

General State Charges

Mission

The General State Charges budget funds State employee and retiree fringe benefits such as health insurance, pensions, employer social security contributions, and workers' compensation, and pays the State's fixed costs, including litigation expenses, taxes on State owned lands, and payments in lieu of taxes (PILOTs).

Budget Highlights

The FY 2019 Executive Budget recommends appropriations totaling \$7.2 billion (All Funds) for GSC, including General Fund appropriations of \$6.9 billion and Fiduciary Fund appropriations of \$0.3 billion. To conform with GAAP accounting requirements, the FY 2019 appropriations have been increased by \$2.7 billion to reflect fringe benefit spending that had previously been accounted for in individual agency special revenue fund appropriations. This accounting change has no impact on overall program spending. Without this change, programmatic appropriations are increasing by \$474 million. This primarily reflects increasing costs for employee and retiree health insurance (\$284 million), workers' compensation costs for injured workers (\$97 million) and payment of the Social Security payroll tax (\$59 million).

The Executive Budget includes the following three proposals to help restrain the growth in State costs:

- Eliminate Taxpayer Subsidy for the Medicare Part B Income Related Monthly Adjustment Amounts (IRMAA) for High Income State Retirees.** The Federal government imposed this supplemental IRMAA premium in 2007 to require high income retirees to pay a greater share of Medicare costs. New York taxpayers currently subsidize the entire IRMAA premium of New York State's high income retirees, and a Federal change to the Calendar Year 2018 income bands will now require State taxpayers to pay even more. This subsidy is worth \$642 annually for retirees with an Adjusted Gross Income (AGI) between \$85,000 and \$107,000, growing to a taxpayer subsidy of \$3,535 annually for retirees with AGI above \$160,000 (previously \$214,000). The Budget eliminates this extra taxpayer reimbursement to higher income retirees effective January 1, 2018. Connecticut and Hawaii (partial reimbursement) are the only other states that provide reimbursement for IRMAA. Eliminating this subsidy will save taxpayers \$11 million annually (\$2.7 million in FY 2019 due to the lag in reimbursement).
- Establish a Floor for State Reimbursement of the Medicare Part B Standard Premium for New York State Retirees.** In Calendar Year 2017, New York taxpayers reimbursed the standard premium for new and existing retirees at amounts ranging from \$109 to \$134 monthly. The cost of this reimbursement is increasing from \$194 million in Calendar Year (CY) 2017 to \$242 million in CY 2018, an increase of \$48 million. This proposal establishes State reimbursement at an amount of up to \$134 per month, consistent with CY 2018 Federal program costs. Any future increases in reimbursement above this level would be subject to the annual budget process. This proposal is cost neutral in FY 2019, but saves \$11 million on a full annual basis. Only five other states reimburse the Standard Part B premium at all (California, Connecticut, Hawaii, Nevada and New Jersey), and Ohio recently phased out reimbursement.
- Provide a Market-Rate of Interest on Court Judgments.** The Executive Budget proposes a variable market-based interest rate on court judgments paid by public and private entities, which will provide mandate relief for local governments and lower State taxpayer costs by \$6 million. The market-based interest would be the weekly average one-year constant maturity treasury yield, which is the same rate utilized by the Federal court system. Currently, the interest rate on judgements is established at a fixed rate of as much as 9 percent annually. This fixed rate was established at time when interest rates were at 12 percent as a way to protect taxpayer costs. A prevailing market rate will help ensure that neither side in a lawsuit will be disadvantaged by an interest rate that is above or below what otherwise could be earned while cases are being adjudicated.

For more information on this agency's budget recommendations located in the Executive Budget Briefing Book, click on the following link:

ALL FUNDS APPROPRIATIONS (dollars)

Category	Available FY 2018	Appropriations Recommended FY 2019	Change From FY 2018	Reappropriations Recommended FY 2019
State Operations	4,044,109,000	7,182,108,000	3,137,999,000	0
Total	4,044,109,000	7,182,108,000	3,137,999,000	0

**STATE OPERATIONS
ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE
APPROPRIATIONS
(dollars)**

Fund Type	Available FY 2018	Recommended FY 2019	Change
General Fund	3,743,609,000	6,881,608,000	3,137,999,000
Fiduciary Funds	300,500,000	300,500,000	0
Total	4,044,109,000	7,182,108,000	3,137,999,000

**STATE OPERATIONS
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM
APPROPRIATIONS
(dollars)**

Program	Available FY 2018	Recommended FY 2019	Change
General State Charges			
General Fund	3,743,609,000	6,881,608,000	3,137,999,000
Fiduciary Funds	300,500,000	300,500,000	0
Total	4,044,109,000	7,182,108,000	3,137,999,000

**STATE OPERATIONS - GENERAL FUND
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
FY 2019 RECOMMENDED
(dollars)**

Program	Total		General State Charges	
	Amount	Change	Amount	Change
General State Charges	6,881,608,000	3,137,999,000	6,881,608,000	3,137,999,000
Total	6,881,608,000	3,137,999,000	6,881,608,000	3,137,999,000

**STATE OPERATIONS - OTHER THAN GENERAL FUND
SUMMARY OF APPROPRIATIONS AND CHANGES
FY 2019 RECOMMENDED
(dollars)**

Program	Total		Nonpersonal Service	
	Amount	Change	Amount	Change
General State Charges	300,500,000	0	300,500,000	0
Total	300,500,000	0	300,500,000	0

Note: Most recent estimates as of 01/16/2018