds, which reflects the second and first year of PTET credits, respectively. Taxpayers were statutorily prohibited from adjusting tax year 2021 current estimated payments based on anticipated PTET credits. This restriction does not apply for tax year 2022, resulting in a high concentration of PTET credit realization from both tax years 2021 and 2022 within FY 2023.

Higher Business tax collections ($1.4 billion) were driven by increased Corporate Franchise Tax receipts, insurance gross receipts, and audits. Decreased PTET collections ($442 million) reflect the first year of refunds issued. Consumption/use tax collections grew by $680 million mostly due to stronger-than-expected sales tax collections, partially offset by the temporary suspension of the sales and motor fuel excise taxes (on gasoline and diesel motor fuel) from June through December 2022. The year-to-year increase in other taxes ($682 million) was primarily due to increased estate tax collections.

The year-to-year increase in miscellaneous receipts ($4.2 billion) is due primarily to the timing of reimbursements for various capital programs ($2.5 billion) and higher receipts for investment income ($542 million), HCRA ($277 million), Opioid Settlements ($197 million), SUNY fees ($122 million), Tribal State Compact Revenues ($87 million), licenses and fees ($57 million), and mobile sports wagering ($311 million).

Federal receipts through December 2022 were $10.5 billion lower than the same period last year largely due to the receipt of $12.75 billion in ARP aid in May of 2021.

All Funds Spending

State Operating Funds spending totaled $79.3 billion through December of FY 2023, an increase of $5.4 billion (7.3 percent) as compared to the same period in FY 2022.

Local assistance spending through December was $3.8 billion higher than the prior year. The largest spending changes include the following:

- Medicaid ($2.9 billion higher) primarily attributable to enrollment growth in Managed Care associated with the continuation of the Public Health Emergency and the Federal requirement prohibiting the disenrollment of recipients ($927 million) and increased spending for Distressed Provider support and the Directed Payment Template program ($1.5 billion).

- School Aid ($1.5 billion higher) due to planned General Aid payment increases ($544 million) related to the second year of the three-year phase-in of full funding of Foundation Aid as reflected in a higher level of appropriated spending in the FY 2023 Enacted Budget, and education payments supported by higher mobile sports wagering ($615 million) and Video Lottery Terminal ($265 million) receipts.

- Transportation ($755 million higher) primarily due to increased support for MTA operations, partially offset by decreased spending in the Dedicated Mass Transportation Trust Fund.

- Temporary & Disability Assistance ($544 million higher) due to increased spending on the Emergency Rental Assistance Program ($400 million), the Landlord Rental Assistance Program ($90 million), and Adult Shelter/Public Homes ($24 million).

- Mental Hygiene ($181 million higher) due primarily to new OMH initiatives implemented in FY 2023 ($110 million) including the 5.4 percent human services COLA, residential investments, and children's mental health programs.

- Office of Children and Family Services ($160 million lower) primarily attributable to decreased spending on Child Welfare Services ($165 million), Foster Care Block Grants ($63 million) and Adult Shelter/Public Homes ($24 million), partially offset by increased spending for Day Care ($55 million).

- All Other Local assistance ($1.9 billion lower) primarily due to one-time payments for the Excluded Workers program in FY 2022 ($2 billion) and the ESD Small Business Pandemic Relief program ($333 million), partially offset by increased public service COVID utility arrears relief payments in FY 2023 ($249 million) and the disbursement of tribal state casino payments received in April of 2022 owed to host localities ($163 million).

State Operating Funds agency operations spending increased by $1.6 billion over the prior year due largely to the offset of eligible State costs to the CRF in FY 2022. Annual fringe benefits spending declined ($125 million) primarily due to a reduction in the pension obligation resulting from a decrease in the employer contribution rates and a reduction in the employer Social Security payments due to the repayment of deferred payments provided for in the CARES Act in FY 2022 (See "Other Matters Affecting the Financial Plan").

Federal operating spending increased by $3.4 billion over the prior year due predominantly to the following:

- Medicaid ($3.7 billion higher) attributable to significantly higher claims based spending ($3.3 billion) that was caused by high enrollments associated with the Federal MOE restrictions on disenrollment during the Public Health Emergency, and higher COVID eFMAP spending ($564 million). Higher spending was partially offset by growth in rebates ($81 million) and cash audit collections ($54 million), and the dissolution of the Health Information Technology Incentive program ($30 million).

- School Aid ($1.9 billion higher) primarily due to increased spending on COVID-19 related grants ($2.1 billion) and U.S. Department of Agriculture School Lunch Act grants ($233 million), partially offset by decreased spending on Elementary and Secondary Education Act Title grants ($452 million).

- EP ($418 million higher) attributable to a $200 million quality pool payment which was not processed in FY 2022 and membership cost growth.

- Mental Hygiene ($82 million higher) attributable to increased supplemental Federal funds provided through the Community Mental Health Services Block Grant.

- All Other Education ($127 million lower) primarily related to the timing of Individuals with Disabilities Education Act grant claims and payments.

- Public Health ($187 million lower) due to significant COVID related spending in FY 2022 and the timing of PH payments and Federal offsets in FY 2023, partially offset by an increase in quarterly M-CHIP/Aliessa journal vouchers.

- Temporary & Disability Assistance ($337 million lower) due to decreased spending on the Emergency Rental Assistance Program ($617 million), public assistance benefits ($315 million), and Child Care ($64 million); offset in part by increased spending on the Flexible Fund for Family Services ($346 million), Pandemic Emergency Assistance ($127 million), Home Energy Assistance ($121 million), and the Water Assistance Program ($20 million).

- Office of Children and Families ($725 million lower) driven by decreased spending on Child Care ($425 million) and Child Welfare Services ($309 million).

- All Other Federal spending ($1.2 billion lower) due to non-recurring funding of eligible costs through the CRF in FY 2022; partially offset by increased spending for Housing and Community Renewal's Homeownership Relief Program ($251 million).

GAAP-BASIS RESULTS FOR PRIOR FISCAL YEARS

GAAP-Basis Results for Prior Fiscal Years

The Comptroller prepares Basic Financial Statements and Other Supplementary Information, including a management discussion and analysis, on a GAAP basis for governments as promulgated by the GASB. The Basic Financial Statements and Other Supplementary Information are released in July each year. These statements are audited by independent certified public accountants. The State issued the Basic Financial Statements for FY 2022 on July 27, 2022. The Comptroller also prepares and issues an Annual Comprehensive Financial Report, which, in addition to the components referred to above, also includes an introductory section and a statistical section. The Annual Comprehensive Financial Report for the fiscal year ended March 31, 2022 was issued on September 29, 2022.

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

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

Fiscal Year Ended	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	All Governmental Funds	Accumulated General Fund Surplus/Deficit
March 31, 2022	11,339	1,792	4,352	1,173	18,656	31,651
March 31, 2021	8,600	467	2,596	4,186	15,849	20,338
March 31, 2020	355	(296)	(900)	(79)	(920)	3,736

SUMMARY OF NET POSITION
(millions of dollars)

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

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

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

The most recent Annual Comprehensive Financial Report and those related to prior fiscal years can be obtained from the Office of the State Comptroller, 110 State Street, Albany, NY 12236 or at the Office of the State Comptroller's website at www.osc.state.ny.us. The Basic Financial Statements can also be accessed through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system website at www.emma.msrb.org.

CAPITAL PROGRAM AND FINANCING PLAN OVERVIEW

State PIT Revenue Bond Program

Since 2002, the PIT Revenue Bond Program has been the primary financing vehicle used to fund the State's capital program. Legislation enacted in 2001 provided for the issuance of State PIT Revenue Bonds by the State's Authorized Issuers. The original legislation required 25 percent of State PIT receipts (excluding refunds owed to taxpayers) to be deposited into the RBTF for purposes of making debt service payments on these bonds, with the excess amounts returned to the General Fund. Over time, other State revenue sources have been dedicated to the RBTF in order to address the anticipated impact that certain legislative changes could have on the level of State PIT receipts, namely, the enactment of (i) the Employer Compensation Expense Program (ECEP) and the Charitable Gifts Trust Fund in 2018, and (ii) the Pass-Through Entity Tax (PTET) in 2021. The legislative changes were implemented to mitigate the effect of the TCJA that, among other things, limited the SALT deduction. In order to preserve debt service coverage in the PIT Revenue Bond program, State legislation was enacted that dedicated 50 percent of ECEP receipts and 50 percent of PTET receipts for deposit to the RBTF for the payment of PIT bonds. In addition, in 2018 legislation was enacted that increased the percentage of PIT receipts dedicated to the payment of PIT bonds from 25 to 50 percent. As a result, 50 percent of PIT receipts, 50 percent of ECEP receipts and 50 percent of PTET receipts (collectively, the "RBTF Receipts") now secure the timely payment of debt service on all PIT bonds.

In the event that (a) the State Legislature fails to appropriate amounts required to make all debt service payments on the State PIT Revenue Bonds or (b) having been appropriated and set aside pursuant to a certificate of the Director of the Budget, financing agreement payments have not been made when due on the State PIT Revenue Bonds, the legislation requires that RBTF Receipts continue to be deposited to the RBTF until amounts on deposit in the Fund equal the greater of 40 percent of the aggregate of annual State PIT receipts, ECEP receipts, and PTET receipts or $12 billion. Debt service on State PIT Revenue Bonds is subject to legislative appropriation, as part of the annual debt service bill.

DOB expects that the ECEP and PTET will be revenue neutral on a multi-year basis for PIT bondholders, although PIT receipts would decrease and ECEP and PTET receipts would increase to the extent that employers elect to participate in the ECEP and qualifying entities elect to pay PTET. However, because the PTET credits are not necessarily realized by taxpayers within the same fiscal year that PTET revenue is received by the State, the PTET will not be revenue-neutral to the State within each fiscal year.

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

DOB and DTF have calculated the maximum amount of charitable donations to the Charitable Gifts Trust Fund for Tax Years 2022 through 2025[13] to be, on average, in the range of $23 billion annually. The calculation assumes that every resident taxpayer who has an incentive to donate will do so, and such donations will be equal to the total value of each resident taxpayer's SALT payments, less the value of the $10,000 Federal SALT deduction limit, up to the value of the taxpayer's total State tax liability. The calculation is dependent on several assumptions concerning the number of itemized filers. It relies on the most recent PIT population study file, as trended forward, as well as the impact of the TCJA and State law changes on the number and distribution of itemized and standardized filers. It also relies on DOB's projections of the level of PTET liability and the associated PTET credits, which serve to reduce PIT liability. The calculation assumes that all PTET credits are claimed by taxpayers negatively affected by the $10,000 Federal SALT deduction limit, thereby reducing the maximum amount of charitable donations to the Charitable Gifts Trust Fund on a dollar-for-dollar basis. The calculation also assumes that (a) no further changes in tax law occur and (b) DOB projections of the level of State taxpayer liability for the forecast period as set forth in the Updated Financial Plan are materially accurate. The calculation is only intended to serve as a stress test on State PIT receipts that may flow to the RBTF under different levels of assumed taxpayer participation. Accordingly, the calculation should not, under any circumstances, be viewed as a projection of likely donations in any future year. Other factors that may influence donation activity include: continued federal limitations on the SALT deduction coupled with statements, actions, or interpretive guidance by the IRS or other governmental actors relating to the deductibility of such donations; the liquidity position, risk tolerance, and knowledge of individual taxpayers; and advice or guidance of tax advisors or other professionals.

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

DOB believes that after factoring in the legislative adjustments to the dedicated portion of PIT receipts to be deposited to the RBTF, as well as the addition of the ECEP receipts and PTET revenues, RBTF Receipts are expected to remain above the level of PIT receipts that would have been expected under statutes in effect prior to April 1, 2018 (before the creation of the Charitable Gifts Trust Fund), even assuming maximum Charitable Gifts Trust Fund participation by taxpayers. While DOB believes that multiple factors can be expected to constrain donation activity, there can be no assurance that, under conditions of maximum participation, the amount of annual charitable gifts will not reduce the level of PIT receipts deposited into the RBTF below the levels projected in February 2018 before State tax reforms were enacted. If that were to occur, it is DOB's expectation that changes to the tax law would be recommended to further increase the percentage of PIT receipts deposited into the RBTF.

As of March 31, 2022, approximately $46.7 billion of State PIT Revenue Bonds were outstanding. The projected PIT Revenue Bond coverage ratios, noted below, are based upon estimates of RBTF Receipts and include projected debt issuances.

The projected PIT Revenue Bond coverage ratios assume that projects previously financed through the Mental Health Revenue Bond program and the DHBTF Revenue Bond program will be issued under the PIT Revenue Bond and Sales Tax Revenue Bond programs. While DOB routinely monitors the State's debt portfolio across all State-supported credits for refunding opportunities, no future refunding transactions are reflected in the following projected coverage ratios.

The following table entitled "Projected PIT Revenue Bond Coverage Ratios" does not reflect any estimate of charitable donations or the impact of any such charitable donations on the amount of PIT receipts deposited into the RBTF.

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

	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Projected RBTF Receipts	35,636	35,863	36,970	37,360	38,805	41,243
Projected New PIT Bonds Issuances	5,620	6,420	5,103	5,964	6,256	6,245
Projected Total PIT Bonds Outstanding	45,794	51,031	54,838	58,662	63,444	66,006
Projected Maximum Annual Debt Service	4,611	5,069	5,407	5,900	6,428	6,583
Projected PIT Coverage Ratio	7.7	7.1	6.8	6.3	6.0	6.3

[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.

PROJECTED SALES TAX REVENUE BOND COVERAGE RATIOS
(millions of dollars)

	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Projected Sales Tax Receipts [1]	8,815	9,266	9,451	9,706	9,921	10,104
Projected New Sales Tax Bonds Issuances	-	2,752	2,381	2,056	2,085	2,082
Projected Total Sales Tax Bonds Outstanding	10,101	12,694	14,797	16,477	18,091	19,351
Projected Maximum Annual Debt Service	996	1,136	1,337	1,510	1,686	1,773
Projected Sales Tax Coverage Ratio	8.8	8.2	7.1	6.4	5.9	5.7

Borrowing Plan

STATE DEBT ISSUANCES BY FINANCING PROGRAM (millions of dollars)	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Personal Income Tax Revenue Bonds	5,620	6,420	5,103	5,964	6,256	6,245
Sales Tax Revenue Bonds	0	2,752	2,381	2,056	2,085	2,082
General Obligation Bonds	408	599	579	474	394	336
Total Issuances	6,028	9,771	8,063	8,494	8,735	8,663

In FY 2024, debt issuances totaling $9.8 billion are planned to finance new capital spending, an increase of $3.7 billion (62 percent) from FY 2023. The increase is mainly attributable to the elimination of a $2 billion bond sale in FY 2023.

The bond issuances in FY 2024 are expected to finance capital commitments for economic development and housing ($2.3 billion), education ($1.4 billion), the environment ($982 million), health and mental hygiene ($817 million), State facilities and equipment ($558 million), and transportation ($3.7 billion).

Over the period of the Capital Plan, new debt issuances are projected to total $43.7 billion. New issuances are expected for economic development and housing ($10.1 billion), education facilities ($6.4 billion), the environment ($4.4 billion), mental hygiene and health care facilities ($3.7 billion), State facilities and equipment ($2.5 billion), and transportation infrastructure ($16.7 billion). Assuming an issuance plan consistent with the prior table, the State projects debt outstanding levels through FY 2028 as reflected in the following table:

PROJECTED DEBT OUTSTANDING BY CREDIT (millions of dollars)	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Personal Income Tax Revenue Bonds	45,794	51,031	54,838	58,662	63,444	66,006
Sales Tax Revenue Bonds	10,101	12,694	14,797	16,477	18,091	19,351
General Obligation Bonds	2,244	2,680	3,048	3,293	3,426	3,515
Other Revenue Bonds	291	271	221	170	168	130
Service Contract & Lease Purchase	48	16	0	0	0	0
TOTAL STATE-SUPPORTED	58,478	66,692	72,904	78,602	85,129	89,002

State-Related Debt Service Requirements

In general, the State is contractually required to make debt service payments to the bond trustee prior to the date on which bondholders are paid and may also elect to make payments earlier than contractually required (i.e., prepayments). State-related debt service is projected at $3.5 billion in FY 2024, a decrease of $5.0 billion (59 percent) from FY 2023, which is due to the prepayment of $7.6 billion in FY 2022 of future debt service costs and an additional prepayment of $2.9 billion expected in FY 2023. The following table presents the current and projected debt service (principal and interest) requirements on State-related debt including executed and expected prepayments.

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

	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	Total
Personal Income Tax Revenue Bonds	7,122	2,505	2,991	3,998	3,725	6,321	26,662
Sales Tax Revenue Bonds	994	663	892	1,078	1,253	1,681	6,561
General Obligation Bonds	221	201	223	210	215	195	1,265
Other State-Supported Bonds [2]	154	129	164	152	222	253	1,074
All Other State-Related Bonds [2]	31	0	0	0	0	0	31
Total Debt Service	8,522	3,498	4,270	5,438	5,415	8,450	35,593

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

[2] Excludes Mortgage Loan Commitments and Capital Leases

If the previous table is adjusted to back out prepayments, State-related debt service is projected at $6.7 billion in FY 2024, a decrease of $14 million (0.7 percent) from FY 2023. Adjusted State-related debt service is projected to increase from $6.7 billion in FY 2023 to $8.5 billion in FY 2028, an average rate of 4.8 percent annually. For additional information on debt service prepayments, see "Financial Plan Overview - Debt Service".

AUTHORITIES AND LOCALITIES

Public Authorities

For the purposes of this section, “authorities” refer to public benefit corporations or public authorities, created pursuant to State law, which are reported in the State’s Annual Comprehensive Financial Report. Authorities are not subject to the constitutional restrictions on the incurrence of debt that apply to the State itself and they may issue bonds and notes within the amounts and restrictions set forth in legislative authorization. Certain of these authorities issue bonds under two of the three primary State credits – PIT Revenue Bonds and Sales Tax Revenue Bonds. The State’s access to the public credit markets through bond issuances constituting State-supported or State-related debt issuances by certain of its authorities could be impaired and the market price of the outstanding debt issued on its behalf may be materially and adversely affected if any of these authorities were to default on their respective State-supported or State-related debt issuances.

The State has numerous public authorities with various responsibilities, including those which finance, construct and/or operate revenue-producing public facilities. These entities generally pay their own operating expenses and debt service costs on their notes, bonds or other legislatively authorized financing structures from revenues generated by the projects they finance or operate, such as tolls charged for the use of highways, bridges or tunnels; charges for public power, electric and gas utility services; tuition and fees; rentals charged for housing units; and charges for occupancy at medical care facilities. Since the State has no actual or contingent liability for the payment of this type of public authority indebtedness, it is not classified as either State-supported debt or State-related debt. Some public authorities, however, receive monies from State appropriations to pay for the operating costs of certain programs.

There are statutory arrangements that, under certain circumstances, authorize State local assistance payments that have been appropriated in a given year and are otherwise payable to localities to be made instead to the issuing public authorities in order to secure the payment of debt service on their revenue bonds and notes. However, in honoring such statutory arrangements for the redirection of local assistance payments, the State has no constitutional or statutory obligation to provide assistance to localities beyond amounts that have been appropriated therefor in any given year.

As of December 31, 2021 (with respect to JDA as of March 31, 2022), each of the 16 authorities listed in the following table had outstanding debt of $100 million or more, and the aggregate outstanding debt, including refunding bonds, was approximately $224 billion, only a portion of which constitutes State-supported or State-related debt. Note that the outstanding debt information contained in the following table is the most current information provided by OSC from data submitted by the 16 authorities as of the date of this AIS Update.

OUTSTANDING DEBT OF CERTAIN AUTHORITIES[1]
AS OF DECEMBER 31, 2021[2]
(millions of dollars)

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

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

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

(2) All Job Development Authority (JDA) debt outstanding reported as of March 31, 2022. This includes $14.4 billion in conduit debt issued by JDA's blended component units consisting of $6.1 billion issued by New York Liberty Development Corporation ($1.2 billion of which is also included in the amount reported for Port Authority of NY and NJ), $490 million issued by the Brooklyn Arena Local Development Corporation, and $7.8 billion issued by the New York Transportation Development Corporation.

(3) Includes $3.70 billion of Utility Debt Securitization Authority (UDSA) bonds. Chapter 173 of the Laws of 2013, as amended, authorized UDSA to restructure certain outstanding indebtedness of the Long Island Power Authority (LIPA) and UDSA, as well as to finance system resiliency costs. UDSA is reported as a blended component unit of LIPA in LIPA's audited financial statements.

Localities

There have been severe financial and other adverse impacts on localities throughout the State, but particularly on New York City and the surrounding counties as the initial epicenter of the COVID-19 pandemic. No attempt is made in this AIS Update to assess, at this time, the financial and healthcare impacts on the State's localities.

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

The City of New York

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

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

Year	General Obligation Bonds	Obligations of TFA [1]	Obligations of STARC Corp. [2]	Obligations of TSASC, Inc.	Hudson Yards Infrastructure Corporation	Other Obligations [3]	Total
2013	41,592	29,202	1,985	1,245	3,000	2,394	79,418
2014	41,665	31,038	1,975	1,228	3,000	2,334	81,240
2015	40,460	33,850	2,035	1,222	3,000	2,222	82,789
2016	38,073	37,358	1,961	1,145	3,000	2,102	83,639
2017	37,891	40,696	1,884	1,089	2,751	2,034	86,345
2018	38,628	43,355	1,805	1,071	2,724	2,085	89,668
2019	37,519	46,624	1,721	1,053	2,724	1,901	91,542
2020	38,784	48,978	1,634	1,023	2,724	1,882	95,025
2021	38,574	49,957	0	993	2,677	1,983	94,184
2022	38,845	51,820	0	966	2,557	15,043	109,231

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

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

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

[3] Includes bonds issued by the Fiscal Year 2005 Securitization Corporation, the New York City Educational Construction Fund, the Industrial Development Agency and, beginning in 2010, the New York City Tax Lien Collateralized Bonds. Also included are bonds issued by the Dormitory Authority of the State of New York for education, health and court capital projects, and other long-term leases which will be repaid from revenues of the City or revenues that would otherwise be available to the City if not needed for debt service. Starting in 2022, the City has implemented GASB Statement No. 87 with respect to general lease obligations, and found restatement of prior periods not practical.

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

Other Localities

Certain localities other than New York City have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. While a relatively infrequent practice, deficit financing by local governments has become more common in recent years. State legislation enacted from 2004 to date 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 local governments (fiscal years ending 2021) and school districts (fiscal years ending 2022) filed with OSC, a total of 20 local governments (8 cities, 2 towns, and 10 villages) and 14 school districts have been placed in a stress category by OSC. The vast majority of local governments (98.6 percent) and school districts (97.9 percent) are not classified in a fiscal stress category.

Like the State, local governments must respond to changing political, economic and financial influences over which they have little or no control, but which can adversely affect their financial condition. For example, the State or Federal government may reduce (or, in some cases, eliminate) funding of local programs, thus requiring local governments to pay these expenditures using their own resources. Similarly, past cash flow problems for the State have resulted in delays in State aid payments to localities. In some cases, these delays have necessitated short-term borrowing at the local level.

Other factors that have had, or could have, an impact on the fiscal condition of local governments and school districts include: the loss of temporary Federal stimulus funding; recent State aid trends; constitutional and statutory limitations on the imposition by local governments and school districts of property, sales and other taxes; the economic ramifications of a pandemic; and for some communities, the significant upfront costs for rebuilding and clean-up in the wake of a natural disaster. Localities may also face unanticipated problems resulting from certain pending litigation, judicial decisions and long-range economic trends. Other large-scale potential problems, such as declining urban populations, declines in the real property tax base, increasing pension, health care and other fixed costs, or the loss of skilled manufacturing jobs, may also adversely affect localities and necessitate requests for State assistance.

Ultimately, localities as well as local public authorities may suffer serious financial difficulties that could jeopardize local access to public credit markets, which may adversely affect the marketability of notes and bonds issued by localities within the State.

The following table summarizes the debt of New York City and its related issuers, and other New York State localities, from 1980 to 2021.

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

Locality Fiscal Year Ending	Combined New York City Debt [2]		Other Localities Debt [3]		Total Locality Debt [3]	
	Bonds	Notes	Bonds [4]	Notes [4]	Bonds [3] [4]	Notes [4]
1980	12,995	0	6,835	1,793	19,830	1,793
1990	20,027	0	10,253	3,082	30,280	3,082
2000	39,244	515	19,093	4,470	58,337	4,985
2010	69,536	0	36,110	7,369	105,646	7,369
2017	86,345	0	34,788	5,617	121,133	5,617
2018	89,668	0	35,855	5,737	125,523	5,737
2019	91,542	0	36,661	7,632	128,203	7,632
2020	95,025	0	36,375	8,741	131,400	8,741
2021	94,184	0	36,519	8,064	130,703	8,064

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

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

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

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

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

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

STATE RETIREMENT SYSTEM

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

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

General

This section summarizes key information regarding the New York State and Local Retirement System ("NYSLRS" or the "System") and the Common Retirement Fund ("CRF"). The System was established as a means to pay benefits to the System's participants. The CRF comprises a pooled investment vehicle designed to protect and enhance the long-term value of the System's assets. Greater detail, including the independent auditor's report for the fiscal year ending March 31, 2022, is included in NYSLRS' Annual Comprehensive Financial Report ("NYSLRS' Financial Report") for the fiscal year ended March 31, 2022 and is available on the OSC website at the following address: https://www.osc.state.ny.us/files/retirement/resources/pdf/annual-comprehensive-financial-report-2022.pdf.

Additionally, available at the OSC website is the System's asset listing for the fiscal year ended March 31, 2022. The audited financial statements with the independent auditor's report for the fiscal year ended March 31, 2022 is available on the OSC website at the following address: https://www.osc.state.ny.us/files/retirement/resources/pdf/asset-listing-2022.pdf.

The Annual Reports to the Comptroller on Actuarial Assumptions from the Retirement System's Actuary - the contents of which explain the methodology used to determine employer contribution rates to the System - issued from 2007 through 2022 are available at the OSC website at: https://www.osc.state.ny.us/retirement/resources/financial-statements-and-supplementary-information.

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

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

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

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

The System

The System provides pension benefits to public employees of the State and its localities (except employees of New York City, and public school teachers and administrators, who are covered by separate public retirement systems). State employees made up about 31 percent of the System's membership as of March 31, 2022. There were 2,972 public employers participating in the System, including the State, all cities and counties (except New York City), most towns, villages and school districts (with respect to non-teaching employees), and many public authorities.

As of March 31, 2022, 685,450 persons were members of the System, and 507,923 retirees and beneficiaries were receiving pension benefits. Article 5, section 7 of the State Constitution considers membership in any State pension or retirement system to be "a contractual relationship, the benefits of which shall not be diminished or impaired."

Comparison of Benefits by Tier

The System's members are categorized into six tiers depending on date of membership. As of March 31, 2022, approximately 41 percent of ERS members were in Tiers 3 and 4 and approximately 48 percent of PFRS members were in Tier 2. Tier 5 was enacted in 2009 and included significant changes to the benefit structure for ERS members who joined on or after January 1, 2010 and PFRS members who joined on or after January 9, 2010. Tier 6 was enacted in 2012 and included further changes to the benefit structure for ERS and PFRS members who joined on or after April 1, 2012. Approximately 54 percent of ERS members and 46 percent of PFRS members are in Tier 6.

Benefits paid to members vary depending on tier. Tiers vary with respect to employee contributions, retirement age, reductions for early retirement, and calculation and limitation of "final average salary" – generally the average of an employee's three consecutive highest years' salary (for Tier 6 members, final average salary is determined by taking the average of an employee's five consecutive highest years' salary). New legislation enacted on April 9, 2022 means all retirement system members become vested after five years of service credit; prior to this legislation, Tier 5 and 6 members needed ten years of service to be vested. ERS members in Tiers 3, 4 and 5 can begin receiving full retirement benefits at age 62; Tier 3 and 4 members and certain Tier 5 members can retire as early as age 55 with full benefits if they have at least 30 years of service; the full retirement age for Tier 6 is 63 years. The amount of the benefit is based on years of service, age at retirement and the final average salary earned. The majority of PFRS members are in special plans that permit them to retire after 20 or 25 years of service regardless of age. Charts comparing the key benefits provided to members of ERS and PFRS in most of the tiers of the System can be accessed at:

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

Contributions and Funding

Contributions to the System are provided by employers and employees. Employers contribute on the basis of the plan or plans they provide for members. All ERS members joining from mid-1976 through 2009 were required to contribute 3 percent of their salaries. A statutory change in 2000, however, limited the contributions to the first 10 years of membership, but did not authorize refunds where contributions had already exceeded 10 years. All ERS members joining after 2009 and prior to April 1, 2012, and all PFRS members joining after January 9, 2010 and prior to April 1, 2012, are members of Tier 5. All Tier 5 ERS members and 79 percent of the Tier 5 PFRS members are required to contribute 3 percent of their salaries for their career. Members joining on or after April 1, 2012 are in Tier 6, and are required to pay contributions throughout their career on a stepped basis relative to each respective member's wages.[14] Members in Tier 6 of both ERS and PFRS earning $45,000 or less are required to contribute 3 percent of their gross annual wages; members earning between $45,001 and $55,000 are required to contribute 3.5 percent; members earning between $55,001 and $75,000 are required to contribute 4.5 percent; members earning between $75,001 and $100,000 are required to contribute 5.75 percent; and, those earning in excess of $100,000 are required to contribute 6 percent of their gross annual salary. Legislation enacted in April 2022 temporarily removed overtime earned from April 1, 2020 through March 31, 2022 from the calculation of contribution rates that Tier 6 members pay during FY 2022-23 and FY 2023-24.

In order to protect employers from potentially volatile contributions tied directly to the value of the System's assets held by the CRF, the System utilizes a multi-year smoothing procedure. One of the factors used by the System's Actuary to calculate employer contribution requirements is the assumed investment rate of return, which is currently 5.9 percent.[15]

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

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

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

[15] During 2020, the Retirement System's Actuary conducted the statutorily required quinquennial actuarial experience study of economic and demographic assumptions. The assumed investment rate of return is an influential factor in calculating employer contribution rates. In September 2020, the Comptroller announced the assumed rate of return for NYSLRS would remain at 6.8 percent. In August 2021, the Comptroller announced the assumed rate of return for NYSLRS would be lowered from 6.8 percent to 5.9 percent. The 6.8 percent rate of return has been used to determine employer contribution rates in FY 2021 and FY 2022. The 5.9 percent rate of return has been used to determine employer contribution rates in FY 2023 and FY 2024.

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

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

CHAPTER 57, LAWS OF 2010				
	% of Payroll			
Year	ERS	PFRS	Interest %	Local
				(dollars in millions)
2011	9.5	17.5	5.00	$ —
2012	10.5	18.5	3.75	—
2013	11.5	19.5	3.00	27.9
2014	12.5	2.5	3.67	35.1
2015	13.5	21.5	3.15	40.4
2016	14.5	22.5	3.21	26.0
2017	15.1	23.5	2.33	3.2
2018	14.9	24.3	2.84	2.7
2019	14.4	23.5	3.64	3.1
2020	14.2	23.5	2.55	—
2021	14.1	24.4	1.33	—
2022	15.1	25.4	1.76	1.1
				$ 139.5

The FY 2014 Enacted Budget included an alternate contribution program (the "Alternate Contribution Stabilization Program") that provides certain participating employers with a one-time election to amortize slightly more of their required contributions than would have been available for amortization under the 2010 legislation. In addition, the maximum payment period was increased from ten years to twelve years. The election is available to counties, cities, towns, villages, BOCES, school districts and the four public health care centers operated in the counties of Nassau, Westchester and Erie. The State is not eligible to participate in the Alternate Contribution Stabilization Program.

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

CHAPTER 57, LAWS OF 2013

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

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

The total State payment (including Judiciary) for FY 2023 is approximately $1.947 billion. Multiple prepayments (including interest credit) reduced the total due on March 1, 2023 to approximately $27.5 million. The State made the $27.5 million payment on February 22, 2023.

The estimated total State payment (including Judiciary) for FY 2024 is approximately $1.932 billion.

Pension Assets and Liabilities

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

The System reports that the net position restricted for pension benefits as of March 31, 2022 was $273.7 billion (including $2.4 billion in receivables, which consist of employer contributions, amortized amounts, member contributions, member loans, accrued interest and dividends, investment sales and other miscellaneous receivables), an increase of $13.6 billion or 5.2 percent from the FY 2021 level of $260.1 billion. The increase in net position restricted for pension benefits from FY 2021 to FY 2022 is primarily the result of the net appreciation of the fair value of the investment portfolio.[16] The System's audited Financial Statement reports a time-weighted investment rate of return of 9.5 percent (gross rate of return before the deduction of certain fees) for FY 2022.

Consistent with statutory limitations affecting categories of investment, the State Comptroller, as trustee of the CRF, establishes a target asset allocation and approves policies and procedures to guide and direct the investment activities of the Division of Pension Investment and Cash Management. The purpose of this asset allocation strategy is to identify the optimal diversified mix of assets to meet the requirements of pension payment obligations to members. In the fiscal year ended March 31, 2020, an asset liability analysis was completed, and a long-term policy allocation was adopted as of April 1, 2021. The current long-term policy allocation seeks a mix that includes 47 percent public equities (32 percent domestic and 15 percent international); 24 percent fixed income and cash; and 29 percent alternative investments (10 percent private equity, 9 percent real estate, 4 percent credit, 3 percent opportunistic/absolute return or hedge funds, and 3 percent real assets). Since the implementation of the long-term policy allocation will take several years, transition targets have been established to aid in the asset rebalancing process. [17]

The System reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased to $320.1 billion (including $166.6 billion for retirees and beneficiaries) as of April 1, 2022, up from $308.8 billion as of April 1, 2021. The funding method used by the System anticipates that the plan net position, plus future actuarially determined contributions, will be sufficient to pay for the anticipated benefits of current members, retirees and beneficiaries. The valuation used by the Retirement Systems Actuary was based on audited net position restricted for pension benefits as of March 31, 2022. Actuarially determined contributions are calculated using actuarial assets and the present value of anticipated benefits. Actuarial assets differed from plan net position on April 1, 2022 in that the determination of actuarial assets restarted a smoothing method, with an eight-year smoothing period, that recognized 12.5 percent of the unexpected gain for FY 2022. Actuarial assets increased from $260.1 billion on April 1, 2021 to $267.3 billion on April 1, 2022.

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[16] On February 10, 2023, the State Comptroller announced that the New York State Common Retirement Fund's ("Fund") time-weighted estimated return (gross of certain investment fees) for the three-month period ended December 31, 2022 was 4.51 percent. The Fund ended the quarter with an estimated value of $242.3 billion in invested assets. The value of the invested assets changes daily.

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

The ratio of fiduciary net position to the total pension liability for ERS, as of March 31, 2022, calculated by the System's Actuary, was 103.65 percent. The ratio of the fiduciary net position to the total pension liability for PFRS, as of March 31, 2022, calculated by the System's Actuary, was 98.66 percent.

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

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

CONTRIBUTIONS AND BENEFITS NEW YORK STATE AND LOCAL RETIREMENT SYSTEM [1] (millions of dollars)					
Fiscal Year Ended March 31	Contributions Recorded				Total Benefits Paid [3]
	All Participating Employers [1] [2]	Local Employers [1] [2]	State [1] [2]	Employees	
2013	5,336	3,386	1,950	269	9,521
2014	6,064	3,691	2,373	281	9,978
2015	5,797	3,534	2,263	285	10,514
2016	5,140	3,182	1,958	307	11,060
2017	4,787	2,973	1,814	329	11,508
2018	4,823	3,021	1,802	349	12,129
2019	4,744	2,973	1,771	387	12,834
2020	4,783	3,023	1,760	454	13,311
2021	5,030	3,160	1,870	492	14,122
2022	5,628	3,578	2,050	578	14,905

Sources: State and Local Retirement System.

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

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

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

NET POSITION RESTRICTED FOR PENSION BENEFITS OF THE NEW YORK STATE AND LOCAL RETIREMENT SYSTEM [1] (millions of dollars)		
Fiscal Year Ended March 31	Net Assets	Percent Increase / (Decrease) From Prior Year
2013	164,222	7.1%
2014	181,275	10.4%
2015	189,412	4.5%
2016	183,640	-3.0%
2017	197,602	7.6%
2018	212,077	7.3%
2019	215,169	1.5%
2020	198,080	-7.9%
2021	260,081	31.3%
2022	273,719	5.2%

Sources: State and Local Retirement System.

(1) Includes relatively small amounts held under the Group Life Insurance Plan. Includes some employer contribution receivables. Fiscal year ending March 31, 2022 includes approximately $2.4 billion of receivables.

Additional Information Regarding the System

The NYSLRS' Financial Report contains in-depth and audited information about the System. Among other things, the NYSLRS' Financial Report contains information about the number of members and retirees, salaries of members, valuation of assets, changes in fiduciary net position and information related to contributions to the System. The 2022 NYSLRS' Financial Report is available on the OSC website at the following web address:

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

1) Information on the number of members and retirees, including the change in the number of members and retirees and beneficiaries since 2012 can be found on page 30 of the NYSLRS' Financial Report at the link noted above. More information on this topic is available in the "Statistical" section of the NYSLRS' Financial Report.

2) A combined basic statement of changes in fiduciary net position can be found on page 47 of the NYSLRS' Financial Report at the link noted above.

3) Schedule of Changes in the Employers' Net Pension Liability and Related Ratios (unaudited) can be found on pages 76-79 at the link noted above.

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

5) A table with the market value of assets, actuarial value of assets and actuarial accrued liability of the CRF since 2012 can be found on page 164 of the NYSLRS' Financial Report at the link noted above.

Information related to the salaries of members can be found on pages 197-201 of the NYSLRS' Financial Report at the link noted above.

LITIGATION

General

The legal proceedings listed below involve State finances and programs and other claims in which the State is a defendant and the potential monetary claims against the State are deemed to be material, meaning in excess of $100 million or involving significant challenges to or impacts on the State's financial policies or practices. As explained below, these proceedings could adversely affect the State's finances in FY 2023 or thereafter. The State intends to describe newly initiated proceedings that the State deems to be material and existing proceedings that the State has subsequently deemed to be material, as well as any material and adverse developments in the listed proceedings, in quarterly updates and/or supplements to the AIS Update.

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

The State is party to other claims and litigation, with respect to which its legal counsel has advised that it is not probable that the State will suffer adverse court decisions, or which the State has determined do not, considered on a case-by-case basis, meet the materiality threshold described in the first paragraph of this section. Although the amounts of potential losses, if any, resulting from these litigation matters are not presently determinable, it is the State's position that any potential liability in these litigation matters is not expected to have a material and adverse effect on the State's financial position in FY 2023 or thereafter. The Basic Financial Statements for FY 2022, which OSC issued on July 27, 2022, reported possible and probable awards and anticipated unfavorable judgments against the State.

Adverse developments in the proceedings described below; other proceedings for which there are unanticipated, unfavorable and material judgments; or the initiation of new proceedings could affect the ability of the State to maintain a balanced FY 2023 Financial Plan. The State believes that the Financial Plan includes sufficient reserves to offset the costs associated with the payment of judgments that may be required during FY 2023. These reserves include (but are not limited to) amounts appropriated for Court of Claims payments and projected fund balances in the General Fund. In addition, any amounts ultimately required to be paid by the State may be subject to settlement or may be paid over a multi-year period. There can be no assurance, however, that adverse decisions in legal proceedings against the State would not exceed the amount of all potential Enacted Budget resources available for the payment of judgments, and could therefore adversely affect the ability of the State to maintain a balanced Financial Plan.

THE INFORMATION THAT FOLLOWS UNDER THIS HEADING HAS BEEN FURNISHED BY THE STATE OFFICE OF THE ATTORNEY GENERAL AND DOB HAS NOT UNDERTAKEN ANY INDEPENDENT VERIFICATION OF SUCH INFORMATION.

Real Property Claims

Over the years, there have been a number of cases in which Native American tribes have asserted possessory interests in real property or sought monetary damages as a result of claims that certain transfers of property from the tribes or their predecessors-in-interest in the 18th and 19th centuries were illegal. Of these cases, only one remains active.

In *Canadian St. Regis Band of Mohawk Indians, et al. v. State of New York, et al.* (NDNY), plaintiffs seek ejectment and monetary damages for their claim that approximately 15,000 acres in Franklin and St. Lawrence Counties were illegally transferred from their predecessors-in-interest. The defendants' motion for judgment on the pleadings, relying on prior decisions in other cases rejecting such land claims, was granted in great part through decisions on July 8, 2013, and July 23, 2013, holding that all claims are dismissed except for claims over the area known as the Hogansburg Triangle and a right of way claim against Niagara Mohawk Power Corporation.

On May 21, 2013, the State, Franklin and St. Lawrence Counties, and the tribe signed an agreement resolving a gaming exclusivity dispute, which agreement provides that the parties will work towards a mutually agreeable resolution of the tribe's land claim. On August 15, 2022, at the request of the St. Regis and with the consent of all parties, the Second Circuit dismissed its appeal with prejudice.

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

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

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

On February 10, 2023, the mediator and the parties filed status reports indicating significant progress in settlement discussions. In light of this progress, the Court extended the mediation deadline to March 15, 2023, with another round of status reports to be filed by March 22, 2023.

School Aid

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

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

Plaintiffs submitted a proposed order addressing an appropriate remedy to the State. The State rejected plaintiffs' proposed order because it sought to provide the subject school districts with State funding in excess of the aid to be received under the fully phased-in Foundation Aid formula. Subsequently, the Court permitted the parties to brief how it should proceed in addressing an appropriate remedy. By Letter Order dated April 6, 2022, the Court permitted the State to brief the historical increases in education aid and the current levels of education funding (state and federal) and whether this funding has sufficiently addressed the constitutional violations found by the Appellate Division, Third Department, in its May 27, 2021, Decision. Justice O'Connor found that the Court's standard of review of the State's proposed remedy is "reasonableness," and that the scope of the remedy should be limited to addressing the "at risk students" in the Plaintiffs-Districts in accordance with the Appellate Division, Third Department's Decision. By Notice of Appeal dated April 27, 2022, the plaintiffs appealed Justice O'Connor's Letter Order. Upon the request of the plaintiffs and consent by the State, Justice O'Connor stayed the lower court proceedings pending the plaintiffs' appeal of the Court's April 6, 2022, Letter Order. The plaintiffs perfected their appeal and the State's brief is due March 24, 2023.

Compensation of Assigned Counsel

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

New York State Bar Association v. State of New York, 16091/2022 (Sup. Ct. N.Y. Cty.): This is a plenary action against the State as sole defendant, seeking the same relief as in the NYCLA litigation, but applicable to all 57 non-New York City counties. The Complaint was filed on November 30, 2022. On the same date, Plaintiff filed a Request for Judicial Intervention and a letter to the Court requesting a conference to determine whether briefing on an anticipated preliminary injunction was necessary in light of the injunction issued in NYCLA and, if so, to set a briefing schedule. On December 20, 2022, the State filed a stipulation signed by both parties extending the State's time to answer until January 31, 2023. On January 25, 2023, Plaintiffs filed an order to show cause and motion for a preliminary injunction seeking a rate increase to $164 per hour, consistent with the current federal rate. The State's answer was filed on January 31, 2023. On February 1, 2023, the Court endorsed the order to show cause and directed the State to file answering papers to the preliminary injunction motion by March 6, 2023, with the motion returnable on March 16, 2023, on written submissions only without oral argument.

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

On January 25, 2023, the Plaintiff class moved for a preliminary injunction seeking the doubling of assigned counsel program rates. On February 16, 2023, Defendants opposed the preliminary injunction motion and moved to dismiss, arguing that the 2015 settlement agreement did not require any particular funding directed to the assigned counsel program. On February 23, 2023, Plaintiff filed a combined reply to the preliminary injunction motion and opposition to the motion to dismiss. Defendants' reply on the motion to dismiss is currently due March 22, 2023.

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.[18]

[18] 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 Current	Annual $ Change	Annual % Change
Opening Fund Balance	**9,161**	**33,053**	**23,892**	**260.8%**
Receipts:				
Taxes:				
Personal Income Tax	33,464	27,381	(6,083)	-18.2%
Consumption/Use Taxes	4,721	7,214	2,493	52.8%
Business Taxes	16,697	16,722	25	0.1%
Other Taxes	1,407	2,044	637	45.3%
Miscellaneous Receipts	2,325	3,032	707	30.4%
Federal Receipts	4,500	2,350	(2,150)	-47.8%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	26,055	22,079	(3,976)	-15.3%
PTET in Excess of Revenue Bond Debt Service	8,215	6,474	(1,741)	-21.2%
ECEP in Excess of Revenue Bond Debt Service	0	4	4	0.0%
Sales Tax in Excess of LGAC Bond Debt Service	4,121	2,198	(1,923)	-46.7%
Sales Tax in Excess of Revenue Bond Debt Service	5,572	7,821	2,249	40.4%
Real Estate Taxes in Excess of CW/CA Debt Service	1,479	1,199	(280)	-18.9%
All Other	4,254	1,844	(2,410)	-56.7%
Total Receipts	**112,810**	**100,362**	**(12,448)**	**-11.0%**
Disbursements:				
Local Assistance	58,384	64,472	6,088	10.4%
State Operations:				
Personal Service	8,063	10,421	2,358	29.2%
Non-Personal Service	3,675	2,593	(1,082)	-29.4%
General State Charges	8,983	8,839	(144)	-1.6%
Transfers to Other Funds:				
Debt Service	340	290	(50)	-14.7%
Capital Projects	6,818	4,443	(2,375)	-34.8%
SUNY Operations	1,385	1,507	122	8.8%
Other Purposes	1,270	1,926	656	51.7%
Total Disbursements	**88,918**	**94,491**	**5,573**	**6.3%**
Excess (Deficiency) of Receipts Over Disbursements	**23,892**	**5,871**	**(18,021)**	**-75.4%**
Closing Fund Balance	**33,053**	**38,924**	**5,871**	**17.8%**
Statutory Reserves				
Community Projects	26	21	(5)	
Contingency Reserve	21	21	0	
Rainy Day Reserve	1,884	4,836	2,952	
Tax Stabilization Reserve	1,435	1,632	197	
Reserved For				
Debt Management	500	2,355	1,855	
Economic Uncertainties	5,665	13,070	7,405	
Extraordinary Monetary Settlements	1,837	1,552	(285)	
Labor Settlements/Agency Operations	275	765	490	
Pandemic Assistance	2,000	0	(2,000)	
Timing of PTET/PIT Credits	16,430	10,549	(5,881)	
Undesignated Fund Balance	2,980	4,123	1,143	

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2023 Current	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Receipts:					
Taxes:					
Personal Income Tax	27,381	28,417	29,566	31,339	37,681
Consumption/Use Taxes	7,214	9,803	9,952	10,203	10,418
Business Taxes	16,722	14,546	14,227	13,448	8,708
Other Taxes	2,044	1,276	1,305	1,365	1,422
Miscellaneous Receipts	3,032	2,401	2,221	2,060	1,995
Federal Receipts	2,350	2,250	3,645	0	0
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	22,079	27,663	28,216	28,937	35,519
PTET in Excess of Revenue Bond Debt Service	6,474	5,730	5,605	4,263	(602)
ECEP in Excess of Revenue Bond Debt Service	4	4	4	4	0
Sales Tax in Excess of LGAC Bond Debt Service	2,198	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	7,821	8,604	8,559	8,627	8,668
Real Estate Taxes in Excess of CW/CA Debt Service	1,199	1,078	1,159	1,243	1,333
All Other	1,844	1,943	2,044	2,089	1,974
Total Receipts	**100,362**	**103,715**	**106,503**	**103,578**	**107,116**
Disbursements:					
Local Assistance	64,472	73,262	78,311	81,832	85,365
State Operations:					
Personal Service	10,421	10,718	10,759	10,860	10,963
Non-Personal Service	2,593	3,799	3,646	3,763	3,777
General State Charges	8,839	8,800	10,101	11,054	12,645
Transfers to Other Funds:					
Debt Service	290	251	309	330	375
Capital Projects	4,443	6,580	6,143	3,607	2,860
SUNY Operations	1,507	1,587	1,595	1,591	1,606
Other Purposes	1,926	1,936	1,543	1,527	1,542
Total Disbursements	**94,491**	**106,933**	**112,407**	**114,564**	**119,133**
Use (Reservation) of Fund Balance:					
Community Projects	21	3	0	0	0
Consensus Revenue	21	(800)	0	0	0
Debt Management	4,836	(81)	576	860	0
Economic Uncertainties	1,632	0	0	3,514	2,627
Extraordinary Monetary Settlements	2,355	827	561	155	10
Labor Settlements/Agency Operations	13,070	(1,000)	(1,450)	(1,450)	(1,450)
Pandemic Assistance	1,552	0	0	0	0
Rainy Day Reserve	765	0	0	(3,344)	(2,547)
Tax Stabilization Reserve	0	0	0	(170)	(80)
Timing of PTET/PIT Credits	10,549	2,296	219	2,280	5,754
Undesignated Fund Balance	4,123	1,973	919	544	544
Total Use (Reservation) of Fund Balance	**38,924**	**3,218**	**825**	**2,389**	**4,858**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**0**	**(5,079)**	**(8,597)**	**(7,159)**

Source: NYS DOB.

CASH FINANCIAL PLAN GENERAL FUND (millions of dollars)	FY 2023 Enacted	Change	FY 2023 Mid-Year	Change	FY 2023 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	21,658	988	22,646	4,735	27,381
Consumption/Use Taxes	6,815	214	7,029	185	7,214
Business Taxes	17,249	108	17,357	(635)	16,722
Other Taxes	1,372	310	1,682	362	2,044
Miscellaneous Receipts	1,768	427	2,195	837	3,032
Federal Receipts	2,350	0	2,350	0	2,350
Transfers from Other Funds:		0		0	
PIT in Excess of Revenue Bond Debt Service	17,611	987	18,598	3,481	22,079
PTET in Excess of Revenue Bond Debt Service	7,499	0	7,499	(1,025)	6,474
ECEP in Excess of Revenue Bond Debt Service	7	0	7	(3)	4
Sales Tax in Excess of LGAC Bond Debt Service	2,119	79	2,198	0	2,198
Sales Tax in Excess of Revenue Bond Debt Service	7,055	289	7,344	477	7,821
Real Estate Taxes in Excess of CW/CA Debt Service	1,157	0	1,157	42	1,199
All Other	1,646	(2,076)	(430)	2,274	1,844
Total Receipts	**88,306**	**1,326**	**89,632**	**10,730**	**100,362**
Disbursements:					
Local Assistance	66,309	(1,195)	65,114	(642)	64,472
State Operations:		0		0	
Personal Service	10,155	326	10,481	(60)	10,421
Non-Personal Service	2,712	51	2,763	(170)	2,593
General State Charges	8,787	(121)	8,666	173	8,839
Transfers to Other Funds:		0		0	
Debt Service	290	0	290	0	290
Capital Projects	4,348	10	4,358	85	4,443
SUNY Operations	1,508	0	1,508	(1)	1,507
Other Purposes	1,994	7	2,001	(75)	1,926
Total Disbursements	**96,103**	**(922)**	**95,181**	**(690)**	**94,491**
Use (Reservation) of Fund Balance:					
Community Projects	5	0	5	0	5
Debt Management	(855)	0	(855)	(1,000)	(1,855)
Economic Uncertainties	(1,905)	(77)	(1,982)	(5,423)	(7,405)
Extraordinary Monetary Settlements	293	0	293	(8)	285
Labor Settlements/Agency Operations	(600)	110	(490)	0	(490)
Pandemic Assistance	2,000	0	2,000	0	2,000
Rainy Day Reserve	(2,952)	0	(2,952)	0	(2,952)
Tax Stabilization Reserve	(197)	0	(197)	0	(197)
Timing of PTET/PIT Credits	10,088	0	10,088	(4,207)	5,881
Undesignated Fund Balance	1,920	(2,281)	(361)	(782)	(1,143)
Total Use (Reservation) of Fund Balance	**7,797**	**(2,248)**	**5,549**	**(11,420)**	**(5,871)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**0**	**0**	**0**	**0**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2024 Enacted	Change	FY 2024 Mid-Year	Change	FY 2024 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	29,309	(1,175)	28,134	283	28,417
Consumption/Use Taxes	9,249	277	9,526	277	9,803
Business Taxes	16,379	45	16,424	(1,878)	14,546
Other Taxes	1,414	0	1,414	(138)	1,276
Miscellaneous Receipts	1,814	0	1,814	587	2,401
Federal Receipts	2,250	0	2,250	0	2,250
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	27,934	(1,175)	26,759	904	27,663
PTET in Excess of Revenue Bond Debt Service	7,928	0	7,928	(2,198)	5,730
ECEP in Excess of Revenue Bond Debt Service	7	0	7	(3)	4
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	7,246	277	7,523	1,081	8,604
Real Estate Taxes in Excess of CW/CA Debt Service	1,077	0	1,077	1	1,078
All Other	1,892	0	1,892	51	1,943
Total Receipts	**106,499**	**(1,751)**	**104,748**	**(1,033)**	**103,715**
Disbursements:					
Local Assistance	71,499	492	71,991	1,271	73,262
State Operations:					
Personal Service	10,145	157	10,302	416	10,718
Non-Personal Service	3,029	22	3,051	748	3,799
General State Charges	9,397	0	9,397	(597)	8,800
Transfers to Other Funds:					
Debt Service	253	0	253	(2)	251
Capital Projects	6,288	0	6,288	292	6,580
SUNY Operations	1,499	0	1,499	88	1,587
Other Purposes	1,876	7	1,883	53	1,936
Total Disbursements	**103,986**	**678**	**104,664**	**2,269**	**106,933**
Use (Reservation) of Fund Balance:					
Community Projects	3	0	3	0	3
Consensus Revenue	0	0	0	(800)	(800)
Debt Management	(81)	0	(81)	0	(81)
Economic Uncertainties	860	0	860	(860)	0
Extraordinary Monetary Settlements	828	0	828	(1)	827
Labor Settlements/Agency Operations	(1,000)	0	(1,000)	0	(1,000)
Rainy Day Reserve	(3,101)	0	(3,101)	3,101	0
Tax Stabilization Reserve	(207)	0	(207)	207	0
Timing of PTET/PIT Credits	(358)	0	(358)	2,654	2,296
Undesignated Fund Balance	543	2,281	2,824	(851)	1,973
Total Use (Reservation) of Fund Balance	**(2,513)**	**2,281**	**(232)**	**3,450**	**3,218**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**(148)**	**(148)**	**148**	**0**

Source: NYS DOB.

CASH FINANCIAL PLAN GENERAL FUND (millions of dollars)	FY 2025 Enacted	Change	FY 2025 Mid-Year	Change	FY 2025 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	31,002	(1,900)	29,102	464	29,566
Consumption/Use Taxes	9,425	271	9,696	256	9,952
Business Taxes	16,657	(25)	16,632	(2,405)	14,227
Other Taxes	1,473	0	1,473	(168)	1,305
Miscellaneous Receipts	1,842	0	1,842	379	2,221
Federal Receipts	3,645	0	3,645	0	3,645
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	30,179	(1,900)	28,279	(63)	28,216
PTET in Excess of Revenue Bond Debt Service	8,277	0	8,277	(2,672)	5,605
ECEP in Excess of Revenue Bond Debt Service	8	0	8	(4)	4
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	7,255	272	7,527	1,032	8,559
Real Estate Taxes in Excess of CW/CA Debt Service	1,159	0	1,159	0	1,159
All Other	1,928	0	1,928	116	2,044
Total Receipts	**112,850**	**(3,282)**	**109,568**	**(3,065)**	**106,503**
Disbursements:					
Local Assistance	76,709	33	76,742	1,569	78,311
State Operations:					
Personal Service	10,220	156	10,376	383	10,759
Non-Personal Service	3,237	21	3,258	388	3,646
General State Charges	10,591	0	10,591	(490)	10,101
Transfers to Other Funds:					
Debt Service	311	0	311	(2)	309
Capital Projects	5,949	0	5,949	194	6,143
SUNY Operations	1,482	0	1,482	113	1,595
Other Purposes	1,385	7	1,392	151	1,543
Total Disbursements	**109,884**	**217**	**110,101**	**2,306**	**112,407**
Use (Reservation) of Fund Balance:					
Debt Management	576	0	576	0	576
Economic Uncertainties	569	0	569	(569)	0
Extraordinary Monetary Settlements	559	0	559	2	561
Labor Settlements/Agency Operations	(1,450)	0	(1,450)	0	(1,450)
Rainy Day Reserve	(3,276)	0	(3,276)	3,276	0
Tax Stabilization Reserve	(218)	0	(218)	218	0
Timing of PTET/PIT Credits	(101)	0	(101)	320	219
Undesignated Fund Balance	375	0	375	544	919
Total Use (Reservation) of Fund Balance	**(2,966)**	**0**	**(2,966)**	**3,791**	**825**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**(3,499)**	**(3,499)**	**(1,580)**	**(5,079)**

Source: NYS DOB.

CASH FINANCIAL PLAN GENERAL FUND (millions of dollars)	FY 2026 Enacted	Change	FY 2026 Mid-Year	Change	FY 2026 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	33,165	(1,900)	31,265	74	31,339
Consumption/Use Taxes	9,633	289	9,922	281	10,203
Business Taxes	14,952	(23)	14,929	(1,481)	13,448
Other Taxes	1,539	0	1,539	(174)	1,365
Miscellaneous Receipts	1,879	0	1,879	181	2,060
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	31,240	(1,900)	29,340	(403)	28,937
PTET in Excess of Revenue Bond Debt Service	6,617	0	6,617	(2,354)	4,263
ECEP in Excess of Revenue Bond Debt Service	8	0	8	(4)	4
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	7,331	289	7,620	1,007	8,627
Real Estate Taxes in Excess of CW/CA Debt Service	1,243	0	1,243	0	1,243
All Other	2,007	0	2,007	82	2,089
Total Receipts	**109,614**	**(3,245)**	**106,369**	**(2,791)**	**103,578**
Disbursements:					
Local Assistance	79,832	(120)	79,712	2,120	81,832
State Operations:					
Personal Service	10,316	158	10,474	386	10,860
Non-Personal Service	3,512	21	3,533	230	3,763
General State Charges	11,901	0	11,901	(847)	11,054
Transfers to Other Funds:					
Debt Service	332	0	332	(2)	330
Capital Projects	3,196	0	3,196	411	3,607
SUNY Operations	1,482	0	1,482	109	1,591
Other Purposes	1,369	7	1,376	151	1,527
Total Disbursements	**111,940**	**66**	**112,006**	**2,558**	**114,564**
Use (Reservation) of Fund Balance:					
Debt Management	860	0	860	0	860
Economic Uncertainties	3,514	0	3,514	0	3,514
Extraordinary Monetary Settlements	155	0	155	0	155
Labor Settlements/Agency Operations	(1,450)	0	(1,450)	0	(1,450)
Rainy Day Reserve	(3,344)	0	(3,344)	0	(3,344)
Tax Stabilization Reserve	(170)	0	(170)	0	(170)
Timing of PTET/PIT Credits	2,761	0	2,761	(481)	2,280
Undesignated Fund Balance	0	0	0	544	544
Total Use (Reservation) of Fund Balance	**2,326**	**0**	**2,326**	**63**	**2,389**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**(3,311)**	**(3,311)**	**(5,286)**	**(8,597)**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2027 Enacted	Change	FY 2027 Mid-Year	Change	FY 2027 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	41,070	(3,200)	37,870	(189)	37,681
Consumption/Use Taxes	9,873	255	10,128	290	10,418
Business Taxes	8,858	(27)	8,831	(123)	8,708
Other Taxes	1,601	0	1,601	(179)	1,422
Miscellaneous Receipts	1,914	0	1,914	81	1,995
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	39,293	(3,200)	36,093	(574)	35,519
PTET in Excess of Revenue Bond Debt Service	(50)	0	(50)	(552)	(602)
ECEP in Excess of Revenue Bond Debt Service	(1)	0	(1)	1	0
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	7,434	255	7,689	979	8,668
Real Estate Taxes in Excess of CW/CA Debt Service	1,334	0	1,334	(1)	1,333
All Other	1,887	0	1,887	87	1,974
Total Receipts	**113,213**	**(5,917)**	**107,296**	**(180)**	**107,116**
Disbursements:					
Local Assistance	82,710	(113)	82,597	2,768	85,365
State Operations:					
Personal Service	10,385	158	10,543	420	10,963
Non-Personal Service	3,551	19	3,570	207	3,777
General State Charges	13,294	0	13,294	(649)	12,645
Transfers to Other Funds:					
Debt Service	373	0	373	2	375
Capital Projects	2,627	0	2,627	233	2,860
SUNY Operations	1,482	0	1,482	124	1,606
Other Purposes	1,383	7	1,390	152	1,542
Total Disbursements	**115,805**	**71**	**115,876**	**3,257**	**119,133**
Use (Reservation) of Fund Balance:					
Economic Uncertainties	2,627	0	2,627	0	2,627
Extraordinary Monetary Settlements	2	0	2	8	10
Labor Settlements/Agency Operations	(1,450)	0	(1,450)	0	(1,450)
Rainy Day Reserve	(2,547)	0	(2,547)	0	(2,547)
Tax Stabilization Reserve	(80)	0	(80)	0	(80)
Timing of PTET/PIT Credits	4,040	0	4,040	1,714	5,754
Undesignated Fund Balance	0	0	0	544	544
Total Use (Reservation) of Fund Balance	**2,592**	**0**	**2,592**	**2,266**	**4,858**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**(5,988)**	**(5,988)**	**(1,171)**	**(7,159)**

Source: NYS DOB.

CASH FINANCIAL PLAN STATE OPERATING FUNDS FY 2023 (millions of dollars)	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	**33,053**	**7,612**	**102**	**40,767**
Receipts:				
Taxes	53,361	6,301	47,883	107,545
Miscellaneous Receipts	3,032	17,010	376	20,418
Federal Receipts	2,350	(18)	70	2,402
Total Receipts	**58,743**	**23,293**	**48,329**	**130,365**
Disbursements:				
Local Assistance	64,472	18,799	0	83,271
State Operations:				
Personal Service	10,421	5,160	0	15,581
Non-Personal Service	2,593	2,694	45	5,332
General State Charges	8,839	1,189	0	10,028
Debt Service	0	0	8,491	8,491
Capital Projects	0	0	0	0
Total Disbursements	**86,325**	**27,842**	**8,536**	**122,703**
Other Financing Sources (Uses):				
Transfers from Other Funds	41,619	3,392	1,611	46,622
Transfers to Other Funds	(8,166)	1,156	(41,405)	(48,415)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**33,453**	**4,548**	**(39,794)**	**(1,793)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**5,871**	**(1)**	**(1)**	**5,869**
Closing Fund Balance	**38,924**	**7,611**	**101**	**46,636**

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	**38,924**	**7,611**	**101**	**46,636**
Receipts:				
Taxes	54,042	6,247	46,237	106,526
Miscellaneous Receipts	2,401	13,361	378	16,140
Federal Receipts	2,250	(17)	67	2,300
Total Receipts	**58,693**	**19,591**	**46,682**	**124,966**
Disbursements:				
Local Assistance	73,262	16,155	0	89,417
State Operations:				
Personal Service	10,718	5,140	0	15,858
Non-Personal Service	3,799	2,555	47	6,401
General State Charges	8,800	1,210	0	10,010
Debt Service	0	0	3,498	3,498
Capital Projects	0	0	0	0
Total Disbursements	**96,579**	**25,060**	**3,545**	**125,184**
Other Financing Sources (Uses):				
Transfers from Other Funds	45,022	3,465	1,963	50,450
Transfers to Other Funds	(10,354)	1,496	(45,087)	(53,945)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**34,668**	**4,961**	**(43,124)**	**(3,495)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(3,218)**	**(508)**	**13**	**(3,713)**
Closing Fund Balance	**35,706**	**7,103**	**114**	**42,923**

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	55,050	6,050	47,423	108,523
Miscellaneous Receipts	2,221	13,634	385	16,240
Federal Receipts	3,645	(17)	62	3,690
Total Receipts	**60,916**	**19,667**	**47,870**	**128,453**
Disbursements:				
Local Assistance	78,311	15,396	0	93,707
State Operations:				
Personal Service	10,759	5,171	0	15,930
Non-Personal Service	3,646	2,568	49	6,263
General State Charges	10,101	1,225	0	11,326
Debt Service	0	0	4,270	4,270
Capital Projects	0	0	0	0
Total Disbursements	**102,817**	**24,360**	**4,319**	**131,496**
Other Financing Sources (Uses):				
Transfers from Other Funds	45,587	3,089	1,699	50,375
Transfers to Other Funds	(9,590)	1,200	(45,242)	(53,632)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**35,997**	**4,289**	**(43,543)**	**(3,257)**
Use (Reservation) of Fund Balance:				
Debt Management	576	0	0	576
Extraordinary Monetary Settlements	561	0	0	561
Labor Settlements/Agency Operations	(1,450)	0	0	(1,450)
Timing of PTET/PIT Credits	219	0	0	219
Undesignated Fund Balance	919	0	0	919
Total Use (Reservation) of Fund Balance	**825**	**0**	**0**	**825**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(5,079)**	**(404)**	**8**	**(5,475)**

Source: NYS DOB.

CASH FINANCIAL PLAN STATE OPERATING FUNDS FY 2026 (millions of dollars)	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	56,355	6,123	48,152	110,630
Miscellaneous Receipts	2,060	14,937	395	17,392
Federal Receipts	0	(17)	58	41
Total Receipts	**58,415**	**21,043**	**48,605**	**128,063**
Disbursements:				
Local Assistance	81,832	15,685	0	97,517
State Operations:				
Personal Service	10,860	5,212	0	16,072
Non-Personal Service	3,763	3,616	49	7,428
General State Charges	11,054	1,242	0	12,296
Debt Service	0	0	5,438	5,438
Capital Projects	0	0	0	0
Total Disbursements	**107,509**	**25,755**	**5,487**	**138,751**
Other Financing Sources (Uses):				
Transfers from Other Funds	45,163	3,070	1,658	49,891
Transfers to Other Funds	(7,055)	1,239	(44,748)	(50,564)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**38,108**	**4,309**	**(43,090)**	**(673)**
Use (Reservation) of Fund Balance:				
Debt Management	860	0	0	860
Economic Uncertainties	3,514	0	0	3,514
Extraordinary Monetary Settlements	155	0	0	155
Labor Settlements/Agency Operations	(1,450)	0	0	(1,450)
Rainy Day Reserve	(3,344)	0	0	(3,344)
Tax Stabilization Reserve	(170)	0	0	(170)
Timing of PTET/PIT Credits	2,280	0	0	2,280
Undesignated Fund Balance	544	0	0	544
Total Use (Reservation) of Fund Balance	**2,389**	**0**	**0**	**2,389**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(8,597)**	**(403)**	**28**	**(8,972)**

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	58,229	6,352	49,902	114,483
Miscellaneous Receipts	1,995	15,358	410	17,763
Federal Receipts	0	(17)	53	36
Total Receipts	**60,224**	**21,693**	**50,365**	**132,282**
Disbursements:				
Local Assistance	85,365	16,055	0	101,420
State Operations:				
Personal Service	10,963	5,268	0	16,231
Non-Personal Service	3,777	3,664	49	7,490
General State Charges	12,645	1,261	0	13,906
Debt Service	0	0	5,413	5,413
Capital Projects	0	0	0	0
Total Disbursements	**112,750**	**26,248**	**5,462**	**144,460**
Other Financing Sources (Uses):				
Transfers from Other Funds	46,892	3,122	1,744	51,758
Transfers to Other Funds	(6,383)	1,244	(46,613)	(51,752)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**40,509**	**4,366**	**(44,869)**	**6**
Use (Reservation) of Fund Balance:				
Economic Uncertainties	2,627	0	0	2,627
Extraordinary Monetary Settlements	10	0	0	10
Labor Settlements/Agency Operations	(1,450)	0	0	(1,450)
Rainy Day Reserve	(2,547)	0	0	(2,547)
Tax Stabilization Reserve	(80)	0	0	(80)
Timing of PTET/PIT Credits	5,754	0	0	5,754
Undesignated Fund Balance	544	0	0	544
Total Use (Reservation) of Fund Balance	**4,858**	**0**	**0**	**4,858**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(7,159)**	**(189)**	**34**	**(7,314)**

Source: NYS DOB.

STATE RECEIPTS ALL GOVERNMENTAL FUNDS FY 2023 THROUGH FY 2027 (millions of dollars)	FY 2023 Current	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Taxes:					
Withholdings	52,438	53,108	55,287	58,133	61,138
Estimated Payments	18,395	16,564	15,325	16,531	26,661
Final Payments	5,259	4,830	4,831	5,121	5,317
Other Payments	1,832	1,609	1,663	1,721	1,772
Gross Collections	**77,924**	**76,111**	**77,106**	**81,506**	**94,888**
State/City Offset	(2,174)	(1,699)	(1,726)	(1,831)	(1,969)
Refunds	(17,429)	(14,151)	(13,032)	(13,871)	(14,486)
Reported Tax Collections	**58,321**	**60,261**	**62,348**	**65,804**	**78,433**
STAR (Dedicated Deposits)	0	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0	0
Personal Income Tax	**58,321**	**60,261**	**62,348**	**65,804**	**78,433**
Sales and Use Tax	18,852	19,801	20,199	20,743	21,204
Cigarette and Tobacco Taxes	886	721	589	564	541
Vapor Excise Tax	27	27	27	27	27
Motor Fuel Tax	184	495	495	494	491
Alcoholic Beverage Taxes	280	284	287	289	293
Opioid Excise Tax	29	29	29	29	29
Medical Cannabis Excise Tax	12	12	12	12	12
Adult Use Cannabis Tax	2	133	158	245	339
Highway Use Tax	139	141	143	143	144
Auto Rental Tax	122	100	100	101	102
Peer to Peer Car Sharing Tax	2	7	8	9	10
Gross Consumption/Use Taxes	**20,535**	**21,750**	**22,047**	**22,656**	**23,192**
LGAC/STBF (Dedicated Transfers)	0	0	0	0	0
Consumption/Use Taxes	**20,535**	**21,750**	**22,047**	**22,656**	**23,192**
Corporation Franchise Tax	8,855	7,650	7,281	7,745	7,881
Corporation and Utilities Tax	540	479	561	550	558
Insurance Taxes	2,627	2,660	2,708	2,839	2,970
Bank Tax	356	0	0	0	0
Pass Through Entity Tax	12,948	11,460	11,210	8,526	(1,203)
Petroleum Business Tax	1,071	1,120	1,103	1,100	1,095
Gross Business Taxes	**26,397**	**23,369**	**22,863**	**20,760**	**11,301**
RBTF (Dedicated Transfers)	0	0	0	0	0
Business Taxes	**26,397**	**23,369**	**22,863**	**20,760**	**11,301**
Estate Tax	2,025	1,257	1,285	1,345	1,407
Real Estate Transfer Tax	1,491	1,366	1,449	1,532	1,623
Employer Compensation Expense Program	7	9	9	10	0
Gift Tax	0	0	0	0	0
Real Property Gains Tax	0	0	0	0	0
Pari-Mutuel Taxes	13	13	13	13	13
Other Taxes	2	2	2	2	2
Gross Other Taxes	**3,538**	**2,647**	**2,758**	**2,902**	**3,045**
Real Estate Transfer Tax (Dedicated)	0	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0	0
Other Taxes	**3,538**	**2,647**	**2,758**	**2,902**	**3,045**
Payroll Tax	**0**	**0**	**0**	**0**	**0**
Total Taxes	**108,791**	**108,027**	**110,016**	**112,122**	**115,971**
Licenses, Fees, Etc.	529	580	630	630	628
Abandoned Property	450	450	450	450	450
Motor Vehicle Fees	1,088	1,136	1,220	1,258	1,297
ABC License Fee	69	71	72	72	70
Reimbursements	70	66	66	66	66
Investment Income	1,135	600	400	200	100
Extraordinary Settlements	160	33	0	0	0
Other Transactions	25,203	24,345	23,170	24,989	25,576
Miscellaneous Receipts	**28,704**	**27,281**	**26,008**	**27,665**	**28,187**
Federal Receipts	**89,542**	**88,492**	**80,312**	**78,905**	**80,720**
Total	**227,037**	**223,800**	**216,336**	**218,692**	**224,878**

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	53,361	6,301	1,246	47,883	108,791
Miscellaneous Receipts	3,032	17,212	8,084	376	28,704
Federal Receipts	2,350	83,880	3,242	70	89,542
Total Receipts	**58,743**	**107,393**	**12,572**	**48,329**	**227,037**
Disbursements:					
Local Assistance	64,472	97,881	4,780	0	167,133
State Operations:					
Personal Service	10,421	5,872	0	0	16,293
Non-Personal Service	2,593	5,438	0	45	8,076
General State Charges	8,839	1,575	0	0	10,414
Debt Service	0	0	0	8,491	8,491
Capital Projects	0	0	11,157	0	11,157
Total Disbursements	**86,325**	**110,766**	**15,937**	**8,536**	**221,564**
Other Financing Sources (Uses):					
Transfers from Other Funds	41,619	3,392	4,845	1,611	51,467
Transfers to Other Funds	(8,166)	(843)	(1,251)	(41,405)	(51,665)
Bond and Note Proceeds	0	0	218	0	218
Net Other Financing Sources (Uses)	**33,453**	**2,549**	**3,812**	**(39,794)**	**20**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**5,871**	**(824)**	**447**	**(1)**	**5,493**
Closing Fund Balance	**38,924**	**21,114**	**(1,097)**	**101**	**59,042**

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
Opening Fund Balance	**38,924**	**21,114**	**(1,097)**	**101**	**59,042**
Receipts:					
Taxes	54,042	6,247	1,501	46,237	108,027
Miscellaneous Receipts	2,401	13,534	10,968	378	27,281
Federal Receipts	2,250	82,878	3,297	67	88,492
Total Receipts	**58,693**	**102,659**	**15,766**	**46,682**	**223,800**
Disbursements:					
Local Assistance	73,262	93,358	8,617	0	175,237
State Operations:					
Personal Service	10,718	5,836	0	0	16,554
Non-Personal Service	3,799	4,649	0	47	8,495
General State Charges	8,800	1,601	0	0	10,401
Debt Service	0	0	0	3,498	3,498
Capital Projects	0	0	12,806	0	12,806
Total Disbursements	**96,579**	**105,444**	**21,423**	**3,545**	**226,991**
Other Financing Sources (Uses):					
Transfers from Other Funds	45,022	3,465	6,964	1,963	57,414
Transfers to Other Funds	(10,354)	(867)	(1,356)	(45,087)	(57,664)
Bond and Note Proceeds	0	0	368	0	368
Net Other Financing Sources (Uses)	**34,668**	**2,598**	**5,976**	**(43,124)**	**118**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(3,218)**	**(187)**	**319**	**13**	**(3,073)**
Closing Fund Balance	**35,706**	**20,927**	**(778)**	**114**	**55,969**

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	55,050	6,050	1,493	47,423	110,016
Miscellaneous Receipts	2,221	13,807	9,595	385	26,008
Federal Receipts	3,645	73,065	3,540	62	80,312
Total Receipts	**60,916**	**92,922**	**14,628**	**47,870**	**216,336**
Disbursements:					
Local Assistance	78,311	85,816	7,638	0	171,765
State Operations:					
Personal Service	10,759	5,870	0	0	16,629
Non-Personal Service	3,646	4,497	0	49	8,192
General State Charges	10,101	1,617	0	0	11,718
Debt Service	0	0	0	4,270	4,270
Capital Projects	0	0	12,830	0	12,830
Total Disbursements	**102,817**	**97,800**	**20,468**	**4,319**	**225,404**
Other Financing Sources (Uses):					
Transfers from Other Funds	45,587	3,089	6,541	1,699	56,916
Transfers to Other Funds	(9,590)	(827)	(1,510)	(45,242)	(57,169)
Bond and Note Proceeds	0	0	505	0	505
Net Other Financing Sources (Uses)	**35,997**	**2,262**	**5,536**	**(43,543)**	**252**
Use (Reservation) of Fund Balance:					
Debt Management	576	0	0	0	576
Extraordinary Monetary Settlements	561	0	0	0	561
Labor Settlements/Agency Operations	(1,450)	0	0	0	(1,450)
Tax Stabilization Reserve	0	0	0	0	0
Timing of PTET/PIT Credits	219	0	0	0	219
Undesignated Fund Balance	919	0	0	0	919
Total Use (Reservation) of Fund Balance	**825**	**0**	**0**	**0**	**825**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(5,079)**	**(2,616)**	**(304)**	**8**	**(7,991)**
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	56,355	6,123	1,492	48,152	112,122
Miscellaneous Receipts	2,060	15,110	10,100	395	27,665
Federal Receipts	0	75,238	3,609	58	78,905
Total Receipts	**58,415**	**96,471**	**15,201**	**48,605**	**218,692**
Disbursements:					
Local Assistance	81,832	85,661	7,532	0	175,025
State Operations:					
Personal Service	10,860	5,913	0	0	16,773
Non-Personal Service	3,763	5,307	0	49	9,119
General State Charges	11,054	1,636	0	0	12,690
Debt Service	0	0	0	5,438	5,438
Capital Projects	0	0	11,105	0	11,105
Total Disbursements	**107,509**	**98,517**	**18,637**	**5,487**	**230,150**
Other Financing Sources (Uses):					
Transfers from Other Funds	45,163	3,070	3,973	1,658	53,864
Transfers to Other Funds	(7,055)	(761)	(1,554)	(44,748)	(54,118)
Bond and Note Proceeds	0	0	498	0	498
Net Other Financing Sources (Uses)	**38,108**	**2,309**	**2,917**	**(43,090)**	**244**
Use (Reservation) of Fund Balance:					
Debt Management	860	0	0	0	860
Economic Uncertainties	3,514	0	0	0	3,514
Extraordinary Monetary Settlements	155	0	0	0	155
Labor Settlements/Agency Operations	(1,450)	0	0	0	(1,450)
Rainy Day Reserve	(3,344)	0	0	0	(3,344)
Tax Stabilization Reserve	(170)	0	0	0	(170)
Timing of PTET/PIT Credits	2,280	0	0	0	2,280
Undesignated Fund Balance	544	0	0	0	544
Total Use (Reservation) of Fund Balance	**2,389**	**0**	**0**	**0**	**2,389**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(8,597)**	**263**	**(519)**	**28**	**(8,825)**

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	58,229	6,352	1,488	49,902	115,971
Miscellaneous Receipts	1,995	15,531	10,251	410	28,187
Federal Receipts	0	77,193	3,474	53	80,720
Total Receipts	**60,224**	**99,076**	**15,213**	**50,365**	**224,878**
Disbursements:					
Local Assistance	85,365	87,909	7,150	0	180,424
State Operations:					
Personal Service	10,963	5,972	0	0	16,935
Non-Personal Service	3,777	5,393	0	49	9,219
General State Charges	12,645	1,656	0	0	14,301
Debt Service	0	0	0	5,413	5,413
Capital Projects	0	0	10,438	0	10,438
Total Disbursements	**112,750**	**100,930**	**17,588**	**5,462**	**236,730**
Other Financing Sources (Uses):					
Transfers from Other Funds	46,892	3,122	3,221	1,744	54,979
Transfers to Other Funds	(6,383)	(762)	(1,469)	(46,613)	(55,227)
Bond and Note Proceeds	0	0	408	0	408
Net Other Financing Sources (Uses)	**40,509**	**2,360**	**2,160**	**(44,869)**	**160**
Use (Reservation) of Fund Balance:					
Economic Uncertainties	2,627	0	0	0	2,627
Extraordinary Monetary Settlements	10	0	0	0	10
Labor Settlements/Agency Operations	(1,450)	0	0	0	(1,450)
Rainy Day Reserve	(2,547)	0	0	0	(2,547)
Tax Stabilization Reserve	(80)	0	0	0	(80)
Timing of PTET/PIT Credits	5,754	0	0	0	5,754
Undesignated Fund Balance	544	0	0	0	544
Total Use (Reservation) of Fund Balance	**4,858**	**0**	**0**	**0**	**4,858**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(7,159)**	**506**	**(215)**	**34**	**(6,834)**

Source: NYS DOB.

CASHFLOW
GENERAL FUND
FY 2023
(millions of dollars)

	2022 April Actuals	May Actuals	June Actuals	July Actuals	August Actuals	September Actuals	October Actuals	November Actuals	December Actuals	2023 January Projected	February Projected	March Projected	Total
OPENING BALANCE	33,053	45,693	40,311	43,797	43,699	42,930	49,993	46,849	45,221	49,440	48,541	44,890	33,053
RECEIPTS:													
Personal Income Tax	7,360	1,364	2,095	1,546	1,794	2,430	971	1,357	2,123	2,438	1,900	2,003	27,381
Consumption/Use Taxes	370	374	489	405	382	496	754	731	905	823	646	839	7,214
Business Taxes	1,160	111	3,204	262	(34)	3,426	(110)	219	3,836	619	(87)	4,116	16,722
Other Taxes	129	127	124	135	160	402	254	259	138	80	119	117	2,044
Total Taxes	9,019	1,976	5,912	2,348	2,302	6,754	1,869	2,566	7,002	3,960	2,578	7,075	53,361
Abandoned Property	1	0	0	0	10	100	30	130	0	30	10	139	450
ABC License Fee	5	6	6	5	6	6	6	7	5	6	5	6	69
Investment Income	7	12	27	37	53	69	92	120	132	158	25	403	1,135
Licenses, Fees, etc.	41	72	74	(13)	88	53	24	78	100	5	5	2	529
Motor Vehicle Fees	18	26	35	14	36	13	4	34	14	13	14	17	238
Reimbursements	114	(12)	66	(39)	(47)	131	1	(52)	136	(40)	(60)	(128)	70
Extraordinary Settlements	0	0	0	0	30	0	0	0	0	50	0	80	160
Other Transactions	12	(3)	8	80	12	66	36	3	30	17	8	112	381
Total Miscellaneous Receipts	198	101	216	84	188	438	193	320	417	239	7	631	3,032
Federal Receipts	0	0	0	0	0	0	0	0	0	0	0	2,350	2,350
PIT in Excess of Revenue Bond Debt Service	7,361	1,328	2,097	1,346	1,056	2,327	972	1,360	1,651	535	0	2,046	22,079
PTET in Excess of Revenue Bond Debt Service	91	(24)	1,390	(24)	44	1,681	(328)	15	2,017	268	63	1,281	6,474
ECEP in Excess of Revenue Bond Debt Service	0	0	0	0	0	0	0	0	0	3	1	0	4
Sales Tax in Excess of LGAC Bond Debt Service	311	327	438	345	335	442	0	0	0	0	0	0	2,198
Sales Tax in Excess of Revenue Bond Debt Service	504	529	755	569	548	863	578	564	738	783	634	756	7,821
Real Estate Taxes in Excess of CW/CA Debt Service	142	130	118	143	113	107	103	78	73	63	63	66	1,199
All Other	250	115	170	165	99	377	86	169	267	140	187	(181)	1,844
Total Transfers from Other Funds	8,659	2,405	4,968	2,544	2,195	5,797	1,411	2,186	4,746	1,792	948	3,968	41,619
TOTAL RECEIPTS	17,876	4,482	11,096	4,976	4,685	12,989	3,473	5,072	12,165	5,991	3,533	14,024	100,362
DISBURSEMENTS:													
School Aid	1,329	4,091	1,664	294	587	1,685	687	1,757	2,184	1,076	1,023	9,366	25,743
Higher Education	60	13	545	112	52	167	500	44	116	30	545	763	2,947
All Other Education	48	242	134	537	112	45	41	396	171	31	175	501	2,433
Medicaid - DOH	2,017	2,011	1,118	1,510	1,794	861	2,317	2,092	1,990	2,928	650	(83)	19,205
Public Health	43	74	38	38	122	46	28	70	(30)	48	174	148	799
Mental Hygiene	17	71	1,234	44	34	1,031	134	84	788	120	465	830	4,852
Children and Families	8	44	177	197	180	201	63	73	158	25	692	719	2,537
Temporary & Disability Assistance	90	178	139	215	211	138	178	125	186	234	377	510	2,581
Transportation	0	33	19	0	32	0	0	33	13	0	20	1	151
Unrestricted Aid	0	12	388	0	0	119	8	0	187	0	18	85	817
All Other	34	(44)	(73)	167	333	65	111	137	117	64	418	1,078	2,407
Total Local Assistance	3,646	6,725	5,383	3,114	3,457	4,358	4,067	4,811	5,880	4,556	4,557	13,918	64,472
Personal Service	740	695	867	714	905	716	794	756	916	739	846	1,733	10,421
Non-Personal Service	149	225	247	161	225	231	213	276	250	237	184	195	2,593
Total State Operations	889	920	1,114	875	1,130	947	1,007	1,032	1,166	976	1,030	1,928	13,014
General State Charges	780	2,000	357	442	489	468	589	423	522	605	570	1,594	8,839
Debt Service	112	0	0	43	0	(2)	1	0	0	157	(10)	(11)	290
Capital Projects	(612)	(176)	171	348	222	(27)	790	105	321	507	974	1,820	4,443
SUNY Operations	223	286	326	213	61	10	13	190	6	17	29	133	1,507
Other Purposes	198	109	259	39	95	172	150	139	51	72	34	608	1,926
Total Transfers to Other Funds	(79)	219	756	643	378	153	954	434	378	753	1,027	2,550	8,166
TOTAL DISBURSEMENTS	5,236	9,864	7,610	5,074	5,454	5,926	6,617	6,700	7,946	6,890	7,184	19,990	94,491
Excess/(Deficiency) of Receipts over Disbursements	12,640	(5,382)	3,486	(98)	(769)	7,063	(3,144)	(1,628)	4,219	(899)	(3,651)	(5,966)	5,871
CLOSING BALANCE	45,693	40,311	43,797	43,699	42,930	49,993	46,849	45,221	49,440	48,541	44,890	38,924	38,924

Source: NYS DOB.