# ANNUAL INFORMATION STATEMENT

## STATE OF NEW YORK

WE ARE NY

June 12, 2025

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# INTRODUCTION

This Annual Information Statement for FY 2026 (AIS) is dated June 12, 2025 (the same date as the release date of the FY 2026 Enacted Budget Financial Plan) and contains information only through that date, unless otherwise noted. This AIS constitutes the official disclosure regarding the financial condition of the State of New York (the "State") and related matters and replaces the AIS dated May 24, 2024 and all updates and supplements issued in connection therewith. By statute, the Division of the Budget (DOB) is responsible for preparing and updating the State's Financial Plan (which includes financial results as well as current and out-year projections). DOB then utilizes the Financial Plan results and projections to present the information that appears in this AIS on behalf of the State. In preparing this AIS, DOB has also relied on information drawn from other sources, including the Office of the State Comptroller (OSC) and the State Office of the Attorney General. Historically, the AIS has been updated on a quarterly basis, and it may be supplemented from time to time as developments warrant. This AIS, including the Exhibits attached hereto, should be read in its entirety, together with any updates and supplements that may be issued during the fiscal year.

In this AIS, readers will find:

1. Information on the State's current financial projections, including summaries and extracts from the State's fiscal year 2026 (FY 2026)[1] Enacted Budget Financial Plan (the “Enacted Budget Financial Plan” or “Financial Plan”) issued by DOB on June 12, 2025. The Financial Plan (which is available on the DOB website, www.budget.ny.gov) sets forth the State’s official financial projections for FY 2026 through FY 2029 (the “Financial Plan period”). It includes, among other things, information on the major components of the FY 2026 General Fund gap-closing plan, future potential General Fund budget gaps, multi-year projections of receipts and disbursements for the State's operating funds, the impact on debt measures, and the anticipated debt issuances required to support planned capital spending. This AIS is dated the same date as the release date of the Financial Plan and contains information only through this date, except for certain explanatory information not contained in the Financial Plan which DOB has determined does not materially change the projections contained in the Financial Plan.

   DOB expects to complete the first quarterly update to the FY 2026 Enacted Budget Financial Plan in July 2025. However, given (i) the relatively short period of time since the release date of the FY 2026 Enacted Budget Financial Plan, and (ii) DOB's current analysis of preliminary operating results for the first quarter of FY 2026, DOB does not anticipate that there will be material changes in the State's financial condition to mandate the release of a first quarterly update to the AIS. **Accordingly, DOB does not anticipate that it will be preparing and releasing a first quarterly update to this AIS and instead expects the next update of this AIS to be released following the mid-year update to the Enacted Budget Financial Plan.**

2. A discussion of issues and risks that may affect the State's financial projections during FY 2026 or in future fiscal years is provided under the heading “Other Matters Affecting the Financial Plan”.

[1] The State fiscal year is identified by the calendar year in which it ends. For example, fiscal year 2026 (“FY 2026”) is the fiscal year that began on April 1, 2025 and will end on March 31, 2026.

3. Information on other subjects relevant to the State's finances, including summaries of: (a) the State's revised economic forecast and a profile of the State economy, (b) operating results for the three prior fiscal years (presented on a cash basis of accounting), (c) the State's debt and other financing activities, (d) activities of public authorities and localities, and (e) information regarding State government employment.
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 2025; and projected receipts and disbursements for FY 2026 through FY 2029 on a General Fund, State Operating Funds and All Governmental Funds basis.

The annual State budget process and financial reporting cycle begins with the start of a new State fiscal year on April 1 and the enactment of the State's annual budget (the "Enacted Budget"), which may occur after the start of the fiscal year. Following the Enacted Budget, DOB publishes the State's Enacted Budget Financial Plan and generally updates it quarterly to reflect results through June 30 (the "First Quarterly Update to the Financial Plan"), September 30 (the "Mid-Year Update to the Financial Plan"), and December 31 (the "Executive Budget Financial Plan"). In addition, the Governor's Executive Budget proposal (the "Executive Budget") is typically submitted to the Legislature in January and the Governor's amendments are due within thirty days following the submission of the Executive Budget, at which time the Executive Budget Financial Plan may be amended (the "Updated Executive Budget Financial Plan"). However, in State fiscal years when a gubernatorial election occurs, the Governor's Executive Budget proposal is due on or before the first day of February and amendments are due in early March.

In preparing this AIS, DOB has also relied on information drawn from other sources, including OSC and the State Office of the Attorney General. In particular, information contained in the section entitled "State Retirement System" has been furnished by OSC, while information relating to matters described in the section entitled "Litigation" has been furnished by the State Office of the Attorney General. DOB has not undertaken any independent verification of the information contained in these sections of this AIS.

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

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

**Note that all FY 2025 financial results contained within this AIS are unaudited and preliminary.** The annual independent audit of the State's Basic Financial Statements for the fiscal year ending March 31, 2025 is expected to be completed by July 28, 2025. Both the Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting and the State's Basic Financial Statements are due by July 28, 2025. These reports will contain the final FY 2025 financial results. Copies may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236. The Basic Financial Statements for FY 2024 are available in electronic form at www.osc.state.ny.us and at www.emma.msrb.org.

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

## Usage Notice

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

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

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

# BUDGETARY AND ACCOUNTING PRACTICES

## Significant Budgetary and Accounting Practices

Unless clearly noted otherwise, all financial information is presented on a cash basis of accounting.[2]

The State accounts for receipts and disbursements by the fund in which the activity takes place (such as the General Fund), and the broad category or purpose of that activity (such as State Operations). The Financial Plan tables present State projections and actuals by fund and category.

Fund types of the State include[3]: the General Fund; State Special Revenue Funds, which receive certain dedicated taxes, fees, and other revenues used for specified purposes; Federal Special Revenue Funds, which receive certain Federal receipts; State and Federal Capital Projects Funds, which account for costs incurred in the construction, maintenance, and rehabilitation of roads, bridges, prisons, university facilities, and other infrastructure projects; and Debt Service Funds, which account for the payment of principal, interest, and related expenses for debt issued by the State and on the State's behalf by its public authorities.

The State's **General Fund** receives most State tax collections, and all income not earmarked for a specified program or activity. Tax receipts and General Fund balance are affected by the Pass-Through Entity Tax (PTET); however, DOB expects that the PTET will, on a multi-year basis, be revenue neutral for the State. In December 2021, electing entities began making estimated PTET payments that were classified as business taxes and set aside entirely in FY 2022 to offset the decrease in Personal Income Tax (PIT) receipts in FY 2023 and beyond. The reserve balance established at the inception of the program has and is expected to cover the difference between PTET collections and related PIT credits in each succeeding fiscal year. The discussion of tax receipts throughout the Financial Plan excludes the impact of PTET, unless otherwise noted.

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 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

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[2] State Finance Law also requires the DOB to prepare a pro forma Financial Plan using GAAP to the extent practicable. The GAAP-basis Financial Plan is informational only. DOB does not use it as a benchmark for planning or managing State finances during the fiscal year and does not update it on a quarterly basis. The GAAP-basis Financial Plan follows, to the extent practicable, the accrual methodologies and fund accounting rules applied by OSC in preparation of the audited Basic Financial Statements, but there can be no assurance that the pro forma GAAP-basis Financial Plan conforms fully to GAAP.

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

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; reserve for future operational needs). 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 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 jointly financed (Federal, State, and Local) 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, payment of certain operating costs using available resources outside the State Operating Funds basis of reporting. If transactions are not executed or reported in a manner consistent with DOB's interpretation of the legislation and legislative intent, then 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 terms “actual”, or “actuals”, or “results” are used throughout the Financial Plan and this AIS to mean year-to-date unaudited data and (i) prior to the release of audited financial statements by OSC on or before July 29th of each year, year-end actual but unaudited data, or (ii) after the release of audited financial statements by OSC, year-end actual audited data.

Differences may occur from time to time between DOB and OSC financial reports in presentation and reporting of receipts and disbursements. For example, DOB may reflect a net disbursement amount while OSC may report the gross disbursement amount. 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

## Impact of Federal Legislation

*The following update reflects the State's preliminary assessment of Federal legislation enacted July 4, 2025. The remainder of the AIS that follows is dated June 12, 2025, the same date as the release date of the State's FY 2026 Enacted Budget Financial Plan, and does not reflect the impact of this enacted Federal legislation.*

On July 4, 2025, the President signed a bill that substantially alters Federal funding for health care and food security programs and services provided to New Yorkers and amends the Federal tax liability of New York's residents and businesses. The bill is expected to increase State and local government costs for health care and food security programs beginning January 1, 2026. The impact on the current fiscal year (FY 2026) is projected to be less than the State's transaction risk reserve, however initial cost estimates in future years are expected to be in the range of $3 to $5 billion for State and local governments. The State is analyzing the programmatic and fiscal implications of the bill and options to redress the fiscal impacts. DOB expects that the costs associated with the Federal bill will be addressed as part of the FY 2027 Budget process or sooner.

The summary below provides the State's initial estimates of the potential State and local government costs absent any programmatic, service, or funding modifications that may be necessary.

**MAJOR FISCAL PROVISIONS OF FEDERAL LEGISLATION**
**COSTS TO STATE AND LOCAL GOVERNMENTS[1]**
**(millions of dollars)**

| | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|---|---|---|---|---|
| **TOTAL** | **(750)** | **(3,103)** | **(3,790)** | **(4,770)** |
| **MEDICAID/ESSENTIAL PLAN** | **(750)** | **(3,000)** | **(3,000)** | **(3,395)** |
| Disallowing Premium Tax Credit | (750) | (3,000) | (3,000) | (3,000) |
| Community Engagement Requirements | 0 | TBD | TBD | TBD |
| Provider Tax Limitation | 0 | 0 | TBD | (395) |
| **SNAP** | **0** | **(103)** | **(790)** | **(1,375)** |
| Increasing Administrative Cost Sharing | 0 | (103) | (205) | (205) |
| Requiring State/Local Share | 0 | 0 | (585) | (1,170) |

[1] All estimates are preliminary and reflect the combined cost to State and local governments.

**Medicaid.** Certain Medicaid populations will be disqualified from obtaining premium tax credits based on immigration status, effective January 1, 2026, thereby eliminating the Federal funding received for this population in the Essential Plan (EP). If those individuals who currently qualify for EP are eligible to move to the Medicaid program, it could cost the State up to $3 billion annually. The bill also includes changes to public insurance eligibility for certain non-citizen populations, which may impact the State-share cost of coverage for individuals that are currently eligible for public health care programs.

Effective January 1, 2027, states will also be required to establish Medicaid community engagement requirements for certain non-exempted populations that will be required to document 80 hours per month of work, education, and/or community service to be eligible for Medicaid benefits. Initial estimates forecast as many as 750,000 to 1.5 million enrollees may be impacted by this new requirement. These requirements could result in changes to the State's out-year Medicaid enrollment projections, as well as implementation costs for the Department of Health.

Beginning on October 1, 2027, the State's ability to utilize provider taxes[†] will be limited, over a multi-year period, by provisions that lower the "safe harbor threshold" for Affordable Care Act (ACA) Expansion States by 0.5 percent annually, phasing down from 6 percent to 3.5 percent. Currently, New York's provider tax rates are presently below 6 percent; therefore, the fiscal impact associated with this change is not anticipated until FY 2029.

The enacted bill removed a provision initially included in previous versions of the bill that would have penalized ACA Expansion States for covering certain immigrants in Medicaid and Child Health Plus (CHP) by reducing the enhanced Federal match received for newly eligible adults.

**Supplemental Nutrition Assistance Program (SNAP).** The administration of SNAP benefits and most associated costs are currently covered by local social service districts. The recent Federal law changes increase the state/local district administrative cost-sharing from 50 percent to 75 percent effective October 1, 2026. Based on existing law, the State estimates its share of the administrative costs would increase by $18 million in FY 2027 and $36 million in FY 2028 and each year thereafter. The balance of the increased costs would be borne by local governments, absent any law changes.

In addition, the law will introduce a new non-Federal share of benefits in the SNAP program, ranging from 0 percent to 15 percent of program costs effective October 1, 2027. The implementation of this new non-Federal share may be delayed by up to two years depending on the State's error rate in Federal Fiscal Years 2025 or 2026. Currently, Federal resources flow directly to the local service districts to fund the benefits of the SNAP program. The State does not currently make payments and does not have any existing appropriations to make payments for this purpose – all payments are the responsibility of local social service districts.

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[†] Federal statute and regulations define a provider tax as a health care-related fee, assessment, or other mandatory payment for which at least 85 percent of the burden of the tax revenue falls on health care providers.

**Federal Tax Law Changes.** The bill permanently extends the current income tax rates originally enacted in 2017. The State and Local Tax (SALT) deduction cap is temporarily increased from $10,000 to $40,000 for filers with incomes below $500,000, phasing out to $10,000 for filers with higher incomes. The higher SALT deduction cap will go into effect for tax year 2025 and will be adjusted for inflation through tax year 2029. The cap reverts to $10,000 in 2030.

Several other provisions will benefit filers in New York State including the deduction for seniors, the increase in the Child Tax Credit, and the deductibility of tip and overtime income. The Federal tax law changes are not expected to directly impact State revenues or the Financial Plan.

| FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES (millions of dollars) | FY 2025 Actuals | FY 2026 Projected |
|---|---|---|
| **State Operating Funds Disbursements**[1] | | |
| Size of Budget | $133,654 | $146,103 |
| Annual Growth | 4.0% | 9.3% |
| **Other Disbursement Measures** | | |
| General Fund (Including Transfers)[2] | $108,676 | $125,512 |
| Annual Growth | 8.5% | 15.5% |
| Capital Budget (State and Federal) | $16,975 | $19,359 |
| Annual Growth | 15.4% | 14.0% |
| Federal Operating Aid | $90,842 | $88,916 |
| Annual Growth | -0.9% | -2.1% |
| All Funds | $241,471 | $254,378 |
| Annual Growth | 2.8% | 5.3% |
| **Inflation (CPI)** | 2.8% | 3.2% |
| **All Funds Receipts**[3] | | |
| Taxes | $113,431 | $120,224 |
| Annual Growth | 6.3% | 6.0% |
| Miscellaneous Receipts | $34,761 | $38,996 |
| Annual Growth | 3.0% | 12.2% |
| Federal Receipts (Operating and Capital) | $96,713 | $94,090 |
| Annual Growth | 2.6% | -2.7% |
| Total All Funds Receipts | $244,905 | $253,310 |
| Annual Growth | 4.3% | 3.4% |
| **General Fund Cash Balance** | $56,916 | $44,919 |
| Principal Reserves | $21,603 | $14,103 |
| Timing of PTET/PIT Credits | $18,218 | $16,170 |
| Extraordinary Monetary Settlements | $732 | $392 |
| All Other | $16,363 | $14,254 |
| **Debt** | | |
| Debt Service (excluding prepayments) as % All Funds Receipts | 2.5% | 2.7% |
| State-Related Debt Outstanding | $55,881 | $63,980 |
| Debt Outstanding as % Personal Income | 3.3% | 3.6% |

1 FY 2026 spending growth includes $1.2 billion in State share reimbursements related to the Managed Care Organization (MCO) assessment transaction that are entirely offset by an increase in receipts and therefore cost neutral.

2 Excluding planned transfers to the Federal Unemployment Account ($7.2 billion), General Fund spending is projected to total $118.3 billion, an increase of $9.6 billion or 8.9 percent from FY 2025 results.

3 The Financial Plan impact of the PTET program is expected to be revenue neutral for the State and is excluded from tax receipts herein, unless otherwise noted. In addition, All Funds tax receipts are adjusted to exclude the planned payment of $2 billion inflation tax refunds to qualified New York tax filers.

# Financial Plan Overview

The State ended FY 2025 with a $3.9 billion General Fund surplus, $400 million higher than estimated in the FY 2026 Executive Budget Financial Plan. The 2026 Enacted Budget Financial Plan uses this surplus to support, in part, the multi-year cost of enacted tax reforms and initiatives aimed at making New York more affordable for New Yorkers. Looking forward, the State's fiscal outlook remains positive in FY 2026. DOB expects that the General Fund will have sufficient liquidity in FY 2026 to make all planned payments as they become due and to support the continued prepayment of certain expenses. Rainy Day Reserves remain well above historical levels, even after a planned payoff of the Federal Unemployment Account loan. In FY 2025, the statutory Rainy Day Reserve was increased by $2.5 billion, and additional planned deposits are expected to bring the balance to $10 billion by FY 2028, as fiscal conditions permit. Debt levels are projected to remain nearly flat at less than 1 percent growth over the past decade; historic liquidity levels are projected to continue to deliver high investment returns; and recent deposits to the Retiree Health Benefit Trust Fund have increased the balance to $1.9 billion. In addition to reserves available to manage risks, the Enacted Budget includes legislation that grants the Budget Director the authority to reduce appropriations and disbursements by any amount needed to restore budget balance if an imbalance of $2 billion or more is expected.

Despite this positive outlook, the State is facing greater uncertainty due to factors including changing Federal policies and proposals, elevated inflation levels and slowing economic growth. Since the Executive Budget Financial Plan was released, changes in programmatic and policy priorities at the Federal level have introduced new uncertainties that could negatively impact the State, local governments, health care providers, and program beneficiaries. Proposed Federal spending reductions could reduce Federal funding to the State and to New Yorkers who benefit from such funding, and changes to tariff policies have prompted concerns about the potential for a trade war that could pose risks to the State's economic forecast.

Recession fears among economists and business leaders are currently elevated, resulting in revisions to the U.S. and New York State economic outlook since January 2025. The U.S. economy experienced its first contraction in three years in the first quarter of 2025, shrinking by 0.2 percent as measured by real Gross Domestic Product (GDP), and significantly lower growth rates and higher inflation estimates are raising concerns about “stagflation.” Employment trends indicate labor markets are softening, and unemployment projections have risen slightly since January 2025. In addition, the expected volatility in economic conditions has softened the outlook for finance and insurance sector bonuses after historically high bonuses in the first quarter of 2025.

The State also faces a few headwinds that present the potential for future fiscal challenges, including the ongoing implications of climate change, and sustained trends of elevated enrollment and rising costs in public health insurance programs. Proposed Federal spending reductions could impact vital New York programs, including health care delivery and coverage, social services, public safety, and climate resiliency and clean energy programs, further exacerbating multi-year fiscal risks and uncertainty.

The magnitude and scale of the potential reductions in Federal assistance under consideration, particularly for Medicaid and SNAP, is likely to exceed the State's ability to support the cost shifts and could result in reduced services and eligibility for certain programs currently provided to New Yorkers.

Financial Plan Revisions

The Financial Plan reflects the FY 2026 Enacted Budget bills and accompanying legislation, as well as routine quarterly revisions to the projections of receipts and spending in all years based on prior year and current year results to date, updated forecasts, management of resources across fiscal years, and adjustments to programmatic assumptions.

In FY 2026, estimated tax receipts are increased by $1.7 billion from the Executive Budget forecast, reflecting a positive variance in the April tax settlement for tax year 2024. All Funds tax receipts are projected to grow by 6 percent in FY 2026. Multi-year receipts projections are revised to reflect the updated economic forecast. Accordingly, the Financial Plan includes a roughly $4 billion downward revision to tax receipts in each year beginning in FY 2027. Downward revisions to PIT receipts mainly reflect a forecasted slowdown in employment growth, driving lower withholding collections and finance and insurance bonuses. Annual sales tax and business tax receipts projections have also been lowered, reflecting projected slowdowns in consumer consumption and corporate profits.

Financial Plan spending forecasts have been revised downward in the aggregate across all years based on the FY 2025 results and experience of the final closeout of FY 2025, as well as updated information and data. However, higher inflation expectations are also increasing pressure on the Financial Plan, resulting in an upward adjustment to projected school Foundation Aid beginning in FY 2027.

Lastly, the Financial Plan has been revised to reflect affordability actions, investments and new funding included in the final FY 2026 budget agreement. DOB estimates that the budget enacted by the Legislature and approved by the Governor is balanced in FY 2026, as required by law. Compared to the FY 2026 Executive Budget projections, the cumulative gaps over the Financial Plan period (FY 2027 through FY 2029) are revised from $27.3 billion to $34.3 billion, due mainly to the downward revisions in projected tax receipts. The gaps in the outyears are now projected at $7.5 billion in FY 2027, $12.1 billion in FY 2028, and $14.6 billion in FY 2029 and will be addressed in future years consistent with the requirement that adopted budgets be balanced in the General Fund.

## FY 2026 Enacted Budget Agreement

The Governor submitted the FY 2026 Executive Budget to the Legislature on January 21, 2025, the day after the U.S. Presidential Inauguration, and the 30-Day amendments to the Executive Budget on February 20, 2025.

On March 27, 2025, the Legislature enacted the annual debt service appropriations, without amendment, in advance of the new fiscal year that began on April 1. On May 8, 2025, the Legislature completed final action on the budget bills and delivered the bills to the Governor. The Governor completed her review of the budget bills on May 20, 2025. The legislative session concluded on June 12, 2025 for the Senate and is expected to conclude on June 17, 2025 for the Assembly. DOB does not anticipate any legislation with significant fiscal impacts will be approved.

The final budget agreement continues support for investments and increases to nearly all program areas made over the past three years and includes key elements of the Governor's affordability proposals advanced in her Executive Budget. The Enacted Budget delivers $2 billion back to New Yorkers through Inflation Refund payments to qualified tax filers from surplus resources available in FY 2025, lowers the rates for five of the nine income tax brackets to reduce the tax burden, and significantly enhances the child tax credit for children under 4 years old in FY 2027 and for children 4 through 16 in FY 2028 and FY 2029. The Budget also increases or extends several other tax credits. To support the long-term cost of these tax cuts, the Enacted Budget extends the top tax rates for tax filers with taxable incomes above $2.1 million.

The Enacted Budget also includes increased funding to address public safety, mental health care, housing affordability and access, transportation, health care delivery, abortion access, and child care. In addition, it updates the Foundation Aid formula, increasing aid by 5.7 percent in School Year (SY) 2026. Additional spending is included to support a 2.6 percent targeted inflationary increase for certain eligible programs; free school meals for all students regardless of income; the remaining costs of tuition, fees, and books for community college students ages 25 to 55 pursuing select first-time associates degrees in high-demand occupations, including nursing, teaching in shortage areas, technology, and engineering; distressed hospital assistance; hunger prevention and nutrition assistance; operating aid for the State University of New York (SUNY) and City University of New York (CUNY) campuses and the SUNY Downstate Hospital; Medication-Assisted Treatment (MAT) for substance abuse disorders; mental health services for justice-involved individuals; law enforcement activities; City of New York (NYC) subway safety initiatives; and the authorized repayment of the outstanding Federal Unemployment Account loan that would otherwise be borne by businesses.

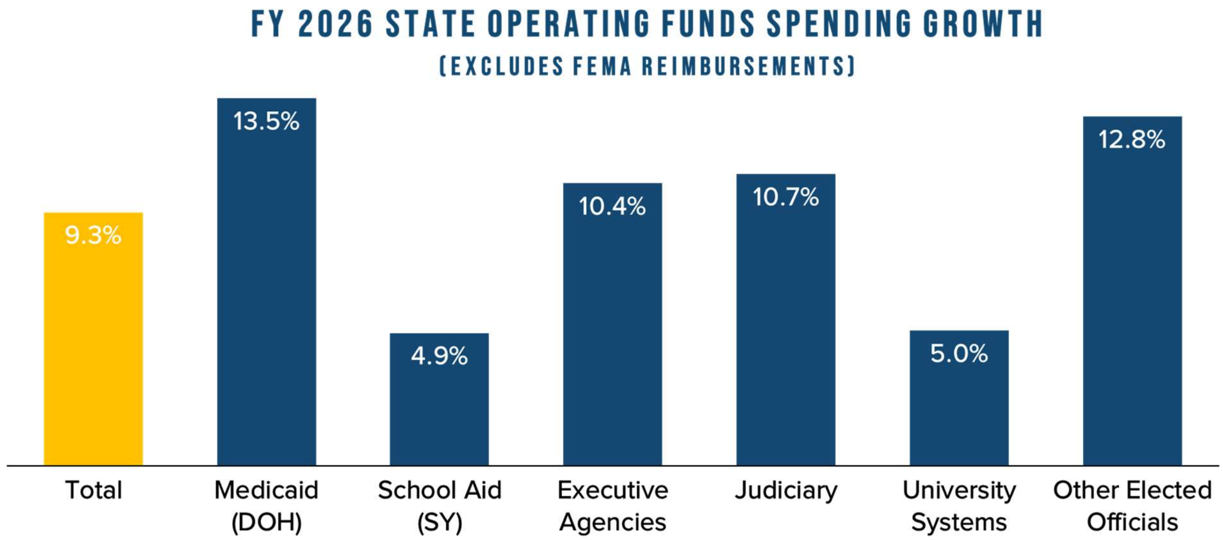
New capital funding commitments will support transportation, affordable and supportive housing, economic and community development, environmental and clean energy initiatives, increased access to care and housing opportunities for individuals facing mental health challenges, health care transformation, public safety, and investments in higher education. The new capital commitments enacted in the budget are funded not only with bonds but also with cash resources, to ensure the State’s debt burden remains affordable.

In addition, the Enacted Budget includes a multi-year spending plan supported by the Federal government's approval of an assessment on managed care organizations (MCO) which took effect on January 1, 2025. The assessment is expected to provide up to $3.7 billion of new resources over two years, which will be deposited to the Healthcare Stability Fund (HSF). The resources are expected to be used to offset existing Global Cap Medicaid spending and provide additional funding for the Healthcare Safety Net Transformation Program, as well as increased funding for hospitals, nursing homes, outpatient clinics, maternal health services, and other health care providers. These resources and investments are dependent on the successful execution of the assessment, for which the Federal government's current approval may be revisited or amended via regulation changes to prevent the State from receiving the planned two years of resources. Given the uncertainty of continued Federal approval, the Financial Plan does not include support for these investments in future years.

The Enacted Budget projects total spending in FY 2026 of $254.4 billion in All Governmental Funds and $146.1 billion in State Operating Funds. Compared to FY 2025 results, spending is projected to increase by $12.9 billion or 5.3 percent for All Governmental Funds and $12.4 billion or 9.3 percent for State Operating Funds. General Fund spending, which includes transfers to other funds, is projected to total $125.5 billion in FY 2026 inclusive of an estimated $7.2 billion transfer to the Unemployment Insurance Fund[4] to support the planned payoff of a Federal Unemployment Account loan. Excluding this transfer, General Fund spending is projected to total $118.3 billion, an increase of $9.6 billion or 8.9 percent from FY 2025 results.

Roughly $6 billion, or almost half, of the projected State Operating Funds spending increase in FY 2026 supports the State's two largest assistance and grants programs – Medicaid and School Aid. Another $3 billion in spending growth in FY 2026 is attributable to projected operational costs, including fringe benefits, for all branches of State government.

[4] The FY 2026 Enacted Budget authorizes the transfer of funds from the General Fund to the Unemployment Insurance Fund, which is classified as an Enterprise Fund. This transaction does not impact State Operating Funds and All Governmental Funds spending, as transfers are excluded from the calculation of spending outside of the General Fund.




The following table summarizes revisions to the Executive Budget Financial Plan due to negotiated changes included in the FY 2026 Enacted Budget and operating results. A more detailed table of the revisions appears in the section entitled, "General Fund Financial Plan."

**FY 2026 GENERAL FUND FINANCIAL PLAN**
**REVISIONS TO EXECUTIVE BUDGET ESTIMATES: SAVINGS/(COSTS)**
**(millions of dollars)**

| | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected |
|---|---|---|---|---|
| **EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE** | **0** | **(6,479)** | **(9,775)** | **(11,026)** |
| **Negotiated Changes** | **(7,568)** | **(253)** | **(761)** | **(1,742)** |
| Spending Adds/Restorations | (2,571) | (1,154) | (896) | (998) |
| Recurring | (989) | (991) | (741) | (804) |
| Restorations/Modifications | (92) | (144) | (155) | (194) |
| Non-Recurring | (1,490) | (19) | 0 | 0 |
| Reduction to Executive Proposals | 310 | 95 | 107 | 106 |
| Receipts Adds/Modifications | 1,693 | 806 | 28 | (850) |
| Unemployment Insurance Loan Repayment | (7,000) | 0 | 0 | 0 |
| **Resource and Forecast Revisions** | **7,568** | **(751)** | **(1,609)** | **(1,869)** |
| Tax Receipts, excluding PTET | 1,704 | (3,972) | (4,099) | (4,057) |
| All Other | 5,864 | 3,221 | 2,490 | 2,188 |
| **ENACTED BUDGET SURPLUS/(GAP) ESTIMATE** | **0** | **(7,483)** | **(12,145)** | **(14,637)** |

**Spending Adds/Restorations.** The Enacted Budget includes a net $2.6 billion of additional General Fund spending in FY 2026 compared to the Executive Budget proposal, inclusive of new costs related to staffing shortages at prisons throughout the State due to the correctional officer (CO) strike that began in mid-February and continued through March 10, 2025. Costs expected in FY 2026 include assignment of National Guard members to correctional facilities and the temporary enhanced overtime rate of 2.5 times from the standard 1.5 times.

Recurring spending increases and costs of restorations added an estimated average of $1 billion in annual outyear costs. The largest recurring costs include: added School Aid funding, including increasing Special Services Aid and Boards of Cooperative Educational Services (BOCES) Aid by doubling the BOCES Aid salary cap from $30,000 to $60,000 over three years; debt service costs related to bond financing of new capital projects; costs related to enhanced pension benefits; the cost of the Metropolitan Commuter Transportation Mobility Tax (MCTMT) payroll tax increase for State and SUNY hospital employees working in the applicable zones; an increase in community college base aid; increased funding for housing access; and an additional 0.5 percent for the targeted inflationary increase for certain eligible programs from a proposed 2.1 percent to 2.6 percent.

In addition, the final budget agreement included the restoration (i.e., rejection) and modification of numerous Executive Budget proposals. Health savings proposals that were restored include reforms to the excess Medical Malpractice program and discontinuation of the practice that allows providers to make the final decision on prescription drugs. Other restorations included the perennial rejection of the Executive proposal to provide significant relief for local governments and State taxpayer-supported costs by lowering interest charged on judgments against the State and local governments from as high as 9 percent (currently authorized) to a fair market-based interest rate.

Additional one-time spending that was agreed to through negotiations with the Legislature are estimated at roughly $1.5 billion in FY 2026. These include: $500 million to assist distressed hospitals; $400 million in child care subsidies; $90 million for the Underserved Communities and Civic Engagement Program, which supports community-based programming, crisis intervention initiatives, housing assistance, economic development, workforce training, educational initiatives, and health care services in underserved communities; and roughly $500 million for a variety of other program areas and organizations.

**Reductions to Executive Budget Proposals.** In recognition of changes in the economic outlook and Federal policy priorities since the introduction of the Executive Budget Financial Plan, certain proposals included in the Executive Budget have been reduced or eliminated, reducing spending by roughly $400 million over two years and $100 million annually in the later years of the Financial Plan.

**Receipts Adds/Modifications.** The cost of the additions is partly offset by modifications to the eligibility and amount for Inflation Refund payments to qualified tax filers which reduces State costs by just over $1 billion in FY 2026, timing adjustments to the phase-in of the middle class tax cuts and the child tax credit that shift costs into later years of the Financial Plan, and the use of prior year fund balances. These revisions are partly offset by a downward revision to estimated investment income, consistent with the expected drop in balances due to the planned Federal Unemployment Account loan payoff.

**Unemployment Insurance Loan Repayment.** During the COVID pandemic, New York, like many other states, incurred a Federal Unemployment Account loan. As a result of the outstanding loan, New York businesses have faced escalating employer costs, and the maximum unemployment benefit for beneficiaries has remained frozen since the beginning of the pandemic. The Enacted Budget includes authorization to transfer funds from the General Fund to repay the loan in FY 2026 and restore the solvency of New York's unemployment program. The State will use an estimated $7 billion from Principal Reserves for this one-time loan repayment.

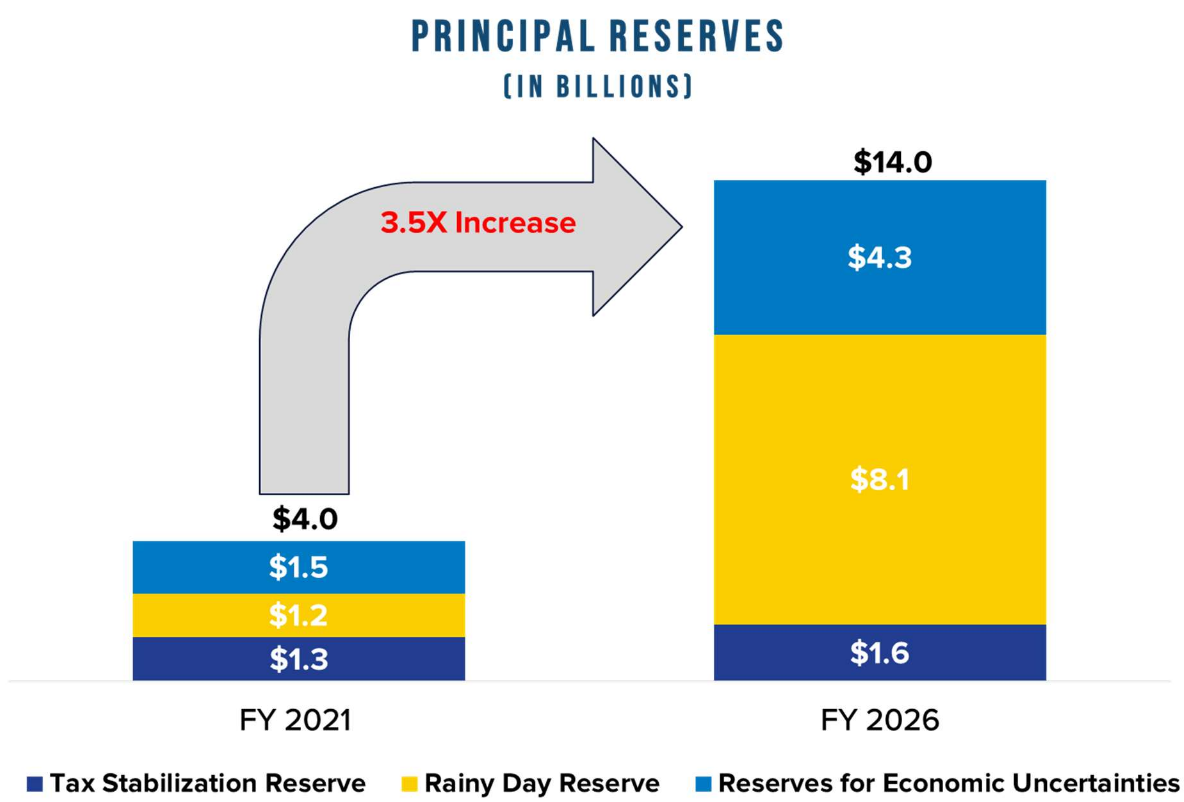
**Resource and Forecast Revisions.** In addition to the use of reserves for the one-time Unemployment Insurance loan repayment and revisions to the tax receipts forecast, other revisions and timing adjustments reflect the management of resources across multiple years, including prepayments and advances; adjustments to the use of unrestricted balances carried forward from prior years; and the use of the reserve for future operational needs to offset one-time costs related to the stabilization of the correctional system. The multi-year forecast for spending has also been reduced across various programs in light of continued underspending experienced in recent years, as well as updated data and programmatic assumptions, and revisions to resources that offset General Fund spending.

## Reserves and Risks

**Reserves.** Over the past several years, the State has significantly increased reserves to ensure that it can honor its commitments through good and bad times. The State has defined Principal Reserves as the compilation of three reserves: the Tax Stabilization Reserve Fund, the Rainy Day Reserve Fund, and amounts informally reserved for economic uncertainties. The first two, which are known collectively as the "Rainy Day Reserves," have specific statutory limits on how much can be deposited annually and specific conditions on when they can be used and how any use must be repaid. The reserve for economic uncertainties is an informal designation of General Fund resources that was initiated in FY 2020 and is not subject to any statutory limitation as to size or restriction as to use. Together, these funds provide a prudent buffer against financial risks.

In FY 2025, the State deposited $1.5 billion to the statutory Rainy Day Reserve Fund and transferred another $1 billion from the discretionary Reserve for Economic Uncertainties to the Rainy Day Reserve Fund - the first of four planned installments to achieve the goal of bringing the balance to $10 billion by FY 2028, as fiscal conditions permit.

The Financial Plan includes the use of $7 billion from Principal Reserves in FY 2026 for the one-time purpose of eliminating the UI Federal loan and restoring the solvency of New York's unemployment program. The remaining $14 billion balance in Principal Reserves remains at historically high levels - more than 3.5 times the level held 5 years ago and nearly 8 times the level held a decade ago.



**Risks.** The Financial Plan faces ongoing economic risks, including: slowing economic growth; continued price inflation; geopolitical uncertainties; Federal immigration policy; climate change and natural disasters; programmatic cost pressures; uncertainty about the fiscal conditions of outside entities relying on State assistance; risks due to the State's dependence on Federal funding and approvals; and possible policy changes and reductions to Federal assistance for health and social welfare programs and coverage currently under consideration by the Federal government.

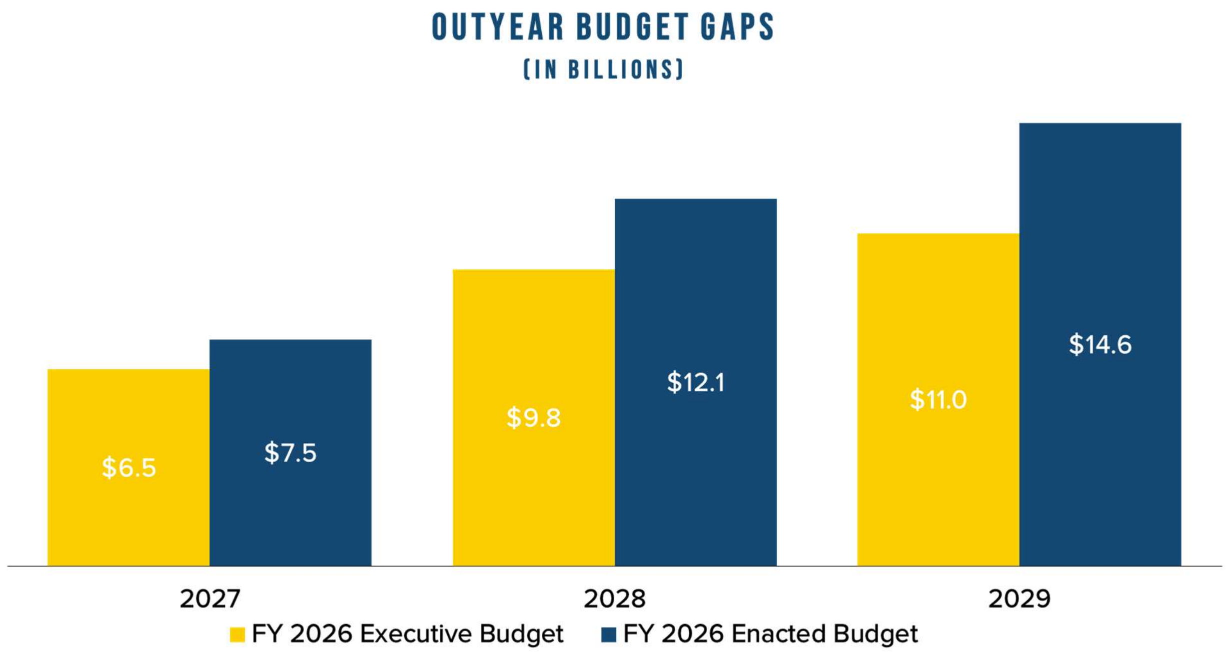
While the DOB forecast of receipts and spending is primarily based on current law and reasonable assumptions as of the time it was prepared, economic uncertainties and the dependence of the State's tax base on the financial sector are embedded risks.

Reserves are the most practical and effective defense against such unpredictable risks. Outside experts view robust reserves as an essential tool for mitigating service reductions and public employee layoffs during periods of slow or declining growth. A recession would pose significant downside risks to the DOB forecast. During a "typical" recession, declines in receipts could be significant.

The United States has experienced eight recessions since the late 1960s that resulted in declines in economic output and corporate profits, stock market losses, job losses, and business investment contraction. DOB has and continues to evaluate the impacts of these past downturns to predict potential impacts of a future recession. DOB currently estimates that tax receipts can be expected to fall between $35 billion and $50 billion cumulatively over a three-year period in a recession that resembles those experienced after 9/11 and during the Great Recession of 2008.

## Outyear Budget Gaps

The outyear budget gaps have increased from the Executive Budget proposal in large part due to the updated economic outlook that drives lower tax receipts. If the FY 2027 Budget is balanced with recurring savings, the budget gaps for FY 2028 and FY 2029 would be reduced to roughly $4.5 billion and $7 billion, respectively.




The outyear budget gaps are the result of a structural imbalance between forecasted levels of spending growth and available resources. The projected gaps include a $2 billion transaction risk reserve in each year, as well as the use of prior year surpluses carried forward into future years and cautious estimates of disbursements, a practice that provides a cushion for potential receipts shortfalls and unanticipated costs that may materialize within a fiscal year. The projected budget gaps do not reflect the use of any Principal Reserves to balance operations.

Tax receipts are projected to grow 2.6 percent on average through FY 2029, compared to the 4.4 percent growth experienced over the past two decades. Tax receipts support roughly 80 percent of State Operating Funds spending which is projected to increase by 5.6 percent on average through FY 2029. Roughly half of the State Operating Funds budget supports the State's two largest program areas – health care and education – which have grown substantially over the past several years, reflecting historic, recurring funding increases for schools and the health care system.

## Spending

| FY 2026 ENACTED BUDGET<br>SPENDING ESTIMATES<br>(millions of dollars) | FY 2025 Actuals | FY 2026 Projected | $ Change | % Change |
|---|---|---|---|---|
| **State Operating Funds** | **133,654** | **146,103** | **12,449** | **9.3%** |
| School Aid (School Year Basis) | 35,827 | 37,574 | 1,747 | 4.9% |
| Medicaid | 31,230 | 35,449 | 4,219 | 13.5% |
| All Other Assistance and Grants | 28,802 | 34,422 | 5,620 | 19.5% |
| Agency Operations | 34,019 | 37,120 | 3,101 | 9.1% |
| Debt Service | 3,776 | 1,538 | (2,238) | -59.3% |
| **Federal Operating** | **90,842** | **88,916** | **(1,926)** | **-2.1%** |
| **Capital Projects** | **16,975** | **19,359** | **2,384** | **14.0%** |
| **All Funds** | **241,471** | **254,378** | **12,907** | **5.3%** |

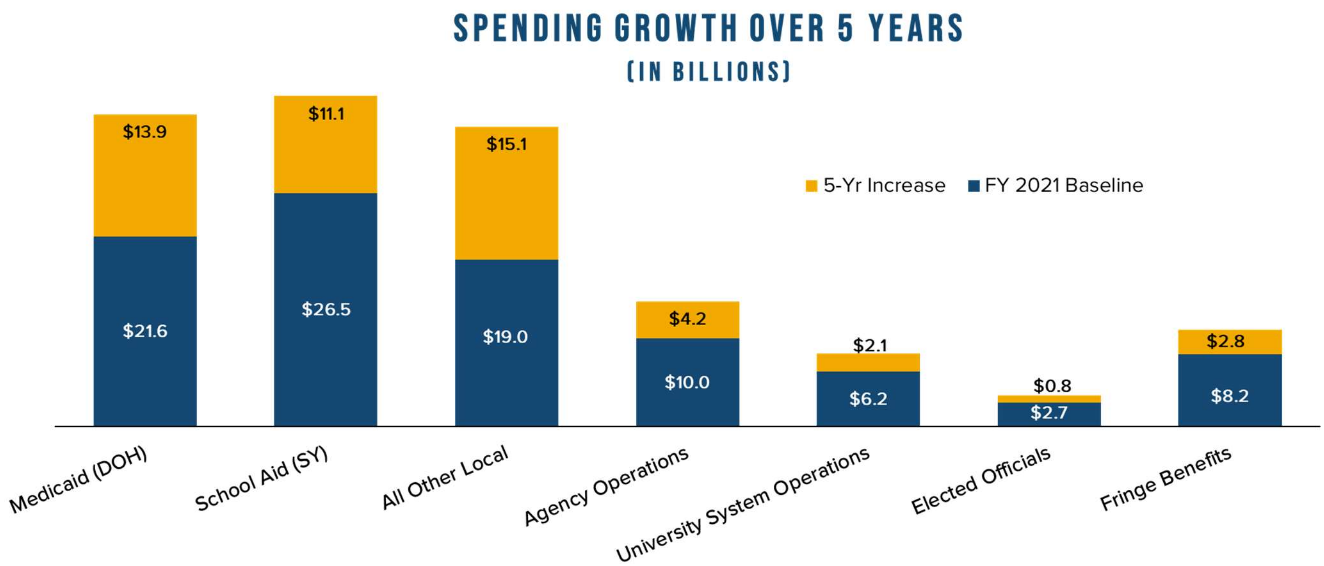
The State's two largest programs, School Aid and Medicaid, continue to drive a large share (nearly half) of the spending growth in FY 2026. Since fully funding school Foundation Aid in FY 2024 with average annual growth of 9.2 percent over the three-year phase in, School Aid spending continues to increase above the full Foundation Aid amount. Likewise, the continuation of significant growth in Medicaid spending is largely driven by sustained high levels of enrollment in the Medicaid program, as well as prior year expansion of benefits, increases in reimbursement rates, and expanded utilization of the State's Managed Long-Term Care (MLTC) program by the State's aging population. In addition, the MCO assessment transaction is expected to increase Medicaid spending by nearly $1.2 billion in FY 2026 through State share assessment offsets.

The remaining assistance and grant spending growth includes projected increases totaling $3.3 billion for all other areas including social services, mental hygiene, public safety, transportation, and higher education, as well as $2.3 billion in Other State Agency (OSA) local Medicaid spending that is excluded from the Department of Health (DOH) Medicaid Global Cap. Beginning in FY 2026, these costs that were previously reported in the DOH budget will now be reported in the respective agencies to more appropriately align program activities and costs to agencies responsible for managing such spending.

Agency Operations spending growth in FY 2026 is projected across all branches of government, including SUNY, reflecting increases in workforce, salary and fringe benefits, and operational costs. The growth also includes costs associated with stabilizing the correctional system and the decline in Federal reimbursement for prior year State costs incurred for COVID-19 pandemic response and recovery efforts.

Debt service spending levels are impacted by prepayments. Excluding the impact of prepayments, debt service is projected to increase 8.2 percent in FY 2026. A detailed table of the net impact of prepayments on the multi-year estimates of debt service costs appears in the section entitled, “State Financial Plan Multi-Year Projections.”

All Funds spending also includes the projected phase-down of pandemic related Federal operating assistance and planned capital projects spending increases consistent with the Five-Year Capital Program and Financing Plan.




Over the past several years, the State has made historic investments in nearly all program areas, including: fully funding Foundation Aid to schools; supporting health care delivery improvements; expanding access to mental health services, child care, and housing; providing assistance to distressed hospitals, other health care providers and workers; increasing support for higher education and university operations; addressing gun crime and violence; expanding access to school meals; protecting the environment; and improving energy affordability.

The investments made in recent years have increased projected spending for assistance and grants by roughly $40 billion or 60 percent from the $67 billion recorded five years ago[5] to over $107 billion projected in FY 2026. Nearly two-thirds of this growth is concentrated in School Aid and Medicaid, reflecting historic, recurring funding increases for schools and the health care system. New York continues to spend significantly more on these two programs than any other state in the nation.

[5] FY 2021 reported State Operating Funds assistance and grants totaled $65 billion inclusive of a temporary Enhanced Federal Medical Assistance Percentage (eFMAP) that lowered State Medicaid spending and one-time payments delayed from FY 2020 due to the pandemic, excluding these temporary spending impacts, baseline spending is calculated at $67 billion in FY 2021.

**School Aid.** The State provides a substantial amount of financial support for public schools through State formula aids and grants. Currently, approximately 2.5 million kindergarten through 12th grade students are enrolled in the State's public schools, including 186,000 students enrolled in charter schools. For more than a decade, New York has ranked first among the states for per pupil spending. In SY 2023, New York spent $30,012 per pupil, almost double the national average of $16,526 per pupil and approximately 14 percent higher than second ranked Vermont.[6]

New York's per-pupil spending has increased from roughly $20,000 in SY 2013 to $30,000 as of SY 2023. This increase was supported in large part by the three-year phase-in of full funding of the Foundation Aid formula completed in SY 2024, which aided in adding over $6.6 billion (23 percent) to State-funded School Aid between SY 2022 and SY 2025. In addition to State aid, school districts have continued to raise revenue through local property tax increases, which when combined with State aid increases and Federal COVID-19 pandemic related assistance, have afforded many districts the ability to amass substantial reserves and surplus balances.

Adding to the historic increases in funding over the past several years, the Enacted Budget includes $37.6 billion for School Aid in SY 2026, an increase of $1.7 billion (4.9 percent), inclusive of a $1.4 billion (5.7 percent) Foundation Aid increase. Since SY 2022, State-funded School Aid will have increased by roughly $8.3 billion (28.4 percent), inclusive of the Enacted Budget's increase.

**Medicaid.** The New York State Medicaid Program provides health and long-term care coverage to lower-income children, pregnant women, adults, seniors, and people with disabilities. The Medicaid program also funds a portion of wages for home care workers and caregivers self-directed by consumers under the Consumer Directed Personal Assistance Program (CDPAP) and is a large contributor of funding to both public and private hospitals, as well as nursing homes, through various supplemental programs. Medicaid spending growth continues to escalate as utilization of the system, primarily MLTC, which includes the CDPAP, rises with an aging population.

Nearly 7 million individuals (36 percent of the State's population) are currently covered by Medicaid. When combined with other public insurance coverage, such as CHP and EP, New York has the highest percent of people covered by publicly funded medical insurance in the nation with a total of 9 million people enrolled. The State offers some of the most comprehensive and extensive Medicaid benefits in the nation, including optional services such as coverage for pharmacy and personal care services. As of 2023[7], New York's $4,724 per capita spending was more than 46 percent above the national average of $2,554 per capita and over 19 percent higher than the next highest spending state - New Mexico - which spent $3,824 per capita.

Medicaid costs are financed jointly by the Federal, State, and local governments. New York receives the minimum Federal Medicaid matching share of roughly 50 percent. Local districts' costs have been capped at calendar year 2015 levels, saving the City of New York and counties billions of dollars annually by shifting the costs to the State. In FY 2026, local governments will save an estimated $8.3 billion bringing the cumulative total saved to nearly $54 billion since 2015.

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6 U.S. Census Bureau, 2023 Annual Survey of School System Finances.

7 Centers for Medicare & Medicaid Services (CMS) data (Federal Fiscal Year 2023).

In FY 2026, DOH Medicaid spending (excluding operational costs) is projected to total $35.4 billion, an increase of $4.2 billion (13.5 percent) from the revised FY 2025 levels -- triple the spending level from 15 years ago. The growth is due to medical cost increases, enrollment remaining at elevated levels, expansion of benefits, increases to reimbursement rates, and continued growth in aging and 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 home health wage increases, the phase-out of enhanced Federal funding, increased costs and enrollment growth in MLTC, and the needs of financially distressed hospitals.

To avoid adverse impacts on the health care industry, and to more accurately reflect DOH Medicaid spending, the Medicaid Global Cap calculation has been updated to exclude the local share of Medicaid spending associated with OSA, which had previously been included under the Cap. Beginning in FY 2026, costs that were previously reported in the DOH budget will now be reported in their respective agency budget. Because county contributions have been capped since 2015, the State is liable for all growth in non-Federal Medicaid expenses. An estimated $2.3 billion of local share spending is related to OSA services and programs that are not managed by DOH. The reclassification of this spending is cost neutral to the overall Financial Plan and more appropriately aligns program activities and costs to agencies responsible for managing such spending.

The State continues to evaluate the health care delivery system and expects to develop future proposals to provide recurring savings in future budgets to ensure long-term Medicaid spending levels are sustainable.

## Summary of Revisions Compared to Baselevel Projections

The following table summarizes the impact of the Enacted Budget's investments and actions, and baseline forecast revisions, by financial plan category, starting with revised base estimates that reflect updated receipts and spending estimates as of the third quarterly Financial Plan update before Executive proposals.

| FY 2026 ENACTED BUDGET FINANCIAL PLAN -- GENERAL FUND REVISIONS AND PROPOSALS SAVINGS/(COSTS) (millions of dollars) | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected |
|---|---|---|---|---|
| **BASE SURPLUS/(GAP) ESTIMATE** | **1,839** | **(3,993)** | **(7,378)** | **(11,821)** |
| **Receipts** | **741** | **(4,674)** | **(4,862)** | **(2,427)** |
| Tax Receipts (excluding PTET) | (481) | (5,120) | (5,152) | (2,601) |
| Inflation Tax Refund | (2,035) | 0 | 0 | 0 |
| Middle Class Tax Rate Cut | (103) | (542) | (968) | (1,054) |
| Enhanced Empire State Child Tax Credit | 0 | (471) | (825) | (825) |
| High-Income PIT Rate Extension | 0 | 0 | 989 | 3,614 |
| Film Tax Credit | 0 | 0 | (111) | (111) |
| All Other | (47) | (135) | (138) | (168) |
| Tax Reestimates | 1,704 | (3,972) | (4,099) | (4,057) |
| PIT | 1,934 | (3,296) | (3,424) | (3,326) |
| Use | (210) | (210) | (211) | (212) |
| Business | (20) | (466) | (464) | (519) |
| Non Tax Receipts | 1,222 | 446 | 290 | 174 |
| Debt Service | 763 | 93 | 19 | (72) |
| Other Receipts/Transfers | 459 | 353 | 271 | 246 |
| **Disbursements** | **(10,892)** | **(1,222)** | **(1,060)** | **(1,266)** |
| Assistance and Grants | (1,964) | (186) | (320) | (338) |
| School Aid | (216) | (345) | (729) | (971) |
| Medicaid | (371) | 390 | 667 | 913 |
| MCO Assessment | 500 | 500 | 0 | 0 |
| Mental Hygiene | (243) | (250) | (315) | (275) |
| Public Health/Aging | (157) | (5) | (5) | (5) |
| Social Services/Housing | (234) | (196) | (143) | (190) |
| Higher Education | (167) | (83) | (39) | (54) |
| Public Safety | (251) | (130) | (38) | (38) |
| Education/Arts | (230) | (157) | (172) | (177) |
| All Other | (595) | 90 | 454 | 459 |
| Agency Operations, including GSCs | (1,172) | (772) | (632) | (818) |
| Executive Operations | (761) | (386) | (432) | (434) |
| Legislature/Judiciary (incl. fringe benefits) | (312) | (312) | (312) | (312) |
| Other Elected Officials | (27) | (27) | (27) | (27) |
| Fringe Benefits/Fixed Costs | (72) | (47) | 139 | (45) |
| Transfers to Other Funds | (7,756) | (264) | (108) | (110) |
| Capital Projects | (341) | (159) | (37) | (39) |
| SUNY Operating | (114) | (55) | (22) | (22) |
| All Other | (7,301) | (50) | (49) | (49) |
| **Use of/(Deposit to) Reserves** | **8,312** | **2,406** | **1,155** | **877** |
| Extraordinary Monetary Settlements | 63 | 0 | (21) | 0 |
| Economic Uncertainties | 7,000 | 0 | 0 | 0 |
| Future Operational Needs | 600 | 0 | 0 | 0 |
| Timing of Resource Management | 649 | 2,406 | 1,176 | 877 |
| **ENACTED BUDGET SURPLUS/(GAP) ESTIMATE** | **0** | **(7,483)** | **(12,145)** | **(14,637)** |

The discussion that follows provides a summary of the changes, with an emphasis on the projected fiscal impact for FY 2026.

## Receipts

Tax Receipts. In addition to revisions to the tax receipts forecast based on FY 2025 results and the updated economic forecast, the Enacted Budget includes the following tax law changes:

- **Inflation Tax Refund.** Funding is included for direct payments to approximately 8.2 million New York taxpayers statewide. Married joint filers with incomes up to $150,000 will receive $400 and filers with incomes between $150,000 and $300,000 will receive $300. Single filers who are not claimed as dependents of another filer with income up to $75,000 will receive $200 and filers with incomes between $75,000 and $150,000 will receive $150. These payments reduce tax receipts and are not counted as spending.

- **Middle Class Tax Cut.** PIT rates for the State's first five tax brackets will each be reduced by 20 basis points, phased-in over two years beginning tax year 2026. Once fully phased-in, the tax cut is estimated to provide roughly $1 billion in annual relief to 8.3 million filers (77 percent of all filers). For example, joint tax filers with income below $323,200 will experience up to a 5 percent reduction in tax rates.

- **Enhanced Empire State Child Credit.** The Empire State child tax credit is enhanced, temporarily increasing the maximum credit for qualifying children for three years and permanently eliminating the restrictive earned income requirement. The maximum credit increases from $330 to $1,000 for children under age 4 in tax years 2025 through 2027 and to $500 for children ages 4 through 16 in tax years 2026 and 2027.

- **High-Income PIT Rate Extension.** The tax rates for high-income tax filers, such as joint filers making over $2,155,350 annually, that currently expire at the end of tax year 2027 are extended for five years through tax year 2032.

- **Film Tax Credit.** The film tax credit program is extended an additional two years through 2036 and amended to remove the tiered payout structure for new applicants, provide a $100 million incentive for independent studio productions, and establish a "production plus program" to provide an enhanced benefit to eligible filers with two or more initial applications.

- **Other Tax Actions.** Other actions include increases to the Article 9A estimated payment threshold from $1,000 to $5,000, and extensions of various tax credits, including credits for alternate fuels and electric vehicle recharging property, clean heating fuel, musical and theatrical production, low-income housing, farm workforce retention, and hiring veterans and workers with disabilities.

In addition, the Governor signed legislation to impose sales tax on short-term rentals statewide, requiring all short-term rental market place providers to collect and remit sales taxes on all rentals facilitated by their platforms, and to expand the tax definition of crops, livestock, and livestock products to include cannabis.

**Non-Tax Receipts.** Receipts available in the General Fund are increased due to changes in debt service costs inclusive of the FY 2025 prepayment of debt service costs that were due in FY 2026, refundings, ongoing debt management, and lower bonded capital spending estimates. These revisions are offset in the later years by the costs of bond financing for new capital commitments added in the Enacted Budget.

Other non-tax receipts and transfers from other funds reflect available resources in other funds, including patient income and unprogrammed fund balances, to support spending in the General Fund, which are partly offset by lower investment income projections due to the planned reduction in fund balances.

## Disbursements

**Assistance and Grants.** General Fund spending for assistance and grants is projected to total $84.0 billion in FY 2026, an increase of $9.2 billion (12.3 percent). This spending is impacted by the level of resources available outside of the General Fund to support spending, particularly in education and health programs. Compared to the last baseline estimate, assistance and grants spending is increased in the aggregate over the multi-year Financial Plan mainly due to continued new investments, initiatives, and increased funding, which is partly offset by lower estimates of spending across nearly all functional areas based on programmatic experience.

- **School Aid.** Financial Plan projections for SY 2026 and beyond have been updated to reflect updated data, as well as estimated growth in Foundation Aid and expense-based aids based on DOB's revised inflation forecast that result in higher projected outyear spending. Higher spending also reflects costs associated with changes to the Foundation Aid formula beginning in SY 2026, enhancements to Special Services Aid and BOCES Aid, additional aid to school districts with large portions of their enrollment attending charter schools, and the creation of a new College in High School Opportunity Fund. These increases are partly offset by upward revisions to estimated resources available to finance School Aid spending in the State's Lottery, Mobile Sports Wagering and Commercial Gaming Funds which lower the need for General Fund spending for School Aid.

- **Medicaid.** In FY 2026, General Fund Medicaid spending is increased to reflect an additional $500 million in funding to distressed hospitals and restorations of certain proposed savings actions, which are partly offset by timing and revisions of Federal credits and offsets through the Mental Hygiene Stabilization Fund. Most of these increases are funded outside of the Medicaid Global Cap through the HSF. In FY 2027 and beyond, spending is lowered in the General Fund due to increased HCRA receipts and savings actions, which include adjustments to the Indigent Care Pools for public general hospitals in the City of New York, funding shifts for quality pool payments, and reforms to the administration of the Nursing Home Transition Diversion (NHTD) waiver and Applied Behavioral Analysis.

- **MCO Assessment Offset**. A portion of the resources generated from the assessment on MCOs is expected to offset costs in both FY 2026 and FY 2027.

- **Mental Hygiene.** A 2.6 percent targeted inflationary increase to Office for People With Developmental Disabilities (OPWDD), Office of Mental Health (OMH), and Office of Addiction Services and Supports (OASAS) voluntary operated providers increases spending by $241 million annually. Other investments include: funding to assist counties with oversight and placement of high-risk individuals; the expansion and establishment of new OMH clubhouses to promote recovery and community reintegration; resources for vocational services and job placement; and various other nonrecurring grants.

- **Public Health/Aging.** Additional funding is provided for abortion medication services; programs for the aging population; hunger prevention and nutrition; Nourish NY; maternal health; a swimming lessons voucher program; and one-time adds for various programs and services.

- **Social Services/Housing**. Additional one-time funding is included for child care subsidies, ensuring stable housing for vulnerable populations, launching Get Offline Get Outside 2.0, providing additional support to families when babies are born, digitizing youth working papers, expanding worker protection resources, and supporting investigations to combat discrimination. Funding is also included for a four-year pilot program for State-funded vouchers for homeless families or families at imminent risk of losing their housing, eviction legal counseling, and one-time adds for various programs and services. These increases are partly offset using available Mortgage Insurance Fund resources to fund housing and homelessness programs in FY 2026 and the use of available Temporary Assistance for Needy Families (TANF) funding to support increasing child care costs to maintain continuity in the level and eligibility of child care subsidies in FY 2027.

- **Higher Education.** Increased funding will support free community college for high-demand fields, artificial intelligence investments, student support programs, expanded eligibility for the part-time Tuition Assistance Program (TAP) and the expansion of Veteran's Tuition Awards (VTA) program to include non-combat veterans. In addition, a one-time increase is provided for CUNY operating assistance.

- **Public Safety.** In FY 2026, increased funding will support increased police presence in the subway in the City of New York, rape crisis and intimate partner violence programs and various other programs. Increased funding is also provided for discovery and pre-trial services.

- **Education/Arts.** Increased spending will support the cost of providing free breakfast and lunch meals to all students regardless of family income, as all school districts, charter schools, and nonpublic schools that participate in the national school lunch and breakfast program will be required to provide free meals. Additional funding is also included for competitive grants to support the arts in FY 2026; the implementation of distraction free schools; the reimbursement of nonpublic schools for State-mandated activities and the salaries of eligible teachers providing instruction in science, technology, engineering, and math (STEM) subjects; and various other nonrecurring grants.

- **All Other Assistance and Grants.** Additional spending is mainly due to delays in local government claims for asylum seeker assistance that did not occur in FY 2025, as well as funding to support the Judiciary's Civil Legal Services and Attorney for Child programs; agricultural programs including local food supply, fiber production, and dairy and maple industries; Office for New Americans and Liberty Defense programs; upstate transit; and the Underserved Communities and Civic Engagement Program, which supports community-based programming, crisis intervention initiatives, housing assistance, economic development, workforce training, educational initiatives, and health care services in underserved communities. These increases are partly offset by multi-year downward revisions to spending based on the FY 2025 results, as well as updated information and data.

**Agency Operations.** Spending for operations, including wages and fringe benefits, is increased over the multi-year plan to accommodate growth in the State workforce, general salary increases included in the final year of current labor settlements, and expansion of services and new initiatives.

- **Executive Operations.** Spending is increased significantly in FY 2026 due to the response to the CO strike, including the deployment of the National Guard to staff correctional facilities, enhanced overtime rates, and expanded recruitment efforts. Other spending increases reflect added costs across several agencies to support staffing increases; investments in cybersecurity and information technology; and expanded access to inpatient psychiatric and mental health services. In addition, funding is included to strengthen enforcement against criminal activity at the northern border; enhance security measures in correctional facilities; support the MAT Program, which provides treatment for incarcerated individuals in state prisons with substance use disorders; and increase the number of National Guard members assigned to the Joint Task Force Empire Shield Mission, which provides support to deter and prevent terrorist activity in the City of New York area, including transit and commuter hubs.

- **Legislature/Judiciary.** The Legislature and Judiciary independently submit appropriation bills that are not subject to modification. The Financial Plan includes spending estimates equal to the appropriations of each branch.

  Judiciary operating spending, including fringe benefits, is increased by $302 million to support general salary increases and other non-judicial staffing initiatives, including new court clerks and attorneys, costs associated with four court officer academy classes, increased staffing levels to address case backlogs and provide operational support to various courts, and new judgeships -- ten for the City of New York Civil Court Judges; five for the Court of Claims; and ten for the City of New York Family Court Support Magistrates. Other increases support non-judicial staff to assist the new judges; civil legal services increases; various technology initiatives; a cost of living adjustment for contractual providers of the Attorney for Child program; expansion of various programs including Alternative Dispute Resolution and Alternatives to Incarceration; and health insurance and pension cost increases.

  Operating spending for the Legislature is increased by nearly $10 million annually to fund general salary increases for legislative staff and operational costs.

- **Other Elected Officials.** Attorney General (AG) operational spending is increased by nearly $17 million annually to support new general salary increases for operational/legal staff and inflationary growth in operational expenses.

  OSC spending is increased by approximately $10 million annually to fund new operational staff, general salary increases and maintenance and repair costs at the Albany office location.

- **Fringe Benefit/Fixed Costs.** State Pension costs are increased to support pension enhancements for certain uniformed groups; these include an improved retirement plan for members of the Police Benevolent Association of New York State (PBANYS) and a twenty-five-year half pay retirement plan for the Division of Military and Naval Affairs (DMNA) firefighters. Other increases reflect the higher rates approved for the MCTMT for State employees working within the Metropolitan Commuter Transportation District and other revisions to fringe benefit forecasts.

**Transfers to Other Funds.** General Fund transfers to other funds support capital projects, debt service costs, SUNY, and a variety of other programs.

- **Capital Projects.** General Fund support for capital projects is increased to fund new capital initiatives including: the safety net transformation program, technology infrastructure, Hudson Valley rail improvement, highway redesign studies, and replacement of vehicles utilized to provide transportation services to individuals receiving OPWDD services.

- **SUNY Operating Assistance.** Increased General Fund transfers support additional one-time funding in Academic Year (AY) 2026, as well as recurring funding for artificial intelligence investments and other programs.

- **All Other Transfers to Other Funds.** Other transfers are increased consistent with the authorization to transfer up to $7.2 billion to the Unemployment Insurance Enterprise Fund to repay the outstanding Federal Unemployment Account loan and restore the solvency of New York's unemployment program, provide one-time operating assistance for SUNY Downstate Hospital, and make other revisions to various transfers based on updated projections.

**Use of/(Deposit to) Reserves.** Changes to reserves include planned uses to support one-time costs related to the CO strike and staffing shortage, repayment of Federal unemployment insurance loan, PTET/PIT credits, and the use of prior year fund balances carried forward to offset delayed payments, operational costs, and capital projects spending.

## General Fund Financial Plan Overview

The State's General Fund receives most State taxes and other income not earmarked for a specified program or activity and is required by law to be balanced.

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.

- 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.

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

- The PTET program affects reported tax collections within each fiscal year, but does not impact General Fund balance or operations, because it is expected to be Financial Plan neutral over multiple years. 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 in more detail under the heading "PTET Financial Plan Impact" at the end of this section.

General Fund disbursements represent more than two-thirds of total State Operating Funds spending and 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 Operating Funds and/or All Funds basis, see "State Financial Plan Multi-Year Projections" section herein.

# FY 2026 Enacted Budget General Fund Financial Plan

The following table summarizes the projected annual change in General Fund receipts, disbursements, and fund balances from FY 2025 results to FY 2026 projected.

| GENERAL FUND FINANCIAL PLAN (millions of dollars) | FY 2025 Actuals | Change | FY 2026 Projected | Annual Growth |
|---|---|---|---|---|
| **Opening Fund Balance** | **46,331** | **10,585** | **56,916** | **22.8%** |
| **Total Receipts** | **119,261** | **(5,746)** | **113,515** | **-4.8%** |
| Receipts, excluding PTET | 115,180 | 383 | 115,563 | 0.3% |
| Taxes | 102,089 | 7,012 | 109,101 | 6.9% |
| Miscellaneous Receipts | 5,168 | (1,157) | 4,011 | -22.4% |
| Federal Receipts | 3,650 | (3,650) | 0 | -100.0% |
| Non-Tax Transfers from Other Funds | 4,273 | (1,822) | 2,451 | -42.6% |
| PTET Receipts (Financial Plan Neutral) | 4,081 | (6,129) | (2,048) | -150.2% |
| PIT Credits | (13,700) | (3,732) | (17,432) | -27.2% |
| Business Taxes | 17,781 | (2,397) | 15,384 | -13.5% |
| **Total Disbursements** | **108,676** | **16,836** | **125,512** | **15.5%** |
| Assistance and Grants | 74,833 | 9,178 | 84,011 | 12.3% |
| State Operations | 23,013 | 2,603 | 25,616 | 11.3% |
| Transfers to Other Funds | 10,830 | 5,055 | 15,885 | 46.7% |
| **Net Change in Operations** | **10,585** | **(22,582)** | **(11,997)** | **-213.3%** |
| **Closing Fund Balance** | **56,916** | **(11,997)** | **44,919** | **-21.1%** |
| **Statutory Reserves:** | | | | |
| Community Projects | 25 | 0 | 25 | |
| Contingency | 21 | 0 | 21 | |
| Rainy Day Funds | 8,756 | 1,000 | 9,756 | |
| **Fund Balance Reserved for:** | | | | |
| Debt Management | 1,860 | (860) | 1,000 | |
| Economic Uncertainties | 12,847 | (8,500) | 4,347 | |
| Extraordinary Monetary Settlements | 732 | (340) | 392 | |
| Future Operational Needs | 3,099 | (600) | 2,499 | |
| Timing of PTET/PIT Credits | 18,218 | (2,048) | 16,170 | |
| Timing of Resource Management | 11,358 | (649) | 10,709 | |

## Receipts

Excluding the impact of debt prepayments and PTET, total General Fund tax receipts, including transfers after the payment of debt service, are estimated to total $103.9 billion in FY 2026, an increase of $4.3 billion (4.3 percent) from FY 2025. The following discussion of annual changes in tax receipts exclude the impact of PTET and debt prepayments.

PIT receipts are estimated to total $72.6 billion in FY 2026, an increase of $3.7 billion from the prior year. The increase reflects expected growth in all gross receipt components partially offset by an increase in total refunds.

Consumption/use tax receipts are estimated to total $18.7 billion in FY 2026, an increase of $389 million (2.1 percent) from FY 2025. This increase reflects the estimated growth of taxable consumption in the sales tax base.

Business tax receipts are estimated to remain virtually unchanged, primarily reflecting a projected increase in Corporate Franchise Tax (CFT) refunds and a projected decrease in bank audits, offset by increases in CFT gross receipts, audits, and gross insurance receipts.

Other tax receipts are estimated to total $2.5 billion in FY 2026, an increase of $163 million from FY 2025. This is primarily due to estimated increases in both estate tax and real estate transfer tax receipts. These increases reflect an expected decrease in estate tax refunds, as well as estimated growth in household net worth, housing starts, and the average housing price, partially offset by estimated declines in the S&P 500 and finance and insurance sector bonuses.

The reduction in non-tax receipts reflects the final planned use of State and Local Fiscal Recovery Fund (SLFRF) resources in FY 2025 consistent with Federal treasury rules and the continued practice of budgeting for a $2 billion transaction risk reserve that partially offsets total projected transfers from other funds and provides a hedge against risks to receipts that may materialize later in the fiscal year. Other year-to-year reductions include lower FY 2026 estimates for abandoned property receipts and investment income commensurate with projected fund balance declines. These decreases are partly offset by available resources in other funds, including interest earned on monies awarded under the SLFRF program which will be transferred to the General Fund over several years.

## Disbursements

General Fund disbursements, including transfers to other funds, are expected to grow by $16.8 billion (15.5 percent), totaling $125.5 billion in FY 2026, mostly driven by increased funding for Foundation Aid, Medicaid and extraordinary transfers to the Federal Unemployment Account; excluding these transfers, General Fund spending grows by 8.9 percent.

Assistance and grants spending supported by the General Fund is estimated to total $84 billion in FY 2026, an increase of $9.2 billion (12.3 percent) from FY 2025. General Fund spending for education, health care, and continued time-limited support to the City of New York for asylum seeker assistance represents nearly all the assistance and grants spending growth. General Fund support for these programs is also affected by the level of financing sources (i.e., HCRA and lottery/gaming receipts) available in other funds.

General Fund support for School Aid is estimated to increase by $1.4 billion (4.8 percent) on a State fiscal year basis. This growth reflects enacted reforms to the Foundation Aid formula, including updates to the formula's two measures of the percentage of low-income-students in a district, an increase in aid for English Language Learners, additional aid to low-wealth school districts, modifications to the Regional Cost index and a minimum 2 percent annual increase in aid to districts. In addition, the annual increase in School Aid spending reflects enhancements to Special Services Aid and BOCES Aid and provides additional aid to school districts with large portions of their enrollment attending charter schools.

Medicaid spending is projected to grow by $1.5 billion, primarily due to the additional Global Cap spending allowance that supports enrollment and escalating MLTC growth offset by $500 million in expected MCO assessment resources to support existing Global cap investments. Beginning in FY 2026, costs reported under the DOH Medicaid budget exclude OSA local Medicaid expenses which were included under the Global Cap. These costs, previously reported in the DOH budget, will now be reported in the respective agencies, including OPWDD and OMH.

Other assistance and grants growth is primarily the result of continued State support of an expanded level and eligibility of child care subsidies, hunger prevention and nutrition assistance, programs for older adults, City of New York subway safety initiatives, funding to offset county costs related to the assigned counsel rate for attorneys providing services to low-income individuals, CUNY operational support, asylum seeker assistance, and new initiatives to provide universal free school meals and free community college for high-demand fields.

Agency operations and fringe benefits growth is impacted by the Federal Emergency Management Agency (FEMA) reimbursements for prior year COVID-19 pandemic related eligible spending. Excluding these reimbursements, the largest drivers of growth include rising health insurance costs for State employees, Judicial staffing and operational increases, general salary increases consistent with existing collective bargaining agreements, investments in cybersecurity and information technology, and continued staffing increases across various agencies. In addition, spending has been increased for the MAT Program which provides treatment for incarcerated individuals in State correctional facilities with substance use disorder, enhanced security measures for correctional facilities, and an increase in the National Guard members assigned to the Joint

Task Force Empire Shield Mission, which provides support to deter and prevent terrorist activity in the City of New York area, including transit and commuter hubs. In response to the CO strike, spending has been increased to support the deployment of the National Guard members to staff prisons, enhanced overtime rates, and expanded recruitment efforts.

The Judiciary spending plan includes a substantial increase in FY 2026 to support general salary increases and other non-judicial staffing initiatives, including new court clerks and attorneys, costs associated with four court officer academy classes, and increased staffing levels to address case backlogs. The Judiciary's budget also includes funding for: ten City of New York Family Court Support Magistrates, ten City of New York Civil Court judges, and five Court of Claims judges; increases for various technology initiatives; cost of living adjustment for contractual providers of the Attorney for Child program; expansion of various programs including Alternative Dispute Resolution and Alternatives to Incarceration; and providing for health insurance and pension cost increases.

The increase in General Fund transfers is attributable to $7.2 billion of extraordinary one-time transfers to the Federal Unemployment Account planned in FY 2026, which is partly offset by a decline in transfers to support capital projects due to the timing of bond proceed reimbursements and one-time funding for HSF in FY 2025. Other transfer changes include additional State general operating aid for SUNY four-year campuses and Downstate Hospital, funding to support targeted engineering pay increases and revised projections across various programs and funds.

## General Fund Closing Balance

The General Fund closing balance is comprised of Principal Reserves to protect essential services in the event of a significant economic downturn and other reserves that are programmed for the timing of payments and to reduce outyear gaps, manage risks, and support future costs that include tax refunds and liabilities, capital projects, and operational needs.

DOB expects the General Fund to end FY 2026 with a balance of $44.9 billion, nearly $12 billion below the FY 2025 closing balance. The decrease is comprised of the expected use of resources to support extraordinary transfers to the Federal Unemployment Account, one-time costs related to the CO strike and staffing shortage, PTET related credits and offsets, debt management, existing capital commitments and projects, and the timing of payments delayed from prior years.

# Negotiated Changes to the Executive Budget

The following table summarizes the negotiated additions, restorations, modifications, and revisions to the FY 2026 Executive Budget General Fund proposal.

| CHANGES TO THE EXECUTIVE BUDGET FINANCIAL PLAN<br>GENERAL FUND<br>(millions of dollars) | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected |
|---|---|---|---|---|
| **EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE** | **0** | **(6,479)** | **(9,775)** | **(11,026)** |
| **NEGOTIATED RESTORATIONS/ADDS** | **(7,568)** | **(253)** | **(761)** | **(1,742)** |
| **Spending Restorations/Adds** | **(2,571)** | **(1,154)** | **(896)** | **(998)** |
| New Spending Adds: | (2,479) | (1,010) | (741) | (804) |
| Distressed Hospital Assistance | (500) | 0 | 0 | 0 |
| Correctional Officer Shortage | (675) | (196) | (196) | (196) |
| Child Care Subsidies | (400) | 0 | 0 | 0 |
| School Aid | (259) | (231) | (261) | (279) |
| Community Engagement and Capacity Building Program | (90) | 0 | 0 | 0 |
| SUNY Hospital Debt Service Forgiveness | (56) | 0 | 0 | 0 |
| Human Services Targeted Inflationary Increase +0.5% (2.6% Total | (50) | (50) | (50) | (50) |
| Park Police Retirement Enhancement | (40) | (1) | (1) | (1) |
| CUNY Operating Aid | (26) | (9) | 0 | 0 |
| Additional Competitive Arts Grants | (20) | 0 | 0 | 0 |
| Office of New Americans and Immigration Legal Services | (20) | 0 | 0 | 0 |
| Legal services for Eviction Aid | (20) | 0 | 0 | 0 |
| Debt Service on Capital Adds | (2) | (37) | (91) | (138) |
| All Other, incl. timing adjustments | 37 | (476) | (142) | (140) |
| Legislative Table Adds | (358) | (10) | 0 | 0 |
| Restorations/Modifications: | (92) | (144) | (155) | (194) |
| Medicaid | (70) | (92) | (102) | (102) |
| Committee on Special Education | 0 | (29) | (29) | (29) |
| All Other | (22) | (23) | (24) | (63) |
| **Reduction to Executive Proposals** | **310** | **95** | **107** | **106** |
| **Receipts Modifications/Adds** | **1,693** | **806** | **28** | **(850)** |
| Inflation Rebate Check Modification | 1,045 | 0 | 0 | 0 |
| Middle Class Tax Cut Effective January 2026 | 355 | 573 | 56 | 0 |
| Supplemental Empire State Child Credit Timing | 471 | 354 | 0 | (825) |
| Farm Workforce Retention Credit | 0 | 0 | (25) | (25) |
| Film Tax Credit | 0 | 111 | 4 | 4 |
| Interest Earnings | (191) | (227) | 0 | 0 |
| All Other | 13 | (5) | (7) | (4) |
| **Federal Unemployment Insurance Loan Repayment** | **(7,000)** | **0** | **0** | **0** |
| **RESOURCE AND FORECAST REVISIONS** | **7,568** | **(751)** | **(1,609)** | **(1,869)** |
| Tax Receipts, excluding PTET | 1,704 | (3,972) | (4,099) | (4,057) |
| FY 2025 Debt Prepayments | 780 | 0 | 0 | 0 |
| Forecast Revisions/Timing | 938 | 1,586 | 1,791 | 2,024 |
| School Aid CPI Update | 0 | (166) | (477) | (713) |
| Future Operational Needs | 600 | 0 | 0 | 0 |
| Timing of Resource Management | (3,454) | 1,801 | 1,176 | 877 |
| Use of General Fund Resources | 7,000 | 0 | 0 | 0 |
| **ENACTED BUDGET SURPLUS/(GAP) ESTIMATE** | **0** | **(7,483)** | **(12,145)** | **(14,637)** |

## Cash Flow

DOB expects that the General Fund will maintain sufficient liquidity in FY 2026 to make all planned payments as they become due. 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 2026 PROJECTED MONTH-END CASH BALANCES**
**APRIL (ACTUALS)/MAY THROUGH MARCH (PROJECTED)**
**(millions of dollars)**

| | General Fund | Other Funds | All Funds |
|---|---|---|---|
| **April 2025** | 61,092 | 20,553 | 81,645 |
| **May 2025** | 54,974 | 19,876 | 74,850 |
| **June 2025** | 50,868 | 20,827 | 71,695 |
| **July 2025** | 50,591 | 20,420 | 71,011 |
| **August 2025** | 49,402 | 19,866 | 69,268 |
| **September 2025** | 53,529 | 17,201 | 70,730 |
| **October 2025** | 45,194 | 18,156 | 63,350 |
| **November 2025** | 42,267 | 17,291 | 59,558 |
| **December 2025** | 46,732 | 16,789 | 63,521 |
| **January 2026** | 47,007 | 17,699 | 64,706 |
| **February 2026** | 44,840 | 17,535 | 62,375 |
| **March 2026** | 44,919 | 16,585 | 61,504 |

The Enacted Budget continues to authorize short-term financing for liquidity purposes during the fiscal year, and, in doing so, retains a cashflow management tool to manage unanticipated financial disruptions. Specifically, the authorization allows for the issuance of up to $3 billion of PIT revenue anticipation notes which mature no later than March 31, 2026. Borrowed amounts cannot be extended or refinanced beyond the initial maturity. The Financial Plan does not assume the use of short-term financing for liquidity purposes. DOB evaluates operating results and liquidity levels regularly and may adjust the use of notes based on liquidity needs, market considerations, and other factors.

## 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. As part of the State's 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 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 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 similar taxes, which currently include Connecticut and New Jersey.

The Financial Plan includes an estimate for PTET within business taxes and the corresponding decrease in PIT receipts and is expected to be cost neutral to the State on a multi-year basis. 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. At the onset of the PTET program, the State expected the utilization would cease after tax year 2025, consistent with the expected expiration of other Federal tax law changes, including the SALT deduction cap. DOB now assumes the PTET program will continue to be utilized, consistent with current State law. However, PTET utilization assumptions may be reevaluated pending the outcome of the extension and/or modification to the SALT deduction cap and potential PTET-related changes currently being negotiated in the U.S. Congress. DOB is closely monitoring the evolving Federal law and regulation changes under consideration.

The table below displays the General Fund impact of the PTET program. The discussion of tax receipts throughout the Financial Plan excludes the impact of PTET, unless otherwise noted.

**FY 2026 ENACTED BUDGET**
**GENERAL FUND IMPACT OF THE PASS THROUGH ENTITY TAX**
**SAVINGS/(COSTS)**
**(millions of dollars)**

| | FY 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected |
|---|---|---|---|---|---|
| **General Fund Impact** | **0** | **0** | **0** | **0** | **0** |
| Tax Receipts[1] | 4,081 | (2,048) | (726) | (84) | 506 |
| PIT Credits | (13,700) | (17,432) | (15,256) | (14,672) | (14,654) |
| PTET Collections (Business Taxes) | 17,781 | 15,384 | 14,530 | 14,588 | 15,160 |
| Use of/(Deposit to) Reserve for PTET Refunds | (4,081) | 2,048 | 726 | 84 | (506) |

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

The reserve balance established at the inception of the program has and is expected to continue to cover the difference between PTET collections and related PIT credits in each succeeding fiscal year.

# State Operating Funds Spending Summary

The following table summarizes the projected annual change in State Operating Funds spending from FY 2025 to FY 2026 projected levels, followed by a summary of the changes.

**STATE OPERATING FUNDS DISBURSEMENTS**
**FY 2025 TO FY 2026**
**(millions of dollars)**

| | FY 2025 Actuals | FY 2026 Projected | Annual Change $ | Annual Change % |
|---|---|---|---|---|
| **ASSISTANCE AND GRANTS** | **95,859** | **107,445** | **11,586** | **12.1%** |
| School Aid (School Year Basis) | 35,827 | 37,574 | 1,747 | 4.9% |
| DOH Medicaid | 31,230 | 35,449 | 4,219 | 13.5% |
| Mental Hygiene, excl. MHSF/Reclassification | 5,832 | 6,743 | 911 | 15.6% |
| Mental Hygiene Medicaid Reclassification | 0 | 2,315 | 2,315 | 0.0% |
| Social Services | 5,274 | 6,466 | 1,192 | 22.6% |
| Transportation | 5,120 | 5,352 | 232 | 4.5% |
| Higher Education | 3,280 | 3,613 | 333 | 10.2% |
| Other Education | 2,876 | 3,069 | 193 | 6.7% |
| All Other | 6,420 | 6,864 | 444 | 6.9% |
| **STATE OPERATIONS/GENERAL STATE CHARGES** | **34,019** | **37,120** | **3,101** | **9.1%** |
| State Operations | 23,576 | 26,061 | 2,485 | 10.5% |
| Executive Agencies | 12,939 | 14,282 | 1,343 | 10.4% |
| FEMA Reimbursements | (401) | 0 | 401 | 100.0% |
| State University System | 7,941 | 8,335 | 394 | 5.0% |
| Judiciary | 2,388 | 2,644 | 256 | 10.7% |
| Other Elected Officials | 709 | 800 | 91 | 12.8% |
| General State Charges | 10,443 | 11,059 | 616 | 5.9% |
| Pension Contribution | 2,585 | 2,882 | 297 | 11.5% |
| Health Insurance | 5,814 | 5,922 | 108 | 1.9% |
| Other Fringe Benefits/Fixed Costs | 2,044 | 2,255 | 211 | 10.3% |
| **DEBT SERVICE** | **3,776** | **1,538** | **(2,238)** | **-59.3%** |
| **TOTAL STATE OPERATING FUNDS** | **133,654** | **146,103** | **12,449** | **9.3%** |
| **Capital Projects (State and Federal Funds)** | **16,975** | **19,359** | **2,384** | **14.0%** |
| **Federal Operating Aid** | **90,842** | **88,916** | **(1,926)** | **-2.1%** |
| **TOTAL ALL GOVERNMENTAL FUNDS** | **241,471** | **254,378** | **12,907** | **5.3%** |

State Operating Funds encompass the General Fund, and a wide range of State activities funded from dedicated revenue sources that are received outside the General Fund, including tax revenues, tuition, income, fees, and assessments. Many programs, services and 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. However, certain dedicated revenue sources support spending that impacts General Fund spending as revenues fluctuate. 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.

## Assistance and Grants

Most State spending is for assistance and grants that include payments to school districts, health care providers, MCOs, local governments, 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 nearly 70 percent of assistance and grants spending and roughly half of total State Operating Funds spending.

Over the past three years, assistance and grants funding has increased substantially with increased funding for education, health care, and nearly all other major program areas.

The Enacted Budget provides $37.6 billion in total School Aid for SY 2026, representing an annual increase of $1.7 billion (4.9 percent). This includes a $1.4 billion (5.7 percent) increase in Foundation Aid. The FY 2026 Enacted Budget reforms the Foundation Aid formula by updating the formula's two measures of the percentage of low-income students in a school district, increasing aid for English language learners, providing additional aid to low-wealth school districts, modifying the Regional Cost Index, and ensuring that each district receives at least a 2 percent annual increase in aid. The Enacted Budget also provides enhancements to Special Services Aid and BOCES Aid to better support career and technical education. The Budget further provides additional aid to school districts with large portions of their enrollment attending charter schools.

DOH Medicaid assistance and grants spending is estimated at $35.4 billion in FY 2026, an annual increase of $4.2 billion (13.5 percent). The growth is due to medical cost increases; enrollment remaining at elevated levels; expansion of benefits; increases to reimbursement rates; and continued growth in aging and 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 home health wage increases; the phase-out of enhanced Federal funding; increased costs and enrollment growth in MLTC; and the needs of financially distressed hospitals.

The HSF will receive and distribute the new MCO assessment and is estimated to provide resources totaling $3.7 billion over two years. The FY 2026 Enacted Budget reflects the use of the funds over three years to support $1 billion in existing Global Cap commitments and the remaining $2.7 billion for new health care delivery investments. These investments and funding are dependent on successful execution of the assessment, which is subject to continued Federal support. Absent assurance of continued Federal approval, the Financial Plan does not include any funding for these investments in the later years.

Higher spending is attributable to increased MLTC enrollment and price growth as well as increased home and personal care utilization and costs, expanded access to health coverage, and higher provider reimbursements. The remaining growth is attributable to other costs reported outside of the Global Cap to support home care and minimum wage for health care providers ($4.2 billion) and financial relief to counties and the City of New York associated with the State's full coverage of the local share of spending growth ($2.2 billion).

Mental Hygiene spending growth supports targeted investments in services to ensure individuals with developmental disabilities, mental illness, substance use disorders, and problem gambling have appropriate access to care. FY 2026 spending levels include the continued commitment to expand mental health access and care, a 2.6 percent targeted inflationary increase for eligible programs, and expanding access to opioid treatment medications in underserved areas.

Social Services spending increases reflect continued investments and expansion of child care, inclusive of reduced amounts of Federal pandemic aid to support costs and child care subsidies, additional resources for the Empire State Supportive Housing Initiative (ESSHI) and Safety Net Assistance program, in addition to new investments in youth programs, a 2.6 percent targeted inflationary increase for eligible programs and continued funding for services and assistance to the City of New York for asylum seekers.

Transportation growth is commensurate with increases in dedicated transit revenue available to fund mass transit.

Higher education spending is projected to grow due primarily to increases in operating aid for CUNY senior colleges and Enacted Budget legislation which provides for the remaining cost of tuition, fees, and books for students aged 25 to 55 who pursue studies in high-demand career fields at SUNY and CUNY community colleges. In addition, higher spending reflects the expansion of tuition assistance to non-combat veterans and the expansion of part-time TAP eligibility to students taking a minimum of three credits.

Increased spending for All Other Education Programs in FY 2026 is largely driven by the adoption of universal free school meals, under which the State will pay the student's share of costs for all meals served to students not already receiving free meals; increased funding for nonpublic schools; and increased reimbursement to school districts related to charter schools.

All other assistance and grants spending includes a reconciliation between school year and State fiscal year spending for School Aid; reconciliation for the net impact of the Mental Hygiene Stabilization Fund related to the Medicaid Global Cap; and various other programs and functions including additional funding for abortion medication services, programs for the aging, the expansion of the Women, Infants, and Children program, additional funding to support increases to Civil Legal Services and Attorney for Child programs; investment in targeted training pathways and apprenticeships for high-demand fields; funding for the Underserved Communities and Civic Engagement Program, support for a four-year pilot program for state-funded vouchers for homeless families or families at imminent risk of losing their housing, and an offset to county costs paid to lawyers assigned to represent low-income individuals.

## 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.

Growth in operational spending for executive agencies is driven primarily by costs associated with stabilizing the correctional system, as well as general salary increases consistent with existing collective bargaining agreements, investments in cybersecurity and Information Technology (IT), and staffing increases across various agencies. In addition, Federal reimbursement for prior year State costs incurred for COVID-19 pandemic response and recovery efforts is projected to decline year over year.

SUNY operational spending growth reflects expenses for SUNY State-operated campuses and hospitals, inclusive of additional State operating aid for those four-year campuses and for SUNY Downstate Hospital. SUNY operating costs are funded by a combination of tuition and fee revenue and General Fund transfers provided annually for direct State operating support and student financial aid support ($2.1 billion in FY 2026). In addition, the State pays the fringe benefit costs of employees at SUNY State-operated campuses, projected to be roughly $2.0 billion in FY 2026, which is excluded from operational spending growth. The State also continues to pay a share of the debt service costs on bond-financed capital projects at SUNY, totaling approximately $636 million in FY 2026.

The Judiciary increases in FY 2026 include funding to support non-judicial staffing initiatives including new court clerks and attorneys, costs associated with four court officer academy classes and increased staffing levels to address case backlogs and provide operational support to various courts. The FY 2026 Enacted Budget also includes funding to support new judgeships, including: ten additional City of New York Civil Court Judges and five additional Court of Claims judges; ten additional City of New York Family Court Support Magistrates, including non-judicial staff supporting these new judges; civil legal services increases; additional funding for various technology initiatives; and expansion of various programs including Alternative Dispute Resolution and Alternatives to Incarceration.

The operating costs for the offices of independently elected officials (Attorney General, Comptroller, and Legislature) are projected to grow by 12.8 percent. This growth is driven by payments for salary increases pursuant to existing contracts, increased staffing, and general salary increases for legislative staff.

The increase in GSCs is primarily a result of an increase in pension obligations as prior year market losses and benefit improvements continue to increase employer contribution rates. The FY 2026 Enacted Budget includes improvements in the retirement benefits for Division of Military and Naval Affairs (DMNA) airport firefighter titles and members of the PBANYS. Health insurance cost increases can be attributed to medical inflation which include the rising costs of prescription drugs. Increases in other fringe benefits and fixed costs can be attributed to higher employer payroll taxes due to the continued growth in the State workforce and current spending trends.

## Debt Service

The State pays annual debt service on all outstanding State-supported debt issuances, which is affected by the prepayment of future debt service costs in prior fiscal years. Adjusting for prepayments, State-related debt service is projected at $6.7 billion in FY 2026, an increase of 8.2 percent from FY 2025.

# OTHER MATTERS AFFECTING THE FINANCIAL PLAN

This section is intended to provide readers with additional information on current issues or pressures that may have financial plan implications and may not otherwise be described in detail elsewhere. The emphasis of this section is on risks to financial projections and management, but it also includes information that provides context for the State's financial operations more broadly. This section includes information on the following topics:

- Federal Government Funding Risks
- Financial Plan Projections
- State Labor Costs
- State Debt
- Localities and Authorities
- Other Risks and Ongoing Concerns

## Federal Government Funding Risks

The amount and composition of Federal funding received by the State fluctuates over time, as legislative and regulatory actions at the Federal level often change. Specific Federal government authority and rules that pose an ongoing risk to the Financial Plan include audits, disallowances, changes to Federal participation rates or other Medicaid rules, discretionary spending reductions, and the expected need for Congress to increase or suspend the debt limit to avoid delaying payments and/or defaulting on debt obligations.

**Debt Limit.** Absent an increase or suspension of the debt limit, a Federal government delay or default on payments, particularly for a prolonged period, could have a materially adverse effect on national and state economies, financial markets, and intergovernmental aid payments. Specific effects on the Financial Plan resulting from a potential Federal government delay in payments or default are unknown and impossible to predict. However, data from past economic downturns suggests that the State's revenue loss could be substantial if a Federal delay in payments or default triggered an economic downturn.

**Federal Aid Reductions.** The Federal government participates in funding a significant portion of programs that provide health care and human services to New Yorkers. Any significant reduction in Federal aid or participation levels could have a materially adverse impact on the Financial Plan.

Health Care. Changes in Federal funding levels or eligibility criteria for public health care programs, including Medicaid, EP, and CHP, could result in a reduction in public health coverage and could negatively impact the Financial Plan. A majority of the State's Medicaid program is operated under a Federal demonstration waiver, which is subject to review by CMS every five years and is currently extended through March 31, 2027. This authorization includes funding for Medicaid Managed Care Programs, Managed Long Term Care programs, and Children's Home and Community-Based Services (HCBS).

Federal Medicaid funding also supports a variety of services, including CDPAP, that permit enrollees to manage and self-direct providers of personal care services. In addition, the State operates the EP under a Federal waiver, which receives Federal subsidies authorized through the ACA. EP enrollment currently provides coverage for lawfully present immigrants not eligible for

Federal financial participation in Medicaid due to their immigration status. Congress is currently considering legislation that would disqualify this population from receiving Federal EP benefits. Those individuals who may qualify to move to the Medicaid program could cost the State approximately $3 billion annually. Similarly, Congress is considering legislation that would penalize states that elect to provide State-funded health care coverage to non-citizens enrolled in the Medicaid, EP and CHP programs through reduced Federal participation for certain Medicaid populations. This penalty, if enacted, could cost the State up to $1 billion annually in the later years of the Financial Plan.

The State is also utilizing a CMS approved three-year, $5.8 billion demonstration waiver through March 31, 2027, to respond to the State's request to address health disparities exacerbated by the COVID-19 pandemic. This funding helps support social, physical, and behavioral health care services throughout the State and requires a total of $1.7 billion in additional State resources, which have been assumed in the Financial Plan over the same period. Given the time limit on the Federal funding, these services are expected to be discontinued at the end of the term absent an extension by the Federal government. Accordingly, there is no State or Federal funding included in the Financial Plan projections beyond the term period.

Human Services. Federal funding supports human services programs that serve the most vulnerable populations, including through SNAP and the Home Energy Assistance Program (HEAP). Congress is currently considering legislation that would shift SNAP program costs to the states effective October 1, 2027. The Federal legislation under consideration would shift an amount in the range of 5 percent to 25 percent of program and administrative expenses to the State. This shift could result in an annual cost of up to $2.1 billion shifted to the State and local districts to maintain these services. In addition, Federal funding through the Office of Refugee Resettlement contributes to the State's response to the migrant crisis, and reductions would threaten the health, well-being, and stability of refugees. The Commission for the Blind uses Federal funds to support mobility training, academic instruction, case management, and vocational training, and a reduction in Federal funds would result in a reduction or elimination of services. The Financial Plan does not include State funding to backfill any Federal reduction to these programs.

Likewise, a reduction in Federal funding from the Child Care Development Funds (CCDF) would reduce the size of the State's annual child care block grant allocations to local districts and result in waitlists for services. The Federal government has approved a State waiver to effect a delay of certain provisions of new CCDF rules for two years through August 1, 2026. However, the waiver could be revoked at the discretion of the Federal government.

Reductions in Federal funding through Title IV-E and IV-B would threaten foster care placements, adoption subsidies, and kinship caregiver supports. Changes to Title XX funding would impact child welfare and domestic violence services. The Office of Children and Family Services (OCFS) receives a variety of Federal grants for child preventive services programs, domestic violence services, adoption incentive programs, and the Chafee Independent Living program. Any reduction in funds would likely result in the reduction or elimination of these programs.

## Financial Plan Projections

The Financial Plan projections and its assumptions are made at a particular point in time and subject to a myriad of risks, including, but not limited to, economic, social, financial, political, public health, and environmental risks and uncertainties. The projections of receipts and disbursements in the Financial Plan are based on reasonable assumptions and data at the time they were prepared. DOB is unable to provide any assurance that actual results will not differ materially and adversely from these projections.

Receipts. State tax collections are economically sensitive and are affected by the condition of the State and national economies, as well as State and Federal tax law changes, and related taxpayer behavior and migration. Uncertainties and risks that may affect the 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 laws and regulations; financial sector compensation; capital gains; and monetary policy affecting interest rates and the financial markets.

The largest component of State tax revenue comes from PIT. Beginning in tax year 2021, the State created three new top PIT rates for taxpayers earning over $2.1 million annually creating a more progressive state income tax system. The top PIT rate is currently 10.9 percent and includes less than 0.1 percent of taxpayers. These rates were previously scheduled to expire at the end of tax year 2027, reverting to a single bracket with a rate of 8.82 percent. The FY 2026 Enacted Budget includes a five-year extension of these three PIT rates through tax year 2032.

Tax Cuts and Jobs Act of 2017 (TCJA). The TCJA made extensive changes to the Federal individual income tax, corporate income taxes, and estate taxes, most of which were effective in tax year 2018. Many provisions of the TCJA are scheduled to expire at the end of 2025, including the $10,000 limit on the deductibility of SALT payments. Congress is currently considering legislation to extend and modify many provisions of the TCJA. It should be noted that PTET and the Employer Compensation Expense Program (ECEP) are independent of the TCJA, not scheduled to sunset, and taxpayer utilization of these programs may continue regardless of changes in Federal policies. However, the Federal government could elect to bar or curtail utilization of these programs in the future, which could impact taxpayer migration and future State tax receipts. The multi-year tax revenue projections assume that eligible taxpayers will continue to utilize the PTET and participate in the ECEP beyond tax year 2025.

The projection of non-tax receipts and other available resources assumes various transactions and outcomes will occur as planned, including, but not limited to: receipt of Federal aid; certain payments from public authorities; revenue sharing payments under the Tribal-State Compacts; and the collection of fines, fees, and other receipts at levels to support operations, offset General Fund costs and enable transfers of available fund balances to the General Fund. It should be noted that General Fund Medicaid and School Aid spending remains sensitive to the performance of dedicated revenue collections, such as HCRA and gaming receipts, used to finance a portion of these program costs.

Disbursements. Projections and timing of disbursements are subject to many of the same risks listed above for receipts, as well as variations from assumptions, policy changes, and future labor agreements which may increase spending, including, but not limited to: the level of wage and benefit increases for State employees; changes in the size of the State's workforce; factors affecting the State's required pension fund contributions; the receipt of Federal approvals necessary to implement the Medicaid savings actions; continued Federal participation in cost sharing for health care and human services programs; unanticipated growth in public assistance programs, including the assumed level of utilization of newly expanded benefits; State payments and assistance to health care facilities and providers beyond the typical rate reimbursement system; enrollment, utilization and availability of funding for certain public health programs; adherence to statutorily limited growth caps; and the ability of the State and its public authorities to issue securities successfully in public credit markets.

Escalating health care costs and industry pressures present fiscal challenges for the State that will need to be addressed to ensure long-term fiscal sustainability of these programs. A summary of these programs and pertinent issues are described in more detail below.

- Public Health Insurance Programs. Recent Medicaid spending growth is largely driven by the expanded utilization of the State's MLTC program and other programs serving seniors and individuals enrolled in both Medicaid and Medicare. These programs currently comprise roughly 60 percent of total Medicaid spending, which is expected to rise to nearly 70 percent by 2028 as the baby boomer population ages. By 2030, 23 percent of the State's population is expected to be over age 65, up from 9 percent in 2000. This is expected to place a substantial amount of pressure on health care funding needs, and as such there can be no assurance that costs will not exceed projections in the later years of the Financial Plan absent savings actions and/or rate reductions.

  Historically, the State has experienced growth in Medicaid enrollment and public assistance caseloads during economic downturns due mainly to increases in unemployment. Most recently, the COVID-19 pandemic caused significant jumps in enrollment and participation in public health insurance programs such as Medicaid, EP, and CHP. Despite recent eligibility redeterminations performed in 2024, the State continues to retain a greater proportion of COVID-19 era enrollees with approximately 9 million public health insurance enrollees driving higher Medicaid costs over the multi-year Financial Plan relative to pre-pandemic levels of enrollment.

- CHP. The State's CHP program is a jointly funded public health program that provides health insurance for children under the age of 19 in families with incomes too high to qualify for Medicaid. Since its inception in 1990, CHP has provided free or subsidized health insurance coverage to thousands of children in New York State, including undocumented children at a 100 percent State cost. Since March 2023, CHP has experienced substantial program growth due to the unwind of individuals from the Medicaid programs. CHP currently covers over 583,000 enrollees, an increase of over 212,000 from two years prior. Similarly, an unanticipated surge in the undocumented population continues to put pressures on the program. Prior to July 2021, growth in the undocumented population was stable and consistent, however, it escalated by 2,000 to 3,000 monthly enrollees between September 2023 and November 2024 before plateauing through the end of FY 2025, resulting in greater State-share impacts. Currently, the State is covering over 140,000 undocumented children, an increase of roughly 75,000 enrollees from January 2020, representing 25 percent of total CHP enrollees. Undocumented children account for 50 percent of unfunded non-Federal program costs and have consistently accounted for more spending than the remaining CHP population, which is eligible to receive a 65 percent Federal match. Further growth in this population will increase State costs above current projections.

- Hospital Assistance. The State provides a substantial amount of supplemental funding to private and not-for-profit hospitals beyond traditional Medicaid reimbursement rates, which include payments through various programs and grants, including the Vital Access Provider Assurance Program (VAPAP), Vital Access Provider (VAP) Program, Graduate Medical Education Incentive Program, and various other programs. Currently, 75 of 261 New York hospitals (29 percent) are deemed financially distressed – a 200 percent increase from FY 2017 through FY 2025 that has driven a concomitant 504 percent increase in Federal/State fiscal assistance to these entities. Many hospitals responsible for supporting medical needs in underserved communities across the State, including those with higher rates of uninsured individuals and government payor mix, were further stressed financially due to the pandemic. Despite hospitals in the State receiving roughly $11 billion in COVID-19 pandemic related assistance from the Federal government, many continue to rely on and expect ongoing supplemental State assistance.

  Extraordinary Federal pandemic assistance was provided directly to hospitals and expired in 2022. Since then, the State has provided substantial targeted funding to certain facilities above the longstanding baseline annual hospital assistance of $984 million provided in aggregate to all hospitals statewide. Since FY 2023, the State has provided $1.8 billion in supplemental State support to hospitals: $800 million in FY 2023, of which $100 million was added to the recurring base support; and $500 million in both FY 2024 and FY 2025. The FY 2026 Enacted Budget provides another $500 million in new support and over $800 million in additional funding through FY 2028 in State support associated with the Safety Net Transformation program to fund projects and partnerships to promote financial sustainability of provider systems, subject to approval.

  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, including employment opportunities and sustainability, creates the potential for increased cost pressure within the Financial Plan should the State continue to provide supplemental payments to hospitals. There can be no assurance that the State will not continue to commit to additional funding, as many facilities, including those which are not currently fiscally distressed, continue to seek State financial support.

- CDPAP. New York's CDPAP allows Medicaid enrollees that are determined eligible for personal care services to select their own caregiver, which can include friends or family members. Utilization of CDPAP grew by 1,200 percent since 2016, and State costs were expected to continue to escalate at unsustainable levels. In response to this expansion, hundreds of for-profit private businesses, known as Fiscal Intermediaries (FIs), have emerged that provide payroll functions and administrative support for an administrative fee that is paid by the Medicaid program. Nearly all other States with CDPAP programs utilize one or only a few FIs to limit administrative costs and prudently use taxpayer funds. The State is in the process of finalizing its transition to a single FI administrator, consolidating the administrative and payroll functions from hundreds of existing FIs to administer the program in a more cost-effective manner. There is no change to care or services authorized and available through the CDPAP or any disruption to care expected.

- Statutory Growth Caps for School Aid and Medicaid. Beginning in FY 2012, the State enacted spending growth caps intended to limit the year-to-year growth in the State's two largest assistance and grants programs, School Aid and Medicaid. Both caps, as well as the scope of the cap for Medicaid, have been modified since initial implementation and have been impacted by administrative and other actions over the past several years.

  The **School Aid** growth cap limits growth to the annual growth in State Personal Income, as calculated in the Personal Income Growth Index (PIGI). The statutory PIGI for School Aid is based on the average annual income growth over a ten-year period. However, the authorized School Aid increases have exceeded the indexed levels in most years since its inception. Recent School Aid increases in SY 2022 through SY 2024 substantially exceeded the PIGI, due to the State's commitment to phase in full funding of the Foundation Aid formula. The final year of this phase-in was completed in SY 2024, driving an annual increase of $3.1 billion (9.7 percent) compared to the indexed PIGI rate of 4.2 percent. The increase in State funded School Aid for SY 2025 of $1.4 billion (4.1 percent) was slightly above the indexed PIGI rate of 3.7 percent. The Enacted Budget includes a School Aid increase for SY 2026 of $1.7 billion (4.9 percent), driven largely by a $1.4 billion (5.7 percent) increase in Foundation Aid. This increase is above the indexed PIGI rate of 4.5 percent.

  The Financial Plan projections for SY 2027 and beyond assume that School Aid growth will be based on estimated growth in Foundation Aid and expense-based aids and that growth will be below the PIGI rate.

- Nearly three-quarters of **DOH State Funds Medicaid** spending growth is subject to the Global Cap that is intended to establish a limit for Medicaid growth. The amount of State-share Medicaid spending excluded from the Global Cap continues to increase and includes supplemental hospital payments, costs for the takeover of Medicaid growth from local governments, reimbursement to providers for increased minimum wage costs, and investments made from HSF. Prior to FY 2023, the Global Cap was calculated using the ten-year rolling average of the medical component of CPI for all urban consumers and thus allowed for growth attributable to increasing costs, though not increasing utilization. To accommodate growth in utilization, beginning in FY 2023 the Global Cap was amended to be calculated using the five-year rolling average of health care spending, using projections from the CMS Actuary. The CMS Actuary updates the projections annually and DOB incorporates the revisions into the multi-year forecast with the Enacted Budget, as applicable. The new Global Cap index added a substantial amount of allowable Medicaid growth – over $23 billion covering the six-year period from FY 2023 through FY 2029.

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 that 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.

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, the General Fund has provided relief to the Global Cap and DOH has taken management actions, including adjustments to the timing of Medicaid payments consistent with contractual terms, to ensure compliance with the Global Cap. Similarly, in response to initial delays in the Federal approval of planned FY 2022 through FY 2024 Managed Care Directed Payment Template (DPT), the State advanced payments of over $2.2 billion in State-only payments to certain providers to help them cover their immediate cash flow needs. These advanced payments are expected to be remitted to the State by the providers upon their receipt of federally approved DPT funds. While all prior year Federal approvals have been granted with respect to these DPT funds, approximately $1.3 billion in provider reimbursements to the State are in various phases of the administrative remittance process. Pursuant to the existing reimbursement structure, DOH assumed full remittance of the advances in FY 2025; however, due to an inability by certain hospitals to repay advances resulting from a continuing erosion of their financial solvency, the General Fund provided relief to the Global Cap at the end of FY 2025 through the Mental Hygiene Stabilization Fund and spread repayments over several years.

- Medical Indemnity Fund (MIF). The MIF was created in 2011 and is administered by DOH to provide for the future health care costs of individuals who suffered birth-related neurological injuries because of medical malpractice during delivery. The purpose of the MIF is to ensure qualified plaintiffs have their health care needs met throughout their lifetime and to protect hospitals by limiting their liabilities for medical malpractice expenses. The costs are supported partially through an assessment on hospitals with the balance funded by the State. To date, the State has provided $717 million in funding for the MIF and another $211 million planned in FY 2026. In 2017, rates were increased, and eligibility expanded to births occurring at non-hospital facilities. Services covered by the MIF are expansive and can include medical, dental, surgical, hospital, nursing, custodial, and rehabilitative care.

  Pursuant to law, if the MIF's total estimated liabilities reach or surpass 80 percent of its total assets, then the MIF will be closed to new enrollment to maintain solvency. The FY 2026 Enacted Budget includes provisions to maintain MIF solvency and allow the program to remain open to new enrollees through FY 2026. However, due to increased enrollment, escalating average medical costs per enrollee, and legislatively mandated average commercial reimbursement requirements, which are in place until December 31, 2025, the MIF is expected to reach the threshold for closure to new enrollees sometime in FY 2027. Absent policy changes to require hospitals and providers to provide additional funding to the MIF and/or program reforms, additional State funding would be needed to prevent the potential closure of the MIF to new enrollees. If closed to new enrollees, those who would have been considered qualified plaintiffs and automatically enrolled in the MIF will instead be able to seek legal recourse against hospitals and physicians.

- Litigation Risk. The Financial Plan forecast is subject to litigation risk. Litigation against the State may challenge the constitutionality of various actions with fiscal implications. In the aggregate, these litigation matters could negatively affect the forecasts and projections contained in the Financial Plan.

- Financial Plan Risk Management. In developing the Financial Plan, DOB attempts to mitigate financial risks, 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. Such resources include but are not limited to: fund balances that are not needed each year; management of the timing of reimbursement for capital advances; and prepayment of expenses, subject to available resources, to maintain budget flexibility. 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 expenses. There is no guarantee that such financial resources or cash management actions will be sufficient to address risks that may materialize in a given fiscal year.

  In addition, 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 may be required to take gap-closing actions to preserve General Fund balance. 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 FY 2026 Enacted Budget includes provisions designed to maintain a balanced budget that authorize the Budget Director to reduce payments subject to a plan submitted to the Legislature for review, in the event of a General Fund imbalance exceeding $2 billion.

## State Labor Costs

All State labor unions are now covered by a ratified contract through the end of FY 2026.

**STATE UNION LABOR CONTRACTS**

| | Contract Period | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 |
|---|---|---|---|---|---|---|
| CSEA | FY 2022 - FY 2026 | 2% | 2% | 3% | 3% | 3% |
| PEF | FY 2024 - FY 2026 | 2% | 2% | 3% | 3% | 3% |
| NYSCOPBA | FY 2024 - FY 2026 | 2% | 2% | 3% | 3% | 3% |
| PBANYS | FY 2024 - FY 2026 | 2% | 2% | 3% | 3% | 3% |
| UUP (SUNY) | AY 2023 - AY 2026 | 2% | 2% | 3% | 3% | 3% |
| DC-37 | FY 2024 - FY 2026 | 2% | 2% | 3% | 3% | 3% |
| Council 82 | FY 2024 - FY 2026 | 2% | 2% | 3% | 3% | 3% |
| NYSTPBA | FY 2024 - FY 2026 | 2% | 2% | 3% | 3% | 3% |
| NYSPIA | FY 2024 - FY 2026 | 2% | 2% | 3% | 3% | 3% |
| GSEU | AY 2024 - AY 2026 | 2% | 2% | 3% | 3% | 3% |

The State expects to continue to engage with unions to discuss future agreements for FY 2027 and beyond; however, there can be no assurance that amounts informally reserved in the Financial Plan for future operational needs will be available or sufficient to fund the cost of future labor contracts.

**Employee Pension Benefits.**[8] The State makes annual contributions to the New York State and Local Retirement System (NYSLRS) for employees in the New York State and Local Employees' Retirement System (ERS) and Police and Fire Retirement System (PFRS). This section discusses contributions to the NYSLRS, which account for most of the State's pension costs.[9] All projections are based on estimated market returns and numerous actuarial assumptions which, if unrealized, could have a materially adverse effect on these projections.

New York State Retirement and Social Security Law (RSSL) Section 11 directs NYSLRS to provide regular reports on the System's 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 (CRF) 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 September 2024.

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

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

On September 3, 2024, NYSLRS announced an increase in employer contribution rates for both ERS and PFRS which will impact expenses in FY 2026. The average employer contribution rate for ERS increased from 15.2 percent to 16.5 percent of payroll, which is the highest level since FY 2016. The average employer contribution rate for PFRS increased from 31.2 percent to 33.7 percent of payroll, which is the highest level since FY 1980. The increase is driven by recent enhancements to the retirement benefits for Tier 6 members, as well as prior year market losses in the CRF and a higher-than-expected number of service retirements. Since FY 2022, NYSLRS has utilized an 8-year smoothing methodology to reduce volatility in the employer contribution rates. Since then, market losses in FY 2023 have negated the gains in FY 2022 and FY 2024, resulting in a net increase in contribution rates. The table below shows the CRF investment experience and the smoothing period for each year's returns.

**COMMON RETIREMENT FUND INVESTMENT RETURNS EFFECT ON RATES**

| | CRF Return | Annual Change in Rate | | Smoothing Period | |
|---|---|---|---|---|---|
| | | ERS | PFRS | Start Date | End Date |
| FY 2022 | 9.5% | -0.3% | -0.3% | FY 2024 | FY 2031 |
| FY 2023 | -4.4% | 1.1% | 1.2% | FY 2025 | FY 2032 |
| FY 2024 | 11.6% | -0.5% | -0.6% | FY 2026 | FY 2033 |

As a result of the increases in the employer contribution rates, participants in the Contribution Stabilization Program will have the option to amortize a portion of their FY 2026 ERS and PFRS liability over a period of ten years. The amounts eligible for amortization are to be determined by the System's Actuary and will be reflected in the employer's estimated bill. The Financial Plan does not currently assume the State will amortize its pension liability.

In FY 2024 and FY 2025, the State prepaid pension obligations which were due the following fiscal year to generate interest savings. The State expects to continue to prepay this expense as fiscal conditions permit.

The Comptroller does not forecast pension liability estimates on a multi-year basis, requiring DOB to forecast cost for the three outyears. DOB's multi-year pension forecast assumes growth in the salary base consistent with collective bargaining agreements and a lower rate of return compared to the current rate of return assumed by NYSLRS.

The FY 2026 Enacted Budget includes legislation that enhances retirement benefits for certain groups of first responders and officers. Firefighters employed by DMNA will be eligible for a retirement benefit equal to 50 percent of Final Average Salary (FAS) after twenty-five years of service. A new 20-year and 25-year retirement plan is established for members of PBANYS which includes State Park Police, Department of Environmental Conversation (DEC) Police, DEC Forest Rangers, and SUNY Police. The costs of these retirement enhancements are reflected in the Financial Plan and are estimated to be $42 million in FY 2026 (inclusive of a past service cost of nearly $41 million) and over $1 million each year thereafter.

Pension 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 that exceed a fixed increase. 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 State currently has no outstanding pension amortization liability. The FY 2024 Enacted Budget included legislation to allow public employers the option to terminate participation in the program provided they have paid in full all prior year amortizations. The State currently has no plans to withdraw from the program.

The following table reflects projected pension contributions exclusively for the Executive branch and Judiciary employers participating in ERS and PFRS.

**EMPLOYEE RETIREMENT SYSTEM AND POLICE AND FIRE RETIREMENT SYSTEM PENSION CONTRIBUTIONS**

**(millions of dollars)**

| | Statewide Pension Payments[1] | | | Rates for Determining Amortization Amount / Excess Contributions | | | |
|---|---|---|---|---|---|---|---|
| | | | | System Average Normal Rate[2] | | System Average Graded Rate | |
| Fiscal Year | Normal Costs | (Amortization Amount) / Excess Contributions | Total Statewide Pension Payments | ERS (%) | PFRS (%) | ERS (%) | PFRS (%) |
| 2026 | 2,588.4 | 0.0 | 2,588.4 | 16.5 | 33.7 | 15.1 | 29.4 |
| *DOB Projections[3]* | | | | | | | |
| 2027 | 2,998.1 | 0.0 | 2,998.1 | 18.0 | 35.0 | 16.1 | 30.4 |
| 2028 | 3,478.1 | 0.0 | 3,478.1 | 19.5 | 37.0 | 17.1 | 31.4 |
| 2029 | 3,928.1 | 0.0 | 3,928.1 | 21.0 | 39.7 | 18.1 | 32.4 |

[1] Pension Contribution values in this table do not include costs related to the ORP, VDC, and TRS for SUNY and SED, which are included in pension costs in other Financial Plan tables. State payments are recorded on a cash basis based on the fiscal year in which the payment was made. Beginning FY 2024, the State began to prepay the subsequent year ERS/PFRS pension liability due on March 1.

[2] The System average rate represents the average normal contribution rate over all retirement plans in each system for a given fiscal year. It is calculated by dividing the total normal contributions by the total billable salary from all participating employers in a system for the fiscal year.

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

The "Normal Costs" column reflects 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 "Total Statewide Pension Payments" column is the State's actual or planned pension contribution, including amortization and excess contributions.

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 is not required to provide funding above the Pay-As-You-Go (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 State has deposited over $1.7 billion to the Retiree Health Benefit Trust Fund (RHBTF) which was created in FY 2018 as a qualified trust under Governmental Accounting Standards Board Statements (GASBS) No. 74 and is authorized to reserve money for the payment of health benefits of retired employees and their dependents. The RHBTF is a Fiduciary Fund and is excluded from All Governmental Funds. Under current law, the State may deposit into the RHBTF, in any given fiscal year, up to 1.5 percent of the total then-current unfunded actuarial accrued OPEB liability ($56.7 billion on March 31, 2024). The Financial Plan includes a continued $250 million annual deposit to the RHBTF that will be dependent on fiscal conditions.

## State Debt

**Bond Market and Credit Ratings.** Successful execution of the Financial Plan is dependent on the State's ability to market bonds. The State pays for much of its capital spending, in the first instance, from the General Fund or STIP, and then reimburses itself 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. Future developments in the financial markets, including possible changes to the Internal Revenue Code 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, KBRA, 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.

**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, with certain limited exceptions for long-lived Metropolitan Transportation Authority (MTA) projects, generally limits the maximum term of bonds to 30 years. The Debt Reform 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 2024).

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, a total of $13 billion of State-supported debt issued in FY 2021 and FY 2022 and outstanding as of March 31, 2025, is not counted towards the statutory caps on debt outstanding and debt service.

Current projections anticipate that State-supported debt outstanding and State-supported debt service will continue to remain below the limits imposed by the Debt Reform Act. 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 $26.2 billion in FY 2025 to a low point of $503 million in FY 2030. 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 $3.1 billion in FY 2026 inclusive of prior year prepayments, or roughly $9.3 billion below the statutory debt service limit.

| DEBT OUTSTANDING SUBJECT TO CAP (millions of dollars) | | | | | | | | TOTAL STATE-SUPPORTED DEBT (millions of dollars) | |
|---|---|---|---|---|---|---|---|---|---|
| Year | Personal Income | Cap % | Cap $ | Debt Outstanding Included in Cap [1] | $ Remaining Capacity | Debt as a % of PI | % Remaining Capacity | Debt Outstanding Excluded from Cap | Total State-Supported Debt Outstanding |
| FY 2025 | $1,703,276 | 4.00% | 68,131 | 41,964 | 26,167 | 2.46% | 1.54% | 13,903 | 55,867 |
| FY 2026 | $1,778,144 | 4.00% | 71,126 | 50,169 | 20,957 | 2.82% | 1.18% | 13,624 | 63,793 |
| FY 2027 | $1,835,579 | 4.00% | 73,423 | 59,732 | 13,691 | 3.25% | 0.75% | 13,609 | 73,341 |
| FY 2028 | $1,905,350 | 4.00% | 76,214 | 68,570 | 7,644 | 3.60% | 0.40% | 13,774 | 82,344 |
| FY 2029 | $1,981,319 | 4.00% | 79,253 | 76,798 | 2,455 | 3.88% | 0.12% | 13,771 | 90,569 |
| FY 2030 | $2,059,883 | 4.00% | 82,395 | 81,892 | 503 | 3.98% | 0.02% | 13,188 | 95,080 |

| 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 2025 | $248,986 | 5.00% | 12,449 | 2,487 | 9,962 | 1.00% | 4.00% | 3,704 | 6,191 |
| FY 2026 | $249,225 | 5.00% | 12,461 | 3,121 | 9,340 | 1.25% | 3.75% | 3,577 | 6,698 |
| FY 2027 | $252,456 | 5.00% | 12,623 | 3,838 | 8,785 | 1.52% | 3.48% | 3,750 | 7,588 |
| FY 2028 | $249,811 | 5.00% | 12,491 | 5,166 | 7,325 | 2.07% | 2.93% | 2,847 | 8,013 |
| FY 2029 | $256,393 | 5.00% | 12,820 | 7,467 | 5,353 | 2.91% | 2.09% | 1,141 | 8,608 |
| FY 2030 | $262,108 | 5.00% | 13,105 | 7,762 | 5,343 | 2.96% | 2.04% | 857 | 8,619 |

[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.

In the FY 2026 Enacted Budget, the State included new bond-financed capital commitments that add $2.4 billion in new debt over the five-year Capital Plan period. The capital spending increases are offset by greater underspending on capital projects than previously assumed, as well as changes in the size and timing of future bond issuances and bond sale results to date. The FY 2026 Enacted Budget personal income forecast provides a short term benefit to debt capacity but reduces capacity by $551 million by FY 2030. The State may adjust capital spending priorities and debt financing practices from time to time to preserve available debt capacity and stay within the statutory limits, as events warrant.

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

| | FY 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected | FY 2030 Projected |
|---|---|---|---|---|---|---|
| **Executive Budget** | **25,105** | **19,335** | **12,279** | **7,069** | **2,860** | **441** |
| Personal Income Forecast Update | 340 | 441 | (134) | (355) | (447) | (551) |
| Capital Adds | 0 | (122) | (775) | (1,544) | (2,049) | (2,410) |
| Bond Sales & Other Adjustments | 722 | 753 | 632 | 504 | 372 | 810 |
| Capital Re-estimates | 0 | 550 | 1,689 | 1,970 | 1,719 | 2,213 |
| **Enacted Budget** | **26,167** | **20,957** | **13,691** | **7,644** | **2,455** | **503** |

[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

The State's localities and certain public authorities rely in part on State financial assistance to meet their commitments and expenses. Unanticipated financial needs among localities and the MTA can create pressure for the State to assist and may adversely affect Financial Plan projections.

**Financial Condition of New York State Localities.** The largest driver of costs for most counties is Medicaid; however, the State has taken over all the growth in the program since FY 2007 and funds the entire cost of minimum wage and homecare wage increases. In addition, certain localities outside the City of New York, including cities and counties, have experienced financial problems, and have been allocated additional State assistance during the last several State fiscal years. The Financial Restructuring Board for Local Governments (the "Restructuring Board") aids distressed local governments by performing comprehensive reviews and providing 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 City of New York metropolitan area, including subways, buses, commuter rail, and tolled vehicle crossings. The services provided by the MTA and its operating agencies are integral to the economy of the City of New York 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 the City of New York. MTA Capital Plans also rely on significant direct contributions from the State and the City of New York.

MTA Capital Plans. The FY 2026 Enacted Budget provides funding for the MTA's 2025-2029 Capital Plan. The Budget includes $4.2 billion in direct State contributions, of which $3 billion is from a new appropriation and $1.2 billion is from repurposing an existing Penn Station appropriation. Additionally, the Budget includes adjustments to the MCTMT that are anticipated to generate an estimated $31.5 billion for the 2025-2029 Capital Plan.

The State is also directly contributing $9.1 billion to the MTA's 2015-2019 Capital Plan and $3.1 billion to the MTA's 2020-2024 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, including $15 billion from congestion pricing revenues.

New York's Central Business District Tolling Program (CBDTP) was implemented in Manhattan on January 5, 2025, following the entry of an agreement, dated November 21, 2024, by and among the Federal Highway Administration (FHWA), NYS Department of Transportation, NYC Department of Transportation, and the Triborough Bridge and Tunnel Authority (TBTA), approving CBDTP under the Federal Value Pricing Pilot Program (the VPPP Agreement). On February 19, 2025, the U.S. Department of Transportation (US DOT) delivered a letter to Governor Kathy Hochul asserting its intent to terminate the VPPP Agreement and rescind FHWA's approval of the CBDTP. In response, the TBTA and MTA filed a complaint in the U.S. District Court for the Southern District of New York seeking, among other legal remedies, an order vacating US Department of Transportation (DOT's) purported termination which was undertaken in violation of the terms of that agreement, and in excess of the Department's authority. The TBTA and MTA have stated they will continue operation of the CBDTP absent a valid court order.

<u>Other State Actions.</u> The COVID-19 pandemic caused severe declines in MTA ridership and traffic in 2020, and ridership remains significantly below pre-pandemic levels. In the FY 2024 Enacted Budget, the State took substantial action to provide the MTA with additional operating revenues dedicated to help solve the MTA's fiscal crisis. This included an increase in the MCTMT in the City of New York, a one-time State subsidy of $300 million, an increase in the City of New York's contribution to the MTA for the costs of paratransit services and directing a portion of future casino revenues, the timing of which is uncertain, to the MTA.

Risks to the MTA 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 Financial Plan.

## Other Risks and Ongoing Concerns

**Climate Change.** Climate change poses significant threats to physical, biological, and economic systems in New York and around the world. The immediate and long-term effects of climate change could adversely impact the Financial Plan in the current year or in future years. Climate change risks also increasingly fall within the maximum maturity term of current outstanding bonds of the State, which may generally be issued with a term of up to 30 years under State statute, as well as bonds issued by public authorities and municipalities. 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, wildfires, and more extreme heat.

Powerful storms affecting the State, including Hurricane Ida (September 2021), Superstorm Sandy (October 2012), Tropical Storm Lee (September 2011), and Hurricane Irene (August 2011), and more recently flooding in 2024 due to the remnants of Hurricane Beryl and Tropical Storm Debby 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.

To mitigate and manage the impacts of climate change, all levels of government, including municipalities and public utilities, continue to undertake a variety of actions to reduce greenhouse gas emissions and adapt existing infrastructure to the changing environment. However, given the size and scope of potential disruptions, there can be no assurance that such efforts will be adequate or timely enough to mitigate the most damaging effects of climate change.

In 2019, New York enacted the Climate Leadership and Community Protection Act (CLCPA). The CLCPA set the State on a path toward reducing statewide greenhouse gas emissions by 85 percent below the 1990 level by 2050; and a plan to fully transition its electricity sector to zero emissions by 2040. Several factors may impact the ability to achieve these goals and directives, and, therefore, no assurances can be made that such objectives will be met.

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 in December 2022. In response, New York is working to develop an affordable and effective cap-and-invest program that will drive emissions reductions across all regions of the State, while maintaining the competitiveness of New York businesses and industries. Pursuant to the CLCPA, DEC is required to promulgate rules and regulations to ensure the State meets the CLCPA's statewide greenhouse gas emission limits. DEC has already adopted a variety of regulations to help meet this objective, which will play a key role in New York's overall policies aimed at reducing greenhouse gas emissions across the State.

New York's electricity system is already part of a regional cap-and-invest program: the Regional Greenhouse Gas Initiative (RGGI). Since RGGI began operation in 2008, the program has helped reduce greenhouse gases from power plants by more than half and raised over $2.7 billion to support cleaner energy solutions in New York and over $9.0 billion collectively amongst participating states.

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. Realization of these actions and their intended outcomes is contingent upon successful implementation, and, therefore, no assurances can be made that such actions will be realized as planned. Major actions include:

- Making a $1 billion capital investment in the FY 2026 Enacted Budget to lower building emissions, advance clean transportation and build renewable energy projects.

- Authorizing the New York Power Authority to plan, design, develop, finance, construct, own, operate, maintain, and improve renewable energy generating projects.

- Prohibiting building systems and/or equipment that burn fossil fuels in new construction starting December 31, 2025, for any new building seven stories or lower, except large commercial and industrial buildings, and December 31, 2028 for other new buildings.

- 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.

- Providing direct financial investment to school districts and private transportation contractors for the purchase or lease of zero-emission school buses – to facilitate compliance with the State's 2027 deadline, with full fleet conversion and operation of zero-emission school buses required by July 1, 2035.

- Signing the Climate Change Superfund Act in December 2024, which will require companies that have contributed significantly to the buildup of climate-warming greenhouse gases in the atmosphere to pay for critical infrastructure investments to adapt to climate change.

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 is actively being implemented and is supporting substantial 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.

Cybersecurity. The 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, but not limited to, hacking, viruses, ransomware, malware and other attacks on computers and other networks and systems. Entities or individuals may attempt to gain unauthorized access to the State's technology environment 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 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, standards, programs, and services relating to the security of State government networks. The CISO is responsible for annually assessing the effectiveness of certain State agencies' cybersecurity defenses through the Nationwide Cybersecurity Review. In addition, the CISO maintains the New York State Cyber Command Center team, which possesses digital forensics capabilities, and manages cyber incident reporting and response. The CISO also distributes real-time advisories and alerts, provides managed security services, and implements Statewide information security awareness training.

The State has also developed partnerships with local governments to better address cybersecurity threats. In February 2022, the Governor announced the creation of an information-sharing partnership, the Joint Security Operations Center (JSOC). The JSOC is a partnership between the State and the cities of Albany, Buffalo, the City of New York, Rochester, Syracuse, and Yonkers. The JSOC combines local, State, and Federal cyber threat information in order 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 2026 Enacted Budget continues to invest in New York's Shared Services Program, which helps county and 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 successful at preventing future cyber threats and attacks. Successful attacks could adversely impact the State, including disrupting business operations, harming State networks and systems, and damaging State and local infrastructure; and the costs of remediation and recovery 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 the Department of Financial Services (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.

# ECONOMICS AND DEMOGRAPHICS

The demographic and statistical data in this section, which have been obtained from the sources indicated, do not represent all factors that may have a bearing on the State's fiscal and economic affairs. Further, such information requires economic and demographic analysis to assess its significance and may be interpreted differently by individual experts. Note that the economic and demographic analyses in this section form the basis of the overall economic forecast and receipts projections incorporated into this AIS and are updated as of the time those projections were prepared.

## Economic Outlook

As the State entered the new fiscal year, the U.S. economy appeared to be heading into stagflation conditions – a period during which inflation remains elevated while economic growth slows to a pace below its long-run trend. This represents a shift from recent U.S. economic performance. After robust growth during the second half of 2024, U.S. real GDP contracted by 0.2 percent in the first quarter of 2025. This contraction was driven by a surge of imports in response to anticipated tariff hikes which, without a corresponding increase in exports, increases the trade deficit. It is not indicative of an imminent decline in economic activity. Healthy growth in domestic final sales, which is the sum of personal consumption expenditures and gross private fixed investment, suggests economic output remained resilient. National employment growth remained strong, and the unemployment rate was relatively low at 4.2 percent in May 2025. Price inflation continued moderating towards the Federal Reserve's 2.0 percent target with a slight uptick in May 2025.

Looking ahead, concerns about Federal economic policy related to tariffs and Federal spending have led to downgraded economic scenarios for 2025 and 2026. Forward-looking indicators related to consumer and business sentiments suggest a growing pessimism about the economy, alongside rising inflation expectations. Economic data published by Federal statistical agencies on output, employment, income, and prices are lagged in providing insights into the economic situation in the current quarter. As of May 2025, Federal economic data have yet to show significant deterioration in the economy.

Once domestic final sales pay back earlier gains made in the first quarter due to purchases prompted by the coming tariffs, economic growth is poised to slow in the remainder of 2025. Meanwhile, trade policy is still evolving, so the size and timing of the policy changes and their ultimate economic implications remain unknown. DOB's baseline economic outlook expects tariff hikes and corresponding retaliation by trading partners will push up the prices of goods and weigh on consumer spending, business investment, imports, and exports; however, the U.S. economy is not expected to fall into a recession. The baseline forecast also assumes an extension of the 2017 TCJA beyond 2025 and a more restrictive immigration policy that will reduce national labor supply growth. Meanwhile, business investment, particularly productivity-enhancing tech investment, may be buoyed under the corporate tax cuts that were already a part of the TCJA, partially offsetting the negative impact from tariffs on investment.

On balance, U.S. real GDP growth is forecast to slow from an average pace of 2.8 percent in 2024 to 1.2 percent in 2025 and 1.3 percent in 2026, below its long-term potential growth.[10] Meanwhile, price inflation will rise and remain above the Federal Reserve's target inflation rate following the expected tariff hikes and tax cuts. The Federal Reserve is expected to resume its rate cuts in the second half of 2025 to support potential weakening in consumer spending, residential and business investment, as well as employment and income gains.

In line with broader national trends of slowing economic momentum, a cooling labor market, and heightened uncertainty due to Federal tariffs and immigration policies, New York State's employment growth is expected to decelerate to 0.6 percent in 2025 from a robust 1.6 percent rate in 2024. Job growth is projected to slow down further to just 0.3 percent in 2026 due to the softening national economy and ongoing labor shortages. This suggests employment growth will be at its weakest pace since 2011, excluding the pandemic-led decline in 2020.

The slowdown in job growth is expected to suppress personal income growth. State personal income is forecast to grow by 3.5 percent in FY 2026, down from an estimated 5.4 percent in FY 2025. This deceleration is attributed to the slower wage growth during the economic slowdown. As bonus growth declines and the labor market weakens, State wage growth is projected to slow to 2.4 percent in FY 2026. Looking ahead, a modest recovery in the national economy is anticipated to provide tailwinds to New York State's personal income outlook after FY 2026. In FY 2027, State personal income and wage growth rates are expected to return to average rates seen before the pandemic recession and grow by 3.7 percent and 3.6 percent, respectively, supported by improved financial conditions and a stabilized growth rate of bonus payouts despite relatively low employment growth.

[10] DOB's U.S. economic forecast incorporates the first estimate of 2025 first-quarter GDP, the personal income and outlays estimates for April 2025, the CPI report for April 2025, and the initial estimate of employment for April 2025. DOB's New York State forecast incorporates the last quarter of 2024 personal income by state data and Quarterly Census of Employment and Wages (QCEW) data.

| ECONOMIC INDICATORS FOR THE UNITED STATES (Calendar Year) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 [1] |
|---|---|---|---|---|---|---|
| Gross Domestic Product | | | | | | |
| Nominal ($ billions) | $21,354.1 | $23,681.2 | $26,006.9 | $27,720.7 | $29,184.9 | $30,413.8 |
| Percent Change | (0.9) | 10.9 | 9.8 | 6.6 | 5.3 | 4.2 |
| Real (billions of 2017$) | $20,267.6 | $21,494.8 | $22,034.8 | $22,671.1 | $23,305.0 | $23,592.3 |
| Percent Change | (2.2) | 6.1 | 2.5 | 2.9 | 2.8 | 1.2 |
| Personal Income | | | | | | |
| ($ billions) | $19,620.1 | $21,419.5 | $22,088.9 | $23,402.5 | $24,658.3 | $25,763.4 |
| Percent Change | 6.8 | 9.2 | 3.1 | 5.9 | 5.4 | 4.5 |
| Nonfarm Employment | | | | | | |
| (millions) | 142.2 | 146.3 | 152.5 | 155.9 | 158.0 | 159.6 |
| Percent Change | (5.8) | 2.9 | 4.3 | 2.2 | 1.3 | 1.0 |
| Unemployment Rate (%) | 8.1 | 5.4 | 3.6 | 3.6 | 4.0 | 4.4 |
| Consumer Price Index | | | | | | |
| (1982-84=100) | 258.9 | 271.0 | 292.6 | 304.7 | 313.7 | 323.3 |
| Percent Change | 1.3 | 4.7 | 8.0 | 4.1 | 3.0 | 3.1 |

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

[1] As projected by DOB, based on National Income and Product Account, employment and CPI data released through April 2025.

| ECONOMIC INDICATORS FOR NEW YORK STATE (State Fiscal Year) | 2021 | 2022 | 2023 | 2024 | 2025 [1] |
|---|---|---|---|---|---|
| Personal Income | | | | | |
| ($ billions) | $1,466.4 | $1,491.9 | $1,544.0 | $1,636.7 | $1,723.4 |
| Percent Change | 8.5 | 1.7 | 3.5 | 6.0 | 5.3 |
| Nonfarm Employment | | | | | |
| (thousands) | 8,329.5 | 8,920.6 | 9,308.3 | 9,474.9 | 9,621.6 |
| Percent Change | (12.6) | 7.1 | 4.3 | 1.8 | 1.5 |
| Wages | | | | | |
| ($ billions) | $711.6 | $800.1 | $841.0 | $877.1 | $932.9 |
| Percent Change | (2.0) | 12.4 | 5.1 | 4.2 | 6.4 |
| Unemployment Rate (NSA, %) | 10.9 | 6.2 | 4.1 | 4.1 | 4.2 |

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

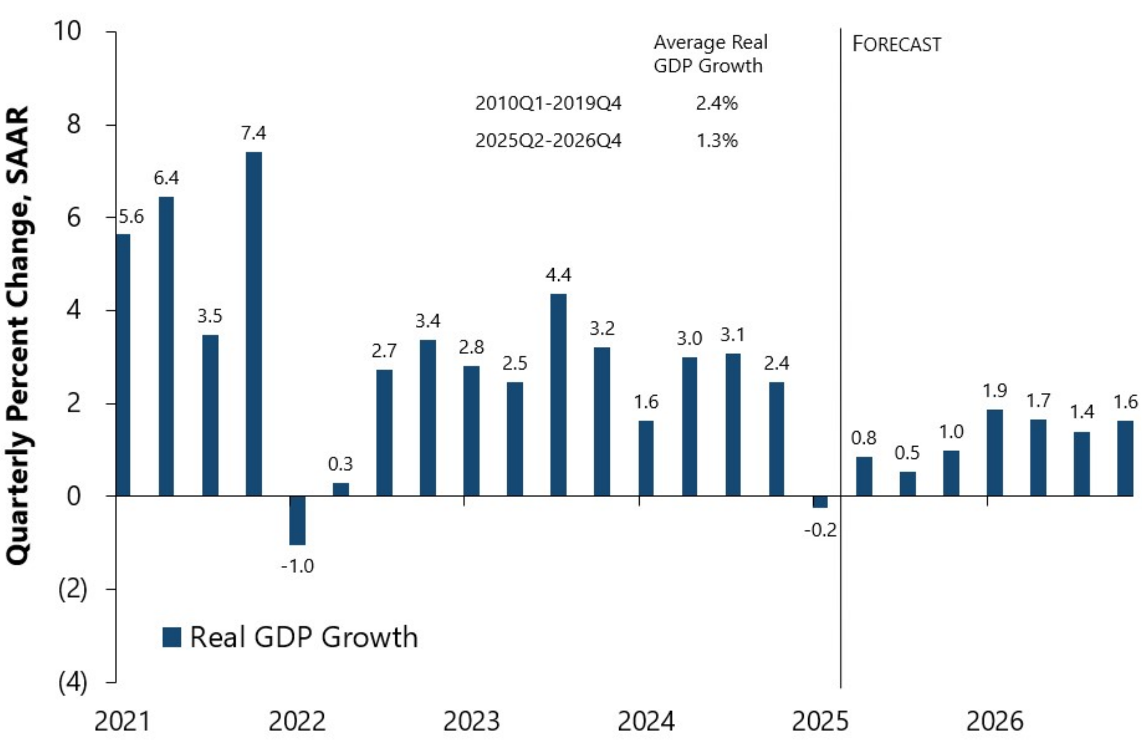
[1] As projected by DOB, based on National Income and Product Account and employment data released through April 2025.

## Real Output Growth

The first-quarter contraction in real GDP is not expected to be the start of a sustained downturn, but the result of a sudden change in trade policy that boosted imports. As retailers filled their shelves and firms stockpiled industrial supplies (i.e., intermediate inputs) ahead of tariff hikes, real net exports subtracted 4.9 percentage points from the first quarter GDP growth. Such a large drag on real output from net exports is not expected to recur after tariffs increase. However, the front-run purchases and built-up inventories could weigh down consumer spending and business investment in the coming quarters. Meanwhile, Federal spending cuts and layoffs are expected to shrink government spending. Therefore, real GDP growth is expected to be muted, albeit still positive, over the remainder of the year.

DOB forecasts real GDP growth to decelerate to 1.2 percent in 2025 and 1.3 percent in 2026. To consider these economic growth projections in perspective, note that the Congressional Budget Office (CBO) estimates the long-run potential real GDP growth rate of the U.S. economy to be 2.3 percent over the next two years. Thus, DOB's forecast implies that the U.S. economy will slow below its long-run potential growth in 2025 and 2026. DOB's forecast reflects some of the policy changes proposed by the new U.S. administration and assumes these changes will not immediately derail the economic expansion. However, uncertainties about these policy changes make the long-run forecasts highly variable.

**The Economy Will Slow below Its Long-Run Potential Growth**



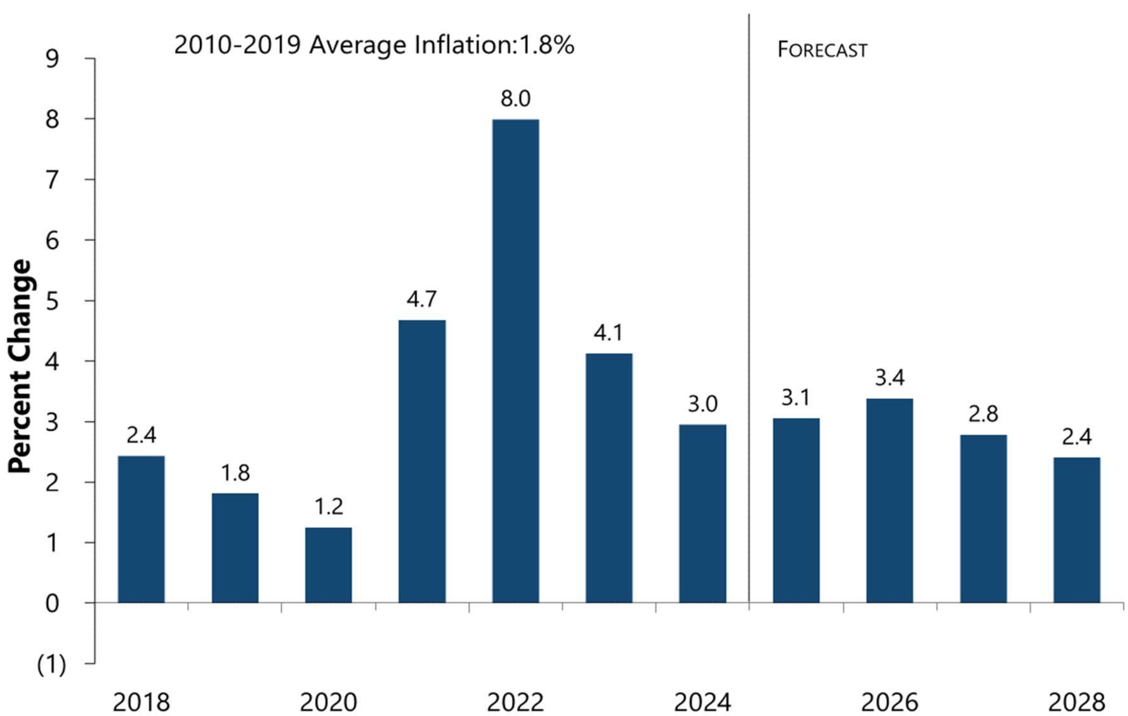

Source: Haver Analytics/BEA; DOB staff estimates.

## Inflation Pressures

The disinflation trend resumed in 2025 after stalling in the second half of 2024. The year-over-year growth of the Consumer Price Index (CPI) fell from 3.0 percent in January 2025 to 2.3 percent in April 2025, the lowest reading since February 2021. The progress on easing inflation towards the Federal Reserve's 2.0 percent inflation target is expected to be interrupted by anticipated tariff hikes and potential supply chain disruptions in the coming months.

DOB projects CPI inflation to rise to 3.1 percent in 2025 and further to 3.4 percent in 2026. The tariff impact on prices is expected to be longer-lasting rather than a one-off response, because it takes time for firms to exhaust their stockpiling inventories, adjust supply chains and production, or pass along price increases to consumers. In addition, since tariff policies are still evolving, firms are likely to delay major decisions until policy uncertainties are settled. After 2026, DOB expects consumer price inflation to gradually moderate towards the Federal Reserve's 2.0 percent target if long-term inflation expectations remain anchored.

### Consumer Price Inflation Will Rise under Tariff Hikes




Source: Haver Analytics/BLS; DOB staff estimates.

## National Employment

The U.S. labor market continued to cool but maintained growth through May 2025. Monthly nonfarm payrolls registered 139 thousand job gains in May, slightly below the average growth of 144 thousand jobs over the past twelve months. The unemployment rate was 4.2 percent in May, higher than the 4.0 percent rate in January. The ratio of vacancies to unemployed, an indicator of tightness in the labor market, was at 1.0 in April 2025, down from the peak of 2.0 in 2022. This measure appears to be consistent with a labor market that is currently in balance and not a source of inflationary pressure.

The labor market is anticipated to cool further as tariff increases start to weigh on economic activity. Despite firms' desire to retain workers, mounting input costs and softening demand might force firms to consider layoffs. In addition, the major impact of the Federal workforce reduction is likely still ahead of us. Many Federal employees who accepted buyouts or were put on administrative leave will remain on government payrolls until later this year. Federal funding freezes and grant reductions are underway, leading to a rise in layoffs among employers that are dependent on Federal contracts and grants.

DOB expects payroll gains to slow to 20 thousand per month on average in the second half of 2025. Total nonfarm employment is projected to grow by 1.0 percent in 2025 and slow further to a 0.4 percent growth rate in 2026. The unemployment rate is projected to drift up to 4.4 percent on average in 2025 and rise further to 4.7 percent in 2026.

## New York State Labor Market

Consistent with the broader trend of a cooling national labor market, New York State's labor market has continued to lose momentum. The State added an average of just 6,900 jobs per month in the first four months of 2025, less than half the monthly average of 14,400 job gains for the same period in 2024.[11] The State's labor market growth might be further constrained by subdued growth in the working age population driven by tightening immigration restrictions and the State's aging population. New York's foreign-born population (23.1 percent of the State population) is substantially larger than the Nation's (14.3 percent of the total population). As a result, New York's labor force could be more susceptible to changes in Federal immigration policy.[12] Furthermore, the State's population is older, with 18.6 percent of the State population at or over 65 years old compared to 17.7 percent of the nation.

[11] Source: Bureau of Labor Statistics Current Employment Statistics (CES).

[12] The labor force is the sum of employed and unemployed people in an economy. The two groups together represent the supply of labor.

Growing uncertainties stemming from international trade policy are likely to contribute to a slowdown in hiring. While New York State is less reliant on exports compared to the rest of the nation, it might still be negatively impacted. On average, the City of New York's labor force grew by approximately 6,500 individuals per month in 2024 but lost a total of 1,200 people over the first four months of 2025. New York's total employment is projected to grow by 0.6 percent in 2025, followed by even weaker growth of 0.3 percent in 2026 due to weak economic growth and constraints in the labor force.

New York's unemployment rate is projected to be 4.4 percent in 2025, aligning with the national rate. The State's unemployment rate was stable in 2024, hovering around 4.3 percent. The gap between the State rate and the national rate has been steadily narrowing since the State's rate peaked at 16.7 percent during the pandemic. In March and April 2025, the State's unemployment rate has matched the national rate after years of remaining above the national rate. The parity between these rates has been largely driven by a steadily declining unemployment rate in the City of New York (from 5.6 percent in December 2024 to 5.0 percent in April 2025). In 2025, employers in the City of New York continued adding jobs while the labor force contracted. The City's labor force is expected to continue its contraction due to the expected slowdown in immigrant inflow and challenges of attracting and retaining workers due to high living costs. While the State's unemployment rate is projected to rise to 4.6 percent in 2026, the unemployment rate will remain 0.1 percentage point below the national rate as State employment growth as well as labor shortages continue.

## New York State Economic Composition

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

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

Trade, Transportation, and Utilities: As defined under the North American Industry Classification System (NAICS), the trade, transportation, and utilities supersector accounts for the second largest component of State nonfarm employment but only the fifth largest when measured by wage share. This sector accounts for a smaller share of employment and wages for the State than for the nation.

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

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

Agriculture: Farming is an important part of the State's rural economy, although it constitutes only 0.2 percent of the total State GDP. According to the New York State Department of Agriculture and Markets, New York is the fifth largest dairy producer in the nation.

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

**THE COMPOSITION OF NONFARM EMPLOYMENT AND WAGES (2024)**
**(Percent)**

| | Employment | | Wages | |
|---|---|---|---|---|
| | New York | U.S. | New York | U.S. |
| Natural Resources and Mining | 0.1 | 0.4 | 0.1 | 0.8 |
| Construction | 4.0 | 5.2 | 3.7 | 5.5 |
| Manufacturing | 4.2 | 8.1 | 3.7 | 9.0 |
| Trade, Transportation, and Utilities | 15.1 | 18.3 | 10.7 | 15.1 |
| Information | 2.9 | 1.9 | 5.6 | 4.0 |
| Financial Activities | 7.6 | 5.8 | 20.1 | 9.4 |
| Professional and Business Services | 14.2 | 14.3 | 18.7 | 19.1 |
| Educational and Health Services | 23.6 | 16.8 | 15.7 | 13.8 |
| Leisure and Hospitality | 9.4 | 10.6 | 5.1 | 5.3 |
| Other Services | 3.9 | 3.8 | 2.8 | 3.1 |
| Government | 15.1 | 14.8 | 13.8 | 14.8 |

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

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

## U.S. and New York State Personal Income Growth

U.S. personal income rose by an annualized rate of 6.5 percent in the first quarter of 2025, up from 4.6 percent in the fourth quarter of 2024. This reflects the continuing momentum of economic growth from 2024. Income growth was supported by steady gains in wages and strength in transfer income in the first quarter. With job gains and hourly earnings growth expected to continue cooling, U.S. wage growth is projected to significantly weaken from annual growth of 5.7 percent in Calendar Year (CY) 2024 to 3.9 percent in 2025 and 3.2 percent in 2026. Meanwhile, growth in the non-wage components of U.S. personal income is also estimated to moderate in the coming quarters; in particular, the growth in interest income and dividend income will be dragged down by anticipated financial market turbulence and weakening corporate profits. As a result, DOB expects U.S. personal income growth to moderate to 4.5 percent in 2025, followed by 3.4 percent growth in 2026.

Although income growth continued to outpace inflation, the personal savings rate has trended lower, and household debt balances have climbed. Looking ahead, DOB expects the deteriorating personal income and household wealth conditions to weigh on the resilience of consumer spending in 2025 and 2026.

New York State is projected to experience slightly slower personal income growth in CY 2025 than the nation, increasing by 4.4 percent, just below the national growth rate of 4.5 percent. Despite significantly weaker employment growth, total wages in the State are expected to grow by 4.0 percent in 2025, roughly in line with the national rate of 3.9 percent, supported by the estimated strong growth of finance and insurance sector bonuses paid in the first quarter of 2025.

Total wages in the State are estimated to grow at a rate of 6.4 percent in FY 2025 before falling to 2.4 percent in FY 2026 as broader economic conditions soften and finance and insurance sector bonus growth reverses direction.

Looking ahead to FY 2027, New York's wages are expected to grow by 3.6 percent, slightly outpacing the national rate of 3.2 percent as the economy and financial markets improve. State personal income is forecast to grow by 3.7 percent, 0.3 percentage point higher than the national forecast of 3.4 percent, supported by the expected recovery of the national economy and reflecting a stronger stock market and the rebound of finance and insurance sector activities.

## Interest Rates, Stock Prices, and Financial Sector Bonuses

The Federal Reserve has left the Federal Funds rate unchanged in the range of 4.25 to 4.50 percent since the end of 2024. Increased uncertainty in 2025 regarding the impact of trade policy changes raised the risks of higher unemployment and higher inflation. These factors make it more challenging for the Federal Reserve to attain its dual mandate of maximum employment and stable prices. DOB currently anticipates the Federal Open Market Committee (FOMC) to resume rate cuts in September 2025 and cut by 25 basis points at a pace of every other meeting until September 2026, bringing the target rate down to 3.00 – 3.25 percent.

While short-term interest rates are expected to follow the Federal Funds rate cuts and fall in 2025 and 2026, long-term interest rates including Treasury bond yields, mortgage rates, and corporate bond yields are expected to remain elevated, mainly due to an uptick in inflation expectations and prospects for bigger budget deficits. Higher long-term rates are expected to become a significant drag on durable goods consumption, as well as residential and business investment in 2025 and 2026.

Elevated economic uncertainty since the beginning of 2025 has resulted in greater market volatility in recent months. DOB expects earnings expectations and stock valuations to drop again once economic data reflect negative impacts of new policies. The S&P 500 index is expected to end 2025 with a 13.6 percent decline on a fourth quarter over fourth-quarter basis, providing less support for household spending through the wealth effect.

Bonuses in New York's finance and insurance sector remain a key driver of State income volatility. In FY 2025, this sector's bonuses were up 18.3 percent. The higher-than-average growth was driven by solid national economic growth, a booming equity market, and the easing of the Federal Reserve's monetary policy in 2024. In FY 2026, finance and insurance bonuses are projected to decline 6.2 percent from an elevated prior-year base. Increased equity market volatility and the weak outlook of overall economic growth will put downward pressure on bonuses. In FY 2027, the finance and insurance sector bonus growth is expected to return to a rate of 6.1 percent, more in line with historical trends, supported by more favorable economic conditions, and expected higher finance and insurance sector revenues as deal activities in IPO, debt underwriting, and merger and acquisitions resurge after two years of subdued growth.

## Risks to the Economic Outlook

Although economic data have not yet shown severe deterioration of economic fundamentals, global economic uncertainty – largely driven by U.S. trade policy – has escalated, implying risks to the U.S. economic outlook are mounting. The forecast for New York State's economy shares many of the same risks as the national outlook, but also faces additional challenges and opportunities due to the State's unique economic structure, demographic trends, and State policies.

### Recession Probability and Potential Severe Impact

DOB's baseline forecast does not expect a recession in the forecast horizon. However, the probability of a recession is elevated. According to the May 2025 *Blue Chip Economic Indicators®* survey, the probability of a U.S. recession in the next 12 months rose to 47 percent from a 26 percent chance at the beginning of the year.

Widespread concerns among investors, traders, and financial analysts about potential adverse developments impacting financial markets and the economy have eased since early May. This follows the announcement of a 90-day pause on most reciprocal tariffs, including a temporary roll-back of the 145 percent tariffs on China down to 30 percent. However, higher tariffs and the uncertainty surrounding shifting trade policy remain, and the upcoming data releases over the next few quarters will indicate how tariffs have weighed on economic activity. In response to the shifting trade policy, DOB's baseline forecast incorporated a rise in inflation, a disruption of supply chains, a slowdown in hirings, a weakening of consumer demand and business investment, and a decline in corporate earnings and stock valuation. However, the magnitude of these negative impacts could be larger than expected or even lead to a recession.

To better understand the potential impacts of a recession, DOB is reviewing the impacts of past downturns. The United States has experienced eight recessions since the late 1960s. Excluding the most acute COVID-19 recession, the past seven national recessions averaged 12 months of contraction with losses of 2.0 percent of economic output (i.e. real GDP) and 2.9 million jobs. Business investment contracted by 10 percent and corporate profits fell by 18 percent on average. The S&P 500 stock price index dropped by approximately 30 percent from peak to trough. Consequently, a new U.S. recession would pose significant downside risks to the DOB forecast.

### Fiscal Policy Risks

Congress is currently debating the future of fiscal policy and Federal budget deficits. The version of the "One Big Beautiful Bill" Act approved by the House includes the permanent extension of the TCJA, expanded SALT deductions, and new spending on defense and border security. Estimates of the fiscal impact of this Act vary depending on the size of spending adjustments. CBO projects this Act would add approximately $2.4 trillion to the Federal debt over the next decade.[13] CBO warns that growing debt could crowd out private investment, raise borrowing costs, and increase the risk of a sudden fiscal shock. In an economy operating near full employment and with elevated inflation, deficit-financed tax cuts also risk fueling inflationary pressures. Moreover, fiscal policy that lacks long-term sustainability could also limit the government's ability to moderate future recessions. DOB's baseline forecast anticipated the extension of TCJA, but larger Federal budget deficits could pose greater downside risks than anticipated.

### Additional Risks

The U.S economic outlook remains highly sensitive to a broad set of domestic and global risks, with a mix of downside vulnerabilities and upside opportunities shaping the forecast horizon. The downside risks are more immediate and pronounced. In addition to tariff-induced recession risk and fiscal sustainability concerns, global geopolitical tensions, volatile energy markets, and climate-related disasters add layers of uncertainty to the economy.

On the upside, deregulation efforts could spur business investment, expand hiring, and drive short-term growth, though these gains must be weighed against potential risks to financial stability. If tariff policies are selectively applied or scaled back, trade-related inflation and supply chain disruptions could be limited, allowing exporters and importers to adapt without severe economic implications. Additionally, less restrictive immigration policy may help stabilize the labor force in key sectors, supporting output and easing wage pressures. Advancements in climate resilience investments could also improve productivity and mitigate climate change risks.

[13] "Estimated Budgetary Effects of H.R. 1, the One Big Beautiful Bill Act," The Congressional Budget Office (CBO) report, June 4, 2025. Available at https://www.cbo.gov/publication/61461. Last accessed: June 4, 2025.

## New York State Economic Outlook Faces Unique Risks

As the financial capital of the world, New York is particularly sensitive to changes in monetary policy and fluctuations in financial markets. Unexpected economic uncertainties and market volatilities can disproportionately affect the State's economic conditions, leading to weaker economic performance and fiscal situations. Past experiences suggest that recessions in New York often lasted longer and had a more severe impact on the State economy compared to the rest of the nation. This trend has become increasingly pronounced over the past 30 years. A significant economic downturn could pose a greater risk to the State's economic resilience and financial stability.

The City of New York metro area's high cost of living has contributed to a population decline in the region as more businesses and residents move to lower-cost states. Strict immigration policies could further exacerbate the State's population loss and labor shortages. A long-term decline in population remains a significant downside risk to both employment and wage growth in the State. However, if the City of New York's population loss is less than anticipated and immigration policy is not as restrictive as expected, the City and State economy might benefit from improved labor force supply and consumer demand.

In 2024, New York State ranked as the third largest exporter of goods among all states, with exports valued at $91.2 billion - accounting for 4.2 percent of New York GDP. Compared to the rest of the country, the State is less reliant on exports of goods (which account for 7.1 percent of U.S. GDP), but New York's exports still supported 263,000 jobs in 2022, according to data from the Office of the United States Trade Representative. Elevated tariffs may negatively impact the size of international trade and result in job losses in export-dependent industries, including manufacturing and agriculture, especially in upstate regions. Furthermore, potential retaliation from other countries may impact exports of services and hurt the State's economy disproportionately compared to the rest of the nation. New York exports $119 billion in services, heavily concentrated in the financial services sector in the City of New York. With the European Union, the United Kingdom, and Canada as top recipients of these services, further tariff escalation with these countries may have a sizeable impact on employment and wages. International tourism and higher education sectors may also be impacted by retaliatory actions as well as by the hesitancy of foreign visitors to come to the United States due to continued uncertainty.

Several upside risks could, at least partially, offset the potential negative risks in the outlook. If global and national economic growth exceeds the current forecast, New York's economy could have better than anticipated economic performance, particularly in the leisure, hospitality, and tourism-related industries. Despite significant downside risks, stronger than expected economic growth and State initiatives could help to mitigate some of the downside risks, but the outcomes and their timing remain highly unpredictable.

# Economic and Demographic Trends

For most of the past 35 years, the State's rate of economic, employment, and population growth has trailed the nation. During the most recent recession triggered by the COVID-19 pandemic, New York was hit especially hard economically, with its unemployment rate soaring well above the nation's rate throughout the pandemic. Correspondingly, New York had a more severe employment decline than the nation in 2020, and its job recovery has lagged the nation. New York recovered its pandemic-related job losses as of March 2024. However, New York's labor market recovery has been uneven, with notable disparities between the City of New York and the rest of the State. While the City of New York regained all of its lost jobs by December 2023, the rest of the State did not reach full recovery until April 2025.

New York is the fourth most populous state in the nation, after California, Texas, and Florida, and has a relatively high level of personal wealth. The following table compares population changes in the State and the United States since 1980. Between April 2020 and July 2024, the nation's total population continued to increase by 2.6 percent, whereas the population of the State decreased by 1.7 percent.

**COMPARATIVE POPULATION FIGURES**

| | New York | | | U.S. | |
|---|---|---|---|---|---|
| | Total Population (000s) | % Change from Preceding Period | Percentage of U.S. Population | Total Population (000s) | % Change from Preceding Period |
| 1980 | 17,558 | (3.7) | 7.8 | 226,546 | 11.5 |
| 1990 | 17,990 | 2.5 | 7.2 | 248,710 | 9.8 |
| 2000 | 18,976 | 5.5 | 6.7 | 281,422 | 13.2 |
| 2010 | 19,378 | 2.1 | 6.3 | 308,746 | 9.7 |
| 2020 | 20,201 | 4.2 | 6.1 | 331,449 | 7.4 |
| 2024 | 19,867 | (1.7) | 5.8 | 340,111 | 2.6 |

Note: All population numbers are based on the Decennial Census, except for 2024.
Source: U.S. Census Bureau.

Total State nonfarm employment has declined as a share of national nonfarm employment compared with the 1980s and 1990s. The share dropped since 2020 and remained unchanged at 6.2 percent until 2024. The following historical table compares these levels and the rate of unemployment for the State and the nation.

| NONFARM EMPLOYMENT AND UNEMPLOYMENT RATE FOR NEW YORK AND THE UNITED STATES | | | | | |
|---|---|---|---|---|---|
| | Employment (NSA, 000s) | | New York as Percent of U.S. Employment | Unemployment Rate (NSA, %) | |
| | New York | U.S. | | New York | U.S. |
| 1980 | 7,207 | 90,533 | 8.0 | 7.4 | 7.1 |
| 1990 | 8,204 | 109,527 | 7.5 | 5.3 | 5.6 |
| 2000 | 8,619 | 132,011 | 6.5 | 4.5 | 4.0 |
| 2010 | 8,545 | 130,345 | 6.6 | 8.7 | 9.6 |
| 2020 | 8,815 | 142,186 | 6.2 | 9.9 | 8.1 |
| 2024 | 9,864 | 157,959 | 6.2 | 4.3 | 4.0 |

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

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

| PER CAPITA PERSONAL INCOME (Income in Dollars) | | | |
|---|---|---|---|
| | New York | U.S. | Ratio New York/U.S. |
| 1980 | $11,006 | $10,184 | 1.08 |
| 1990 | $23,992 | $19,619 | 1.22 |
| 2000 | $35,955 | $30,551 | 1.18 |
| 2010 | $48,579 | $40,557 | 1.20 |
| 2020 | $70,395 | $59,114 | 1.19 |
| 2024 | $85,733 | $72,425 | 1.18 |

Source: U.S. Bureau of Economic Analysis.

# STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

# Introduction

This section presents Financial Plan multi-year projections for receipts and disbursements, with an emphasis on FY 2026 projections.

The State budgets on a cash basis, using a complex fund structure that earmarks certain tax receipts for specific purposes, which often complicates the reporting and discussion of the State's receipts and disbursements projections. To reduce potential distortions caused by these factors and to highlight relevant aspects of the projections, DOB has adopted the following approaches in summarizing projections:

**Receipts.** To facilitate the receipts discussion, State and All Funds receipts reflect 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) to provide a clearer picture of projected receipts, trends, and forecast assumptions, and avoid the distortions created by earmarking tax receipts for specific purposes.

**Disbursements.** To provide a clear representation of spending commitments, the multi-year spending projections, growth rates, and summary of annual changes are presented on a State Operating Funds basis to account for spending that is accounted for in dedicated Special Revenue Funds, primarily for School Aid, health, higher education, and transportation. Roughly a quarter of projected State-financed spending for operating purposes (excluding transfers) is reported outside the General Fund.

The budget development process includes a comprehensive evaluation of the State's multi-year operating forecast; however, 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 2027, is the most relevant from a planning perspective.

The following tables present the Financial Plan multi-year projections for the General Fund and State Operating Funds, as well as a reconciliation between State Operating Funds projections and General Fund budget gaps.

## General Fund Projections

| GENERAL FUND PROJECTIONS (millions of dollars) | FY 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected |
|---|---|---|---|---|---|
| **RECEIPTS** | | | | | |
| Taxes (After Debt Service) | 106,170 | 107,053 | 106,279 | 108,345 | 113,023 |
| Miscellaneous Receipts | 5,168 | 4,011 | 2,892 | 2,283 | 2,164 |
| Federal Receipts | 3,650 | 0 | 0 | 0 | 0 |
| Other Transfers | 4,273 | 2,451 | 2,274 | 1,899 | 2,039 |
| **Total Receipts** | **119,261** | **113,515** | **111,445** | **112,527** | **117,226** |
| | | | | | |
| **DISBURSEMENTS** | | | | | |
| Assistance and Grants | 74,833 | 84,011 | 87,585 | 92,187 | 97,370 |
| School Aid (SFY) | 30,225 | 31,672 | 33,362 | 34,766 | 36,083 |
| Medicaid | 24,461 | 26,000 | 28,875 | 31,324 | 34,571 |
| All Other | 20,147 | 26,339 | 25,348 | 26,097 | 26,716 |
| | | | | | |
| State Operations | 13,716 | 15,837 | 16,596 | 17,089 | 16,541 |
| Personal Service | 10,784 | 12,087 | 12,854 | 13,255 | 12,795 |
| Non-Personal Service | 2,932 | 3,750 | 3,742 | 3,834 | 3,746 |
| | | | | | |
| General State Charges | 9,297 | 9,779 | 10,805 | 11,829 | 13,010 |
| | | | | | |
| Transfers to Other Funds | 10,830 | 15,885 | 7,437 | 7,889 | 8,389 |
| Debt Service | 274 | 290 | 322 | 328 | 564 |
| Capital Projects | 6,925 | 4,607 | 3,379 | 4,072 | 4,297 |
| SUNY Operations | 1,660 | 1,870 | 1,810 | 1,777 | 1,777 |
| All Other | 1,971 | 9,118 | 1,926 | 1,712 | 1,751 |
| **Total Disbursements** | **108,676** | **125,512** | **122,423** | **128,994** | **135,310** |
| | | | | | |
| **Use (Reservation) of Fund Balance:** | **(10,585)** | **11,997** | **3,495** | **4,322** | **3,447** |
| Debt Management | 576 | 860 | 0 | 0 | 0 |
| Economic Uncertainties | 965 | 8,500 | 1,000 | 862 | 0 |
| Extraordinary Monetary Settlements | 378 | 340 | 367 | 25 | 0 |
| Future Operational Needs | (1,334) | 600 | 0 | 0 | 0 |
| Rainy Day Reserve | (2,500) | (1,000) | (1,000) | (862) | 0 |
| Timing of PTET/PIT Credits | (4,081) | 2,048 | 726 | 84 | (506) |
| Timing of Resource Management | (4,589) | 649 | 2,402 | 4,213 | 3,953 |
| | | | | | |
| **BUDGET SURPLUS/(GAP) PROJECTIONS** | **0** | **0** | **(7,483)** | **(12,145)** | **(14,637)** |

## State Operating Funds Projections

| STATE OPERATING FUNDS PROJECTIONS (millions of dollars) | FY 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected |
|---|---|---|---|---|---|
| **RECEIPTS** | | | | | |
| Taxes | 116,026 | 114,676 | 116,888 | 119,837 | 124,860 |
| Miscellaneous Receipts/Federal Receipts | 32,278 | 27,974 | 26,400 | 23,858 | 24,408 |
| **Total Receipts** | **148,304** | **142,650** | **143,288** | **143,695** | **149,268** |
| | | | | | |
| **DISBURSEMENTS** | | | | | |
| Assistance and Grants | 95,859 | 107,445 | 110,334 | 113,443 | 118,047 |
| School Aid (School Year Basis) | 35,827 | 37,574 | 38,869 | 40,297 | 41,607 |
| DOH Medicaid | 31,230 | 35,449 | 38,106 | 39,237 | 41,846 |
| Mental Hygiene, excl. MHSF/Reclassification | 5,832 | 6,743 | 7,185 | 7,426 | 7,751 |
| Social Services | 5,274 | 6,466 | 5,411 | 5,301 | 5,440 |
| Transportation | 5,120 | 5,352 | 5,312 | 5,314 | 5,316 |
| Higher Education | 3,280 | 3,613 | 3,539 | 3,536 | 3,572 |
| STAR | 1,448 | 1,397 | 1,320 | 1,247 | 1,180 |
| All Other | 7,848 | 10,851 | 10,592 | 11,085 | 11,335 |
| | | | | | |
| State Operations | 23,576 | 26,061 | 27,126 | 28,054 | 27,960 |
| Personal Service | 16,915 | 18,420 | 19,380 | 20,031 | 19,828 |
| Non-Personal Service | 6,661 | 7,641 | 7,746 | 8,023 | 8,132 |
| | | | | | |
| General State Charges | 10,443 | 11,059 | 12,109 | 13,157 | 14,360 |
| Pension Contribution | 2,585 | 2,882 | 3,302 | 3,791 | 4,248 |
| Health Insurance | 5,814 | 5,922 | 6,448 | 6,913 | 7,571 |
| All Other | 2,044 | 2,255 | 2,359 | 2,453 | 2,541 |
| | | | | | |
| Debt Service | 3,776 | 1,538 | 4,528 | 5,513 | 6,108 |
| **Total Disbursements** | **133,654** | **146,103** | **154,097** | **160,167** | **166,475** |
| | | | | | |
| Net Other Financing Sources/(Uses) | (3,406) | (8,776) | (485) | (1,247) | (1,320) |
| | | | | | |
| **RECONCILIATION TO GENERAL FUND GAP** | | | | | |
| Designated Fund Balances: | (11,244) | 12,229 | 3,811 | 5,574 | 3,890 |
| General Fund | (10,585) | 11,997 | 3,495 | 4,322 | 3,447 |
| Special Revenue Funds | (647) | 235 | 336 | 1,274 | 465 |
| Debt Service Funds | (12) | (3) | (20) | (22) | (22) |
| | | | | | |
| **GENERAL FUND BUDGET SURPLUS/(GAP)** | **0** | **0** | **(7,483)** | **(12,145)** | **(14,637)** |

## Receipts

Financial Plan receipts 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 the Department of Taxation and Finance (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.

General Fund tax receipts are affected by the deposit of dedicated taxes in other funds for debt service and the STAR program. 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. Accordingly, 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 are projected to total $253.3 billion in FY 2026, a 3.4 percent ($8.4 billion) increase from FY 2025 results. FY 2026 State tax receipts, excluding one-time tax refund payments, are projected to increase $6.8 billion (6.0 percent) from FY 2025 results. FY 2027 State tax receipts are projected to total $119.1 billion, a 1.0 percent decline from FY 2026. A summary of the annual changes of each tax category is provided below with the narrative that follows focused on State/All Funds receipts.

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

| | FY 2024 Actuals | FY 2025 Actuals | Change | FY 2026 Projected | Change | FY 2027 Projected | Change | FY 2028 Projected | Change | FY 2029 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Personal Income Tax | 53,839 | 61,201 | 13.7% | 61,531 | 0.5% | 64,133 | 4.2% | 67,153 | 4.7% | 70,916 | 5.6% |
| Consumption/Use Taxes | 21,865 | 22,352 | 2.2% | 22,953 | 2.7% | 23,618 | 2.9% | 24,264 | 2.7% | 24,838 | 2.4% |
| Business Taxes | 27,695 | 31,373 | 13.3% | 28,911 | -7.8% | 27,661 | -4.3% | 26,751 | -3.3% | 27,291 | 2.0% |
| Other Taxes | 3,048 | 2,586 | -15.2% | 2,746 | 6.2% | 2,916 | 6.2% | 3,106 | 6.5% | 3,248 | 4.6% |
| **Total State Taxes** | **106,447** | **117,512** | **10.4%** | **116,141** | **-1.2%** | **118,328** | **1.9%** | **121,274** | **2.5%** | **126,293** | **4.1%** |
| Net PTET/PIT Receipts[1] | 221 | (4,081) | -1946.6% | 2,048 | 150.2% | 726 | -64.6% | 84 | -88.4% | (506) | -702.4% |
| Inflation Refund Payment[2] | | | | 2,035 | | | | | | | |
| **Total State Taxes (Adjusted)** | **106,668** | **113,431** | **6.3%** | **120,224** | **6.0%** | **119,054** | **-1.0%** | **121,358** | **1.9%** | **125,787** | **3.6%** |
| Miscellaneous Receipts | 33,755 | 34,761 | 3.0% | 38,996 | 12.2% | 39,793 | 2.0% | 36,959 | -7.1% | 36,784 | -0.5% |
| Federal Receipts | 94,276 | 96,713 | 2.6% | 94,090 | -2.7% | 94,336 | 0.3% | 91,580 | -2.9% | 93,317 | 1.9% |
| **Total All Funds Receipts** | **234,478** | **248,986** | **6.2%** | **249,227** | **0.1%** | **252,457** | **1.3%** | **249,813** | **-1.0%** | **256,394** | **2.6%** |
| **Total All Funds Receipts (Adjusted) [1,2]** | **234,699** | **244,905** | **4.3%** | **253,310** | **3.4%** | **253,183** | **-0.1%** | **249,897** | **-1.3%** | **255,888** | **2.4%** |

1 Net PTET/PIT Receipts is the difference between the estimated realization of PTET credits by PIT filers and the PTET receipts from entities, and is excluded from adjusted totals.

2 In addition, All Funds tax receipts are adjusted to exclude the enacted payment of $2 billion to New Yorkers through inflation tax refund payments to qualified tax filers, and is excluded from adjusted totals.

## Personal Income Tax

FY 2026 PIT receipts are estimated to increase slightly from FY 2025, reflecting increases in all major gross receipts components, partially offset by an increase in total refunds. PIT receipts are expected to be heavily influenced by PTET[14], an elective tax paid by NYS partnerships and S-corporations for which a corresponding PIT credit may be received. Despite being revenue neutral to the overall Financial Plan across all tax years, it is expected that the PTET will have a significant negative impact on PIT collections for as long as the program continues to be utilized. Net PIT collections have been and will continue to be suppressed by reduced estimated payments and elevated refunds, with cumulative impacts equal to total PTET liability.

PERSONAL INCOME TAX
(millions of dollars)

| | FY 2024 Actuals | FY 2025 Actuals | Change | FY 2026 Projected | Change | FY 2027 Projected | Change | FY 2028 Projected | Change | FY 2029 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **STATE/ALL FUNDS (Excl. PTET)[1]** | **68,015** | **74,901** | **10.1%** | **78,963** | **5.4%** | **79,389** | **0.5%** | **81,825** | **3.1%** | **85,570** | **4.6%** |
| PTET/PIT Credits | 14,176 | 13,700 | -3.4% | 17,432 | 27.2% | 15,256 | -12.5% | 14,672 | -3.8% | 14,654 | -0.1% |
| **STATE/ALL FUNDS** | **53,839** | **61,201** | **13.7%** | **61,531** | **0.5%** | **64,133** | **4.2%** | **67,153** | **4.7%** | **70,916** | **5.6%** |
| Gross Collections | 70,999 | 77,736 | 9.5% | 81,232 | 4.5% | 83,265 | 2.5% | 87,187 | 4.7% | 91,407 | 4.8% |
| Refunds (Incl. State/City Offset) | (17,160) | (16,535) | 3.6% | (19,701) | -19.1% | (19,132) | 2.9% | (20,034) | -4.7% | (20,491) | -2.3% |
| **GENERAL FUND[2]** | **25,312** | **29,152** | **15.2%** | **29,370** | **0.7%** | **30,747** | **4.7%** | **32,330** | **5.1%** | **34,278** | **6.0%** |
| Gross Collections | 70,999 | 77,736 | 9.5% | 81,232 | 4.5% | 83,265 | 2.5% | 87,187 | 4.7% | 91,407 | 4.8% |
| Refunds (Incl. State/City Offset) | (17,160) | (16,535) | 3.6% | (19,701) | -19.1% | (19,132) | 2.9% | (20,034) | -4.7% | (20,491) | -2.3% |
| STAR | (1,608) | (1,448) | 10.0% | (1,397) | 3.5% | (1,320) | 5.5% | (1,247) | 5.5% | (1,180) | 5.4% |
| RBTF | (26,919) | (30,601) | -13.7% | (30,764) | -0.5% | (32,066) | -4.2% | (33,576) | -4.7% | (35,458) | -5.6% |

[1]State/All Funds (Excl. PTET) reflects PIT receipts increased by the estimated cost of PTET credit realization. State/All Funds represents actual (unadjusted) PIT receipts.

[2]Excludes Transfers.

[14] Beginning in FY 2022, the PTET program began affecting reported tax collections. The operation of the PTET program is described under the heading "PTET Financial Plan Impact" in the Financial Plan Overview section herein.

The following table summarizes, by component, actual PIT receipts for FY 2024 and FY 2025 and forecast amounts through FY 2029.

**ALL FUNDS PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS**
**(millions of dollars)**

| | FY 2024 Actuals | FY 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected |
|---|---|---|---|---|---|---|
| **Receipts** | | | | | | |
| Withholding | 54,699 | 59,827 | 61,229 | 63,632 | 66,624 | 69,439 |
| Estimated Payments | 10,779 | 12,299 | 13,513 | 13,084 | 13,703 | 14,812 |
| Current Year | 6,331 | 7,444 | 7,631 | 8,193 | 8,325 | 8,927 |
| Prior Year[1] | 4,448 | 4,855 | 5,882 | 4,891 | 5,378 | 5,885 |
| Final Returns | 3,650 | 3,661 | 4,451 | 4,457 | 4,682 | 4,922 |
| Current Year | 405 | 492 | 509 | 529 | 549 | 554 |
| Prior Year[1] | 3,245 | 3,169 | 3,942 | 3,928 | 4,133 | 4,368 |
| Delinquent | 1,871 | 1,949 | 2,039 | 2,092 | 2,178 | 2,234 |
| Gross Receipts | 70,999 | 77,736 | 81,232 | 83,265 | 87,187 | 91,407 |
| **Refunds** | | | | | | |
| Prior Year[1] | 10,011 | 9,705 | 10,358 | 11,470 | 12,151 | 12,336 |
| Previous Year | 1,879 | 1,263 | 1,315 | 1,350 | 1,385 | 1,435 |
| Current Year[1] | 3,196 | 3,394 | 3,500 | 3,500 | 3,500 | 3,500 |
| Advanced Credit Payment | 821 | 803 | 2,977 | 1,073 | 1,187 | 1,359 |
| State/City Offset[1,2] | 1,253 | 1,370 | 1,551 | 1,739 | 1,811 | 1,861 |
| Total Refunds | 17,160 | 16,535 | 19,701 | 19,132 | 20,034 | 20,491 |
| **Net Receipts[3]** | **53,839** | **61,201** | **61,531** | **64,133** | **67,153** | **70,916** |
| PTET/PIT Credits | 14,176 | 13,700 | 17,432 | 15,256 | 14,672 | 14,654 |
| **Net Receipts, Excluding PTET[4]** | **68,015** | **74,901** | **78,963** | **79,389** | **81,825** | **85,570** |

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

[2] The State/city offset corrects the distribution of tax payments between the State, City of New York, Yonkers, and the Metropolitan Commuter Transportation Mobility Tax.

[3] Net Receipts represents actual (unadjusted) PIT receipts.

[4] Net Receipts, Excluding PTET, represents PIT receipts increased by the estimated cost of PTET credit realization.

FY 2026 withholding is estimated to increase compared to the prior year, despite weaker bonus wage growth and the cost of the Middle-Class Tax Cut beginning in tax year 2026. Current estimated payments for tax year 2025 and extension payments (i.e., prior year estimated) for tax year 2024 are both expected to increase. The projected growth in current estimated payments — despite an estimated decrease in tax year 2025 non-wage income — reflects the elevated economic uncertainty facing taxpayers who may be uncertain about the remainder of the tax year and are seeking to avoid potential underpayment and associated penalties and interest charges (i.e. “safe harbor rules”). Delinquent collections and final return payments are projected to increase as well.

Total refunds in FY 2026 are projected to increase significantly, driven primarily by Inflation Refund checks, an advanced credit payment effectuated by FY 2026 Enacted Budget legislation. The increase in prior year refunds for tax year 2024 is partially driven by more PTET-related refunds compared to tax year 2023. State/City offsets and refunds for tax years previous to 2024 are also expected to increase.

FY 2027 PIT receipts are expected to increase from FY 2026, due to growth in withholding and delinquencies coupled with a decrease in total refunds. Total estimated payments are expected to decrease, driven by a sharp decline in extension payments for tax year 2025. This is attributed to a decrease in non-wage income, largely driven by capital gains income growth. Final returns remain relatively flat from FY 2026. The decrease in refunds is driven by a sharp decline in advanced credit payments after the one-time Inflation Refund payments in the prior fiscal year. Despite a decrease in PTET-related refunds compared to tax year 2024, prior refunds for tax year 2025 are expected to increase, influenced by the first year of the temporarily enhanced Empire State Child Credit effectuated by FY 2026 Enacted Budget legislation.

FY 2028 PIT receipts are projected to increase from FY 2027, due to growth in all gross receipts components partially offset by increases in total refunds. The increase in refunds is driven by increases in advanced credit payments, state/city offsets, prior refunds for tax year 2026, and refunds for years previous to tax year 2026. Receipts also include revenue from the extension of the current top PIT rates through tax year 2032 and elevated refunds from the expansion of the enhanced Empire State Child Credit to children over three years old.

FY 2029 PIT receipts are projected to increase due to increases in withholding, estimated tax payments, final returns and delinquencies partially offset by an increase in total refunds. Refunds for tax year 2027 are projected to increase despite less PTET-related refunds compared to tax year 2026.

# Consumption/Use Taxes

| CONSUMPTION/USE TAXES (millions of dollars) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY 2024 Actuals | FY 2025 Actuals | Change | FY 2026 Projected | Change | FY 2027 Projected | Change | FY 2028 Projected | Change | FY 2029 Projected | Change |
| **STATE/ALL FUNDS** | **21,865** | **22,352** | **2.2%** | **22,953** | **2.7%** | **23,618** | **2.9%** | **24,264** | **2.7%** | **24,838** | **2.4%** |
| Sales Tax | 19,903 | 20,350 | 2.2% | 20,922 | 2.8% | 21,534 | 2.9% | 22,151 | 2.9% | 22,744 | 2.7% |
| Cigarette and Tobacco Taxes | 842 | 798 | -5.2% | 754 | -5.5% | 716 | -5.0% | 679 | -5.2% | 644 | -5.2% |
| Vapor Excise Tax | 24 | 21 | -12.5% | 21 | 0.0% | 21 | 0.0% | 21 | 0.0% | 21 | 0.0% |
| Motor Fuel Tax | 487 | 487 | 0.0% | 488 | 0.2% | 484 | -0.8% | 480 | -0.8% | 475 | -1.0% |
| Highway Use Tax | 139 | 138 | -0.7% | 138 | 0.0% | 139 | 0.7% | 141 | 1.4% | 141 | 0.0% |
| Alcoholic Beverage Taxes | 275 | 269 | -2.2% | 268 | -0.4% | 267 | -0.4% | 267 | 0.0% | 266 | -0.4% |
| Opioid Excise Tax | 22 | 21 | -4.5% | 20 | -4.8% | 20 | 0.0% | 20 | 0.0% | 20 | 0.0% |
| Medical Cannabis Excise Tax | 9 | 4 | -55.6% | 3 | -25.0% | 3 | 0.0% | 3 | 0.0% | 1 | -66.7% |
| Adult Use Cannabis Tax | 33 | 125 | 278.8% | 194 | 55.2% | 284 | 46.4% | 349 | 22.9% | 368 | 5.4% |
| Auto Rental Tax[1] | 131 | 137 | 4.6% | 143 | 4.4% | 148 | 3.5% | 151 | 2.0% | 156 | 3.3% |
| Peer to Peer Car Sharing Tax | 0 | 2 | 0.0% | 2 | 0.0% | 2 | 0.0% | 2 | 0.0% | 2 | 0.0% |
| **GENERAL FUND[2]** | **9,872** | **10,057** | **1.9%** | **10,316** | **2.6%** | **10,593** | **2.7%** | **10,874** | **2.7%** | **11,142** | **2.5%** |
| Sales Tax | 9,315 | 9,520 | 2.2% | 9,791 | 2.8% | 10,078 | 2.9% | 10,368 | 2.9% | 10,646 | 2.7% |
| Cigarette and Tobacco Taxes | 260 | 245 | -5.8% | 235 | -4.1% | 226 | -3.8% | 217 | -4.0% | 208 | -4.1% |
| Alcoholic Beverage Taxes | 275 | 269 | -2.2% | 268 | -0.4% | 267 | -0.4% | 267 | 0.0% | 266 | -0.4% |
| Opioid Excise Tax | 22 | 21 | -4.5% | 20 | -4.8% | 20 | 0.0% | 20 | 0.0% | 20 | 0.0% |
| Peer to Peer Car Sharing Tax | 0 | 2 | 0.0% | 2 | 0.0% | 2 | 0.0% | 2 | 0.0% | 2 | 0.0% |

[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 2026 are estimated to increase from FY 2025 results. Sales tax receipts are estimated to increase due to moderate growth in taxable consumption. Cigarette and tobacco tax receipts are estimated to decrease, reflecting a continuing trend of declining taxable consumption. Opioid and medical cannabis excise tax receipts are both expected to marginally decline; the estimated decline in opioids receipts reflects the continued long-term trend of declining opioid consumption, while the medical cannabis receipts decline reflects the first full year impact of the reduced excise tax rate (from 7 percent to 3.15 percent), which went into effect June 1, 2024. Adult-use cannabis taxes are projected to significantly increase as the State's cannabis market expands during the third full year of receipts. Auto rental tax receipts are estimated to increase, reflecting a long-term growth trend increase. Motor fuel tax is estimated to moderately increase.

General Fund consumption/use tax receipts for FY 2026 are projected to increase largely due to the previously noted All Funds sales tax receipts trend.

FY 2027 consumption/use tax receipts are projected to increase, largely driven by a projected increase in sales tax receipts. Several consumption/use taxes are projected to experience nearly flat or flat year-over-year growth, including opioid excise tax, medical cannabis excise tax, peer-to-peer car sharing tax and the vapor excise tax; or marginal growth, as is the case with auto rental and highway use tax receipts. Motor fuel tax receipts are projected to moderately decline, reflecting a projected decline in overall fuel consumption. Adult-use cannabis taxes are projected to significantly increase as the cannabis market continues to mature. However, the increases above are partially offset by a continued decline in taxable cigarette consumption.

Consumption/use tax receipts for FY 2028 and FY 2029 are projected to increase, largely reflecting a projected increase in sales tax receipts and the continued maturation of the adult-use cannabis market, partially offset by a continued decline in taxable cigarette consumption.

# Business Taxes

| BUSINESS TAXES (millions of dollars) | FY 2024 Actuals | FY 2025 Actuals | Change | FY 2026 Projected | Change | FY 2027 Projected | Change | FY 2028 Projected | Change | FY 2029 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **STATE/ALL FUNDS (Excl. PTET)[1]** | **13,739** | **13,592** | **-1.1%** | **13,527** | **-0.5%** | **13,131** | **-2.9%** | **12,163** | **-7.4%** | **12,131** | **-0.3%** |
| Pass-Through-Entity Tax | (13,955) | (17,781) | -27.4% | (15,384) | 13.5% | (14,530) | 5.6% | (14,588) | -0.4% | (15,160) | -3.9% |
| **STATE/ALL FUNDS** | **27,694** | **31,373** | **13.3%** | **28,911** | **-7.8%** | **27,661** | **-4.3%** | **26,751** | **-3.3%** | **27,291** | **2.0%** |
| Corporate Franchise Tax | 9,262 | 8,676 | -6.3% | 8,787 | 1.3% | 8,411 | -4.3% | 7,319 | -13.0% | 7,156 | -2.2% |
| Corporation and Utilities Tax | 554 | 516 | -6.9% | 544 | 5.4% | 534 | -1.8% | 535 | 0.2% | 539 | 0.7% |
| Insurance Tax | 2,813 | 3,006 | 6.9% | 3,074 | 2.3% | 3,216 | 4.6% | 3,346 | 4.0% | 3,482 | 4.1% |
| Bank Tax | 1 | 333 | 33200.0% | 106 | -68.2% | 0 | -100.0% | 0 | 0.0% | 0 | 0.0% |
| Pass-Through-Entity Tax | 13,955 | 17,781 | 27.4% | 15,384 | -13.5% | 14,530 | -5.6% | 14,588 | 0.4% | 15,160 | 3.9% |
| Petroleum Business Tax | 1,109 | 1,061 | -4.3% | 1,016 | -4.2% | 970 | -4.5% | 963 | -0.7% | 954 | -0.9% |
| **GENERAL FUND[2]** | **17,425** | **19,059** | **9.4%** | **17,848** | **-6.4%** | **17,061** | **-4.4%** | **16,231** | **-4.9%** | **16,472** | **1.5%** |
| Corporate Franchise Tax | 7,525 | 6,788 | -9.8% | 6,878 | 1.3% | 6,491 | -5.6% | 5,515 | -15.0% | 5,348 | -3.0% |
| Corporation and Utilities Tax | 401 | 406 | 1.2% | 432 | 6.4% | 421 | -2.5% | 423 | 0.5% | 425 | 0.5% |
| Insurance Tax | 2,521 | 2,697 | 7.0% | 2,756 | 2.2% | 2,884 | 4.6% | 2,999 | 4.0% | 3,119 | 4.0% |
| Bank Tax | 0 | 277 | 0.0% | 90 | -67.5% | 0 | -100.0% | 0 | 0.0% | 0 | 0.0% |
| Pass-Through-Entity Tax | 6,978 | 8,891 | 27.4% | 7,692 | -13.5% | 7,265 | -5.6% | 7,294 | 0.4% | 7,580 | 3.9% |
| Petroleum Business Tax | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |

[1] State/All Funds (Excl. PTET) reflects Business Taxes receipts without the impact of PTET.
[2] Excludes Transfers.

CFT receipts are estimated to increase modestly in FY 2026, reflecting increases in both gross receipts and audits. This estimated increase is partially offset by a projected increase in refunds.

Corporation and Utilities Tax (CUT) receipts for FY 2026 are estimated to increase due to a combination of increased audits and gross receipts from utilities. Additionally, refunds are estimated to increase over the prior year, slightly offsetting the year over year increase in net receipts. This increase is also offset by a projected decline in gross receipts from the telecommunications sector.

Insurance tax receipts for FY 2026 are estimated to increase due to projected increases in insurance tax premiums driving gross receipts upward, following three years of significant growth. Audits and refunds are both expected to increase as compared to FY 2025.

PTET collections for FY 2026 are estimated to decrease due to lower tax year 2025 estimated payments and extensions coupled with a projected increase in refunds. As noted, DOB expects PTET will be revenue-neutral for the State; however, 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 2026 are estimated to decrease significantly due to an expectation of lower audit receipts. Petroleum Business Tax (PBT) receipts are estimated to decrease from FY 2025 results, primarily due to two successive rate index declines, as the net impact of a 5 percent decline in the PBT rate index effective January 1, 2025 is coupled with an estimated 5 percent decline effective January 1, 2026.

Business tax receipts for FY 2027 are projected to decrease primarily due to lower PTET and CFT receipts. The decrease in PTET receipts is primarily the result of the projected decline in Tax Year 2026 estimated payments. PBT and CUT receipts are also projected to decrease, with an increase in insurance tax receipts partially offsetting the overall business tax receipts decrease. The increase in insurance receipts is driven by an increase in gross receipts. Bank tax receipts are projected to fall to zero in FY 2027.

Business tax receipts for FY 2028 are projected to increase in CUT, insurance tax, and PTET, while PBT and CFT are projected to decline. Insurance taxes are projected to show the largest increase, driven by increased gross receipts from FY 2027. The decrease in CFT receipts is driven by the expiration of the temporary tax rates after tax year 2026.

Business tax receipts for FY 2029 are projected to increase in the PTET, CUT, and insurance tax, while CFT and PBT are projected to decline.

## Other Taxes

| OTHER TAXES (millions of dollars) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY 2024 Actuals | FY 2025 Actuals | Change | FY 2026 Projected | Change | FY 2027 Projected | Change | FY 2028 Projected | Change | FY 2029 Projected | Change |
| **STATE/ALL FUNDS** | **3,048** | **2,586** | **-15.2%** | **2,746** | **6.2%** | **2,916** | **6.2%** | **3,106** | **6.5%** | **3,248** | **4.6%** |
| Estate Tax | 1,856 | 1,301 | -29.9% | 1,439 | 10.6% | 1,503 | 4.4% | 1,569 | 4.4% | 1,635 | 4.2% |
| Real Estate Transfer Tax | 1,165 | 1,257 | 7.9% | 1,278 | 1.7% | 1,383 | 8.2% | 1,505 | 8.8% | 1,580 | 5.0% |
| Employer Compensation Expense Program | 14 | 15 | 7.1% | 15 | 0.0% | 17 | 13.3% | 19 | 11.8% | 20 | 5.3% |
| Pari-Mutuel Taxes | 12 | 11 | -8.3% | 13 | 18.2% | 12 | -7.7% | 12 | 0.0% | 12 | 0.0% |
| All Other Taxes | 1 | 2 | 100.0% | 1 | -50.0% | 1 | 0.0% | 1 | 0.0% | 1 | 0.0% |
| **GENERAL FUND[1]** | **1,876** | **1,322** | **-29.5%** | **1,460** | **10.4%** | **1,524** | **4.4%** | **1,591** | **4.4%** | **1,658** | **4.2%** |
| Estate Tax | 1,856 | 1,301 | -29.9% | 1,439 | 10.6% | 1,503 | 4.4% | 1,569 | 4.4% | 1,635 | 4.2% |
| Employer Compensation Expense Program | 7 | 8 | 14.3% | 7 | -12.5% | 8 | 14.3% | 9 | 12.5% | 10 | 11.1% |
| Pari-Mutuel Taxes | 12 | 11 | -8.3% | 13 | 18.2% | 12 | -7.7% | 12 | 0.0% | 12 | 0.0% |
| All Other Taxes | 1 | 2 | 100.0% | 1 | -50.0% | 1 | 0.0% | 1 | 0.0% | 1 | 0.0% |

[1]Excludes Transfers.

FY 2026 other tax receipts are estimated to increase from FY 2025 results, primarily due to increases in both estate tax and real estate transfer tax receipts. Estimated estate tax receipts reflect estimated growth in household net worth, as well as an expected decrease in refunds. Estimated real estate transfer tax receipts largely reflect estimated growth in housing starts and the average housing price, partially offset by estimated declines in bonuses and the S&P 500.

Other tax receipts in FY 2027 and the outyears are projected to increase, largely due to increases in both estate tax and real estate transfer tax receipts, reflecting projected annual growth in household net worth, housing starts, the average housing price, the S&P 500, and bonuses.

## Miscellaneous Receipts

| MISCELLANEOUS RECEIPTS (millions of dollars) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY 2024 Actuals | FY 2025 Actuals | Change | FY 2026 Projected | Change | FY 2027 Projected | Change | FY 2028 Projected | Change | FY 2029 Projected | Change |
| **ALL FUNDS** | **33,755** | **34,761** | **3.0%** | **38,996** | **12.2%** | **39,793** | **2.0%** | **36,959** | **-7.1%** | **36,784** | **-0.5%** |
| General Fund | 4,878 | 5,168 | 5.9% | 4,011 | -22.4% | 2,892 | -27.9% | 2,283 | -21.1% | 2,164 | -5.2% |
| Special Revenue Funds | 23,430 | 23,804 | 1.6% | 24,108 | 1.3% | 23,637 | -2.0% | 21,694 | -8.2% | 22,371 | 3.1% |
| Capital Projects Funds | 4,941 | 5,283 | 6.9% | 10,460 | 98.0% | 12,827 | 22.6% | 12,529 | -2.3% | 11,797 | -5.8% |
| Debt Service Funds | 506 | 506 | 0.0% | 417 | -17.6% | 437 | 4.8% | 453 | 3.7% | 452 | -0.2% |

All Funds miscellaneous receipts in FY 2026 are projected to increase from FY 2025 estimates, driven by projected growth of bond proceeds receipts, primarily due to the increase in bond-eligible capital spending in FY 2026, partly offset by a projected decline in investment-income and abandoned property receipts.

In the later years of the Financial Plan, All Funds miscellaneous receipts reflect the timing of capital reimbursements and bond issuances and a continued decline in investment income attributable to lower forecasted interest rates and available balances.

## Federal Receipts

| FEDERAL RECEIPTS (millions of dollars) | FY 2024 Actuals | FY 2025 Actuals | Change | FY 2026 Projected | Change | FY 2027 Projected | Change | FY 2028 Projected | Change | FY 2029 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **ALL FUNDS** | **94,276** | **96,713** | **2.6%** | **94,090** | **-2.7%** | **94,336** | **0.3%** | **91,580** | **-2.9%** | **93,317** | **1.9%** |
| General Fund | 2,250 | 3,650 | 62.2% | 0 | -100.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Special Revenue Funds | 89,222 | 90,233 | 1.1% | 90,834 | 0.7% | 90,755 | -0.1% | 87,980 | -3.1% | 89,690 | 1.9% |
| Capital Projects Funds | 2,744 | 2,785 | 1.5% | 3,198 | 14.8% | 3,528 | 10.3% | 3,555 | 0.8% | 3,590 | 1.0% |
| Debt Service Funds | 60 | 45 | -25.0% | 58 | 28.9% | 53 | -8.6% | 45 | -15.1% | 37 | -17.8% |

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 changes in Federal receipts projections correspond with expected changes in Federal spending across the Financial Plan period, which include increases to Medicaid, Public Health, and Transportation, partially offset by the wind-down of pandemic assistance to aid states in their response to and recovery from COVID-19. In addition, Federal receipts in the General Fund reflect the final use of Federal American Rescue Plan (ARP) funds in FY 2025, consistent with Federal treasury rules.

Many of the policies that drive Federal aid may be subject to change. If Federal funding to the State were reduced, this could have a materially adverse impact on the Financial Plan.

## Disbursements

The multi-year disbursements projections consider various factors, including statutorily indexed rates intended to limit spending in certain programs, 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.

## Assistance and Grants

Assistance and grants 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 most of the State Operating Funds assistance and grants spending, which represents approximately two-thirds of total State Operating Funds spending.

Certain factors that are considered when preparing spending projections for the State's major assistance and grants programs and activities are summarized below.

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

| | FY 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected |
|---|---|---|---|---|---|
| **HEALTH CARE** | | | | | |
| Medicaid - Individuals Covered | 6,932,080 | 7,043,533 | 7,076,070 | 7,091,527 | 7,098,834 |
| Essential Plan - Individuals Covered | 1,733,429 | 1,791,481 | 1,846,750 | 1,894,618 | 1,942,487 |
| Child Health Plus - Individuals Covered | 583,207 | 600,792 | 612,807 | 626,063 | 637,563 |
| State Takeover of County/NYC Costs[1] | $7,400 | $8,322 | $9,167 | $9,962 | $11,178 |
| CY 2005 Local Medicaid Cap | $5,386 | $6,126 | $6,789 | $7,401 | $8,435 |
| FY 2013 Local Takeover Costs | $2,014 | $2,196 | $2,378 | $2,561 | $2,743 |
| **EDUCATION** | | | | | |
| School Aid (School Year-Basis Funding) | $35,827 | $37,574 | $38,869 | $40,297 | $41,607 |
| **HIGHER EDUCATION** | | | | | |
| Public Higher Education Enrollment (FTEs) | 479,524 | 479,524 | TBD | TBD | TBD |
| Tuition Assistance Program (FTEs) | 245,000 | 245,000 | TBD | TBD | TBD |
| **PUBLIC ASSISTANCE** | | | | | |
| Family Assistance Program (Families) | 202,592 | 205,120 | 204,330 | 203,804 | 203,266 |
| Safety Net Program (Families) | 141,181 | 142,791 | 142,471 | 142,366 | 142,247 |
| Safety Net Program (Singles) | 319,688 | 340,242 | 349,947 | 360,185 | 370,693 |
| **MENTAL HYGIENE** | | | | | |
| OMH Community Beds | 50,653 | 51,564 | 53,041 | 53,929 | 57,093 |
| OPWDD Community Beds[2] | 43,809 | 44,250 | 44,766 | 45,366 | 46,057 |
| OASAS Community Beds | 13,206 | 13,295 | 13,388 | 13,480 | 13,505 |
| Total | 107,668 | 109,109 | 111,195 | 112,775 | 116,655 |

[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] OPWDD Community Beds actuals and estimates include Self-Directed Rental Subsidies (SDRS).

# 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 Enacted Budget provides $37.6 billion in total School Aid for SY 2026, representing an annual increase of $1.7 billion (4.9 percent). This includes a $1.4 billion (5.7 percent) increase in Foundation Aid. The FY 2026 Enacted Budget reforms the Foundation Aid formula by updating the formula's two measures of the percentage of low-income students in a school district, increasing aid for English language learners, providing additional aid to low-wealth school districts, modifying the Regional Cost Index, and ensuring that each district receives at least a 2 percent annual increase in aid. The Enacted Budget also provides enhancements to Special Services Aid and BOCES Aid to better support career and technical education. The Enacted Budget further provides additional aid to school districts with large portions of their enrollment attending charter schools.

In SY 2027 and beyond, growth in School Aid reflects estimated growth in Foundation Aid and expense-based aids, reflecting DOB's inflation forecast and recent annual expense-based aid growth, respectively.

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

| | SY 2025 | SY 2026 | Change | SY 2027 | Change | SY 2028 | Change | SY 2029 | Change |
|---|---|---|---|---|---|---|---|---|---|
| **Total** | **35,827** | **37,574** | **1,747** | **38,869** | **1,295** | **40,297** | **1,428** | **41,607** | **1,310** |
| | | | 4.9% | | 3.4% | | 3.7% | | 3.3% |

### 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 receipts, including revenues from Video Lottery Terminals (VLTs). Commercial gaming, lottery, and mobile sports wagering receipts are accounted for and disbursed from dedicated accounts. Revenue from the fantasy sports education and the cannabis education accounts are transferred to the Lottery Fund for disbursement. The amount of School Aid spending financed by mobile sports wagering receipts is expected to increase in FY 2026 due to an increase in anticipated revenue collections. Additionally, the amount of School Aid spending financed by lottery receipts is expected to decrease in FY 2026 due to higher than anticipated revenue collections in FY 2024 that were subsequently used to support disbursements in FY 2025.

Because the State fiscal year begins annually on April 1 and the school year begins annually 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 quarter 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**
**(millions of dollars)**

| | FY 2025 Actuals | FY 2026 Projected | Change | FY 2027 Projected | Change | FY 2028 Projected | Change | FY 2029 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STATE OPERATING FUNDS** | **35,290** | **36,986** | **4.8%** | **38,386** | **3.8%** | **39,758** | **3.6%** | **41,108** | **3.4%** |
| General Fund Assistance and Grants | 30,088 | 31,532 | 4.8% | 33,222 | 5.4% | 34,626 | 4.2% | 35,943 | 3.8% |
| Medicaid | 137 | 140 | 2.2% | 140 | 0.0% | 140 | 0.0% | 140 | 0.0% |
| Lottery Aid[1] | 2,807 | 2,591 | -7.7% | 2,558 | -1.3% | 2,500 | -2.3% | 2,495 | -0.2% |
| VLT Lottery Aid | 1,096 | 1,131 | 3.2% | 1,092 | -3.4% | 1,094 | 0.2% | 1,094 | 0.0% |
| Commercial Gaming | 122 | 135 | 10.7% | 138 | 2.2% | 134 | -2.9% | 134 | 0.0% |
| Mobile Sports Wagering | 1,040 | 1,457 | 40.1% | 1,236 | -15.2% | 1,264 | 2.3% | 1,302 | 3.0% |

[1] Lottery Aid funds include transfers made from the fantasy sports education account and the cannabis education account.

Spending on School Aid from dedicated revenue sources is capped by appropriation authority as determined at the Enacted Budget. Therefore, spending shown in the table above does not necessarily equate to annual revenue collections and projections.

## 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 2025 Actuals | FY 2026 Projected | Change | FY 2027 Projected | Change | FY 2028 Projected | Change | FY 2029 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STATE OPERATING FUNDS** | **2,876** | **3,069** | **6.7%** | **3,181** | **3.6%** | **3,342** | **5.1%** | **3,493** | **4.5%** |
| Special Education | 1,609 | 1,600 | -0.6% | 1,696 | 6.0% | 1,796 | 5.9% | 1,898 | 5.7% |
| All Other Education | 1,267 | 1,469 | 15.9% | 1,485 | 1.1% | 1,546 | 4.1% | 1,595 | 3.2% |

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 assisted meal 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 in FY 2026 are projected to decline slightly from the prior fiscal year, due to increased claims in FY 2025 as a result of recent reforms that have accelerated the issuance of tuition rates with the cost of living adjustment growth and reduced overpayment recoveries, as well as increased enrollment. These 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.

Spending for All Other Education Programs in FY 2026 is projected to increase by 15.9 percent. This increase is driven largely by adoption of a universal free school meals program under which all school districts, charter schools, and nonpublic schools that participate in the national school lunch and breakfast program will be required to provide free meals to all students regardless of their families' income, with the State paying the student's share of costs for all meals served to students not already receiving free meals. The projected increase in spending is also partly attributable to reimbursement to nonpublic schools for State-mandated activities; reimbursement to nonpublic schools for STEM instruction; reimbursement of school districts' supplemental charter school tuition payments; and payments to the City of New York for charter school facilities aid. Outyear spending growth is largely attributable to increased reimbursement for school meals, nonpublic schools, and charter schools.

## 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 $107,300 will receive an $86,100 exemption in FY 2026.

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 transitioning 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.

The STAR program also includes a credit for income-eligible taxpayers who are residents of the City of New York. The City of New York PIT rate reduction was converted into a State PIT tax credit starting with tax year 2017 and, as of FY 2019, is 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 2025 Actuals | FY 2026 Projected | Change | FY 2027 Projected | Change | FY 2028 Projected | Change | FY 2029 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STAR PROGRAM** | **1,448** | **1,397** | **-3.5%** | **1,320** | **-5.5%** | **1,247** | **-5.5%** | **1,180** | **-5.4%** |
| Gross Program Costs | 2,980 | 3,070 | 3.0% | 3,116 | 1.5% | 3,180 | 2.1% | 3,272 | 2.9% |
| Personal Income Tax Credit | (1,532) | (1,673) | -9.2% | (1,796) | -7.4% | (1,933) | -7.6% | (2,092) | -8.2% |
| Basic Exemption | 654 | 605 | -7.5% | 533 | -11.9% | 464 | -12.9% | 401 | -13.6% |
| Gross Program Costs | 1,245 | 1,293 | 3.9% | 1,309 | 1.2% | 1,325 | 1.2% | 1,361 | 2.7% |
| Personal Income Tax Credit | (591) | (688) | -16.4% | (776) | -12.8% | (861) | -11.0% | (960) | -11.5% |
| Enhanced (Senior) Exemption | 794 | 792 | -0.3% | 787 | -0.6% | 783 | -0.5% | 779 | -0.5% |
| Gross Program Costs | 1,001 | 1,029 | 2.8% | 1,047 | 1.7% | 1,072 | 2.4% | 1,108 | 3.4% |
| Personal Income Tax Credit | (207) | (237) | -14.5% | (260) | -9.7% | (289) | -11.2% | (329) | -13.8% |
| City of New York PIT | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Gross Program Costs | 734 | 748 | 1.9% | 760 | 1.6% | 783 | 3.0% | 803 | 2.6% |
| Personal Income Tax Credit | (734) | (748) | -1.9% | (760) | -1.6% | (783) | -3.0% | (803) | -2.6% |

All homeowners with incomes above $250,000 were transitioned from the basic exemption benefit program to the advance credit program in FY 2020. Additionally, a zero percent growth cap on the STAR exemption benefit remains in effect. The decline in reported disbursements on STAR exemptions in FY 2026 through FY 2029 can be attributed to these actions. By moving taxpayers to the credit program, the State can more efficiently administer the program while strengthening its ability to prevent abuse. The move from the basic exemption to the credit program does not reduce the value of the benefit received by homeowners.

The Enacted Budget includes legislation that will simplify the STAR income and age eligibility rules to make it easier for taxpayers to qualify for and receive benefits. Notably, the age eligibility is updated so that: only one resident owner needs to be 65 or older to qualify for the Enhanced STAR benefit (instead of the current requirement that all owners be 65 or older unless the owners are married or are siblings); only the income of primary owners will be used to determine eligibility; and taxpayers who do not file annual tax returns can retain eligibility using prior returns.

## Higher Education

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

| HIGHER EDUCATION (millions of dollars) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY 2025 Actuals | FY 2026 Projected | Change | FY 2027 Projected | Change | FY 2028 Projected | Change | FY 2029 Projected | Change |
| **TOTAL STATE OPERATING FUNDS** | **3,280** | **3,613** | **10.2%** | **3,539** | **-2.0%** | **3,536** | **-0.1%** | **3,572** | **1.0%** |
| **City University** | **2,116** | **2,307** | **9.0%** | **2,240** | **-2.9%** | **2,226** | **-0.6%** | **2,250** | **1.1%** |
| Senior Colleges | 1,873 | 2,041 | 9.0% | 1,970 | -3.5% | 1,956 | -0.7% | 1,980 | 1.2% |
| Community College | 243 | 266 | 9.5% | 270 | 1.5% | 270 | 0.0% | 270 | 0.0% |
| **Higher Education Services** | **612** | **686** | **12.1%** | **704** | **2.6%** | **720** | **2.3%** | **732** | **1.7%** |
| Tuition Assistance Program | 553 | 604 | 9.2% | 617 | 2.2% | 634 | 2.8% | 651 | 2.7% |
| Scholarships/Awards | 56 | 81 | 44.6% | 87 | 7.4% | 86 | -1.1% | 81 | -5.8% |
| Aid for Part-Time Study | 3 | 1 | -66.7% | 0 | -100.0% | 0 | 0.0% | 0 | 0.0% |
| **State University** | **552** | **620** | **12.3%** | **595** | **-4.0%** | **590** | **-0.8%** | **590** | **0.0%** |
| Community College | 461 | 492 | 6.7% | 489 | -0.6% | 488 | -0.2% | 488 | 0.0% |
| Other/Cornell | 91 | 128 | 40.7% | 106 | -17.2% | 102 | -3.8% | 102 | 0.0% |

As of Fall 2024 enrollment data, SUNY and CUNY operate 47 four-year colleges and graduate schools with a total enrollment of roughly 372,000 full- and part-time students. SUNY and CUNY also operate 37 community colleges, serving approximately 242,000 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 nearly $2.0 billion in annual support for the fringe benefit costs of all employees at SUNY State-operated campuses, approximately $1.5 billion for SUNY four-year campus operations via an annual General Fund transfer, and an estimated $954 million for debt service payments on bond-financed capital projects at SUNY and CUNY in FY 2026. Additionally, an estimated $330 million in student financial aid support will continue to be transferred from HESC to SUNY in FY 2026. This is the result of an accounting change first implemented in FY 2020 to reflect certain financial aid payments made 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 various 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 assistance and grants spending is projected to increase by $333 million, or 10.2 percent, from FY 2025 to FY 2026. This spending includes an increase in General Fund operating assistance to CUNY senior colleges for campus operating support, increased fringe benefits, investments in artificial intelligence, and programs to support academic and career advisement, tuition grants, textbooks, and transportation costs. In addition, increased spending at SUNY and CUNY community colleges is driven by additional operating aid and the Enacted Budget legislation to provide for the remaining cost of tuition, fees, books, and supplies for students aged 25 to 55 who enter associate's degree programs in high-demand fields. Student financial aid spending is expected to increase due to the expansion of VTA to include non-combat veterans.

## Health Care

DOH works with local health departments and social services departments, including the City of New York, to coordinate and administer statewide health insurance programs and activities, including operating the Medicaid program. The combined benefit of the State's health insurance programs is to provide health care coverage to approximately 9 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, assistance and grants spending for health care includes a variety of mental hygiene programs.

DOH also engages in federally supported initiatives, including Medicaid redesign and public health response efforts. For more information on the Medicaid Waivers and Federal COVID-19 response efforts please see “Other Matters Affecting the Financial Plan” and “Federal Aid” 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. According to the most recent CMS Data, New York is the second largest program in terms of spending, behind California, which spends roughly 24 percent more in gross expenditures and covers more than 13 million people. 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 the City of New York. 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 nearly $126 billion in FY 2026. The following table shows the estimated disbursements and share of costs by level of government.

| MEDICAID SPENDING (millions of dollars) | | | | | |
|---|---|---|---|---|---|
| | FY 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected |
| **Federal** | **65,835** | **72,290** | **73,652** | **71,136** | **72,810** |
| | 58.3% | 57.5% | 56.7% | 55.2% | 54.5% |
| **State (DOH)** | **31,626** | **35,848** | **38,463** | **39,606** | **42,198** |
| | 28.0% | 28.5% | 29.6% | 30.7% | 31.6% |
| **State (Other Agencies)** | **6,811** | **8,851** | **8,968** | **9,387** | **9,728** |
| | 6.0% | 7.0% | 6.9% | 7.2% | 7.3% |
| **Local** | **8,638** | **8,838** | **8,838** | **8,838** | **8,838** |
| | 7.7% | 7.0% | 6.8% | 6.9% | 6.6% |
| **Total** | **112,910** | **125,827** | **129,921** | **128,967** | **133,574** |

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

| STATE-SHARE MEDICAID FINANCING SOURCES (millions of dollars) | | | | | |
|---|---|---|---|---|---|
| | FY 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected |
| **General Fund** | **24,857** | **26,399** | **29,232** | **31,693** | **34,923** |
| | 78.6% | 73.6% | 76.0% | 80.0% | 82.8% |
| **HCRA** | **5,553** | **5,642** | **5,763** | **6,005** | **6,194** |
| | 17.7% | 15.8% | 15.0% | 15.2% | 14.6% |
| **All Other** | **1,216** | **3,807** | **3,468** | **1,908** | **1,081** |
| | 3.7% | 10.6% | 9.0% | 4.8% | 2.6% |
| **Total** | **31,626** | **35,848** | **38,463** | **39,606** | **42,198** |

## Enrollment and Cost Drivers

Medicaid eligibility and enrollment fluctuate with economic cycles and unemployment levels. Most recently the COVID-19 pandemic caused significant jumps in enrollment and participation in public health insurance programs such as Medicaid, EP, and CHP. Despite recent eligibility redeterminations performed in 2024, the State continues to retain a greater proportion of COVID-19 era enrollees with approximately 9 million public health insurance enrollees driving higher Medicaid costs over the multi-year Financial Plan relative to pre-pandemic levels of enrollment.

Total Medicaid costs are expected to grow annually, due in large part to an increase in high utilization and aging populations, a recent expansion of benefits, and increases to reimbursement rates. 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 MLTC services for seniors and dual eligibles; and payments to financially distressed hospitals.

The following table summarizes State-share Medicaid spending by agency and the interplay of the Mental Hygiene Stabilization Fund (MHSF)/Local Share Adjustment (LSA) accounting mechanism between DOH and OPWDD.

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

| | FY 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected |
|---|---|---|---|---|---|
| **Department of Health Medicaid** | **31,626** | **35,848** | **38,463** | **39,606** | **42,198** |
| Assistance and Grants | 31,266 | 35,449 | 38,106 | 39,237 | 41,846 |
| State Operations | 396 | 399 | 357 | 369 | 352 |
| eFMAP[1] | (36) | 0 | 0 | 0 | 0 |
| **Other State Agency Medicaid Spending** | **6,811** | **8,851** | **8,968** | **9,387** | **9,728** |
| Mental Hygiene[2] | 6,290 | 9,311 | 9,759 | 9,968 | 10,285 |
| MHSF/LSA | 298 | (723) | (1,056) | (847) | (825) |
| Foster Care | 73 | 118 | 120 | 121 | 123 |
| Education | 137 | 140 | 140 | 140 | 140 |
| Corrections | 13 | 5 | 5 | 5 | 5 |
| **Total State-Share Medicaid (All Agencies)** | **38,437** | **44,699** | **47,431** | **48,993** | **51,926** |
| Annual $ Change | 2,577 | 6,262 | 2,732 | 1,562 | 2,933 |
| Annual % Change | 7.2% | 16.3% | 6.1% | 3.3% | 6.0% |

[1] Includes a portion of the benefit of enhanced Federal share (eFMAP), which expired in December 2023. Final reconciliations concluded with an additional $36 million in Federal resources received in FY 2025.

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

## Factors Affecting Medicaid Funding

### Global Cap

The Medicaid Global Cap is a statutory spending limit that applies to a subset of State-share funded Medicaid spending. Since the implementation of the Medicaid Global Cap 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 changes, including specific populations, such as the aging and disabled populations, which are significant drivers of costs.

The FY 2026 Enacted Budget adjusted costs reported under the Medicaid Global Cap to exclude OSA local Medicaid expenses. Beginning in FY 2026, these costs that were previously reported in the DOH budget are now reported in the respective agencies. As county contributions have been capped since 2015, the State continues to pick up each additional dollar every year in Medicaid expenses that would otherwise be paid for by localities ($8.3 billion in FY 2026). This effectively made the State liable for all growth in non-Federal Medicaid expenses as the local contribution is fixed. An estimated $2 billion of local share spending is related to OSA services and programs that are not managed by DOH. The reclassification of this spending is Financial Plan cost neutral and more appropriately aligns program activities and costs to agencies responsible for managing such spending.

**MEDICAID GLOBAL CAP INDEX**
**(millions of dollars)**

| | FY 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected | Five-Year Total |
|---|---|---|---|---|---|---|
| **Prior CPI Index (May 2022)** | **22,333** | **22,957** | **23,612** | **24,226** | **24,559** | **117,687** |
| Annual $ Change | 584 | 624 | 655 | 614 | 333 | 2,810 |
| Annual % Change | 2.7% | 2.8% | 2.9% | 2.6% | 1.4% | |
| **Increased Spending Under the New Cap[1]** | **2,597** | **3,502** | **4,249** | **4,952** | **5,881** | **21,181** |
| **New CMS Index** | **24,930** | **26,459** | **27,861** | **29,178** | **30,440** | **138,868** |
| FY 2026 Enacted Budget | 24,930 | 26,459 | 28,833 | 30,902 | 33,668 | 144,792 |
| **Enacted Budget Over/(Under) Allowance[2]** | **0** | **0** | **972** | **1,724** | **3,228** | **5,924** |

[1] Effective FY 2023, growth is indexed to the five-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).

[2] Medicaid spending is projected to stay within the allowable Global Cap through FY 2026. Gap-closing savings will be necessary in FY 2027 through FY 2029 to ensure Medicaid spending in future years adheres to the Global Cap allowance.

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, health care investments made from the HSF, and costs related to State-mandated increases in the minimum wage and other wage enhancements.

**TOTAL DOH MEDICAID SPENDING**

**(millions of dollars)**

| | FY 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected |
|---|---|---|---|---|---|
| **Medicaid Global Cap**[1] | **24,930** | **26,459** | **27,861** | **29,179** | **30,440** |
| Annual $ Change | 1,665 | 1,529 | 1,402 | 1,318 | 1,261 |
| Annual % Change | 7.2% | 6.1% | 5.3% | 4.7% | 4.3% |
| **Spending Above Cap Allowance**[2] | **0** | **0** | **972** | **1,724** | **3,228** |
| **Other Medicaid Not Subject to Global Cap** | **6,696** | **6,661** | **7,242** | **7,875** | **8,530** |
| Minimum Wage | 2,430 | 2,441 | 2,451 | 2,462 | 2,471 |
| Home Care Wages | 1,480 | 1,795 | 2,165 | 2,590 | 3,037 |
| Local Takeover Cost[3] | 2,014 | 2,196 | 2,378 | 2,561 | 2,743 |
| MSA Local Growth Offset | (97) | (298) | (281) | (265) | (250) |
| All Other | 719 | 527 | 529 | 527 | 529 |
| Healthcare Stability Fund[3] | 150 | 0 | 0 | 0 | 0 |
| **Total Spending**[3] | **31,626** | **33,120** | **36,075** | **38,778** | **42,198** |
| Annual $ Change | 3,438 | 1,494 | 2,955 | 2,703 | 3,420 |
| Annual % Change | 12.2% | 4.7% | 8.9% | 7.5% | 8.8% |
| **Healthcare Stability Fund**[4] | **0** | **2,728** | **2,388** | **828** | **0** |
| **Total with HSF**[4] | **31,626** | **35,848** | **38,463** | **39,606** | **42,198** |
| Annual $ Change | 3,438 | 4,222 | 2,615 | 1,143 | 2,592 |
| Annual % Change | 12.2% | 13.3% | 7.3% | 3.0% | 6.5% |

[1] Annual growth is indexed to the five-year rolling average of Medicaid spending projections within the National Health Expenditure Accounts produced by CMS.

[2] Medicaid spending is projected to stay within the allowable Global Cap in FY 2026. Gap-closing savings will be necessary in FY 2027 through FY 2029 to ensure Medicaid spending in future years adheres to the Global Cap allowance.

[3] Medicaid State Operating Funds spending, exclusive of Other State Agencies (OSA) costs and expenditures from the MCO Healthcare Stability Fund.

[4] Revenues to the Healthcare Stability Fund (HSF) will be reinvested into the healthcare delivery system as well as provide Global Cap relief. Beginning in FY 2026, expenditures from the HSF are excluded from the Medicaid Global Cap allowance.

## 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 minimum wage increases in the health care sector are projected to cost the State $2.4 billion in FY 2026. Home health care workers in the City of New York 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 $2.54 for the City of New York and $1.67 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 State authorized wage increases for home health and personal care workers of $1.55 for downstate and $1.35 for rest of state, effective January 1, 2024, with additional Statewide wage increases of $0.55 effective January 1, 2025, and an additional $0.55 to come January 1, 2026. Costs for these increases are projected to be over $1.3 billion in FY 2026. These increases were partially funded by HCBS eFMAP in FY 2025 but have reverted to nearly all General Fund support beginning in FY 2026.

The State also automatically increased 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 CPI for Urban Wage Earners and Clerical Workers (CPI-W) for the Northeast Region. The State cost is $512 million in FY 2026 and is projected to grow to over $1.5 billion in FY 2029.

## Local Medicaid Cap

The local Medicaid Cap was designed to relieve pressure on county property taxes and the City of New York 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 and indexed to 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 all growth in the local share of Medicaid costs over a three-year period.

The State takeover, which capped local districts' Medicaid costs at calendar year 2015 levels, is projected to save local districts a total of $8.3 billion in FY 2026 -- roughly $3.7 billion for counties outside the City of New York and $4.6 billion for the City of New York. 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 2025 to FY 2029**

| Region | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|---|---|---|---|---|---|
| Rest of State | 3,361,031 | 3,705,333 | 4,021,266 | 4,318,164 | 4,772,414 |
| City of New York | 4,038,984 | 4,616,246 | 5,145,942 | 5,643,726 | 6,405,329 |
| Statewide | 7,400,015 | 8,321,579 | 9,167,208 | 9,961,890 | 11,177,743 |

## Master Settlement Agreement (MSA)

DOB expects to receive a perpetual payment from tobacco manufacturers under the Master Settlement Agreement (MSA) consistent with consumption and inflation adjustments authorized in the agreement. New York State law directs these payments be used to help defray the costs of the State's takeover of Medicaid expenses for counties and the City of New York. 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.

## Healthcare Stability Fund (HSF)

Health care costs in New York rose sharply in the aftermath of the COVID-19 pandemic and continue to increase at unsustainable rates, creating pressure on the government funded Medicaid program and safety-net providers. In an effort to expand resources to fund these growing costs, the State pursued Federal approval of an assessment on MCO similar to those imposed by many other states including New Jersey, Louisiana, Michigan, Illinois, and California. Effective January 1, 2025, CMS granted approval for a Per Member Per Month (PMPM) assessment on Medicaid and Non-Medicaid insurers based on the number of member months the plan carries. The assessment includes a component for the EP's 1.7 million enrollees, contributing to increased cost on the Federal fund.

Pursuant to the FY 2025 Enacted Budget, the HSF will receive and distribute the new MCO resources, estimated to total $3.7 billion over two years. The FY 2026 Enacted Budget assumes the use of the funds over three years to fund $1 billion in existing commitments supported by the Global Cap and the remaining $2.7 billion will support new health care delivery investments, which are exempt from the Medicaid Global Cap. These investments and funding are dependent on successful execution of the assessment, which is subject to continued Federal support. Absent assurance of continued Federal approval to continue, the Financial Plan does not include any funding for these investments in the later years.

**HEALTHCARE STABILITY FUND**
**(millions of dollars)**

| | FY 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected |
|---|---|---|---|---|---|
| **Opening Balance** | **0** | **201** | **593** | **829** | **0** |
| **Receipts** | **351** | **3,278** | **2,625** | **0** | **0** |
| Managed Care Assessments | 0 | 3,278 | 2,625 | 0 | 0 |
| General Fund Transfer | 350 | 0 | 0 | 0 | 0 |
| STIP Interest | 1 | 0 | 0 | 0 | 0 |
| | | | | | |
| **Disbursements** | **150** | **2,886** | **2,389** | **829** | **0** |
| Global Cap Offset | 0 | 500 | 500 | 0 | 0 |
| Hospitals | 0 | 346 | 305 | 305 | 0 |
| Nursing Homes | 142 | 223 | 193 | 193 | 0 |
| Safety Net Transformation | 0 | 300 | 300 | 213 | 0 |
| Quality Pools | 0 | 50 | 50 | 50 | 0 |
| Physician Fee Schedule | 0 | 50 | 50 | 50 | 0 |
| Clinics | 0 | 20 | 10 | 10 | 0 |
| VBP Incentive Payments | 0 | 15 | 0 | 0 | 0 |
| Assisted Living Programs | 8 | 8 | 8 | 8 | 0 |
| Transfer to HCRA (MIF) | 0 | 159 | 0 | 0 | 0 |
| State Share Assessment Offsets | 0 | 1,215 | 973 | 0 | 0 |
| | | | | | |
| **Closing Balance** | **201** | **593** | **829** | **0** | **0** |

## 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 IT, and support for home care delivery.

| HEALTH CARE TRANSFORMATION FUND (millions of dollars) | | | | | |
|---|---|---|---|---|---|
| | FY 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected |
| **Opening Balance** | **375** | **270** | **145** | **0** | **0** |
| **Receipts** | **145** | **140** | **140** | **0** | **0** |
| General Fund Transfer | 125 | 125 | 125 | 0 | 0 |
| STIP Interest | 20 | 15 | 15 | 0 | 0 |
| **Planned Uses** | **250** | **265** | **285** | **0** | **0** |
| Home Care Wages | 250 | 250 | 250 | 0 | 0 |
| Housing Rental Subsidies | 0 | 15 | 35 | 0 | 0 |
| **Closing Balance** | **270** | **145** | **0** | **0** | **0** |

## Public Health/Aging Programs

The State administers more than 150 separate programs to promote public health and wellbeing and provide access to quality health services for New Yorkers. CHP, the single largest program in this category, provides health insurance coverage for children of low-income families up to the age of 19. The General Public Health Work (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 with disabilities or developmental delays who are under the age of three. 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 and local providers.

**PUBLIC HEALTH AND AGING**
**(millions of dollars)**

| | FY 2025 Actuals | FY 2026 Projected | Change | FY 2027 Projected | Change | FY 2028 Projected | Change | FY 2029 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STATE OPERATING FUNDS** | **2,931** | **3,092** | **5.5%** | **2,798** | **-9.5%** | **2,854** | **2.0%** | **2,906** | **1.8%** |
| **Public Health** | **2,742** | **2,859** | **4.3%** | **2,604** | **-8.9%** | **2,649** | **1.7%** | **2,695** | **1.7%** |
| Child Health Plus | 1,555 | 1,354 | -12.9% | 1,399 | 3.3% | 1,444 | 3.2% | 1,490 | 3.2% |
| General Public Health Work | 199 | 186 | -6.5% | 186 | 0.0% | 186 | 0.0% | 186 | 0.0% |
| EPIC | 43 | 63 | 46.5% | 63 | 0.0% | 63 | 0.0% | 63 | 0.0% |
| Early Intervention | 130 | 75 | -42.3% | 71 | -5.3% | 71 | 0.0% | 71 | 0.0% |
| Unadjusted | 227 | 172 | -24.2% | 168 | -2.3% | 168 | 0.0% | 168 | 0.0% |
| Health Services Initiatives Offset | (97) | (97) | 0.0% | (97) | 0.0% | (97) | 0.0% | (97) | 0.0% |
| Workforce Initiatives[1] | 24 | 94 | 291.7% | 94 | 0.0% | 94 | 0.0% | 94 | 0.0% |
| General Fund Assistance and Grants | 6 | 76 | 1166.7% | 76 | 0.0% | 76 | 0.0% | 76 | 0.0% |
| HCRA Program | 18 | 18 | 0.0% | 18 | 0.0% | 18 | 0.0% | 18 | 0.0% |
| HCRA Program | 332 | 491 | 47.9% | 318 | -35.2% | 318 | 0.0% | 318 | 0.0% |
| Nourish NY | 50 | 55 | 10.0% | 50 | -9.1% | 50 | 0.0% | 50 | 0.0% |
| All Other | 409 | 541 | 32.3% | 423 | -21.8% | 423 | 0.0% | 423 | 0.0% |
| **Aging** | **189** | **233** | **23.3%** | **194** | **-16.7%** | **205** | **5.7%** | **211** | **2.9%** |

[1] 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.

Public Health spending is projected to increase by 4.3 percent in FY 2026 and grow by less than 2 percent annually over the remaining years of the Financial Plan period. This reduction in growth in FY 2026 reflects slightly lower projected spending on the CHP undocumented population. The overall decrease is partially offset by increased spending on reproductive health and abortion access, and reimbursement rates under the EI program.

Over the multi-year period, the Financial Plan maintains funding to address the needs of individuals living in underserved communities by ensuring surplus agricultural products are rerouted through the State's network of food banks; monitoring and providing support for unforeseen public health emergencies; reducing infant, child, and maternal mortality; improving maternal mental health; and maintaining on-going workforce investments to safeguard access and delivery to health care.

The Financial Plan maintains support for SOFA to address locally identified capacity needs, including: retention of the elderly in their communities; support for family and friends in their caregiving roles; establishment of quality reporting and accreditation for assisted living residences; and implementation of quality improvement initiatives in nursing homes to promote transparency.

## HCRA Financial Plan

HCRA was established in 1996 to help fund a portion of State health care activities and is currently authorized through FY 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 15 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 2025 Actuals | FY 2026 Projected | Change | FY 2027 Projected | Change | FY 2028 Projected | Change | FY 2029 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|
| **OPENING BALANCE** | **55** | **14** | | **0** | | **0** | | **0** | |
| **TOTAL RECEIPTS** | **7,652** | **7,778** | **1.6%** | **7,784** | **0.1%** | **8,076** | **3.8%** | **8,316** | **3.0%** |
| Surcharges | 5,061 | 5,305 | 4.8% | 5,337 | 0.6% | 5,585 | 4.6% | 5,841 | 4.6% |
| Covered Lives Assessment | 1,156 | 1,150 | -0.5% | 1,150 | 0.0% | 1,150 | 0.0% | 1,150 | 0.0% |
| Cigarette Tax Revenue | 553 | 519 | -6.1% | 490 | -5.6% | 462 | -5.7% | 436 | -5.6% |
| Hospital Assessments | 619 | 557 | -10.0% | 560 | 0.5% | 612 | 9.3% | 622 | 1.6% |
| Excise Tax on Vapor Products | 21 | 21 | 0.0% | 21 | 0.0% | 21 | 0.0% | 21 | 0.0% |
| NYC Cigarette Tax Transfer | 11 | 13 | 18.2% | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% |
| EPIC Receipts/ICR Audit Fees/Interest | 81 | 63 | -22.2% | 63 | 0.0% | 83 | 31.7% | 83 | 0.0% |
| Distressed Provider Assistance[1] | 150 | 150 | 0.0% | 150 | 0.0% | 150 | 0.0% | 150 | 0.0% |
| **TOTAL DISBURSEMENTS AND TRANSFERS** | **7,693** | **7,792** | **1.3%** | **7,784** | **-0.1%** | **8,076** | **3.8%** | **8,316** | **3.0%** |
| Medicaid Assistance Account | 4,891 | 5,011 | 2.5% | 5,132 | 2.4% | 5,374 | 4.7% | 5,563 | 3.5% |
| Medicaid Costs | 4,566 | 4,686 | 2.6% | 4,807 | 2.6% | 5,049 | 5.0% | 5,238 | 3.7% |
| Distressed Provider Assistance[1] | 150 | 150 | 0.0% | 150 | 0.0% | 150 | 0.0% | 150 | 0.0% |
| Workforce Recruitment & Retention | 175 | 175 | 0.0% | 175 | 0.0% | 175 | 0.0% | 175 | 0.0% |
| Hospital Indigent Care | 662 | 631 | -4.7% | 631 | 0.0% | 631 | 0.0% | 631 | 0.0% |
| HCRA Program Account | 358 | 529 | 47.8% | 356 | -32.7% | 354 | -0.6% | 354 | 0.0% |
| Child Health Plus | 1,573 | 1,378 | -12.4% | 1,424 | 3.3% | 1,473 | 3.4% | 1,521 | 3.3% |
| Elderly Pharmaceutical Insurance Coverage | 56 | 74 | 32.1% | 74 | 0.0% | 74 | 0.0% | 74 | 0.0% |
| Qualified Health Plan Administration | 29 | 33 | 13.8% | 32 | -3.0% | 33 | 3.1% | 34 | 3.0% |
| Roswell Park Cancer Institute | 55 | 51 | -7.3% | 51 | 0.0% | 51 | 0.0% | 51 | 0.0% |
| SHIN-NY/APCD/Modernization | 45 | 45 | 0.0% | 40 | -11.1% | 40 | 0.0% | 40 | 0.0% |
| All Other | 24 | 40 | 66.7% | 44 | 10.0% | 46 | 4.5% | 48 | 4.3% |
| **ANNUAL OPERATING SURPLUS/(DEFICIT)** | **(41)** | **(14)** | | **0** | | **0** | | **0** | |
| **CLOSING BALANCE** | **14** | **0** | | **0** | | **0** | | **0** | |

[1] HCRA Financial Plan includes resources from local county contributions in support of State funded payments to distressed health care providers through the Medicaid program.

Total HCRA receipts are anticipated to grow at a steady rate over the course of the multi-year plan while cigarette tax revenues will moderately decline, concurrent with the anticipated decline in taxable cigarette consumption. These declines are offset by $150 million in annual revenues set aside to support distressed providers through Medicaid program payments.

HCRA spending over the same plan period reflects over $6 billion in continued support for Medicaid spending, including the $150 million set aside for distressed providers and approximately $1.45 billion for the CHP program. Estimated growth in CHP spending reflects consistent growth in enrollment, utilization, and reimbursements rates. Additionally, to support new enrollment associated with MIF, the Financial Plan includes $159 million in non-recurring funding; these FY 2026 resources will support new enrollment through March 31, 2026, and are in addition to the $52 million in ongoing base support.

HCRA is expected to remain in balance over the Financial Plan period. Under the current HCRA appropriation structure, spending reductions will occur if resources are insufficient to maintain a balanced fund. Any such spending reductions could affect General Fund Medicaid funding or HCRA programs. Conversely, any unanticipated balances or excess resources in HCRA are expected to fund Medicaid costs that would have otherwise been paid from the General Fund.

## Mental Hygiene

The Mental Hygiene agencies consist of OPWDD, OMH, OASAS, the Council on Developmental Disabilities (CDD), and the Justice Center for the Protection of People with Special Needs (Justice Center). OPWDD, OMH, and OASAS 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 problem gambling. The service costs are reimbursed by Medicaid, Medicare, third-party insurance, and State funding.

**MENTAL HYGIENE**
**(millions of dollars)**

| | FY 2025 Actuals | FY 2026 Projected | Change | FY 2027 Projected | Change | FY 2028 Projected | Change | FY 2029 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STATE OPERATING FUNDS** | **6,130** | **8,335** | **36.0%** | **8,546** | **2.5%** | **9,086** | **6.3%** | **9,516** | **4.7%** |
| **People with Developmental Disabilities** | **3,164** | **5,606** | **77.2%** | **5,866** | **4.6%** | **6,143** | **4.7%** | **6,418** | **4.5%** |
| Residential Services | 1,618 | 1,762 | 8.9% | 1,845 | 4.7% | 1,943 | 5.3% | 2,042 | 5.1% |
| Day Programs | 818 | 891 | 8.9% | 933 | 4.7% | 982 | 5.3% | 1,032 | 5.1% |
| Clinic | 21 | 23 | 9.5% | 24 | 4.3% | 25 | 4.2% | 26 | 4.0% |
| DOH Medicaid Reclassification to Mental Hygiene[4] | 0 | 2,176 | 0.0% | 2,271 | 4.4% | 2,356 | 3.7% | 2,435 | 3.4% |
| All Other Services (Net of Offsets) | 707 | 754 | 6.6% | 793 | 5.2% | 837 | 5.5% | 883 | 5.5% |
| **Mental Health** | **2,189** | **2,722** | **24.3%** | **3,049** | **12.0%** | **3,105** | **1.8%** | **3,236** | **4.2%** |
| Adult Local Services | 1,934 | 2,272 | 17.5% | 2,583 | 13.7% | 2,643 | 2.3% | 2,757 | 4.3% |
| Children Local Services | 220 | 272 | 23.6% | 305 | 12.1% | 311 | 2.0% | 324 | 4.2% |
| MLR/BHET Reinvestment[1] | 35 | 39 | 11.4% | 15 | -61.5% | 0 | -100.0% | 0 | 0.0% |
| DOH Medicaid Reclassification to Mental Hygiene[4] | 0 | 139 | 0.0% | 146 | 5.0% | 151 | 3.4% | 155 | 2.6% |
| **Addiction Services and Supports** | **478** | **729** | **52.5%** | **686** | **-5.9%** | **684** | **-0.3%** | **686** | **0.3%** |
| Residential | 107 | 147 | 37.4% | 160 | 8.8% | 165 | 3.1% | 175 | 6.1% |
| Other Treatment | 193 | 263 | 36.3% | 294 | 11.8% | 304 | 3.4% | 319 | 4.9% |
| Prevention | 50 | 68 | 36.0% | 75 | 10.3% | 79 | 5.3% | 82 | 3.8% |
| Recovery | 42 | 56 | 33.3% | 62 | 10.7% | 65 | 4.8% | 68 | 4.6% |
| Opioid Settlement Fund[2] | 71 | 82 | 15.5% | 53 | -35.4% | 48 | -9.4% | 38 | -20.8% |
| Opioid Stewardship Fund[3] | 11 | 89 | 709.1% | 38 | -57.3% | 19 | -50.0% | 0 | -100.0% |
| MLR/BHET Reinvestment[1] | 4 | 24 | 500.0% | 4 | -83.3% | 4 | 0.0% | 4 | 0.0% |
| **Justice Center** | **1** | **1** | **0.0%** | **1** | **0.0%** | **1** | **0.0%** | **1** | **0.0%** |
| **Total DOH Medicaid Global Cap Adjustments** | **298** | **(723)** | **-342.6%** | **(1,056)** | **-46.1%** | **(847)** | **19.8%** | **(825)** | **2.6%** |
| OPWDD Local Share | 424 | 0 | -100.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| OPWDD Mental Hygiene Stabilization Fund | (126) | (723) | -473.8% | (1,056) | -46.1% | (847) | 19.8% | (825) | 2.6% |
| **DOH Medicaid Reclassification to Mental Hygiene[4]** | **0** | **(2,315)** | **0.0%** | **(2,417)** | **0.0%** | **(2,507)** | **0.0%** | **(2,590)** | **0.0%** |
| **TOTAL MENTAL HYGIENE SPENDING** | **5,832** | **6,743** | **15.6%** | **7,185** | **6.6%** | **7,426** | **3.4%** | **7,751** | **4.4%** |

1 The Financial Plan reinvests recoveries from Managed Care companies attributable to their underspending against Medical Loss Ratio (MLR) by Health and Recovery Plans 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 Beginning in FY 2026, the Medicaid Global Cap has been revised to exclude other state agency (OSA) local Medicaid expenses. These costs, previously reported in the DOH budget, will now be reported in the respective agencies. The reclassification of this spending is cost neutral and more appropriately aligns program activities and costs to agencies responsible for managing such spending.

The 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 increased utilization levels.

Funding continues to be included to support OMH community services and the transition of individuals from inpatient to community settings. The Financial Plan includes funding to enhance county-level implementation of Assisted Outpatient Treatment (AOT). Additional investments support the launch of an Aging in Place pilot program to enhance residential services for people with mental illness who need additional assistance to continue living independently as they age, the creation of new Intensive and Sustained Engagement Teams (INSET) and Hospital-Based Peer Bridger services and expanding the teen Mental Health First Aid (tMHFA) program.

Funding for OASAS programs will continue support to not-for-profit providers for addiction prevention, treatment, harm reduction, and recovery programs. Additional investments include expanding access to opioid treatment medications in underserved areas. Similarly, the multi-year Financial Plan includes approximately $400 million in resources from the Opioid Stewardship Tax and litigation settlements with pharmaceutical manufacturers and distributors that will be targeted at the overdose epidemic through investments in substance use disorder programs.

The Financial Plan also continues funding for provider reimbursements associated with inflationary increases to the minimum wage index; 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 Safe Options Support (SOS) teams and specialized programs for children. The FY 2026 Enacted Budget also supports a 2.6 percent targeted inflationary increase for eligible programs run by voluntary operated providers.

Beginning in FY 2026, costs reported under the DOH Medicaid budget exclude OSA local Medicaid expenses which were included under the Global Cap. These costs, previously reported in the DOH budget, will now be reported in the respective agencies, including OPWDD and OMH. The reclassification of this spending is cost neutral to the overall Financial Plan and more appropriately aligns program activities and costs to agencies responsible for managing such services. 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 assistance and grants 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 to 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 2025 Actuals | FY 2026 Projected | Change | FY 2027 Projected | Change | FY 2028 Projected | Change | FY 2029 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STATE OPERATING FUNDS** | **2,532** | **3,326** | **31.4%** | **2,121** | **-36.2%** | **2,062** | **-2.8%** | **2,159** | **4.7%** |
| SSI | 532 | 540 | 1.5% | 540 | 0.0% | 540 | 0.0% | 540 | 0.0% |
| Public Assistance Benefits | 726 | 796 | 9.6% | 814 | 2.3% | 831 | 2.1% | 850 | 2.3% |
| Public Assistance Initiatives | 15 | 72 | 380.0% | 10 | -86.1% | 10 | 0.0% | 10 | 0.0% |
| Homeless Housing and Services | 280 | 344 | 22.9% | 465 | 35.2% | 544 | 17.0% | 622 | 14.3% |
| Rental Assistance | 203 | 216 | 6.4% | 125 | -42.1% | 125 | 0.0% | 125 | 0.0% |
| Asylum Seeker Assistance | 763 | 1,343 | 76.0% | 156 | -88.4% | 0 | -100.0% | 0 | 0.0% |
| All Other | 13 | 15 | 15.4% | 11 | -26.7% | 12 | 9.1% | 12 | 0.0% |

DOB's caseload models project a total of 688,153 public assistance recipients in FY 2026. Approximately 205,120 families are expected to receive benefits through the Family Assistance program and 142,791 through the Safety Net Assistance program in FY 2026, an increase in both programs from FY 2025. The caseload for single adults and childless couples supported through the Safety Net Assistance program is projected to be 340,242 in FY 2026, an increase of 6.4 percent from FY 2025.

OTDA Rental Assistance spending increases in FY 2026 reflect additional resources for legal services for eviction preventions as well as updated disbursement timing for the pandemic-related Emergency Rental Assistance program. Increases for Homeless Housing and Services reflect the continued transition from State settlement funds to the General Fund for 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 ESSHI that are shared by multiple agencies.

FY 2026 growth in Public Assistance Initiatives is attributed to expanding Welcome Centers in the City of New York to combat homelessness, and one-time rental arrears payments. Growth in Public Assistance Benefits is attributable to increases in Safety Net Assistance spending driven by an increase in caseload, particularly in the City of New York, as well as the implementation of the Birth Allowance for Beginning Year (BABY) program, which will provide an enhanced benefit to eligible families after the birth of a child. Asylum seeker assistance spending increases year-over-year are due to the estimated timing of claiming and disbursements for one-time funding provided to the City of New York.

## OCFS

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

CHILDREN AND FAMILY SERVICES

(millions of dollars)

| | FY 2025 Actuals | FY 2026 Projected | Change | FY 2027 Projected | Change | FY 2028 Projected | Change | FY 2029 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STATE OPERATING FUNDS** | **2,742** | **3,140** | **14.5%** | **3,290** | **4.8%** | **3,239** | **-1.6%** | **3,281** | **1.3%** |
| Child Welfare Service | 807 | 806 | -0.1% | 806 | 0.0% | 806 | 0.0% | 806 | 0.0% |
| Foster Care Block Grant | 404 | 410 | 1.5% | 421 | 2.7% | 425 | 1.0% | 434 | 2.1% |
| Child Care | 887 | 1,105 | 24.6% | 1,275 | 15.4% | 1,204 | -5.6% | 1,229 | 2.1% |
| Adoption | 172 | 165 | -4.1% | 169 | 2.4% | 171 | 1.2% | 177 | 3.5% |
| Youth Programs | 159 | 195 | 22.6% | 205 | 5.1% | 205 | 0.0% | 205 | 0.0% |
| Medicaid | 73 | 118 | 61.6% | 120 | 1.7% | 121 | 0.8% | 123 | 1.7% |
| Adult Protective/Domestic Violence | 54 | 54 | 0.0% | 54 | 0.0% | 54 | 0.0% | 54 | 0.0% |
| Committees on Special Education | 0 | 0 | 0.0% | 29 | 100.0% | 29 | 0.0% | 29 | 0.0% |
| All Other | 186 | 287 | 54.3% | 211 | -26.5% | 224 | 6.2% | 224 | 0.0% |

The Financial Plan continues State support for child care subsidies for eligible families up to 85 percent of the State income threshold. In addition, spending growth reflects the State's investment in youth programs through Get Offline Get Outside 2.0, additional funding for homeless youth, and a 2.6 percent targeted inflationary increase for eligible programs. OCFS's Medicaid budget increase reflects shifting program funding from DOH to OCFS. Lastly, the Enacted Budget projects that funding for residential school placements of children with special needs will resume beginning in FY 2027.

## Transportation

The Department of Transportation (DOT) maintains approximately 44,475 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 2026, the State plans to provide $9.0 billion in operating aid to mass transit systems. The MTA, the nation's largest transit and commuter rail system, is scheduled to receive $8 billion (approximately 90 percent) of the State's mass transit aid, including $3.8 billion from the direct remittance of various dedicated taxes and fees that do not flow through the State's Financial Plan and are thus excluded from the table below.

**TRANSPORTATION**
**(millions of dollars)**

| | FY 2025 Actuals | FY 2026 Projected | Change | FY 2027 Projected | Change | FY 2028 Projected | Change | FY 2029 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|
| **STATE OPERATING FUNDS SUPPORT** | **5,120** | **5,352** | **4.5%** | **5,312** | **-0.7%** | **5,314** | **0.0%** | **5,316** | **0.0%** |
| Mass Transit Operating Aid: | 3,870 | 4,098 | 5.9% | 2,885 | -29.6% | 2,853 | -1.1% | 2,822 | -1.1% |
| Metro Mass Transit Aid | 3,710 | 3,935 | 6.1% | 2,720 | -30.9% | 2,688 | -1.2% | 2,657 | -1.2% |
| Public Transit Aid | 116 | 119 | 2.6% | 121 | 1.7% | 121 | 0.0% | 121 | 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 | 156 | 158 | 1.3% | 159 | 0.6% | 161 | 1.3% | 162 | 0.6% |
| Dedicated Mass Transit | 646 | 632 | -2.2% | 1,818 | 187.7% | 1,850 | 1.8% | 1,882 | 1.7% |
| AMTAP | 181 | 198 | 9.4% | 197 | -0.5% | 197 | 0.0% | 197 | 0.0% |
| Innovative Mobility | 0 | 8 | 100.0% | 0 | -100.0% | 0 | 0.0% | 0 | 0.0% |
| All Other | 23 | 14 | -39.1% | 9 | -35.7% | 9 | 0.0% | 9 | 0.0% |

Increased spending includes an additional $138 million to the MTA, $37 million for other downstate transit systems, $16 million for upstate systems, and funding for an Orange County Transit Study. These increases are partially offset by lower operating support, commensurate with need, to the Gateway Development Commission and the Ogdensburg Bridge and Port Authority.

## Extraordinary State Funding for Asylum Seeker Assistance

The FY 2026 Enacted Budget does not include any new funding for asylum seeker assistance but maintains the extraordinary funding and support approved in prior years to assist the City of New York with the humanitarian crisis that has brought thousands of asylum seekers to the City of New York. To date, New York State has received little to no Federal funding assistance to manage thousands of asylum seekers despite repeated requests.

State management and coordination of the funding and assistance spans multiple agencies. Reimbursement for short term shelter services for migrant individuals and families and Safety Net Assistance for asylum seekers who are eligible is administered by the Office of Temporary and Disability Assistance (OTDA). Infectious disease testing and vaccination activities, and the provision of coverage to eligible individuals through the State's public health insurance programs is supported by the DOH. Other agencies of the State, including the Division of Homeland Security and Emergency Services (DHSES), the Department of State (DOS) and the Office of General Services (OGS) are assisting nonprofit organizations, providing reimbursement for shelter sites, and supporting case management and legal services.

The State is covering the cost of the Humanitarian Emergency Response and Relief Center (HERRC) at three sites, has made multiple State-owned sites available for use as shelters and has committed a total of $4.3 billion in extraordinary State Funding for asylum seeker assistance. The table below summarizes the extraordinary State Funding for asylum seeker assistance spent through FY 2025 and planned over the multi-year Financial Plan period.

**ASYLUM SEEKER ASSISTANCE**
**STATE OPERATING FUNDS**
**(in millions)**

| | Actuals | | | Projected | | |
|---|---|---|---|---|---|---|
| | **FY 2023** | **FY 2024** | **FY 2025** | **FY 2026** | **FY 2027** | **TOTAL** |
| **Total State Funding** | **27** | **895** | **1,179** | **1,602** | **620** | **4,323** |
| Original NYC Support | 0 | 500 | 500 | 0 | 0 | 1,000 |
| Additional NYC Support | 0 | 0 | 250 | 750 | 156 | 1,156 |
| Island, Creedmoor, and Floyd Bennett | 0 | 19 | 22 | 581 | 0 | 622 |
| National Guard Deployment | 27 | 163 | 153 | 0 | 0 | 343 |
| Medicaid/Vaccines/Disease Testing[1] | 0 | 137 | 137 | 34 | 0 | 308 |
| Safety Net Assistance[1] | 0 | 26 | 67 | 67 | 67 | 227 |
| Asylum Seeker Resettlement | 0 | 8 | 16 | 34 | 5 | 63 |
| Case Management/Legal Services/All Other | 0 | 42 | 34 | 136 | 392 | 604 |

[1] Due to system limitations, actual incremental costs for Medicaid and Safety Net Assistance cannot be separately identified. As such, estimated costs are shown in the actuals column and are not continued in FY 2026 in Medicaid.

## 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 Public Employees Federation (PEF), which represents professional and technical personnel (attorneys, nurses, accountants, engineers, social workers, and institution teachers), Civil Service Employees Association (CSEA), which represents office support staff, administrative personnel, machine operators, skilled trade workers, and therapeutic and custodial care staff; United University Professionals (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 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected |
|---|---|---|---|---|---|
| State Workforce[1] | 112,952 | 124,632 | TBD | TBD | TBD |
| ERS Contribution Rate[2] | 15.9% | 17.0% | 18.4% | 19.9% | 21.4% |
| PFRS Contribution Rate[2] | 31.9% | 34.5% | 35.8% | 37.8% | 40.5% |
| Employee/Retiree Health Insurance Growth Rates[3] | 9.1% | 2.1% | 8.0% | 8.0% | 8.0% |

[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.

[3] Reflects normal costs, excluding deposits to the Retiree Health Benefit Trust Fund and the impact of Health Insurance prepayments.

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 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected |
|---|---|---|---|---|---|
| **SUBJECT TO DIRECT EXECUTIVE CONTROL** | **12,538** | **14,282** | **14,942** | **15,438** | **14,897** |
| Corrections and Community Supervision | 2,956 | 3,145 | 3,068 | 3,123 | 3,123 |
| Office of Mental Health | 1,986 | 2,174 | 2,343 | 2,304 | 2,333 |
| Office for People with Developmental Disabilities | 1,709 | 1,843 | 1,907 | 1,875 | 1,896 |
| Department of Health | 834 | 837 | 893 | 904 | 891 |
| State Police | 889 | 941 | 950 | 968 | 967 |
| Information Technology Services | 741 | 788 | 803 | 805 | 806 |
| Transportation | 401 | 374 | 385 | 396 | 407 |
| Tax and Finance | 336 | 355 | 353 | 353 | 353 |
| Children and Family Services | 237 | 269 | 272 | 285 | 285 |
| Environmental Conservation | 294 | 297 | 297 | 300 | 304 |
| Office of Parks, Recreation and Historic Preservation | 254 | 260 | 269 | 269 | 270 |
| Department of Financial Services | 246 | 218 | 224 | 224 | 224 |
| Education | 183 | 208 | 208 | 211 | 211 |
| Office of Temporary and Disability Assistance | 152 | 152 | 151 | 151 | 151 |
| Labor | 60 | 74 | 81 | 76 | 76 |
| All Other | 1,260 | 2,347 | 2,738 | 3,194 | 2,600 |
| **UNIVERSITY SYSTEMS** | **7,941** | **8,335** | **8,734** | **9,156** | **9,603** |
| State University | 7,941 | 8,335 | 8,734 | 9,156 | 9,603 |
| **INDEPENDENT AGENCIES** | **444** | **497** | **503** | **513** | **513** |
| Law | 251 | 290 | 292 | 298 | 298 |
| Audit & Control (OSC) | 193 | 207 | 211 | 215 | 215 |
| **TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE** | **20,923** | **23,114** | **24,179** | **25,107** | **25,013** |
| **Judiciary** | **2,388** | **2,644** | **2,644** | **2,644** | **2,644** |
| **Legislature** | **265** | **303** | **303** | **303** | **303** |
| **Statewide Total** | **23,576** | **26,061** | **27,126** | **28,054** | **27,960** |
| Personal Service | 16,915 | 18,420 | 19,380 | 20,031 | 19,828 |
| Non-Personal Service | 6,661 | 7,641 | 7,746 | 8,023 | 8,132 |

Operational spending for executive agencies is affected by the timing of Federal reimbursement of State incurred COVID-19 pandemic response and recovery efforts, contractual general salary increases, inflation and new investments. Excluding general salary increases and inflation, agency spending changes include:

- Department of Corrections and Community Supervision (DOCCS). The FY 2026 Enacted Budget reflects additional funding to stabilize the correctional system as a result of the illegal strike, and significant investments to ensure the safety and security of correctional staff and incarcerated individuals, expansion of the body worn camera program, acceleration and continued installation of fixed cameras in all facilities, and expansion and restructure of the Office of Special Investigations.

- OMH. Funding has increased to provide agency operational support to expand various mental health programs, including the expansion of Assisted Outpatient Treatment (AOT), enhancing SOS teams to provide psychiatric and medical care to individuals experiencing street homelessness and those in temporary shelter settings; the teen Mental Health First Aid (tMHFA) program for high school students; and enhanced staffing at forensic psychiatric centers to improve patient outcomes.

- OPWDD. Increased funding over the multi-year plan reflects the alignment of PS funding to support the Full-Time Equivalent (FTE) forecast as well as increases to expand Intensive Treatment Opportunity (ITO) capacity to develop inpatient treatment settings for individuals that require intensive behavior supports in the Finger Lakes region.

- DOH. Additional funding supports both staffing and contractual services requirements for programs created and strengthened by legislative bills. This includes the opioid antagonist distribution program which will begin providing fentanyl test strips and informational packets to individuals receiving opioid antagonists. Funding has also been provided for conducting a study of the delivery of services to individuals with Traumatic Brain Injuries (TBIs). These and other investments will ensure that the programs are well-equipped to achieve their objectives to improve public health across the State.

- State Police. Funding is increased to support the deployment of additional State Police and counterterrorism investigators to strengthen criminal border enforcement efforts.

- ITS. Spending growth reflects continued investments in resources dedicated to cybersecurity and the IT workforce as well as system modernization and demographic data collection efforts.

- OCFS. Spending in FY 2026 and beyond reflects Statewide costs associated with implementing and supporting Raise the Age reforms, such as comprehensive diversion, probation, and programming services for 16- and 17-year-old youth in the juvenile justice system. Costs will be shifted to other agencies where costs are incurred in a later Financial Plan update.

- **All Other Executive Agencies.** Other spending changes include increased deployment of National Guard members assigned to correctional facilities to supplement existing staffing levels and the Joint Task Force Empire Shield Mission, additional funding for public service announcements, and public service recruitment efforts. In addition, FY 2025 spending reflects the impact of Federal reimbursement of previously incurred State costs related to COVID-19 pandemic response and recovery expenses.

- **State University.** Spending growth reflects additional operating aid support at four-year campuses and for the SUNY Downstate Hospital.

- **Judiciary.** Increases in FY 2026 include funding to support non-judicial staffing initiatives including new court clerks and attorneys, costs associated with four court officer academy classes and increased staffing levels to address case backlogs and provide operational support to various courts. The FY 2026 Enacted Budget also includes funding to support new judgeships, including: ten additional City of New York Civil Court Judges and five additional Court of Claims judges; ten additional City of New York Family Court Support Magistrates, including non-judicial staff supporting these new judges; civil legal services increases; additional funding for various technology initiatives; and expansion of various programs including Alternative Dispute Resolution and Alternatives to Incarceration.

## Workforce

In FY 2026, over $18 billion of the State Operating Funds budget is dedicated to supporting FTE employees under direct Executive control; individuals employed by SUNY and Independent Agencies; employees paid on a nonannual salaried basis; and overtime pay. Roughly 60 percent of the Executive agency workforce is in the mental hygiene agencies and DOCCS.

**STATE OPERATING FUNDS**
**FY 2026 FTEs[1] AND PERSONAL SERVICE SPENDING BY AGENCY**
**(millions of dollars)**

| | Dollars | FTEs |
|---|---|---|
| **SUBJECT TO DIRECT EXECUTIVE CONTROL** | **10,422** | **101,511** |
| Corrections and Community Supervision | 2,581 | 23,600 |
| Office for People with Developmental Disabilities | 1,579 | 18,730 |
| Office of Mental Health | 1,590 | 15,124 |
| State Police | 835 | 6,436 |
| Department of Health | 377 | 4,502 |
| Information Technology Services | 398 | 4,108 |
| Tax and Finance | 276 | 3,832 |
| Transportation | 190 | 2,590 |
| Environmental Conservation | 251 | 2,488 |
| Children and Family Services | 176 | 2,328 |
| Office of Parks, Recreation and Historic Preservation | 210 | 1,878 |
| Education | 121 | 1,483 |
| Department of Financial Services | 163 | 1,441 |
| Office of Temporary and Disability Assistance | 81 | 1,133 |
| Workers' Compensation Board | 96 | 1,112 |
| All Other | 1,498 | 10,726 |
| **UNIVERSITY SYSTEMS** | **5,216** | **49,376** |
| State University | 5,216 | 49,376 |
| **INDEPENDENT AGENCIES** | **2,782** | **20,412** |
| Law | 213 | 1,949 |
| Audit & Control (OSC) | 167 | 1,659 |
| Judiciary | 2,170 | 16,801 |
| Legislature[2] | 232 | 3 |
| **Statewide Total** | **18,420** | **171,299** |

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

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

## General State Charges

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

GSC spending over the Financial Plan period is primarily driven by the increased costs of health care services, with NYSHIP projections correlating with the growth rates in the hospital, medical and pharmaceutical industries. Pension growth in the outyears reflects projected costs associated with conservative pension fund investment returns resulting in higher employer contribution rates.

Programmatically, the State has and continues to fund employee and retiree health care expenses as they become due, on a PAYGO basis. To help limit the State's liability exposure to post-employment health benefits of retired employees and their dependents, the State has made aggregate deposits to the RHBTF totaling $1.74 billion through FY 2025. The Financial Plan assumes $250 million in annual deposits will continue if fiscal conditions permit. Under current law, the State may deposit into the RHBTF, in any given fiscal year, up to 1.5 percent of the total then-current unfunded actuarial accrued OPEB liability.

Litigation costs reflect several one-time large court case settlements paid in FY 2025. The estimate for Social Security reflects general salary increases pursuant to collective bargaining agreements, as well as the continued growth in the State workforce. Growth for workers' compensation, other fringe benefits and fixed costs reflect wage and property tax increases, as well as the forecasted spending trends.

**GENERAL STATE CHARGES**
**(millions of dollars)**

| | FY 2025 Actuals | FY 2026 Projected | Change | FY 2027 Projected | Change | FY 2028 Projected | Change | FY 2029 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|
| **TOTAL STATE OPERATING FUNDS** | **10,443** | **11,059** | **5.9%** | **12,109** | **9.5%** | **13,157** | **8.7%** | **14,360** | **9.1%** |
| | | | | | | | | | |
| **Fringe Benefits** | **9,912** | **10,564** | **6.6%** | **11,603** | **9.8%** | **12,641** | **8.9%** | **13,844** | **9.5%** |
| Health Insurance | 5,564 | 5,672 | 1.9% | 6,198 | 9.3% | 6,663 | 7.5% | 7,321 | 9.9% |
| Retiree Health Benefit Trust Fund | 250 | 250 | 0.0% | 250 | 0.0% | 250 | 0.0% | 250 | 0.0% |
| Pensions | 2,585 | 2,882 | 11.5% | 3,302 | 14.6% | 3,791 | 14.8% | 4,248 | 12.1% |
| Social Security | 1,267 | 1,323 | 4.4% | 1,364 | 3.1% | 1,407 | 3.2% | 1,451 | 3.1% |
| Workers' Compensation | 552 | 617 | 11.8% | 657 | 6.5% | 697 | 6.1% | 739 | 6.0% |
| Employee Benefits | 104 | 111 | 6.7% | 112 | 0.9% | 114 | 1.8% | 117 | 2.6% |
| Dental Insurance | 68 | 68 | 0.0% | 70 | 2.9% | 72 | 2.9% | 74 | 2.8% |
| Unemployment Insurance | 15 | 13 | -13.3% | 13 | 0.0% | 13 | 0.0% | 13 | 0.0% |
| All Other/Non-State Escrow | (493) | (372) | 24.5% | (363) | 2.4% | (366) | -0.8% | (369) | -0.8% |
| | | | | | | | | | |
| **Fixed Costs** | **531** | **495** | **-6.8%** | **506** | **2.2%** | **516** | **2.0%** | **516** | **0.0%** |
| Public Land Taxes/PILOTS | 321 | 326 | 1.6% | 334 | 2.5% | 344 | 3.0% | 344 | 0.0% |
| Litigation | 210 | 169 | -19.5% | 172 | 1.8% | 172 | 0.0% | 172 | 0.0% |

## 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 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected |
|---|---|---|---|---|---|
| **TOTAL TRANSFERS TO OTHER FUNDS** | **10,830** | **15,885** | **7,437** | **7,889** | **8,389** |
| **Debt Service** | 274 | 290 | 322 | 328 | 564 |
| **SUNY University Operations** | 1,660 | 1,870 | 1,810 | 1,777 | 1,777 |
| **Capital Projects** | 6,925 | 4,607 | 3,379 | 4,072 | 4,297 |
| **Extraordinary Monetary Settlements:** | **378** | **340** | **270** | **22** | **0** |
| Dedicated Infrastructure Investment Fund | 366 | 215 | 220 | 20 | 0 |
| Clean Water Grants | 0 | 120 | 46 | 0 | 0 |
| Mass Transit Capital | 0 | 4 | 0 | 0 | 0 |
| Healthcare | 12 | 1 | 4 | 2 | 0 |
| Dedicated Highway and Bridge Trust Fund | 71 | 137 | 379 | 576 | 817 |
| Environmental Protection Fund | 118 | 124 | 98 | 98 | 98 |
| Other DIIF | 295 | 123 | 0 | 0 | 0 |
| All Other Capital | 6,063 | 3,883 | 2,632 | 3,376 | 3,382 |
| **ALL OTHER TRANSFERS** | **1,971** | **9,118** | **1,926** | **1,712** | **1,751** |
| Mobility Tax Trust Account | 244 | 244 | 244 | 244 | 244 |
| State University Hospital IFR Operations Account | 594 | 605 | 505 | 505 | 505 |
| NY Central Business District Trust | 156 | 158 | 159 | 161 | 162 |
| Court Facility Income Account | 126 | 132 | 132 | 132 | 132 |
| Dedicated Mass Transportation Trust Fund | 66 | 65 | 83 | 83 | 83 |
| Health Care Transformation | 125 | 125 | 125 | 0 | 0 |
| Healthcare Stability Fund | 350 | 0 | 0 | 0 | 0 |
| Unemployment Insurance Benefit Account | 0 | 7,000 | 0 | 0 | 0 |
| Unemployment Insurance Interest Assessment | 0 | 165 | 0 | 0 | 0 |
| All Other | 310 | 624 | 678 | 587 | 625 |

General Fund Transfers to Other Funds are projected to total $15.9 billion in FY 2026, representing a net increase of approximately $5 billion from FY 2025, mainly due to the transfer of $7.2 billion to the Unemployment Insurance Benefit and Interest accounts to support the repayment of the Federal Unemployment Account loan that would otherwise be borne by businesses, and provide the solvency necessary to increase the maximum UI benefit rate.

Transfers to capital projects funds are impacted by the timing of bond proceed reimbursements to the capital projects fund and increased PAYGO capital spending across the Financial Plan period. PAYGO capital spending has increased to avoid issuing debt for higher cost taxable bonds and bonds for capital expenditures with short economic useful lives; 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, Highway Use Tax (HUT), the auto rental tax, utilities taxes, and miscellaneous transportation-related fees. These resources are used to pay debt service on transportation bonds, finance capital projects, and pay for certain operating expenses of the DOT and DMV. The General Fund, as needed, subsidizes DHBTF expenses that are not covered by revenue and bond proceeds. The prepayment of DHBTF Bonds results in an increase to debt service transfers from and a corresponding decrease in capital projects transfers to the DHBTF. There is no resulting Financial Plan impact.

## 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), Dormitory Authority of the State of New York (DASNY), and New York State Thruway Authority (NYSTA), for which debt service is subject to annual appropriation by the State Legislature. Depending on the credit structure, debt service is financed by transfers from the General Fund and dedicated taxes and fees.

**DEBT SERVICE SPENDING PROJECTIONS**
**(millions of dollars)**

| | FY 2025 Actuals | FY 2026 Projected | Change | FY 2027 Projected | Change | FY 2028 Projected | Change | FY 2029 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|
| General Fund | 274 | 290 | 5.8% | 322 | 11.0% | 328 | 1.9% | 564 | 72.0% |
| Other State Support | 3,502 | 1,248 | -64.4% | 4,206 | 237.0% | 5,185 | 23.3% | 5,544 | 6.9% |
| **Total State Operating Funds** | **3,776** | **1,538** | **-59.3%** | **4,528** | **194.4%** | **5,513** | **21.8%** | **6,108** | **10.8%** |

State Operating Funds debt service is projected to be $1.5 billion in FY 2026, of which $290 million is paid from the General Fund and $1.2 billion is paid from other State funds supported by dedicated tax receipts. The General Fund finances debt service payments on General Obligation Bonds and service contract bonds, including expected service contract payments to the Gateway Development Commission (GDC) relating to the Hudson Tunnel Project. 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.

Debt service spending levels are impacted by prepayments. The Financial Plan reflects prepayments that totaled $2.8 billion in FY 2025. As shown in the table below, the net impact of these prepayments and prior year prepayments will decrease debt service costs in FY 2026 through FY 2029.

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

| | FY 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected | FY 2030 Projected |
|---|---|---|---|---|---|---|
| **Base Debt Service** | **6,190** | **6,698** | **7,587** | **8,013** | **8,608** | **8,619** |
| **Total Prepayment Adjustment** | **(2,415)** | **(5,160)** | **(3,060)** | **(2,500)** | **(2,500)** | **0** |
| Prior Prepayments | (3,695) | (2,380) | (2,860) | (2,000) | 0 | 0 |
| FY 2024 Prepayment | (1,500) | (500) | (200) | (500) | (2,000) | 0 |
| FY 2025 Prepayment | 2,780 | (2,280) | 0 | 0 | (500) | 0 |
| **Enacted Budget Debt Service** | **3,775** | **1,538** | **4,527** | **5,513** | **6,108** | **8,619** |

The FY 2026 Enacted Budget authorizes liquidity financing in the form of up to $3 billion of PIT notes as a tool to manage unanticipated financial disruptions. The Financial Plan does not assume any PIT note issuances. DOB evaluates cash results regularly and may adjust the use of notes based on liquidity needs, market considerations, and other factors.

The Financial Plan estimates for debt service spending reflect bond sale results, including refundings, projections of future refunding savings, and the adjustment of debt issuances to align with projected bond-financed capital spending. Debt service projections were reduced to reflect the contribution of $13.6 billion of PAYGO capital resources that were added since FY 2023.

# FEDERAL AID

The Federal government influences the economy and budget of New York State through various policies, mainly Federal tax policy, cost sharing for many State run programs, and various grants, as well as direct spending on its own programs such as Medicare and Social Security. The State's income tax system interacts closely with the Federal system and changes to the Federal tax code have significant flow-through effects on State tax burdens and concomitantly on State tax receipts. Federal resources support vital services such as health care, education, and transportation, as well as severe weather and emergency response and recovery, and climate resiliency and clean energy programs. Federal policymakers may place conditions on grants, mandate certain state actions, preempt state laws, alter taxpayer behavior through tax policies, such as placing limits on State and Local Tax deductions, and influence industries through regulatory action. Any changes to Federal policy or funding levels could have a materially adverse impact on the Financial Plan.

Routine Federal aid supports programs for vulnerable populations, including disabled individuals and those living at or near the poverty level. Such programs include Medicaid, SNAP, 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 safety.

Over the past few years, Federal Funds spending has included COVID-19 pandemic response and recovery assistance provided to state and local governments, schools, hospitals, transit systems, businesses, families and individuals. The State also received additional Federal aid in the form of enhanced unemployment insurance funding to support the increase in unemployment claims driven by the pandemic, which is reported under Proprietary and Fiduciary Funds and is excluded from All Governmental Funds. More recently, the Federal government has also passed significant legislation dealing with transportation infrastructure, climate and energy policy, and advanced manufacturing. The State continues to monitor these Federal investments for opportunities to meet its policy goals in light of often changing Federal government priorities.

| FEDERAL FUNDS DISBURSEMENTS (millions of dollars) | FY 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected |
|---|---|---|---|---|---|
| **DISBURSEMENTS** | | | | | |
| Medicaid / Essential Plan | 65,051 | 72,290 | 73,652 | 71,135 | 72,810 |
| Health | 4,044 | 3,046 | 3,128 | 3,206 | 3,264 |
| Social Welfare | 5,595 | 5,291 | 5,400 | 5,148 | 5,148 |
| Education | 5,000 | 4,387 | 4,387 | 4,387 | 4,387 |
| Public Protection | 1,450 | 1,337 | 1,303 | 1,301 | 1,302 |
| Transportation | 2,118 | 2,229 | 2,912 | 2,924 | 2,961 |
| All Other[1] | 1,686 | 1,673 | 1,692 | 1,746 | 1,725 |
| Pandemic Assistance[2] | 8,511 | 1,797 | 93 | 24 | 24 |
| Child Care Funds | 262 | 0 | 0 | 0 | 0 |
| Education ARP Funds | 3,851 | 340 | 0 | 0 | 0 |
| ARP HCBS eFMAP | 783 | 0 | 0 | 0 | 0 |
| Education Supplemental Appropriations Act | 91 | 0 | 0 | 0 | 0 |
| FEMA Reimbursement of Eligible Pandemic Expenses | 401 | 0 | 0 | 0 | 0 |
| FEMA Local Pass-Through Funding | 2,970 | 1,100 | 0 | 0 | 0 |
| Home Energy Assistance Program (HEAP) | 4 | 0 | 0 | 0 | 0 |
| Coronavirus Capital Projects Fund | 69 | 69 | 69 | 0 | 0 |
| State Small Business Credit Initiative | 40 | 98 | 24 | 24 | 24 |
| FHWA Surface Transportation Block Grant | 40 | 190 | 0 | 0 | 0 |
| **Total Disbursements** | **93,455** | **92,050** | **92,567** | **89,871** | **91,621** |

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

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

- **Medicaid/Health.** Funding shared by the Federal government helps support health care costs for nine million New Yorkers, including more than two and a half 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 (discussed below).

- **Social Welfare.** Federal funding helps with several programs managed by OTDA, including TANF-funded public assistance benefits and the Flexible Fund for Family Services, HEAP, 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, DOCCS, the Office of Victim Services, DHSES, and DMNA. Federal funds are also distributed by the State 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 Infrastructure Investment and Jobs Act increased 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

The Federal government enacted six major laws between March 2020 and March 2021 in response to the COVID-19 pandemic and issued major disaster declarations for all states. These one-time funds to aid states in their response to and recovery from COVID-19 continue to wind down.

New York State was awarded $12.75 billion under the SLFRF program included in the ARP, of which the State utilized the remaining $3.65 billion program balance in FY 2025. A small number of programs are expected to continue into the current State Fiscal Year, specifically:

- **Education ARP Funds.** The ARP granted additional education funding for Elementary and Secondary School Emergency Relief Fund and Emergency Assistance for Nonpublic Schools (EANS) programs, as well as funding for homeless education, IDEA, library services and the arts. The State expects to expend nearly $340 million in FY 2026.

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

- **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 Surface Transportation Block Grant.** This emergency funding was provided under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act to address COVID-19 impacts related to Highway Infrastructure Programs and is expected to continue to disburse through FY 2026.

## Essential Plan

The State participates in the EP, a health insurance program which receives Federal subsidies authorized through the ACA. The EP includes health insurance coverage for New York State residents who are lawfully present in the United States, including lawfully present immigrants 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 1.7 million New Yorkers are currently enrolled in the EP, however Congress is considering proposed changes to disqualify lawfully present immigrants from receiving premium tax credits used to calculate the amount of Federal dollars used for EP benefits. Enrollment is expected to increase over the multi-year Financial Plan due to expanded eligibility under a Federal Section 1332 State Innovation Waiver (the "Waiver") which increased income eligibility from 200 percent of the Federal Poverty Level (FPL) to 250 percent of the FPL.

**ESSENTIAL PLAN[1]**
**(millions of dollars)**

| | FY 2025 Actuals | FY 2026 Projected | Change | FY 2027 Projected | Change | FY 2028 Projected | Change | FY 2029 Projected | Change |
|---|---|---|---|---|---|---|---|---|---|
| **Disbursements** | **12,859** | **13,660** | **6.2%** | **14,367** | **5.2%** | **14,919** | **3.8%** | **15,385** | **3.1%** |
| Assistance and Grants | 12,349 | 13,097 | 6.1% | 13,796 | 5.3% | 14,331 | 3.9% | 14,788 | 3.2% |
| State Operations | 510 | 563 | 10.4% | 571 | 1.4% | 588 | 3.0% | 597 | 1.5% |

[1] Effective April 1, 2024, New York's fully federally funded Section 1332 Waiver mirrors the EP initial 1331 Waiver with expanded eligibility to certain residents with household incomes up to 250% of the Federal Poverty Level (FPL).

Federal EP spending is anticipated to fluctuate over the Financial Plan period, reflecting a mix of factors. Spending growth in the outyears primarily reflects costs associated with increased enrollment and expanded eligibility to individuals with incomes between 200 and 250 percent of the Federal poverty level. This growth is also in part caused by the unwinding of the PHE as a portion of individuals disenrolled from Medicaid moved on to the EP. Due to the current Federal reimbursement methodology for the EP, assistance and grants spending for the EP is not anticipated to exceed available Federal resources and drive a commensurate increase in State support.

Pursuant to the Waiver approved by the U.S. Department of Treasury and the U.S. DOH and Human Services in March 2024, New York State extended coverage to more low- and moderate-income individuals through the expanded EP. Prior to the Waiver, both the State and Federal governments shared in the costs of the EP, under Section 1331 of the ACA. To the extent that Federal funds are sufficient to support operational costs of the program, the Waiver is expected to be fully federally funded through December 31, 2029.

Under the original EP, Federal funding was received in advance pursuant to a formula that calculated what EP enrollees would have received had they enrolled in a qualified health plan and deposited 95 percent of that value into the EP Trust Fund. These funds were earmarked exclusively for eligible expenses under the Section 1331 Waiver, which was limited to reducing premiums and cost sharing, as well as providing additional benefits for eligible EP enrollees. Due to restrictions on eligible expenses, advances have exceeded disbursements, resulting in a fund balance of $8.8 billion as of March 31, 2025. With approval of the Waiver, effective April 1, 2024, this accumulated balance is suspended for the life of the Waiver and will not be available to support EP costs. This balance will continue to earn interest that is payable to the Federal government annually. The balance of the advances will be maintained until the Federal government authorizes additional expenditures. Pursuant to the Waiver, Federal funding is based on the amount of Premium Tax Credits that would have been provided to individuals in the State under the ACA absent the waiver. Federal payments will be made as costs are incurred, and all Federal funds must be used for the purpose of implementing the Waiver.

### Potential Federal Impact of House Reconciliation Proposal

On May 22, 2025, the House of Representatives passed House Resolution 1 of the 119th Congress that would significantly alter Federal assistance for critical supports programs that provide services to New York families and individuals.

This Federal bill is subject to approval of the Senate and the President. If the bill is approved as currently drafted, the largest reductions of Federal funding would impact the services provided through Medicaid and SNAP. The summary below provides the State's initial estimates of the potential State and local government costs currently under consideration absent any programmatic, service, or funding modifications that may be necessary.

**MAJOR PROVISIONS OF HOUSE RECONCILIATION PROPOSAL**
**POTENTIAL COSTS TO STATE AND LOCAL GOVERNMENTS**
**(millions of dollars)**

| | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|---|---|---|---|---|
| **TOTAL** | **(853)** | **(3,755)** | **(5,205)** | **(6,655)** |
| **MEDICAID** | **(750)** | **(3,550)** | **(4,050)** | **(4,550)** |
| Disallowing Premium Tax Credit | (750) | (3,000) | (3,000) | (3,000) |
| Community Engagement Requirements | 0 | (550) | (550) | (550) |
| Reducing FMAP Related to Expansion Population | 0 | 0 | (500) | (1,000) |
| **SNAP** | **(103)** | **(205)** | **(1,155)** | **(2,105)** |
| Increasing Administrative Cost Sharing | (103) | (205) | (205) | (205) |
| Requiring State/Local Share | 0 | 0 | (950) | (1,900) |

### Medicaid

Pending legislation would disqualify certain Medicaid populations due to immigration status from obtaining premium tax credits, effective January 1, 2026, which would eliminate the Federal funding received for this population in the EP. If those individuals who currently qualify for EP must be moved to the Medicaid program, it could cost the State in the range of $3 billion annually.

States would also be required to establish Medicaid community engagement requirements for certain individuals effective January 1, 2027. This would establish an 80 hour per month work, education, and/or community service requirement for non-exempted populations to receive Medicaid. Initial estimates forecast as many as 750,000 to 1.5 million enrollees may be impacted.

Lastly, the eFMAP for states providing payments for health care furnished to certain individuals would be reduced by up to 10 percent effective October 1, 2027. This would reduce the 90 percent ACA expansion population FMAP to 80 percent for states that cover certain non-citizens in state-only Medicaid and CHP programs.

### SNAP

The administration of SNAP benefits and most of the associated costs are covered by local districts. Congress is currently considering increasing the state/local district administrative cost-sharing from 50 percent to 75 percent effective upon enactment. In addition, the pending legislation would implement a new non-Federal share of the benefits in the SNAP program, ranging from 5 percent to 25 percent of program costs effective October 1, 2027.

# PRIOR FISCAL YEARS

The State reports its financial results on the cash basis of accounting, showing receipts and disbursements; and the GAAP basis (including modified accrual and full accrual), as prescribed by GAAP, showing revenues and expenditures. With the exception of FY 2025 financial results, the State's GAAP-basis financial results set forth in this section have been audited. Note that the FY 2025 financial results included in this AIS are preliminary and unaudited.

# Cash-Basis Results for Prior Fiscal Years

## General Fund FY 2023 Through FY 2025

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

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

The General Fund balance has increased by $13.5 billion from FY 2023 to FY 2025, driven by extraordinary tax collections that allowed significant increases in reserves, as well as the establishment of a reserve for payment of PTET/PIT tax credits[15] in FY 2022 which totaled $18.2 billion at the end of FY 2025. In addition, over $17 billion has been added to principal reserve balances since FY 2021, which is complemented by additional reserves for future operating costs and timing of resource management.

The following table summarizes General Fund results for the prior three fiscal years.

[15] As part of the State's continuing response to Federal tax law changes, legislation was enacted in FY 2022 to allow an optional Pass Through Entity Tax (PTET) on New York-sourced income of partnerships and S corporations. The State collects PTET and pays PIT credits in connection with the PTET program. DOB expects that the PTET will, on a multi-year basis, be revenue neutral for the State with the reserve covering the difference between the PTET collections and related PIT credits.

| GENERAL FUND RECEIPTS AND DISBURSEMENTS<br>FY 2023 THROUGH FY 2025<br>(millions of dollars) | FY 2023 | FY 2024 | FY 2025 |
|---|---|---|---|
| **OPENING FUND BALANCE** | 33,053 | 43,451 | 46,331 |
| ***Personal Income Tax*** [(1)] | 27,607 | 25,312 | 29,152 |
| ***Consumption/User Taxes:*** | | | |
| Sales and Use Tax[(2)] | 6,665 | 9,315 | 9,520 |
| Cigarette and Tobacco Tax | 265 | 260 | 245 |
| Alcoholic Beverage Taxes | 282 | 275 | 269 |
| Other Taxes | 27 | 22 | 23 |
| **Subtotal** | 7,239 | 9,872 | 10,057 |
| ***Business Taxes:*** | | | |
| Corporation Franchise Tax | 7,291 | 7,525 | 6,788 |
| Corporation and Utilities Taxes | 408 | 401 | 406 |
| Insurance Taxes | 2,381 | 2,521 | 2,697 |
| Bank Tax | 304 | 0 | 277 |
| Pass-Through Entity Tax[(1)] | 7,472 | 6,978 | 8,891 |
| **Subtotal** | 17,856 | 17,425 | 19,059 |
| ***Other Taxes:*** | | | |
| Estate and Gift Taxes | 2,185 | 1,856 | 1,301 |
| Pari-Mutuel Tax | 13 | 12 | 11 |
| Other Taxes[(1)] | 6 | 8 | 10 |
| **Subtotal** | 2,204 | 1,876 | 1,322 |
| ***Miscellaneous Receipts & Federal Grants*** | 5,960 | 7,128 | 8,818 |
| ***Transfers from Other Funds:*** | | | |
| PIT in Excess of Revenue Bond Debt Service | 20,899 | 21,748 | 28,078 |
| PTET in Excess of Revenue Bond Debt Service | 7,472 | 6,978 | 8,890 |
| ECEP in Excess of Revenue Bond Debt Service | 0 | 0 | 7 |
| Sales Tax in Excess of Revenue Bond Debt Service | 7,291 | 7,839 | 8,636 |
| Sales Tax in Excess of LGAC Debt Service | 2,198 | 0 | 0 |
| Real Estate Taxes in Excess of CW/CA Debt Service | 1,180 | 877 | 969 |
| All Other Transfers | 3,291 | 3,942 | 4,273 |
| **Subtotal** | 42,331 | 41,384 | 50,853 |
| **TOTAL RECEIPTS** | 103,197 | 102,997 | 119,261 |
| ***Grants to Local Governments:*** | | | |
| School Aid | 25,645 | 28,844 | 30,225 |
| Medicaid - DOH | 19,380 | 20,598 | 24,461 |
| All Other Local Aid | 17,827 | 19,677 | 20,147 |
| ***State Operations:*** | | | |
| Personal Service | 9,464 | 9,997 | 10,784 |
| Non-Personal Service | 3,043 | 2,303 | 2,932 |
| ***General State Charges*** | 9,115 | 9,651 | 9,297 |
| ***Transfers to Other Funds:*** | | | |
| In Support of Debt Service | 298 | 239 | 274 |
| In Support of Capital Projects | 4,649 | 5,798 | 6,925 |
| SUNY Operations | 1,491 | 1,535 | 1,660 |
| All Other Transfers | 1,887 | 1,475 | 1,971 |
| **Subtotal** | 8,325 | 9,047 | 10,830 |
| **TOTAL DISBURSEMENTS** | 92,799 | 100,117 | 108,676 |
| Excess (Deficiency) of Receipts and Other Financing Sources over Disbursements and Other Financing Uses | 10,398 | 2,880 | 10,585 |
| **CLOSING FUND BALANCE** | 43,451 | 46,331 | 56,916 |

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

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

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

## FY 2025

The State ended FY 2025 in balance on a cash basis in the General Fund, based on preliminary unaudited results. General fund receipts, including transfers from other funds, totaled $119.3 billion. General Fund disbursements, including transfers from other funds, totaled $108.7 billion. The State ended FY 2025 with a General Fund balance of $56.9 billion, an increase of $10.6 billion from FY 2024 results. The higher balance reflects a deposit to the Rainy Day Fund; an increase in the reserves for future operations and PTET/PIT credits; and additional resources available at year-end that are carried forward to offset delayed payments, operational costs, and capital projects spending, as well as to reduce the budget gaps in subsequent years.

## FY 2024

The State ended FY 2024 in balance on a cash basis in the General Fund. General fund receipts, including transfers from other funds, totaled $103.0 billion. General Fund disbursements, including transfers from other funds, totaled $100.1 billion. The State ended FY 2024 with a General Fund balance of $46.3 billion, an increase of $2.9 billion from FY 2023 results. The higher balance reflects a set aside for asylum seeker assistance, an increase for the reserves for labor settlements/agency operations, and additional net resources available at year-end that were carried forward to reduce the budget gaps in subsequent years.

## FY 2023

The State ended FY 2023 in balance on a cash basis in the General Fund. General fund receipts, including transfers from other funds, totaled $103.2 billion. General Fund disbursements, including transfers from other funds, totaled $92.8 billion. The State ended FY 2023 with a General Fund balance of $43.5 billion, an increase of $10.4 billion from FY 2022 results. The higher balance reflects the deposit of $10.6 billion to the State's principal reserves, partially offset by use of prior year resources as planned to fund certain commitments and operations in FY 2023.

## All Funds FY 2023 Through FY 2025

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

| ALL GOVERNMENTAL FUNDS RECEIPTS AND DISBURSEMENTS<br>FY 2023 THROUGH FY 2025<br>(millions of dollars) | FY 2023 | FY 2024 | FY 2025 |
|---|---|---|---|
| **OPENING BALANCE** | **53,549** | **65,956** | **65,913** |
| **ALL FUNDS RECEIPTS:** | **233,060** | **234,478** | **248,986** |
| **Total Taxes** | **111,656** | **106,447** | **117,512** |
| Personal Income Tax | 58,776 | 53,840 | 61,202 |
| Pass Through Entity Tax | 14,944 | 13,955 | 17,781 |
| All Other Taxes | 37,936 | 38,652 | 38,529 |
| **Miscellaneous Receipts** | **31,841** | **33,755** | **34,761** |
| **Federal Receipts** | **89,563** | **94,276** | **96,713** |
| **Bond & Note Proceeds** | **0** | **0** | **0** |
| **ALL FUNDS DISBURSEMENTS:** | **220,460** | **234,869** | **241,471** |
| **STATE OPERATING FUNDS** | **123,750** | **128,474** | **133,654** |
| **Assistance and Grants** | **81,877** | **89,202** | **95,859** |
| School Aid | 30,290 | 33,383 | 35,290 |
| DOH Medicaid (incl. admin and EP) | 25,467 | 27,804 | 31,229 |
| All Other | 26,120 | 28,015 | 29,340 |
| **State Operations** | **31,392** | **32,274** | **34,019** |
| **Agency Operations** | **21,189** | **21,578** | **23,576** |
| Executive Agencies | 11,547 | 11,347 | 12,537 |
| University Systems | 6,926 | 7,402 | 7,941 |
| Elected Officials | 2,716 | 2,829 | 3,098 |
| **Fringe Benefits/Fixed Costs** | **10,203** | **10,696** | **10,443** |
| Pension Contribution | 2,045 | 3,734 | 2,586 |
| Health Insurance | 6,003 | 5,106 | 5,814 |
| Other Fringe Benefits/Fixed Costs | 2,155 | 1,856 | 2,043 |
| **Debt Service** | **10,481** | **6,997** | **3,776** |
| **CAPITAL PROJECTS (State and Federal Funds)** | **14,024** | **14,708** | **16,975** |
| **FEDERAL OPERATING AID** | **82,687** | **91,686** | **90,842** |
| **NET OTHER FINANCING SOURCES** | **(192)** | **345** | **268** |
| **CHANGE IN OPERATIONS** | **12,407** | **(44)** | **7,783** |
| **CLOSING BALANCE** | **65,956** | **65,912** | **73,696** |

## FY 2025

The FY 2025 All Funds closing balance totaled $73.7 billion, $7.8 billion above FY 2024. The increase reflected higher receipts ($14.5 billion), which more than offset growth in disbursements ($6.6 billion) compared to the prior year.

Tax collections grew by $11.1 billion inclusive of anticipated growth in PIT receipts, coupled with a decline in current and prior year refunds and advanced credit payments; PTET participation and extensions; modest growth in sales tax collections and significant growth in adult-use cannabis receipts resulting from the continued maturation of the market; CFT gross receipts; and the resolution of two significant bank audit cases. The growth was partly offset by increased CFT refunds and a decrease in super large estate tax collections. Miscellaneous receipts increased due primarily to collections from the Mental Hygiene Services Debt Service fund, HCRA, the DFS, and Licenses & Fees.

Higher spending was mainly due to assistance and grants spending reflecting planned increases for School Aid, inclusive of increased Excess Cost Aid and BOCES Aid spending, and Medicaid. Substantial growth in Medicaid is largely attributable to the expiration of the COVID eFMAP benefit in FY 2024, higher FFS claims, and increased Managed Long Term Care claims due to enrollment growth. Other spending increases include enrollment growth and the inclusion of undocumented pregnant individuals under CHP, retroactive to April 2022, as well as spending on Day Care and Child Welfare services.

Executive agency operations spending increased from the prior year due largely to FEMA reimbursements received in FY 2024 for State costs incurred for COVID pandemic response and recovery efforts, as well as general salary increases pursuant to existing labor contracts, workforce growth, and inflationary increases for energy, medical expenses, and other commodities.

University systems' agency operations spending increased from the prior year largely due to salary increases pursuant to existing labor contracts and increased funding for campus and hospital operations. Spending growth for Elected Officials was due primarily to higher Judiciary spending.

Lower annual spending for pensions and debt service is the result of prepaying expenses prior to the fiscal year in which they come due. Excluding these prepayments, debt service would have increased by $188 million (3.1 percent) and pensions would have increased by $448 million (21 percent). Other fringe benefit spending increases are associated with rising health benefits and Social Security costs.

Federal operating spending decreased in FY 2025 in large part due to COVID related spending impacts, including: the discontinuation of the Medicaid enhanced Federal match; FEMA reimbursements for State costs incurred for COVID-19 pandemic response and recovery efforts and reimbursements of costs that were passed through to local entities; decreased spending for the Emergency Rental Assistance Program and Public Assistance benefit payments; and a decrease in COVID-19-related School Aid grants and U.S. Department of Agriculture School Lunch Act spending. These declines are partially offset by higher spending for the EP due to expansion of program eligibility associated with the 1332 waiver and increased hospital investments ($3.1 billion higher); timing of Federal CHP and Health and Human Services payments; Elementary and Secondary Education Title Act grants; Child Care subsidies, the Summer Electronic Benefits Transfer program, and the Flexible Fund for Family Services.

## FY 2024

The FY 2024 All Funds closing balance totaled $65.9 billion, $44 million below FY 2023. This stable closing balance was due to a higher opening fund balance ($12.4 billion) and net growth in receipts ($1.4 billion), which supported higher disbursements ($14.4 billion). More than half of the increase in disbursements compared to FY 2023 was attributable to Federal operating aid ($9 billion).

Total tax collections in FY 2024 were $5.2 billion or 4.7 percent lower than FY 2023, mostly driven by a decrease in PIT receipts ($4.9 billion). FY 2024 PIT collections reflected lower estimated payments and final return payments, coupled with increased current and prior year refunds. Declines in PIT payments were partly offset by increased withholding and decreases in advanced credit payments attributable to the expiration of the Homeowner Tax Rebate Credit and the State/City offset. PTET collections also decreased ($989 million), due to lower estimated payments and higher refunds.

All other tax receipts increased by $716 million in FY 2024, primarily due to growth in consumption/use taxes ($1.3 billion). The growth reflected higher sales tax receipts and increased motor fuel tax receipts related to the expiration of the temporary fuel tax holiday in December 2022.

The decline in total FY 2024 tax collections was offset by increases in Federal operating aid and miscellaneous receipts. Federal receipts increased by $4.7 billion, reflecting the timing of spending and reimbursements from Federal aid. Miscellaneous receipts were also $1.9 billion higher than in FY 2023, primarily due to higher investment income ($2.4 billion).

The increase in disbursements in FY 2024 primarily reflects increased spending on assistance and grants ($7.3 billion) from State Operating Funds, as well as higher Federal operating spending ($9.0 billion) compared to FY 2023. Within the State Operating Funds category, the higher spending on assistance and grants was partially offset by a decrease in debt service payments ($3.5 billion) due to the timing of prepayments.

State Operating Funds spending totaled $128.5 billion in FY 2024, an increase of $4.7 billion (3.8 percent) compared to FY 2023. Within this category, assistance and grants spending was $7.3 billion higher than in the prior year. The largest changes within assistance and grants were as follows:

- School Aid ($3.1 billion higher) due primarily to the final year of the three-year phase-in of Foundation Aid.

- Medicaid ($2.3 billion higher) attributable primarily to continued claims growth ($3.4 billion), offset partially by increases in the Local Cap Contribution ($663 million) and increased pharmacy rebate offsets ($621 million).

- Mental Hygiene ($2 billion higher) due to a $1.9 billion increase in mental hygiene spending moved out of the Global Cap through the Local Share Adjustment and Mental Hygiene Stabilization Fund.

- Children and Family Services ($841 million lower) due primarily to non-recurring spending for Child Welfare Services ($1.2 billion) for settled and advanced claims.

In addition, spending on State operations from State Operating Funds increased by $882 million in FY 2024, reflecting underlying growth in salary costs. Within the executive agency operations category, pandemic-related FEMA reimbursements received in FY 2024 (roughly $960 million) more than offset cost growth. For fringe benefits, increased spending ($493 million) reflected the prepayment of future pension obligations in FY 2024 ($1.6 billion), partially offset by a smaller deposit to the Retiree Health Benefit Trust Fund compared to FY 2023.

Debt Service spending from State Operating Funds was $3.5 billion lower due to the net impact of debt service prepayments executed in FY 2024 and prior years ($3.9 billion).

Federal operating spending increased by $9 billion over the prior year due primarily to the following:

- EP ($3.5 billion higher) attributable to increased rates and higher program participation due to an expansion of program eligibility.

- Medicaid ($3.3 billion higher) primarily attributable to growth in claims.

- Children and Family Services ($1.2 billion higher) driven by increased spending on Child Care ($749 million) and Child Welfare Services ($399 million).

- Temporary & Disability Assistance ($1.1 billion lower) driven primarily by decreased spending on the Emergency Rental Assistance Program ($449 million), the Home Energy Assistance Program ($208 million), Child Care ($187 million), and Pandemic Emergency Assistance ($124 million).

- All Other Federal spending ($1.5 billion higher) increased due to Federal reimbursements of pandemic-related costs passed through to local entities ($1.2 billion).

### FY 2023

The FY 2023 All Funds closing balance totaled $66.0 billion, $12.4 billion above FY 2022. The growth was attributable to a larger opening balance ($34.8 billion), offset by lower receipts ($11.3 billion) and higher disbursements ($11.1 billion) compared to the prior year.

The decline in receipts primarily reflects lower tax collections ($9.5 billion). PIT receipts decreased by $12 billion in FY 2023, largely due to the PTET program and the timing of PTET credit realization during FY 2022 and FY 2023. In FY 2022, taxpayers were statutorily prohibited from adjusting tax year 2021 current estimated PIT payments based on anticipated PTET credits. This restriction did not apply for tax year 2022, and FY 2023 PIT collections reflect the realization of a high concentration of PTET credits from both tax years 2021 and 2022. PTET collections also decreased by $1.5 billion in FY 2023, primarily because five quarters of PTET collections were reflected in FY 2022 and FY 2023 was the first year in which PTET refunds were issued.

The decline in PIT and PTET receipts in FY 2023 was offset by growth in other tax categories compared to FY 2022. Higher business tax collections ($2.4 billion) were driven by increased Corporate Franchise Tax receipts, insurance gross receipts, and audits. Consumption/use tax collections grew by $964 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 2022 through December 2022.

Non-tax miscellaneous receipts increased by $3.9 billion in FY 2023, primarily due to the timing of reimbursements for various capital programs ($1.4 billion) and higher investment income ($1.1 billion). Federal grants decreased by $5.7 billion, largely due to the receipt of $12.75 billion in ARP aid in FY 2022.

The increase in disbursements in FY 2023 primarily reflects increased spending on assistance and grants ($6.9 billion) from State Operating Funds, as well as higher spending from Federal grants ($5.5 billion) compared to FY 2022.

State Operating Funds spending totaled $123.8 billion in FY 2023, an increase of $6.3 billion (5.4 percent) compared to FY 2022. Within this category, assistance and grants spending through March was $6.9 billion higher than in the prior year. The largest spending changes within assistance and grants were as follows:

- Medicaid ($3.5 billion higher) primarily attributable to enrollment growth in Managed Care associated with the Public Health Emergency and Federal requirement prohibiting the disenrollment of recipients ($1.8 billion); increased Fee for Service Spending related to higher utilization and prices ($689 million); and increased spending in the Vital Access Provider Assurance Program related to advancement of the Federal share of directed payment template payments for distressed hospitals ($2 billion). The higher spending is partially offset by increased COVID eFMAP collections in FY 2023 ($812 million) and Federal Family Planning credits ($108 million) that were not claimed in FY 2022.

- School Aid ($2 billion higher) due to planned General Aid payment increases ($675 million) related to the second year of the three-year phase-in of full funding of Foundation Aid, education payments supported by higher Mobile Sports Wagering receipts ($517 million), increased disbursements supported by Lottery and VLT receipts ($630 million), and higher Teacher Retirement System payments ($141 million).

- Office of Children and Family Services ($1.1 billion higher) primarily attributable to higher spending for Child Welfare Services ($1.2 billion) and Day Care ($49 million), partially offset by reduced spending on Foster Care Block Grant payments ($55 million) and Adult Protective Services ($52 million).

Executive agency operations spending from State Operating Funds increased by $1.4 billion in FY 2023, largely because eligible State costs were offset by the Federal Coronavirus Relief Fund in FY 2022. Debt Service decreased by $2.1 billion in FY 2023, due to prior prepayments of FY 2023 debt service.

Federal operating aid increased by $5.5 billion over the prior year due predominantly to the following:

- Medicaid ($5.1 billion higher) primarily attributable to significantly higher claims-based spending ($3.4 billion) caused by Federal Maintenance of Effort (MOE) restrictions on disenrollment during the Public Health Emergency and increased rates ($1.3 billion), higher Fee-for-Service expenditures resulting from increased utilization and price increases ($1.2 billion) and increased Managed Long-Term Care spending ($879 million). Additional increased year-to-year spending is attributable to higher COVID eFMAP collections ($860 million), the claiming of Federal Community First Choice Option credits ($761 million), and Family Planning credits ($108 million) that were not claimed by the State in FY 2022.

- School Aid ($2.3 billion higher) primarily due to increased spending from COVID-19 related grants ($2.1 billion).

# GAAP-Basis Results for Prior Fiscal Years

The Comptroller prepares Basic Financial Statements and Other Supplementary Information, including a management discussion and analysis, on a GAAP basis for governments as promulgated by the GASB. The Basic Financial Statements and Other Supplementary Information are released in July each year. These statements are audited by independent certified public accountants. The State expects to issue the Basic Financial Statements for FY 2025 on July 24, 2025. 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, 2025 is expected to be issued later in the current calendar year.

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

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

| Fiscal Year Ended | General Fund | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | All Governmental Funds | Accumulated General Fund Surplus/Deficit |
|---|---|---|---|---|---|---|
| March 31, 2024 | 7,434 | 1,216 | (1,238) | 1,926 | 9,338 | 50,346 |
| March 31, 2023 | 15,447 | 819 | (1,334) | (416) | 14,516 | 42,912 |
| March 31, 2022 | 11,339 | 1,792 | 4,352 | 1,173 | 18,656 | 27,465 |

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

| Fiscal Year Ended | Governmental Activities | Business-Type Activities | Total Primary Government |
|---|---|---|---|
| March 31, 2024 | 58,062 | (12,779) | 45,283 |
| March 31, 2023 | 46,453 | (15,565) | 30,888 |
| March 31, 2022 | 21,168 | (18,866) | 2,302* |

* The restatement in net position is due to a reclassification of certain financial instruments under GASB Statement No. 84, Fiduciary Activities. These instruments no longer meet the criteria for State assets and were removed.

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

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

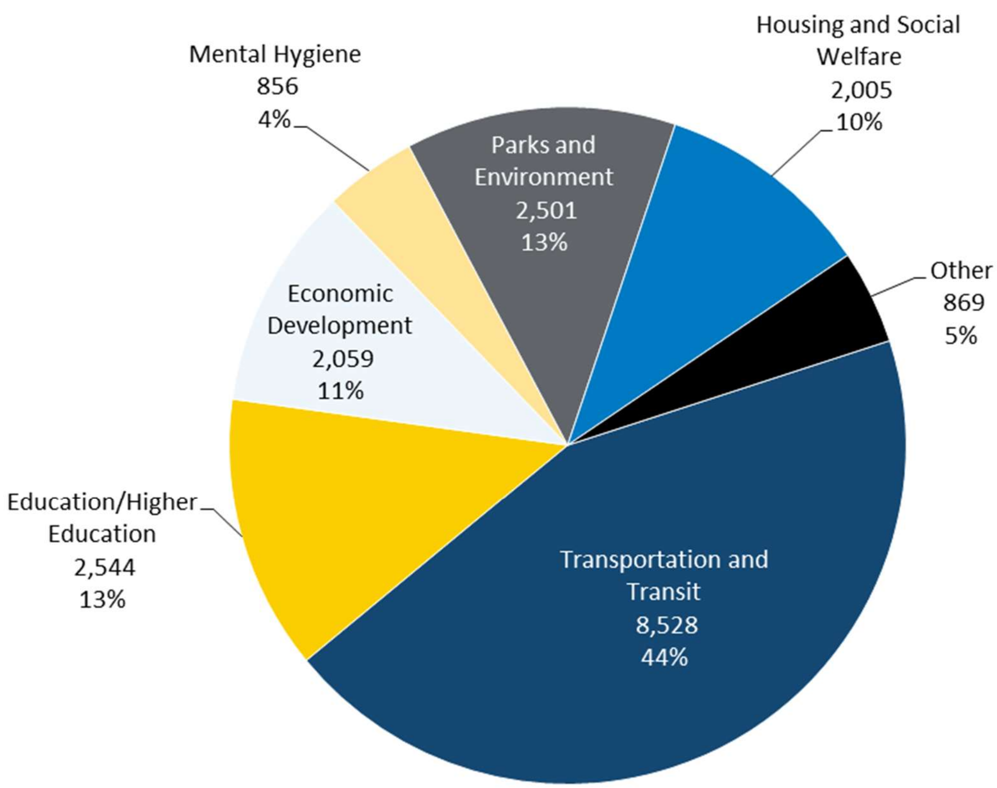
## Capital Plan

The total commitment and disbursement levels in the Capital Plan reflect, among other things, projected capacity under the State's statutory debt limit, anticipated levels of Federal aid, and the timing of capital activity based on known needs and historical patterns. The following capital projects information relates to FY 2026.

### FY 2026 Capital Projects Spending

Spending on capital projects is projected to total $19.4 billion in FY 2026. Overall, capital spending in FY 2026 is projected to increase by $2.4 billion or 14 percent from FY 2025.

**FY 2026 Capital Spending by Function**
**$19,362**
**(millions of dollars)**



In FY 2026, transportation and transit spending is projected to total $8.5 billion, which represents 44 percent of total capital spending. Education and higher education spending accounts for 13 percent, spending related to parks, environment, and clean energy represents 13 percent, and economic development spending accounts for 11 percent. The remaining 19 percent comprises spending for health care, mental hygiene, social welfare, public protection, general government, and all other (discussed later).

Transportation and transit spending is projected to increase by $1.2 billion (17 percent) from FY 2025 to FY 2026. The growth is attributable to projected increases in spending by DOT for the State road and bridge projects and local transportation programs. State spending on the MTA is expected to total $1.3 billion in FY 2026, an increase of $610 million, which is attributable to the continued State support for the MTA's 2020-2024 Capital Plan and initial funding for the 2025-2029 Capital Plan.

Parks and environment spending is estimated to increase by $671 million (37 percent) in FY 2026, primarily reflecting spending from the clean water drinking grants program, which the FY 2026 Enacted Budget increased by $500 million to $6 billion; increased capital support for State parks, including NY SWIMS; and spending from the $4.2 billion Clean Water, Clean Air, and Green Jobs Bond Act. Additionally, the Plan reflects spending in FY 2026 from new initiatives, including: the Sustainable Future Program, NY PLAYS, and NY BRICKS.

Economic development spending is projected to increase by $404 million (24 percent) in FY 2026. The increase is primarily attributable to regional economic development programs administered by ESD, including the DRI and NY Forward, RESTORE, and REDC's. FY 2026 spending also includes continued investment in offshore wind port infrastructure and supply chains, ConnectALL broadband expansion, and upgrades at Olympic Regional Development Authority facilities.

Spending for health care is projected to increase by $351 million (77 percent) in FY 2026. The increase is due to spending from Health Care Restructuring Program grant awards and spending related to five rounds of the Health Care Facility Transformation Program.

Spending for social welfare is projected to increase by $303 million (18 percent) in FY 2026, primarily reflecting ongoing spending from the prior housing plan and the phase-in of funding from the $25 billion housing plan, of which the State is providing $5.7 billion in direct capital assistance.

Education spending is projected to increase by $273 million (128 percent) in FY 2026. The increase is largely due to the implementation of additional programs included in the FY 2025 and FY 2026 Enacted Budgets, and continued spending from prior year initiatives.

Higher education spending is projected to increase by $452 million (28 percent) in FY 2026, which is primarily related to maintaining SUNY and CUNY campus facilities in a state of good repair and making strategic investments in new facilities.

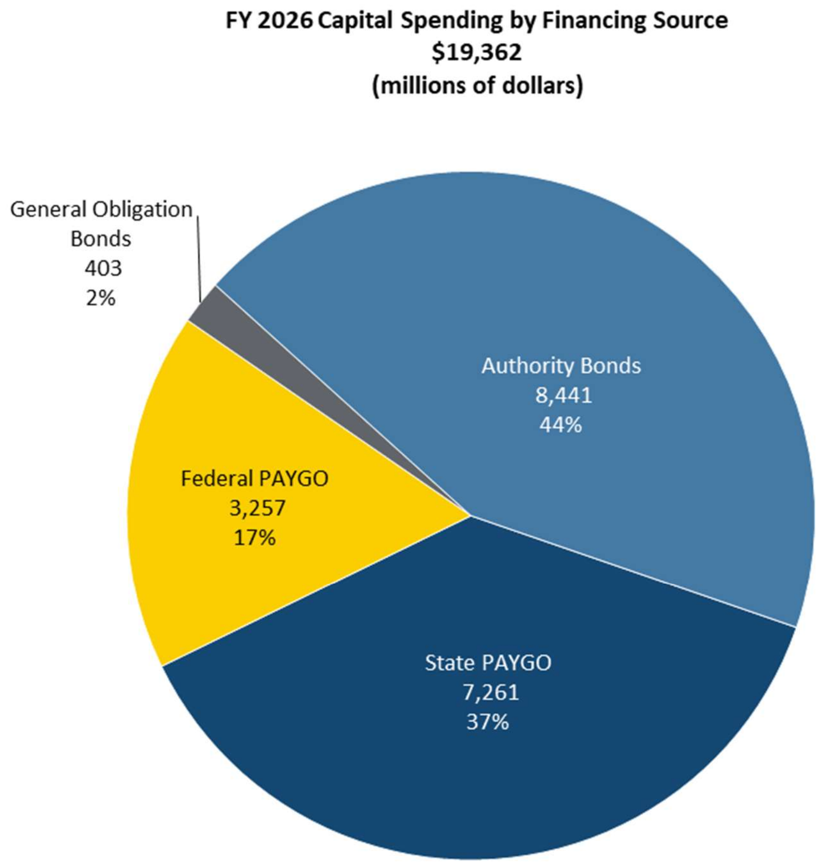
Spending for public protection is projected to increase by $11 million (1 percent) in FY 2026. Public protection capital funding supports maintaining DOCCS, DHSES, DMNA, and DSP infrastructure. In addition, FY 2026 projections assume continued spending for capital investments in communities with high gun violence and another round of the Securing Communities Against Hate Crimes grant program.

Mental hygiene capital spending is anticipated to increase by $250 million (41 percent) in FY 2026, reflecting continued investment in both inpatient and outpatient facilities.

General governmental capital spending is projected to increase by $342 million (81 percent) in FY 2026, which includes the maintenance of State facilities and State information technology projects.

Spending in the “all other” category is projected to increase by $85 million (20 percent). Total planned capital disbursements are reduced by $2 billion, or approximately 10 percent, in each year of the Capital Plan, consistent with spending trends for the past ten years.

## Financing FY 2026 Capital Projects Spending




In FY 2026, the State plans to finance 46 percent of capital projects spending with long-term bonds and 54 percent with cash and Federal grants. Most of the long-term bonds (95 percent) will be issued on behalf of the State through public authorities. All authority debt issued on behalf of the State is approved by the State legislature, acting on behalf of the people, and the issuing authority's board of directors, and in most instances, is subject to approval by the Public Authorities Control Board (PACB). Authority Bonds, as defined in the Capital Plan, do not include debt issued by authorities that are backed by non-State resources. State cash resources will finance 37 percent of capital spending. Federal aid is expected to fund 17 percent of the State's FY 2026 capital spending, primarily for transportation. Year-to-year, total PAYGO support is projected to increase from FY 2025 to FY 2026 by $1.3 billion, with State PAYGO increasing by $741 million and Federal PAYGO support increasing by $558 million. Bond-financed spending is projected to increase by $1.1 billion, with Authority Bond spending increasing by $842 million and General Obligation Bond spending increasing by $246 million.

## Financing Plan

New York State, including its public authorities, is one of the largest issuers of municipal debt in the United States, ranking second among the states, behind California, in the aggregate amount of debt outstanding. As of March 31, 2025, State-related debt outstanding totaled $55.9 billion excluding installation and mortgage loan commitments, equal to approximately 3.3 percent of New York personal income. The State's debt levels are typically measured by DOB using two categories: *State-supported debt* and *State-related debt*.

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

**State-related debt** is a broader measure of State debt which includes all debt that is reported in the State's GAAP-basis financial statements, except for unamortized premiums and accumulated accretion on capital appreciation bonds. These financial statements are audited by external independent auditors and published by OSC on an annual basis. The debt reported in the GAAP-basis financial statements includes General Obligation debt, other State-supported debt as defined in the State Finance Law, and installation commitments and mortgage loan commitments. This category also includes inter-governmental loans, where no bonds are issued but the State has agreed to pay annual loan payments to another governmental entity. Inter-governmental loans include annual payments to the Gateway Development Commission (GDC) to fund the State's commitment for the Gateway Hudson Tunnel Project. In addition, State-related debt reported by DOB includes State-guaranteed debt, moral obligation financings and certain contingent-contractual obligation financings, where debt service is paid from non-State sources in the first instance, but State appropriations are available to make payments if necessary. These financings are not reported as debt in the State's GAAP-basis financial statements.

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

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

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

**OUTSTANDING STATE-SUPPORTED AND STATE-RELATED DEBT [1,2]**
**(millions of dollars)**

| | FY 2023 | FY 2024 | FY 2025 |
|---|---|---|---|
| **State-Supported Debt** | **55,911** | **54,319** | **55,867** |
| Personal Income Tax Revenue Bonds | 43,635 | 40,179 | 38,781 |
| Sales Tax Revenue Bonds | 10,101 | 11,483 | 14,510 |
| General Obligation | 1,836 | 2,128 | 2,269 |
| Service Contract & Lease Purchase | 48 | 258 | 242 |
| Other Revenue Bonds | 291 | 271 | 65 |
| **Other State Financings** | **237** | **202** | **228** |
| Installation Commitments | 178 | 145 | 146 |
| Mortgage Loan Commitments | 59 | 57 | 68 |
| Gateway Development Commission | N/A | N/A | 14 |
| **TOTAL STATE-RELATED DEBT [3]** | 56,148 | 54,521 | 56,095 |

1 Source: NYS DOB, except Mortgage Loan Commitments which are taken from the ACFR for FY 2023 and FY 2024. Mortgage Loan Commitments and Installation Commitments are estimated by DOB for FY 2025.

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

3 Installation commitments and mortgage loan commitments are included in all figures and references to State-related debt in this AIS unless otherwise specifically noted.

## State-Supported Debt Outstanding

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

Legislation included in the FY 2026 Enacted Budget authorizes short-term financing for liquidity purposes during FY 2026. In doing so, it maintained a tool to help the State manage cashflow if unanticipated financial disruptions arise. Specifically, the authorization allows for the issuance of up to $3 billion of PIT revenue anticipation notes that mature no later than March 31, 2026. Borrowed amounts cannot be extended or refinanced beyond the initial maturity. The Financial Plan does not currently assume the use of short-term financing for liquidity purposes. DOB evaluates cash results regularly and may adjust the use of notes based on liquidity needs, market considerations, and other factors.

### State PIT Revenue Bond Program

Since 2002, the PIT Revenue Bond Program has been the primary financing vehicle used to fund the State's capital program. Legislation enacted in 2001 provided for the issuance of State PIT Revenue Bonds by the State's Authorized Issuers. The legislation originally 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, additional State revenue sources have been dedicated to the RBTF in order to address the anticipated impact that certain legislative changes could have on the level of State PIT receipts, namely, the enactment of (i) the ECEP and the Charitable Gifts Trust Fund in 2018, and (ii) the PTET in 2021. The legislative changes were implemented to mitigate the effect of the TCJA that, among other things, limited the SALT deduction. In order to preserve coverage in the PIT Revenue Bond program, State legislation was enacted that dedicated 50 percent of ECEP receipts and 50 percent of PTET receipts for deposit to the RBTF for the payment of PIT bonds. In addition, in 2018 legislation was enacted that increased the percentage of PIT receipts dedicated to the payment of PIT bonds from 25 to 50 percent. As a result, 50 percent of PIT receipts, 50 percent of ECEP receipts and 50 percent of PTET receipts (collectively, the "RBTF Receipts") now secure the timely payment of debt service on all PIT bonds.

Debt service on State PIT Revenue Bonds is subject to legislative appropriation, as part of the annual debt service bill. 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 RBTF equal the greater of 40 percent of the aggregate of annual State PIT receipts, ECEP receipts, and PTET receipts or $12 billion.

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.

The Charitable Gifts Trust Fund, when created in 2018, had the potential to materially impact the PIT Revenue Bond Program, as deposits to the Charitable Gifts Trust Fund could reduce State PIT receipts by nearly one dollar for every dollar donated. In 2019, the IRS issued final regulations (Treasury Decision 9864) that effectively curtailed further donations to the Charitable Gifts Trust Fund. If Treasury Decision 9864 is upheld in Federal court, taxpayer participation in the Charitable Gifts Trust Fund and the impact on New York State PIT receipts is expected to remain negligible.

As of March 31, 2025, approximately $38.8 billion of State PIT Revenue Bonds were outstanding. The projected PIT Revenue Bond coverage ratios, noted below, are based upon estimates of RBTF Receipts and include projected debt issuances. PIT Revenue Bonds are expected to comprise 75 percent of bond issuances annually, excluding GO Bonds, but can be used interchangeably with the Sales Tax Revenue Bond Program as needed.

While DOB routinely monitors the State's debt portfolio across all State-supported credits for refunding opportunities, no future refunding transactions are reflected in the following projected coverage ratios.

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

| | FY 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected | FY 2030 Projected |
|---|---|---|---|---|---|---|
| Projected RBTF Receipts | 39,499 | 38,465 | 39,340 | 40,880 | 43,048 | 44,665 |
| Projected New PIT Bonds Issuances | 2,271 | 6,546 | 7,825 | 7,937 | 7,780 | 6,572 |
| Projected Total PIT Bonds Outstanding | 38,781 | 44,456 | 51,540 | 58,202 | 64,291 | 67,525 |
| Projected Maximum Annual Debt Service | 3,968 | 4,400 | 4,960 | 5,528 | 6,086 | 6,381 |
| Projected PIT Coverage Ratio | 10.0 | 8.7 | 7.9 | 7.4 | 7.1 | 7.0 |

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

## Sales Tax Revenue Bond Program

Legislation enacted in 2013 created the Sales Tax Revenue Bond program. This bonding program replicates certain credit features of PIT 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 by dedicated revenues consisting of two cents of the State's four cent sales and use tax. 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 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, 2025, $14.5 billion of Sales Tax Revenue Bonds were outstanding.

Debt service coverage for the Sales Tax Revenue Bond program reflects estimates of sales and use tax receipts and includes projected debt issuances. Sales Tax Revenue Bonds are expected to comprise 25 percent of bond issuances annually, excluding GO Bonds, but can be used interchangeably with the PIT Revenue Bond Program as needed. While DOB routinely monitors the State's debt portfolio across all State-supported credits for refunding opportunities, no future refunding transactions are reflected in the following projected coverage ratios.

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

| | FY 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected | FY 2030 Projected |
|---|---|---|---|---|---|---|
| Projected Sales Tax Receipts | 9,515 | 9,791 | 10,078 | 10,368 | 10,646 | 10,928 |
| Projected New Sales Tax Bonds Issuances | 2,656 | 2,182 | 2,608 | 2,646 | 2,593 | 2,191 |
| Projected Total Sales Tax Bonds Outstanding | 14,510 | 16,603 | 18,996 | 21,242 | 23,391 | 24,566 |
| Projected Maximum Annual Debt Service | 1,344 | 1,489 | 1,675 | 1,865 | 2,050 | 2,146 |
| Projected Sales Tax Coverage Ratio | 7.1 | 6.6 | 6.0 | 5.6 | 5.2 | 5.1 |

## General Obligation Financings

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

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

General Obligation Bonds must be approved directly by the voters at a general election. Only one General Obligation offering, limited to a single work or purpose, may be voted on in a general election. General Obligation bond-financed spending accounts for approximately 2 percent of total spending over the Capital Plan. The Capital Plan assumes the continued implementation of ten previously authorized bond acts (five for transportation, four for environmental and recreational programs, and one for education), as well as spending for the $4.2 billion Clean Water, Clean Air, and Green Jobs Bond Act that was approved by voters in November 2022.

As of March 31, 2025, approximately $2.3 billion of General Obligation Bonds were outstanding. See “Exhibit B — State-Related Bond Authorizations” for information regarding the levels of authorized, authorized but unissued, and outstanding General Obligation debt by bond act.

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

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

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

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

Debt service payable to certain public authorities from State appropriations for such lease-purchase and contractual obligation financings are paid from general resources of the State. Although these financing arrangements involve a contractual agreement by the State to make payments to a public authority, municipality or other entity, the State's obligation to make such payments is expressly made subject to appropriation by the Legislature and the actual availability of money to the State for making the payments. As of March 31, 2025, approximately $242 million of State-supported lease-purchase and other contractual obligation financings were outstanding.

Legislation first enacted in FY 2011, and extended through June 30, 2026, authorizes the State to set aside moneys in reserve for debt service on general obligation, lease-purchase, and service contract bonds. Pursuant to a certificate filed by the Director of the Budget with the State Comptroller, the Comptroller is required to transfer from the General Fund such reserved amounts on a quarterly basis in advance of required debt service payment dates. The State currently has no plans to issue additional lease-purchase or other contractual-obligation financings.

### Dedicated Highway and Bridge Trust Fund Bonds

DHBTF bonds were issued for State transportation purposes and are backed by dedicated motor fuel, gas and other transportation-related taxes and fees, subject to appropriation. As of March 31, 2025, approximately $34 million of DHBTF bonds were outstanding which were fully retired on April 1, 2025. The State currently has no plans to issue additional DHBTF bonds but could in the future if market conditions warrant.

## State-Related Obligations Outstanding

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

### Contingent-Contractual Obligation Financing

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

### State-Guaranteed Financings

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

### Other State Financings

Other State financings relate to the issuance of debt by a public authority, including capital leases and mortgage loan commitments.

## Intergovernmental Loans

Intergovernmental loans represent loans where no bonds are issued but the State has agreed to pay annual loan payments, subject to appropriation, to another governmental entity. Accordingly, intergovernmental loans are classified as State-related debt and are not subject to the State's debt cap.

Legislation authorizes the Budget Director to enter into a financing agreement with GDC to make payments to GDC in an amount sufficient to allow GDC to make payments on a New York Railroad Rehabilitation and Improvement Financing (RRIF) loan, subject to annual appropriation by the State Legislature, to support the State's capital commitment to the Gateway Hudson Tunnel Project. Pursuant to the legislative authorization, the State Budget Director entered into a contractual obligation with GDC that obligates the State to seek appropriations annually in future budgets and, if appropriated, to provide to GDC an amount each year sufficient to make all payments on the RRIF loan. Such payments are expected to be funded from the State's General Fund. The legislation also includes the authorization to set aside funds quarterly in advance of payments due to GDC for the Hudson Tunnel Project.

The State's share of the Gateway Hudson Tunnel Project is currently estimated at $1.3 billion, inclusive of financing costs, based on the July 2024 financial plan for the project. As of March 31, 2025 there was $14 million outstanding under the RRIF loan.

## Borrowing Plan

| STATE DEBT ISSUANCES BY FINANCING PROGRAM (millions of dollars) | FY 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected | FY 2030 Projected |
|---|---|---|---|---|---|---|
| Personal Income Tax Revenue Bonds | 2,271 | 6,546 | 7,825 | 7,937 | 7,780 | 6,572 |
| Sales Tax Revenue Bonds | 2,656 | 2,182 | 2,608 | 2,646 | 2,593 | 2,191 |
| General Obligation Bonds | 345 | 403 | 287 | 307 | 430 | 308 |
| Service Contract Bonds | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Issuances** | 5,272 | 9,131 | 10,720 | 10,890 | 10,803 | 9,071 |

Debt issuances totaling $9.1 billion are planned to finance capital project spending in FY 2026, an increase of $3.9 billion (73 percent) from FY 2025. The year over year growth is largely attributable to the increase in capital spending projected in FY 2026. Bond issuances in FY 2026 will finance capital commitments for economic development and housing ($1.7 billion), education ($1.4 billion), the environment ($993 million), health and mental hygiene ($871 million), State facilities and equipment ($881 million), and transportation ($3.3 billion).

Over the five-year Capital Plan, new debt issuances are projected to total $50.6 billion. This reflects the application of $13.6 billion of PAYGO to supplant bond issuances. New issuances are expected for economic development and housing ($9.3 billion), education facilities ($7.7 billion), the environment ($5.5 billion), mental hygiene and health care facilities ($4.8 billion), State facilities and equipment ($4.9 billion), and transportation infrastructure ($18.4 billion).

| PROJECTED DEBT OUTSTANDING BY CREDIT (millions of dollars) | FY 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected | FY 2030 Projected |
|---|---|---|---|---|---|---|
| Personal Income Tax Revenue Bonds | 38,781 | 44,456 | 51,540 | 58,202 | 64,291 | 67,525 |
| Sales Tax Revenue Bonds | 14,510 | 16,603 | 18,996 | 21,242 | 23,391 | 24,566 |
| General Obligation Bonds | 2,269 | 2,478 | 2,551 | 2,647 | 2,878 | 2,981 |
| Other Revenue Bonds | 65 | 14 | 12 | 11 | 9 | 8 |
| Service Contract | 242 | 242 | 242 | 242 | 0 | 0 |
| Gateway Development Commission | 14 | 187 | 360 | 508 | 611 | 715 |
| **TOTAL STATE-RELATED** | 55,881 | 63,980 | 73,701 | 82,852 | 91,180 | 95,795 |

## State-Related Debt Service Requirements

The following table presents the current and projected debt service (principal and interest) requirements on State-related debt. State-related debt service is projected at $1.5 billion in FY 2026, a decrease of $2.2 billion (59 percent) from FY 2025, which is affected by the prepayment of $2.8 billion in FY 2025 of future debt service costs and additional prepayments in previous fiscal years. The State is contractually required to make debt service payments prior to bondholder payment dates in most instances and may also elect to make payments earlier than contractually required. The State expects to use three principal bonding programs -- Personal Income Tax Revenue Bonds, Sales Tax Revenue Bonds, and General Obligation Bonds -- to fund all bond-financed capital spending.

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

| | FY 2025 Actuals | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected | FY 2030 Projected | Total |
|---|---|---|---|---|---|---|---|
| Personal Income Tax Revenue Bonds | 2,549 | 1,082 | 3,134 | 3,823 | 4,179 | 6,150 | 20,917 |
| Sales Tax Revenue Bonds | 879 | 145 | 1,059 | 1,353 | 1,359 | 2,132 | 6,927 |
| General Obligation Bonds | 263 | 290 | 322 | 325 | 322 | 337 | 1,859 |
| Other State-Supported Bonds [2] | 84 | 21 | 12 | 12 | 248 | 0 | 377 |
| Gateway Development Commission | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Debt Service** | 3,775 | 1,538 | 4,527 | 5,513 | 6,108 | 8,619 | 30,080 |

[1] Reflects existing debt service on debt issued and projected debt service on assumed new debt issuances. Debt service requirements for variable rate bonds are calculated at an assumed rate of 1.76%. Debt service is not adjusted for prepayments.

[2] Excludes mortgage loan commitments and installation commitments.

Adjusting for prepayments, State-related debt service is projected at $6.7 billion in FY 2026, an increase 8.2 percent from FY 2025. Over the five-year Capital Plan, adjusted debt service costs are expected to grow to $8.6 billion in FY 2030, an average annual increase of 6.8 percent from FY 2025.

# 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, 2024 (with respect to the Job Development Authority (JDA) as of March 31, 2024), each of the 15 authorities listed in the following table had outstanding debt of $100 million or more, and the aggregate outstanding debt, including refunding bonds, was approximately $219 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 15 authorities as of the date of this AIS.

**OUTSTANDING DEBT OF CERTAIN AUTHORITIES[1]**
**AS OF DECEMBER 31, 2024[2]**
**(millions of dollars)**

| Authority | State-Related Debt | Authority and Conduit | Total |
|---|---|---|---|
| Dormitory Authority | 32,201 | 26,250 | 58,451 |
| Port Authority of NY & NJ | 0 | 27,451 | 27,451 |
| Metropolitan Transportation Authority | 0 | 23,208 | 23,208 |
| Triborough Bridge and Tunnel Authority | 0 | 22,553 | 22,553 |
| Job Development Authority[2] | 0 | 18,496 | 18,496 |
| Housing Finance Agency | 384 | 17,785 | 18,169 |
| UDC/ESD | 14,986 | 923 | 15,909 |
| Thruway Authority | 4,562 | 5,950 | 10,512 |
| Long Island Power Authority[3] | 0 | 9,035 | 9,035 |
| Environmental Facilities Corporation | 0 | 5,613 | 5,613 |
| Power Authority | 0 | 3,449 | 3,449 |
| State of New York Mortgage Agency | 0 | 3,208 | 3,208 |
| Energy Research and Development Authority | 0 | 1,332 | 1,332 |
| Battery Park City Authority | 0 | 1,042 | 1,042 |
| Bridge Authority | 0 | 110 | 110 |
| **TOTAL OUTSTANDING** | 52,133 | 166,405 | 218,538 |

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 do not reflect accretion of capital appreciation bonds or premiums received.

(2) All Job Development Authority (JDA) debt outstanding reported as of March 31, 2024. This includes $18.5 billion in conduit debt issued by JDA's blended component units consisting of $6.1 billion issued by New York Liberty Development Corporation ($1.2 billion of which is also included in the amount reported for Port Authority of NY and NJ), $496 million issued by the Brooklyn Arena Local Development Corporation, and $11.9 billion issued by the New York Transportation Development Corporation.

(3) Includes $3.45 billion of Utility Debt Securitization Authority (UDSA) bonds. Chapter 173 of the Laws of 2013, as amended, authorized UDSA to restructure certain outstanding indebtedness of the Long Island Power Authority (LIPA) and UDSA, as well as to finance system resiliency costs. UDSA is reported as a blended component unit of LIPA in LIPA's audited financial statements.

## Localities

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

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

## The City of New York

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

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

| Year | General Obligation Bonds | Obligations of TFA (1) | Obligations of STARC Corp. (2) | Obligations of TSASC, Inc. | Hudson Yards Infrastructure Corporation | Other Obligations (3) | Total |
|---|---|---|---|---|---|---|---|
| 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 |
| 2023 | 40,093 | 53,506 | 0 | 938 | 2,519 | 13,902 | 110,958 |
| 2024 | 41,701 | 57,618 | 0 | 909 | 2,552 | 13,592 | 116,372 |

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 32 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 City of Buffalo and the Counties of Erie and Nassau are subject to varying levels of review and oversight by entities created by such legislation. The Cities of Dunkirk and Newburgh operate under special State legislation that provides for fiscal oversight by the State Comptroller and the City of Yonkers must adhere to a Special Local Finance and Budget Act. The impact on the State of any possible requests in the future for additional oversight or financial assistance cannot be determined at this time and therefore is not included in the Financial Plan projections.

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

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

Based on financial data filed with OSC for the local fiscal years ending in 2024, a total of 9 non-calendar fiscal year end local governments (all villages) and 22 school districts have been placed in a stress category by OSC. Additionally, of the local governments with a December 31, 2023 fiscal year end, 8 — including 3 cities and 5 towns — were placed in a fiscal stress category by OSC. The vast majority of local governments (98.7 percent) and school districts (96.7 percent) are not classified in a fiscal stress category.

The Monitoring System relies on data submitted to OSC by local governments in their Annual Financial Report ("AFR"). The AFR captures a local government's annual revenue, expenditures, cash reserves, fund balance and outstanding debt for the period. From 2018 to 2023, the number of municipalities that failed to file their AFRs increased from 10 to 18 percent. Additional information on local governments that have failed to file an AFR is available on the OSC website at the following address: https://web.osc.state.ny.us/localgov/afr-non-filers/.

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 end of temporary Federal stimulus funding; the pause or termination of Federal assistance programs; 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 2024.

**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 |
| 2020 | 95,025 | 0 | 36,375 | 8,741 | 131,400 | 8,741 |
| 2021 | 94,184 | 0 | 36,881 | 8,157 | 131,065 | 8,157 |
| 2022 | 109,231 | 0 | 38,263 | 7,351 | 147,494 | 7,351 |
| 2023 | 110,958 | 0 | 37,478 | 7,442 | 148,436 | 7,442 |
| 2024 | 116,372 | 0 | 31,608 | 7,718 | 147,980 | 7,718 |

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

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

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

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

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

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

# STATE GOVERNMENT EMPLOYMENT

As of March 31, 2025, the State had approximately 180,603 annual salaried FTE employees within agencies subject to direct Executive control (112,952 FTEs), the University Systems (62,947 FTEs) and the Independently Elected Agencies (4,704 FTEs). These figures do not include non-annual salaried employees or employees of the Legislature and Judiciary. The State workforce is projected to total 192,868 FTEs at the end of FY 2026, following investments included in the FY 2026 Enacted Budget.

**HISTORICAL SUMMARY OF EXECUTIVE BRANCH WORKFORCE**
**ANNUAL SALARIED FTEs**
**ALL FUNDS**

| Date | Subject to Direct Executive Control | Grand Total |
|---|---|---|
| 3/31/2015 | 117,807 | 179,620 |
| 3/31/2016 | 117,862 | 180,220 |
| 3/31/2017 | 117,907 | 181,436 |
| 3/31/2018 | 117,397 | 181,599 |
| 3/31/2019 | 117,967 | 182,799 |
| 3/31/2020 | 118,193 | 183,715 |
| 3/31/2021 | 111,230 | 175,559 |
| 3/31/2022 | 106,690 | 169,340 |
| 3/31/2023 | 108,080 | 171,422 |
| 3/31/2024 | 111,267 | 176,585 |
| 3/31/2025 | 112,952 | 180,603 |

| WORKFORCE SUMMARY<br>ALL FUNDS<br>FY 2024 THROUGH FY 2026 | FY 2024 Actuals (03/31/24) | FY 2025 Actuals (03/31/25) | FY 2026 Estimate (03/31/26) |
|---|---|---|---|
| **Major Agencies** | | | |
| Children and Family Services, Office of | 2,833 | 3,076 | 2,983 |
| Corrections and Community Supervision, Department of | 22,544 | 19,197 | 25,545 |
| Education Department, State | 2,552 | 2,756 | 2,916 |
| Environmental Conservation, Department of | 3,075 | 3,302 | 3,371 |
| Financial Services, Department of | 1,290 | 1,379 | 1,441 |
| General Services, Office of | 1,706 | 1,800 | 1,994 |
| Health, Department of | 4,927 | 5,405 | 6,209 |
| Information Technology Services, Office of | 3,570 | 3,851 | 4,158 |
| Labor, Department of | 2,740 | 3,042 | 2,942 |
| Mental Health, Office of | 14,127 | 14,458 | 15,872 |
| Motor Vehicles, Department of | 3,070 | 3,122 | 3,228 |
| Parks, Recreation and Historic Preservation, Office of | 2,324 | 2,473 | 2,469 |
| People with Developmental Disabilities, Office for | 17,870 | 18,793 | 19,115 |
| State Police, Division of | 5,767 | 5,912 | 6,521 |
| Taxation and Finance, Department of | 3,469 | 3,685 | 3,832 |
| Temporary and Disability Assistance, Office of | 1,861 | 1,931 | 2,053 |
| Transportation, Department of | 8,293 | 8,570 | 8,495 |
| Workers' Compensation Board | 946 | 1,023 | 1,112 |
| **Subtotal - Major Agencies** | **102,964** | **103,775** | **114,256** |
| **Minor Agencies** | **8,303** | **9,177** | **10,376** |
| **Subtotal - Subject to Direct Executive Control** | **111,267** | **112,952** | **124,632** |
| **University Systems** | | | |
| City University of New York | 13,358 | 13,434 | 13,511 |
| State University Construction Fund | 130 | 137 | 145 |
| State University of New York | 47,531 | 49,376 | 49,376 |
| **Subtotal - University Systems** | **61,019** | **62,947** | **63,032** |
| **Independently Elected Agencies** | | | |
| Audit and Control, Department of | 2,446 | 2,688 | 2,927 |
| Law, Department of | 1,853 | 2,016 | 2,277 |
| **Subtotal - Independently Elected Agencies** | **4,299** | **4,704** | **5,204** |
| **Grand Total** | **176,585** | **180,603** | **192,868** |

Source: NYS DOB, as provided with the FY 2026 Enacted Budget Report published in June 2025.

# STATE RETIREMENT SYSTEM

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

## General

This section summarizes key information regarding the New York State and Local Retirement System ("NYSLRS" or the "System") and the Common Retirement Fund ("CRF"). The System was established as a means to pay benefits to the System's participants. The CRF comprises a pooled investment vehicle designed to protect and enhance the long-term value of the System's assets. Greater detail, including the independent auditor's report for the fiscal year ending March 31, 2024, is included in NYSLRS' Annual Comprehensive Financial Report ("NYSLRS' Financial Report") for the fiscal year ended March 31, 2024 and is available on the OSC website at the following address: https://www.osc.ny.gov/files/retirement/resources/pdf/annual-comprehensive-financial-report-2024.pdf.

Additionally, available at the OSC website is the System's asset listing for the fiscal year ended March 31, 2024. The audited financial statements with the independent auditor's report for the fiscal year ended March 31, 2024 is available on the OSC website at the following address: https://www.osc.ny.gov/files/retirement/resources/pdf/asset-listing-2024.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 2024 are available at the OSC website at: https://www.osc.ny.gov/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.ny.gov/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; an examination is currently underway. 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, 2024. There were 2,988 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, 2024, 713,802 persons were members of the System, and 522,255 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, 2024, approximately 33 percent of ERS members were in Tiers 3 and 4 and approximately 39 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 63 percent of ERS members and 56 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. 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. Legislation enacted on April 20, 2024 changed the calculation and limitation of "final average salary" for Tier 6 members from the average of an employee's five consecutive highest years' salary to the average of an employee's three consecutive highest years' salary. 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.ny.gov/retire/employers/tier-6/ers_comparison.php
PFRS Chart: http://www.osc.ny.gov/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.[16] 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. Legislation enacted in April 2024 temporarily removed overtime earned from April 1, 2022 through March 31, 2024 from the calculation of contribution rates that Tier 6 members pay during FY 2024-25 and FY 2025-26.

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.[17]

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 2026 were released on September 3, 2024. The average ERS rate will increase by 1.3 percent from 15.2 percent of salary in FY 2025 to 16.5 percent of salary in FY 2026, while the average PFRS rate will increase by 2.5 percent from 31.2 percent of salary in FY 2025 to 33.7 percent of salary in FY 2026. Information regarding average rates for FY 2026 may be found in the 2024 Annual Report to the Comptroller on Actuarial Assumptions which is accessible at:
https://www.osc.ny.gov/files/retirement/resources/pdf/actuarial-assumptions-2024.pdf.

[16] Less than 0.5 percent of the 20,265 PFRS Tier 6 members are non-contributory.

[17] The assumed investment rate of return is an influential factor in calculating employer contribution rates. 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 5.9 percent rate of return has been used to determine employer contribution rates in FY 2023, FY 2024, FY 2025, and FY 2026.

Legislation adopted with the FY 2011 Enacted Budget (Chapter 57, Laws of 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, 2024, 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 | — |
| 2014 | 12.5 | 2.5 | 3.67 | — |
| 2015 | 13.5 | 21.5 | 3.15 | 2.0 |
| 2016 | 14.5 | 22.5 | 3.21 | 2.0 |
| 2017 | 15.1 | 23.5 | 2.33 | 0.3 |
| 2018 | 14.9 | 24.3 | 2.84 | 0.2 |
| 2019 | 14.4 | 23.5 | 3.64 | — |
| 2020 | 14.2 | 23.5 | 2.55 | — |
| 2021 | 14.1 | 24.4 | 1.33 | — |
| 2022 | 15.1 | 25.4 | 1.76 | 0.8 |
| 2023 | 14.1 | 26.4 | 3.61 | — |
| 2024 | 13.1 | 27.4 | 4.85 | — |
| | | | | $ 5.3 |

Legislation adopted with the FY 2014 Enacted Budget (Chapter 57, Laws of 2013) 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, 2024, 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 | $ 4.9 |
| 2015 | 12.0 | 20.0 | 3.50 | 6.2 |
| 2016 | 12.5 | 20.5 | 3.31 | 9.8 |
| 2017 | 13.0 | 21.0 | 2.63 | 9.0 |
| 2018 | 13.5 | 21.5 | 3.31 | 9.8 |
| 2019 | 14.0 | 22.0 | 3.99 | 6.2 |
| 2020 | 14.2 | 22.5 | 2.87 | 5.0 |
| 2021 | 14.1 | 23.0 | 1.60 | 6.0 |
| 2022 | 14.6 | 23.5 | 2.24 | 16.8 |
| 2023 | 14.1 | 24.0 | 3.70 | 11.9 |
| 2024 | 13.6 | 24.5 | 5.10 | 3.8 |
| | | | | $ 89.4 |

Chapter 55 of the Laws of 2023 amended the Contribution Stabilization Programs (the 2010 Program and the 2013 Alternate Contribution Stabilization Program, together the “Programs”) to provide employers more flexible use of reserve funds while preserving the intent of the Programs to smooth out pension contributions when rates increase. The Programs also limit the size of the reserve fund assets that employers are required to maintain and allow NYSLRS participating employers to withdraw from the Programs, subject to approval by the Comptroller, provided all prior year amortizations are paid in full, including interest. The total State payment (including Judiciary) due to NYSLRS for FY 2024 was approximately $1.926 billion. The State opted not to amortize under the Contribution Stabilization Program (eligible to amortize in PFRS only) and paid the March 1, 2024 invoice in full.

The total State payment (including Judiciary) due to NYSLRS for FY 2025 was approximately $2.285 billion. The State opted not to amortize under the Contribution Stabilization Program (eligible to amortize in PFRS only) and paid the March 1, 2025 invoice in full.

The estimated total State payment (including Judiciary but excluding costs attributable to enacted legislation) for FY 2026 is approximately $2.629 billion. Several prepayments (including interest credit) have fulfilled this estimated obligation, and costs attributable to enacted legislation will be finalized after December 31, 2025.

## 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, 2024 was $267.4 billion (including $2.0 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 $17.9 billion or 7.2 percent from the FY 2023 level of $249.5 billion. The increase in net position restricted for pension benefits from FY 2023 to FY 2024 is primarily the result of the net appreciation of the fair value of the investment portfolio.[18] The System's audited Financial Statement reports a time-weighted investment rate of return of positive 11.6 percent (gross rate of return before the deduction of certain fees) for FY 2024.

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. [19]

The System reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased to $345.9 billion (including $179.9 billion for retirees and beneficiaries) as of April 1, 2024, up from $333.1 billion as of April 1, 2023. The funding method used by the

[18] On June 6, 2025, the State Comptroller announced that the Fund's investment return was 5.84% for the State fiscal year that ended March 31, 2025. The Fund closed the year with an estimated value of $272.8 billion. The value of the invested assets fluctuates throughout the year based on market conditions and is reported on annually in the Annual Comprehensive Financial Report.

[19] More detail on the CRF's asset allocation as of March 31, 2024 and long-term policy allocation can be found on page 110 of the NYSLRS' Financial Report for the fiscal year ending March 31, 2024.

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, 2024. 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, 2024 in that the determination of actuarial assets utilized a smoothing method, with an eight-year smoothing period, that recognized 12.5 percent of the unexpected gain for FY 2024, 25 percent of the unexpected loss for FY 2023 and 37.5 percent of the unexpected gain for FY 2022. Actuarial assets increased from $269.6 billion on April 1, 2023 to $272.4 billion on April 1, 2024.

The ratio of fiduciary net position to the total pension liability for ERS, as of March 31, 2024, calculated by the System’s Actuary, was 93.88 percent. The ratio of the fiduciary net position to the total pension liability for PFRS, as of March 31, 2024, calculated by the System’s Actuary, was 89.72 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.ny.gov/retirement/resources/financial-statements-and-supplementary-information.

The tables that follow show net assets, benefits paid and the actuarially determined contributions that have been made over the last ten years through March 31, 2024. 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 | |
| 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 |
| 2023 | 4,404 | 2,847 | 1,557 | 657 | 15,596 |
| 2024 | 5,055 | 3,242 | 1,813 | 789 | 16,200 |

Sources: State and Local Retirement System.

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

(2) The actuarially determined contribution (ADC) includes 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 |
|---|---|---|
| 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% |
| 2023 | 249,508 | -8.8% |
| 2024 | 267,368 | 7.2% |

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, 2024 includes approximately $2 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 2024 NYSLRS' Financial Report is available on the OSC website at the following web address:

https://www.osc.ny.gov/files/retirement/resources/pdf/annual-comprehensive-financial-report-2024.pdf.

1) Information on the number of members and retirees, including the change in the number of members and retirees and beneficiaries since 2014 can be found on page 32 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 pages 48-49 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 78-81 at the link noted above.

4) Information on contributions can be found on pages 163-171 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 2014 can be found on page 172 of the NYSLRS' Financial Report at the link noted above.

Information related to the salaries of members can be found on pages 205-209 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 $300 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 2026 or thereafter. The State intends to describe newly initiated proceedings that the State deems to be material and existing proceedings that the State has subsequently deemed to be material, as well as any material and adverse developments in the listed proceedings, in quarterly updates and/or supplements to the AIS.

For the purpose of the Litigation section of this 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. 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 2026 or thereafter. The Basic Financial Statements for FY 2024, which OSC issued on July 26, 2024, 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 Financial Plan during FY 2026. 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 2026. 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

*Canadian St. Regis Band of Mohawk Indians, et al. v. State of New York, et al.* , 82 CV 783 (NDNY) (consolidated with 82 CV 1114, and 89 CV 829), is a consolidated action first instituted in 1982 under the federal Non-Intercourse Act. The tribe plaintiffs seek ejectment and monetary damages for their claim that approximately 2,000 acres over the area known as the Hogansburg Triangle in Franklin and St. Lawrence Counties were illegally transferred from their predecessors-in-interest. The United States is an intervenor plaintiff due to the underlying claim that New York violated the Non-Intercourse Act when acquiring Mohawk lands. In March 2022, the Court concluded that plaintiffs had established a *prima facie* case under the Non-Intercourse Act. The parties are negotiating potential settlement, putting a final decision on the merits by the Court on hold. At this time, it is unknown what future financial impact this claim may have on the State's Financial Plan.

## School Aid

In *Maisto v. State of New York* (formerly identified as *Hussein v. State of New York*), 8997-08 (Sup. Ct. Albany Cty.), plaintiffs seek a judgment declaring that the State's system of financing public education violates section 1 of article 11 of the State Constitution, on the ground that it fails to provide a sound basic education. In 2021, after trial and appeals, the Appellate Division, Third Department, held that plaintiffs demonstrated a violation of Article 11, § 1 in each of the subject school districts with respect 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 Supreme Court subsequently determined that the State's remedy was reasonable and terminated the case. Plaintiffs appealed and the matter awaits briefing and argument. At this time, it is unknown what future financial impact this claim may have on the State's Financial Plan.

## 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 asserted that the low rates prevent children and indigent adults from receiving their constitutional right to effective and meaningful legal representation and they sought declaratory and injunctive relief preventing the continued violation and setting new rates. In July 2022, the Court granted the plaintiffs' requested preliminary injunction and ordered payment of an increased rate by the State and the City of New York of $158 per hour, retroactive to February 2, 2022. The preliminary injunction was silent on the funding structure for payment of the increased rates. Accordingly, the structure remained as established by statute, with the State 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. In May 2023, Governor Hochul signed a new budget bill that increased the hourly rate of compensation paid to all assigned counsel statewide to $158 per hour, with a cap of $10,000 per case, with changes retroactive to April 1, 2023. *See* Part GG of Chapter 56 of the Laws of 2023, FY 2024 Budget, Article VII, Education, Labor and Family Assistance. While plaintiffs received much of the relief requested, the matter remains open and plaintiffs have advised that they may seek further intervention. At this time, it is unknown what future financial impact this claim may have on the State's Financial Plan.

*New York State Bar Association v. State of New York*, 16091/2022 (Sup. Ct. N.Y. Cty.), is a plenary action against the State as sole defendant, seeking the same relief as in the New York County Lawyers Association (NYCLA) litigation, but applicable to all 57 non-New York City counties. In January 2023, Plaintiffs moved for a preliminary injunction seeking a rate increase to $164 per hour, consistent with the current federal rate. In May 2023, Governor Hochul signed a new budget bill that increased the hourly rate of compensation paid to all assigned counsel statewide to $158 per hour, with a cap of $10,000 per case, with changes retroactive to April 1, 2023. *See* Part GG of Chapter 56 of the Laws of 2023, FY 2024 Budget, Article VII, Education, Labor and Family Assistance. Plaintiffs subsequently withdrew the preliminary injunction motion without prejudice. While plaintiffs received much of the relief requested, the matter remains open and plaintiffs have advised that they may seek further intervention. At this time, it is unknown what future financial impact this claim may have on the State's Financial Plan.

## Adult Survivors Act Claims

Under New York's Adult Survivors Act (ASA), survivors of sexual assault that occurred when they were 18 or older were given one year to sue their abusers, regardless of when the abuse occurred. The one-year "lookback" window ran from November 24, 2022, through November 23, 2023. While the window was open, more than 1600 claims were filed against the State. Allegations include abuse from at least as early as the 1980's and seek damages, in some cases, of up to $25 million. The State is evaluating the individual claims and anticipates beginning to settle ASA claims in 2025. Discovery is ongoing. At this time, it is unknown what future financial impact the remaining claims may have on the State's Financial Plan.

## Medicaid Services to Minors

In *C.K., et al. v. McDonald, et al.,* 22 CV 1791 (EDNY), plaintiffs are four Medicaid-eligible children who suffer from various mental health issues and who claim that they are not provided legally required services. Plaintiffs assert violations of (1) the Medicaid Act's "Reasonable Promptness" and "Early Periodic Screening, Diagnostic and Treatment" provisions; (2) the Americans with Disabilities Act's integration mandate and prohibition on discrimination based on disability; and (3) the Rehabilitation Act's similar requirements. After filing the complaint in 2022, plaintiffs filed a motion seeking class certification of two statewide classes. The Court certified the classes in February 2024. The Court has stayed litigation deadlines while the parties negotiate potential settlement. At this time, it is unknown what future financial impact this claim may have on the State's Financial Plan.

# 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 2025 and projected receipts and disbursements for fiscal years 2026 through 2029 on a General Fund, State Operating Funds and All Governmental Funds basis.[20]

General Fund - Total Budget
- Financial Plan, Annual Change from FY 2025 to FY 2026
- Financial Plan Projections FY 2026 through FY 2029

State Operating Funds Budget
- FY 2026
- FY 2027
- FY 2028
- FY 2029

All Governmental Funds – Receipts Detail
- Financial Plan Projections FY 2026 – FY 2029

All Governmental Funds - Total Budget
- FY 2026
- FY 2027
- FY 2028
- FY 2029

Cashflow - FY 2026 Monthly Projections
- General Fund

[20] 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<br>GENERAL FUND<br>(millions of dollars) | | | | |
|---|---|---|---|---|
| | FY 2025 Actuals | FY 2026 Projected | Annual $ Change | Annual % Change |
| **Opening Fund Balance** | **46,331** | **56,916** | **10,585** | **22.8%** |
| **Receipts:** | | | | |
| Taxes: | | | | |
| Personal Income Tax | 29,152 | 29,370 | 218 | 0.7% |
| Consumption/Use Taxes | 10,057 | 10,316 | 259 | 2.6% |
| Business Taxes | 19,059 | 17,848 | (1,211) | -6.4% |
| Other Taxes | 1,322 | 1,460 | 138 | 10.4% |
| Miscellaneous Receipts | 5,168 | 4,011 | (1,157) | -22.4% |
| Federal Receipts | 3,650 | 0 | (3,650) | -100.0% |
| Transfers from Other Funds: | | | | |
| PIT in Excess of Revenue Bond Debt Service | 28,078 | 29,723 | 1,645 | 5.9% |
| PTET in Excess of Revenue Bond Debt Service | 8,890 | 7,692 | (1,198) | -13.5% |
| ECEP in Excess of Revenue Bond Debt Service | 7 | 8 | 1 | 12.5% |
| Sales Tax in Excess of LGAC Bond Debt Service | 0 | 0 | 0 | 0.0% |
| Sales Tax in Excess of Revenue Bond Debt Service | 8,636 | 9,646 | 1,010 | 11.7% |
| Real Estate Taxes in Excess of CW/CA Debt Service | 969 | 990 | 21 | 2.2% |
| All Other | 4,273 | 2,451 | (1,822) | -42.6% |
| **Total Receipts** | **119,261** | **113,515** | **(5,746)** | **-4.8%** |
| **Disbursements:** | | | | |
| Assistance and Grants | 74,833 | 84,011 | 9,178 | 12.3% |
| State Operations: | | | | |
| Personal Service | 10,784 | 12,087 | 1,303 | 12.1% |
| Non-Personal Service | 2,932 | 3,750 | 818 | 27.9% |
| General State Charges | 9,297 | 9,779 | 482 | 5.2% |
| Transfers to Other Funds: | | | | |
| Debt Service | 274 | 290 | 16 | 5.8% |
| Capital Projects | 6,925 | 4,607 | (2,318) | -33.5% |
| SUNY Operations | 1,660 | 1,870 | 210 | 12.7% |
| Other Purposes | 1,971 | 9,118 | 7,147 | 362.6% |
| **Total Disbursements** | **108,676** | **125,512** | **16,836** | **15.5%** |
| **Excess (Deficiency) of Receipts Over Disbursements** | **10,585** | **(11,997)** | **(22,582)** | **-213.3%** |
| **Closing Fund Balance** | **56,916** | **44,919** | **(11,997)** | **-21.1%** |
| **Statutory Reserves** | | | | |
| Community Projects | 25 | 25 | 0 | |
| Contingency Reserve | 21 | 21 | 0 | |
| Rainy Day Reserve | 7,138 | 8,138 | 1,000 | |
| Tax Stabilization Reserve | 1,618 | 1,618 | 0 | |
| **Reserved For** | | | | |
| Debt Management | 1,860 | 1,000 | (860) | |
| Economic Uncertainties | 12,847 | 4,347 | (8,500) | |
| Extraordinary Monetary Settlements | 732 | 392 | (340) | |
| Future Operational Needs | 3,099 | 2,499 | (600) | |
| Timing of PTET/PIT Credits | 18,218 | 16,170 | (2,048) | |
| Timing of Resource Management | 11,358 | 10,709 | (649) | |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>GENERAL FUND<br>(millions of dollars) | FY 2026 Projected | FY 2027 Projected | FY 2028 Projected | FY 2029 Projected |
|---|---|---|---|---|
| **Receipts:** | | | | |
| Taxes: | | | | |
| Personal Income Tax | 29,370 | 30,747 | 32,330 | 34,278 |
| Consumption/Use Taxes | 10,316 | 10,593 | 10,874 | 11,142 |
| Business Taxes | 17,848 | 17,061 | 16,231 | 16,472 |
| Other Taxes | 1,460 | 1,524 | 1,591 | 1,658 |
| Miscellaneous Receipts | 4,011 | 2,892 | 2,283 | 2,164 |
| Federal Receipts | 0 | 0 | 0 | 0 |
| Transfers from Other Funds: | | | | |
| PIT in Excess of Revenue Bond Debt Service | 29,723 | 28,968 | 29,781 | 31,300 |
| PTET in Excess of Revenue Bond Debt Service | 7,692 | 7,265 | 7,294 | 7,580 |
| ECEP in Excess of Revenue Bond Debt Service | 8 | 8 | 10 | 10 |
| Sales Tax in Excess of LGAC Bond Debt Service | 0 | 0 | 0 | 0 |
| Sales Tax in Excess of Revenue Bond Debt Service | 9,646 | 9,019 | 9,015 | 9,287 |
| Real Estate Taxes in Excess of CW/CA Debt Service | 990 | 1,094 | 1,219 | 1,296 |
| All Other | 2,451 | 2,274 | 1,899 | 2,039 |
| **Total Receipts** | **113,515** | **111,445** | **112,527** | **117,226** |
| **Disbursements:** | | | | |
| Assistance and Grants | 84,011 | 87,585 | 92,187 | 97,370 |
| State Operations: | | | | |
| Personal Service | 12,087 | 12,854 | 13,255 | 12,795 |
| Non-Personal Service | 3,750 | 3,742 | 3,834 | 3,746 |
| General State Charges | 9,779 | 10,805 | 11,829 | 13,010 |
| Transfers to Other Funds: | | | | |
| Debt Service | 290 | 322 | 328 | 564 |
| Capital Projects | 4,607 | 3,379 | 4,072 | 4,297 |
| SUNY Operations | 1,870 | 1,810 | 1,777 | 1,777 |
| Other Purposes | 9,118 | 1,926 | 1,712 | 1,751 |
| **Total Disbursements** | **125,512** | **122,423** | **128,994** | **135,310** |
| **Use (Reservation) of Fund Balance:** | | | | |
| Debt Management | 860 | 0 | 0 | 0 |
| Economic Uncertainties | 8,500 | 1,000 | 862 | 0 |
| Extraordinary Monetary Settlements | 340 | 367 | 25 | 0 |
| Future Operational Needs | 600 | 0 | 0 | 0 |
| Rainy Day Reserve | (1,000) | (1,000) | (862) | 0 |
| Timing of PTET/PIT Credits | 2,048 | 726 | 84 | (506) |
| Timing of Resource Management | 649 | 2,402 | 4,213 | 3,953 |
| **Total Use (Reservation) of Fund Balance** | **11,997** | **3,495** | **4,322** | **3,447** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **0** | **(7,483)** | **(12,145)** | **(14,637)** |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>STATE OPERATING FUNDS<br>FY 2026<br>(millions of dollars) | General Fund | State Special Revenue Funds | Debt Service Funds | State Operating Funds Total |
|---|---|---|---|---|
| **Opening Fund Balance** | **56,916** | **10,289** | **117** | **67,322** |
| **Receipts:** | | | | |
| Taxes | 58,994 | 6,406 | 49,276 | 114,676 |
| Miscellaneous Receipts | 4,011 | 23,498 | 417 | 27,926 |
| Federal Receipts | 0 | (10) | 58 | 48 |
| **Total Receipts** | **63,005** | **29,894** | **49,751** | **142,650** |
| **Disbursements:** | | | | |
| Assistance and Grants | 84,011 | 23,434 | 0 | 107,445 |
| State Operations: | | | | |
| Personal Service | 12,087 | 6,333 | 0 | 18,420 |
| Non-Personal Service | 3,750 | 3,850 | 41 | 7,641 |
| General State Charges | 9,779 | 1,280 | 0 | 11,059 |
| Debt Service | 0 | 0 | 1,538 | 1,538 |
| Capital Projects | 0 | 0 | 0 | 0 |
| **Total Disbursements** | **109,627** | **34,897** | **1,579** | **146,103** |
| **Other Financing Sources (Uses):** | | | | |
| Transfers from Other Funds | 50,510 | 3,781 | 2,002 | 56,293 |
| Transfers to Other Funds | (15,885) | 987 | (50,171) | (65,069) |
| Bond and Note Proceeds | 0 | 0 | 0 | 0 |
| **Net Other Financing Sources (Uses)** | **34,625** | **4,768** | **(48,169)** | **(8,776)** |
| **Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements** | **(11,997)** | **(235)** | **3** | **(12,229)** |
| **Closing Fund Balance** | **44,919** | **10,054** | **120** | **55,093** |

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 | 59,925 | 6,419 | 50,544 | 116,888 |
| Miscellaneous Receipts | 2,892 | 23,027 | 437 | 26,356 |
| Federal Receipts | 0 | (9) | 53 | 44 |
| **Total Receipts** | **62,817** | **29,437** | **51,034** | **143,288** |
| | | | | |
| **Disbursements:** | | | | |
| Assistance and Grants | 87,585 | 22,749 | 0 | 110,334 |
| State Operations: | | | | |
| Personal Service | 12,854 | 6,526 | 0 | 19,380 |
| Non-Personal Service | 3,742 | 3,965 | 39 | 7,746 |
| General State Charges | 10,805 | 1,304 | 0 | 12,109 |
| Debt Service | 0 | 0 | 4,528 | 4,528 |
| Capital Projects | 0 | 0 | 0 | 0 |
| **Total Disbursements** | **114,986** | **34,544** | **4,567** | **154,097** |
| | | | | |
| **Other Financing Sources (Uses):** | | | | |
| Transfers from Other Funds | 48,628 | 3,712 | 1,934 | 54,274 |
| Transfers to Other Funds | (7,437) | 1,059 | (48,381) | (54,759) |
| Bond and Note Proceeds | 0 | 0 | 0 | 0 |
| **Net Other Financing Sources (Uses)** | **41,191** | **4,771** | **(46,447)** | **(485)** |
| | | | | |
| **Use (Reservation) of Fund Balance:** | | | | |
| Economic Uncertainties | 1,000 | 0 | 0 | 1,000 |
| Extraordinary Monetary Settlements | 367 | 0 | 0 | 367 |
| Rainy Day Reserve | (1,000) | 0 | 0 | (1,000) |
| Timing of PTET/PIT Credits | 726 | 0 | 0 | 726 |
| Timing of Resource Management | 2,402 | 0 | 0 | 2,402 |
| | | | | |
| **Total Use (Reservation) of Fund Balance** | **3,495** | **0** | **0** | **3,495** |
| | | | | |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **(7,483)** | **(336)** | **20** | **(7,799)** |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>STATE OPERATING FUNDS<br>FY 2028<br>(millions of dollars) | General Fund | State Special Revenue Funds | Debt Service Funds | State Operating Funds Total |
|---|---|---|---|---|
| **Receipts:** | | | | |
| Taxes | 61,026 | 6,315 | 52,496 | 119,837 |
| Miscellaneous Receipts | 2,283 | 21,085 | 453 | 23,821 |
| Federal Receipts | 0 | (8) | 45 | 37 |
| **Total Receipts** | **63,309** | **27,392** | **52,994** | **143,695** |
| **Disbursements:** | | | | |
| Assistance and Grants | 92,187 | 21,256 | 0 | 113,443 |
| State Operations: | | | | |
| Personal Service | 13,255 | 6,776 | 0 | 20,031 |
| Non-Personal Service | 3,834 | 4,150 | 39 | 8,023 |
| General State Charges | 11,829 | 1,328 | 0 | 13,157 |
| Debt Service | 0 | 0 | 5,513 | 5,513 |
| Capital Projects | 0 | 0 | 0 | 0 |
| **Total Disbursements** | **121,105** | **33,510** | **5,552** | **160,167** |
| **Other Financing Sources (Uses):** | | | | |
| Transfers from Other Funds | 49,218 | 3,480 | 1,902 | 54,600 |
| Transfers to Other Funds | (7,889) | 1,364 | (49,322) | (55,847) |
| Bond and Note Proceeds | 0 | 0 | 0 | 0 |
| **Net Other Financing Sources (Uses)** | **41,329** | **4,844** | **(47,420)** | **(1,247)** |
| **Use (Reservation) of Fund Balance:** | | | | |
| Economic Uncertainties | 862 | 0 | 0 | 862 |
| Extraordinary Monetary Settlements | 25 | 0 | 0 | 25 |
| Rainy Day Reserve | (862) | 0 | 0 | (862) |
| Timing of PTET/PIT Credits | 84 | 0 | 0 | 84 |
| Timing of Resource Management | 4,213 | 0 | 0 | 4,213 |
| **Total Use (Reservation) of Fund Balance** | **4,322** | **0** | **0** | **4,322** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **(12,145)** | **(1,274)** | **22** | **(13,397)** |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>STATE OPERATING FUNDS<br>FY 2029<br>(millions of dollars) | General Fund | State Special Revenue Funds | Debt Service Funds | State Operating Funds Total |
|---|---|---|---|---|
| **Receipts:** | | | | |
| Taxes | 63,550 | 6,293 | 55,017 | 124,860 |
| Miscellaneous Receipts | 2,164 | 21,762 | 452 | 24,378 |
| Federal Receipts | 0 | (7) | 37 | 30 |
| **Total Receipts** | **65,714** | **28,048** | **55,506** | **149,268** |
| | | | | |
| **Disbursements:** | | | | |
| Assistance and Grants | 97,370 | 20,677 | 0 | 118,047 |
| State Operations: | | | | |
| Personal Service | 12,795 | 7,033 | 0 | 19,828 |
| Non-Personal Service | 3,746 | 4,347 | 39 | 8,132 |
| General State Charges | 13,010 | 1,350 | 0 | 14,360 |
| Debt Service | 0 | 0 | 6,108 | 6,108 |
| Capital Projects | 0 | 0 | 0 | 0 |
| **Total Disbursements** | **126,921** | **33,407** | **6,147** | **166,475** |
| | | | | |
| **Other Financing Sources (Uses):** | | | | |
| Transfers from Other Funds | 51,512 | 3,519 | 2,131 | 57,162 |
| Transfers to Other Funds | (8,389) | 1,375 | (51,468) | (58,482) |
| Bond and Note Proceeds | 0 | 0 | 0 | 0 |
| **Net Other Financing Sources (Uses)** | **43,123** | **4,894** | **(49,337)** | **(1,320)** |
| | | | | |
| **Use (Reservation) of Fund Balance:** | | | | |
| Timing of PTET/PIT Credits | (506) | 0 | 0 | (506) |
| Timing of Resource Management | 3,953 | 0 | 0 | 3,953 |
| | | | | |
| **Total Use (Reservation) of Fund Balance** | **3,447** | **0** | **0** | **3,447** |
| | | | | |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **(14,637)** | **(465)** | **22** | **(15,080)** |

Source: NYS DOB.

CASH RECEIPTS
ALL GOVERNMENTAL FUNDS
FY 2026 THROUGH FY 2029
(millions of dollars)

| | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|---|---|---|---|---|
| **Taxes:** | | | | |
| Withholdings | 61,229 | 63,632 | 66,624 | 69,439 |
| Estimated Payments | 13,513 | 13,084 | 13,703 | 14,812 |
| Final Payments | 4,451 | 4,457 | 4,682 | 4,922 |
| Other Payments | 2,039 | 2,092 | 2,178 | 2,234 |
| **Gross Collections** | **81,232** | **83,265** | **87,187** | **91,407** |
| State/City Offset | (1,551) | (1,739) | (1,811) | (1,861) |
| Refunds | (18,150) | (17,393) | (18,223) | (18,630) |
| **Reported Tax Collections** | **61,531** | **64,133** | **67,153** | **70,916** |
| STAR (Dedicated Deposits) | 0 | 0 | 0 | 0 |
| RBTF (Dedicated Transfers) | 0 | 0 | 0 | 0 |
| **Personal Income Tax** | **61,531** | **64,133** | **67,153** | **70,916** |
| | | | | |
| Sales and Use Tax | 20,922 | 21,534 | 22,151 | 22,744 |
| Cigarette and Tobacco Taxes | 754 | 716 | 679 | 644 |
| Vapor Excise Tax | 21 | 21 | 21 | 21 |
| Motor Fuel Tax | 488 | 484 | 480 | 475 |
| Alcoholic Beverage Taxes | 268 | 267 | 267 | 266 |
| Opioid Excise Tax | 20 | 20 | 20 | 20 |
| Medical Cannabis Excise Tax | 3 | 3 | 3 | 1 |
| Adult Use Cannabis Tax | 194 | 284 | 349 | 368 |
| Highway Use Tax | 138 | 139 | 141 | 141 |
| Auto Rental Tax | 143 | 148 | 151 | 156 |
| Peer to Peer Car Sharing Tax | 2 | 2 | 2 | 2 |
| **Gross Consumption/Use Taxes** | **22,953** | **23,618** | **24,264** | **24,838** |
| LGAC/STBF (Dedicated Transfers) | 0 | 0 | 0 | 0 |
| **Consumption/Use Taxes** | **22,953** | **23,618** | **24,264** | **24,838** |
| | | | | |
| Corporation Franchise Tax | 8,787 | 8,411 | 7,319 | 7,156 |
| Corporation and Utilities Tax | 544 | 534 | 535 | 539 |
| Insurance Taxes | 3,074 | 3,216 | 3,346 | 3,482 |
| Bank Tax | 106 | 0 | 0 | 0 |
| Pass Through Entity Tax | 15,384 | 14,530 | 14,588 | 15,160 |
| Petroleum Business Tax | 1,016 | 970 | 963 | 954 |
| **Gross Business Taxes** | **28,911** | **27,661** | **26,751** | **27,291** |
| RBTF (Dedicated Transfers) | 0 | 0 | 0 | 0 |
| **Business Taxes** | **28,911** | **27,661** | **26,751** | **27,291** |
| | | | | |
| Estate Tax | 1,439 | 1,503 | 1,569 | 1,635 |
| Real Estate Transfer Tax | 1,278 | 1,383 | 1,505 | 1,580 |
| Employer Compensation Expense Program | 15 | 17 | 19 | 20 |
| Gift Tax | 0 | 0 | 0 | 0 |
| Real Property Gains Tax | 0 | 0 | 0 | 0 |
| Pari-Mutuel Taxes | 13 | 12 | 12 | 12 |
| Other Taxes | 1 | 1 | 1 | 1 |
| **Gross Other Taxes** | **2,746** | **2,916** | **3,106** | **3,248** |
| Real Estate Transfer Tax (Dedicated) | 0 | 0 | 0 | 0 |
| RBTF (Dedicated Transfers) | 0 | 0 | 0 | 0 |
| **Other Taxes** | **2,746** | **2,916** | **3,106** | **3,248** |
| | | | | |
| **Payroll Tax** | **0** | **0** | **0** | **0** |
| | | | | |
| **Total Taxes** | **116,141** | **118,328** | **121,274** | **126,293** |
| | | | | |
| Licenses, Fees, Etc. | 781 | 779 | 779 | 779 |
| Abandoned Property | 500 | 500 | 500 | 500 |
| Motor Vehicle Fees | 1,274 | 1,268 | 1,282 | 1,263 |
| ABC License Fee | 60 | 60 | 60 | 60 |
| Reimbursements | 216 | 216 | 216 | 216 |
| Investment Income | 1,909 | 823 | 200 | 100 |
| Extraordinary Settlements | 0 | 0 | 0 | 0 |
| Other Transactions | 34,256 | 36,147 | 33,922 | 33,866 |
| **Miscellaneous Receipts** | **38,996** | **39,793** | **36,959** | **36,784** |
| | | | | |
| **Federal Receipts** | **94,090** | **94,336** | **91,580** | **93,317** |
| | | | | |
| **Total** | **249,227** | **252,457** | **249,813** | **256,394** |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>ALL GOVERNMENTAL FUNDS<br>FY 2026<br>(millions of dollars) | General Fund | Special Revenue Funds | Capital Projects Funds | Debt Service Funds | All Funds Total |
|---|---|---|---|---|---|
| **Opening Fund Balance** | **56,916** | **18,118** | **(1,455)** | **117** | **73,696** |
| **Receipts:** | | | | | |
| Taxes | 58,994 | 6,406 | 1,465 | 49,276 | 116,141 |
| Miscellaneous Receipts | 4,011 | 24,108 | 10,460 | 417 | 38,996 |
| Federal Receipts | 0 | 90,834 | 3,198 | 58 | 94,090 |
| **Total Receipts** | **63,005** | **121,348** | **15,123** | **49,751** | **249,227** |
| **Disbursements:** | | | | | |
| Assistance and Grants | 84,011 | 108,946 | 7,733 | 0 | 200,690 |
| State Operations: | | | | | |
| Personal Service | 12,087 | 7,064 | 0 | 0 | 19,151 |
| Non-Personal Service | 3,750 | 6,127 | 0 | 41 | 9,918 |
| General State Charges | 9,779 | 1,676 | 0 | 0 | 11,455 |
| Debt Service | 0 | 0 | 0 | 1,538 | 1,538 |
| Capital Projects | 0 | 0 | 11,626 | 0 | 11,626 |
| **Total Disbursements** | **109,627** | **123,813** | **19,359** | **1,579** | **254,378** |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers from Other Funds | 50,510 | 3,781 | 5,076 | 2,002 | 61,369 |
| Transfers to Other Funds | (15,885) | (1,923) | (798) | (50,171) | (68,777) |
| Bond and Note Proceeds | 0 | 0 | 367 | 0 | 367 |
| **Net Other Financing Sources (Uses)** | **34,625** | **1,858** | **4,645** | **(48,169)** | **(7,041)** |
| **Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements** | **(11,997)** | **(607)** | **409** | **3** | **(12,192)** |
| **Closing Fund Balance** | **44,919** | **17,511** | **(1,046)** | **120** | **61,504** |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>ALL GOVERNMENTAL FUNDS<br>FY 2027<br>(millions of dollars) | General Fund | Special Revenue Funds | Capital Projects Funds | Debt Service Funds | All Funds Total |
|---|---|---|---|---|---|
| **Receipts:** | | | | | |
| Taxes | 59,925 | 6,419 | 1,440 | 50,544 | 118,328 |
| Miscellaneous Receipts | 2,892 | 23,637 | 12,827 | 437 | 39,793 |
| Federal Receipts | 0 | 90,755 | 3,528 | 53 | 94,336 |
| **Total Receipts** | **62,817** | **120,811** | **17,795** | **51,034** | **252,457** |
| **Disbursements:** | | | | | |
| Assistance and Grants | 87,585 | 108,230 | 8,829 | 0 | 204,644 |
| State Operations: | | | | | |
| Personal Service | 12,854 | 7,259 | 0 | 0 | 20,113 |
| Non-Personal Service | 3,742 | 6,288 | 0 | 39 | 10,069 |
| General State Charges | 10,805 | 1,701 | 0 | 0 | 12,506 |
| Debt Service | 0 | 0 | 0 | 4,528 | 4,528 |
| Capital Projects | 0 | 0 | 12,034 | 0 | 12,034 |
| **Total Disbursements** | **114,986** | **123,478** | **20,863** | **4,567** | **263,894** |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers from Other Funds | 48,628 | 3,712 | 3,822 | 1,934 | 58,096 |
| Transfers to Other Funds | (7,437) | (1,675) | (844) | (48,381) | (58,337) |
| Bond and Note Proceeds | 0 | 0 | 252 | 0 | 252 |
| **Net Other Financing Sources (Uses)** | **41,191** | **2,037** | **3,230** | **(46,447)** | **11** |
| **Use (Reservation) of Fund Balance:** | | | | | |
| Economic Uncertainties | 1,000 | 0 | 0 | 0 | 1,000 |
| Extraordinary Monetary Settlements | 367 | 0 | 0 | 0 | 367 |
| Rainy Day Reserve | (1,000) | 0 | 0 | 0 | (1,000) |
| Timing of PTET/PIT Credits | 726 | 0 | 0 | 0 | 726 |
| Timing of Resource Management | 2,402 | 0 | 0 | 0 | 2,402 |
| **Total Use (Reservation) of Fund Balance** | **3,495** | **0** | **0** | **0** | **3,495** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **(7,483)** | **(630)** | **162** | **20** | **(7,931)** |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>ALL GOVERNMENTAL FUNDS<br>FY 2028<br>(millions of dollars) | General Fund | Special Revenue Funds | Capital Projects Funds | Debt Service Funds | All Funds Total |
|---|---|---|---|---|---|
| **Receipts:** | | | | | |
| Taxes | 61,026 | 6,315 | 1,437 | 52,496 | 121,274 |
| Miscellaneous Receipts | 2,283 | 21,694 | 12,529 | 453 | 36,959 |
| Federal Receipts | 0 | 87,980 | 3,555 | 45 | 91,580 |
| **Total Receipts** | **63,309** | **115,989** | **17,521** | **52,994** | **249,813** |
| **Disbursements:** | | | | | |
| Assistance and Grants | 92,187 | 104,016 | 7,633 | 0 | 203,836 |
| State Operations: | | | | | |
| Personal Service | 13,255 | 7,512 | 0 | 0 | 20,767 |
| Non-Personal Service | 3,834 | 6,467 | 0 | 39 | 10,340 |
| General State Charges | 11,829 | 1,727 | 0 | 0 | 13,556 |
| Debt Service | 0 | 0 | 0 | 5,513 | 5,513 |
| Capital Projects | 0 | 0 | 13,568 | 0 | 13,568 |
| **Total Disbursements** | **121,105** | **119,722** | **21,201** | **5,552** | **267,580** |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers from Other Funds | 49,218 | 3,480 | 4,518 | 1,902 | 59,118 |
| Transfers to Other Funds | (7,889) | (1,066) | (1,081) | (49,322) | (59,358) |
| Bond and Note Proceeds | 0 | 0 | 260 | 0 | 260 |
| **Net Other Financing Sources (Uses)** | **41,329** | **2,414** | **3,697** | **(47,420)** | **20** |
| **Use (Reservation) of Fund Balance:** | | | | | |
| Economic Uncertainties | 862 | 0 | 0 | 0 | 862 |
| Extraordinary Monetary Settlements | 25 | 0 | 0 | 0 | 25 |
| Rainy Day Reserve | (862) | 0 | 0 | 0 | (862) |
| Timing of PTET/PIT Credits | 84 | 0 | 0 | 0 | 84 |
| Timing of Resource Management | 4,213 | 0 | 0 | 0 | 4,213 |
| **Total Use (Reservation) of Fund Balance** | **4,322** | **0** | **0** | **0** | **4,322** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **(12,145)** | **(1,319)** | **17** | **22** | **(13,425)** |

Source: NYS DOB.

| CASH FINANCIAL PLAN<br>ALL GOVERNMENTAL FUNDS<br>FY 2029<br>(millions of dollars) | General Fund | Special Revenue Funds | Capital Projects Funds | Debt Service Funds | All Funds Total |
|---|---|---|---|---|---|
| **Receipts:** | | | | | |
| Taxes | 63,550 | 6,293 | 1,433 | 55,017 | 126,293 |
| Miscellaneous Receipts | 2,164 | 22,371 | 11,797 | 452 | 36,784 |
| Federal Receipts | 0 | 89,690 | 3,590 | 37 | 93,317 |
| **Total Receipts** | **65,714** | **118,354** | **16,820** | **55,506** | **256,394** |
| **Disbursements:** | | | | | |
| Assistance and Grants | 97,370 | 105,165 | 7,014 | 0 | 209,549 |
| State Operations: | | | | | |
| Personal Service | 12,795 | 7,770 | 0 | 0 | 20,565 |
| Non-Personal Service | 3,746 | 6,650 | 0 | 39 | 10,435 |
| General State Charges | 13,010 | 1,749 | 0 | 0 | 14,759 |
| Debt Service | 0 | 0 | 0 | 6,108 | 6,108 |
| Capital Projects | 0 | 0 | 13,492 | 0 | 13,492 |
| **Total Disbursements** | **126,921** | **121,334** | **20,506** | **6,147** | **274,908** |
| **Other Financing Sources (Uses):** | | | | | |
| Transfers from Other Funds | 51,512 | 3,519 | 4,733 | 2,131 | 61,895 |
| Transfers to Other Funds | (8,389) | (998) | (1,279) | (51,468) | (62,134) |
| Bond and Note Proceeds | 0 | 0 | 339 | 0 | 339 |
| **Net Other Financing Sources (Uses)** | **43,123** | **2,521** | **3,793** | **(49,337)** | **100** |
| **Use (Reservation) of Fund Balance:** | | | | | |
| Timing of PTET/PIT Credits | (506) | 0 | 0 | 0 | (506) |
| Timing of Resource Management | 3,953 | 0 | 0 | 0 | 3,953 |
| **Total Use (Reservation) of Fund Balance** | **3,447** | **0** | **0** | **0** | **3,447** |
| **Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements** | **(14,637)** | **(459)** | **107** | **22** | **(14,967)** |

Source: NYS DOB.

**CASHFLOW**
**GENERAL FUND**
**FY 2026**
**(millions of dollars)**

| | 2025 April Actuals | May Projected | June Projected | July Projected | August Projected | September Projected | October Projected | November Projected | December Projected | 2026 January Projected | February Projected | March Projected | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **OPENING BALANCE** | 56,916 | 61,092 | 54,974 | 50,868 | 50,591 | 49,402 | 53,529 | 45,194 | 42,267 | 46,732 | 47,007 | 44,840 | 56,916 |
| **RECEIPTS:** | | | | | | | | | | | | | |
| Personal Income Tax | 4,847 | 1,919 | 2,806 | 2,197 | 1,955 | 2,655 | 71 | 1,695 | 3,130 | 2,646 | 3,009 | 2,440 | 29,370 |
| Consumption/Use Taxes | 790 | 797 | 986 | 825 | 816 | 980 | 815 | 827 | 989 | 898 | 735 | 858 | 10,316 |
| Business Taxes | 994 | 143 | 3,336 | 188 | 178 | 3,562 | (360) | 70 | 4,184 | 457 | (123) | 5,219 | 17,848 |
| Other Taxes | 169 | 160 | 112 | 113 | 114 | 113 | 112 | 113 | 117 | 112 | 112 | 113 | 1,460 |
| Total Taxes | 6,800 | 3,019 | 7,240 | 3,323 | 3,063 | 7,310 | 638 | 2,705 | 8,420 | 4,113 | 3,733 | 8,630 | 58,994 |
| Abandoned Property | 1 | 0 | 0 | 0 | 10 | 100 | 30 | 130 | 0 | 30 | 10 | 189 | 500 |
| ABC License Fee | 5 | 3 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 7 | 60 |
| Investment Income | 222 | 217 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 147 | 1,909 |
| Licenses, Fees, etc. | 112 | 40 | 60 | 80 | 45 | 165 | 55 | 35 | 40 | 45 | 55 | 49 | 781 |
| Motor Vehicle Fees | 24 | 37 | 47 | 37 | 27 | 19 | 20 | 14 | 24 | 18 | 16 | 34 | 317 |
| Reimbursements | (16) | 117 | 10 | 10 | 9 | 10 | 9 | 10 | 9 | 10 | 9 | 29 | 216 |
| Extraordinary Settlements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Transactions | 7 | 9 | 12 | 9 | 7 | 68 | 8 | 7 | 29 | 8 | 8 | 56 | 228 |
| Total Miscellaneous Receipts | 355 | 423 | 281 | 288 | 250 | 514 | 274 | 348 | 254 | 263 | 250 | 511 | 4,011 |
| Federal Receipts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PIT in Excess of Revenue Bond Debt Service | 4,876 | 1,910 | 2,806 | 2,097 | 1,705 | 2,655 | 71 | 1,687 | 3,132 | 3,845 | 2,401 | 2,538 | 29,723 |
| PTET in Excess of Revenue Bond Debt Service | 40 | 88 | 1,443 | 10 | 59 | 1,605 | (509) | 19 | 2,278 | 204 | 27 | 2,428 | 7,692 |
| ECEP in Excess of Revenue Bond Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 1 | 0 | 2 | 8 |
| Sales Tax in Excess of LGAC Bond Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sales Tax in Excess of Revenue Bond Debt Service | 661 | 742 | 930 | 754 | 759 | 928 | 759 | 787 | 946 | 844 | 708 | 828 | 9,646 |
| Real Estate Taxes in Excess of CW/CA Debt Service | 90 | 112 | 83 | 94 | 91 | 88 | 83 | 70 | 73 | 74 | 75 | 57 | 990 |
| All Other | 293 | 162 | 155 | 195 | 165 | 305 | 167 | 241 | 223 | 208 | 167 | 170 | 2,451 |
| Total Transfers from Other Funds | 5,960 | 3,014 | 5,417 | 3,150 | 2,779 | 5,581 | 571 | 2,804 | 6,657 | 5,176 | 3,378 | 6,023 | 50,510 |
| TOTAL RECEIPTS | 13,115 | 6,456 | 12,938 | 6,761 | 6,092 | 13,405 | 1,483 | 5,857 | 15,331 | 9,552 | 7,361 | 15,164 | 113,515 |
| **DISBURSEMENTS:** | | | | | | | | | | | | | |
| School Aid | 2,357 | 5,064 | 1,979 | 332 | 808 | 1,936 | 986 | 2,134 | 2,776 | 1,421 | 1,126 | 10,754 | 31,673 |
| Higher Education | 60 | 39 | 914 | 177 | 40 | 182 | 542 | 27 | 86 | 130 | 579 | 837 | 3,613 |
| All Other Education | 45 | 263 | 772 | 143 | 39 | 176 | 689 | 83 | 239 | 59 | 100 | 448 | 3,056 |
| Medicaid - DOH | 3,130 | 3,696 | 1,577 | 2,601 | 2,654 | 1,619 | 2,835 | 2,656 | 1,897 | 2,359 | 1,428 | (452) | 26,000 |
| Public Health | 43 | 48 | 89 | 105 | 58 | 84 | 77 | 59 | 84 | (25) | 84 | 193 | 899 |
| Mental Hygiene | 162 | 122 | 1,317 | 150 | 65 | 1,411 | 170 | 172 | 1,584 | 166 | 852 | 1,973 | 8,144 |
| Children and Families | 72 | 89 | 323 | 207 | 462 | 241 | 259 | 250 | 230 | 124 | 296 | 583 | 3,136 |
| Temporary & Disability Assistance | 118 | 202 | 180 | 472 | 148 | 148 | 484 | 135 | 135 | 543 | 207 | 554 | 3,326 |
| Transportation | 0 | 51 | 19 | 8 | 62 | 1 | 1 | 59 | 18 | 1 | 38 | 6 | 264 |
| Unrestricted Aid | 0 | 13 | 392 | 2 | 53 | 137 | 9 | 2 | 189 | 2 | 2 | 65 | 866 |
| All Other | 98 | 101 | (21) | 123 | 123 | (163) | 150 | 112 | 130 | 331 | 329 | 1,721 | 3,034 |
| Total Assistance and Grants | 6,085 | 9,688 | 7,541 | 4,320 | 4,512 | 5,772 | 6,202 | 5,689 | 7,368 | 5,111 | 5,041 | 16,682 | 84,011 |
| Personal Service | 1,017 | 1,134 | 888 | 1,186 | 901 | 898 | 1,102 | 900 | 1,128 | 936 | 931 | 1,066 | 12,087 |
| Non-Personal Service | 172 | 255 | 315 | 290 | 301 | 303 | 302 | 284 | 310 | 351 | 406 | 461 | 3,750 |
| Total State Operations | 1,189 | 1,389 | 1,203 | 1,476 | 1,202 | 1,201 | 1,404 | 1,184 | 1,438 | 1,287 | 1,337 | 1,527 | 15,837 |
| General State Charges | 896 | 632 | 593 | 627 | 515 | 560 | 715 | 533 | 676 | 589 | 2,227 | 1,216 | 9,779 |
| Debt Service | 7 | 0 | 0 | 43 | (1) | (2) | 26 | 0 | 0 | 244 | (13) | (14) | 290 |
| Capital Projects | 416 | 440 | 1,057 | 230 | 882 | 1,210 | 1,385 | 991 | 1,277 | 1,020 | 915 | (5,216) | 4,607 |
| SUNY Operations | 246 | 337 | 378 | 324 | 68 | 16 | 19 | 302 | 8 | 7 | 3 | 162 | 1,870 |
| Other Purposes | 100 | 88 | 6,272 | 18 | 103 | 521 | 67 | 85 | 99 | 1,019 | 18 | 728 | 9,118 |
| Total Transfers to Other Funds | 769 | 865 | 7,707 | 615 | 1,052 | 1,745 | 1,497 | 1,378 | 1,384 | 2,290 | 923 | (4,340) | 15,885 |
| TOTAL DISBURSEMENTS | 8,939 | 12,574 | 17,044 | 7,038 | 7,281 | 9,278 | 9,818 | 8,784 | 10,866 | 9,277 | 9,528 | 15,085 | 125,512 |
| Excess/(Deficiency) of Receipts over Disbursements | 4,176 | (6,118) | (4,106) | (277) | (1,189) | 4,127 | (8,335) | (2,927) | 4,465 | 275 | (2,167) | 79 | (11,997) |
| **CLOSING BALANCE** | 61,092 | 54,974 | 50,868 | 50,591 | 49,402 | 53,529 | 45,194 | 42,267 | 46,732 | 47,007 | 44,840 | 44,919 | 44,919 |

Source: NYS DOB.

# EXHIBIT A TO AIS – SELECTED STATE GOVERNMENT SUMMARY

## State Government Organization

The State has a centralized administrative system with most executive powers vested in the Governor. The State has four officials elected in statewide elections, the Governor, Lieutenant Governor, Comptroller and Attorney General. These officials serve four-year terms that next expire on December 31, 2026.

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

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

The State Legislature is presently composed of a 63-member Senate and a 150-member Assembly, all elected from geographical districts for two-year terms, expiring December 31, 2026. The Legislature meets annually, generally for about six months, and remains formally in session the entire year.

## Appropriations and Fiscal Controls

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

Disbursements from State and Federal funds are limited to the level of authorized appropriations. In most cases, State agency contracts depend upon the existence of an appropriation and the availability of that appropriation as certified by the Director of the Budget. Generally, most State contracts for disbursements in excess of $50,000 require prior approval by the Comptroller. The threshold is higher for certain contracts, including SUNY and CUNY ($75,000), State University Healthcare Facilities ($150,000), OGS and customer agencies serviced by the OGS Business Services Center ($85,000), OGS centralized contracts ($125,000) and purchases from an OGS centralized contract ($200,000). In addition, the Comptroller has the discretion to identify and review certain public authority contracts valued at $1.0 million or greater that are either awarded without competition or which are paid using State-appropriated funds.

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

## Investment of State Moneys

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

The Comptroller invests General Fund moneys, bond proceeds, and other funds not immediately required to make payments through STIP, which is comprised of joint custody funds (Governmental Funds, Internal Service Funds, Enterprise Funds and Private Purpose Trust Funds), as well as several sole custody funds including the Tobacco Settlement Fund.

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

The State Comptroller repays loans from the first cash receipts into the borrowing fund or account. The total outstanding balance of loans from STIP at March 31, 2025 was $5.939 billion, a decrease of $275 million from the outstanding loan balance of $5.664 billion at March 31, 2024.

## Accounting Practices, Financial Reporting and Budgeting

Historically, the State has accounted for, reported and budgeted its operations on a cash basis. Under this form of accounting, receipts are recorded at the time money or checks are deposited in the State Treasury, and disbursements are recorded at the time a check or electronic payment is released. As a result, actions and circumstances, including discretionary decisions by certain governmental officials, can affect the timing of payments and deposits and therefore can significantly affect the cash amounts reported in a fiscal year.

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

# EXHIBIT B TO AIS – STATE-RELATED BOND AUTHORIZATIONS

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

**STATE-RELATED DEBT**
**FY 2026 BOND CAPS AND DEBT OUTSTANDING**
**(millions of dollars) [1]**

| Type of Cap (Gross or Net) [2] | Program | FY 2026 Bond Caps | Authorized But Unissued [3] | Debt Outstanding [4] As of 3/31/25 |
|---|---|---|---|---|
| Education: | | | | |
| Net | SUNY Educational Facilities [5] | 20,948 | 5,553 | 8,360 |
| Net | SUNY Upstate Community Colleges [6] | 1,496 | 388 | 687 |
| Net | CUNY Educational Facilities | 12,300 | 3,452 | 4,324 |
| Net | School District Capital Outlay Grants | 140 | 40 | 0 |
| Net | Transportation Transition Grants | 80 | 12 | 0 |
| Net | Higher Education Capital Matching Grants | 425 | 192 | 76 |
| Net | EXCEL | 2,600 | 15 | 663 |
| Net | Library Facilities | 455 | 207 | 71 |
| Net | Cultural Education Storage Facilities | 79 | 69 | 0 |
| Net | State Longitudinal Data System | 20 | 10 | 0 |
| Net | SUNY 2020 Challenge Grants | 660 | 446 | 123 |
| Net | Private Special Education | 440 | 392 | 40 |
| Environment: | | | | |
| Net | Environmental Infrastructure Projects [7] | 14,481 | 9,869 | 2,991 |
| Net | Hazardous Waste Remediation | 3,450 | 1,926 | 677 |
| Net | Riverbank State Park | 78 | 18 | 0 |
| Net | Water Pollution Control (SRF) | 1,404 | 517 | 0 |
| State Facilities: | | | | |
| Net | Empire State Plaza | 133 | 13 | 0 |
| Net | Division of State Police Facilities | 550 | 349 | 118 |
| Net | Division of Military & Naval Affairs | 397 | 246 | 123 |
| Net | State Office Buildings and Other Facilities | 2,168 | 1,175 | 656 |
| Net | Judiciary Improvements | 38 | 1 | 1 |
| Net | OSC State Buildings | 52 | 0 | 9 |
| Net | OGS State Buildings and Other Facilities [8] | 165 | 51 | 5 |
| Net | Equipment Acquisition (COPs) [9] | 784 | 106 | 0 |
| Net | Food Laboratory | 41 | 1 | 14 |
| Net | OFT Facilities | 21 | 18 | 0 |
| Net | Courthouse Improvements | 76 | 0 | 18 |
| Net | Prison Facilities | 11,117 | 2,377 | 3,404 |
| Net | Homeland Security | 551 | 258 | 109 |
| Net | Youth Facilities | 1,218 | 652 | 176 |
| Net | Storm Recovery Capital [10] | 0 | 0 | 0 |
| Net | Information Technology | 1,873 | 1,156 | 263 |
| Net | Nonprofit Infrastructure Capital Investment Program | 170 | 73 | 63 |
| Net | Statewide Equipment | 693 | 662 | 14 |
| Health/Mental Hygiene: | | | | |
| Net | Department of Health Facilities (inc. Axelrod) | 495 | 3 | 31 |
| Net | Mental Health Facilities | 13,640 | 4,614 | 2,873 |
| Net | HEAL NY Capital Program | 750 | 95 | 62 |
| Net | Capital Restructuring Program | 6,168 | 4,242 | 1,601 |
| Transportation: | | | | |
| Net | Consolidated Highway Improvement Program (CHIPS) | 15,822 | 4,500 | 3,387 |
| Net | Dedicated Highway & Bridge Trust | 22,309 | 5,606 | 3,118 |
| Net | High Speed Rail | 22 | 14 | 3 |
| Net | Transportation Initiatives | 17,030 | 10,673 | 5,084 |
| Net | MTA Transportation Facilities | 15,516 | 7,629 | 6,510 |
| N/A | MTA Service Contract | 2,005 | 0 | 344 |
| Net | Transportation (TIFIA) | 750 | 750 | 0 |

# EXHIBIT B – STATE-RELATED BOND AUTHORIZATIONS

**STATE-RELATED DEBT**
**FY 2026 BOND CAPS AND DEBT OUTSTANDING**
**(millions of dollars) (1)**

| Type of Cap (Gross or Net) (2) | Program | FY 2026 Bond Caps | Authorized But Unissued (3) | Debt Outstanding (4) As of 3/31/25 |
|---|---|---|---|---|
| Economic Development: | | | | |
| Net | Housing Capital Programs | 16,778 | 11,442 | 1,831 |
| Net | Community Enhancement Facilities (CEFAP) | 424 | 36 | 7 |
| Net | University Technology Centers (incl. HEAT) (11) | 248 | 13 | 0 |
| Net | Bio-Tech Facilities | 10 | 10 | 0 |
| Net | Strategic Investment Program | 216 | 11 | 5 |
| Net | Regional Economic Development (Fund 002) (12) | 1,190 | 32 | 22 |
| Net | NYS Economic Development (2004) (13) | 346 | 0 | 0 |
| Net | Regional Economic Development (2004) (14) | 243 | 191 | 10 |
| Net | High Technology and Development | 249 | 42 | 21 |
| Net | Regional Economic Development/SPUR | 90 | 11 | 5 |
| Net | Buffalo Inner Harbor | 50 | 0 | 2 |
| Net | Economic Development 2006 (Various) (15) | 2,310 | 244 | 499 |
| Net | Javits Convention Center | 1,350 | 350 | 787 |
| Net | Bronx Stadium (Yankees) | 75 | 0 | 0 |
| Net | NYS Ec Dev Stadium Parking ('06) | 75 | 69 | 1 |
| Net | State Modernization Projects (RIOC Tram, etc.) | 50 | 15 | 0 |
| Net | 2008 and 2009 Economic Development Initiatives | 1,269 | 51 | 136 |
| Net | H.H. Richardson Complex/Darwin Martin House | 84 | 0 | 16 |
| Net | Economic Development Initiatives | 23,705 | 17,498 | 2,805 |
| Net | State and Municipal Facilities | 3,184 | 1,786 | 848 |
| Net | Empire Station Complex | 1,300 | 1,300 | 0 |
| GO: | | | | |
| Gross | General Obligation | 23,635 | 5,590 | 2,269 |
| Other State-Supported: | | | | |
| N/A | STARC (16) | N/A | N/A | 572 |
| N/A | NYPA (17) | N/A | N/A | 31 |
| **Total State-Supported Debt** | | **250,492** | **107,064** | **55,866** |
| Other State Financings: | | | | |
| Installation Commitments and Mortgage Loan Commitments (18) | | | | 214 |
| Gateway Development Commission | | | | 14 |
| **Total State-Related Debt (19)** | | | | **56,094** |

Totals may not add due to rounding.
Source: NYS DOB

(1) Includes only authorized programs that are active or have outstanding program balances for the fiscal year ending March 31, 2025. Excludes programs that have repaid all oustanding debt and have program balances of $2 million or less, and SUNY Dormitory Facilities that are no longer financed with State-supported bonds

(2) Gross caps include cost of issuance fees. Net caps do not. Legislation included as part of the FY 2026 Enacted Budget converted all Gross bond caps (GO excluded) to Net caps for new issuances beginning April 1, 2025.

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

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

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

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

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

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

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

(10) Repealed by Section 56 of Part MM of Chapter 56 of the laws of 2025.

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

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

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

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

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

(16) Legislation included as part of the FY 2022 Enacted Budget authorized the refunding of all outstanding NYC STARC debt in FY 2022.

(17) Legislation included as part of the FY 2023 Enacted Budget and amended in the FY 2024 Enacted Budget authorized $475 million of debt to be issued for the refunding of NYPA capital leases with State agencies.

(18) Estimated.

(19) Installation commitments and mortgage loan commitments are included in all figures and references to State-related debt in this AIS unless otherwise specifically noted.

STATE GENERAL OBLIGATION DEBT [1]
as of March 31, 2025
(In Millions)

| Purpose / Year Authorized | Total Authorized | Authorized but Unissued [2] | Total Debt Outstanding [3] |
|---|---|---|---|
| **Transportation Bonds:** | | | |
| Rebuild and Renew New York Transportation Bonds (2005) | | | |
| Highway Facilities/Other Transportation (Excluding MTA) | | | |
| Highway Facilities | Note 4 | Note 4 | $ 350 |
| Mass Transit - DOT | Note 4 | Note 4 | 7 |
| Rail & Port | Note 4 | Note 4 | 66 |
| Canals & Waterways | Note 4 | Note 4 | 2 |
| Aviation | Note 4 | Note 4 | 34 |
| Subtotal Highway Facilities/Other Transportation (Excluding MTA) | $ 1,450 | $ 41 | 459 |
| Mass Transit - Metropolitan Transportation Authority | 1,450 | 114 | 823 |
| Accelerated Capacity and Transportation Improvements of the Nineties (1988) | 3,000 | 20 | 4 |
| Rebuild New York Through Transportation Infrastructure Renewal (1983) | | | |
| Highway Related Projects [5] | 1,064 | 21 | - |
| Ports, Canals, and Waterways [5] | 49 | - | - |
| Rapid Transit, Rail and Aviation Projects [5] | 137 | - | Note 6 |
| Energy Conservation Through Improved Transportation (1979) | | | |
| Local Streets and Highways | 100 | - | - |
| Rapid Transit and Rail Freight | 400 | - | Note 7 |
| Transportation Capital Facilities (1967) | | | |
| Highways | 1,250 | - | - |
| Mass Transportation | 1,000 | - | - |
| Aviation | 250 | - | Note 8 |
| **Total Transportation Bonds** | **10,150** | **196** | **1,286** |
| **Environmental Bonds:** | | | |
| Clean Water/Clean Air (1996) | | | |
| Air Quality | 230 | 27 | 1 |
| Safe Drinking Water | 355 | - | - |
| Clean Water | 790 | 43 | 192 |
| Solid Waste | 175 | - | 5 |
| Environmental Restoration | 200 | 20 | 24 |
| Clean Water, Clean Air and Green Jobs Environmental Bonds (2022) | | | |
| Flood Restoration and Risk Reduction | Note 9 | Note 9 | - |
| Open Space Land Conservation and Recreation | Note 9 | Note 9 | 4 |
| Climate Change Mitigation | Note 9 | Note 9 | Note 10 |
| Water Quality Improvement and Resilient Infrastructure | Note 9 | Note 9 | Note 11 |
| NY Natural Resources | Note 9 | Note 9 | - |
| Subtotal Clean Water, Clean Air and Green Jobs Environmental Bonds | 4,200 | 4,195 | 4 |
| Environmental Quality (1986) | | | |
| Land and Forests | 250 | 1 | 1 |
| Solid Waste Management | 1,200 | 26 | 33 |
| Environmental Quality (1972) | | | |
| Air | 150 | 12 | 1 |
| Land and Wetlands | 350 | 3 | 1 |
| Water | 650 | 1 | 4 |
| Outdoor Recreation Development (1966) | 200 | Note 12 | - |
| Pure Waters (1965) | 1,000 | 15 | 14 |
| Park and Recreation Land Acquisition (1960 and 1962) | 100 | 1 | - |
| **Total Environmental Bonds** | **9,850** | **4,344** | **280** |
| **Education Bonds:** | | | |
| Smart Schools (2014) | 2,000 | 1,009 | 703 |
| **Total Education** | **2,000** | **1,009** | **703** |
| **Housing Bonds:** | | | |
| Low-Income Housing (through 1958) | 960 | 8 | - |
| Middle-Income Housing (through 1958) | 150 | 1 | - |
| Urban Renewal (1958) | 25 | 1 | - |
| **Total Housing Bonds** | **1,135** | **10** | **-** |
| **TOTAL GENERAL OBLIGATION DEBT** | **$ 23,135** | **$ 5,559** | **$ 2,269** |

Source: Office of the State Comptroller

(1) This table reflects General Obligation (GO) Bond Acts where there is a remaining authorized but unissued amount and/or a remaining debt outstanding balance.
(2) With the issuance of the Series 2023ABCD bonds, certain eligible GO capital expenditures were reimbursed with approximately $226 million in pay-as-you-go (PAYGO) funds, in lieu of the issuance of taxable GO bonds. This includes $7.4 million of Rebuild and Renew New York Transportation Bonds (2005) - Highway Facilities/Other Transportation (Excluding MTA) purposes, $213.6 million of Smart Schools (2014) purposes, $4.6 million of Clean Water/Clean Air (1996) - Clean Water purposes and $400 thousand of Clean Water/Clean Air (1996) - Solid Waste purposes.
(3) Reflects unaudited amounts.
(4) The Legislature did not provide any limitation on bonds to be issued for specific project categories or programs authorized within the Highway Facilities/Other Transportation (excluding MTA) Purpose.
(5) Authorizations have been adjusted to reflect reallocations made by Chapter 54 of the Laws of 1990.
(6) This amount rounds to zero, but there was a debt outstanding balance of $255,371 at March 31, 2025.
(7) This amount rounds to zero, but there was a debt outstanding balance of $271,856 at March 31, 2025.
(8) This amount rounds to zero, but there was a debt outstanding balance of $35,271 at March 31, 2025.
(9) The Legislature provided the following limitations on bonds to be issued for specific project categories or programs authorized within the Clean Water, Clean Air and Green Jobs Environmental Bond Act: Flood Restoration and Risk Reduction (not less than $1.1 billion), Open Space Land Conservation and Recreation Projects (Up to $650 million), Climate Change Mitigation (Up to $1.5 billion), and Water Quality Improvement and Resilient Infrastructure (Not less than $650 million).
(10) This amount rounds to zero, but there was a debt outstanding balance of $352,645 at March 31, 2025.
(11) This amount rounds to zero, but there was a debt outstanding balance of $394,808 at March 31, 2025.
(12) This amount rounds to zero, but there was an authorized but unissued balance of $230,000 at March 31, 2025.

# EXHIBIT C TO AIS – PRINCIPAL STATE TAXES AND FEES

**Personal income taxes** are imposed on the New York source income of individuals, estates and trusts. Personal income taxes accounted for nearly 52 percent of All Government Funds tax receipts during FY 2025. The State tax adheres closely to the definitions of adjusted gross income and itemized deductions used for Federal personal income tax purposes, with certain modifications. Receipts from this tax are sensitive to changes in economic conditions in the State and to taxpayers' responses to Federal and State law changes. New York allows a standard deduction of $16,050 for married couples filing jointly, with lower deductions for the other types of filers. New York also allows a $1,000 exemption for dependents. The current top three brackets, which apply marginal tax rates between 9.65 percent and 10.9 percent, are scheduled to expire after the 2032 tax year. Beginning in tax year 2033, these brackets are replaced by a single bracket with an 8.82 percent marginal tax rate.

Taxpayers with incomes above $1 million are limited to deducting 50 percent of their Federal charitable contributions as their only New York itemized deduction. For tax years 2010 through 2029, taxpayers with incomes above $10 million may deduct only 25 percent of their Federal charitable contributions deductions as their only itemized deduction.

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

Legislation enacted in 2023 expanded the Empire State Child Credit to include children under four years of age as eligible children and modified the investment tax credit to make it refundable for eligible farmers for five years.

Legislation enacted in 2024 established one-time supplemental Empire State Child Credit payments and extended the itemized deduction limitation on taxpayers with incomes above $10 million for an additional five years.

Legislation enacted in 2025 established a one-time Inflation Refund Credit; enhanced the Empire State Child Credit for three years; reduced lower- and middle-income tax rates; extended the top three tax rates for five years; established a tax credit for organ donation; modified the reporting of federal partnership adjustments; eliminated NYC personal income tax for certain filers; extended the clean heating fuel credit for three years; extended the alternative fuels and electric vehicle recharging property credit for three years; extended the farm workforce retention credit for three years; modified the farm employer overtime credit; simplified the real property tax credit; and enhanced the geothermal energy credit.

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

The *sales and use tax* is imposed, in general, on the receipts from the sale of all tangible personal property unless specifically exempted, and all services are exempt unless specifically enumerated. The current State sales tax rate is 4 percent. 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 (i.e., through the first half of FY 2023). 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.

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

Legislation enacted in 2023 extended the existing sales tax exemption for certain vending machine purchases for an additional year; and extended the existing sales and use tax exemption for businesses to locate or relocate in the Murray Street area and lower Manhattan for an additional four years.

Legislation enacted in 2024 extended the existing sales tax exemption for certain vending machine purchases for an additional year; extended certain sales tax exemptions related to the Dodd-Frank Protection Act for one year; extended the authorization to manage delinquent sales tax vendors to improve compliance for five years; provided for the filing of amended sales tax returns; created a sales tax exemption for residential energy storage systems; imposed sales tax on short-term rentals statewide; and expanded the existing sales exemption for farmers to include cannabis in the tax definition of crops, livestock, and livestock products.

Legislation enacted in 2025 extended the existing sales tax exemption for certain vending machine purchases for an additional year; closed the sales tax liability relief loophole for limited partners and minority members of limited liability companies; makes a technical correction to the provisions that previously clarified that amended sales tax returns are subject to similar limitations as other tax filings; and, effective April 1, 2026, redirects a considerable portion (85 percent) of the annual Metropolitan Commuter Transportation District (MCTD) sales tax revenues currently deposited into the Metropolitan Mass Transportation Operating Assistance account (MMTOA) into the Dedicated Mass Transportation Trust Fund (DMTTF) accounts on behalf of the MTA.

The State imposes a *tax on cigarettes* at the rate of $5.35 per package of 20 cigarettes and imposes a *tax on other tobacco products* equal to 75 percent of the wholesale price, except for snuff which is taxed at $2 per ounce if the container has at least one ounce, and little cigars which are taxed at $0.2675 per cigar. The tax on cigarettes was raised from $4.35 to $5.35 per pack effective September 1, 2023. The revenue derived from the tax is split, with 24 percent of receipts deposited in the General Fund and the balance deposited in the Tobacco Control and Insurance Initiatives Pool established by the Health Care Reform Act of 2000.

Legislation enacted in 2023 increased the cigarette tax rate to $5.35 per pack and provided penalties for retail dealers who refused inspections by the State.

Legislation enacted in 2024 codified existing practice for little cigars to be taxed at a prorated amount.

The State imposes a *vapor products excise tax* at a rate of 20 percent of the retail price. All vapor products excise tax receipts are deposited in the Tobacco Control and Insurance Initiatives Pool established by the Health Care Reform Act of 2000.

Legislation enacted in 2020 prohibited the sale or distribution of e-cigarettes or vapor products that have a characterizing flavor and raised the legal purchasing age to 21 years of age.

The State imposes *motor fuel* and *diesel motor fuel taxes* at 8 cents per gallon upon the sale, generally for highway use, of gasoline and diesel fuel. All motor fuel taxes have been deposited in the dedicated transportation funds since April 1, 2001. Legislation enacted in 2022 suspended the motor fuel excise tax on gasoline and diesel fuel from June 1, 2022 through December 31, 2022. Legislation enacted in 2023 required distributors of motor fuel and diesel motor fuel to collect, report, and remit taxes on every gallon of fuel sold, including the additional gallons realized from temperature fluctuations.

The State imposes *alcoholic beverage excise taxes* at various rates on liquor, beer, wine and cider. The tax rate on beer is 14 cents per gallon and the tax rate on wine is 30 cents per gallon. The tax rate on cider is $0.0379 per gallon. The tax rate on liquor above 24 percent alcohol content is $1.70 per liter, and the tax rate on liquor more than 2 but no more than 24 percent alcohol content is 67 cents per liter. Legislation enacted in 2012 removed an unconstitutional exemption provided to certain small beer brewers and replaced the benefit with personal and business tax credits that yield similar tax relief to small brewers that produce in New York State.

Legislation enacted in 2023 increased the production credit for wine and both liquor types to equal the tax rate per volume.

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

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

The State imposes an excise tax for the use of a shared vehicle under the peer-to-peer car sharing program. A three percent tax is imposed on all peer-to-peer car sharing trips within the State, with receipts to be deposited in the General Fund. An additional three percent tax is imposed on peer-to-peer car sharing trips within the MCTD, with receipts to be deposited in the MTA's Special Assistance Fund – Corporate Account. Lastly, an additional three percent tax is imposed on peer-to-peer car sharing trips outside the MCTD, with receipts to be deposited in the Public Transportation Systems Operating Assistance Fund. This tax is to be administered and collected jointly with the State sales tax.

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

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

The State imposes a *medical cannabis tax* on registered organizations that dispense medical cannabis. Legislation enacted in 2024 reduced the excise tax from 7 percent to 3.15 percent, where the tax receipts will now be evenly split between manufacturing counties and distributing counties.

The State imposes both a *wholesale excise tax* and a *retail excise tax* on adult-use cannabis. The wholesale excise tax is paid on the sale of a product from a distributor to a retailer at a rate of 9 percent. The retail excise tax is imposed at a rate of 9 percent of the retail price charged to the consumer. All adult-use cannabis revenues are to be deposited in the New York State Cannabis Revenue Fund. After covering reasonable costs to administer the program and implement the law, the remaining fund balance is then distributed in the following manner: 40 percent to the State Lottery Fund for education, 40 percent to the Community Grants Reinvestment Fund, and 20 percent to the Drug Treatment and Public Education Fund. Legislation enacted in 2024 repealed the THC potency excise tax that was previously levied on the type of product sold from a distributor to a retailer, which was in effect until June 1, 2024; and expanded the tax definition of crops, livestock, and livestock products to include cannabis.

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

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

Legislation enacted in 2023 included the extension of the following tax credits: commercial production tax credit, credit for the rehabilitation of historic properties, the NYC musical and theatrical production credit, and the grade no. 6 heating oil conversion credit. The Empire State film production and post-production tax credits were extended and enhanced in several ways, the most significant being an increase in the annual cap from $420 million to $700 million. A tax credit for the creation and expansion of childcare was included and the temporary tax rates originally enacted in 2022 were extended an additional three years through 2026.

Legislation enacted in 2024 included the establishment of two new tax credits: the newspaper and broadcast media jobs program, which includes two tax credit components to incentivize the hiring and retaining of jobs in these media sectors, and the commercial security tax credit to support business owners in addressing retail theft by offsetting some of the costs of retail theft prevention measures.

Legislation enacted in 2025 included the extension of the workers with disabilities credit, the Hire a Vet credit, the upstate musical and theatrical production credit, and certain Brownfield program credits. Several other programs were extended and enhanced, including the doubling of low-income housing credits, the NYC musical and theatrical production credit, the credit for employment of persons with disabilities, the Excelsior Jobs Program, and the Empire State film production credit, which removed the tiered payout structure for new applicants, provided a $100 million incentive for independent studio productions, and created an enhanced benefit for recipients with previous applications. Other changes include amendments to the State historic properties credit and digital gaming media production credit program, restrictions on institutional real estate investors, and an increase in the Article 9-A estimated payment threshold from $1,000 to $5,000.

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

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

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

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

The State imposes a *petroleum business tax* on the privilege of operating a petroleum business in the State. This tax is measured by the quantity of various petroleum products imported into the State for sale or use. The tax is imposed at various cents per gallon rates depending on the type of petroleum product. The cents per gallon tax rates are indexed to reflect petroleum price changes but are limited to changes of no more than 5 percent of the tax rate in any one year. Legislation enacted in 2023 required distributors of motor fuel and diesel motor fuel to collect, report, and remit taxes on *every* gallon of fuel sold, including the additional gallons realized from temperature fluctuations.

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

The State imposes an *estate tax* on the estates of deceased New York residents, and on that part of a nonresident's net estate made up of real and tangible personal property located within New York State. Legislation enacted in 2014 comprehensively reformed the estate tax to decouple from Federal law. The unified threshold of $1 million (associated with the State's prior "pick-up tax" methodology) was replaced with an applicable credit equal to the tax on a basic threshold amount. The basic threshold amount equals the Federal basic threshold amount pursuant to Federal law as it existed on December 1, 2017, with annual inflation indexing for those dying on or after January 1, 2019. The credit, similar to the pick-up tax, phases out from the threshold amount to 5 percent above that threshold amount. If a taxable estate is more than 105 percent of the threshold, then the entire taxable estate is taxed, not just the portion of the estate above the threshold. Gifts taxable under Section 2053 of the Internal Revenue Code that were not otherwise included in Federal Gross Estate and that were made during the three years ending on the date of death must be added to the New York Gross Estate. However, gifts made while the decedent was a nonresident of New York State and gifts made prior to April 1, 2014, or after January 1, 2019, are not included. Legislation enacted in 2019 extended this three-year gift addback rule effective January 16, 2019, until January 1, 2026, as well as required a binding New York State QTIP election be made on State estate tax returns. Legislation enacted in 2025 extended this three-year gift addback rule until January 1, 2032. Reflecting the composition of many decedents' estates in New York, collections of this tax are influenced at least in part by fluctuations in the equity markets.

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

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

The State levies *pari-mutuel taxes* on pari-mutuel wagering activity conducted at New York State horse racetracks, Off-Track Betting (OTB) facilities or through a racetrack or OTB facility's app or online platform at varying rates. Effective September 1, 2025, a flat rate of 0.7 percent of handle is imposed on thoroughbred racetracks, harness racetracks, and OTBs. Additionally, a market origin fee equal to 5.45 percent of handle is imposed on wagers made by a New York State resident using an Out-of-State (OOS) Advanced Deposit Wagering (ADW) platform. 12.8 percent of the market origin fee is designated as pari-mutuel tax collections for the State (0.7 percent of OOS ADW handle). Legislation originally enacted in the 1990s, and continually extended on an annual basis as of 2025, provides for certain simulcasting provisions.

Legislation enacted in 2023 authorized a capital appropriation by the State to loan NYRA monies to make racetrack improvements and demolish and rebuild the grandstand at Belmont Racetrack. NYRA capital monies will be intercepted for 20 years in order to pay for the full amount of the loan, including interest. Horse racing at Aqueduct Racetrack will move to Belmont Racetrack following completion of the renovations.

Legislation enacted in both 2023 and 2024 extended Pari-Mutuel Tax (PMT) rates and simulcast provisions for an additional year, respectively.

Legislation enacted in 2025 simplified the existing PMT rate structure and equalized the PMT rate imposed between In-State and OOS horseracing entities accepting wagers at 0.7 percent of handle. This included raising the market origin fee from 5 percent to 5.45 percent, with the percentage designated as pari-mutuel tax collections for the State increased from 5 percent to 12.8 percent. Additionally, it eliminated breakage (rounding of bettors' payouts from winning wagers) for pari-mutuel wagers placed on NYS races, except for providing NYS racetracks the option to round in-person (placed at a racetrack) wagers on NYS races to the nearest nickel, however, the breakage generated is directed to the respective thoroughbred and harness racehorse aftercare funds.

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

Legislation enacted in 2024 reduced the gross receipts tax rate for all other authorized combative sports admissions charges from 8.5 percent to 3 percent.

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

Gaming miscellaneous receipts includes traditional lottery, Video Lottery Terminal (VLT) games, commercial gaming, interactive fantasy sports, mobile sports wagering, Tribal State Compact, and the additional OOS ADW 1 percent fee.

Legislation enacted in 2023 changed the revenue distribution for the three additional commercial gaming facility licenses depending on where they are awarded, and if they are awarded to specific current VLT facilities.

Legislation enacted in 2025 increased the statutorily fixed mobile sports wagering contribution for problem gambling purposes from $6 million to $12 million, beginning with FY 2027; extended the lowered tax rate on slot machine gross gaming revenues for each commercial casino from March 31, 2026, through June 30, 2031, provided certain conditions are met; authorized an increased vendor fee for Batavia Downs for five years, with limited permitted uses of funds; and authorized the imposition of an additional 1 percent fee on handle from simulcast wagers made by a New York State resident using an OOS ADW platform.

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

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

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

# EXHIBIT D TO AIS – GLOSSARY OF FINANCIAL TERMS

The following glossary, which is an integral part of this AIS, includes certain terms that are used herein.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Financial Plan:* See State Financial Plan.

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

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

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

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

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

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

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

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

*Interfund Transfers:* Under GAAP fund accounting principles, each fund is treated as a separate fiscal and accounting unit with limitations on the kinds of disbursements to be made. Movement of monies between funds are accounted for as "interfund transfers".

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

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

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

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

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

*Rainy Day Reserve Fund:* This fund was created in 2007 pursuant to law to account for funds set aside for use during economic downturns or in response to a catastrophic event, as defined in the law. The economic downturn clause is triggered after five consecutive months of decline in the State's composite index of business cycle indicators. The reserve may have a maximum balance equal to 25 percent of projected General Fund spending during the then-current fiscal year.

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

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

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

*Short-Term Investment Pool* or *STIP:* The combination of available cash balances in funds within the State's General Checking Account for investment purposes.

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

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

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

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

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

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

*State-supported debt:* This category includes all obligations for which the State appropriates money that is used to pay debt service, including General Obligation debt, lease-purchase and contractual-obligation debt, including PIT Revenue Bonds and Sales Tax Revenue Bonds.

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

*Refund Reserve Account:* The refund reserve account is used to account for General Fund resources set aside at fiscal year-end to guard against economic downturns and revenue shortfalls and pay for tax refunds. There is no requirement that moneys withdrawn from this account be replaced.

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

# EXHIBIT E TO AIS – GLOSSARY OF ACRONYMS

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|---|---|
| ACA | Affordable Care Act |
| AG | Attorney General |
| AI | Artificial Intelligence |
| AMTAP | Additional Mass Transportation Assistance Program |
| APCD | All-Payer Claims Database |
| AOT | Assisted Outpatient Treatment |
| ARP | American Rescue Plan Act of 2021 |
| ATB | Across-the-Board |
| AY | Academic Year (July 1 through June 30) – SUNY/CUNY |
| BABY | Birth Allowance for Beginning Year |
| BANs | Bond Anticipation Notes |
| BEA | Bureau of Economic Analysis |
| BIL | Bipartisan Infrastructure Law |
| BLS | Bureau of Labor Statistics |
| BOCES | Boards of Cooperative Educational Services |
| C82 SSPU | Council 82 Security Supervisors Unit |
| CAC | Climate Action Council |
| CARES Act | Coronavirus Aid, Relief, and Economic Security Act |
| CBO | Congressional Budget Office |
| CBDTP | Central Business District Tolling Program |
| CCDF | Child Care Development Funds |
| CDD | Council on Developmental Disabilities |
| CDPAP | Consumer Directed Personal Assistance Program |
| CEP | Community Eligibility Provision |
| CES | Current Employment Statistics |
| CFT | Corporate Franchise Tax |
| CHP | Child Health Plus |
| CISO | Chief Information Security Office |
| CLCPA | Climate Leadership and Community Protection Act of 2019 |
| CMS | Centers for Medicare & Medicaid Services |
| CO | Correctional Officer |
| COLA | Cost-of-Living Adjustment |
| COVID-19 | Coronavirus Disease 2019 |
| CPI | Consumer Price Index |
| CPI-W | CPI for Urban Wage Earners and Clerical Workers |
| CRF | Common Retirement Fund |
| CRFB | Committee for a Responsible Federal Budget |
| CRRSA | Coronavirus Response and Relief Supplemental Appropriations Act |
| CSE | Committees on Special Education |
| CSEA | Civil Service Employees Association |
| CTI | Critical Time Intervention |
| CUNY | City University of New York |
| CUT | Corporation and Utilities Tax |
| CW/CA | Clean Water/Clean Air |
| CY | Calendar Year |
| DANY | New York County District Attorney |
| DASNY | Dormitory Authority of the State of New York |
| DCJS | Division of Criminal Justice Services |
| DEC | Department of Environmental Conservation |
| DFS | Department of Financial Services |
| DHBTF | Dedicated Highway and Bridge Trust Fund |
| DHCR | Division of Housing and Community Renewal |
| DHSES | Division of Homeland Security & Emergency Services |
| DIIF | Dedicated Infrastructure Investment Fund |
| DMNA | Division of Military and Naval Affairs |

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| DMV | Department of Motor Vehicles |
| DOB | Division of the Budget |
| DOCCS | Department of Corrections and Community Supervision |
| DOH | Department of Health |
| DOL | Department of Labor |
| DOS | Department of State |
| DOT | Department of Transportation |
| DPT | Directed Payment Template |
| DRI | Downtown Revitalization Initiative |
| DS | Debt Service |
| DTF | Department of Taxation and Finance |
| EANS | Emergency Assistance for Nonpublic Schools |
| ECEP | Employer Compensation Expense Program |
| eFMAP | Enhanced Federal Medical Assistance Percentage |
| EI | Early Intervention |
| EMS | Emergency Medical Services |
| EP | Essential Plan |
| EPF | Environmental Protection Fund |
| EPIC | Elderly Pharmaceutical Insurance Coverage |
| ERAP | Emergency Rental Assistance Program |
| ERS | Employees' Retirement System |
| ESEA | Elementary and Secondary Education Act |
| ESD | Empire State Development |
| ESSHI | Empire State Supportive Housing Initiative |
| FACT | Forensic Assertive Community Treatment |
| FAS | Final Average Salary |
| FEMA | Federal Emergency Management Agency |
| FFCRA | Families First Coronavirus Response Act |
| FFFS | Flexible Fund for Family Services |
| FFS | Fee-for-Services |
| FFY | Federal Fiscal Year (October 1 Through September 30) |
| FHWA | Federal Highway Administration |
| FI | Fiscal Intermediary |
| FMAP | Federal Medical Assistance Percentage |
| FOMC | Federal Open Market Committee |
| FPL | Federal Poverty Level |
| FRB | Financial Restructuring Board |
| FTE | Full-Time Equivalent |
| FY | Fiscal Year |
| GAAP | Generally Accepted Accounting Principles |
| GASB | Governmental Accounting Standards Board |
| GASBS | Governmental Accounting Standards Board Statement |
| GCI | Global Cap Index |
| GDC | Gateway Development Commission |
| GDP | Gross Domestic Product |
| GLIP | Group Life Insurance Plan |
| GPHW | General Public Health Work |
| GSCs | General State Charges |
| GSEU | Graduate Student Employees Union |
| GSI | General Salary Increases |
| HCBS | Home and Community-Based Services |
| HCRA | Health Care Reform Act |
| HCTF | Health Care Transformation Fund |
| HEAP | Home Energy Assistance Program |
| HERRC | Humanitarian Emergency Response and Relief Center |
| HESC | Higher Education Services Corporation |
| HRSN | Health Related Social Needs |
| HSF | Healthcare Stability Fund |
| HUT | Highway Use Tax |

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| ICR | Institutional Cost Reports |
| IDEA | Individuals with Disabilities Education Act |
| IIJA | Infrastructure Investment and Jobs Act |
| ILS | Indigent Legal Services |
| INSET | Intensive and Sustained Engagement Teams |
| IRMAA | Income-Related Monthly Adjustment Amount |
| IRS | Internal Revenue Service |
| IT | Information Technology |
| ITO | Intensive Treatment Opportunity |
| ITS | Information Technology Services |
| JSOC | Joint Security Operations Center |
| LEAPS | Learning and Enrichment After-School Program |
| LFY | Local Fiscal Year |
| LGAC | Local Government Assistance Corporation |
| LRAP | Landlord Rental Assistance Program |
| LSA | Local Share Adjustment |
| MAT | Medication-Assisted Treatment |
| M/C | Management Confidential |
| MCO | Managed Care Organization |
| MCTD | Metropolitan Commuter Transportation District |
| MCTMT | Metropolitan Commuter Transportation Mobility Tax |
| MHSF | Mental Hygiene Stabilization Fund |
| MIF | Medical Indemnity Fund |
| MLTC | Managed Long-Term Care |
| MMC | Medicaid Managed Care |
| MOE | Maintenance of Effort |
| MRT II | Medicaid Redesign Team II |
| MSA | Master Settlement Agreement |
| MTA | Metropolitan Transportation Authority |
| NANY | Nurses Across New York |
| NHTD | Nursing Home Transition & Diversion |
| NIPAs | National Income and Product Accounts |
| NPS | Non-Personal Service |
| NYC | City of New York |
| NYPA | New York Power Authority |
| NYS | New York State |
| NYSCOPBA | New York State Correctional Officers and Police Benevolent Association |
| NYSE | New York Stock Exchange |
| NYSHIP | New York State Health Insurance Program |
| NYSLRS | New York State and Local Retirement System |
| NYSOH | New York State of Health |
| NYSPIA | New York State Police Investigators Association |
| NYSTA | New York State Thruway Authority |
| NYSTPBA | Police Benevolent Association of the New York State Troopers |
| OASAS | Office of Addiction Services and Supports |
| OCFS | Office of Children and Family Services |
| OGS | Office of General Services |
| OMH | Office of Mental Health |
| OMIG | Office of the Medicaid Inspector General |
| OPEB | Other Post-Employment Benefits |
| OPWDD | Office for People with Developmental Disabilities |
| ORP | Optional Retirement Program |
| OSA | Other State Agency |
| OSC | Office of the State Comptroller |
| OTDA | Office of Temporary and Disability Assistance |
| OVS | Office of Victim Services |
| PAYGO | Pay-As-You-Go |
| PBANYS | Police Benevolent Association of New York State |

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| PBT | Petroleum Business Tax |
| PCE | Personal Consumption Expenditures |
| PEF | Public Employees Federation |
| PFRS | Police and Fire Retirement System |
| PHE | Public Health Emergency |
| PIGI | Personal Income Growth Index |
| PIIE | Peterson Institute for International Economics |
| PILOT | Payments in Lieu of Taxes |
| PIT | Personal Income Tax |
| PMPM | Per Member Per Month |
| PMT | Pari-Mutuel Tax |
| PPE | Personal Protective Equipment |
| PRUCOL | Permanently Residing Under Color of Law |
| PS | Personal Service |
| PTET | Pass-Through Entity Tax |
| QCEW | Quarterly Census of Employment and Wages |
| RBTF | Revenue Bond Tax Fund |
| REDC | Regional Economic Development Councils |
| RGGI | Regional Greenhouse Gas Initiative |
| RHBTF | Retiree Health Benefit Trust Fund |
| RRIF | Railroad Rehabilitation and Improvement Financing |
| RSSL | Retirement and Social Security Law |
| SALT | State and Local Tax |
| SCNs | Social Care Networks |
| SED | State Education Department |
| SFY | State Fiscal Year (April 1 Through March 31) |
| SHIN-NY | Statewide Health Information Network for New York |
| SLFRF | State and Local Fiscal Recovery Fund |
| SNAP | Supplemental Nutrition Assistance Program |
| SOFA | State Office for the Aging |
| SOS | Safe Options Support |
| SSI | Supplemental Security Income |
| STAR | School Tax Relief |
| STEM | Science, Technology, Engineering, and Math |
| STIP | Short-Term Investment Pool |
| SUFPK | Statewide Universal Full-Day Prekindergarten |
| SUNY | State University of New York |
| SY | School Year (July 1 through June 30) |
| TANF | Temporary Assistance for Needy Families |
| TAP | Tuition Assistance Program |
| TBI | Traumatic Brain Injuries |
| TBTA | Triborough Bridge and Tunnel Authority |
| TCJA | Tax Cuts and Jobs Act of 2017 |
| THU | Transition to Home Units |
| tMHFA | Teen Mental Health First Aid Program |
| TRS | Teachers' Retirement System |
| TY | Tax Year (January 1 Through December 31) |
| UI | Unemployment Insurance |
| U.S. | United States |
| UUP | United University Professions |
| VAP | Vital Access Provider |
| VAPAP | Vital Access Provider Assurance Program |
| VDC | Voluntary Defined Contribution |
| VLT | Video Lottery Terminal |
| VPPP | Value Pricing Pilot Program |
| VTA | Veteran's Tuition Awards |