Update to
Annual Information Statement
State of New York

March 11, 2020

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Introduction

Introduction

This Annual Information Statement (AIS) Update (the "AIS Update") is dated March 11, 2020 and contains information only through that date. This AIS Update constitutes the official disclosure regarding the financial position of the State of New York (the "State") and related matters and is the third quarterly update to the AIS dated June 12, 2019 (the "AIS"). This AIS Update should be read in its entirety, together with the AIS.

In this AIS Update, readers will find:

1. Extracts from the Governor's Executive Budget Financial Plan for Fiscal Year (FY) 2021, as amended (the "Financial Plan"), issued by the Division of the Budget (DOB) in February 2020. The Financial Plan (which is available on the DOB website, www.budget.ny.gov) includes a summary of third quarter operating results for FY 2020 (quarter ended December 31, 2019) and updates to the State's official financial projections for FY 2020 through FY 2023[1]. Except for the specific revisions described in these extracts, the projections (and the assumptions upon which these are based) in the Financial Plan are consistent with the projections set forth in the FY 2020 Enacted Budget Financial Plan (the "Enacted Budget Financial Plan") reflected in the AIS. DOB next expects to update the State's multi-year financial projections with the FY 2021 Enacted Budget Financial Plan.
2. A discussion of issues and risks that may affect the State's financial projections during the State's current fiscal year or in future years (under the heading "Other Matters Affecting the Financial Plan").
3. A summary of the Generally Accepted Accounting Principles (GAAP)-basis results for the prior three fiscal years.
4. Updated information on certain public authorities of the State.
5. Updated information regarding the State Retirement System.
6. The status of significant litigation that has the potential to adversely affect the State's finances.
7. Financial Plan tables that summarize actual General Fund receipts and disbursements for fiscal year 2019 and projected receipts and disbursements for fiscal years 2020 through 2023 on a General Fund, State Operating Funds and All Governmental Funds basis.

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

[1] The State fiscal year is identified by the calendar year in which it ends. For example, fiscal year 2020 ("FY 2020") is the fiscal year that began on April 1, 2019 and will end on March 31, 2020.

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

The factors affecting the State's financial condition are numerous and complex. This AIS Update contains "forward-looking statements" relating to future results and economic performance as defined in the Private Securities Litigation Reform Act of 1995. Since many factors may materially affect fiscal and economic conditions in the State, the forecasts, projections, and estimates should not be regarded as a representation that such forecasts, projections, and estimates will occur. 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 and data that it believes are reasonable as of the date made, but that may be incorrect, incomplete or imprecise or not reflective of actual results. Forecasts, projections, and estimates are not intended as representations of fact or guarantees of results. The words "expects", "forecasts", "projects", "intends", "anticipates", "estimates", "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; changes in political, social, economic and environmental conditions, including climate change and extreme weather events; severe epidemic or pandemic events; cybersecurity events; impediments to the implementation of gap-closing actions; regulatory initiatives and compliance with governmental regulations; litigation; Federal tax law changes; actions by the Federal government to reduce or disallow expected aid, including Federal aid authorized or appropriated by Congress but subject to sequestration, administrative actions, or other actions that would reduce aid to the State; and various other events, conditions and circumstances. Many of these risks and uncertainties are beyond the control of the State. These forward-looking statements are based on the State's expectations as of the date of this AIS Update.

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

OSC issued the State's Basic Financial Statements for FY 2019 and the Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting in accordance with the annual statutory deadline of July 29. Copies of this report may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 and on its website at www.osc.state.ny.us. The Basic Financial Statements for FY 2019 can also be accessed through EMMA at www.emma.msrb.org.

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

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Budgetary/ Accounting Practices

Significant Budgetary/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 results by fund and category.

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

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

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

At times, DOB will informally designate unrestricted balances in the General Fund for specific policy goals (e.g., the payment of costs related to potential labor agreements covering prior contract periods). These amounts are typically, but not uniformly, identified with the phrase "reserved for." They are not held in distinct accounts within the General Fund and may be used for other purposes.

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

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

Impact of Medicaid on State Operating Funds

To avoid piercing the Medicaid Global Cap ("Global Cap") in FY 2019, the Department of Health (DOH) deferred $1.7 billion in planned Medicaid payments from FY 2019 to FY 2020. If the deferral had not occurred, State Operating Funds disbursements for FY 2019 would have increased by a like amount.

In response to the unexpected deferral, DOB and DOH conducted an in-depth examination of Medicaid expenditures. In the FY 2020 Mid-Year Update to the Financial Plan released in November 2019 ("Mid-Year Update"), DOB reported that a structural imbalance existed within the Medicaid Global Cap estimated at $4 billion in FY 2020, including the FY 2019 payment deferral, and projected at $3.1 billion in FY 2021. The Mid-Year Update included an assumption that the State would permanently restructure $2.2 billion in Medicaid payments as part of the response to the FY 2020 Global Cap imbalance. The assumed restructuring included the continued deferral of the FY 2019 payment ($1.7 billion), and a new deferral ($552 million) in FY 2020. DOB has subsequently concluded that the latter deferral is not needed and the payment is expected to be made by the end of FY 2020. The Financial Plan does not include new deferrals beyond the continuation of the FY 2019 $1.7 billion deferral.

The disbursement estimates are restated for deferrals as shown in the table below.

STATE OPERATING FUNDS SPENDING FY 2019 AND FY 2020
MID-YEAR REPORTED AND RESTATED
(millions of dollars)

	FY 2019 Results	FY 2020 Estimated
FY 2020 Mid-Year Update[1]	**100,137**	**102,153**
Adjustment for Medicaid Deferrals[2]	1,692	0
DOB Restatement of Mid-Year Update	**101,829**	**102,153**

[1] FY 2019: Cash-basis results reported by State Comptroller. FY 2020: DOB Mid-Year estimate reported in November 2019.

[2] The Executive Budget Financial Plan no longer includes new deferrals.

The calculation of annual State Operating Funds spending growth from FY 2019 to FY 2020 is presented herein using the restated FY 2019 results. The Financial Plan tables are not adjusted and use the cash-basis results as reported in the Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting, Fiscal Year Ended March 31, 2019.

Other Factors Affecting State Operating Funds Projections

The Financial Plan projections reflect certain actions that have affected, or are intended to affect, the amount of annual spending reported on a State Operating Funds basis. Such actions include but are not limited to: (a) realignment of certain operating costs to the capital budget to provide greater consistency in reporting across all agencies and a more accurate accounting of the overall capital budget; (b) payment of certain operating costs using available resources outside the State Operating Funds basis of reporting; (c) restructuring of the STAR program such that certain benefits are provided as a tax credit (which is recorded as a reduction in receipts) rather than a tax exemption (which is recorded as a disbursement), consistent with other State tax credits; (d) appropriation of certain operating costs for the Department of Transportation (DOT) and Department of Motor Vehicles (DMV) from the General Fund instead of the DHBTF, a change which increases reported disbursements from State Operating Funds; (e) no longer appropriating certain receipts payable to the Metropolitan Transportation Authority (MTA), the largest of which is the Payroll Mobility Tax ("Mobility Tax" or PMT); (f) modification of business practices and transaction processing to eliminate the double-count of certain disbursements related to mental hygiene and higher education programs; and (g) reclassification as Enterprise Funds of certain activities in which goods or services are provided to the public for a fee. If these or other transactions are not executed or reported in a manner consistent with DOB's interpretation of the legislation and legislative intent, annual spending growth in State Operating Funds would be higher than projections.

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

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

DOB expects that the Governor will continue to propose, and the Legislature will continue to enact, balanced budgets that limit the annual growth in State Operating Funds spending to no more than 2 percent. Based on current projections, DOB estimates that limiting annual spending growth to no more than 2 percent annually would produce surpluses over the multi-year Financial Plan period.

Differences may occur from time to time between DOB and OSC's financial reports in presentation and reporting of receipts and disbursements, in addition to the State Operating Funds restatement of FY 2019 results by DOB described above. For example, DOB may reflect a net expenditure while OSC may report the gross expenditure. Any such differences in reporting between DOB and OSC could result in differences in the presentation and reporting of receipts and disbursements for discrete funds, as well as differences in the presentation and reporting for total receipts and disbursements under different fund perspectives (e.g., State Operating Funds and All Governmental Funds).

Overview of the Updated Financial Plan

FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES
(millions of dollars)

	FY 2019	FY 2020	FY 2021	
	Adjusted Results	Current Estimate	Before Changes[2]	Executive Proposal
State Operating Funds Disbursements[1]				
Size of Budget	$101,829	$103,882	$111,189	$105,811
Annual Growth	3.7%	2.0%	7.0%	1.9%
Other Disbursement Measures				
General Fund (Including Transfers)[1, 3]	$74,475	$79,011	$86,460	$81,921
Annual Growth	6.8%	6.1%	9.4%	3.7%
Capital Budget (Federal and State)	$12,266	$13,428	$13,619	$14,466
Annual Growth	15.3%	9.5%	1.4%	7.7%
Federal Operating Aid	$58,472	$58,599	$59,652	$57,752
Annual Growth	6.4%	0.2%	1.8%	-1.4%
All Funds[1]	$172,567	$175,909	$184,460	$178,029
Annual Growth	5.4%	1.9%	4.9%	1.2%
Capital Budget (Including "Off-Budget" Capital)[4]	$12,783	$13,986	$14,183	$15,029
Annual Growth	13.3%	9.4%	1.4%	7.5%
All Funds (Including "Off-Budget" Capital)[1,4]	$173,084	$176,467	$185,024	$178,592
Annual Growth	5.3%	2.0%	4.8%	1.2%
Inflation (CPI)	2.3%	2.0%	2.3%	2.0%
All Funds Receipts				
Taxes	$75,578	$82,390	$85,686	$87,932
Annual Growth	-4.7%	9.0%	4.0%	6.7%
Miscellaneous Receipts	$31,184	$29,701	$26,161	$26,253
Annual Growth	14.4%	-4.8%	-11.9%	-11.6%
Federal Receipts (Operating and Capital)	$61,344	$66,162	$63,478	$62,187
Annual Growth	4.1%	7.9%	-4.1%	-6.0%
Total All Funds Receipts	$168,106	$178,253	$175,325	$176,372
Annual Growth	1.6%	6.0%	-1.6%	-1.1%
General Fund Cash Balance	$7,206	$6,527	$5,904	$5,904
Rainy Day Reserves	$2,048	$2,476	$2,476	$2,476
Extraordinary Monetary Settlements	$4,194	$2,640	$2,017	$2,017
Economic Uncertainties	$0	$890	$890	$890
All Other Reserves/Fund Balances	$964	$521	$521	$521
Debt				
Debt Service as % All Funds Receipts	4.0%	2.9%	3.8%	3.4%
State-Related Debt Outstanding	$53,528	$57,019	$60,191	$60,395
Debt Outstanding as % Personal Income	4.0%	4.1%	4.2%	4.2%
State Workforce FTEs (Subject to Direct Executive Control)	117,967	119,962	119,491	118,955

[1] FY 2019 disbursements as restated by DOB for FY 2019 Medicaid payment deferral. See "Impact of Medicaid on State Operating Funds" herein.

[2] As reported in the FY 2020 Mid-Year Update, before Executive Budget proposals to balance the FY 2021 Budget.

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

[4] Includes capital spending that occurs outside the All Funds budget financed directly from State-supported bond proceeds held by public authorities.

Except for the specific revisions described herein, the projections (and the assumptions upon which these are based) in the Financial Plan and this AIS Update are consistent with the projections set forth in the Executive Budget Financial Plan. Please see "Other Matters Affecting the Financial Plan" for subsequent developments.

Summary

The Governor introduced the FY 2021 Executive Budget on January 21, 2020. DOB estimated that the Executive Budget, if enacted without modification, would be balanced in the General Fund in FY 2021.

In early February 2020, the Governor convened the Medicaid Redesign Team (MRT II), which is charged with identifying cost-containment measures to provide approximately $2.5 billion in gap-closing savings in FY 2021 and limiting Medicaid spending in future years to the Global Cap indexed rate. MRT II is expected to make its recommendations to the Governor in late March 2020. The recommendations are expected to be considered by the Executive and Legislature in negotiations on the FY 2021 budget.

The Governor's FY 2021 Executive Budget, as amended on February 20, 2020 (the "Executive Budget"), is in conformity with the State Constitution. The amendments restore funding for two health programs, Diversity in Medicine program and Empire Clinical Research Investigation Program (ECRIP), totaling roughly $5 million annually, beginning in FY 2021. The cost of these restorations is fully offset by reestimates to other local aid programs. Other amendments to the Executive Budget have no General Fund impact.

On February 21, 2020, the Federal Centers for Medicare and Medicaid Services (CMS) issued a letter to the DOH denying the extension and renewal requests of the Federal Delivery System Reform Incentive Payment (DSRIP) Program. The Financial Plan includes Federal operating aid totaling $625 million in FY 2021, $3.2 billion in FY 2022, and $2.4 billion in each of FYs 2023 and 2024 contingent on the DSRIP waiver extension and renewal. The State intends to continue to work with CMS to revisit the decision, and the New York Congressional Delegation has been asked by the Governor to assist in this matter.

On March 1, 2020, the Director of the Budget, and all secretaries of the Senate Finance Committee and Assembly Ways and Means Committee issued a joint report containing a consensus forecast for the economy and projections of certain receipts for the current and ensuing fiscal years. In the consensus forecast report, the parties forecast the level of receipts over the two-year period (FYs 2020 and 2021) would exceed the Executive Budget forecast by $700 million.

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread globally, including the United States, and to New York State, has been declared a pandemic by the World Health Organization. On March 3, 2020, the Governor signed into a law a $40 million special emergency appropriation for services and expenses related to New York State's novel coronavirus response. Subject to a plan approved by the Division of the Budget, and available to all State agencies, this appropriation allows for uses including, but not limited to, the hiring of additional staff and the procurement of equipment and any other resources necessary to respond to the evolving situation. On March 6, 2020, Congress enacted the Coronavirus Preparedness and Response Supplemental Appropriations Act, which provides approximately $8 billion in Federal funding to prepare and respond to the outbreak. The Federal legislation includes nearly $1 billion in funding for state, local and tribal governments, of which the State is expected to receive at least $16.7 million to support testing, monitoring, control and mitigation, preparedness, and reimbursements for local hospitals and agencies coping with the outbreak.

On March 7, 2020, the Governor declared a state of emergency to help the State more quickly and effectively contain the spread of COVID-19. Executive Order No. 202, "Declaring a Disaster Emergency in the State of New York", which shall remain in effect until September 7, 2020, grants the State additional powers and suspends various legal requirements to facilitate the State's ability to obtain additional resources and respond more quickly to the COVID-19 outbreak.

The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The degree of any such impact to the State's operations and finances (and those of its municipalities and major public authorities), is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. While the potential impact on the State cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the State, its economy and the Financial Plan.

The joint consensus revenue forecast report specifically noted that "uncertainty surrounding the spread and impact of the [novel] coronavirus [or COVID-19] is an exceedingly significant downside risk to the economic and revenue forecasts as it directly affects the financial markets, global supply chains, and trade, and could severely constrain global and domestic growth." Any revisions to the receipts forecast from the consensus forecast process will be reflected in the FY 2021 Enacted Budget Financial Plan.

Also, on March 3, 2020, the Federal Reserve cut its benchmark rate by 50 basis points to mitigate the volatility in the equity markets and forestall potential economic disruptions. This Federal reserve rate cut is not reflected in the Financial Plan forecast.

Each house of the Legislature is expected to introduce a mark-up of the Governor's FY 2021 Executive Budget bills in mid-March 2020. Shortly thereafter, the Governor, Senate, and Assembly are expected to begin a period of intense negotiations, with the goal of adopting a budget for FY 2021 by the Start of the new fiscal year, which begins on April 1, 2020.

DOB is required to update the Financial Plan within 30 days following the Governor's review of the budget approved by the Legislature. The Financial Plan will reflect the impact of legislative changes to the Executive proposal, as well as revisions to projected receipts and disbursements based on updated economic data and FY 2020 operating results.

Overview of the Financial Plan

Considering recent financial market volatility resulting from concerns over the COVID-19 outbreak and its potential impact on the economy, on March 10th, the Governor requested that the State Comptroller perform a risk analysis of State revenue projections for both the current and coming State fiscal years. The Governor requested the State Comptroller's analysis within seven days.

The Financial Plan overview that follows reflects the final Governor's FY 2021 Executive Budget proposal, inclusive of amendments.

FY 2020 Financial Plan Update

In the FY 2020 Mid-Year Update, DOB reported that it expected the General Fund to remain in balance through FY 2020, but that the outcome would depend on successful implementation of measures to address a $1.8 billion gap caused entirely by Medicaid costs. DOB now estimates that the current year gap has been eliminated due to the implementation of such measures, and the General Fund will end FY 2020 in balance. The following table summarizes revisions to FY 2020 General Fund projections since the Mid-Year Update. A brief summary of changes follows the table below.

SUMMARY OF REVISIONS TO MID-YEAR UPDATE
GENERAL FUND BUDGETARY BASIS OF ACCOUNTING
SAVINGS/(COSTS)
(millions of dollars)

	FY 2020
MID-YEAR UPDATE SURPLUS/(GAP)	**0**
FY 2020 Savings Plan [1]	(1,782)
Receipts Revisions[2]	**1,049**
Tax Receipts (before Debt Service)	1,012
Debt Service (impact on Tax Receipts)	(90)
Non-Tax Receipts	127
Disbursements Revisions	**533**
Local Assistance	455
Agency Operations	216
Transfers to Other Funds	62
Extraordinary Monetary Settlement Transfers	(200)
Use/(Reserve) of Fund Balance	**200**
Extraordinary Monetary Settlement Transfers	200
EXECUTIVE BUDGET SURPLUS/(GAP)	**0**

[1] The General Fund gaps and State Operating Funds disbursement estimates in the Mid-Year Update were reduced by the recurring value of a FY 2020 savings plan that DOB developed and allocated in the Executive Budget Financial Plan.

[2] Includes the impact of changes to estimated debt service that alter the amount of tax receipts transferred to the General Fund.

Receipts

General Fund receipts, including transfers from other funds, are expected to be $1 billion higher than estimated in the FY 2020 Mid-Year Update. The estimate for tax receipts in the current year has been increased by $1 billion, excluding the impact of debt service changes. The revisions are driven mainly by higher than expected PIT collections due to lower refunds to date, and stronger business tax collections to date. Debt service costs in FY 2020 are projected to increase by $90 million compared to the FY 2020 Mid-Year Update, due to prepayment of FY 2021 expenses ($250 million), partly offset by savings from bond sale results to date, refunding savings, and adjustment of debt issuances to align with projected bond-financed capital spending ($160 million). Non-tax receipts estimates have been increased to reflect higher investment income and fees based on results to date and updated information.

General Fund receipts, including transfers from other funds, are projected to total $78.3 billion in FY 2020, an increase of $7.8 billion (11 percent) from FY 2019 results. The annual change reflects taxpayers shifting the timing of estimated PIT payments, typically made on a quarterly basis, in response to the Tax Cuts and Jobs Act of 2017 (TCJA). Estimated payments that were initially expected in FY 2019 were made in the extension and final payments period in FY 2020.

General Fund PIT receipts, including transfers after payment of debt service on State PIT Revenue Bonds, are expected to total $49.3 billion, an increase of $6.3 billion (14.6 percent). A large share of the increase in FY 2020 is due to the aforementioned shift in estimated PIT payments from FY 2019 to FY 2020.

General Fund consumption/use tax receipts, including transfers after payment of debt service on Local Government Assistance Corporation (LGAC) and Sales Tax Revenue Bonds, are estimated to total $14.6 billion, an annual increase of $1.1 billion (8.3 percent) from FY 2019 results. The growth is most notably due to the projected increase in taxable consumption, the new requirement that online marketplace providers collect sales and use tax (SUT) on sales that they facilitate, and the elimination of the sales tax exemption on Energy Service Companies (ESCOs).

General Fund business tax receipts are estimated at $6.4 billion, an increase of $899 million (16.3 percent) from FY 2019 results. The growth is primarily attributable to an increase in corporate franchise tax gross receipts and premium insurance taxes for new for-profit insurance providers, partially offset by a large business tax refund processed in April 2019 instead of March 2019.

Other tax receipts to the General Fund are expected to total $2.1 billion after payment of debt service on Clean Water/Clean Air (CW/CA) bonds, an increase of $22 million (1.1 percent) from FY 2019 results related to an expected estate tax receipts increase resulting from modest estimated growth in household net worth.

Non-tax receipts are estimated at $6.1 billion, a decrease of $528 million (8 percent) from FY 2019 results. The decline largely reflects the use of resources in FY 2019 not expected to recur in FY 2020.

Disbursements

General Fund disbursements, including transfers to other funds, have been lowered by $533 million from the Mid-Year Update. Medicaid spending has been reduced to reflect implementation of the FY 2020 Savings Plan ($599 million), which includes a one percent across-the-board reduction in rates paid to providers and health plans, and reductions in discretionary payments. In addition, spending has been reduced for a range of programs and activities, including education, mental hygiene, social welfare and fringe benefits costs based on updated data, cautious estimation of expenses, and operating results to date. These savings are offset in part by the payment of $552 million in Medicaid costs that were tentatively planned for deferral in the FY 2020 Mid-Year Update. Other revisions reflect routine adjustments to transfers.

General Fund disbursements, including transfers to other funds, are expected to total $79 billion in FY 2020, an increase of $6.2 billion (8.6 percent) from FY 2019 results.

Local assistance spending is estimated at $53.6 billion in FY 2020, an increase of $3.8 billion (7.7 percent) from FY 2019. The increase is primarily driven by Medicaid ($1.7 billion) and School Aid ($476 million on a State fiscal year basis). Medicaid spending subject to the Global Cap Index is expected to adhere to the limit ($568 million) after implementation of a FY 2020 Savings Plan that includes targeted actions and an adjustment to the amount of mental hygiene spending funded under the Global Cap. Other increases include the takeover of local Medicaid growth ($183 million) and the cost of minimum wage increases ($750 million), as well as revisions to resources available in other funds (e.g., HCRA) to finance Medicaid costs. Medicaid projections assure timely payments, with no additional deferrals planned beyond the continuation of the FY 2019 deferral.

State Operations spending in the General Fund, including fringe benefits and fixed costs, is expected to total $19.4 billion in FY 2020, an increase of $884 million (4.8 percent) from FY 2019. The increase reflects salary increases related to labor contracts, including the payment of retroactive salary increases and associated fringe benefits, and underlying growth in fringe benefits, including health insurance costs for State employees and retirees, and State costs for Workers' Compensation. In addition, operating costs in the General Fund are affected by offsets in other funds and fund reclassifications, such as operating costs related to snow and ice removal that were reclassified from Capital Projects Funds to the General Fund beginning in FY 2019.

General Fund transfers to other funds are projected to total $6.1 billion in FY 2020, an increase of $1.5 billion from FY 2019. Transfers for capital projects are projected to increase by $1.3 billion due mainly to the timing of bond proceeds used to reimburse prior-year advances, and increased support for transportation costs and activities funded with Extraordinary Monetary Settlements. State University of New York (SUNY) transfers are expected to increase by $165 million primarily due to a change in accounting for Tuition Assistance Program (TAP) payments made to State-operated SUNY campuses. Debt service transfers are expected to decline by $269 million, mainly due to prepayments. Other transfers are projected to increase by $297 million, largely attributable to the transfer of certain sales tax collections to the MTA.

FY 2020 Closing Balance

DOB estimates that the General Fund will end FY 2020 with a cash balance of $6.5 billion, a decrease of $679 million from FY 2019 results. The balance, excluding Extraordinary Monetary Settlements, is estimated at $3.9 billion, or $875 million higher than FY 2019. The change reflects a new reserve for economic uncertainties funded with new settlement receipts ($890 million) and planned deposits to the Rainy Day Reserves ($428 million). These increases are partly offset by the planned use of reserves carried over from FY 2019 to fund retroactive payments related to labor agreements ($206 million) and a large business tax refund ($202 million), as well as projected spending from reappropriations in the Community Projects Fund ($35 million).

Extraordinary Monetary Settlements on deposit at the close of FY 2020 are expected to total $2.6 billion, a decrease of $1.6 billion from the FY 2019 closing balance. This decrease reflects disbursements for initiatives funded with settlements and the timing of a capital advance ($200 million) expected to be reimbursed in FY 2021.[3]

TOTAL BALANCES
(millions of dollars)

	FY 2019 Results	FY 2020 Current	Annual Change
TOTAL GENERAL FUND BALANCE	**7,206**	**6,527**	**(679)**
Statutory Reserves:			
Rainy Day Reserves	2,048	2,476	428
Community Projects	35	0	(35)
Contingency Reserve	21	21	0
Fund Balance Reserved for:			
Economic Uncertainties	0	890	890
Debt Management	500	500	0
Labor Agreements (Timing)	206	0	(206)
Business Tax Refund (Timing)	202	0	(202)
Subtotal Excluding Settlements	**3,012**	**3,887**	**875**
Extraordinary Monetary Settlements	**4,194**	**2,640**	**(1,554)**

[3] A more comprehensive discussion of the State's receipt and use of Extraordinary Monetary Settlements can be found in "Other Matters Affecting the Financial Plan -- Extraordinary Monetary Settlements" herein.

FY 2021 Financial Plan

The FY 2021 Executive Budget must close an estimated $6.1 billion budget gap in the General Fund. The gap consists of two distinct parts: the baseline budget gap and the Medicaid budget gap.

The baseline General Fund gap for FY 2021 is estimated at $4.1 billion and reflects the difference between projected disbursements needed to maintain current services levels and specific commitments, and the resources expected to be available to pay for them. The baseline gap is within the range of those closed in recent years (FY 2018: $3.5 billion; FY 2019: $4.4 billion; and FY 2020: $5.3 billion).

The Medicaid gap in FY 2021 is estimated at just over $2 billion, after the recurring value of the expected FY 2020 Savings Plan ($890 million) and payment restructuring ($177 million) assumed in the Mid-Year Update. The gap is the difference between estimated Medicaid spending and the spending limit established by the Medicaid Global Cap Index. The Medicaid gap, which emerged abruptly at the end of FY 2019, is a risk to State finances if measures to control costs are not enacted. Additional information on Medicaid cash management, budgetary risks and uncertainties can be found in the "Other Matters Affecting the Financial Plan" section herein.

The FY 2021 Financial Plan, if enacted without modification, would close the FY 2021 budget gap, which DOB estimates at $6.1 billion, and limit spending growth to 1.9 percent in State Operating Funds. The FY 2022 budget gap, the clearest measure of whether the Executive Budget improves the State's fiscal position over time, would be reduced to $1.9 billion, a reduction of nearly $5.6 billion (75 percent) from the FY 2020 Mid-Year estimate.

The Governor has convened the Medicaid Redesign Team II (MRT II) that is charged with identifying cost-containment measures to provide approximately $2.5 billion in gap-closing savings in FY 2021 and ensure Medicaid spending in future years adheres to the Global Cap indexed rate. The Executive Budget recommends a School Aid increase of $826 million, or 3 percent, with more than 80 percent of the increase targeted to high-need districts. It proposes targeted savings in local aid programs and continues to limit growth in agency operations to investments that are expected to yield improved performance or reduced costs over time. It continues middle class personal income tax cuts for 4.7 million New Yorkers earning under $300,000 a year and recommends no new tax increases.

The State plans to reserve the entire amount of Extraordinary Monetary Settlements received in FY 2020 ($890 million to date) for economic uncertainties, and intends to continue this policy in future years. It also plans to deposit $428 million into the Rainy Day Reserves at the close of the current fiscal year. Measured as a share of General Fund disbursements, formal reserves have increased from just over 2 percent in FY 2011 to nearly 5 percent in FY 2020.

Plan to Address the Medicaid Structural Gap

Following the FY 2019 payment deferral, DOB and DOH conducted an in-depth examination of Medicaid expenditures. The examination found that a structural gap had formed within the Medicaid Global Cap. The gaps were estimated at $4 billion in FY 2020 and $3.1 billion in FY 2021. An initial plan to address the gaps was outlined in the Mid-Year Update. At the time, DOB said that it expected the current year gap to be eliminated, and the FY 2021 gap reduced to $2 billion, through a combination of payment restructuring (FY 2020: $2.2 billion; FY 2021: $177 million) and savings in the Medicaid program and other General Fund activities (FY 2020: $1.8 billion; FY 2021: $890 million). The remaining gaps were to be addressed in the FY 2021 Executive Budget.

The State has instituted a plan that is expected to reduce Medicaid costs by $599 million in FY 2020, growing to a $851 million reduction in FY 2021. Stronger tax receipts and savings elsewhere in the General Fund close the remaining FY 2020 Medicaid gap ($1.2 billion) and allow the State to reverse the FY 2020 payment deferral ($552 million) previously planned in the Mid-Year Update.

The following table summarizes the projected annual change in General Fund receipts, disbursements, and fund balances from FY 2020 to FY 2021.

GENERAL FUND FINANCIAL PLAN
(millions of dollars)

	FY 2020 Current	FY 2021 Proposed	Annual Change: Dollar	Annual Change: Percent
Opening Fund Balance	7,206	6,527	(679)	-9.4%
Total Receipts	78,332	81,298	2,966	3.8%
Taxes[1]	72,273	77,006	4,733	6.5%
Miscellaneous Receipts	2,979	2,106	(873)	-29.3%
Non-Tax Transfers from Other Funds	3,080	2,186	(894)	-29.0%
Total Disbursements	79,011	81,921	2,910	3.7%
Local Assistance	53,573	54,775	1,202	2.2%
State Operations	19,364	20,496	1,132	5.8%
Transfers to Other Funds	6,074	6,650	576	9.5%
Net Change in Operations	(679)	(623)	56	8.2%
Closing Fund Balance	6,527	5,904	(623)	-9.5%
Rainy Day Reserves	2,476	2,476	0	
Economic Uncertainties	890	890	0	
Reserve for Timing of Payments	0	0	0	
All Other Reserves/Balances	521	521	0	
Extraordinary Monetary Settlements	2,640	2,017	(623)	

[1] Includes the transfer of tax receipts from other funds after debt service.

Receipts

General Fund receipts, including transfers from other funds, are estimated to total $81.3 billion in FY 2021, an increase of nearly $3 billion (3.8 percent) from FY 2020 projections, reflecting growth in all tax categories.

PIT receipts, including transfers after payment of debt service on State PIT Revenue Bonds, are estimated to total $52.8 billion, an increase of $3.6 billion (7.2 percent) from FY 2020. The increase reflects growth in withholding; Tax Year 2020 current estimated payments; Tax Year 2019 extension payments, final returns, and delinquencies; coupled with a decline in total refunds. The decrease in total refunds is driven largely by a steep decline in advance credit payments related to Tax Year 2020, due to the expired Property Tax Relief Credit program, as well as a decrease in the administrative cap on the amount of refunds paid from January to March 2021.

Consumption/use tax receipts, including transfers after payment of debt service on LGAC and Sales Tax Revenue Bonds, are estimated to total $14.8 billion in FY 2021, an increase of $251 million (1.7 percent) from FY 2020. The increase reflects 3.8 percent growth in the sales tax base and the full-year impact ($148 million) of the new requirement that online marketplace providers collect SUT on sales that they facilitate and ESCOs be subject to sales tax .

Business tax receipts are estimated at $7.2 billion in FY 2021, an increase of $828 million (12.9 percent) from FY 2020. The increase is primarily attributable to growth in corporation franchise tax receipts, driven by higher gross receipts and lower refunds.

Other tax receipts, including transfers after payment of debt service on CW/CA Bonds, are expected to total $2.2 billion in FY 2021, an increase of $103 million (5 percent) from FY 2020, primarily due to increased estate tax receipts, reflecting projected growth in household net worth.

Non-tax receipts and transfers are estimated at $4.3 billion in FY 2021, a decrease of $1.8 billion from FY 2020. The decline largely reflects a reduction in Extraordinary Monetary Settlements not projected to recur in FY 2021 ($889 million), and the use of certain resources available in FY 2020 that either do not recur or recur at a lower amount in FY 2021, including moneys received from the Health Care Transformation Fund ($247 million), Tribal-State Compact Revenue ($166 million), and Mental Health Services Fund ($178 million).

Disbursements

General Fund disbursements, including transfers to other funds, are expected to total $81.9 billion in FY 2021, an increase of $2.9 billion (3.7 percent) from FY 2020. General Fund disbursements reflect conservative estimates of disbursements in each financial category, a practice that provides a cushion for potential receipts shortfalls and other unanticipated costs.

Local assistance spending is estimated at $54.8 billion in FY 2021, an increase of $1.2 billion (2.2 percent) from FY 2020. The increase is primarily driven by School Aid ($844 million on a State fiscal year basis), Medicaid ($882 million), and mental hygiene ($557 million). Medicaid spending growth at the Global Cap Index ($573 million) assumes savings expected from the MRT II cost-containment plan ($2.5 billion) and the recurring value of the FY 2020 Savings Plan. The cost of minimum wage increases, currently outside the Global Cap, is estimated to grow to $1.8 billion or $314 million above the estimated FY 2020 level.

General Fund personal and non-personal service costs are expected to total $12.6 billion in FY 2021, an increase of $848 million (7.2 percent) from FY 2020. Operating costs for many agencies are charged to several funds outside the General Fund and are thus affected by offsets and accounting reclassifications. On a State Operating Funds basis, most executive agencies are expected to hold operations spending at FY 2020 levels. In FY 2021, State Operations spending is affected by an additional administrative payroll; the reclassification to Capital Projects Funds of certain non-personnel expenses related to maintenance and preservation of State assets; costs of approved and potential labor settlements; and expected savings from agency management plans.

General State Charges (GSCs), which include fringe benefits and certain fixed costs, are projected to increase by $284 million (3.7 percent) from FY 2020. Health insurance costs for State employees and retirees are projected to increase by $205 million (4.8 percent), due to medical inflation and current enrollment levels. The State's annual pension payment is projected to grow by $47 million (1.9 percent). The State's costs for Workers' Compensation are expected to increase by $68 million, due to underlying growth in average weekly wage, benefit and medical costs, as well as a reduction in other resources available to offset costs.

General Fund transfers to other funds are projected to total $6.7 billion in FY 2021, an increase of $576 million from FY 2020. Transfers for capital projects are projected to increase by $353 million, reflecting an increase in hard dollar resources to fund capital projects. Transfers to support debt service costs are projected to increase by $53 million. SUNY transfers are expected to increase by $88 million reflecting accounting changes for certain student financial aid payments from HESC to State-operated SUNY campuses.

FY 2021 Detailed Gap-Closing Plan

The following table summarizes the proposed General Fund gap-closing plan. It is followed by a brief summary of the significant actions and revisions.

SUMMARY OF REVISIONS TO MID-YEAR UPDATE
GENERAL FUND BUDGETARY BASIS OF ACCOUNTING
SAVINGS/(COSTS)
(millions of dollars)

	FY 2021 Proposed	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
MID-YEAR UPDATE SURPLUS/(GAP)	**(6,073)**	**(7,529)**	**(8,549)**	**(8,899)**
FY 2020 Savings Plan [1]	**(890)**	**(890)**	**(890)**	**(890)**
Receipts	**2,624**	**1,908**	**1,199**	**816**
PIT	1,537	1,498	882	514
Other Taxes	541	397	410	456
Miscellaneous Receipts	65	58	55	49
Debt Service Transfers	386	(80)	(153)	(160)
Non-Tax Transfers	95	35	5	(43)
Disbursements	**4,539**	**4,572**	**4,927**	**5,707**
Local Assistance	4,283	4,500	4,716	5,166
Agency Operations	359	377	461	412
Debt Service Transfers	119	64	19	7
Capital Projects Transfers	(418)	(409)	(388)	12
Monetary Settlement Transfers	200	0	0	0
Other Transfers	(4)	40	119	110
Use/(Reserve) of Fund Balance	**(200)**	**0**	**0**	**0**
Rainy Day Reserve	0	0	0	0
Extraordinary Monetary Settlements	(200)	0	0	0
EXECUTIVE BUDGET SURPLUS/(GAP) [2]	**0**	**(1,939)**	**(3,313)**	**(3,266)**

[1] The General Fund gap estimates in the Mid-Year Update were reduced by the recurring value of a FY 2020 savings plan that DOB intended to develop and allocate later in the current fiscal year. The savings plan was allocated in the Executive Budget Financial Plan.

[2] Before actions to adhere to the 2 percent benchmark.

Receipts

PIT tax receipts have been revised upward due mainly to higher than expected withholding and estimated receipts in December 2019 and early January 2020. In addition, the Executive Budget proposes the following PIT tax actions:

- ***Make Warrantless State Tax Debt Collection Methods Permanent.*** The Executive Budget makes permanent two Department of Taxation and Finance (DTF) authorizations for warrantless debt collection methods. These programs for income executions (effective since FY 2014) and bank account data matching (effective since FY 2018) make collection of past-due fixed and final tax debts more efficient and are taxpayer-friendly as they reduce the need for issuing public warrants.

- ***Cap the Maximum Amount and Income for the Long-Term Care Insurance Credit.*** The Executive Budget proposes to limit the credit for long-term care insurance premiums to $1,500, and to taxpayers with incomes under $250,000.

- ***Enhance Empire State Child Credit.*** The Executive Budget expands the Empire State Child Credit to include children under the age of four for families with New York State Adjusted Gross Income of $50,000 or less.

- ***STAR.*** The Executive Budget transitions all homeowners with incomes above $200,000 from the basic exemption benefit program to the advanced tax credit program, which builds off the FY 2020 Enacted Budget that transitioned all homeowners with incomes above $250,000 to the advance credit program. The shift from the basic exemption to the credit program will not reduce the value of the benefit received by homeowners. To further incentivize participation in the STAR tax credit program, the Executive Budget also reopens the enrollment period to allow recipients to retroactively verify their income so that qualified late enrollees will receive a STAR check from DTF.

Other tax categories have been revised upward due mainly to stronger business tax collections results to date. In addition, the Executive Budget proposes the following tax actions:

- ***Reduce the Burden on Small Businesses.*** To continue the State's robust economic growth and record of job creation, the Executive Budget provides further tax relief for small businesses.

- ***Reform the Tobacco Products Tax.*** The Executive Budget amends the definition of "wholesale price" to reflect the price at which a tobacco product is sold to a New York State registered distributor.

- ***Other Tax Actions.*** The Executive Budget includes other tax credits, extensions, enforcement initiatives and reforms. These include a Hire-A-Vet credit and a gross excise tax on adult cannabis.

Miscellaneous Receipts. The Executive Budget includes additional revenues generated from implementation of Green Light NY, which makes standard driver's licenses accessible to undocumented New Yorkers, as well as updated estimates of investment income, motor vehicle and the Alcoholic Beverage Control (ABC) license fees.

Debt Service Transfers. Debt service spending estimates reflect the prepayment of an additional $250 million in FY 2020 of debt service costs due in FY 2021, as well as revised multi-year estimates for debt service spending to reflect bond sale results to date, refunding savings, and adjustment of debt issuances to align with projected bond-financed capital spending.

Non Tax Transfers. Other resource changes include Certificate of Need fees that are assessed on health-care facility construction projects, proceeds from the merger of CVS Health Corp/Pharmacy and Aetna Health Insurance Company, and updated estimates of various transfers from other funds, including mental hygiene Federal reimbursements.

Disbursements

Local Assistance. Targeted actions and continuation of prior-year cost containment are expected to generate nearly $4.3 billion in General Fund savings compared to the current services estimate. The Executive Budget includes the following proposed actions:

- ***Health Care.*** DOB estimates that, absent the cost-containment actions included in the Executive Budget, State-share Medicaid spending subject to the Global Cap would exceed the indexed growth amount by $3.1 billion in FY 2021. The Executive Budget includes $2.5 billion in cost-containment measures that are expected to be identified by the MRT II, as well as recurring savings from the FY 2020 Savings Plan ($851 million). Other health care savings include initiatives to reduce certain public health programs; enhanced commercial insurance financial participation in early intervention (EI); modifications to pharmacy benefit programs; and reforms to the local government share of Medicaid for those counties that pierce the property tax cap or exceed 3 percent growth in spending.

- ***Education.*** General Fund savings include a decline in School Year (SY) 2021 aid compared with FY 2020 Enacted Budget estimates for expense-based aid, as well as increased revenues from video lottery terminals (VLTs) for education purposes. Pursuant to enacted FY 2020 legislation, School Aid growth cannot exceed the ten-year average of the State Personal Income Growth Index (PIGI). The Executive Budget proposes a 3 percent School Aid increase. This increase aligns with the FY 2021 Medicaid Global Cap while staying within the statutorily imposed ten-year average PIGI growth cap (4 percent).

- ***Human Services.*** Savings reflect proposed rebalancing of fiscal equity shares between the State and New York City (NYC) for the Family Assistance (FA) and Emergency Assistance to Needy Families (EAF) programs, planned use of available TANF to offset State costs in the Child Care Program, increased use of a Federal grant for child welfare services, and use of off-budget resources to support the consolidated homeless programs. In addition, recent budget actions that provided targeted support to workers in foster care and adoption programs, and increased minimum wage in the human services program areas, continue to be funded.

- ***Mental Hygiene.*** Spending revisions reflect updated assumptions and revised timelines for ongoing transformation efforts to ensure efficient use of State resources in the mental hygiene service delivery system as well as continued expansion of programs and services to ensure individuals with developmental disabilities and behavioral health needs have appropriate access to care. These investments are supported in part by continued efficiencies in program operations, and reductions in unnecessary institutional capacity.

- ***All Other.*** Savings are expected as a result of targeted actions and updated spending projections across many program areas, including updated enrollment data for community colleges, and revised estimates for the County-Wide Shared Services Initiative.

Agency Operations. Reductions to agency operations contribute $359 million to the General Fund gap-closing plan.

- ***Executive Agencies.*** The Executive Budget holds spending flat on a State Operating Funds basis, with limited exceptions such as costs attributable to the Raise the Age implementation. Agencies are expected to continue to use less costly forms of service delivery, improve administrative practices, and pursue statewide solutions, including Lean Initiatives to streamline operations and management. In addition, the Executive Budget reflects savings from the planned reduction of excess prison capacity due to prison population declines, and the shift to the Capital Projects Funds of certain costs related to maintenance, protection, preservation, and operation of facilities.

  Pension estimates reflect the planned payment of the full FY 2021 Employees' Retirement System (ERS)/Police and Fire Retirement System (PFRS) pension bills in May 2020. Health insurance savings are based on eliminating taxpayer-subsidized Income-Related Monthly Adjustment Amount (IRMAA) reimbursements for high-income New York State Health Insurance Program (NYSHIP) enrollees and maintaining Medicare Part B premium reimbursements at $144.60 per month.

  To avoid unnecessary taxpayer costs, the Executive Budget also proposes lowering the interest charged on judgments against the State from as high as 9 percent (currently authorized) to a fair-market based interest rate. The current rate was established in 1982 when interest rates were at 12 percent. The recommended rate is in line with the interest rate applied to judgments in Federal courts, and would ensure that neither side in a lawsuit will be disadvantaged by an interest rate above or below what otherwise could be earned while cases are being adjudicated. This will save taxpayers millions of dollars annually.

- ***Elected Officials.*** The Executive Budget reflects the Judiciary's request for increased operating support to fund salary increases, an additional administrative payroll, and staff increases in court operations and security. In addition, spending has been increased for OSC and the Department of Law, mainly due to increased personal service expenses.

Debt Service Transfers. The Financial Plan reflects savings from expected refundings, continued use of competitive bond sales, prepayment of expenses, and other debt management actions.

Capital Projects Transfers. The Financial Plan reflects the use of new hard-dollar resources, rather than debt to fund capital projects. The Financial Plan assumes $400 million of hard-dollar capital annually from FY 2021 through FY 2023, which will reduce debt issuances on a dollar-for-dollar basis. In addition, higher capital transfers support NYC bridge and tunnel security, and the cost of modernizing the Judiciary's computer network and equipment.

Monetary Settlement Transfers. The timing of transfers of settlement reserves has been updated based on FY 2020 spending to date and on estimated activity over the multi-year Financial Plan.

Other Transfers. The Executive Budget reflects updated estimates of various transfers to other funds, including the Dedicated Mass Transportation Fund, commensurate with changes to debt service payments.

FY 2021 Closing Balance

DOB projects the State will end FY 2021 with a General Fund cash balance of $5.9 billion, a decrease of $623 million from FY 2020. The decline is due entirely to the expected use of Extraordinary Monetary Settlements for initiatives approved in prior budgets. See "Other Matters Affecting the Financial Plan - Uses of Extraordinary Monetary Settlements" herein.

The General Fund balance excluding monetary settlements is estimated at $3.9 billion, unchanged from FY 2020. The Executive Budget Financial Plan maintains all Rainy Day Reserves, as well as the $500 million for debt management purposes and $890 million for economic uncertainties. DOB also plans to reserve future Extraordinary Monetary Settlements for economic uncertainties.

TOTAL BALANCES
(millions of dollars)

	FY 2020 Current	FY 2021 Proposed	Annual Change
TOTAL GENERAL FUND BALANCE	**6,527**	**5,904**	**(623)**
Statutory Reserves:			
Rainy Day Reserves	2,476	2,476	0
Community Projects	0	0	0
Contingency Reserve	21	21	0
Fund Balance Reserved for:			
Economic Uncertainties	890	890	0
Debt Management	500	500	0
Subtotal Excluding Settlements	**3,887**	**3,887**	**0**
Extraordinary Monetary Settlements	**2,640**	**2,017**	**(623)**

Similar to FY 2020, the FY 2021 Executive Budget includes the following measures to respond to uncertainties and Federal risks.

- Legislation is proposed that establishes a process for the reduction of local assistance disbursements by up to 1 percent of State Operating Funds disbursements (approximately $1.02 billion) if DOB identifies a potential General Fund imbalance of $500 million or more in the current fiscal year. Upon identification of a potential imbalance, the Budget Director would transmit a plan to the Legislature, identifying the specific appropriations and cash disbursements that would be reduced. The Legislature would then have 30 days to adopt, by concurrent resolution, its own plan for eliminating the imbalance. Under the proposed legislation, if the Legislature does not act within 30 days, the plan submitted by the Budget Director would take effect automatically. The process expressly excludes certain types of local assistance appropriations from uniform reduction, including public assistance and Supplemental Security Income (SSI) payments.

- Legislation approved annually since FY 2018 is again proposed to provide a process by which the State can address significant reductions in Federal aid during FY 2021, should they arise. Specifically, the Budget allows the Budget Director to prepare a plan for consideration by the Legislature if Federal policymakers (a) reduce Federal Financial Participation (FFP) in Medicaid funding to the State or its subdivisions by $850 million or more; or (b) reduce FFP or other Federal aid to the State that affects the State Operating Funds financial projections by $850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately and is not additive. The plan prepared by the Budget Director must equally and proportionally reduce appropriations and cash disbursements in the General Fund and State Special Revenue Funds. Upon receipt of the plan, the Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the Budget Director takes effect automatically.

Annual Spending Growth

State Operating Funds spending is estimated to total $105.8 billion in FY 2021, an increase of 1.9 percent over projected FY 2020 spending. The table below summarizes the sources of the annual change.

STATE OPERATING FUNDS DISBURSEMENTS
FY 2020 TO FY 2021
(millions of dollars)

	FY 2020 Current	FY 2021 Proposed	Annual Change $	Annual Change %
LOCAL ASSISTANCE	**70,324**	**70,754**	**430**	**0.6%**
School Aid (School Year Basis)	27,724	28,550	826	3.0%
DOH Medicaid[1]	22,039	23,291	1,252	5.7%
Transportation	3,552	4,075	523	14.7%
STAR[2]	2,176	2,000	(176)	-8.1%
Social Services	2,823	2,766	(57)	-2.0%
Higher Education	2,927	2,841	(86)	-2.9%
Mental Hygiene[3]	3,413	2,137	(1,276)	-37.4%
All Other[4]	5,670	5,094	(576)	-10.2%
STATE OPERATIONS/GENERAL STATE CHARGES	**28,392**	**29,045**	**653**	**2.3%**
State Operations	**19,711**	**20,030**	**319**	**1.6%**
Personal Service:	14,289	14,608	319	2.2%
Executive Agencies	7,892	7,827	(65)	-0.8%
27th Administrative Payroll	0	107	107	0.0%
University Systems	4,239	4,406	167	3.9%
Elected Officials	2,158	2,268	110	5.1%
Non-Personal Service:	5,422	5,422	0	0.0%
Executive Agencies	2,769	2,770	1	0.0%
University Systems	2,093	2,081	(12)	-0.6%
Elected Officials	560	571	11	2.0%
General State Charges	**8,681**	**9,015**	**334**	**3.8%**
Pension Contribution	2,448	2,495	47	1.9%
Health Insurance	4,308	4,513	205	4.8%
Other Fringe Benefits/Fixed Costs	1,925	2,007	82	4.3%
DEBT SERVICE	**5,166**	**6,012**	**846**	**16.4%**
TOTAL STATE OPERATING FUNDS	**103,882**	**105,811**	**1,929**	**1.9%**
Capital Projects (State and Federal Funds)	**13,428**	**14,466**	**1,038**	**7.7%**
Federal Operating Aid	**58,599**	**57,752**	**(847)**	**-1.4%**
TOTAL ALL GOVERNMENTAL FUNDS	**175,909**	**178,029**	**2,120**	**1.2%**

[1] Total State share Medicaid funding is reported prior to the spending offset from the application of Master Settlement Agreement (MSA) payments, which are deposited directly to a Medicaid Escrow Fund to cover a portion of the State's takeover of Medicaid costs for counties and New York City. Beginning in FY 2021, the Financial Plan anticipates a $150 million offset from local contributions. The value of these offsets is reported in "All Other" local assistance disbursements.

[2] The conversion of benefit payments to a State PIT credit decreases reported disbursements for STAR and decreases reported PIT receipts by an identical amount; there is no impact on STAR benefits received by these homeowners.

[3] Total Mental Hygiene spending is $4.3 billion in FY 2021, an increase of 7.7 percent from FY 2020, a portion of which is funded by the DOH Medicaid budget.

[4] "All Other" includes spending for various other functions, as well as reclassifications between financial plan categories, a reconciliation between school year and State fiscal year spending for School Aid, MSA payments deposited directly to a Medicaid Escrow Fund ($315 million in FY 2020 and $371 million in FY 2021), and a $150 million offset from local contributions in FY 2021, which reduces reported disbursements.

State Operating Funds — Summary of Annual Spending Change

State Operating Funds encompasses the General Fund and a wide range of State activities funded from income sources outside the General Fund, including dedicated tax revenues, tuition, income, and assessments. Activities funded with these dedicated income sources often have no direct bearing on the State's ability to maintain a balanced budget in the General Fund, but nonetheless are captured in State Operating Funds and subject to the 2 percent spending limit.

Spending growth in recent years reflects the State's effort to address long-standing public policy issues. In FY 2013, the State began a three-year phase-out of a local district share of growth in the Medicaid costs, with the State absorbing all growth in Medicaid on behalf of local governments, creating significant mandate relief for counties totaling $1.3 billion in FY 2021. This is in addition to the previous cap that limited annual growth to 3 percent for local governments. In total, the State cost of funding the entire share of local district Medicaid growth in FY 2021 is estimated at $4.5 billion. In FY 2017, the State enacted a law that provides scheduled increases in the minimum wage. In 1970, the State's minimum wage was $1.85. Over the following 45 years, the State increased the minimum wage sporadically, with long periods between changes. The State is fully funding the increased costs of the minimum wage in the health care sector, adding to State spending an estimated $1.5 billion in FY 2020 and $1.8 billion in FY 2021.

Local Assistance

Local assistance spending includes financial aid to local governments and not-for-profit organizations, as well as benefit entitlement payments to individuals. Local assistance comprises nearly 70 percent of State Operating Funds spending. Education and health care comprise more than half of State Operating Funds spending.

For School Aid, the Financial Plan includes $28.5 billion in funding for SY 2021, an overall School Aid increase of $826 million (3 percent). This includes a $704 million increase in Foundation Aid, including a $50 million increase within Foundation Aid for a community schools set-aside to continue to support transformation of high-need schools into community hubs. In addition, another $72 million supports increased reimbursements for expense-based aids. The Financial Plan also provides a $50 million increase for competitive grant programs, which includes a $15 million expansion of high-quality prekindergarten for three- and four-year-old children, a $10 million expansion of Empire State After-School grants to high-need districts, and an additional $6 million for early college high schools. More than 80 percent of the FY 2021 School Aid increase is directed to high-need districts.

For Medicaid, the Financial Plan includes $20 billion for the share of Medicaid subject to the Global Cap, which includes $2.5 billion in expected MRT II savings. Additional spending outside the Global Cap includes $1.8 billion to cover costs of minimum wage increases for health care providers and $1.3 billion to provide continuing financial relief to counties and NYC above the $3.2 billion included in the Global Cap. In total, the State cost of funding the entire share of local district growth in FY 2021 is estimated at $4.5 billion. Total Medicaid disbursements in FY 2021 are estimated at $23.3 billion.

Transportation spending primarily reflects increased operating aid to the MTA and other transit systems, supported by expected growth in dedicated revenues. This includes sales tax receipts from online marketplace provider sales tax collections on all sales facilitated through their platforms, and implementation and enforcement of regulations associated with regulations related to the U.S. Supreme Court *Wayfair*[4] ruling, projected to provide the MTA with $150 million in dedicated revenues in FY 2021.

STAR spending is affected by the continuing conversion of benefit payments from a real property tax exemption to a PIT credit. By shifting taxpayers to the credit program, the State is able to more efficiently administer the program while strengthening its ability to prevent abuse. The conversion initially had no impact on the value of STAR benefits available to taxpayers. The FY 2021 Executive Budget transitions all homeowners with incomes between $200,000 and $250,000 from the basic exemption benefit program to the advanced credit program. The conversions decrease both the level of reported PIT receipts and reported State Operating Funds disbursements by an identical amount ($1.3 billion in FY 2020 and an estimated $1.5 billion in FY 2021).[5]

The decrease in social services spending is primarily due to the requirement of increased use of a Federal grant for child welfare services, increases in the NYC funding shares for the FA and the EAF programs, use of available Temporary Assistance for Needy Families (TANF) funding to offset State costs in child care, and use of off-budget resources to support consolidated homeless programs.

The Higher Education spending decrease in FY 2021 largely reflects full implementation of accounting changes for certain student financial aid payments from Higher Education Services Corporation (HESC) to State-operated SUNY campuses, now reflected as transfers instead of disbursements, and projected enrollment declines at SUNY and City University of New York (CUNY) community colleges.

Mental hygiene spending is estimated to total $4.3 billion in FY 2021, an increase of $265 million from FY 2020. The growth reflects increased funding to not-for-profit providers for minimum wage increases, costs of a 4 percent raise for direct care workers through FY 2021, and a 2 percent raise for clinical workers; and community-based employment opportunities for individuals with disabilities. In FY 2021, $2.2 billion of the $4.3 billion total spent on mental hygiene is reported under the Global Cap, an increase of $1.6 billion from FY 2020. This has the effect of reducing the amount of spending reported as “mental hygiene” spending.

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[4] On June 21, 2018, the U.S Supreme Court ruled 5-4 in South Dakota v. Wayfair that states can mandate that businesses without a physical presence in a State with more than 200 transactions or $100,000 in-State sales collect and remit sales taxes on transactions in the State.

[5] STAR benefits paid through tax exemptions are recorded as disbursements. STAR benefits paid as tax credits are recorded as a reduction in net tax receipts.

State Operations/General State Charges

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

Spending for executive agency operations is affected by the retroactive payment of salary increases in FY 2020 for labor contracts reached with unions representing correctional officers, State Troopers and State Police Investigators, and an additional administrative payroll in FY 2021. In general, agencies are expected to continue to fund salary increases within their operating budgets. However, exceptions have been made for retroactive salary payments. In addition, certain agencies that provide institutional care, such as the Department of Corrections and Community Supervision (DOCCs) and mental hygiene agencies, as well as the State Police, have been allowed to increase their annual operating budgets.

STATE OPERATING FUNDS - PERSONAL SERVICE / NON-PERSONAL SERVICE COSTS (millions of dollars)			
	FY 2020 Current	FY 2021 Proposed	Change
Executive Agencies (Excluding 27th Payroll)	**10,476**	**10,589**	**1.1%**
Executive Agencies	10,661	10,704	0.4%
Retroactive Labor Agreements (Prior-Year Costs)	(185)	(8)	--
27th Administrative Payroll	0	(107)	--

Operating spending for SUNY is estimated to grow by 2.4 percent in FY 2021 and includes the cost of a six-year labor contract through academic year (AY) 2022. Operating costs for independently elected offices (Attorney General, Comptroller, Judiciary, and Legislature) are collectively expected to increase by 4.5 percent in FY 2021. Growth reflects in part an additional administrative payroll.

Spending on fringe benefits is expected to increase mainly due to rising health care and prescription drug costs for State employees and retirees, and a decrease in the use of reserve funds to offset increasing workers' compensation expenses. The annual change is also affected by increasing Social Security and Employee Benefit Fund costs related to collective bargaining.

Debt Service

Debt service consists of principal, interest, and related expenses paid on State debt. Debt service is projected to increase from FY 2020 to FY 2021, in part due to prepayments. Excluding prepayments, debt service spending is projected to increase by 4 percent. Prepayment of debt service has been executed annually since FY 2010. DOB determines the level of prepayments each year based on operating results, resources on hand, and other factors. The effect of prepayments is partly offset by the expected growth in debt service on State-supported debt.

Cash Flow

State Finance Law authorizes the General Fund to borrow money temporarily from available funds held in the Short-Term Investment Pool (STIP). Money may be borrowed for up to four months, or until the end of the fiscal year, whichever period is shorter. The State last used this authorization in April 2011 when the General Fund needed to borrow funds from STIP for a period of five days. The amount of resources that can be borrowed by the General Fund is limited to available balances in STIP, as determined by the State Comptroller. Available balances include money in the State's governmental funds and a relatively small amount of other money belonging to the State. Several accounts in Debt Service Funds and Capital Projects Funds that are part of All Governmental Funds are excluded from the balances deemed available in STIP. These excluded funds consist of bond proceeds and money obligated for debt service payments.

DOB expects that the State will have adequate liquidity in FY 2021 to make all planned payments as they become due without having to temporarily borrow from STIP. 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 bonds, continues to be set aside as required by law and bond covenants.

PROJECTED MONTH-END CASH BALANCES
FY 2021
(millions of dollars)

	General Fund	Other Funds	All Funds
April 2020	10,999	6,156	17,155
May 2020	3,796	5,683	9,479
June 2020	3,868	6,425	10,293
July 2020	3,938	7,216	11,154
August 2020	3,417	6,866	10,283
September 2020	5,880	4,630	10,510
October 2020	6,114	4,772	10,886
November 2020	4,592	4,344	8,936
December 2020	7,156	4,449	11,605
January 2021	10,064	6,737	16,801
February 2021	11,040	6,141	17,181
March 2021	5,904	5,687	11,591

Other Matters Affecting the Financial Plan

Other Matters Affecting the Financial Plan

General

The Executive Budget is a proposal, and all Financial Plan estimates assume the Legislature enacts the Executive Budget in its entirety and without modification by the start of FY 2021, which begins on April 1, 2020. There can be no assurance that the Legislature will adopt all, or any specific portion, of the Executive Budget as proposed. There can be no assurance that the State will succeed in adopting a budget that includes actions needed to achieve Medicaid savings assumed in the Executive Budget. Accordingly, there can be no assurance that the fiscal impact of the FY 2021 budget, when adopted, will not differ materially and adversely from the estimates and projections contained in the Financial Plan that are included in this AIS Update.

The Financial Plan is subject to complex economic, social, financial, political, and environmental risks and uncertainties, many of which are outside the ability of the State to predict or control. DOB asserts that the projections of receipts and disbursements in the Financial Plan are based on reasonable assumptions, but there can be no assurance that results will not differ materially and adversely from these projections. For example, in past years, tax receipts collections have varied substantially from the levels forecasted, and entitlement-based programmatic spending has also varied significantly from initial projections. Most recently, higher levels of State Medicaid spending have caused an imbalance under the Global Cap indexed rate of growth. Current Financial Plan projections assume the sufficiency of the FY 2020 Medicaid Savings Plan to limit FY 2020 spending in both Medicaid and State Operating Funds at the levels permitted under growth caps. In addition, certain projections contained in the Financial Plan assume that annual growth in State Operating Funds spending will be limited to 2 percent in all prospective fiscal years, and that all savings that result from the 2 percent spending growth benchmark will be made available to the General Fund.

DOB routinely executes cash management actions to manage the State's large and complex Budget. These actions are intended for a variety of purposes that include improving the State's cash flow, managing resources within and across State fiscal years, assisting in adherence to spending targets, and better positioning the State to address future risks and unanticipated costs, such as economic downturns, unexpected revenue deterioration, and unplanned expenditures. As such, the State regularly makes certain payments above those initially planned, subject to available resources, to maintain budget flexibility. In general, payments made above the planned amount are reflected in the year they occur and adhere to the limit of the State's 2 percent growth benchmark.

The Financial Plan is based on numerous assumptions including the condition of the State and national economies, and the concomitant collection of economically sensitive tax receipts in the amounts projected. Other uncertainties and risks concerning the economic and receipts forecasts include impacts of: national and international events; ongoing financial risks in the Eurozone; changes in consumer confidence, price and supply of oil and gas; major terrorist events and hostilities or war; climate change and extreme weather events; severe epidemic or pandemic events; cybersecurity threats; Federal statutory and regulatory changes concerning financial sector activities; Federal tax law; changes to Federal programs; changes concerning financial sector bonus payouts, as well as any future legislation governing the structure of compensation; shifts in monetary policy affecting interest rates and the financial markets; credit rating agency actions;

financial and real estate market developments which may adversely affect bonus income and capital gains realizations; technology industry developments and employment; effect of household debt on consumer spending and State tax collections; and outcomes of litigation and other claims affecting the State.

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

Budget Risks and Uncertainties

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid; delays in or suspension of capital maintenance and construction; extraordinary financing of operating expenses; use of nonrecurring resources; or other measures. 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.

To manage potential Financial Plan risks, the Executive Budget proposes continuation of a process for the uniform reduction of local assistance disbursements of up to 1 percent of State Operating Funds disbursements (approximately $1.04 billion) if DOB identifies a General Fund imbalance of $500 million or more within a given fiscal year. Upon identification of an imbalance, the Budget Director would transmit a plan to the Legislature identifying the specific appropriations and cash disbursements that would be reduced. The Legislature would then have 30 days to adopt, by concurrent resolution, its own plan for eliminating the imbalance. If no plan is adopted, the plan submitted by the Budget Director would take effect automatically. The process exempts certain types of local assistance appropriations from uniform reduction, including public assistance and Supplemental Security Income (SSI) payments.

The Financial Plan forecast assumes various transactions could fail to occur as planned including but not limited to: receipt of certain payments from public authorities; receipt of certain revenue sharing payments under the Tribal-State compact, including payments from the Seneca Nation; receipt of the excise tax on vapor products; receipt of miscellaneous revenues at the levels expected in the Financial Plan; and achievement of cost-saving measures including, but not limited to, transfer of available fund balances to the General Fund at levels currently projected and identification and timely implementation of MRT II savings targets. Such risks and uncertainties, if they were to materialize, could adversely impact the Financial Plan in current or future years, or both.

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

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

In FY 2012, the State enacted legislation intended to limit the year-to-year growth in the State's two largest local assistance programs, School Aid and Medicaid.

School Aid

The School Aid growth cap was previously calculated based on the annual growth in the NYS PIGI. With the exception of the 2013 school year increase (based on a five-year average), the PIGI was based on a one-year growth index. However, in FYs 2014 through 2019, the authorized School Aid increases were above the indexed levels. To reduce volatility and align with the Medicaid cap, the statutory PIGI for School Aid has been amended to reflect average annual income growth over a ten-year period, beginning in FY 2021.

Medicaid Global Cap

A portion of DOH State Funds Medicaid spending growth is subject to the Global Cap -- the ten-year rolling average of the medical component of the Consumer Price Index (CPI). Thus, the Global Cap allows for growth related to increasing costs but does not account for utilization growth. The statutory provisions of the Global Cap allow for flexibility in adjusting Medicaid projections to meet unanticipated costs resulting from a disaster, and grant the Commissioner of Health certain powers to limit Medicaid disbursements to the level authorized by the Global Cap. The Commissioner's powers are intended to limit the annual growth rate to the levels set by the Global Cap indexed rate for the then current fiscal year, through actions which may include reducing reimbursement rates to providers. These actions may be dependent upon timely Federal approvals and other elements of the program that govern implementation. Major changes to the State share of Medicaid spending, outside of the Global Cap, include State costs for the takeover of Medicaid growth from local governments and reimbursement to providers for increased minimum wage costs. It should further be noted that General Fund spending remains sensitive to revenue performance in the State's HCRA fund that finances approximately one-quarter of DOH State-share costs of Medicaid.

Since enactment of the Global Cap, subject to the management action described below, the portion of DOH State Funds Medicaid spending subject to the Global Cap has remained at or below indexed levels. However, DOH has, at times, taken management actions, including adjustments to the timing of Medicaid payments, consistent with contractual terms, to ensure compliance with the Global Cap.

At the close of FY 2019, DOH deferred, for three business days into FY 2020, the final cycle payment to Medicaid Managed Care Organizations, as well as other payments. The FY 2019 deferral had a State-share value of $1.7 billion and was paid from available funds in the General Fund in April 2019, consistent with contractual obligations. According to DOH, the deferral had no impact on provider services. However, absent the deferral and any other actions, Medicaid spending under the Global Cap would have exceeded the statutorily indexed rate for FY 2019 and the State would have used available General Fund resources to fund the payments in FY 2019. The General Fund ended FY 2019 with sufficient resources. According to DOH, the higher spending in FY 2019 reflected growth in managed care and long-term managed care enrollment and utilization costs above initial projections, as well as timing of certain savings actions and offsets not processed by the end of FY 2019.

The Global Cap Imbalance

Based on a review of price and utilization trends, results for FY 2019 and FY 2020 to date, and other factors, DOB recognized that a structural imbalance exists within the Global Cap. A structural imbalance in this case means that estimated expense growth in State-share Medicaid subject to the Global Cap, absent measures to control costs, is growing faster than allowed under the Global Cap spending growth index (currently 3 percent).[6]

DOB estimates that, absent actions to control costs, State-share Medicaid spending subject to the Global Cap will exceed the indexed growth amount by $4 billion in FY 2020 (including the FY 2019 deferral of $1.7 billion) and $3.1 billion in FY 2021. Factors that have placed and continue to place upward pressure on State-share Medicaid spending (which includes spending under and outside the Global Cap) include but are not limited to: reimbursement to providers for the cost of the increase in the minimum wage; phase-out of enhanced Federal funding; increased enrollment and costs in managed long-term care; and payments to financially distressed hospitals.

The State has instituted a plan that is expected to reduce Medicaid costs by $599 million in FY 2020, which level of savings is projected to grow to $851 million in FY 2021. Stronger tax receipts and savings elsewhere in the General Fund are estimated to close the remaining FY 2020

[6] Under State law, annual growth in Medicaid spending subject to the Global Cap is limited to the ten-year rolling average of the medical component of the CPI.

Medicaid gap ($1.2 billion) and allow the State to reverse the FY 2020 payment deferral ($552 million) previously planned in the FY 2020 Mid-Year Update.

In January 2020, the Governor convened the MRT II that is charged with identifying additional cost-containment measures to provide approximately $2.5 billion in FY 2021 gap-closing savings, and ensure that Medicaid spending in future years adheres to the Global Cap indexed rate.

If State Funds Medicaid spending is not reduced to levels that adhere to the Global Cap, or savings do not occur as expected, it could have a materially adverse impact on General Fund budget balance, and on the State's ability to limit annual State Operating Funds spending growth to 2 percent in FY 2020 and FY 2021.

Federal Issues

The State receives a substantial amount of Federal aid for health care, education, transportation, and other governmental purposes, as well as Federal funding to respond to and recover from acute crises or emergencies such as severe weather events, disasters and disease outbreaks. Many policies that drive this Federal aid are subject to possible changes by the Trump Administration and Congress. Current Federal aid projections and the assumptions on which they rely are subject to revision because of changes in Federal policy.

Similarly, the Financial Plan may also be adversely affected by other Federal government actions including audits, disallowances, and changes to Federal participation rates or other Medicaid rules. For instance, the Financial Plan includes reimbursement to the Federal government of $100 million annually through FY 2027 pursuant to a March 2015 agreement between the State and the Centers for Medicare & Medicaid Services (CMS). The agreement resolved a pending disallowance for FY 2011 and all related payment disputes for State-operated services prior to April 1, 2013, including home and community-based waiver services. Pursuant to the agreement, the State must adjust the Federal/State share of future Medicaid costs to reimburse the Federal government. The State used $850 million in Extraordinary Monetary Settlement payments, previously set aside for financial risks, to finance the initial repayment amount in FY 2016.

The Executive Budget includes, for the fourth year, a process by which the State can address significant reductions in Federal aid during FY 2021, should the need arise. Specifically, the Executive Budget allows the Budget Director to prepare a plan for consideration by the Legislature in the event that Federal policymakers (a) reduce FFP in Medicaid funding to the State or its subdivisions by $850 million or more; or (b) reduce FFP or other Federal aid to the State that affects the State Operating Funds Financial Plan by $850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately and is not additive. The plan prepared by the Budget Director must equally and proportionally reduce appropriations and cash disbursements in the General Fund and State Special Revenue Funds. Upon receipt of the plan, the Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the Budget Director takes effect automatically.

Current Federal Aid

President Trump proposed significant cuts to mandatory and discretionary domestic programs in Federal Fiscal Years (FFYs) 2018, 2019, and 2020 which were largely rejected in the final appropriations bills approved for each of those years.

The Bipartisan Budget Act of 2019 (BBA 19) increased the discretionary spending caps set by the Budget Control Act of 2011 for the final two years that the caps are in place under current law – FFYs 2020 and 2021. The FFY 2021 budget process began with the release of the President's budget proposal in February 2020. The proposal continues the President's prior calls for cuts to many programs, including discretionary spending levels below those authorized in BBA 19.

Medicaid Disproportionate Share Hospital (DSH) Payments

Provisions within the Federal Medicaid statute allow for a capped amount of payments to hospitals that treat a disproportionate number of Medicaid recipients. Changes made initially in the Affordable Care Act (ACA) to reduce the aggregate amount of Federal reimbursements for DSH payments are scheduled to take effect in FFY 2020, beginning May 23, 2020. The State estimates that if the changes take effect as scheduled, New York hospitals will lose $7.2 billion when the ACA is fully phased in. This would be the largest reduction in Federal DSH payments among all states.

Essential Plan (EP)

New York State's Basic Health Program EP continues to be at risk of reduced Federal funding. In response, litigation brought by the State allowed for a partial recoupment of withheld funding through changes to the FY 2018 reimbursement methodology.

In response to the lawsuit, the Trump Administration finalized additional changes to the reimbursement formula which further decreased the amount of Federal support for the EP, which continues to put the Financial Plan at risk. Despite the uncertainty, the Financial Plan continues to reflect funding for the EP program.

Excise Tax on High-Cost Employer-Sponsored Health Coverage ("Cadillac Tax")

Federal public law 116-94 repealed the Excise Tax on High-Cost Employer-Sponsored Health Coverage (26 USC 4980I). The tax, which had never taken effect, was a 40 percent excise tax assessed on the portion of the premium for an employer-sponsored health insurance plan that exceeds a certain annual limit. The provision was initially included in the ACA to offset mandatory spending increases but its implementation had been delayed multiple times prior to its repeal.

Medicaid Redesign Team (MRT) Medicaid Waiver

The CMS and the State have an existing agreement authorizing up to $8 billion in Federal funding through March 31, 2020 to transform New York's health care system and ensure access to quality care for all Medicaid beneficiaries. This funding, provided through an amendment to the State's Partnership Plan 1115 Medicaid waiver, is divided among the Interim Access Assurance Fund (IAAF), the DSRIP Program, Health Homes, and various other Medicaid redesign initiatives. Since January 1, 2014, in accordance with provisions of the ACA, the State has been eligible for enhanced Federal Medical Assistance Percentage (FMAP) funding associated with childless adults. DOH continues to work with the CMS to refine eligibility data systems to draw the appropriate amount of enhanced FMAP funding. This reconciliation may result in a modification of payments to the State and local governments.

Due to the demonstrated success of the DSRIP waiver, the State submitted a waiver request to CMS on November 25, 2019, seeking an extension on the original waiver to authorize the remaining $625 million of spending in FY 2021 for an additional period of four years (through FY 2024) and up to $8 billion in additional Federal funding for continued health care beginning in FY 2022. The waiver extension seeks additional time and funding support for these successful initiatives to fully mature across the State, to complete the transformation of the way Medicaid pays for services – from fee for service which rewards volume, to a value-based system where care is funded based on outcomes. While continuing its emphasis on DSRIP practices that have proven successful, the waiver extension also seeks support for new critical initiatives that are aligned with State and Federal priorities including: caring for populations with substance abuse disorder and serious behavioral health diagnoses, high-risk children, persons in need of long-term care services, and addressing disparities in maternal mortality.

On February 21, 2020, CMS issued a letter to the DOH denying the extension and renewal requests of the Federal DSRIP Program. The Financial Plan includes Federal operating aid, that would flow directly to hospitals and health care providers, totaling $625 million in FY 2021, $3.2 billion in FY 2022, and $2.4 billion in each of FYs 2023 and 2024 contingent on the DSRIP waiver extension and renewal. The State intends to continue to work with CMS to revisit the decision, and the New York Congressional Delegation has been asked by the Governor to assist in this matter.

Federal Debt Limit

The BBA 19 temporarily suspended the Federal debt limit through July 31, 2021 and brought to a close the extraordinary measures that the U.S. Treasury had been operating under since the prior suspension expired on March 1, 2019. A Federal government default on payments, particularly for a prolonged period, could have a materially adverse effect on national and State economies, financial markets, and intergovernmental aid payments. Specific effects on the updated Financial Plan of a future Federal government default are unknown and impossible to predict. However, data from past economic downturns suggest that the State's revenue loss could be substantial if the economy goes into a recession due to a Federal default.

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

Federal Tax Law Changes

On December 22, 2017, President Trump signed into law the TCJA (H.R. 1, P.L. 115-97), making major changes to the Federal Internal Revenue Code, most of which were effective in Tax Year 2018. The Federal tax law made extensive changes to Federal personal income taxes, corporate income taxes, and estate taxes.

The State's income tax system interacts with the Federal system in numerous ways. Changes to the Federal tax code have significant flow-through effects on State tax burdens and State tax receipts. From the standpoint of certain individual New York State taxpayers, the new $10,000 limit on the deductibility of State and Local Tax (SALT) payments, effective for Tax Year 2018, is substantial. The TCJA's SALT deduction limit represents a large increase in the State's effective tax rate relative to historical experience and may adversely affect New York's economic competitiveness.

The SALT deduction originated with the first Federal income tax implemented to fund the Civil War effort and has been in place continuously since 1913. DOB and DTF estimate that the new SALT deduction limit raised Federal tax liability for New York taxpayers by roughly $14 billion for Tax Year 2018, relative to what taxpayers would have paid absent the limitation. Over the course of the eight years the SALT deduction limit is scheduled to be in effect, the State estimates that resident taxpayers who itemize at the Federal level for each year through 2025 will collectively pay an additional $121 billion in Federal taxes relative to what they would have paid absent the SALT deduction limit.

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

In sum, the Federal tax law changes may intensify migration pressures and the drag on the value of home prices, thereby posing risks to the State's tax base and current Financial Plan projections.

State Response to Federal Tax Law Changes

In response to the TCJA, the State enacted tax reforms in Tax Year 2018 intended to mitigate issues arising from the Federal law, including decoupling many State tax provisions from the Federal changes, creation of an optional payroll tax program, and establishment of a new State charitable giving vehicle, as described below.

The State developed the Employer Compensation Expense Program (ECEP) and Charitable Gifts Trust Fund, as described below, based on a review of existing laws, regulations, and precedents. However, there can be no assurance that the IRS will allow taxes paid under the ECEP by an electing employer, or donations made by taxpayers to the Charitable Gifts Trust Fund, to be deductible for Federal tax purposes under current law and the TCJA. As noted below, the IRS has issued regulations that impair the ability of taxpayers to deduct donations to the Charitable Gifts Trust Fund from federally taxable income, while receiving State tax credits for such donations.

On July 17, 2018, the State, joined by Connecticut, Maryland, and New Jersey, filed a lawsuit to protect New York taxpayers from the new Federal limit on the SALT deduction. The lawsuit claimed the new SALT limit was enacted to target New York and similarly situated states, interfered with states' rights to make their own fiscal decisions, and disproportionately harmed taxpayers in these states. On September 30, 2019, the Southern District of New York found that the states failed to make a valid legal claim that the SALT limit unconstitutionally encroaches on states' sovereign authority to determine their own taxation and fiscal policies. The State, along with Connecticut, Maryland, and New Jersey, filed a notice of appeal on November 26, 2019, and the states' brief was filed on March 9, 2020.

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

On July 17, 2019, New York State, joined by Connecticut and New Jersey, filed a Federal lawsuit challenging Treasury Decision 9864. Among other things, the lawsuit seeks to restore the full Federal income tax deduction for charitable contributions, regardless of the amount of any State tax credit provided to taxpayers as a result of contributions made to the Charitable Gifts Trust Fund, in accordance with the precedent since 1917. The states filed a motion for summary judgement on February 28, 2020. If the Federal lawsuit is successful, it is expected that donations to the Charitable Gifts Trust Fund in future years could be higher than the $93 million level of donations made in 2018. See "Impact of State Tax Law Changes on PIT Revenue Bonds" below.

As part of the State tax reforms enacted in 2018, taxpayers may claim reimbursement from the State for interest on underpayments of Federal tax liability for the 2019, 2020 and 2021 Tax Years, if the underpayments arise from reliance on the 2018 amendments to State Tax Law. To receive reimbursement, taxpayers are required to submit their reimbursement claims to DTF within 60 days of making an interest payment to the IRS.

The State would incur costs if taxpayer participation in the ECEP and Charitable Gifts initiatives for the 2019, 2020 and 2021 Tax Years results in Federal determinations of underpayment of Federal income tax. Any cost to the Financial Plan from State reimbursement of interest charges would occur in FY 2021 at the earliest, for determinations on 2019 tax payments due in April 2020 or thereafter.

The Financial Plan does not include any estimate of the magnitude of the possible interest expense to the State, which depends on several factors including the rates of participation in the ECEP; magnitude of donations to the Charitable Gifts Trust Fund; aggregate amount of underpayment attributable to reliance on the 2018 amendments to State Tax Law; amount of time between the due date of the return and the date any Federal determination is issued; interest rate applied; and frequency at which taxpayers submit timely reimbursement claims to the State. Interest on unpaid Federal tax generally accrues from the due date of the return until the date of payment in full. Under current Federal law, the interest rate is determined quarterly and is the Federal short-term rate plus 3 percent, compounded daily.

Employer Compensation Expense Program

Employers that elect to participate in the ECEP will be subject to a 5 percent State tax on all annual payroll expenses in excess of $40,000 per employee, phased in over three years beginning on January 1, 2019 as follows: 1.5 percent in Tax Year 2019, 3 percent in Tax Year 2020, and 5 percent in Tax Year 2021. Employers must elect to participate in the ECEP for the upcoming tax year by December 1 of the preceding calendar year. For Tax Year 2019, 262 employers elected to participate in the ECEP and remitted $1.5 million.

The ECEP is intended to mitigate the tax burden for employees affected by the SALT deduction limit. While the TCJA limits deductibility for individuals, it does not cap deductibility for ordinary and necessary business expenses paid or incurred by employers in carrying on a trade or business. The ECEP is expected to be State revenue-neutral, with any decrease in New York State PIT receipts expected to be offset by a comparable increase in ECEP revenue. A new State PIT credit is available to employees whose wages are subject to the tax. Any decrease in New York State PIT receipts is expected to be offset by a comparable increase in ECEP revenue because the formula used to calculate the State PIT credit corresponds in value to the ECEP. Remittance of ECEP revenue to the State began in the fourth quarter of FY 2019.

Charitable Gifts Trust Fund

Starting in Tax Year 2018, the Charitable Gifts Trust Fund was established to accept gifts for the purposes of funding health care and education in New York State. Taxpayers who itemize deductions may claim these charitable contributions as deductions on their Federal and State income tax returns. Any taxpayer who makes a donation may also claim a State tax credit equal to 85 percent of the donation amount for the tax year after the donation is made. State PIT receipts will be reduced by the State tax deduction and 85 percent tax credit.[7]

In FY 2019, the State received $93 million in charitable gifts deposited to the Charitable Gifts Trust Fund for healthcare and education ($58 million and $35 million, respectively). Charitable gifts are appropriated for the authorized purposes.

Impact of State Tax Law Changes on PIT Revenue Bonds

To offset the potential reduction in the level of New York State PIT receipts resulting from activity of the ECEP and donations to the Charitable Gifts Trust Fund, State Finance Law provisions creating the Revenue Bond Tax Fund (RBTF) were amended to increase the percentage of New York State PIT receipts required to be deposited upon receipt in the RBTF, from 25 percent to 50 percent. In addition, the legislation that created the ECEP required that 50 percent of ECEP receipts received by the State be deposited to the RBTF. These changes became effective April 1, 2018.

The amendments also increased the amount of all New York State PIT receipts collected from payroll withholding and ECEP receipts that must be deposited in the RBTF if (a) the State Legislature fails to appropriate amounts required to make all debt service payments on State PIT Revenue Bonds or (b) having been appropriated and set aside pursuant to a certificate of the Director of the Budget, debt service payments and other cash requirements under the applicable financing agreements have not been made when due on the State PIT Revenue Bonds. Under prior law, New York State PIT receipts from payroll withholding were to be deposited to the RBTF until amounts on deposit in the RBTF equaled the greater of 25 percent of annual New York State PIT receipts, or $6 billion. Under the new law, New York State PIT receipts and ECEP receipts are deposited to the RBTF until amounts on deposit in the RBTF equal the greater of 40 percent of the aggregate of annual New York State PIT receipts and ECEP receipts, or $12 billion.

Donations to the Charitable Gifts Trust Fund could reduce State PIT receipts by nearly one dollar for every dollar donated. If Treasury Decision 9864 is upheld in Federal court, taxpayer participation in the future will likely be reduced. However, if the legal challenge is successful in restoring the full Federal tax deduction for charitable contributions, donations to the Charitable Gifts Trust Fund in future years could be higher than in 2018, when donations totaled $93 million. In such event, the amount of donations to the Charitable Gifts Trust Fund would pose a risk to the amount of New York State PIT receipts deposited to the RBTF in future years. To address this risk,

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[7] SUNY Research Foundation, CUNY Research Foundation, and Health Research, Inc. are allowed to accept up to $10 million each in charitable gifts on an annual basis. The State PIT receipts will also be reduced by the State tax deduction and an 85 percent credit for those donations that will be available beginning in Tax Year 2019.

the State increased the amount of PIT receipts deposited to the RBTF from 25 percent to 50 percent as part of the State tax reforms enacted in 2018.

DOB and DTF performed a calculation of the maximum amount of charitable donations to the Charitable Gifts Trust Fund that could occur annually under varying assumptions. This calculation of the maximum amount of potential contributions to the Charitable Gifts Trust Fund was intended to serve as a stress test on State PIT receipts that may flow to the RBTF under different levels of assumed taxpayer participation. Accordingly, the calculation should not, under any circumstances, be viewed as a projection of likely donations in any future year. The factors that may influence donation activity are complex and include, but are not limited to, possible statements, actions, or interpretive guidance by the IRS or others relating to the deductibility of such donations; the liquidity position, risk tolerance, and knowledge of individual taxpayers; advice or guidance of tax advisors or other professionals; changes in general economic conditions; adoption of similar trusts in other states; and tax reciprocity agreements among states.

The calculation of the maximum amount of potential donations from Tax Year 2020 through 2023 is on average in the range of $30 billion annually. The calculation assumes that every resident taxpayer who has an incentive to donate will do so, and such donations will be equal to the total value of each resident taxpayer's SALT payments, less the value of the $10,000 Federal SALT deduction limit, up to the value of the taxpayer's total State tax liability. The calculation is dependent on several assumptions concerning the number of itemized filers. It relies on the most recent PIT population study file, as trended forward, as well as the impact of the TCJA and State law changes on the number and distribution of itemized and standardized filers. The calculation also assumes that (a) no further changes in Federal tax law occur, and (b) DOB projections of the level of State taxpayer liability for the forecast period as set forth in the Financial Plan are materially accurate.

In general, assumptions made regarding taxpayer behavior were intended to maximize the calculated impact of charitable giving on PIT receipts in each year. After factoring in all of the foregoing adjustments and with inclusion of ECEP revenues, RBTF receipts are projected to remain above the level of receipts that would have been expected under statutes in effect prior to April 2018, even in a maximum participation scenario.

The DOB and DTF calculation of the projected maximum amount of potential contributions to the Charitable Gifts Trust Fund is necessarily based on many assumptions that may change materially over time. While DOB believes that these factors can be expected to constrain donation activity, there can be no assurance that, under conditions of maximum participation, the amount of annual charitable gifts will not reduce the level of PIT receipts deposited into the RBTF below the levels projected in February 2018 before State tax reforms were enacted. If that were to occur, it is DOB's expectation that changes to the tax law would be recommended to further increase the percentage of PIT receipts deposited into the RBTF.

Climate Change Adaptation

Climate change poses significant long-term threats to physical, biological and economic systems in New York and around the world. Potential hazards and risks related to climate change for the State include, among other things, rising sea levels, more severe coastal flooding and erosion hazards, and more intense storms. Storms in recent years, including Superstorm Sandy, Hurricane Irene, and Tropical Storm Lee, have demonstrated vulnerabilities in the State's infrastructure (including mass transit systems, power transmission and distribution systems, and other critical lifelines) to extreme weather events including coastal flooding caused by storm surges. The potential effects of climate change could adversely impact the Financial Plan in current or future years. To mitigate and manage these impacts, significant long-term planning and investments by the Federal government, the State, municipalities, and public utilities are expected to be needed to adapt existing infrastructure to climate change risks.

The State continues to recover from the damage sustained during three powerful storms that crippled entire regions. In August 2011, Hurricane Irene disrupted power and caused extensive flooding in various counties. In September 2011, Tropical Storm Lee caused flooding in additional counties and, in some cases, exacerbated the damage caused by Hurricane Irene two weeks earlier. On October 29, 2012, Superstorm Sandy struck the East Coast, causing widespread infrastructure damage and economic losses to the greater New York region. The frequency and intensity of these storms present economic and financial risks to the State. Reimbursement claims for costs of the immediate response, recovery, and future mitigation efforts continue, largely supported by Federal Funds. In January 2013, the Federal government approved approximately $60 billion in Federal disaster aid for general recovery, rebuilding, and mitigation activity nationwide. To date, a total of $28.9 billion has been committed to repairing impacted homes and businesses, restoring community services, and mitigating future storm risks to the State and its localities.

Financial market participants are increasingly acknowledging climate change risks. In June 2017, an industry-led Task Force on Climate-Related Financial Disclosure convened by the Financial Stability Board (an international body which monitors the global financial system), published recommendations stating that climate risk affects most market sectors and that climate-related risk should be publicly disclosed to investors in annual financial filings.[8] In November 2017, Moody's Investors Service issued guidance to state and local governments that climate change is forecast to heighten exposure to economic losses, placing potential pressure on credit ratings. The Moody's report identified rising sea levels and their effect on coastal infrastructure as the primary climate risks for the northeastern United States, including New York State. These risks are heightened by population and critical infrastructure concentration in coastal counties.

An October 2018 special report released by the Intergovernmental Panel on Climate Change of the United Nations (IPCC) found that human activity has already caused approximately 1.0°C of warming and is continuing to increase average global temperatures at 0.2°C per decade due to

[8] For further context to the June 2017 disclosure recommendations, the Financial Stability Board was asked by an international coalition of G20 Finance Ministers and Central Bank Governors to address concerns that undisclosed climate risk could destabilize global financial markets.

past and ongoing emissions. The IPCC states that global warming is likely to reach 1.5°C of warming between 2030 and 2052 if temperatures continue to increase at the current rate. This increase is expected to produce a range of adverse outcomes (“reasons for concern”). For example, the IPCC rates global risks of extreme weather events and coastal flooding as increasing from moderate ("detectable") today, to high ("severe and widespread") at 1.5°C of warming. The risk of severe impacts increases further at higher temperatures. Using current trends, climate change risks increasingly fall within the term of current outstanding bonds of the State, its public authorities and municipalities. State bonds may be issued with a term of up to 30 years under State statute.

The State is participating in efforts to reduce greenhouse gas emissions in order to mitigate the risk of severe impacts from climate change. At the end of the 2019 legislative session, the Governor and Legislature agreed to set the State on a path toward developing regulations to reduce statewide greenhouse gas emissions to 85 percent below the 1990 level by 2050. As part of this target, the State plans to fully transition its electricity sector away from carbon emissions by 2040. The State is a member of the Regional Greenhouse Gas Initiative (RGGI) and has used a cap and trade mechanism to regulate carbon dioxide emissions from electric power plants since 2008.

Current Labor Negotiations and Agreements (Current Contract Period)

On December 18, 2019, the State and the Police Benevolent Association of New York State (PBANYS) conferred authority to a public arbitration panel to issue a final and binding arbitration award covering the four-year period April 1, 2015 to March 31, 2019 (FY 2016 to FY 2019). The award provides a 2 percent general salary increase in each fiscal year and additional compensation, which is partially offset by benefit design changes within NYSHIP and reductions in overtime costs. The cost of this award has been reflected in the multi-year spending projections in the Financial Plan for the affected agencies.

The State has multi-year labor agreements in place with most of the unionized workforce and continues to negotiate new agreements with the Public Employees Federation (PEF) and the Council 82 Security Supervisors Unit.

The Civil Service Employees Association (CSEA) and DC-37 (Local 1359 Rent Regulation Service Employees) have five-year labor contracts that provide annual salary increases of 2 percent for FYs 2017 through 2021 and additional compensation changes, offset by benefit design changes within NYSHIP and reductions in overtime costs. Salary increases provided to CSEA and DC-37 (Local 1359) employees were also extended to Management/Confidential (M/C) employees.

The United University Professions (UUP) has a six-year labor contract (2017 through 2022). The contract provides for 2 percent general salary increases annually and additional compensation changes, which are partly offset by benefit design changes within NYSHIP.

The Graduate Student Employees Union (GSEU) has a four-year labor contract that provides for 2 percent general annual salary increases for 2020 through 2023.

The Professional Staff Congress at the City University of New York has a six-year labor contract (2018 through 2023). The contract provides for annual 2 percent general salary increases commencing October 1, 2018.

The Police Benevolent Association of the New York State Troopers (NYSTPBA) and the New York State Police Investigators Association (NYSPIA) have five-year collective bargaining agreements for FY 2019 through FY 2023. The agreements provide for 2 percent general salary increases in each year of the contracts and additional compensation changes, which are partly offset by benefit design changes within NYSHIP.

The New York State Correctional Officers and Police Benevolent Association (NYSCOPBA) has a seven-year labor contract (FY 2017 through FY 2023). The contract provides for 2 percent general salary increases in each year of the agreement and additional compensation changes, offset by benefit design changes within NYSHIP and reductions in overtime costs.

Contract periods and related general salary increases for State employee union contracts are illustrated below.

UNION LABOR CONTRACTS											
	Contract Period	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
NYSTPBA	FY 2019 - FY 2023	2%	2%	1.5%	1.5%	2%	2%	2%	2%	2%	TBD
NYSPIA	FY 2019 - FY 2023	2%	2%	1.5%	1.5%	2%	2%	2%	2%	2%	TBD
NYSCOPBA	FY 2017 - FY 2023	2%	2%	2%	2%	2%	2%	2%	2%	2%	TBD
GSEU	AY 2020 - AY 2023	2%	2%	2%	2%	2%	2%	2%	2%	2%	TBD
CUNY	AY 2018 - AY 2023	2.5%	2%	2%	1.5%	2%	2%	2%	2%	2%	TBD
UUP	AY 2017 - AY 2022	2%	2%	2%	2%	2%	2%	2%	2%	TBD	TBD
CSEA	FY 2017 - FY 2021	2%	2%	2%	2%	2%	2%	2%	TBD	TBD	TBD
DC-37	FY 2017 - FY 2021	2%	2%	2%	2%	2%	2%	2%	TBD	TBD	TBD
PEF	FY 2017 - FY 2019	2%	2%	2%	2%	2%	TBD	TBD	TBD	TBD	TBD
PBANYS	FY 2016 - FY 2019	2%	2%	2%	2%	2%	TBD	TBD	TBD	TBD	TBD
COUNCIL 82	FY 2010 - FY 2016	2%	2%	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD

The Judiciary also has contracts in place with all 12 unions represented within its workforce. The contract periods are as follows: FY 2018 to FY 2020 for CSEA; FY 2012 to FY 2021 for the NYS Supreme Court Officers Association, the NYS Court Officers Association and the Court Clerks Association; and FY 2020 to FY 2021 for the remaining eight unions.

In general, agencies are expected to continue to fund salary increases within their operating budgets. However, certain agencies that provide institutional care, such as DOCCs and mental hygiene agencies, as well as the State Police, have been allowed to increase their annual operating budgets.

Pension Contributions[9]

Overview

The State makes annual contributions to the New York State and Local Retirement System (NYSLRS) for employees in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). This section discusses contributions from the State, including the Judiciary, to the NYSLRS, which account for the majority of the State's pension costs.[10] All projections are based on estimated market returns and numerous actuarial assumptions which, if unrealized, could change these projections materially.

During FY 2016, the NYSLRS updated its actuarial assumptions based on the results of the 2015 five-year experience study. In September 2015, NYSLRS announced that employer contribution

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

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

rates would decrease beginning in FY 2017 and the assumed rate of return would be lowered from 7.5 percent to 7 percent. The salary scale assumptions were also changed – for ERS the scale was reduced from 4.9 percent to 3.8 percent, and for PFRS the scale was reduced from 6 percent to 4.5 percent. During FY 2019, salary scale assumptions were further changed via a one-time 10 percent increase for both ERS and PFRS, which is reflected in FY 2020 contribution rates.

In August 2019, the actuary for NYSLRS issued the Annual Report to the Comptroller on Actuarial Assumptions, which provides a reduction in the State pension fund's assumed long-term rate of return on investments from 7 percent to 6.8 percent, anticipating lower investment earnings. The estimated average employer contribution rate for the ERS will remain stable at 14.6 percent of payroll due to offsetting gains from a change in the mortality improvement scale and new Tier 6 entrants. However, the estimated average employer contribution rate for the PFRS will increase by 0.9 percent, from 23.5 percent to 24.4 percent of payroll (the assumed rate reduction had more leverage in PFRS due to the maturity of the system).[11]

FY 2020 Projections

The FY 2020 ERS/PFRS pension estimate of $2.2 billion relied upon the December 16, 2019 report of the State Comptroller, which includes a variety of factors such as past investment performance and growth in lower cost Tier 6 entrants. The estimate includes payment of $432 million towards the balance outstanding on prior-year deferrals, and interest savings from paying the majority of the pension bill in May 2019.

The pension liability also reflects changes to military service credit provisions found in Section 1000 of the Retirement and Social Security Law (RSSL) enacted during the 2016 legislative session (Chapter 41 of the Laws of 2016). All veterans who are members of NYSLRS may, upon application, receive extra service credit for up to three years of military duty if such veterans (a) were honorably discharged, (b) have achieved five years of credited service in a public retirement system, and (c) have agreed to pay the employee share of such additional pension credit. Costs to the State for employees in the ERS will be incurred at the time each member purchases credit, as documented by OSC at the end of each calendar year. Costs for employees in PFRS will be distributed across PFRS employers and billed on a two-year lag (e.g., FY 2017 costs were first billed in FY 2019). Additionally, Section 25 of the RSSL requires the State to pay the ERS employer contributions associated with this credit on behalf of local governments. The State is also permitted to amortize the cost of past service credits that are newly incurred in a given fiscal year. However, the State does not anticipate choosing this option as there would be an interest rate of 7 percent applied to this amortization. The ERS cost to the State (including costs covered for local ERS) was $26 million in FY 2019 based on actual credit purchased through December 31, 2018. DOB currently estimates ERS costs of $25 million in FY 2020 and ongoing annual costs of $7 million beginning in FY 2021, as additional veterans become eligible to purchase the credit.

[11] Average contribution rates include the Group Life Insurance Plan (GLIP), and thus differ from the system average normal rates reported in the pension amortization section.

FY 2021 and Outyear Projections

The FY 2021 ERS/PFRS pension estimate of $2.2 billion relied upon the State Comptroller's December 16, 2019 report, which reflects a reduction in the assumed rate of return and other increases, partially offset by the use of a new mortality improvement scale and lower cost Tier 6 entrants. The estimate also reflects paying the pension bill in May 2020, which will result in interest savings. The State will continue to pay $432 million towards the balance outstanding on prior-year deferrals. OSC does not forecast pension liability estimates beyond the budget year, thus estimates for FY 2022 and beyond are developed by DOB. DOB's forecast includes growth in the salary base consistent with collective bargaining agreements and a stable rate of return.

Pension Amortization

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

The State and local governments are required to begin repayment on each new amortization in the fiscal year immediately following the year in which the amortization was initiated. The full amount of each amortization must be repaid within ten years at a fixed interest rate determined by OSC. Legislation included in the FY 2017 Enacted Budget authorized the State to prepay a portion of remaining principal associated with an amortization, and then pay a lower recalculated interest installment in any subsequent year for which the principal has been prepaid. This option does not allow the State to delay the original ten-year repayment schedule, nor does it allow for the interest rate initially applied to the amortization amount to be modified.

The portion of an employer's annual pension costs that may be amortized is determined by comparing the employer's amortization-eligible contributions as a percentage of employee salaries (i.e., the normal rate[12]) to a system-wide amortization threshold (i.e., the graded rate). Graded rates are determined for ERS and PFRS according to a statutory formula, and generally move toward their system's average normal rate by up to one percentage point per year. When an employer's normal rate is greater than the system-wide graded rate, the employer can elect to amortize the difference. However, when the normal rate of an employer that previously amortized is less than the system-wide graded rate, the employer is required to pay the graded rate. Additional contributions are first used to pay off existing amortizations and are then deposited into a reserve account to offset future increases in contribution rates. Chapter 48 of the Laws of 2017 changed the graded rate computation to provide an employer-specific graded rate based on the employer's own tier and plan demographics.

Neither the State nor the Office of Court Administration (OCA) have amortized pension costs since FY 2016.

[12] For the purpose of this discussion, the "normal rate" refers to all amortization-eligible costs (i.e., normal and administrative costs, as well as certain employer-provided options such as sick leave credit) divided by salary base.

The amortization threshold is equal to the normal rate and is projected to remain so in the upcoming fiscal years. The following table reflects projected pension contributions and amortizations exclusively for Executive branch and Judiciary employers participating in ERS and PFRS.

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

	Statewide Pension Payments[1]					Rates for Determining (Amortization Amount) / Excess Contributions			
Fiscal Year	Normal Costs[2]	(Amortization Amount) / Excess Contributions	Repayment of Amortization	Total Statewide Pension Payments	Interest Rate on Amortization Amount (%)[3]	System Average Normal Rate[4] ERS (%)	System Average Normal Rate[4] PFRS (%)	Amortization Threshold (Graded Rate) ERS (%)	Amortization Threshold (Graded Rate) PFRS (%)
2011	1,543.2	(249.6)	0.0	1,293.6	5.00	11.5	18.1	9.5	17.5
2012	2,037.5	(562.8)	32.3	1,507.0	3.75	15.9	21.6	10.5	18.5
2013	2,077.9	(778.5)	100.9	1,400.3	3.00	18.5	25.7	11.5	19.5
2014	2,633.6	(937.0)	192.1	1,888.7	3.67	20.5	28.9	12.5	20.5
2015	2,328.8	(713.1)	305.7	1,921.4	3.15	19.7	27.5	13.5	21.5
2016	1,972.1	(356.2)	390.0	2,005.9	3.21	17.7	24.7	14.5	22.5
2017	1,789.0	0.0	432.2	2,221.2	2.33	15.1	24.3	15.1	23.5
2018	1,788.7	0.0	432.2	2,220.9	2.84	14.9	24.3	14.9	24.3
2019	1,770.2	0.0	432.2	2,202.4	3.64	14.4	23.5	14.4	23.5
2020 Est.	1,774.3	0.0	432.2	2,206.5	2.55	14.2	23.5	14.2	23.5
2021 Est.	1,811.1	0.0	432.2	2,243.3	TBD	14.1	24.4	14.1	24.4
Projected by DOB[5]									
2022	2,206.3	0.0	399.9	2,606.2	TBD	15.0	25.0	15.0	25.0
2023	2,403.5	0.0	331.3	2,734.8	TBD	15.5	25.5	15.5	25.5
2024	2,494.7	0.0	240.1	2,734.8	TBD	16.5	26.5	16.5	26.5

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

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

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

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

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

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

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 NYSHIP or the NYSHIP opt-out program at the time they reach retirement; and have the required years of eligible service. The cost of providing post-retirement health insurance is shared between the State and the retired employee. Contributions are established by law and may be amended by the Legislature. The State pays its share of costs on a Pay-As-You-Go (PAYGO) basis as required by law.

The State Comptroller adopted Governmental Accounting Standards Board (GASB) Statement (GASBS) 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State's Basic Financial Statements for FY 2019. GASBS 75, which replaces GASBS 45 and GASBS 57, addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. GASBS 75 establishes standards for recognizing and measuring liabilities and expenses/expenditures, as well as identifying the methods and assumptions required to be used to project benefit payments, discount projected benefit payments to their actuarial determined present value, and attribute that present value to periods of employee service. Specifically, GASBS 75 now requires that the full liability be recognized. As a result, the March 31, 2018 ending net positive position of $28.6 billion (previously reported using GASBS 45) in the State's governmental activities was restated to an April 1, 2018 beginning net deficit position of $3.3 billion upon the implementation of GASBS 75.

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

As reported in the State's Basic Financial Statements for FY 2019, the total ending OPEB liability for FY 2019 is $63.4 billion ($50.9 billion for the State and $12.5 billion for SUNY). The total OPEB liability as of March 31, 2019 was measured as of March 31, 2018 and was determined using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total OPEB liability to March 31, 2018. The total beginning OPEB liability for FY 2019 was $66.5 billion ($53.5 billion for the State and $13 billion for SUNY). The total OPEB liability was calculated using the Entry Age Normal cost method. The discount rate is based on the Bond Buyer 20-year general obligation municipal bond index rate on March 31 (3.86 percent in FY 2018 and 3.89 percent in FY 2019). The total OPEB liability declined by $3.1 billion during FY 2019, primarily attributable to the difference between expected and actual experience.

The contribution requirements of NYSHIP members and the State are established by, and may be amended by, the Legislature. The State is not required to provide funding above the PAYGO amount necessary to provide current benefits to retirees and has not funded a qualified trust or its equivalent as defined in GASBS 75. 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 FY 2018 Enacted Budget included legislation creating a Retiree Health Benefit Trust Fund (the "Trust Fund"), a qualified trust under GASBS 75 that authorizes the State to reserve money for the payment of health benefits of retired employees and their dependents. Under the legislation, the State may deposit into the Trust Fund, in any given fiscal year, up to 0.5 percent of total then-current unfunded actuarial accrued OPEB liability. The Financial Plan does not currently include any deposits to the Trust Fund.

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

Litigation

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

Cybersecurity

New York State government, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the State and its public corporations and municipalities face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the State's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the State invests in multiple forms of cybersecurity and operational controls. The State's Chief Information Security Office (CISO) within the State's Office of Information Technology Services (ITS) maintains comprehensive policies and standards, programs, and services relating to the security of State government networks and geographic information systems,[13] and annually assesses the implementation of security policies and standards to ensure compliance through the Nationwide Cyber Security Review. In addition, the CISO maintains the New York State Cyber Command Center team, which provides a security operations center, digital forensics capabilities, and related procedures for cyber incident reporting and response, distributes real-time advisories and alerts, provides managed security services, and implements statewide information security training and

[13] Statewide cybersecurity policies can be found at: https://its.ny.gov/eiso/policies/security.

exercises. While controls are routinely reviewed and tested, no assurances can be given that such security and operational control measures will be completely successful at guarding against cyber threats and attacks. The results of any such attack could impact business operations and/or damage State digital networks and systems, State and local infrastructure, and the costs of remedying any such damage 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 a CISO with responsibility to oversee the cybersecurity program, (d) annually certify compliance with the cybersecurity regulations, and (e) report to DFS cybersecurity events that have a reasonable likelihood of materially harming any material part of the entity's normal operation(s) or for which notice is required to any government body, self-regulatory agency, or supervisory body.

Financial Condition of New York State Localities

The State's localities rely in part on State aid to balance their budgets and meet their cash requirements. As such, unanticipated financial need among localities can adversely affect the State's Financial Plan projections. Certain localities outside NYC, including cities and counties, have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. In 2013, the Financial Restructuring Board for Local Governments was created to aid distressed local governments. The Restructuring Board performs comprehensive reviews and provides grants and loans on the condition of implementing recommended efficiency initiatives. For additional details on the Restructuring Board, please visit www.frb.ny.gov.

Bond Market

Successful implementation of the Financial Plan is dependent on the State's ability to market bonds. The State finances much of its capital spending, in the first instance, from the General Fund or STIP, which it then reimburses with proceeds from the sale of bonds. If the State or its public authorities cannot sell bonds at the levels (or on the timetable) expected in the capital plan, the State's overall cash position and capital funding plan may be adversely affected. The success of projected public sales will be 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 in Federal tax law relating to the taxation of interest on municipal bonds, as well as future developments concerning the State and public discussion of such developments generally, may affect the market for outstanding State-supported and State-related debt. The TCJA adversely impacted the State and its public authorities by removing certain refunding opportunities for Federal tax-exempt financing, including advance refundings for debt service savings when interest rates are favorable.

Debt Reform Act Limit

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

Current projections anticipate that debt outstanding and debt service will continue to remain below 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 $3.7 billion in FY 2020 to a low point of $28 million in FY 2024. This includes the estimated impact of funding increased capital commitment levels with State bonds. The cost of debt issued after April 1, 2000 and estimated new issuances is projected at $5.5 billion in FY 2021, or roughly $3.3 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 Since April 1, 2000	$ Remaining Capacity	Debt as a % of PI	% Remaining Capacity	Debt Outstanding Prior to April 1, 2000	Total State-Supported Debt Outstanding
FY 2020	$1,388,734	4.00%	55,549	51,818	3,731	3.73%	0.27%	4,961	56,779
FY 2021	$1,438,257	4.00%	57,530	56,567	963	3.93%	0.07%	3,655	60,222
FY 2022	$1,497,415	4.00%	59,897	59,693	204	3.99%	0.01%	3,055	62,748
FY 2023	$1,560,119	4.00%	62,405	62,323	82	3.99%	0.01%	2,443	64,766
FY 2024	$1,625,327	4.00%	65,013	64,985	28	4.00%	0.00%	1,954	66,939
FY 2025	$1,693,141	4.00%	67,726	66,871	855	3.95%	0.05%	1,456	68,327

DEBT SERVICE SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT SERVICE (millions of dollars)	
Year	All Funds Receipts	Cap %	Cap $	Debt Service Since April 1, 2000	$ Remaining Capacity	DS as a % of Revenue	% Remaining Capacity	Debt Service Prior to April 1, 2000	Total State-Supported Debt Service[1]
FY 2020	$178,251	5.00%	8,913	5,068	3,845	2.84%	2.16%	1,145	6,213
FY 2021	$176,370	5.00%	8,819	5,525	3,294	3.13%	1.87%	937	6,462
FY 2022	$182,643	5.00%	9,132	6,000	3,132	3.29%	1.71%	1,010	7,010
FY 2023	$186,680	5.00%	9,334	6,446	2,888	3.45%	1.55%	927	7,373
FY 2024	$191,970	5.00%	9,598	6,789	2,809	3.54%	1.46%	745	7,534
FY 2025	$193,589	5.00%	9,679	7,212	2,467	3.73%	1.27%	453	7,665

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

The projected debt capacity under the debt outstanding cap depends on expected growth in State personal income. 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. The BEA increased its Calendar Year 2017 personal income estimate for New York by $70 billion from March to October 2018, resulting in a $2.8 billion increase in debt outstanding capacity. Notably, this material fluctuation in statutory debt capacity occurred between the end of FY 2018, when debt outstanding is measured, and the final compliance determination in October

2018. While, in this instance, the State benefitted from the significant increase in BEA's estimate of New York State personal income, this volatility could have compromised the State's ability to manage within its statutory debt cap had the personal income estimate been unexpectedly revised downward by a similar amount. Absent such swings in personal income estimates, the State traditionally has relied on adjustments to capital spending priorities and debt financing practices to preserve available debt capacity and stay within the statutory limits.

Such volatility in New York State personal income estimates has prompted DOB to reexamine the manner in which BEA calculates personal income, in particular the apportionment of income among states. 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 nonresidents regularly exceeds income earned in other states by New York residents. The net residency adjustment reported by BEA decreased the measure of 2018 State personal income by $77 billion at the time of the FY 2019 debt outstanding calculation. The State taxes all personal income earned in New York, regardless of place of residency. Therefore, including the BEA personal income residency adjustment in the debt cap calculation reduces alignment with the State tax base and understates the PIT revenues available to support State-supported debt. To date, in administering the debt reform cap, DOB has used State personal income, as reduced by the BEA residency adjustment, in debt outstanding cap calculations and projections, which correspondingly reduces the State's debt capacity under the Debt Reform Act.

Executive Budget – Debt Cap Changes

FY 2021 EXECUTIVE BUDGET CHANGE IN BOND-FINANCED CAPITAL
(millions of dollars)

	FY 2020 Current	FY 2021 Proposed	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	Total FY 2020-25
Capital Adds (Bond-Financed)	0	903	1,168	904	987	1,057	5,019
New Hard Dollar	0	(400)	(400)	(400)	0	0	(1,200)
Capital Efficiency Plan	0	(200)	(200)	(200)	(200)	(200)	(1,000)
Capital Reestimates	(410)	(115)	(110)	(244)	(471)	(766)	(2,116)
Increase / (Decrease) in Bond-Financed Capital	**(410)**	**188**	**458**	**60**	**316**	**91**	**703**

In the Executive Budget, the State added new bond-financed capital commitments of $7.5 billion that are expected to drive $5 billion in new debt over the five-year capital plan period as shown in the table above. To accommodate these adds, the State will be implementing a plan to reduce its reliance on debt and remain within the constraints of the Debt Reform Act. Specific elements of the plan include:

1. Adding $1.2 billion in new hard dollar resources rather than using debt to fund capital projects. The Executive Budget assumes $400 million of hard dollar capital annually

from FY 2021 through FY 2023. This will reduce debt issuances on a dollar-for-dollar basis and save approximately $2 billion in future debt service.

2. Implementing a Statewide Capital Efficiency Plan. Agencies are expected to implement a capital efficiency plan that results in a 5 percent reduction in capital spending over the five-year capital plan. Agencies will need to prioritize their projects accordingly. The plan, similar to plans implemented in FY 2018 and FY 2019, is projected to reduce bond-financed capital spending by approximately $1 billion, saving an estimated $1.6 billion in debt service. DOB expects to issue guidance to state agencies in the spring of 2020.

   The objective is not to eliminate projects, but to prioritize those that are essential and defer non-essential projects that will not affect an agency's core mission. A project would be deemed essential if failure to complete it would:

   a. Present an immediate, demonstrable threat to public health and safety;
   b. Directly violate a court order or Federal, State or local law; or
   c. Result in substantial reduction in Federal aid.

3. Updating capital spending estimates to better reflect historical spending patterns and current-year results. This is estimated to reduce the State's borrowing needs by $2.1 billion over the five-year capital plan.

Changes in the State's available debt capacity, as illustrated below, reflect the changes discussed above. In addition, debt capacity is impacted by personal income forecast adjustments, debt amortizations, and bond sale results. The State recognizes that future debt capacity is limited and 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
CHANGE TO REMAINING CAPACITY
(millions of dollars)

	FY 2020 Current	FY 2021 Proposed	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Mid-Year Update	**3,528**	**957**	**655**	**756**	**473**
Personal Income Forecast Adjustment	31	(56)	(45)	(32)	(35)
Capital Adds	0	(912)	(2,063)	(2,911)	(3,809)
New Hard Dollar	0	400	800	1,200	1,200
Capital Efficiency Plan	0	200	400	600	800
Capital Reestimates / Bond Sale Adjustments	172	374	457	469	1,399
FY 2021 Executive Budget	**3,731**	**963**	**204**	**82**	**28**

Secured Hospital Program

Under the Secured Hospital Program, the State entered into service contracts to enable certain financially distressed not-for-profit hospitals to have tax-exempt debt issued on their behalf, to pay for upgrading their primary health care facilities. Revenues pledged to pay debt service on the bonds include hospital payments made under loan agreements between the Dormitory Authority of the State of New York (DASNY) and the hospitals, and certain reserve funds held by the applicable trustees for the bonds. In the event of revenue shortfalls to pay debt service on the Secured Hospital bonds, the service contracts obligate the State to pay debt service, subject to annual appropriations by the Legislature, on bonds issued by DASNY through the Secured Hospital Program. As of March 31, 2019, approximately $165 million of bonds were outstanding for this program.

Three of the four remaining hospitals in the State's Secured Hospital Program are in poor financial condition. In relation to the Secured Hospital Program, the State's contingent contractual obligation was invoked to pay debt service for the first time in FY 2014. Since then the State has paid $129 million for debt service costs, with an additional $29 million expected in February 2020. DASNY estimates that the State will pay debt service costs of approximately $32 million in FY 2021, $27 million in FY 2022, $21 million in both FY 2023 and FY 2024, and $13 million in FY 2025. These amounts are based on the actual experience to date of the participants in the program and would cover debt service costs for one hospital whose debt service obligation was discharged in bankruptcy, a second hospital which closed in 2010, and a third hospital that is currently delinquent in its payments. The State has estimated additional exposure of up to $6 million annually, if all hospitals in the program failed to meet the terms of their agreements with DASNY, and if available reserve funds were depleted.

SUNY Downstate Hospital and Long Island College Hospital (LICH)

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

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

In accordance with the settlement, Holdings has entered into a purchase and sale agreement with (a) the Fortis Property Group (FPG) Cobble Hill Acquisitions, LLC (the "Purchaser"), an affiliate of Fortis Property Group, LLC ("Fortis") (also party to the agreement), which proposes to purchase the LICH property, and (b) New York University (NYU) Hospitals Center, which proposes to provide both interim and long-term health care services. The Fortis affiliate plans to develop a mixed-use project. The agreement was approved by the Offices of the Attorney General and the State

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

The next closing, when title to the New Medical Site (NMS) portion of the LICH property is to be conveyed to NYU Hospitals Center (the NMS Closing), is anticipated to occur imminently. All buildings on the NMS are fully demolished and all environmental issues remediated by the Purchaser. The NMS Closing paperwork is currently being prepared, including documents that are pending State agency review.

As the NMS Closing did not occur on or before June 30, 2016, NYU Hospitals Center has the right to terminate its obligations under the purchase and sale agreement upon 30 days prior notice to Purchaser and Holdings. While the NMS closing is expected to occur imminently, there can be no assurance that NYU Hospitals Center will not exercise its right to terminate. If NYU Hospitals Center were to terminate its obligations under the purchase and sale agreement, it has the contractual right to close its interim emergency department services immediately, but that right would be subject to obtaining regulatory approval for the closure. Also, if NYU Hospitals Center terminates its obligations under the purchase and sale agreement, the Purchaser has the ability under the purchase and sale agreement to continue with the final closing if, among other criteria, the Purchaser can identify a replacement provider with a confirming letter of interest to provide certain of the health care services expected to be provided by NYU Hospitals Center. To date, Holdings has received no indication that NYU Hospitals Center intends to terminate its obligations under the purchase and sale agreement.

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

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

Extraordinary Monetary Settlements

Beginning in FY 2015, the State began receiving Extraordinary Monetary Settlements for violations of State laws by major financial institutions and other entities. The table below lists the receipts by firm and amount. Effective April 1, 2019, DOB no longer classifies or distinctly identifies any settlement of less than $25 million as an Extraordinary Monetary Settlement.

SUMMARY OF RECEIPTS OF EXTRAORDINARY MONETARY SETTLEMENTS BETWEEN REGULATORS AND FINANCIAL INSTITUTIONS (millions of dollars)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Total
Extraordinary Monetary Settlements	**4,942**	**3,605**	**1,317**	**805**	**1,186**	**896**	**12,751**
Aetna Insurance Company	0	0	0	0	2	0	2
Agricultural Bank of China	0	0	215	0	0	0	215
American International Group, Inc.	35	0	0	0	0	0	35
Athene Life Insurance	0	0	0	0	15	0	15
AXA Equitable Life Insurance Company	20	0	0	0	0	0	20
Bank Leumi	130	0	0	0	0	0	130
Bank of America	300	0	0	0	0	0	300
Bank of America Merrill Lynch	0	0	0	0	42	0	42
Bank of Tokyo Mitsubishi	315	0	0	0	0	0	315
Barclays	0	670	0	0	15	0	685
BNP Paribas	2,243	1,348	0	350	0	0	3,941
Chubb	0	0	0	0	1	0	1
Cigna	0	0	0	2	0	0	2
Citigroup (State Share)	92	0	0	0	0	0	92
Commerzbank	610	82	0	0	0	0	692
Conduent Education Services	0	0	0	0	1	0	1
Credit Agricole	0	459	0	0	0	0	459
Credit Suisse AG	715	30	0	135	0	0	880
Deutsche Bank	0	800	444	0	205	0	1,449
FedEx	0	0	0	0	26	0	26
Goldman Sachs	0	50	190	0	55	0	295
Google/YouTube	0	0	0	0	0	34	34
Habib Bank	0	0	0	225	0	0	225
Intesa SanPaolo	0	0	235	0	0	0	235
Lockton Affinity	0	0	0	0	7	0	7
Mashreqbank	0	0	0	0	40	0	40
Mega Bank	0	0	180	0	0	0	180
MetLife Parties	50	0	0	0	20	0	70
Morgan Stanley	0	150	0	0	0	0	150
MUFG Bank	0	0	0	0	0	33	33
Nationstar Mortgage	0	0	0	0	5	0	5
New Day	0	1	0	0	0	0	1
Ocwen Financial	100	0	0	0	0	0	100
Oscar Insurance Company	0	0	0	0	1	0	1
PHH Mortgage	0	0	28	0	0	0	28
PricewaterhouseCoopers LLP	25	0	0	0	0	0	25
Promontory	0	15	0	0	0	0	15
RBS Financial Products Inc.	0	0	0	0	100	0	100
Société Générale SA	0	0	0	0	498	0	498
Standard Chartered Bank	300	0	0	0	40	322	662
Unicredit	0	0	0	0	0	507	507
UBS	0	0	0	0	41	0	41
Volkswagen	0	0	32	33	0	0	65
Wells Fargo	0	0	0	0	65	0	65
Western Union	0	0	0	60	0	0	60
William Penn	0	0	0	0	6	0	6
Other Settlements	7	0	(7)	0	1	0	1

The table below summarizes the past and planned uses of Extraordinary Monetary Settlements received.

GENERAL FUND SUMMARY OF RECEIPTS AND USE/TRANSFER OF FUNDS FROM EXTRAORDINARY MONETARY SETTLEMENTS BETWEEN REGULATORS AND FINANCIAL INSTITUTIONS
(millions of dollars)

	FYs 2015 - 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Total
Opening Settlement Balance in General Fund	**0**	**4,194**	**2,640**	**2,017**	**976**	**271**	**34**	**0**
Receipt of Extraordinary Monetary Settlements	**11,855**	**896**	**0**	**0**	**0**	**0**	**0**	**12,751**
Use/Transfer of Funds	**7,661**	**2,450**	**623**	**1,041**	**705**	**237**	**34**	**12,751**
Capital Purposes:	**4,134**	**1,316**	**623**	**1,041**	**705**	**237**	**34**	**8,090**
Dedicated Infrastructure Investment Fund	3,373	1,391	879	926	476	231	34	7,310
Environmental Protection Fund	120	0	0	0	0	0	0	120
Mass Transit	70	5	5	2	2	1	0	85
Healthcare	25	100	80	63	52	5	0	325
Clean Water Grants	0	0	25	50	175	0	0	250
Javits Center Expansion	546	320	134	0	0	0	0	1,000
Bond Proceed Receipts for Javits Center Expansion	0	(500)	(500)	0	0	0	0	(1,000)
Other Purposes:	**3,122**	**6**	**0**	**0**	**0**	**0**	**0**	**3,128**
Audit Disallowance - Federal Settlement	850	0	0	0	0	0	0	850
CSX Litigation Payment	76	0	0	0	0	0	0	76
Financial Plan - General Fund Operating Purposes	1,807	0	0	0	0	0	0	1,807
Mass Transit Operating	10	0	0	0	0	0	0	10
MTA Operating Aid	194	0	0	0	0	0	0	194
Department of Law - Litigation Services Operations	180	6	0	0	0	0	0	186
OASAS Chemical Dependence Program	5	0	0	0	0	0	0	5
Reservation of Funds:	**405**	**1,128**	**0**	**0**	**0**	**0**	**0**	**1,533**
Rainy Day Reserves	250	238	0	0	0	0	0	488
Reserve for Economic Uncertainties	0	890	0	0	0	0	0	890
Reserve for Retroactive Labor Agreements	155	0	0	0	0	0	0	155
Closing Settlement Balance in General Fund	**4,194**	**2,640**	**2,017**	**976**	**271**	**34**	**0**	**0**

State Financial Plan
Multi-Year Projections

Introduction

This section presents the State's multi-year Financial Plan projections for receipts and disbursements, reflecting the impact of forecast revisions in FY 2020 through FY 2024, with an emphasis on FY 2021 projections, which reflect the impact of the Financial Plan.

The State's cash-basis budgeting system, complex fund structure, and practice of earmarking certain tax receipts for specific purposes complicate the discussion of the State's receipts and disbursements projections. Therefore, to minimize the distortions caused by these factors and, equally important, to highlight relevant aspects of the projections, DOB has adopted the following approaches in summarizing the projections:

- ***Receipts.*** The detailed discussion of tax receipts covers projections for both the General Fund and State Funds (including capital projects). The State Funds perspective reflects estimated tax receipts before distribution to various funds and accounts, including tax receipts dedicated to Capital Projects Funds (which fall outside the General Fund and State Operating Funds accounting perspectives). DOB believes this presentation provides a clearer picture of projected receipts, trends, and forecast assumptions, by factoring out the distorting effects of earmarking tax receipts for specific purposes.

- ***Disbursements.*** Roughly 30 percent of projected State-financed spending for operating purposes (excluding transfers) is accounted for outside the General Fund, concentrated primarily in the areas of health care, School Aid, higher education, and transportation. To provide a clear picture of spending commitments, the multi-year projections and growth rates are presented, where appropriate, on both a General Fund and State Operating Funds basis.

In evaluating the State's multi-year operating forecast, it should be noted that the reliability of the estimates and projections as a predictor of the State's future financial position is likely to diminish, the further removed such estimates and projections are from the date of the Financial Plan. Accordingly, in terms of outyear projections, the first "outyear" of the Executive Budget, FY 2022, is the most relevant from a planning perspective.

Summary

State Operating Funds spending is proposed to increase by 1.9 percent in FY 2021, consistent with the expectation of adherence to a 2 percent annual spending growth benchmark.

DOB expects that the Governor will continue to propose, and the Legislature will continue to enact, balanced Budgets that limit the annual growth in State Operating Funds spending to no more than 2 percent. Based on current projections, DOB estimates that so limiting annual spending growth would produce surpluses in future years.

Differences may occur from time to time between DOB and OSC's financial reports in presentation and reporting of receipts and disbursements, in addition to the State Operating Funds restatement of FY 2019 results by DOB described above. For example, DOB may reflect a net expenditure while OSC may report the gross expenditure. Any such differences in reporting between DOB and OSC could result in differences in the presentation and reporting of receipts and disbursements for discrete funds, as well as differences in the presentation and reporting for total receipts and disbursements under different fund perspectives (e.g., State Operating Funds and All Governmental Funds).

The following tables present the Financial Plan multi-year projections for the General Fund and State Operating Funds, as well as reconciliation between State Operating Funds projections and General Fund budget gaps. The tables are followed by a summary of multi-year receipts and disbursements forecasts.

General Fund Projections

GENERAL FUND PROJECTIONS
(millions of dollars)

	FY 2020 Current	FY 2021 Proposed	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
RECEIPTS					
Taxes (After Debt Service)	72,273	77,006	79,113	82,484	86,253
Miscellaneous Receipts	2,979	2,106	1,957	1,929	1,918
Other Transfers	3,080	2,186	1,780	1,614	1,441
Total Receipts	**78,332**	**81,298**	**82,850**	**86,027**	**89,612**
DISBURSEMENTS					
Local Assistance	53,573	54,775	57,667	60,965	64,022
School Aid	23,556	24,400	25,626	26,852	28,101
Medicaid	16,066	16,953	18,009	18,973	19,878
All Other	13,951	13,422	14,032	15,140	16,043
State Operations	11,738	12,586	12,524	12,786	13,051
Personal Service	9,065	9,559	9,513	9,675	9,814
Non-Personal Service	2,673	3,027	3,011	3,111	3,237
General State Charges	7,626	7,910	8,654	9,183	9,627
Transfers to Other Funds	6,074	6,650	6,985	7,111	6,415
Debt Service	517	570	524	537	584
Capital Projects	3,182	3,535	3,782	3,823	2,975
SUNY Operations	1,185	1,273	1,273	1,267	1,267
All Other	1,190	1,272	1,406	1,484	1,589
Total Disbursements	**79,011**	**81,921**	**85,830**	**90,045**	**93,115**
Use (Reservation) of Fund Balance:	**679**	**623**	**1,041**	**705**	**237**
Community Projects	35	0	0	0	0
Labor Agreements	206	0	0	0	0
Business Tax Refund	202	0	0	0	0
Rainy Day Reserves	(428)	0	0	0	0
Economic Uncertainties	(890)	0	0	0	0
Extraordinary Monetary Settlements[1]	1,554	623	1,041	705	237
BUDGET SURPLUS/(GAP) PROJECTIONS[2]	**0**	**0**	**(1,939)**	**(3,313)**	**(3,266)**

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

[2] Before actions to adhere to the 2 percent spending growth benchmark.

State Operating Funds Projections

STATE OPERATING FUNDS DISBURSEMENTS (millions of dollars)	FY 2020 Current	FY 2021 Proposed	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
RECEIPTS					
Taxes	80,950	86,502	89,729	93,352	97,185
Miscellaneous Receipts/Federal Grants	21,835	18,746	18,954	18,397	17,910
Total Receipts	**102,785**	**105,248**	**108,683**	**111,749**	**115,095**
DISBURSEMENTS					
Local Assistance	70,324	70,754	73,874	76,719	79,536
School Aid (School Year Basis)	27,724	28,550	29,735	30,969	32,226
DOH Medicaid[1]	22,039	23,291	24,279	25,334	26,318
Transportation	3,552	4,075	4,159	4,319	4,579
STAR	2,176	2,000	1,912	1,796	1,693
Higher Education	2,927	2,841	2,926	2,970	3,000
Social Services	2,823	2,766	2,868	2,981	3,018
Mental Hygiene	3,413	2,137	2,384	2,639	2,894
All Other[2]	5,670	5,094	5,611	5,711	5,808
State Operations	19,711	20,030	20,096	20,402	20,622
Personal Service	14,289	14,608	14,588	14,822	14,972
Non-Personal Service	5,422	5,422	5,508	5,580	5,650
General State Charges	8,681	9,015	9,772	10,332	10,788
Pension Contribution	2,448	2,495	2,855	2,990	2,996
Health Insurance	4,308	4,513	4,839	5,183	5,551
All Other	1,925	2,007	2,078	2,159	2,241
Debt Service	5,166	6,012	7,010	7,373	7,534
Capital Projects	0	0	0	0	0
Total Disbursements	**103,882**	**105,811**	**110,752**	**114,826**	**118,480**
Net Other Financing Sources/(Uses)	95	(507)	(929)	(967)	(116)
RECONCILIATION TO GENERAL FUND GAP					
Designated Fund Balances:	1,002	1,070	1,059	731	235
General Fund	679	623	1,041	705	237
Special Revenue Funds	349	440	22	31	16
Debt Service Funds	(26)	7	(4)	(5)	(18)
GENERAL FUND BUDGET SURPLUS/(GAP)[3]	**0**	**0**	**(1,939)**	**(3,313)**	**(3,266)**

[1] Total State share Medicaid funding is reported prior to the spending offset from the application of Master Settlement Agreement (MSA) payments, which are deposited directly to a Medicaid Escrow Fund to cover a portion of the State's takeover of Medicaid costs for counties and New York City. Beginning in FY 2021, the Financial Plan anticipates a $150 million offset from local contributions. The value of these offsets is reported in "All Other" local assistance disbursements.

[2] All Other includes education, parks, environment, economic development, and public safety, as well as the MSA payment offset, local contribution offset in FY 2021, and a reconciliation between school year and State fiscal year spending on School Aid.

[3] Before actions to adhere to the 2 percent spending growth benchmark.

Economic Backdrop

The U.S. and Global Economy

The International Monetary Fund (IMF), in its latest World Economic Outlook report (January 2020), revised its projections of global growth for calendar years 2019 and 2020 downward, particularly in several key economies.[14] The IMF forecasts were released prior to the heightened concerns related to the global reach of the COVID-19 coronavirus. There is considerable evolving downside risk to trade and global economic growth in the first half of calendar year 2020.

Trade tensions have eased in the past couple of months following the signing into law of the United States-Mexico-Canada (USMCA) Agreement at the end of January 2020, the announcement of a "phase-one" trade deal between the U.S. and China, and the official departure of the United Kingdom from the European Union. Global economic policy uncertainty has retreated recently but remains elevated.

The advance estimate of real Gross Domestic Product (GDP) growth in the fourth quarter of calendar year 2019 was 2.1 percent, the same as the previous quarter. Domestic demand growth has been slowing down. Growth of real final sales to private domestic purchasers (GDP less exports, change in private inventories, and government spending, plus imports) has been decelerating since the second quarter of 2019, reaching 1.4 percent in the fourth quarter, the weakest showing since the fourth quarter of 2015. Consumption growth has been decelerating since the second quarter of 2019 while nonresidential investment growth has been in negative territory since the second quarter of 2019. Meanwhile, import growth in the fourth quarter fell by the most since the first quarter of 2009, and a rebound in residential investment in the second half of 2019 assisted in maintaining growth in the fourth quarter.

U.S. Economic Forecast[15]

The U.S. economy grew 2.3 percent in 2019, the weakest reading since 2016 and well below the 2.9 percent growth rate for 2018. The deceleration in real GDP growth is due to waning fiscal stimulus from TCJA, labor market capacity constraints, trade frictions, and relatively weak global growth. Real GDP growth is projected at 2.0 percent for 2020. Idiosyncratic factors, such as the suspension of Boeing 737 Max production and deliveries, are expected to drag down GDP growth in the first half of 2020, but are expected to begin to support growth in the second half of the year. Real GDP growth is expected to slightly speed up to a 2.1 percent rate in 2021.

DOB expects real GDP growth to dip below real potential GDP growth in the second half of 2021.[16] DOB's baseline projection estimates that real GDP growth will remain above its potential growth

[14] https://www.imf.org/en/Publications/WEO/Issues/2020/01/20/weo-update-january2020.

[15] DOB's forecast incorporates the third estimate of 2019 second quarter GDP, August personal income and outlays, September 2019 employment, and September 2019 CPI reports.

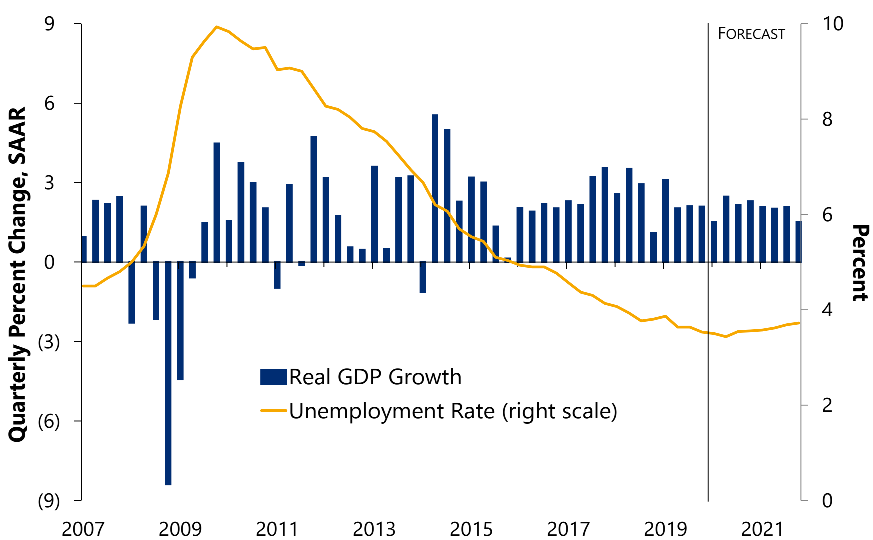
[16] Potential real GDP is the level of output the economy can produce when all available resources are being used at efficient levels.

on an annual average basis by 0.2 percentage point in 2020 and 2021. The above- or at-potential GDP growth forecast for 2020 and the first half of 2021 is supported by continued strength from consumer spending, a reduction in trade tensions and tariffs between the U.S. and China, monetary policy remaining on hold until the second quarter of 2021, additional Federal government spending due to the BBA 19, and a pick-up in global growth in the latter part of 2020.

The U.S. economy added a robust 225,000 nonfarm payroll jobs in January 2020, following a gain of 147,000 in December 2019. The unemployment rate inched up 0.1 percentage point to 3.6 percent in January 2020 but with a higher labor force participation rate. The January 2020 employment report released by the Bureau of Labor Statistics (BLS) included the annual benchmark revisions, which resulted in a downward adjustment of the average monthly job gain for 2019 to 175,000, below the 2018 average of 193,000. Total nonfarm employment growth for 2019 was revised down by 0.2 percentage point to 1.4 percent. Employment growth is expected to lose momentum over the next couple of years. Total nonfarm employment growth of 1.4 percent is projected for 2020, followed by 0.9 percent growth for 2021. The unemployment rate is expected to reach a cyclical low of 3.4 percent in the second quarter of 2020, before systematically increasing and then slightly accelerating as economic growth approaches its trend growth.

Consumer price inflation is expected to reach 2.0 percent in 2020.

GDP Growth and Unemployment Rate



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

Not reflected in the Financial Plan forecast is the Federal Reserve cut to the benchmark rate by 50 basis points on March 3, 2020, to mitigate the volatility in the equity markets and meant to address the risk of potential economic disruptions. This follows the Federal Reserve decision to hold interest rates steady at the conclusion of its December 2019 and January 2020 policy meetings. The Federal Reserve cut rates in 2019 by 25 basis points in each of July, September and October policy meetings.

Longer term U.S. Treasury yields have dropped significantly since the beginning of January 2020, reflecting weaker incoming economic data and elevated concerns regarding global economic growth, due to the coronavirus outbreak.

Consumer spending in 2019 was a positive economic factor due to elevated confidence levels, solid job prospects, gains in real wages, rising household net worth, and low interest rates. Real consumption grew 2.6 percent in 2019, 0.4 percentage point below the 2018 reading. Real consumption growth is expected to decelerate to 2.5 percent in 2020, and to 2.1 percent in 2021.

Real nonresidential fixed investment declined during the last three quarters of 2019 as global growth cooled and trade policy uncertainties deterred businesses from fulfilling capital investment plans. In addition, Boeing temporarily placed the 737 MAX aircraft production on hold as of January 2020, likely through the summer of 2020. As a result, DOB projects real nonresidential investment growth of 0.5 percent for 2020.

U.S. ECONOMIC INDICATORS
(Calendar Year Growth)

	CY 2019 Actual	CY 2020 Forecast	CY 2021 Forecast
Real U.S. Gross Domestic Product	2.3	2.0	2.1
Consumer Price Index (CPI)	1.8	2.0	2.2
Personal Income	4.5	3.7	3.9
Nonagricultural Employment	1.4	1.4	0.9
Civilian Unemployment Rate	3.7	3.5	3.6

Source: Haver Analytics; DOB staff estimates.

The rapid spread of the coronavirus that originated in Wuhan, China remains a major downside risk to the near-term outlook with spill-over effects to global growth, supply chain disruptions, and travel. More widespread outbreaks globally can be expected to exacerbate the adverse economic and social impacts. Additional downside risks to the DOB forecast include an escalation of trade disputes between the U.S., China, and other trading partners, anemic global economic growth, geopolitical instability in the Persian Gulf region and North Korea, commodity and oil price instability, a splintering of the eurozone, a stock market correction, unresolved issues in the repo markets, and a reemergence of the debt-ceiling crises.

Upside risks include further easing of trade tensions between the U.S. and China, improved and better global economic conditions, a speedy recovery of the housing market, stronger productivity growth, and rising wages that sustain domestic demand.

The New York State Economy

New York State private sector job growth is stabilizing at a historically healthy pace. Following 1.5 percent growth in calendar year 2018, the first half of calendar year 2019 had a slightly stronger private sector job growth of 1.6 percent, based on the Quarterly Census of Employment and Wage (QCEW) data. However, the State economy will not be immune to the slowing global growth and a national economy that is growing only slightly above trend. Private employment growth in the third quarter of 2019 was 1.3 percent, a slight deceleration from the first half of the year, resulting in estimated growth of 1.4 percent for 2019. Employment growth of 1.1 percent is projected for 2020.

NEW YORK STATE ECONOMIC INDICATORS
(State Fiscal Year Growth)

	FY 2019 Actual	FY 2020 Estimated	FY 2021 Forecast
Personal Income	3.2	3.6	3.8
Wages	3.6	3.9	4.0
Nonagricultural Employment	1.4	1.1	1.0

Source: Moody's Analytics; New York State Department of Labor; DOB staff estimates.

The outlook for bonuses is projected to grow 1.1 percent in FY 2020. Wage growth of 3.9 percent is projected for FY 2020 followed by 4.0 percent growth in FY 2021.

All the risks to the U.S. forecast apply to the State forecast as well, although, as the nation's financial capital, both the volume of financial market activity and potential volatility in equity markets pose a particularly large degree of uncertainty for New York State. The coronavirus and weakening global growth are likely to contribute to volatility and to restrain equity market growth over the near term. Unexpected additional layoffs on Wall Street could pose a significant risk to the wage outlook. In contrast, stronger equity markets, along with stronger national and global growth, could result in higher employment and wage growth than is contained in this forecast.

Receipts

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

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

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

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

Overview of the Receipts Forecast

All Funds receipts in FY 2020 are projected to total $178.4 billion, 6.2 percent above FY 2019 results.

ALL FUNDS RECEIPTS
(millions of dollars)

	FY 2019 Results	FY 2020 Current	Change	FY 2021 Proposed	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
Personal Income Tax	48,088	53,016	10.2%	56,810	7.2%	59,492	4.7%	62,059	4.3%	64,821	4.5%
Consumption/Use Taxes	17,357	18,148	4.6%	18,873	4.0%	19,448	3.0%	20,036	3.0%	20,746	3.5%
Business Taxes	7,912	8,986	13.6%	9,910	10.3%	9,759	-1.5%	10,121	3.7%	10,372	2.5%
Other Taxes	2,221	2,240	0.9%	2,339	4.4%	2,432	4.0%	2,532	4.1%	2,639	4.2%
Total State Taxes	**75,578**	**82,390**	**9.0%**	**87,932**	**6.7%**	**91,131**	**3.6%**	**94,748**	**4.0%**	**98,578**	**4.0%**
Miscellaneous Receipts	31,184	29,701	-4.8%	26,253	-11.6%	25,695	-2.1%	24,425	-4.9%	24,270	-0.6%
Federal Receipts	61,344	66,162	7.9%	62,187	-6.0%	65,818	5.8%	67,507	2.6%	69,123	2.4%
Total All Funds Receipts	**168,106**	**178,253**	**6.0%**	**176,372**	**-1.1%**	**182,644**	**3.6%**	**186,680**	**2.2%**	**191,971**	**2.8%**

State tax receipts are projected to increase 9 percent in FY 2020, driven by taxpayers responding to the TCJA by shifting estimated PIT payments, typically made on a quarterly basis, into the extension and final payments period. Specifically, FY 2020 receipts are positively affected by an increase in extension and final payments at the expense of FY 2019 estimated payments.

Personal Income Tax

PERSONAL INCOME TAX
(millions of dollars)

	FY 2019 Results	FY 2020 Current	Change	FY 2021 Proposed	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
STATE/ALL FUNDS	**48,088**	**53,016**	**10.2%**	**56,810**	**7.2%**	**59,492**	**4.7%**	**62,059**	**4.3%**	**64,821**	**4.5%**
Gross Collections	59,175	64,477	9.0%	67,552	4.8%	71,294	5.5%	74,629	4.7%	78,197	4.8%
Refunds (Incl. State/City Offset)	(11,087)	(11,461)	-3.4%	(10,742)	6.3%	(11,802)	-9.9%	(12,570)	-6.5%	(13,376)	-6.4%
GENERAL FUND[1]	**21,621**	**24,333**	**12.5%**	**26,405**	**8.5%**	**27,834**	**5.4%**	**29,234**	**5.0%**	**30,718**	**5.1%**
Gross Collections	59,175	64,477	9.0%	67,552	4.8%	71,294	5.5%	74,629	4.7%	78,197	4.8%
Refunds (Incl. State/City Offset)	(11,087)	(11,461)	-3.4%	(10,742)	6.3%	(11,802)	-9.9%	(12,570)	-6.5%	(13,376)	-6.4%
STAR	(2,423)	(2,176)	10.2%	(2,000)	8.1%	(1,912)	4.4%	(1,796)	6.1%	(1,693)	5.7%
RBTF	(24,044)	(26,507)	-10.2%	(28,405)	-7.2%	(29,746)	-4.7%	(31,029)	-4.3%	(32,410)	-4.5%

[1]Excludes Transfers.

All Funds PIT receipts for FY 2020 are estimated to increase, primarily reflecting exceptional growth in extension payments for Tax Year 2018, coupled with modest growth in withholding, partially offset by growth in total refunds.

The following table summarizes, by component, actual receipts for FY 2019 and forecast amounts through FY 2024.

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

	FY 2019 Results	FY 2020 Current	FY 2021 Proposed	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Receipts						
Withholding	41,084	42,574	44,429	46,597	48,511	50,638
Estimated Payments	14,010	16,982	17,869	19,098	20,188	21,360
Current Year	10,481	10,956	11,679	12,430	13,073	13,726
Prior Year[1]	3,529	6,026	6,190	6,668	7,115	7,634
Final Returns	2,685	3,413	3,608	3,882	4,164	4,381
Current Year	344	299	316	331	346	367
Prior Year[1]	2,341	3,114	3,292	3,551	3,818	4,014
Delinquent	1,396	1,508	1,646	1,717	1,766	1,818
Gross Receipts	59,175	64,477	67,552	71,294	74,629	78,197
Refunds						
Prior Year[1]	6,034	5,959	6,342	7,100	7,554	8,053
Previous Years	589	608	638	669	700	732
Current Year[1]	2,249	2,250	1,750	1,750	1,750	1,750
Advanced Credit Payment	1,080	1,495	738	884	1,042	1,192
State/City Offset[1]	1,135	1,149	1,274	1,399	1,524	1,649
Total Refunds	11,087	11,461	10,742	11,802	12,570	13,376
Net Receipts	**48,088**	**53,016**	**56,810**	**59,492**	**62,059**	**64,821**

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

FY 2020 withholding is estimated to be higher than FY 2019 results, driven by a combination of moderate growth in non-bonus wages and weak growth in bonus wages. Extension payments related to Tax Year 2018 will increase significantly, primarily due to a behavioral response to the TCJA. Taxpayers, who otherwise would have made more substantial estimated payments in December 2018, opted to pay a greater percentage of their liabilities through extensions and final payments in April 2019. Estimated payments attributable to Tax Year 2019 are expected to increase, driven by modest growth in nonwage income. FY 2020 final return payments and delinquencies are also expected to increase.

The increase in total refunds reflects a steep increase in advanced credit payments attributable to Tax Year 2019, coupled with modest growth in both refunds related to tax years prior to 2018 and the State-City offset. These increases are partially offset by a decline in prior-year refunds related to Tax Year 2018. The strong growth in advanced credit payments attributable to Tax Year 2019 reflects increases in the Property Tax Relief Credit and the Homeowners STAR Conversion Credit.

The administrative January-March refund cap is expected to remain at the higher level in FY 2020, virtually unchanged from FY 2019 results. General Fund PIT receipts are net of deposits to the STAR Fund, which provides property tax relief, and the RBTF, which supports debt service payments on State PIT revenue bonds. The FY 2020 STAR transfer is expected to decline. PIT RBTF receipts are statutorily set to 50 percent of net PIT receipts, and FY 2020 RBTF receipts therefore reflect the increase in All Funds receipts noted above. FY 2020 General Fund PIT is expected to increase due to these changes.

All Funds FY 2021 receipts are projected to increase, reflecting growth in withholding, Tax Year 2020 current estimated payments, Tax Year 2019 extension payments, final returns, and delinquencies, coupled with a decline in total refunds. The FY 2021 STAR transfer is expected to decline, while FY 2021 RBTF is projected to increase based on the increase in FY 2021 All Funds receipts. General Fund PIT receipts for FY 2021 are expected to increase, driven by the aforementioned changes to All Funds receipts, the STAR transfer, and RBTF receipts.

All Funds PIT receipts for FY 2022 are projected to increase from FY 2021 projections. Gross PIT receipts are projected to increase as well, reflecting projected increases in withholding and total estimated payments, partially offset by a projected increase in total refunds.

General Fund PIT receipts for FY 2022 are expected to increase, reflecting an increase in All Funds PIT receipts coupled with a decrease in the STAR transfer, partially offset by an increase in RBTF receipts.

All Funds PIT receipts and General Fund PIT receipts are both expected to increase in FY 2023.

Consumption/Use Taxes

CONSUMPTION/USE TAXES (millions of dollars)	FY 2019 Results	FY 2020 Current	Change	FY 2021 Proposed	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
STATE/ALL FUNDS	**17,357**	**18,148**	**4.6%**	**18,873**	**4.0%**	**19,448**	**3.0%**	**20,036**	**3.0%**	**20,746**	**3.5%**
Sales Tax	15,128	16,032	6.0%	16,719	4.3%	17,285	3.4%	17,889	3.5%	18,578	3.9%
Cigarette and Tobacco Taxes	1,108	1,013	-8.6%	963	-4.9%	931	-3.3%	890	-4.4%	851	-4.4%
Vapor Excise Tax	0	10	n/a	14	40.0%	6	-57.1%	6	0.0%	6	0.0%
Motor Fuel Tax	528	523	-0.9%	524	0.2%	522	-0.4%	517	-1.0%	513	-0.8%
Highway Use Tax	145	141	-2.8%	143	1.4%	145	1.4%	146	0.7%	147	0.7%
Alcoholic Beverage Taxes	262	265	1.1%	269	1.5%	272	1.1%	275	1.1%	278	1.1%
Opioid Excise Tax	0	50	n/a	100	100.0%	100	0.0%	100	0.0%	100	0.0%
Medical Cannabis Excise Tax	4	6	50.0%	6	0.0%	6	0.0%	6	0.0%	6	0.0%
Adult Use Cannabis Tax	0	0	0.0%	20	0.0%	63	215.0%	85	34.9%	141	65.9%
Taxicab Surcharge[1]	52	0	-100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Auto Rental Tax[1]	130	108	-16.9%	115	6.5%	118	2.6%	122	3.4%	126	3.3%
GENERAL FUND[2]	**7,681**	**8,123**	**5.8%**	**8,496**	**4.6%**	**8,766**	**3.2%**	**9,042**	**3.1%**	**9,361**	**3.5%**
Sales Tax	7,091	7,505	5.8%	7,828	4.3%	8,093	3.4%	8,376	3.5%	8,701	3.9%
Cigarette and Tobacco Taxes	328	303	-7.6%	299	-1.3%	301	0.7%	291	-3.3%	282	-3.1%
Alcoholic Beverage Taxes	262	265	1.1%	269	1.5%	272	1.1%	275	1.1%	278	1.1%
Opioid Excise Tax	0	50	n/a	100	100.0%	100	0.0%	100	0.0%	100	0.0%

[1]FY 2020 estimates and outyear projections no longer include MTA receipts as the Enacted Budget provided that they be remitted to the MTA without an appropriation beginning in FY 2020.

[2]Excludes Transfers.

All Funds consumption/use tax receipts for FY 2020 are estimated to total $18.1 billion, a $791 million (4.6 percent) increase from FY 2019 results. Sales tax receipts are estimated to increase due to growth in taxable consumption (i.e., estimated sales tax base growth of 3.9 percent) and an estimated $346 million in additional revenues from FY 2020 Enacted Budget legislation requiring marketplace providers to collect SUT on sales that they facilitate and eliminating the exemption on ESCOs, coupled with DTF guidance associated with the U.S. Supreme Court Wayfair ruling. Partially phased-in excise taxes on the first sale of opioids within the State and on vapor products are estimated to generate $50 million and $10 million, respectively. Cigarette and tobacco tax collections are projected to decrease, reflecting a continued decline in taxable cigarette consumption, in part due to bootlegging. Highway Use Tax collections are estimated to decrease, reflecting a non-triennial renewal year. Motor Fuel Tax receipts are estimated to decrease due to a minor decline in gasoline consumption paired with an overall decline in diesel receipts (driven by the combination of moderate growth in diesel fuel consumption, an increase in estimated diesel refunds, and a decline in estimated audit collections). Due to the shifting of certain MTA receipts directly to the MTA without appropriation, taxicab surcharge receipts are projected to decrease by $52 million (100 percent). Auto Rental Tax receipts are estimated to decrease, mainly due to an accounting change that directs all Metropolitan Commuter Transportation District (MCTD) supplemental receipts to the MTA. This decline is slightly offset by new revenue from extending the supplemental rate to car rentals outside the MCTD.

A portion of sales tax receipts is initially deposited to the Local Government Assistance Tax Fund (25 percent), and the Sales Tax Revenue Bond Fund (25 percent), which support debt service payments on bonds issued under the LGAC and State Sales Tax Revenue Bond programs, respectively. Receipts in excess of the debt service requirements of these funds and the local assistance payments to NYC, or its assignee, are subsequently transferred to the General Fund.

General Fund consumption/use tax receipts for FY 2020 are estimated to increase, largely due to the sales and use tax trends noted above.

All Funds consumption/use tax receipts for FY 2021 are projected to increase to $18.9 billion, a $725 million increase (4 percent) from FY 2020 estimates. Increases in sales tax receipts reflect projected base growth of 3.7 percent, and an additional $148 million in projected revenue related to the full-year impact of the previously noted FY 2020 Enacted Budget legislation, and guidance related to the U.S. Supreme Court Wayfair ruling. When fully phased in, the excise tax on opioids is projected to generate an additional $50 million. FY 2021 reflects the first full-year impact of the vapor products excise tax. However, due to legislation proposed in the Executive Budget to ban all flavored vapor products/other than tobacco flavored products, receipts are projected to moderately increase from FY 2020. FY 2021 also reflects $20 million from license fees from an Executive Budget proposal to legalize adult-use cannabis. These increases are partially offset by a continued decline in taxable cigarette consumption.

FY 2021 General Fund consumption/use tax receipts are projected to increase, mainly due to the sales and use tax trend noted above.

FY 2022 and FY 2023 All Funds consumption/use tax receipts are projected to increase compared to the prior year, largely representing base growth in sales tax receipts and the first year of tax collections from adult-use cannabis, which are slightly offset by a continued decline in taxable cigarette consumption. Similarly, General Fund consumption/use tax receipts are projected to increase in both FY 2022 and FY 2023 primarily due to the All Funds sales and use tax trends noted above.

Business Taxes

BUSINESS TAXES (millions of dollars)											
	FY 2019 Results	FY 2020 Current	Change	FY 2021 Proposed	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
STATE/ALL FUNDS	**7,912**	**8,986**	**13.6%**	**9,910**	**10.3%**	**9,759**	**-1.5%**	**10,121**	**3.7%**	**10,372**	**2.5%**
Corporate Franchise Tax	4,297	4,877	13.5%	5,640	15.6%	5,547	-1.6%	5,787	4.3%	5,936	2.6%
Corporation and Utilities Tax	672	686	2.1%	657	-4.2%	673	2.4%	680	1.0%	685	0.7%
Insurance Tax	1,837	2,244	22.2%	2,364	5.3%	2,433	2.9%	2,561	5.3%	2,665	4.1%
Bank Tax	(60)	1	101.7%	90	8900.0%	0	-100.0%	0	0.0%	0	0.0%
Petroleum Business Tax	1,166	1,178	1.0%	1,159	-1.6%	1,106	-4.6%	1,093	-1.2%	1,086	-0.6%
GENERAL FUND	**5,501**	**6,400**	**16.3%**	**7,228**	**12.9%**	**7,110**	**-1.6%**	**7,420**	**4.4%**	**7,612**	**2.6%**
Corporate Franchise Tax	3,410	3,906	14.5%	4,578	17.2%	4,460	-2.6%	4,651	4.3%	4,746	2.0%
Corporation and Utilities Tax	495	502	1.4%	483	-3.8%	498	3.1%	503	1.0%	508	1.0%
Insurance Tax	1,638	1,995	21.8%	2,092	4.9%	2,152	2.9%	2,266	5.3%	2,358	4.1%
Bank Tax	(42)	(3)	92.9%	75	2600.0%	0	-100.0%	0	0.0%	0	0.0%
Petroleum Business Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%

FY 2020 All Funds business tax receipts are estimated to increase across all business taxes, driven primarily by an increase in corporate franchise tax gross receipts. Corporation franchise tax receipts are estimated to increase in FY 2020, reflecting significant growth in gross receipts partially offset by a large increase in refunds. After several years of taxpayers satisfying their liability using overpayments from prior years (resulting in declines in gross receipts), FY 2020 gross receipts are estimated to exhibit the strong growth shown in FY 2019. Several refunds that were initially expected to be paid in FY 2019 were instead paid in FY 2020. The 95 percent Global Intangible Low-Taxed Income (GILTI) exemption enacted at the end of the 2019 legislative session is estimated to decrease gross receipts by $32 million ($27 million decrease to the General Fund, $5 million to MTA funds.) Audit receipts are estimated to slightly increase over FY 2019 levels.

Corporation and utilities tax receipts for FY 2020 are estimated to slightly increase over the prior fiscal year, largely driven by a small increase in gross and audit receipts partially offset by an increase in refunds. Gross receipts are estimated to modestly increase over the prior year as receipts from the telecommunications industry continue to decrease while receipts from the utilities industry exhibit mild growth over the prior year.

Insurance tax receipts for FY 2020 are estimated to increase significantly due to conversion of a not-for-profit health insurer to a for-profit health insurer, and to growing insurance tax premiums. FY 2019 audit receipts were significantly lower than recent history but are expected to return to trend levels in FY 2020, while refunds are estimated to grow slightly over the previous fiscal year.

Receipts from the repealed bank tax (all from prior liability periods) in FY 2020 are estimated to increase, primarily due to an estimated decrease in refunds. Petroleum Business Tax (PBT) receipts are estimated to increase from FY 2019 results, primarily due to the impact of a 5 percent increase in the PBT rate index on January 1, 2019, paired with a 2 percent decline in the PBT rate index on January 1, 2020.

General Fund business tax receipts for FY 2020 are estimated to increase, reflecting the All Funds trends discussed above.

General Fund and All Funds business tax receipts for FY 2021 are projected to increase, reflecting growth in corporation franchise tax receipts driven by higher gross receipts and lower refunds. An increase in projected insurance and bank tax receipts is partially offset by a decline in projected corporation and utilities tax and PBT receipts.

General Fund and All Funds business tax receipts for FY 2022 are projected to decrease, primarily reflecting decreases in corporation franchise tax, bank tax, and PBT receipts. This decrease is partially offset by modest growth in insurance and corporation and utilities tax receipts.

General Fund and All Funds business tax receipts for FY 2023 reflect projected trends in corporate profits, taxable insurance premiums, electric utility consumption and prices, consumption of taxable telecommunications services, and automobile fuel consumption and fuel prices.

Other Taxes

OTHER TAXES
(millions of dollars)

	FY 2019 Results	FY 2020 Current	Change	FY 2021 Proposed	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
STATE/ALL FUNDS	**2,221**	**2,240**	**0.9%**	**2,339**	**4.4%**	**2,432**	**4.0%**	**2,532**	**4.1%**	**2,639**	**4.2%**
Estate Tax	1,068	1,094	2.4%	1,174	7.3%	1,229	4.7%	1,286	4.6%	1,347	4.7%
Real Estate Transfer Tax	1,135	1,127	-0.7%	1,144	1.5%	1,179	3.1%	1,221	3.6%	1,266	3.7%
Employer Compensation Expense Program	0	1	n/a	3	200.0%	6	100.0%	7	16.7%	8	14.3%
Pari-Mutuel Taxes	15	15	0.0%	15	0.0%	15	0.0%	15	0.0%	15	0.0%
All Other Taxes	3	3	0.0%	3	0.0%	3	0.0%	3	0.0%	3	0.0%
GENERAL FUND[1]	**1,086**	**1,112**	**2.4%**	**1,193**	**7.3%**	**1,250**	**4.8%**	**1,307**	**4.6%**	**1,369**	**4.7%**
Estate Tax	1,068	1,094	2.4%	1,174	7.3%	1,229	4.7%	1,286	4.6%	1,347	4.7%
Employer Compensation Expense Program	0	0	n/a	1	0.0%	3	200.0%	3	0.0%	4	33.3%
Pari-Mutuel Taxes	15	15	0.0%	15	0.0%	15	0.0%	15	0.0%	15	0.0%
All Other Taxes	3	3	0.0%	3	0.0%	3	0.0%	3	0.0%	3	0.0%

[1]Excludes Transfers.

All Funds other tax receipts for FY 2020 are estimated to increase from FY 2019 results, primarily due to an estimated increase in estate tax receipts resulting from relatively weak estimated growth in household net worth. Estate tax receipt increases are partially offset by a slight decrease in real estate transfer tax receipts, mainly attributable to sluggish activity in the NYC real estate market, specifically the luxury residential market.

General Fund other tax receipts are estimated to increase, mainly due to the estimated increase in estate tax receipts noted above.

All Funds other tax receipts for FY 2021 are projected to increase, primarily due to an increase in estate tax receipts, reflecting projected growth in household net worth, and to a small increase in real estate transfer tax receipts driven by projected growth in housing starts and prices.

General Fund other tax receipts for FY 2021 are projected to increase, almost entirely due to the estate tax receipts trend noted above.

All Funds other tax receipts for FY 2022 and FY 2023 are projected to increase, largely due to increases in both estate tax and real estate transfer tax receipts, reflecting projected growth in household net worth, housing starts, and housing prices.

General Fund other tax receipts for FY 2022 and FY 2023 are projected to increase, resulting from the projected increases in estate tax receipts noted above.

Miscellaneous Receipts

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

MISCELLANEOUS RECEIPTS
(millions of dollars)

	FY 2019 Results	FY 2020 Updated	Change	FY 2021 Proposed	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
ALL FUNDS	**31,184**	**29,701**	**-4.8%**	**26,253**	**-11.6%**	**25,695**	**-2.1%**	**24,425**	**-4.9%**	**24,270**	**-0.6%**
General Fund	3,586	2,979	-16.9%	2,106	-29.3%	1,957	-7.1%	1,929	-1.4%	1,918	-0.6%
Special Revenue Funds	19,668	18,601	-5.4%	16,415	-11.8%	16,766	2.1%	16,241	-3.1%	15,768	-2.9%
Capital Projects Funds	7,497	7,717	2.9%	7,351	-4.7%	6,587	-10.4%	5,871	-10.9%	6,200	5.6%
Debt Service Funds	433	404	-6.7%	381	-5.7%	385	1.0%	384	-0.3%	384	0.0%

All Funds miscellaneous receipts are projected to total $29.7 billion in FY 2020, a decrease of 4.8 percent from FY 2019 results. This decrease is primarily due to loss of one-time Extraordinary Monetary Settlements in the General Fund, which totaled over $1.1 billion in FY 2019, paired with declines in bond-financed capital spending on a year-over-year basis. Bond-financed capital expenses are paid from the General Fund (or STIP) in the first instance and subsequently reimbursed with PIT or Sales Tax Revenue Bond proceeds.

All Funds miscellaneous receipts are projected to decline annually after FY 2020, reflecting the impact of Extraordinary Monetary Settlements received and a decrease in bond proceed reimbursements in later years, which corresponds to prior-year capital expenses.

Federal Grants

FEDERAL GRANTS (millions of dollars)											
	FY 2019 Results	FY 2020 Updated	Change	FY 2021 Proposed	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
ALL FUNDS	**61,344**	**66,162**	**7.9%**	**62,187**	**-6.0%**	**65,818**	**5.8%**	**67,507**	**2.6%**	**69,123**	**2.4%**
General Fund	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Special Revenue Funds	58,920	63,859	8.4%	59,920	-6.2%	63,521	6.0%	65,213	2.7%	66,860	2.5%
Capital Projects Funds	2,350	2,229	-5.1%	2,194	-1.6%	2,225	1.4%	2,225	0.0%	2,197	-1.3%
Debt Service Funds	74	74	0.0%	73	-1.4%	72	-1.4%	69	-4.2%	66	-4.3%

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

All Funds Federal grants projections primarily reflect the continuation of growth in Federal Medicaid spending related to Federal health care transformation initiatives, partly offset by the projected phase-down of Federal disaster assistance aid. All Federal receipts are subject to Congressional authorization, appropriations and budget action.

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

Disbursements

In FY 2021, disbursements from the State's General Fund, including transfers, are expected to total $81.9 billion, and disbursements from State Operating Funds are expected to total $105.8 billion. School Aid, Medicaid, transportation, debt service, and health benefits are significant drivers of annual spending growth, as further described in this section.

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

Local Assistance Grants

Local assistance spending includes payments to local governments, school districts, health care providers, and other entities, as well as financial assistance to, or on behalf of, individuals, families and not-for-profit organizations. Local assistance spending in State Operating Funds is estimated at $70.8 billion in FY 2021, which is approximately two-thirds of total State Operating Funds spending. Education and health care spending account for nearly three-quarters of State Operating Funds local assistance spending.

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

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

	FY 2020 Current	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
		Forecast			
HEALTH CARE					
Medicaid - Individuals Covered	6,195,058	6,192,680	6,200,222	6,207,765	6,215,308
Essential Plan - Individuals Covered	775,117	773,639	771,546	769,458	767,375
Child Health Plus - Individuals Covered	424,463	432,215	436,091	438,035	439,979
State Takeover of County/NYC Costs[1]	$4,115	$4,467	$4,818	$5,179	$5,551
CY 2005 Local Medicaid Cap	$3,015	$3,184	$3,353	$3,531	$3,720
FY 2013 Local Takeover Costs	$1,100	$1,283	$1,465	$1,648	$1,831
EDUCATION					
School Aid (School Year-Basis Funding)	$27,724	$28,550	$29,735	$30,969	$32,226
HIGHER EDUCATION					
Public Higher Education Enrollment (FTEs)	557,950	557,525	557,220	557,100	557,100
Tuition Assistance Program (Recipients)	265,936	265,936	265,936	265,936	265,936
PUBLIC ASSISTANCE					
Family Assistance Program (Families)	178,038	171,392	166,404	165,110	165,243
Safety Net Program (Families)	105,016	101,741	99,351	98,373	97,930
Safety Net Program (Singles)	191,424	196,052	201,179	206,590	212,376
MENTAL HYGIENE					
OMH Community Beds	47,040	48,321	49,038	50,069	50,569
OPWDD Community Beds	43,193	43,783	44,081	44,381	44,684
OASAS Community Beds	13,665	13,725	13,955	14,186	14,266
Total	103,898	105,829	107,074	108,636	109,519
PRISON POPULATION	44,500	44,000	44,000	44,000	44,000

[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.

Education

School Aid

School Aid supports elementary and secondary education for New York pupils enrolled in the 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, supports the construction of school facilities, and finances school transportation for nearly three million students statewide.

School Year (July 1 — June 30)

School Aid is expected to total $28.5 billion in SY 2021, an annual increase of $826 million (3 percent), including a $704 million increase in Foundation Aid. Foundation Aid includes $300 million for Community Schools, a $50 million increase from the prior year, to facilitate the transformation of schools into community hubs.

The Financial Plan provides $50 million for new competitive grant programs, including $15 million to expand prekindergarten programs for three- and four-year-old students in high-need school districts; $10 million to expand the Empire State After-School Program; and $6 million to expand Early College High Schools. The State also continues to provide nearly $850 million in recurring annual support for three- and four-year old prekindergarten programs, including $340 million for the Statewide Universal Full-Day Prekindergarten (SUFPK) program.

Since FY 2013, projections have assumed that the year-over-year growth in School Aid disbursements would not exceed the annual percent growth in NYS personal income. However, from FY 2014 to FY 2019, the State annually authorized School Aid increases above the PIGI. The FY 2020 Enacted Budget amended the School Aid growth cap to equal the ten-year average of the State PIGI, beginning in FY 2021. The use of a School Aid growth cap based on a ten-year average is expected to reduce volatility, and limit the impact of the BEA's frequent revisions to the State's personal income growth estimates. The Executive Budget recommends $28.5 billion in funding for SY 2021, an overall School Aid increase of $826 million (3 percent), which is within the statutorily imposed ten-year average PIGI (4 percent).

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

	SY 2020	SY 2021	Change	SY 2022	Change	SY 2023	Change	SY 2024	Change
Total	27,724	28,550	826	29,735	1,185	30,969	1,234	32,226	1,257
			3.0%		4.2%		4.2%		4.1%

State Fiscal Year

The State finances School Aid from the General Fund, commercial gaming receipts and Lottery Fund receipts, including revenues from VLTs. Commercial gaming and Lottery Fund receipts are accounted for and disbursed from dedicated accounts. Because the State fiscal year begins on April 1 and the school year begins on July 1, the State typically pays approximately 70 percent of the annual school year commitment during the initial State fiscal year and the remaining 30 percent in the first three months of the following State fiscal year.

The table below summarizes the projected sources of School Aid spending on a State fiscal year basis.

SCHOOL AID - STATE FISCAL YEAR BASIS
(millions of dollars)

	FY 2020 Current	FY 2021 Proposed	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**27,402**	**28,033**	**2.3%**	**29,245**	**4.3%**	**30,465**	**4.2%**	**31,714**	**4.1%**
General Fund Local Assistance	23,446	24,290	3.6%	25,517	5.1%	26,742	4.8%	27,991	4.7%
Medicaid	110	110	0.0%	110	0.0%	110	0.0%	110	0.0%
Lottery Aid	2,709	2,487	-8.2%	2,487	0.0%	2,487	0.0%	2,487	0.0%
VLT Lottery Aid	975	978	0.3%	961	-1.7%	961	0.0%	961	0.0%
Commercial Gaming	162	168	3.7%	170	1.2%	165	-2.9%	165	0.0%

State fiscal year spending for School Aid is projected to total $28 billion in FY 2021, a 2.3 percent increase over FY 2020. Over the multi-year Financial Plan, the share of School Aid spending projected to be financed by the General Fund is expected to increase as lottery, video lottery and commercial gaming revenues are expected to decrease or remain largely flat. If casino revenues do not materialize at the level expected, then the General Fund will absorb the shortfall. In addition to State aid, school districts currently receive more than $3 billion annually in Federal aid.

Other Education Funding

The State also 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 2020 Current	FY 2021 Proposed	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,324**	**2,309**	**-0.6%**	**2,423**	**4.9%**	**2,509**	**3.5%**	**2,578**	**2.8%**
Special Education	1,332	1,357	1.9%	1,428	5.2%	1,495	4.7%	1,564	4.6%
All Other Education	992	952	-4.0%	995	4.5%	1,014	1.9%	1,014	0.0%

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

The increase in Special Education spending in FY 2021 and thereafter is primarily attributable to increased State reimbursement to special education providers for minimum wage costs, as well as projected increases in enrollment and costs in preschool and summer school special education programs.

The projected decrease in All Other Education spending in FY 2021 is primarily attributable to the discontinuation of one-time FY 2020 aid and grants. The projected increases in FYs 2022 – 2024 are largely due to continued growth in charter school supplemental tuition, facilities aid payments for charter schools in NYC, and payments to nonpublic 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. Lower-income senior citizens will receive a $69,800 exemption in FY 2021.

Spending on STAR property tax exemptions reflects reimbursements made to school districts to offset the reduction in the amount of property tax revenue collected from homeowners. Since FY 2017, the STAR exemption program has been gradually transitioned from a spending program to an advance refundable PIT credit program. As a result, first-time homebuyers and homeowners who move receive a refundable PIT credit in lieu of a property tax exemption. This change initially had no impact on the value of the STAR benefit received by homeowners. Since the FY 2020 Enacted Budget and moving forward, homeowners who receive a property tax exemption will not see an increase in their STAR benefit (details below).

The STAR program also includes a credit for income-eligible resident NYC taxpayers. The NYC PIT rate reduction was converted into a PIT tax credit starting with the 2017 Tax Year. As of FY 2019, NYC STAR payments are no longer a component of State Operating Funds spending. This change has no impact on the value of the STAR benefit received by taxpayers.

SCHOOL TAX RELIEF (STAR) - REVENUE REDUCTION RESULTING FROM STAR ACTIONS
(millions of dollars)

	FY 2020 Current	FY 2021 Proposed	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,176**	**2,000**	**-8.1%**	**1,912**	**-4.4%**	**1,796**	**-6.1%**	**1,693**	**-5.7%**
Gross Program Costs	3,326	3,434	3.2%	3,511	2.2%	3,570	1.7%	3,636	1.8%
Personal Income Tax Credit	(1,150)	(1,434)	-24.7%	(1,599)	-11.5%	(1,774)	-10.9%	(1,943)	-9.5%
Basic Exemption	1,316	1,157	-12.1%	1,104	-4.6%	1,033	-6.4%	970	-6.1%
Gross Program Costs	1,716	1,747	1.8%	1,785	2.2%	1,815	1.7%	1,847	1.8%
Personal Income Tax Credit	(400)	(590)	-47.5%	(681)	-15.4%	(782)	-14.8%	(877)	-12.1%
Enhanced (Senior) Exemption	860	843	-2.0%	808	-4.2%	763	-5.6%	723	-5.2%
Gross Program Costs	930	990	6.5%	1,011	2.1%	1,022	1.1%	1,038	1.6%
Personal Income Tax Credit	(70)	(147)	-110.0%	(203)	-38.1%	(259)	-27.6%	(315)	-21.6%
New York City PIT	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Gross Program Costs	680	697	2.5%	715	2.6%	733	2.5%	751	2.5%
Personal Income Tax Credit	(680)	(697)	-2.5%	(715)	-2.6%	(733)	-2.5%	(751)	-2.5%

The Executive Budget transitions all homeowners with incomes above $200,000 from the basic exemption benefit program to the advance credit program, which builds off the FY 2020 Enacted Budget that transitioned all homeowners with incomes above $250,000 to the advance credit program. Furthermore, the zero percent STAR exemption benefit growth cap that was included in the FY 2020 Enacted Budget remains in effect. Most of the spending decline projected in FYs 2021 through 2024 can be attributed to these actions. By shifting taxpayers to the credit program, the State can more efficiently administer the program while strengthening its ability to prevent abuse. The shift from the basic exemption to the credit program will not reduce the value of the benefit received by homeowners.

Higher Education

Local assistance for higher education spending includes funding for CUNY, SUNY, and HESC.

HIGHER EDUCATION (millions of dollars)	FY 2020 Current	FY 2021 Proposed	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,927**	**2,841**	**-2.9%**	**2,926**	**3.0%**	**2,970**	**1.5%**	**3,000**	**1.0%**
City University	**1,537**	**1,559**	**1.4%**	**1,599**	**2.6%**	**1,631**	**2.0%**	**1,661**	**1.8%**
Senior Colleges	1,287	1,316	2.3%	1,355	3.0%	1,388	2.4%	1,418	2.2%
Community College	250	243	-2.8%	244	0.4%	243	-0.4%	243	0.0%
Higher Education Services	**907**	**823**	**-9.3%**	**866**	**5.2%**	**879**	**1.5%**	**879**	**0.0%**
Tuition Assistance Program	733	663	-9.5%	669	0.9%	665	-0.6%	666	0.2%
Scholarships/Awards	162	148	-8.6%	185	25.0%	202	9.2%	201	-0.5%
Aid for Part-Time Study	12	12	0.0%	12	0.0%	12	0.0%	12	0.0%
State University	**483**	**459**	**-5.0%**	**461**	**0.4%**	**460**	**-0.2%**	**460**	**0.0%**
Community College	479	455	-5.0%	457	0.4%	456	-0.2%	456	0.0%
Other/Cornell	4	4	0.0%	4	0.0%	4	0.0%	4	0.0%

SUNY and CUNY operate 47 four-year colleges and graduate schools with a total enrollment of nearly 400,000 full- and part-time students. SUNY and CUNY also operate 37 community colleges, serving approximately 309,000 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 more than $1 billion annually for SUNY campus operations through a General Fund transfer and more than $2 billion to fully support fringe benefit costs of SUNY employees at State-operated campuses. The State is also projected to pay $1.3 billion in FY 2021 for debt service on bond financed capital projects at SUNY and CUNY. In FY 2021, an estimated $250 million in student financial aid support will be transferred from HESC to SUNY. This is the result of an accounting change implemented in FY 2020 to reflect certain financial aid payments from HESC to SUNY as transfers instead of disbursements.

HESC is New York State’s student financial aid agency and a national leader in helping make college affordable. HESC oversees numerous State-funded financial aid programs, including the Excelsior Scholarship, TAP, the Aid for Part-Time Study program, and 25 other scholarship and loan forgiveness programs. Together, these programs provide financial aid to approximately 380,000 students. HESC also partners with OSC in administering the College Choice Tuition Savings program.

The Executive Budget includes funding to expand the Excelsior Scholarship by raising the income eligibility threshold from $125,000 to $150,000 of adjusted gross income. The increased threshold is expected to enable more than 230,000 New York residents to attend SUNY or CUNY tuition free. The Executive Budget also supports other programs to address the cost of attendance and increase accessibility. The Executive Budget funds the Open Educational Resources Initiative, which reduces or eliminates the costs of textbooks, as well as educational opportunity programs and training centers. Since FY 2012, funding for opportunity programs and training centers has increased 57 percent.

Higher education spending is projected to decrease by $86 million, or 2.9 percent, from FY 2020 to FY 2021, and increase by $84 million, or 3 percent, from FY 2021 to FY 2022. The spending decrease in FY 2021 largely reflects the full implementation of accounting changes for certain student financial aid payments from HESC to State-operated SUNY campuses, which are now reflected as transfers instead of disbursements, as well as projected enrollment declines at SUNY and CUNY community colleges. The subsequent increase in FY 2022 spending is attributable to increased support for CUNY fringe benefits and participation in the Excelsior Scholarship program.

Health Care

DOH works with local health departments and social services departments, including NYC, to coordinate and administer statewide health insurance programs and activities. Local assistance for health care-related spending includes Medicaid, statewide public health programs and a variety of mental hygiene programs. The majority of government-financed health care programs are included under DOH, but a number of programs are also supported through multi-agency efforts.

DOH is also engaged in a multi-year initiative to promote community-level collaborations and focus on system reform, with the goal of achieving a 25 percent reduction in avoidable hospital use over five years. As of June 30, 2018, the Federal DSRIP program has reduced preventable hospital admissions by 21 percent and preventable hospital readmissions by 17 percent, resulting in care improvements in other critical areas such as behavioral health. A portion of DSRIP funding flows through the SUNY hospital system and other State-operated health care facilities. The Financial Plan currently reflects over $7 billion in Federal spending related to the DSRIP program through FY 2021. In addition, the Financial Plan includes another $625 million in FY 2021, $3.2 billion in FY 2022, and $2.4 billion in FYs 2023 and 2024 contingent on a DSRIP waiver extension and renewal requested in November 2019 for which CMS has initially denied. For a more comprehensive discussion on the DSRIP waiver, see "Other Matters Affecting the Financial Plan" herein.

Medicaid

Medicaid is a means-tested program that finances health care services for low-income individuals and long-term care services for the elderly and disabled, primarily through payments to health care providers. The Medicaid program is financed by a combination of State, Federal, and local government resources. Eligible services include inpatient hospital care, outpatient hospital services, clinics, nursing homes, managed care, prescription drugs, home care and services provided in a variety of community-based settings (including mental health, substance abuse treatment, developmental disabilities services, school-based services and foster care services).

The number of State Medicaid recipients is expected to be approximately 6.2 million by the end of FY 2021. Year to year enrollment is relatively stable. However, enrollment in populations associated with higher service utilization and costs is increasing, contributing to growth in State Medicaid spending.

Factors that continue to place upward pressure on State-share Medicaid spending (which includes spending under and outside the Global Cap) include but are not limited to: reimbursement to providers for the cost of the increase in the minimum wage; the phase-out of enhanced Federal funding; increased enrollment and costs in managed long-term care; and payments to financially distressed hospitals.

Financing of Medicaid Spending

The State share of DOH Medicaid spending is financed by a combination of the General Fund, HCRA resources, indigent care support, provider assessment revenue, and tobacco settlement proceeds. The following table provides information on financing sources for State Medicaid spending.

DEPARTMENT OF HEALTH MEDICAID
(millions of dollars)

	FY 2020 Current	FY 2021 Proposed	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
STATE OPERATING FUNDS	**26,236**	**25,978**	**-1.0%**	**27,161**	**4.6%**	**28,412**	**4.6%**	**29,575**	**4.1%**
Department of Health Medicaid	**22,048**	**23,085**	**4.7%**	**24,077**	**4.3%**	**25,128**	**4.4%**	**26,120**	**3.9%**
General Fund - DOH Medicaid Local	16,066	16,953	5.5%	18,009	6.2%	18,973	5.4%	19,878	4.8%
DOH Medicaid	13,217	12,229	-7.5%	12,853	5.1%	13,372	4.0%	13,909	4.0%
Non-DOH Medicaid[1]	611	2,195	259.2%	2,201	0.3%	2,201	0.0%	2,201	0.0%
Minimum Wage	1,453	1,767	21.6%	2,011	13.8%	2,273	13.0%	2,458	8.1%
Local Takeover Cost[2]	1,100	1,283	16.6%	1,465	14.2%	1,648	12.5%	1,831	11.1%
MSA Payments (Share of Local Growth)[3]	(315)	(371)	-17.8%	(371)	0.0%	(371)	0.0%	(371)	0.0%
Local Cap Contribution[4]	0	(150)	0.0%	(150)	0.0%	(150)	0.0%	(150)	0.0%
General Fund - DOH Medicaid State Ops	244	237	-2.9%	243	2.5%	241	-0.8%	249	3.3%
General Fund - Essential Plan	80	78	-2.5%	76	-2.6%	74	-2.6%	74	0.0%
Local Assistance	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	80	78	-2.5%	76	-2.6%	74	-2.6%	74	0.0%
Other State Funds - DOH Medicaid Local	5,658	5,817	2.8%	5,749	-1.2%	5,840	1.6%	5,919	1.4%
HCRA Financing	3,834	3,989	4.0%	3,894	-2.4%	3,958	1.6%	4,010	1.3%
Indigent Care Support	892	892	0.0%	892	0.0%	892	0.0%	892	0.0%
Provider Assessment Revenue	930	934	0.4%	961	2.9%	988	2.8%	1,015	2.7%
Medical Indemnity Fund	2	2	0.0%	2	0.0%	2	0.0%	2	0.0%
Other State Agency Medicaid Spending	**4,188**	**2,893**	**-30.9%**	**3,084**	**6.6%**	**3,284**	**6.5%**	**3,455**	**5.2%**
Use of MSA Payments (Share of Local Growth)[3]	**315**	**371**	**17.8%**	**371**	**0.0%**	**371**	**0.0%**	**371**	**0.0%**
Use of Local Cap Contribution[4]	**0**	**150**	**0.0%**	**150**	**0.0%**	**150**	**0.0%**	**150**	**0.0%**
LOCAL SHARE OF MEDICAID[5]	**7,328**	**7,036**	**-4.0%**	**7,204**	**2.4%**	**7,212**	**0.1%**	**7,212**	**0.0%**
FEDERAL SHARE OF MEDICAID	**45,117**	**44,437**	**-1.5%**	**47,911**	**7.8%**	**49,449**	**3.2%**	**50,843**	**2.8%**
DOH Medicaid	41,017	39,931	-2.6%	43,396	8.7%	44,925	3.5%	46,310	3.1%
Essential Plan	4,100	4,506	9.9%	4,515	0.2%	4,524	0.2%	4,533	0.2%
ALL FUNDING SOURCES	**78,996**	**77,972**	**-1.3%**	**82,797**	**6.2%**	**85,594**	**3.4%**	**88,151**	**3.0%**

[1] The DOH Medicaid budget funds a portion of Medicaid-related Mental Hygiene program costs under the Global Cap.

[2] Beginning in FY 2013, the State began phasing (3-2-1-0) in takeover of the local government share of growth. As of County Year (CY) 2015 the State pays the full share of Medicaid program growth on behalf of local governments.

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

[4] Beginning in FY 2021, the Financial Plan anticipates a $150 million offset from local contributions.

[5] The Local Share of Medicaid is paid by the Local Social Service Districts (counties), and is not included in the State's All Governmental Funds disbursement totals. Fluctuation in the local share of Medicaid is related to certain supplemental payments made by local districts. Local Medicaid services payments are capped at CY 2015 levels.

State share Medicaid spending also appears in the Financial Plan estimates for other State agencies and programs, including the mental hygiene agencies, child welfare programs, education aid and corrections as shown below.

TOTAL STATE-SHARE MEDICAID DISBURSEMENTS[1]
(millions of dollars)

	FY 2020 Current	FY 2021 Proposed	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Department of Health Medicaid	21,968	23,007	24,001	25,054	26,046
Local Assistance	22,039	23,291	24,279	25,334	26,318
State Operations	244	237	243	241	249
MSA Payments (Share of Local Growth)[2]	(315)	(371)	(371)	(371)	(371)
Local Cap Contribution[3]	0	(150)	(150)	(150)	(150)
Other State Agency Medicaid Spending	4,188	2,893	3,084	3,284	3,455
Mental Hygiene	4,015	2,710	2,899	3,099	3,270
Foster Care	61	71	75	75	75
Education	110	110	110	110	110
Corrections	2	2	0	0	0
Total State Share Medicaid (All Agencies)	**26,156**	**25,900**	**27,085**	**28,338**	**29,501**
Annual $ Change		(256)	1,185	1,253	1,163
Annual % Change		-1.0%	4.6%	4.6%	4.1%
Essential Plan[4]	**80**	**78**	**76**	**74**	**74**
Local Assistance	0	0	0	0	0
State Operations	80	78	76	74	74

[1] DOH spending in the Financial Plan includes certain items that are excluded from the indexed provisions of the Medicaid Global Cap. This includes administrative costs, such as the takeover of local administrative responsibilities; the decision of Monroe County to participate in the Medicaid local cap program rather than continuing the sales tax intercept option; increased Federal Financial Participation that became effective in January 2014; and a share of minimum wage increases.

[2] MSA payments will be deposited directly to a Medicaid Escrow Fund to cover a portion of the State share for Medicaid.

[3] Beginning in FY 2021, the Financial Plan anticipates a $150 million offset from local contributions.

[4] The EP is not a Medicaid program; however, State-funded resources for the EP are managed under the Medicaid Global Cap.

Global Cap

A portion of DOH State Funds Medicaid spending growth is subject to the Global Cap -- the ten-year rolling average of the medical component of the CPI. The Global Cap excludes non-indexed items including the takeover of local Medicaid growth, the multi-year takeover assumption of local Medicaid administration costs, increased FFP pursuant to the ACA (effective in January 2014), and the cost of minimum wage increases for health care providers. The Global Cap allows for growth related to increasing costs but does not account for utilization growth. The statutory provisions of the Global Cap allow for flexibility in adjusting Medicaid projections to meet unanticipated costs resulting from a disaster, and grant the Commissioner of Health certain powers to limit Medicaid disbursements to the level authorized by the Global Cap. The Commissioner's powers are intended to limit the annual growth rate to the levels set by the Global Cap indexed rate for the then-current fiscal year, through actions which may include reducing reimbursement rates to providers. These actions may be dependent upon timely Federal approvals and other elements of the program that govern implementation.

In January 2020, the Governor convened the MRT II that is charged with identifying cost-containment measures to provide approximately $2.5 billion in gap-closing savings in FY 2021 and ensure Medicaid spending in future years adheres to the Global Cap indexed rate.

The Financial Plan assumes that the MRT II process will yield savings sufficient to limit Global Cap spending growth to the indexed rate of 3 percent in FY 2021 and 2.9 percent in all succeeding years.

MEDICAID GLOBAL CAP FORECAST
(millions of dollars)

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Global Medicaid Cap[1]	**19,433**	**20,006**	**20,594**	**21,200**	**21,824**
Annual $ Change		573	588	606	624
Annual % Change		3.0%	2.9%	2.9%	2.9%

[1] Under the Global Cap, forecasted Medicaid services growth is indexed to the 10-year average of the medical component of the CPI. Includes $2.5 billion in savings expected from the MRT II process.

Minimum Wage

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 indexed spending limit. The State costs of minimum wage increases in the health care sector are projected to grow from $1.5 billion in FY 2020 to $2.5 billion by FY 2024. Per State statute, home health care workers in NYC 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 supplemental benefits typically can be satisfied by increasing the base cash wage by a corresponding amount. As a result, wages for home health care workers in these regions exceed minimum wage levels by $4.09 for NYC and $3.22 for Westchester, Nassau, and Suffolk counties. However, State statute exempts the supplemental wages portion of total compensation from the minimum wage calculation to ensure home health care workers in these counties receive incremental growth in wage compensation commensurate with the new minimum wage schedule.

Local Medicaid Cap

The local Medicaid Cap was designed to relieve pressure on county property taxes and the NYC budget by capping local costs and having the State absorb all local program growth above a fixed statutory inflation rate. Beginning in January 2006, counties' Medicaid cost contributions were capped based on 2005 expenditures that were indexed at a growth rate of 3.5 percent in 2006, 3.25 percent in 2007, and 3 percent per year thereafter. In FY 2013, the State committed to phasing out over a three-year period all growth in the local share of Medicaid costs. The takeover of local Medicaid costs by the State is projected to cost the State and save local districts a total of $4.5 billion in FY 2021 including approximately $2.3 billion for counties outside NYC and $2.2 billion for NYC.

LOCAL GOVERNMENT SAVINGS STATE TAKEOVER OF LOCAL MEDICAID COSTS (2005 CAP AND GROWTH TAKEOVER) FY 2020 to FY 2024 (in dollars)					
County	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**
Albany	42,689,168	45,924,447	49,145,707	52,460,384	55,871,186
Allegany	6,772,552	7,282,837	7,790,910	8,313,717	8,851,686
Broome	45,031,526	47,571,195	50,099,859	52,701,854	55,379,307
Cattaraugus	15,132,371	16,107,474	17,078,352	18,077,385	19,105,391
Cayuga	15,561,190	16,470,059	17,374,989	18,306,163	19,264,340
Chautauqua	30,536,154	32,422,534	34,300,740	36,233,414	38,222,136
Chemung	16,488,992	17,606,113	18,718,393	19,862,930	21,040,658
Chenango	8,645,524	9,211,451	9,774,926	10,354,742	10,951,372
Clinton	13,123,058	14,054,886	14,982,677	15,937,373	16,919,755
Columbia	12,839,564	13,567,329	14,291,940	15,037,564	15,804,811
Cortland	8,805,834	9,380,674	9,953,023	10,541,971	11,147,998
Delaware	8,898,054	9,433,363	9,966,352	10,514,798	11,079,148
Dutchess	56,414,674	59,419,628	62,411,561	65,490,261	68,658,242
Erie	177,505,131	189,303,042	201,049,829	213,137,272	225,575,252
Essex	5,624,785	6,001,647	6,376,876	6,762,988	7,160,296
Franklin	8,587,732	9,155,077	9,719,964	10,301,233	10,899,359
Fulton	10,673,940	11,419,990	12,162,806	12,927,165	13,713,689
Genesee	9,025,263	9,592,429	10,157,138	10,738,223	11,336,160
Greene	9,557,304	10,145,907	10,731,959	11,335,007	11,955,543
Hamilton	687,021	727,545	767,892	809,410	852,132
Herkimer	12,250,594	13,037,477	13,820,950	14,627,145	15,456,719
Jefferson	18,285,842	19,451,308	20,611,724	21,805,792	23,034,488
Lewis	4,243,589	4,527,009	4,809,201	5,099,576	5,398,373
Livingston	9,545,038	10,117,564	10,687,610	11,274,187	11,877,774
Madison	10,611,590	11,274,217	11,933,972	12,612,860	13,311,436
Monroe	162,292,163	172,706,043	183,074,797	193,744,244	204,723,105
Montgomery	13,283,037	14,050,740	14,815,117	15,601,660	16,411,013
Nassau	236,493,602	250,812,829	265,070,006	279,740,641	294,836,725
Niagara	39,497,776	42,088,881	44,668,758	47,323,452	50,055,132
Oneida	50,086,271	53,309,028	56,517,821	59,819,668	63,217,269
Onondaga	100,968,739	107,166,225	113,336,855	119,686,433	126,220,149
Ontario	16,280,759	17,271,271	18,257,491	19,272,311	20,316,561
Orange	90,379,187	95,303,291	100,206,057	105,251,004	110,442,254
Orleans	8,078,898	8,577,544	9,074,029	9,584,912	10,110,610
Oswego	25,520,345	27,054,376	28,581,761	30,153,439	31,770,697
Otsego	8,536,571	9,117,002	9,694,918	10,289,593	10,901,514
Putnam	11,406,609	12,045,986	12,682,592	13,337,660	14,011,725
Rensselaer	24,542,662	26,323,971	28,097,561	29,922,585	31,800,535
Rockland	83,821,671	88,391,821	92,942,167	97,624,473	102,442,566
St. Lawrence	18,202,037	19,484,562	20,761,529	22,075,528	23,427,634
Saratoga	26,933,877	28,503,780	30,066,880	31,675,310	33,330,384
Schenectady	37,450,843	39,623,716	41,787,173	44,013,370	46,304,127
Schoharie	5,166,051	5,498,147	5,828,803	6,169,049	6,519,161
Schuyler	3,033,781	3,240,753	3,446,828	3,658,879	3,877,080
Seneca	5,619,596	5,972,765	6,324,404	6,686,240	7,058,570
Steuben	17,261,543	18,381,710	19,497,022	20,644,679	21,825,618
Suffolk	284,306,151	300,519,369	316,662,330	333,273,436	350,366,264
Sullivan	22,057,621	23,346,278	24,629,350	25,949,631	27,308,200
Tioga	6,304,446	6,744,480	7,182,606	7,633,439	8,097,345
Tompkins	11,104,669	11,806,747	12,505,782	13,225,089	13,965,256
Ulster	41,646,568	44,016,950	46,377,060	48,805,613	51,304,594
Warren	9,939,189	10,615,110	11,288,103	11,980,612	12,693,204
Washington	11,939,872	12,646,329	13,349,724	14,073,518	14,818,302
Wayne	18,840,889	19,842,160	20,839,092	21,864,935	22,920,527
Westchester	175,865,126	187,832,130	199,747,277	212,007,964	224,624,210
Wyoming	5,528,109	5,861,491	6,193,427	6,534,990	6,886,458
Yates	3,731,585	3,975,272	4,217,903	4,467,571	4,724,478
Rest of State	**2,133,656,735**	**2,265,335,960**	**2,396,444,576**	**2,531,355,341**	**2,670,178,519**
New York City	**1,981,151,384**	**2,201,926,595**	**2,421,745,114**	**2,647,938,370**	**2,880,691,230**
Statewide	**4,114,808,119**	**4,467,262,556**	**4,818,189,690**	**5,179,293,711**	**5,550,869,749**

Master Settlement Agreement and Local Cap Contribution

In FY 2018, bonds secured by annual payments from tobacco manufacturers under the MSA were retired, with no remaining debt service requirements to be paid on these bonds. DOB expects to receive payments under the MSA of approximately $315 million in FY 2020 and $371 million annually thereafter. Existing statutes direct these payments be used to help defray costs of the State's takeover of Medicaid costs for counties and NYC. Consistent with State law, DOB expects MSA payments to be deposited directly to a Medicaid Payment Escrow Fund to offset the non-Federal share of annual Medicaid growth, formerly borne by local governments, which the State now pays on behalf of local governments. The deposit mechanism has no impact on overall Medicaid spending funded with State resources but reduces reported State-supported Medicaid spending accounted for in State Operating Funds.

The Executive Budget anticipates $150 million in annual contributions from local governments that pierce the property tax cap or exceed 3 percent growth in spending, which will offset the $4.5 billion local share of Medicaid growth paid annually by the State.

The table below displays total State spending adjusted for the MSA payments and Local Cap Contribution.

FUNDING SOURCES FOR STATE MEDICAID CONTRIBUTIONS
(millions of dollars)

	FY 2020 Current	FY 2021 Proposed	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
State Share Support	**26,551**	**26,499**	**27,682**	**28,933**	**30,096**
State Funds Medicaid Disbursements	26,236	25,978	27,161	28,412	29,575
MSA Payments (Local Growth)	315	371	371	371	371
Local Cap Contribution	0	150	150	150	150

Health Care Transformation Fund (HCTF)

Pursuant to Part FFF of Chapter 59 of the Laws of 2018, the Health Care Transformation Fund (HCTF) was created to account for receipts associated with health care asset sales and conversions. Moneys in the HCTF are to be made available for transfer 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. Future proceeds related to asset sales and conversions may be directed to flow through the HCTF, subject to regulatory approvals.

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

	FY 2020 Current	FY 2021 Proposed	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Opening Balance	**525**	**314**	**0**	**0**	**0**
Receipts	**481**	**131**	**131**	**68**	**0**
Fidelis Payment	400	50	50	0	0
Centene Payment	68	68	68	68	0
CVS Payment	13	13	13	0	0
Planned Uses	**(692)**	**(445)**	**(131)**	**(68)**	**0**
Housing Rental Subsidies	(441)	(296)	(118)	(68)	0
State-Only Medicaid Payments	(148)	(136)	0	0	0
Capital Projects	(103)	(13)	(13)	0	0
Closing Balance	**314**	**0**	**0**	**0**	**0**

Fidelis - Centene Asset Sale

In September 2017, Fidelis Care (a nonprofit insurer associated with the Catholic Diocese of New York) agreed to sell a substantial share of its assets to Centene Corporation (under Sections 510 and 511-a of the Not-for-Profit Corporation Law "N-PCL"), a for-profit health insurer based in St. Louis, Missouri, in order to enter New York's health insurance marketplace. Consistent with previous transactions of similar nature in New York, the transaction was subject to regulatory approval by DOH, DFS and the Office of the Attorney General (OAG). The transaction included an agreement that the companies would contribute an estimated $2 billion over five years beginning in FY 2019.

Direct payments are expected to offset State costs for health care transformation activities, including enhancing access to affordable quality health care and health care-related services for the poor, disabled, disadvantaged, elderly and/or underserved people of the State, and/or to assist populations with any unmet health care-related needs including, but not limited to, those associated with the social determinants of health.

Following completion of all regulatory approvals, the initial $1 billion direct payment from Fidelis Care was deposited into the HCTF in July 2018. The State recently received the second round of conversion proceeds totaling $468 million. Future deposits into the HCTF include a total of $118 million in FY's 2021 and 2022, as well as $68 million in FY 2023, at which time the conversion will be complete. The HCTF does not include increased insurance tax receipts from Centene or higher Medicaid provider rates paid to Centene, which are reflected in the General Fund.

CVS – Aetna Acquisition

In November 2018, DFS approved an application by CVS Health Corp. and CVS Pharmacy Inc.'s to acquire Aetna Health Insurance Company, a New York domestic stock accident and health insurance company. The acquisition was subject to several conditions, including enhanced consumer and health insurance rate protections, privacy controls, cybersecurity compliance, and a $40 million obligation to New York State over three years. The State is expected to receive three installments of roughly $13 million annually through FY 2022.

DOB expects to transfer HCTF funds from both transactions to the General Fund to offset State costs for health care transformation activities.

Essential Plan

The FY 2015 Enacted Budget authorized the State to participate in the EP, a health insurance program which receives Federal subsidies authorized through the ACA. The EP includes health insurance coverage for legally residing immigrants in New York not eligible for Medicaid, CHP or other employer-sponsored coverage. Individuals who meet the EP eligibility standards are enrolled through the 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. More than 770,000 New Yorkers have enrolled since the EP launched in January 2016.

ESSENTIAL PLAN
(millions of dollars)

	FY 2020 Current	FY 2021 Proposed	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL ALL FUNDS SPENDING	4,180	4,584	9.7%	4,591	0.2%	4,598	0.2%	4,607	0.2%
State Operating Funds	80	78	-2.5%	76	-2.6%	74	-2.6%	74	0.0%
Local Assistance	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	80	78	-2.5%	76	-2.6%	74	-2.6%	74	0.0%
Federal Operating Funds	4,100	4,506	9.9%	4,515	0.2%	4,524	0.2%	4,533	0.2%

The increase in FY 2021 is attributable to increased Essential Plan reimbursement rates to providers, with growth tapering in the outyears. All Funds average growth of 2.5 percent over the multi-year Financial Plan reflects a mix of factors, including stabilizing enrollment trends and growth in the Federal support. This change in the premium index generates a higher Federal reimbursement rate, eliminating EP program costs for the State and allowing for the local assistance share of the program to be fully federally financed. State savings associated with the EP local assistance program are managed within the total available resources of the Global Cap.

On an All Funds basis, EP continues to be at risk of reduced Federal funding. Beginning in 2017, the Trump Administration has taken action in opposition to the State's EP reimbursement methodology. In response, litigation brought by the State allowed for a partial recoupment of withheld funding through changes to the FY 2018 reimbursement methodology.

In response to the lawsuit, the Trump Administration finalized additional changes to the reimbursement formula which further decreased the amount of Federal support for the EP, which continues to put the Financial Plan at risk. Despite the uncertainty, the Financial Plan continues to reflect funding for the EP program.

Public Health/Aging Programs

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

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

PUBLIC HEALTH AND AGING
(millions of dollars)

	FY 2020 Current	FY 2021 Proposed	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,005**	**1,711**	**-14.7%**	**1,887**	**10.3%**	**1,910**	**1.2%**	**1,927**	**0.9%**
Public Health	**1,860**	**1,570**	**-15.6%**	**1,741**	**10.9%**	**1,758**	**1.0%**	**1,770**	**0.7%**
Child Health Plus[1]	737	634	-14.0%	745	17.5%	762	2.3%	774	1.6%
General Public Health Work	179	161	-10.1%	163	1.2%	163	0.0%	163	0.0%
EPIC	103	104	1.0%	103	-1.0%	103	0.0%	103	0.0%
Early Intervention	173	165	-4.6%	165	0.0%	165	0.0%	165	0.0%
HCRA Program	358	276	-22.9%	328	18.8%	328	0.0%	328	0.0%
All Other	310	230	-25.8%	237	3.0%	237	0.0%	237	0.0%
Aging	**145**	**141**	**-2.8%**	**146**	**3.5%**	**152**	**4.1%**	**157**	**3.3%**

[1] Effective FY 2020, CHP includes the transfer of the Aliessa population previously funded under the Medicaid Global Cap. This change has no impact on service delivery.

In addition to ongoing program support, the Executive Budget leverages $73 million in new Federal funding to support public health programs that improve the health of children. The Health Services Initiatives option, available under CHP, will be used to offset State costs in programs such as GPHW, Healthy Neighborhoods, Genetic Disease, Public Health Campaign STD, and the Supplemental Nutrition Assistance Program (SNAP). Beginning in FY 2020, the EPIC program will be reduced by $14 million annually to reflect declining enrollment. Additionally, the Executive Budget proposes to rebase the Excess Medical Malpractice program based on program utilization to date, generating savings of $22 million.

The Financial Plan includes SOFA support to address locally-identified capacity needs for services to maintain the elderly in their communities, support family and friends in their caregiving roles, and reduce future Medicaid costs by intervening earlier with less intensive services.

The Public Health budget reflects continued support of the CHP program and enrollment growth within, as well as the full impact of phased down Federal support currently provided under the ACA, which will drive higher State costs across the multi-year Financial Plan.

HCRA Financial Plan

HCRA was established in 1996 to help fund a portion of State health care activities and is currently authorized through FY 2020. HCRA resources include surcharges and assessments on hospital revenues, a “covered lives” assessment paid by insurance carriers, and a portion of cigarette tax revenues. These resources are used to fund roughly 25 percent of State share Medicaid costs, and other programs and health care industry investments including CHP, EPIC, Physician Excess Medical Malpractice Insurance, Indigent Care payments to hospitals serving a disproportionate share of individuals without health insurance; Worker Recruitment and Retention; Doctors Across New York; and the Statewide Health Information Network for New York (SHIN-NY)/All-Payer Claims Databases (APCD) infrastructure development initiative, which improves the informational and data capabilities associated with claiming records.

HCRA FINANCIAL PLAN
(millions of dollars)

	FY 2020 Current	FY 2021 Proposed	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
OPENING BALANCE	**0**	**0**	**0**	**0**	**0**
TOTAL RECEIPTS	**6,236**	**6,180**	**6,228**	**6,290**	**6,354**
Surcharges	3,819	3,823	3,896	3,972	4,049
Covered Lives Assessment	1,117	1,110	1,110	1,110	1,110
Cigarette Tax Revenue	710	664	630	599	569
Hospital Assessments	485	471	487	502	518
Excise Tax on Vapor Products	10	14	6	6	6
NYC Cigarette Tax Transfer	32	32	32	32	32
EPIC Receipts/ICR Audit Fees	63	66	67	69	70
TOTAL DISBURSEMENTS AND TRANSFERS	**6,236**	**6,180**	**6,228**	**6,290**	**6,354**
Medicaid Assistance Account	3,834	3,989	3,894	3,958	4,010
Medicaid Costs	*3,637*	*3,792*	*3,697*	*3,761*	*3,813*
Workforce Recruitment & Retention	*197*	*197*	*197*	*197*	*197*
Hospital Indigent Care	892	892	892	892	892
HCRA Program Account	366	283	335	335	335
Child Health Plus[1]	747	649	760	777	789
Elderly Pharmaceutical Insurance Coverage	114	116	114	114	114
Qualified Health Plan Administration	48	49	48	47	47
SHIN-NY/APCD	40	40	40	40	40
All Other	195	162	145	127	127
ANNUAL OPERATING SURPLUS/(DEFICIT)	**0**	**0**	**0**	**0**	**0**
CLOSING BALANCE	**0**	**0**	**0**	**0**	**0**

[1] The fluctuation in Child Health Plus expenditures from FY 2020 to FY 2021 reflects the impact of transitioning certain funding from the Medicaid Assistance account to Child Health Plus. This transition has no impact on service delivery.

HCRA receipts are expected to grow modestly over the multi-year period. Projected declines in the covered lives assessments in FY 2021 reflects collections to date. Declining cigarette tax revenue is attributable to reduced consumption.

Effective December 1, 2019, a 20 percent excise tax on the sale of vapor products went into effect in New York. The Executive Budget proposes legislation to ban the sale of most flavored vapor products. Flavored products represent a significant portion of the market, and as such the proposed ban is expected to result in a significant reduction in consumption and a concomitant reduction in tax receipts.

HCRA spending is expected to remain in the $6.2 billion range through FY 2022. The most substantial area of spending growth in the outyears is for the CHP program, largely due to the expiration of enhanced Federal resources provided through the ACA and expected utilization growth.

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

Mental Hygiene services are delivered by the Office for People with Developmental Disabilities (OPWDD), the Office of Mental Health (OMH), the Office of Addiction Services and Supports (OASAS), the Developmental Disabilities Planning Council (DDPC), and the Justice Center for the Protection of People with Special Needs (Justice Center). Services are provided for adults with mental illness, children with emotional disturbance, individuals with developmental disabilities and their families, persons with chemical dependencies, and individuals with compulsive gambling problems.

These agencies provide services directly to their clients through State-operated facilities and indirectly through community-based providers. Costs of providing these services are reimbursed by Medicaid, Medicare, third-party insurance, and State funding. Patient care revenues are pledged first to the payment of debt service on outstanding mental hygiene bonds, issued to finance infrastructure improvements at State mental hygiene facilities. Revenues in excess of debt service commitments are used to support State Operating costs associated with Mental Hygiene service delivery.

MENTAL HYGIENE
(millions of dollars)

	FY 2020 Current	FY 2021 Proposed	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**3,413**	**2,137**	**-37.4%**	**2,384**	**11.6%**	**2,639**	**10.7%**	**2,894**	**9.7%**
People with Developmental Disabilities	**2,313**	**2,514**	**8.7%**	**2,668**	**6.1%**	**2,836**	**6.3%**	**2,997**	**5.7%**
Residential Services	1,374	1,463	6.5%	1,553	6.2%	1,652	6.4%	1,745	5.6%
Day Programs	686	731	6.6%	776	6.2%	825	6.3%	872	5.7%
Clinic	16	17	6.3%	19	11.8%	20	5.3%	21	5.0%
All Other Services (Net of Offsets)	237	303	27.8%	320	5.6%	339	5.9%	359	5.9%
Mental Health	**1,342**	**1,450**	**8.0%**	**1,530**	**5.5%**	**1,597**	**4.4%**	**1,673**	**4.8%**
Adult Local Services	1,103	1,201	8.9%	1,268	5.6%	1,325	4.5%	1,391	5.0%
Children Local Services	239	249	4.2%	262	5.2%	272	3.8%	282	3.7%
Addiction Services and Supports	**368**	**367**	**-0.3%**	**386**	**5.2%**	**406**	**5.2%**	**424**	**4.4%**
Residential	110	108	-1.8%	108	0.0%	116	7.4%	134	15.5%
Other Treatment	165	166	0.6%	181	9.0%	190	5.0%	190	0.0%
Prevention	56	57	1.8%	59	3.5%	62	5.1%	62	0.0%
Recovery	37	36	-2.7%	38	5.6%	38	0.0%	38	0.0%
Justice Center	**1**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**
Total Spending Funded by DOH Medicaid Global Cap [1]	**(611)**	**(2,195)**	**-259.2%**	**(2,201)**	**-0.3%**	**(2,201)**	**0.0%**	**(2,201)**	**0.0%**
People with Developmental Disabilities	(611)	(1,975)	-223.2%	(1,981)	-0.3%	(1,981)	0.0%	(1,981)	0.0%
Mental Health	0	(220)	0.0%	(220)	0.0%	(220)	0.0%	(220)	0.0%
TOTAL MENTAL HYGIENE SPENDING [1]	**4,024**	**4,332**	**7.7%**	**4,585**	**5.8%**	**4,840**	**5.6%**	**5,095**	**5.3%**

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

Local assistance funding for the mental hygiene agencies is expected to grow by an average 6.1 percent over the Financial Plan period. Increased funding reflects reimbursement to not-for-profit providers for increasing employee wages related to salary increases for direct care and clinical workers; compliance with incremental pay standards and related fringe benefit increases associated with the transition to a $15 per hour minimum wage; and community-based employment and residential opportunities for individuals with disabilities.

Investments to leverage up to $120 million (gross) in additional OPWDD funding will allow for the development of new certified housing supports in the community, support more independent living, provide more day program and employment options, and increase respite availability. Additional OMH funding will support existing residential programs and expansion of suicide prevention efforts for veterans, law enforcement, correction officers and first responders.

Spending also reflects a 4 percent total increase through FY 2021 for direct care workers and a 2 percent pay raise for clinical workers serving the mental hygiene community. Both increases are aimed at assisting not-for-profits in recruitment and retention of employees. When fully annualized, these investments will increase State share support for workers by $107 million ($188 million on an All Funds basis).

The Financial Plan reflects continued funding for OASAS prevention, treatment and recovery programs targeted toward chemical dependency, residential service opportunities, and public awareness activities.

A portion of mental hygiene spending is reported under the DOH Medicaid Global Cap and has no impact on mental hygiene service delivery or operations. The Global Cap is expected to fund a total of $2.2 billion in FY 2021, an increase of $1.6 billion from FY 2020. The large increase is due to the FY 2020 Medicaid gap-closing plan.

Social Services

Office of Temporary and Disability Assistance (OTDA)

OTDA local assistance programs provide cash benefits and supportive services to low-income families. The State's three main programs are Family Assistance, Safety Net Assistance and SSI. The Family Assistance program, financed by the Federal government, provides time-limited cash assistance to eligible families. The Safety Net Assistance program, financed by the State and local districts, provides cash assistance for single adults, childless couples, and families that have exhausted their five-year limit on Family Assistance imposed by Federal law. The State SSI Supplementation program provides a supplement to the Federal SSI benefit for the elderly, visually handicapped, and disabled persons.

TEMPORARY AND DISABILITY ASSISTANCE
(millions of dollars)

	FY 2020 Current	FY 2021 Proposed	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,310**	**1,290**	**-1.5%**	**1,346**	**4.3%**	**1,459**	**8.4%**	**1,496**	**2.5%**
SSI	656	657	0.2%	667	1.5%	667	0.0%	667	0.0%
Public Assistance Benefits	525	541	3.0%	541	0.0%	541	0.0%	541	0.0%
Public Assistance Initiatives	11	9	-18.2%	9	0.0%	9	0.0%	9	0.0%
Homeless Housing and Services	113	79	-30.1%	126	59.5%	239	89.7%	277	15.9%
All Other	5	4	-20.0%	3	-25.0%	3	0.0%	2	-33.3%

DOB's caseload models project a total of 469,185 public assistance recipients in FY 2021. Approximately 171,392 families are expected to receive benefits through the Family Assistance program in FY 2021, a decrease of 3.7 percent from FY 2020. The Safety Net caseload for families is projected at 101,741 in FY 2021, a decrease of 3.1 percent from FY 2020. The caseload for single adults and childless couples supported through the Safety Net program is projected at 196,052 in FY 2021, an increase of 2.4 percent from FY 2020.

SSI spending is projected to increase slightly over the course of the multi-year Financial Plan as caseload is expected to level off. The Executive Budget shifts the cost of Consolidated Homeless Programs to off-budget resources. The Executive Budget Financial Plan also proposes restructuring financing for the Family Assistance and Emergency Assistance for Needy Families programs, moving 5 percent of costs previously financed by Federal TANF resources to the City of New York. Spending increases in the outyears reflect a transition from State settlement funds to the General Fund for the Empire State Supportive Housing Initiative (ESSHI) supportive housing constructed for vulnerable homeless populations under the Governor's Affordable Housing and Homelessness Plan. This transition from settlement funds reflects all costs of the ESSHI program that are shared by multiple agencies and will be allocated to those agencies in a future update to the Financial Plan.

Office of Children and Family Services (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-income families.

CHILDREN AND FAMILY SERVICES
(millions of dollars)

	FY 2020 Current	FY 2021 Proposed	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,513**	**1,476**	**-2.4%**	**1,522**	**3.1%**	**1,522**	**0.0%**	**1,522**	**0.0%**
Child Welfare Service	491	476	-3.1%	476	0.0%	476	0.0%	476	0.0%
Foster Care Block Grant	384	384	0.0%	393	2.3%	393	0.0%	393	0.0%
Child Care	170	192	12.9%	209	8.9%	209	0.0%	209	0.0%
Adoption	148	147	-0.7%	148	0.7%	148	0.0%	148	0.0%
Youth Programs	105	92	-12.4%	92	0.0%	92	0.0%	92	0.0%
Medicaid	61	71	16.4%	76	7.0%	76	0.0%	76	0.0%
Adult Protective/Domestic Violence	48	51	6.3%	54	5.9%	54	0.0%	54	0.0%
Committees on Special Education	24	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
All Other	82	63	-23.2%	74	17.5%	74	0.0%	74	0.0%

FY 2021 spending is expected to decline after FY 2020 due to factors including the use of TANF resources to offset State child care costs, restructuring the financing approach for residential school placements of children with special needs outside NYC, and requiring increased use of a Federal grant for child welfare services. In addition, the Executive Budget proposes reducing funding for child care union contracts, and eliminating funding for the Public/Private Partnership program.

Transportation

The Department of Transportation directly maintains and improves approximately 44,500 State highway lane miles and nearly 7,900 bridges. The Department also partially funds locally-operated transit systems, including the MTA; local government highway and bridge construction; and rail, airport, and canal programs.

In FY 2021, the State expects to provide nearly $6.9 billion in operating aid to mass transit systems, including over $2.8 billion from the direct remittance of various dedicated taxes and fees to the MTA (not included in the table below). The MTA, the nation's largest transit and commuter rail system, receives over 90 percent of the mass transit aid -- $6.2 billion in FY 2021.

The PMT was established in May 2009 to provide operating support to MTA through a tax imposed on employers within the MCTD. The PMT is directly remitted to the MTA and is projected to generate over $1.6 billion in FY 2021. Pursuant to legislation enacted in December 2011, the MTA payroll tax was eliminated for all elementary and secondary schools and small business operators within the MCTD. The State partially offsets this revenue loss with annual support to the MTA ($244 million).

TRANSPORTATION
(millions of dollars)

	FY 2020 Current	FY 2021 Proposed	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
STATE OPERATING FUNDS SUPPORT	**3,552**	**4,075**	**14.7%**	**4,159**	**2.1%**	**4,319**	**3.8%**	**4,579**	**6.0%**
Mass Transit Operating Aid:	2,512	2,890	15.0%	2,894	0.1%	2,978	2.9%	3,083	3.5%
Metro Mass Transit Aid	2,356	2,725	15.7%	2,729	0.1%	2,813	3.1%	2,918	3.7%
Public Transit Aid	112	121	8.0%	121	0.0%	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	245	275	12.2%	369	34.2%	448	21.4%	552	23.2%
MTA Aid Trust	32	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
NY Central Business District Trust	0	150	0.0%	152	1.3%	153	0.7%	155	1.3%
Dedicated Mass Transit	697	694	-0.4%	678	-2.3%	674	-0.6%	723	7.3%
AMTAP	66	66	0.0%	66	0.0%	66	0.0%	66	0.0%
All Other	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%

Projected operating aid to the MTA and other transit systems reflects the current receipts forecast. A substantial amount of new funding to the MTA was authorized in the FY 2020 Enacted Budget as part of a comprehensive reform plan expected to generate $25 billion in financing for the MTA's 2020-2024 Capital Plan. This includes sales tax receipts from online marketplace provider sales tax collections on all sales facilitated through their platforms, and implementation and enforcement of regulations associated with the *Wayfair* decision, projected to provide the MTA with $150 million in dedicated revenues in FY 2021.

Local Government Assistance

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

LOCAL GOVERNMENT ASSISTANCE - AIM PROGRAM
(millions of dollars)

	FY 2020 Current	FY 2021 Proposed	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**664**	**671**	**1.1%**	**704**	**4.9%**	**704**	**0.0%**	**704**	**0.0%**
Big Four Cities	429	429	0.0%	429	0.0%	429	0.0%	429	0.0%
Other Cities	218	218	0.0%	218	0.0%	218	0.0%	218	0.0%
Towns and Villages	9	9	0.0%	9	0.0%	9	0.0%	9	0.0%
Restructuring/Efficiency	8	15	87.5%	48	220.0%	48	0.0%	48	0.0%

The Executive Budget continues to support towns and villages at the same funding level as FY 2020. State Operating Funds spending for the various efficiency and restructuring grants within the AIM program is projected to increase due to potential awards from the Financial Restructuring Board for Local Governments.

Agency Operations

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

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

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

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING PERSONAL SERVICE AND FRINGE BENEFITS

		Forecast			
	FY 2020 Current	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Negotiated Base Salary Increases[1]					
NYSTPBA /NYSPIA/NYSCOPBA/GSEU	2%	2%	2%	2%	TBD
UUP	2%	2%	2%	TBD	TBD
CSEA/DC-37 (Rent Regulation Unit)/MC	2%	2%	TBD	TBD	TBD
Council 82/PEF/PBANYS	TBD	TBD	TBD	TBD	TBD
State Workforce[2]	119,962	118,955	TBD	TBD	TBD
ERS Contribution Rate					
Before Amortization[3]	15.1%	15.2%	15.9%	16.5%	18.6%
After Amortization[4]	18.8%	18.7%	19.1%	19.1%	20.4%
PFRS Contribution Rate					
Before Amortization[3]	24.0%	24.8%	25.6%	26.1%	28.3%
After Amortization[4]	26.8%	27.7%	28.3%	28.4%	29.9%
Employee/Retiree Health Insurance Growth Rates	2.7%	5.1%	6.9%	7.1%	7.1%
PS/Fringe as % of Receipts (All Funds Basis)	13.2%	13.7%	13.6%	13.8%	13.8%

[1] Reflects current collective bargaining agreements with settled unions. Does not reflect potential impact of future negotiated labor agreements.

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

[3] Before amortization contribution rate reflects the State's normal and administrative costs, contributions for the Group Life Insurance Plan (GLIP), and Chapter 41 of 2016 veterans' pension credit legislation.

[4] After amortization contribution rate additionally includes new amortization, if any, and payments on prior amortizations.

Most Executive agencies are expected to hold spending in FY 2021 to FY 2020 levels, with some exceptions described later. PS/NPS spending increases in the outyears reflect costs related to juvenile justice reform, salary increases consistent with current labor agreements, growth in SUNY operating costs including labor costs pursuant to the settled UUP contract, and an additional administrative payroll in FY 2021.

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

	FY 2020 Current	FY 2021 Proposed	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
SUBJECT TO DIRECT EXECUTIVE CONTROL[1]	**10,661**	**10,704**	**10,740**	**10,848**	**10,907**
Mental Hygiene	2,844	2,864	2,912	2,958	3,004
Corrections and Community Supervision	2,860	2,704	2,709	2,745	2,745
State Police	790	811	808	828	828
Department of Health	757	755	755	751	758
Information Technology Services	539	547	553	565	565
Tax and Finance	305	356	345	344	344
Children and Family Services	262	380	379	379	384
Transportation	342	336	341	341	341
Environmental Conservation	216	228	222	216	216
All Other	1,746	1,723	1,716	1,721	1,722
UNIVERSITY SYSTEMS	**6,332**	**6,487**	**6,575**	**6,773**	**6,934**
State University	6,235	6,484	6,572	6,770	6,931
City University	97	3	3	3	3
INDEPENDENT AGENCIES	**341**	**356**	**348**	**348**	**348**
Law	183	192	187	187	187
Audit & Control (OSC)	158	164	161	161	161
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	**17,334**	**17,547**	**17,663**	**17,969**	**18,189**
Judiciary	**2,134**	**2,234**	**2,177**	**2,177**	**2,177**
Legislature	**243**	**249**	**256**	**256**	**256**
Statewide Total	**19,711**	**20,030**	**20,096**	**20,402**	**20,622**
Personal Service	14,289	14,608	14,588	14,822	14,972
Non-Personal Service	5,422	5,422	5,508	5,580	5,650

[1] FY 2020 estimates include $185 million in retroactive salary payments for NYSCOPBA, PBA and NYSPIA labor agreements, FY 2021 estimates include $8 million in retroactive salary payments for PBANYS.

FY 2021 spending for agency operations includes 2 percent general salary increases associated with collective bargaining agreements with certain unions. The cost of annual salary increases is expected to be absorbed by most Executive agencies through management plan savings and efficiencies. In addition to the cost of an additional payroll in FY 2021, notable spending changes include:

- ***Corrections and Community Supervision.*** Lower spending reflects the planned reduction in excess prison capacity due to declines in prison population and retroactive salary payments made in FY 2020, partially offset by increasing costs associated with solitary confinement reforms.

- ***Children and Family Services.*** Increased spending is mainly driven by the annualized cost of raising the age of criminal responsibility from 16 to 18, and a modification to the youth facility billing process implemented in FY 2020.

- ***Tax and Finance.*** Higher spending in FY 2021 reflects the timing of certain cost increases and attrition savings.

- ***Mental Hygiene.*** Increased spending includes the cost of continued delivery of services in State-operated program settings.

- ***State University.*** Higher operating costs at SUNY hospitals and campuses are expected drive spending up in FY 2021.

- ***City University.*** The reduction in CUNY spending reflects reclassification of certain fees and associated spending, from a special revenue fund to an agency trust fund, to align with current classification of CUNY tuition revenues.

- ***Judiciary.*** The Judiciary's request for increased operating support to fund salary and staff increases in court operations and security drive higher spending in FY 2021.

Workforce

In FY 2021, $14.6 billion, or 13.8 percent, of the State Operating Funds budget is dedicated to supporting Full-Time Equivalent (FTE) employees under direct Executive control; individuals employed by SUNY (46,834) and Independent Agencies; employees paid on a nonannual salaried basis; and overtime pay. Roughly 60 percent of Executive agency workforce spending occurs in the mental hygiene agencies and DOCCS.

STATE OPERATING FUNDS
FY 2021 FTEs[1] AND PERSONAL SERVICE SPENDING BY AGENCY
(millions of dollars)

	Dollars	FTEs
SUBJECT TO DIRECT EXECUTIVE CONTROL	**7,934**	**96,456**
Mental Hygiene	2,378	32,285
Corrections and Community Supervision	2,208	25,611
State Police	750	5,666
Department of Health	290	4,052
Information Technology Services	303	3,421
Tax and Finance	282	4,085
Children and Family Services	266	2,297
Environmental Conservation	188	2,322
Transportation	163	2,591
Financial Services	160	1,391
All Other	946	12,735
UNIVERSITY SYSTEMS	**4,406**	**46,834**
State University	4,403	46,834
City University[2]	3	0
INDEPENDENT AGENCIES	**2,268**	**18,434**
Law	138	1,533
Audit & Control (OSC)	131	1,524
Judiciary	1,806	15,374
Legislature[3]	193	3
Statewide Total	**14,608**	**161,724**

[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] CUNY employees are funded through an agency trust fund that supports 13,730 FTEs, which are excluded from this table. The $3 million in costs represents personal service expenses reflected in the CUNY Tuition Reimbursement account.

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

General State Charges

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

Employee fringe benefits paid through GSCs are financed from the General Fund in the first instance, then partially reimbursed by revenue collected from agency fringe benefit assessments.

GSC spending is projected to increase by an average of 5.6 percent over the multi-year Financial Plan period. Growth in the health insurance reflects medical inflation and current enrollment levels. Workers' Compensation costs are increasing due to reserve funds that are no longer available to offset growth in the average weekly wage used for benefit calculations and medical costs. Increases in other programs such as Social Security, employee benefits and dental insurance are attributable to collectively negotiated salary increases and benefit enhancements.

GENERAL STATE CHARGES
(millions of dollars)

	FY 2020 Current	FY 2021 Proposed	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**8,681**	**9,015**	**3.8%**	**9,772**	**8.4%**	**10,332**	**5.7%**	**10,788**	**4.4%**
Fringe Benefits	**8,266**	**8,572**	**3.7%**	**9,304**	**8.5%**	**9,864**	**6.0%**	**10,320**	**4.6%**
Health Insurance	4,308	4,513	4.8%	4,839	7.2%	5,183	7.1%	5,551	7.1%
Pensions	2,448	2,495	1.9%	2,855	14.4%	2,990	4.7%	2,996	0.2%
Social Security	1,097	1,134	3.4%	1,138	0.4%	1,156	1.6%	1,175	1.6%
Workers' Compensation	515	583	13.2%	638	9.4%	697	9.2%	762	9.3%
Employee Benefits	103	108	4.9%	117	8.3%	121	3.4%	121	0.0%
Dental Insurance	58	63	8.6%	65	3.2%	66	1.5%	66	0.0%
Unemployment Insurance	12	12	0.0%	12	0.0%	12	0.0%	12	0.0%
All Other/Non-State Escrow	(275)	(336)	-22.2%	(360)	-7.1%	(361)	-0.3%	(363)	-0.6%
Fixed Costs	**415**	**443**	**6.7%**	**468**	**5.6%**	**468**	**0.0%**	**468**	**0.0%**
Public Land Taxes/PILOTS	277	296	6.9%	302	2.0%	302	0.0%	302	0.0%
Litigation	138	147	6.5%	166	12.9%	166	0.0%	166	0.0%

Overall pension costs are projected to remain relatively stable based on anticipated investment returns and ongoing savings from Tier 5 and Tier 6 pension reforms. The preliminary FY 2021 pension bill includes a reduction by OSC to the expected rate of return on pension assets from 7 to 6.8 percent, which was estimated to increase the State's contribution by roughly $300 million. However, the higher cost is partially offset by the implementation of a new "mortality improvement" scale, other actuarial adjustments, and early payment of the bill to reduce interest costs.

NYSHIP costs (excluding the Judiciary) have increased by approximately 13 percent over the past three fiscal years -- from $3.43 billion in FY 2017 to $3.87 billion in FY 2019. The Executive Budget includes three proposals to help restrain this growth.

The first proposal would eliminate the taxpayer subsidy for high-income state retirees who pay Medicare Part B IRMAA. This regressive subsidy provides retirees earning over $87,000 per year greater State taxpayer subsidies than lower income retirees. Reimbursement of these costs, which were originally intended by the Federal government as a means for wealthier retirees to pay a fairer share of Medicare costs, would no longer be provided. Eliminating this subsidy is estimated to save $3.7 million in FY 2021 (due to the lag in reimbursement) growing to $15.7 million in FY 2022.

The second proposal would freeze the current State reimbursement level of the Medicare Part B standard premium. Currently, New York taxpayers are reimbursing the entire standard $144.60 monthly premium for new and existing retirees. Reimbursement of any future monthly premium increases above the current level would be subject to the annual budget process. The cost of this reimbursement is expected to reach $233 million in CY 2020 from $215 million in CY 2019. The Financial Plan assumes this proposal will avoid future costs of $2.2 million in FY 2021, and $11.8 million in FY 2022.

The third proposal would create a sliding scale for retiree health insurance coverage. Currently, taxpayers support lifetime health coverage for State retirees with more than ten years of service. This proposal would create a sliding scale of subsidies that begin at ten years of service, and gradually increase until they are no different from current levels, once an individual reaches 30 years of service. This would be effective for new employees who begin State service on or after October 1, 2020. Since this proposal affects future employees, savings will not occur until 2030, but a 5 percent reduction in the State's $63.4 billion OPEB liability is anticipated over time.

The Executive Budget also proposes to establish interest rates paid on court judgements by public and private entities at a variable market-based interest rate equal to the average one-year constant maturity Treasury yield. This is the same rate used by the Federal Court System. The current fixed rate of as much as 9 percent annually was established in 1982 when interest rates were at 12 percent. Payment of 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. This proposal will provide mandate relief for local governments and lower State taxpayer costs by $6 million.

Transfers to Other Funds (General Fund Basis)

General Fund transfers help finance debt service for bonds that do not have dedicated revenues, SUNY operating costs, certain capital initiatives, and a range of other activities.

GENERAL FUND TRANSFERS TO OTHER FUNDS (millions of dollars)	FY 2020 Current	FY 2021 Proposed	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
TOTAL TRANSFERS TO OTHER FUNDS	**6,074**	**6,650**	**6,985**	**7,111**	**6,415**
Debt Service	517	570	524	537	584
SUNY University Operations	1,185	1,273	1,273	1,267	1,267
Capital Projects	3,182	3,535	3,782	3,823	2,975
Extraordinary Monetary Settlements:	**1,316**	**623**	**1,041**	**705**	**237**
Dedicated Infrastructure Investment Fund	1,391	879	926	476	231
Javits Center Expansion	320	134	0	0	0
Bond Proceeds Receipts for Javits Center Expansion	(500)	(500)	0	0	0
Clean Water Grants	0	25	50	175	0
Mass Transit Capital	5	5	2	2	1
Health Care	100	80	63	52	5
Dedicated Highway and Bridge Trust Fund	390	425	285	400	412
Environmental Protection Fund	28	28	28	96	96
All Other Capital	1,448	2,459	2,428	2,622	2,230
ALL OTHER TRANSFERS	**1,190**	**1,272**	**1,406**	**1,484**	**1,589**
Department of Transportation (MTA Payroll Tax)	244	275	369	448	552
SUNY - Medicaid Reimbursement	243	243	243	243	243
NY Central Business District Trust	113	150	152	153	155
Judiciary Funds	115	115	115	115	115
Dedicated Mass Transportation Trust Fund	65	65	65	65	65
Banking Services	49	49	49	49	49
Business Services Center	28	30	30	30	30
Indigent Legal Services	28	28	75	75	75
General Service	10	10	3	0	0
Mass Transportation Operating Assistance	21	21	21	21	21
Correctional Industries	21	21	21	21	21
Public Transportation Systems	16	16	16	16	16
Health Income Fund	16	16	16	16	16
Centralized Technology Services	11	11	11	11	11
Spinal Cord Injury Fund	9	9	9	9	9
Medical Cannabis Fund	5	7	7	7	7
All Other	196	206	204	205	204

General Fund transfers to other funds are expected to total $6.6 billion in FY 2021, a $576 million increase from FY 2020. The change is mainly due to capital projects transfers expected to increase by $353 million in FY 2021. The capital increase reflects use of new hard dollar resources, rather than debt to fund capital projects.

The DHBTF receives revenue from motor vehicle fees, PBT, the motor fuel tax, Highway Use tax (HUT), the auto rental tax, utilities taxes, and miscellaneous transportation-related fees. Receipts deposited into the DHBTF are used to pay debt service on transportation bonds, finance capital projects on a PAYGO basis, and pay certain operating expenses of DOT and DMV. The General Fund subsidizes DHBTF expenses, as expenses routinely exceed revenue deposits and bond proceeds.

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 Corporation (ESD), DASNY, and the New York State Thruway Authority (NYSTA). Depending on the credit structure, debt service is financed by transfers from the General Fund, dedicated taxes and fees, and other resources such as patient income revenues.

DEBT SERVICE SPENDING PROJECTIONS (millions of dollars)									
	FY 2020 Current	FY 2021 Proposed	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
General Fund	517	570	10.3%	524	-8.1%	537	2.5%	584	8.8%
Other State Support	4,649	5,442	17.1%	6,486	19.2%	6,836	5.4%	6,950	1.7%
State Operating/All Funds Total	**5,166**	**6,012**	**16.4%**	**7,010**	**16.6%**	**7,373**	**5.2%**	**7,534**	**2.2%**

Total State Operating/All Funds debt service is projected to be $5.2 billion in FY 2020, of which $517 million is paid from the General Fund via transfers, and $4.6 billion is paid from other State funds supported by dedicated tax receipts. The General Fund finances debt service payments on General Obligation and service contract bonds. Debt service for the State's revenue bonds is paid directly from other dedicated State funds, subject to appropriation, including PIT and Sales Tax bonds, DHBTF bonds, and mental health facilities bonds.

The Financial Plan estimates for debt service spending have been revised to reflect bond sale results to date, refunding savings, and the adjustment of debt issuances to align with projected bond-financed capital spending. Debt service spending estimates also reflect prepayment of $1.5 billion in FY 2019 for debt service costs due in FY 2020, as well as a planned prepayment of $450 million in FY 2020 for debt service costs due in FY 2021. See the section on "Other Matters Affecting the Financial Plan – Debt Reform Act Limit" herein for the status of State compliance with debt service limits established in the State Debt Reform Act.

FY 2020 Operating Results Through December 2019

FY 2020 Operating Results Through December 2019

This section provides a summary of preliminary operating results for April 2019 through December 2019 compared to: (1) results for the prior fiscal year (April 2018 through December 2018), (2) the estimates set forth in the FY 2020 Enacted Budget Financial Plan ("initial estimates"), and (3) the most recent estimates set forth in the FY 2020 Mid-Year Financial Plan Update ("revised estimates"). The summary of the variances to estimates is exclusively based on the initial estimates.

General Fund Operating Results Compared to Estimates

GENERAL FUND OPERATING RESULTS
April 2019 through December 2019
(millions of dollars)

				Variance Above/ (Below)			
				Initial Estimate		Revised Estimate	
	Initial Estimate	Revised Estimate	Results	$	%	$	%
OPENING BALANCE	**7,206**	**7,206**	**7,206**	**0**	**0.0%**	**0**	**0.0%**
Total Receipts	**56,237**	**56,587**	**57,763**	**1,526**	**2.7%**	**1,176**	**2.1%**
Taxes:	52,902	52,991	54,225	1,323	2.5%	1,234	2.3%
Personal Income Tax[1]	35,855	36,119	37,170	1,315	3.7%	1,051	2.9%
Consumption / Use Taxes[1]	11,310	11,149	11,083	(227)	-2.0%	(66)	-0.6%
Business Taxes	4,137	4,173	4,410	273	6.6%	237	5.7%
Other Taxes[1]	1,600	1,550	1,562	(38)	-2.4%	12	0.8%
Receipts and Grants	2,233	2,340	2,517	284	12.7%	177	7.6%
Transfers From Other Funds	1,102	1,256	1,021	(81)	-7.4%	(235)	-18.7%
Total Spending	**56,226**	**56,957**	**56,789**	**563**	**1.0%**	**(168)**	**-0.3%**
Local Assistance	36,017	37,157	36,540	523	1.5%	(617)	-1.7%
Agency Operations (including GSCs)	15,076	14,981	14,770	(306)	-2.0%	(211)	-1.4%
Transfers to Other Funds	5,133	4,819	5,479	346	6.7%	660	13.7%
Debt Service Transfer	347	348	341	(6)	-1.7%	(7)	-2.0%
Capital Projects Transfer	2,907	2,518	3,196	289	9.9%	678	26.9%
SUNY Operations Transfer	1,124	1,100	1,114	(10)	-0.9%	14	1.3%
All Other Transfers	755	853	828	73	9.7%	(25)	-2.9%
Change in Operations	**11**	**(370)**	**974**	**963**	**8754.5%**	**1,344**	**363.2%**
CLOSING BALANCE	**7,217**	**6,836**	**8,180**	**963**	**13.3%**	**1,344**	**19.7%**

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

Through the first three quarters of FY 2020, General Fund receipts, including transfers from other funds, totaled $57.8 billion, $1.5 billion (2.7 percent) above the estimate, of which PIT receipts were $1.3 billion higher. Based on collections to date and a review of economic data, DOB has increased the FY 2020 annual estimate for tax receipts by $1 billion. In addition, the State has received $66 million in unplanned new monetary settlements, which have been reserved for economic uncertainties.

General Fund disbursements, including transfers to other funds, totaled $56.8 billion, $563 million (1 percent) above the estimate. Medicaid expenditures exceeded the estimate by $1.9 billion largely due to escalating program utilization and costs for certain higher cost populations in the Managed Long Term Care program. Despite a stable enrollment base, health care costs continue to exceed the indexed growth rate. Based on a review of Medicaid price and utilization trends, results for FY 2019 and FY 2020 to date, and revisions to the timing of certain health care payments, DOB increased the annual estimate for Medicaid by $1.8 billion in the FY 2020 Mid-Year Update. Cost overruns are expected to be fully offset in the current year. See "Overview of the Financial Plan — Current Year Update" and "Overview of the Financial Plan — Plan to Address the Medicaid Structural Gap."

With exception of Medicaid, General Fund local aid payments have uniformly fallen below estimates, repeating a pattern observed in prior years. Much of the variance to date is due to normal variation in the timing of payments. DOB has lowered annual estimates for several programs and activities, including higher education, social services and lower education.

Agency operations, including fringe benefits, were $306 million below the estimate through December 2019. Personal Service spending was roughly $90 million higher than initially projected due almost entirely to labor agreements reached after the Enacted Budget and the related payment of retroactive salary increases. NPS was just over $300 million below estimates across many agencies due in part to normal variation in the timing of payments. Within GSCs, lower costs for Workers' Compensation, judgments against the State, and taxes on public lands contributed approximately $80 million of favorable variance compared to the estimates.

Transfers to other funds were $346 million above estimates, primarily due to financing of capital projects. Transfers to support activities funded by Extraordinary Monetary Settlements were accelerated based on anticipated spending needs and timing of bond proceeds used to reimburse prior advances.

The General Fund ended December 2019 with a balance of $8.2 billion, $963 million above the estimate. DOB expects a year-end balance of $6.5 billion, consisting of $2.5 billion in statutory reserves (including the planned year-end deposit of $428 million to Rainy Day Reserves, fiscal conditions permitting); $890 million reserved for economic uncertainties; $500 million for debt management; and $2.6 billion in the Extraordinary Monetary Settlements balance.

The table below displays the variances from the initial and revised estimates for the General Fund excluding Extraordinary Monetary Settlements.

FY 2020 GENERAL FUND OPERATING RESULTS COMPARED TO FY 2020 ENACTED AND REVISED BUDGETS (millions of dollars)

	Initial Estimate	Revised Estimate	Results	Variance Above/(Below) Initial Estimate	Variance Above/(Below) Revised Estimate
Opening Fund Balance (Excl. Extr. Monetary Settlements)	**3,012**	**3,012**	**3,012**	**0**	**0**
Total Receipts	**55,408**	**55,692**	**56,868**	**1,460**	**1,176**
Taxes[1]	52,902	52,991	54,225	1,323	1,234
Non-Tax Receipts/Transfers[2]	2,506	2,701	2,643	137	(58)
Total Disbursements	**55,432**	**56,044**	**55,734**	**302**	**(310)**
Local Assistance	36,017	37,157	36,540	523	(617)
Agency Operations	15,076	14,981	14,770	(306)	(211)
Transfers to Other Funds[3]	4,339	3,906	4,424	85	518
Net Change in Operations	**(24)**	**(352)**	**1,134**	**1,158**	**1,486**
General Fund Use of Extr. Monetary Settlements	-	-	-	-	-
Closing Fund Balance (Excl. Extr. Monetary Settlements)	**2,988**	**2,660**	**4,146**	**1,158**	**1,486**
Extraordinary Monetary Settlements					
Opening Balance	4,194	4,194	4,194	0	0
Settlements Received/Expected[4]	829	895	895	66	0
Transfers/Uses	(794)	(913)	(1,055)	(261)	(142)
Closing Balance	**4,229**	**4,176**	**4,034**	**(195)**	**(142)**
Closing Fund Balance (Incl. Extr. Monetary Settlements)	**7,217**	**6,836**	**8,180**	**963**	**1,344**

1 Includes transfers from other funds after debt service.

2 Non-tax receipts exclude the monetary settlements received by the General Fund, less amounts retained by the Department of Law in other funds to support operational costs.

3 Transfers to Other Funds exclude the use of monetary settlements to support transfers from the General Fund to other funds (e.g., Dedicated Investment Infrastructure Fund).

4 Includes gross value of all settlements received/expected by the State, including amounts retained by the Department of Law in other funds to support operational costs.

All Governmental Funds – Results Compared to Prior Year

FY 2020 All Funds receipts and disbursements were higher than the prior year by $8.1 billion and $2.8 billion, respectively. Increased tax collections and Federal Grants, are partly offset by a drop in miscellaneous receipts. Medicaid and School Aid spending represents over three-quarters of the total spending growth, due to deferral of a $1.7 billion payment from March 2019 to FY 2020 and the authorized School Aid increase. Agency operations and fringe benefits spending growth reflects the payment of retroactive salary increases and higher SUNY spending.

ALL GOVERNMENTAL FUNDS - RESULTS COMPARED TO PRIOR YEAR
April through December
(millions of dollars)

	Results		Increase/(Decrease)	
	FY 2019	**FY 2020**	**$**	**%**
OPENING BALANCE	**12,749**	**9,975**	**(2,774)**	**-21.8%**
ALL FUNDS RECEIPTS:	**121,250**	**129,394**	**8,144**	**6.7%**
Total Taxes	**53,044**	**59,115**	**6,071**	**11.4%**
Personal Income Tax	32,530	37,317	4,787	14.7%
All Other Taxes	20,514	21,798	1,284	6.3%
Miscellaneous Receipts	**21,561**	**20,544**	**(1,017)**	**-4.7%**
Federal Grants	**46,645**	**49,735**	**3,090**	**6.6%**
Bond & Note Proceeds	**0**	**0**	**0**	**0.0%**
ALL FUNDS DISBURSEMENTS:	**121,557**	**124,359**	**2,802**	**2.3%**
STATE OPERATING FUNDS	**69,317**	**71,654**	**2,337**	**3.4%**
Local Assistance	**46,553**	**48,513**	**1,960**	**4.2%**
School Aid	16,030	16,644	614	3.8%
DOH Medicaid (incl. admin and EP)	17,418	19,338	1,920	11.0%
All Other	13,105	12,531	(574)	-4.4%
State Operations	**21,012**	**21,629**	**617**	**2.9%**
Agency Operations	**14,342**	**14,756**	**414**	**2.9%**
Executive Agencies	7,572	7,816	244	3.2%
University Systems	4,692	4,890	198	4.2%
Elected Officials	2,078	2,050	(28)	-1.3%
Fringe Benefits/Fixed Costs	**6,670**	**6,873**	**203**	**3.0%**
Pension Contribution	2,362	2,386	24	1.0%
Health Insurance	3,135	3,172	37	1.2%
Other Fringe Benefits/Fixed Costs	1,173	1,315	142	12.1%
Debt Service	**1,752**	**1,512**	**(240)**	**-13.7%**
CAPITAL PROJECTS (State and Federal Funds)	**8,833**	**9,132**	**299**	**3.4%**
FEDERAL OPERATING AID	**43,407**	**43,573**	**166**	**0.4%**
NET OTHER FINANCING SOURCES	**(19)**	**(110)**	**(91)**	**-478.9%**
CHANGE IN OPERATIONS	**(326)**	**4,925**	**5,251**	**1610.7%**
CLOSING BALANCE	**12,423**	**14,900**	**2,477**	**19.9%**

Receipts

PIT collections were $4.8 billion (14.7 percent) higher than last year due to an increase in April 2019 extensions and final returns related to taxpayer behavior in response to the cap on SALT deductions, as well as moderate growth in withholding. These increases are partially offset by a scheduled increase in Tax Year 2019 Property Tax Relief Credits and continued phase-in of the middle class tax cut program.

Business tax collections growth ($838 million) is due to higher corporate franchise tax (CFT) and insurance gross receipts, partially offset by higher refunds. Growth in consumption/use tax collections ($501 million) reflects an increase in the sales tax base. It also reflects additional revenues from the requirement that marketplace providers collect SUT on sales they facilitate, elimination of the ESCOs exemption, and DTF guidance associated with the U.S. Supreme Court Wayfair ruling. These increases were partially offset by the direct remittance of various supplemental fees and taxes to the MTA beginning in FY 2020.

Miscellaneous receipts declined by $1 billion (4.7 percent) due to the receipt of a $1 billion from Fidelis Care, pursuant to the sale of substantially all its assets to Centene Corporation in July 2018, and a drop in Extraordinary Monetary Settlement receipts ($232 million).

Federal grants were $3.1 billion higher in FY 2020 than in FY 2019 largely due to the deferral of the final FY 2019 Medicaid cycle, [17] as well as timing of reimbursements for program costs initially financed by the State and later reimbursed with Federal funding.

Spending

State Operating Funds spending totaled $71.7 billion in April – December of FY 2020, an increase of $2.3 billion (3.4 percent) over the same period in FY 2019.

Year-over-year spending on local assistance increased by $2 billion mainly due to higher spending for Medicaid ($1.9 billion) and School Aid ($614 million). Higher School Aid spending includes the authorized 3.8 percent State aid increase. Medicaid spending growth reflects the impact of the $1.7 billion payment deferred from March 2019 to FY 2020, as well as escalating program utilization and costs.

[17] A two-business day period exists between the charge to the State's Federal Fund accounts to reflect a payment and the drawdown from the Federal Treasury to reimburse the spending. Thus, the Federal share of the deferred payment from March 2019 was charged to Federal Funds spending on March 28 and reimbursed via receipt of Federal funds on April 1 ($1.8 billion) in accordance with Federal cash management guidelines.

Growth in Medicaid and School Aid was partly offset by spending declines in the following areas:

- Transportation ($300 million lower) variances are mostly attributable to one-time payments made to the MTA in FY 2019 for the MTA Subway Action Plan ($194 million) and a final payment of payroll mobility tax collections attributable to FY 2018 ($135 million).

- Public Health ($191 million lower) variances are mainly due to the timing of GPHW ($113 million) and EI ($94 million) payments.

- Higher Education ($89 million lower) largely due to timing of payments and lower utilization of student financial aid.

Executive agency operational spending growth includes costs associated with payment of retroactive salary increases in FY 2020. Higher University System costs reflect spending for SUNY hospitals and personal service costs at SUNY colleges. Fringe benefits spending increased due to growing employee health insurance, pension, and social security payments.

Higher Capital Projects spending (State and Federal) is mainly due to the timing of payments for projects at DOT ($122 million) and DOH ($105 million).

Federal operating spending growth reflects Medicaid utilization and cost increases, higher Federal School Breakfast and Lunch Meal reimbursements, and timing of Child Care payments that occurred sooner than expected. These increases are partly offset by lower spending on Medicaid Administration, and a timing variance related to school district claiming of Individuals with Disabilities in Education (IDEA) grants.

All Governmental Funds – Results Compared to Plan

ALL GOVERNMENTAL FUNDS COMPARED TO PLAN
April 2019 through December 2019
(millions of dollars)

				Variance Above/ (Below)			
				Initial Estimate		Revised Estimate	
	Initial Estimate	Revised Estimate	Results	$	%	$	%
OPENING BALANCE	**9,975**	**9,975**	**9,975**	**0**	**0.0%**	**0**	**0.0%**
ALL FUNDS RECEIPTS:	**127,970**	**127,809**	**129,394**	**1,424**	**1.1%**	**1,585**	**1.2%**
Total Taxes	**57,643**	**57,806**	**59,115**	**1,472**	**2.6%**	**1,309**	**2.3%**
Personal Income Tax	36,015	36,312	37,317	1,302	3.6%	1,005	2.8%
Consumption / Use Tax	13,966	13,824	13,768	(198)	-1.4%	(56)	-0.4%
Business Taxes	5,941	5,994	6,344	403	6.8%	350	5.8%
Other Taxes	1,721	1,676	1,686	(35)	-2.0%	10	0.6%
Miscellaneous Receipts	**21,394**	**21,526**	**20,544**	**(850)**	**-4.0%**	**(982)**	**-4.6%**
Federal Grants	**48,933**	**48,477**	**49,735**	**802**	**1.6%**	**1,258**	**2.6%**
ALL FUNDS DISBURSEMENTS:	**126,047**	**126,201**	**124,359**	**(1,688)**	**-1.3%**	**(1,842)**	**-1.5%**
STATE OPERATING FUNDS	**71,033**	**72,552**	**71,654**	**621**	**0.9%**	**(898)**	**-1.2%**
Local Assistance	**47,591**	**49,156**	**48,513**	**922**	**1.9%**	**(643)**	**-1.3%**
School Aid	17,094	16,855	16,644	(450)	-2.6%	(211)	-1.3%
DOH Medicaid[1]	17,093	19,267	19,338	2,245	13.1%	71	0.4%
Transportation	3,334	3,351	3,282	(52)	-1.6%	(69)	-2.1%
STAR	69	83	41	(28)	-40.6%	(42)	-50.6%
Social Services	2,069	2,016	1,852	(217)	-10.5%	(164)	-8.1%
Higher Education	2,115	2,051	1,934	(181)	-8.6%	(117)	-5.7%
Mental Hygiene	1,457	1,474	1,442	(15)	-1.0%	(32)	-2.2%
All Other	4,360	4,059	3,980	(380)	-8.7%	(79)	-1.9%
State Operations	**21,924**	**21,873**	**21,629**	**(295)**	**-1.3%**	**(244)**	**-1.1%**
Agency Operations	**14,902**	**14,937**	**14,756**	**(146)**	**-1.0%**	**(181)**	**-1.2%**
Personal Service:	10,736	10,885	10,771	35	0.3%	(114)	-1.0%
Executive Agencies	5,820	5,979	5,935	115	2.0%	(44)	-0.7%
University Systems	3,267	3,248	3,175	(92)	-2.8%	(73)	-2.2%
Elected Officials	1,649	1,658	1,661	12	0.7%	3	0.2%
Non-Personal Service:	4,166	4,052	3,985	(181)	-4.3%	(67)	-1.7%
Executive Agencies	2,113	1,971	1,881	(232)	-11.0%	(90)	-4.6%
University Systems	1,620	1,645	1,715	95	5.9%	70	4.3%
Elected Officials	433	436	389	(44)	-10.2%	(47)	-10.8%
Fringe Benefits/Fixed Costs	**7,022**	**6,936**	**6,873**	**(149)**	**-2.1%**	**(63)**	**-0.9%**
Pension Contribution	2,369	2,386	2,386	17	0.7%	0	0.0%
Health Insurance	3,152	3,176	3,172	20	0.6%	-4	-0.1%
Other Fringe Benefits/Fixed Costs	1,501	1,374	1,315	(186)	-12.4%	(59)	-4.3%
Debt Service	**1,518**	**1,523**	**1,512**	**(6)**	**-0.4%**	**(11)**	**-0.7%**
CAPITAL PROJECTS (State and Federal Funds)	**10,449**	**9,882**	**9,132**	**(1,317)**	**-12.6%**	**(750)**	**-7.6%**
FEDERAL OPERATING AID	**44,565**	**43,767**	**43,573**	**(992)**	**-2.2%**	**(194)**	**-0.4%**
NET OTHER FINANCING SOURCES	**(62)**	**(118)**	**(110)**	**(48)**	**-77.4%**	**8**	**6.8%**
CHANGE IN OPERATIONS	**1,861**	**1,490**	**4,925**	**3,064**	**164.6%**	**3,435**	**230.5%**
CLOSING BALANCE	**11,836**	**11,465**	**14,900**	**3,064**	**25.9%**	**3,435**	**30.0%**

1. Includes the Essential Plan

Receipts

April through December 2019 PIT collections were higher than expected due to a combination of lower refund claims for Tax Year 2018, state/city offset, and Tax Year 2019 property tax relief credit payments. Higher business taxes reflect stronger than anticipated corporate franchise tax collections and lower refunds, partially offset by lower audits. Lower sales tax collections are mainly due to weaker than anticipated growth in the sales tax base and larger refunds.

Lower miscellaneous receipts were mainly due to timing of bond proceed reimbursements for several projects driven by the closing date of the DASNY PIT revenue bonds sale which occurred in December but was not finalized until January 3, 2020.

Federal grants reflect Federal operating aid disbursements, as well as timing of reimbursements for program costs initially financed by the State and later reimbursed with Federal funding.

Spending

Total State Operating Funds spending through December was $621 million higher than the estimate. Local assistance spending was $922 million higher than estimated with the largest variances attributable to the following changes:

- Medicaid ($2.2 billion higher) spending was above estimates and is largely due to escalating program utilization and costs for certain higher cost populations in the Managed Long Term Care program. Despite a stable enrollment base, health care costs continue to exceed the indexed growth rate. Based on a review of Medicaid price and utilization trends, results for FY 2019 and FY 2020 to date, and revisions to the timing of certain health care payments, DOB increased the annual estimate for Medicaid by $1.8 billion in the FY 2020 Mid-Year Update. Cost overruns are expected to be fully offset in the current year. See “Overview of the Financial Plan — Current Year Update” and “Overview of the Financial Plan — Plan to Address the Medicaid Structural Gap.”

- School Aid ($450 million lower) spending was below estimates for General Purpose School Aid ($209 million), Excess Cost Aid ($179 million), Teacher Retirement System payments ($57 million), and Employment Preparation Education grants ($57 million). Favorable results were partially offset by higher spending on Universal Prekindergarten ($50 million).

- Social Services ($217 million lower) variances are due to payments for Child Welfare Services ($161 million) and Foster Care Block Grants ($54 million) that occurred slower than expected.

- Higher Education ($181 million lower) spending was below estimates largely due to the timing of payments and lower utilization of student financial aid.

- Public Health ($150 million lower) variances are mainly due to the timing of GPHW ($113 million) and EI ($94 million) payments.

State Operations spending continues to fall below estimated levels mainly for NPS across multiple agencies, most notably Transportation and Medicaid Administration, partially offset by the payment of retroactive salary increases. Spending by Elected Officials includes lower than anticipated NPS spending by the Judiciary.

Fringe benefits and indirect costs spending was lower for Workers' Compensation ($82 million), Judgments Against the State ($43 million) and Taxes on Public Lands ($17 million).

Capital Projects spending was lower than estimates ($1.3 billion) in the following areas:

- Economic Development ($429 million lower) spending was due to delayed approval of spending for the High-Tech Innovation Program and slower spending across multiple capital projects throughout the State.

- Transportation ($349 million lower) spending reflects variances from the expected timing of transactions that are now planned to occur once at the end of the fiscal year rather than throughout the year.

- Education ($307 million lower) variances primarily reflect slower spending for the Smart Schools Bond Act program ($184 million) and SUNY projects ($66 million), and timing of payments for safety and security grants for at-risk facilities and nonpublic and special education provider Smart Schools grants ($52 million).

Federal operating aid spending was $992 million (2.2 percent) lower than estimates, mainly in the areas of health care and social services.

GAAP-Basis Results for Prior Fiscal Years

GAAP-Basis Results for Prior Fiscal Years

The Comptroller prepares Basic Financial Statements and Other Supplementary Information, including a management discussion and analysis, on a GAAP basis for governments as promulgated by the GASB. The Basic Financial Statements and Other Supplementary Information are released in July each year. These statements are audited by independent certified public accountants. The State issued the Basic Financial Statements for FY 2019 on July 29, 2019. The Comptroller also prepares and issues a Comprehensive Annual Financial Report (CAFR), which, in addition to the components referred to above, also includes an introductory section and a statistical section. The CAFR for the fiscal year ended March 31, 2019 was issued on September 27, 2019.

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

COMPARISON OF ACTUAL GAAP-BASIS OPERATING RESULTS SURPLUS/(DEFICIT) (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, 2019	(1,291)	1,873	594	(1,079)	97	3,381
March 31, 2018	2,386	1,095	(877)	(86)	2,518	4,672
March 31, 2017	(2,788)	188	(599)	(153)	(3,352)	2,286

SUMMARY OF NET POSITION (millions of dollars)

Fiscal Year Ended	Governmental Activities	Business-Type Activities	Total Primary Government
March 31, 2019*	(4,127)	(8,334)	(12,461)
March 31, 2018	28,608	69	28,677
March 31, 2017	28,580	332	28,912

*FY 2019 values reflect the implementation of GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which established accounting and financial reporting for OPEB plans including the immediate recognition of the full actuarial accrued liability upon adoption and SUNY's adoption of GASB Statement 81, Irrevocable Split-Interest Agreements. The restatements of net position in governmental activities and business-type activities for these GASB Statement implementations were ($31,928) and ($8,558), respectively.

The CAFR for the fiscal year ended March 31, 2019 and CAFRs 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.

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 CAFR. 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 arrangement 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, 2018, (with respect to Job Development Authority or "JDA" as of March 31, 2019) each of the 16 authorities listed in the following table had outstanding debt of $100 million or more, and the aggregate outstanding debt, including refunding bonds, was approximately $193 billion, only a portion of which constitutes State-supported or State-related debt. Note that the outstanding debt information contained in the following table is the most current information provided by OSC from data submitted by the 16 authorities in the following table at the time of this AIS Update.

OUTSTANDING DEBT OF CERTAIN AUTHORITIES[1]
AS OF DECEMBER 31, 2018[2]
(millions of dollars)

Authority	State-Related Debt	Authority and Conduit	Total
Dormitory Authority	34,734	20,418	55,152
Metropolitan Transportation Authority	0	30,914	30,914
Port Authority of NY & NJ	0	25,136	25,136
Housing Finance Agency	154	17,582	17,736
UDC/ESD	12,679	1,080	13,759
Job Development Authority[2]	0	11,532	11,532
Triborough Bridge and Tunnel Authority	0	8,461	8,461
Thruway Authority	2,773	5,447	8,220
Long Island Power Authority[3]	0	7,711	7,711
Environmental Facilities Corporation	32	6,091	6,123
State of New York Mortgage Agency	0	2,782	2,782
Energy Research and Development Authority	0	1,887	1,887
Power Authority	0	1,285	1,285
Local Government Assistance Corporation	1,195	0	1,195
Battery Park City Authority	0	928	928
Municipal Bond Bank Agency	139	172	311
TOTAL OUTSTANDING	51,706	141,426	193,132

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 Comprehensive Annual Financial Report (CAFR). 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, 2019. This includes $11.5 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), $742 million issued by the Brooklyn Arena Local Development Corporation and $4.7 billion issued by the New York Transportation Development Corporation.

(3) Includes $4.14 billion of Utility Debt Securitization Authority (UDSA) bonds. Chapter 173 of the Laws of 2013 established UDSA for the sole purpose of retiring certain outstanding indebtedness of the Long Island Power Authority (LIPA) through the issuance of restructuring bonds. UDSA is reported as a blended component unit of LIPA in LIPA's audited financial statements.

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 Jason Goh, 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
2010	41,555	20,094	2,178	1,265	2,000	2,444	69,536
2011	41,785	23,820	2,117	1,260	2,000	2,590	73,572
2012	42,286	26,268	2,054	1,253	3,000	2,493	77,354
2013	41,592	29,202	1,985	1,245	3,000	2,394	79,418
2014	41,665	31,038	1,975	1,228	3,000	2,334	81,240
2015	40,460	33,850	2,035	1,222	3,000	2,222	82,789
2016	38,073	37,358	1,961	1,145	3,000	2,102	83,639
2017	37,891	40,696	1,884	1,089	2,751	2,034	86,345
2018	38,628	43,355	1,805	1,071	2,724	2,085	89,668
2019	37,519	46,624	1,721	1,053	2,724	1,901	91,542

Source: Office of the State Comptroller; The City of New York Comprehensive Annual 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 will be funded from annual revenues to be provided by the State, subject to annual appropriation. These revenues have been assigned to the STARC by the Mayor of the City of New York.

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

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

Other Localities

Certain localities other than New York City have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. While a relatively infrequent practice, deficit financing by local governments has become more common in recent years. State legislation enacted post-2004 includes 28 special acts authorizing bond issuances to finance local government operating deficits. Included in this figure are special acts that extended the period of time related to prior authorizations and modifications to issuance amounts previously authorized. When a local government is authorized to issue bonds to finance operating deficits, the local government is subject to certain additional fiscal oversight during the time the bonds are outstanding as required by the State's Local Finance Law, including an annual budget review by OSC.

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

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

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

A total of 35 local governments (8 counties, 12 cities, 7 towns and 8 villages) and 26 school districts have been placed in a stress category by OSC based on financial data for their fiscal years ending in 2018. The vast majority of entities scored by OSC (97 percent) are classified in the "No Designation" category.

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

Other factors that have had, or could have, an impact on the fiscal condition of local governments and school districts include: the loss of temporary Federal stimulus funding; recent State aid trends; constitutional and statutory limitations on the imposition by local governments and school districts of property, sales and other taxes; 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 2018.

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
2014	81,240	0	36,290	7,236	117,530	7,236
2015	82,789	0	34,346	6,981	117,135	6,981
2016	83,639	0	35,006	6,952	118,645	6,952
2017	86,345	0	34,788	5,617	121,133	5,617
2018	89,668	0	35,855	5,737	125,523	5,737

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

NOTE: For localities other than New York City, the amounts shown for fiscal years ending in 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 the 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 the indebtedness of certain localities that did not file Annual Update Documents (financial reports) with the State Comptroller.

State Retirement System

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

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, 2019, is included in NYSLRS' Comprehensive Annual Financial Report ("NYSLRS' CAFR") for the fiscal year ended March 31, 2019 and is available on the OSC website at the following address: https://www.osc.state.ny.us/retire/about_us/financial_statements_index.php. Additionally, available at the OSC website are the System's asset listing for the fiscal year ended March 31, 2019 and audited financial statements with the independent auditor's report for the fiscal year ended March 31, 2019.

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 2019 are available at the OSC website at https://www.osc.state.ny.us/retire/about_us/financial_statements_index.php. Benefit plan booklets describing how each of the System's tiers works can be accessed at https://www.osc.state.ny.us/retire/publications/.

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

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

The System engages an independent auditor to conduct an audit of the System's annual financial statements. Furthermore, an Actuarial Advisory Committee meets annually to review the actuarial assumptions and the results of the actuarial valuation of the System. The Actuarial Advisory Committee is composed of current or retired senior actuaries from major insurance companies or pension plans. The System also engages the services of an outside actuarial consultant to perform a statutorily required quinquennial review. At least once every five years, NYSLRS is also examined by DFS. The Comptroller has established within the Retirement System, the Pension Integrity Bureau, the purpose of which is to identify and prevent errors, fraud and abuse. The State Comptroller has also established an Office of Internal Audit to provide the Comptroller with independent and objective assurance and consulting services for the programs and operations of the Office of the State Comptroller, including programs and operations of NYSLRS. The Comptroller's Advisory Audit Committee, established in compliance with DFS regulations, meets three times per year to review the System's audited financial statements and the NYSLRS' CAFR, 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, 2015 was submitted on June 16, 2016. The fiduciary review of the System for the three-year period ended March 31, 2018 is currently underway.

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 34 percent of the System's membership as of March 31, 2019. There were 3,020 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, 2019, 658,176 persons were members of the System and 481,795 pensioners or beneficiaries were receiving pension benefits. Article 5, section 7 of the State Constitution considers membership in any State pension or retirement system to be "a contractual relationship, the benefits of which shall not be diminished or impaired."

Comparison of Benefits by Tier

The System's members are categorized into six tiers depending on date of membership. As of March 31, 2019, approximately 54 percent of ERS members were in Tiers 3 and 4 and approximately 63 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.

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

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

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

Contributions and Funding

Contributions to the System are provided by employers and employees. Employers contribute on the basis of the plan or plans they provide for members. All ERS members joining from mid-1976 through 2009 were required to contribute 3 percent of their salaries. A statutory change in 2000, however, limited the contributions to the first 10 years of membership, but did not authorize refunds where contributions had already exceeded 10 years. All ERS members joining after 2009 and prior to April 1, 2012, and all PFRS members joining after January 9, 2010 and prior to April 1, 2012, are members of Tier 5. All Tier 5 ERS members and 88 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.[18] Members in Tier 6 of both ERS and PFRS earning $45,000 or less are required to contribute 3 percent of their gross annual wages; members earning between $45,001 and $55,000 are required to contribute 3.5 percent; members earning between $55,001 and $75,000 are required to contribute 4.5 percent; members earning between $75,001 and $100,000 are required to contribute 5.75 percent; and, those earning in excess of $100,000 are required to contribute 6 percent of their gross annual salary.

In order to protect employers from potentially volatile contributions tied directly to the value of the System’s assets held by the CRF, the System utilizes a multi-year smoothing procedure. One of the factors used by the System’s Actuary to calculate employer contribution requirements is the assumed investment rate of return, which is currently 6.8 percent.[19]

[18] Less than 1 percent of the 10,942 PFRS Tier 6 members are non-contributory.

[19] During 2015, the Retirement System’s Actuary conducted the statutorily required quinquennial actuarial experience study of economic and demographic assumptions. The assumed investment rate of return is an influential factor in calculating employer contribution rates. In addition, the Chief Investment Officer conducted an asset allocation study. The resulting asset allocation and long-term asset allocation policy informed the Actuary's recommendation regarding the revision of the investment rate of return (discount rate). In September 2015, the Comptroller announced the assumed rate of return for NYSLRS would be lowered from 7.5 percent to 7 percent. The 7 percent rate of return has been used to determine employer contribution rates in FYs 2017 through 2020. In August 2019, the Comptroller announced the assumed rate of return for NYSLRS would again be lowered from 7.0 percent to 6.8 percent. The 6.8 percent rate of return has been used to determine employer contribution rates in FY 2021.

The current actuarial smoothing method recognizes unexpected annual gains and losses (returns above or below the assumed investment rate of return) over a 5-year period.

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 2021 were released in August 2019. The average ERS rate in FY 2021 will remain at 14.6 percent of salary; the same as in FY 2020, while the average PFRS rate increased by 0.9 percent from 23.5 percent of salary in FY 2020 to 24.4 percent of salary in FY 2021. Information regarding average rates for FY 2021 may be found in the 2019 Annual Report to the Comptroller on Actuarial Assumptions which is accessible at:

https://www.osc.state.ny.us/retire/about_us/financial_statements_index.php.

Legislation enacted in 2010 authorized the State and participating employers to amortize a portion of their annual pension costs during periods when actuarial contribution rates exceed thresholds established by the statute. The legislation provided employers with an optional mechanism intended to reduce the budgetary volatility of employer contributions. Amortized amounts must be paid by the State and participating employers in equal annual installments over a ten-year period, and employers may prepay these amounts at any time without penalty. Employers are required to pay interest on the amortized amounts at a rate determined annually by the State Comptroller that is comparable to taxable fixed income investments of a comparable duration. The interest rate on the amount an employer chooses to amortize in a particular rate year is fixed for the duration of the ten-year repayment period. Should the employer choose to amortize in the next rate year, the interest rate on that amortization will be the rate set for that year. For amounts amortized in FY 2011, FY 2012, FY 2013, FY 2014, FY 2015, FY 2016, FY 2017, FY 2018, FY 2019 and FY 2020, the interest rates are 5 percent, 3.75 percent, 3 percent, 3.67 percent, 3.15 percent, 3.21 percent, 2.33 percent, 2.84 percent, 3.64 percent and 2.55 percent respectively. The first payment is due in the fiscal year following the decision to amortize pension costs. When contribution rates fall below legally specified levels and all outstanding amortizations have been paid, employers that elected to amortize will be required to pay additional monies into reserve funds, specific to each employer, which will be used to offset their contributions in the future. These reserve funds will be invested separately from pension assets. Over time, OSC expects that this will reduce the budgetary volatility of employer contributions. As of March 31, 2019, the amortized amount receivable, including accrued interest, for the 2011 amortization is $52.3 million from the State and $7.2 million from 20 participating employers; the amortized amount receivable, including accrued interest, for the 2012 amortization is $191.7 million from the State and $57.8 million from 96 participating employers; the amortized amount receivable, including accrued interest, for the 2013 amortization is $340.1 million from the State and $135.3 million from 119 participating employers; the amortized amount receivable, including accrued interest, for the 2014 amortization is $512.1 million for the State and $95.9 million from 88 participating employers; the amortized amount receivable including accrued interest, for the 2015 amortization is $455.3 million from the State and $84.4 million from 76 participating employers; the amortized amount receivable, including accrued interest for the 2016 amortization, is $261.5 million from the State and $47.3 million from 51 participating employers; the amortized amount receivable, including accrued interest for the 2017 amortization, is $5.0 million from 9 participating employers; the State did not amortize in 2017; the amortized amount receivable, including accrued interest for the 2018 amortization, is

$4.0 million from 4 participating employers; the State did not amortize in 2018; and the amortized amount receivable, including accrued interest for the 2019 amortization, is $4.2 million from 1 participating employer; the State did not amortize in 2019.

The FY 2014 Enacted Budget included an alternate contribution program (the "Alternate Contribution Stabilization Program") that provides certain participating employers with a one-time election to amortize slightly more of their required contributions than would have been available for amortization under the 2010 legislation. In addition, the maximum payment period was increased from ten years to twelve years. The election is available to counties, cities, towns, villages, BOCES, school districts and the four public health care centers operated in the counties of Nassau, Westchester and Erie. The State is not eligible to participate in the Alternate Contribution Stabilization Program. There are 41 employers that are currently enrolled in the program. Employers are not required to amortize every year. As of March 31, 2019, the amortized amount receivable, including interest, from 24 participating employers for the 2014 amortization is $142.8 million. The amortized amount receivable, including interest, from 26 participating employers for the 2015 amortization is $135.2 million. The amortized amount receivable, including interest, from 23 participating employers for the 2016 amortization is $105.3 million. The amortized amount receivable, including interest, from 19 participating employers for the 2017 amortization is $79.4 million. The amortized amount receivable, including interest, from 13 participating employers for the 2018 amortization is $69.8 million. The amortized amount receivable, including interest, from 11 participating employers for the 2019 amortization is $25.1 million.

For those eligible employers electing to participate in the Alternate Contribution Stabilization Program, the graded contribution rate for fiscal years ending 2014 and 2015 is 12 percent of salary for ERS and 20 percent of salary for PFRS. Thereafter, the graded contribution rate will increase one half of one percent per year towards the actuarially required rate. The FY 2019 amounts are 14.0 percent for ERS and 22.0 percent for PFRS. Electing employers may amortize the difference between the graded rate and the actuarially required rate over a twelve-year period at an interpolated twelve-year U.S. Treasury Security rate (3.76 percent for FY 2014, 3.50 percent for FY 2015, 3.31 percent for FY 2016, 2.63 percent for FY 2017, 3.31 percent for FY 2018, 3.99 percent for FY 2019, and 2.87 percent for FY 2020). As with the original Contribution Stabilization Program, when contribution rates fall below legally specified levels and all outstanding amortizations have been paid, employers that elect to amortize under the alternate program will be required to pay additional monies into reserve funds, specific to each employer, which will be used to offset their contributions in the future.

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

The total State payment (including Judiciary) due to NYSLRS for FY 2019 was approximately $2.327 billion. The State opted not to amortize under the Contribution Stabilization Program and paid the bill in full as of March 1, 2019.

The estimated total State payment (including Judiciary) due to NYSLRS for FY 2020 is approximately $2.305 billion. Multiple prepayments (including interest credit) have reduced this amount to $0.

The estimated total State payment (including Judiciary) due to NYSLRS for FY 2021 is approximately $2.349 billion

The FY 2017 Enacted Budget authorized the State, as an amortizing employer, to prepay to NYSLRS the total amount of principal due for its annual amortization installment or installments for a given fiscal year prior to the expiration of a ten-year amortization period.

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, 2019 was $215.2 billion (including $5.0 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 $3.1 billion or 1.5 percent from the FY 2018 level of $212.1 billion. The increase in net position restricted for pension benefits from FY 2018 to FY 2019 reflects, in large part, equity market performance.[20] The System's audited Financial Statement reports a time-weighted investment rate of return of 5.23 percent (gross rate of return before the deduction of certain fees) for FY 2019.

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, 2015, an asset liability analysis was completed and a long-term policy allocation was adopted. The current long-term policy allocation seeks a mix that includes 50 percent public equities (36 percent domestic and 14 percent international); 18 percent bonds, cash and mortgages; 4 percent inflation indexed bonds and 28 percent alternative investments (10 percent private equity, 10 percent real estate, 2 percent absolute return or hedge funds, 3 percent opportunistic 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. [21]

The System reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased to $260.3 billion (including $133.3 billion for retirees and beneficiaries)

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[20] On February 10, 2020, the State Comptroller announced that the System's estimated time-weighted return (gross of certain investment fees) for the third quarter of the 2019-2020 fiscal year was 5.28 percent for the three-month period ended December 31, 2019, with an estimated value of $225.9 billion. This reflects unaudited data for the invested assets of the System. The value of the invested assets changes daily.

[21] More detail on the CRF's asset allocation as of March 31, 2019, long-term policy and transition target allocation can be found on page 96 of the NYSLRS' CAFR for the fiscal year ending March 31, 2019.

as of April 1, 2019, up from $251.4 billion as of April 1, 2018. The funding method used by the System anticipates that the plan net position, plus future actuarially determined contributions, will be sufficient to pay for the anticipated benefits of current members, retirees and beneficiaries. The valuation used by the Retirement Systems Actuary was based on audited net position restricted for pension benefits as of March 31, 2019. 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, 2019 in that the determination of actuarial assets utilized a smoothing method that recognized 20 percent of the unexpected loss for FY 2019, 40 percent of the unexpected gain for FY 2018, 60 percent of the unexpected gain for FY 2017, and 80 percent of the unexpected loss for FY 2016. The asset valuation method smooths gains and losses based on the market value of all investments. Actuarial assets increased from $206.7 billion on April 1, 2018 to $213.0 billion on April 1, 2019.

In June 2012, GASB approved two related Statements that change the accounting and financial reporting of pensions by state and local governments and pension plans. These statements impact neither the System's actuarial funding method nor the calculation of rates.

Statement No. 67, Financial Reporting for Pension Plans, addresses financial reporting for state and local government pension plans, and replaced the requirements of Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans and Statement No. 50, Pension Disclosures. Statement No. 67 mandates more extensive note disclosure and required supplementary information. The implementation of Statement No. 67 will have no impact on the System's Statement of Fiduciary Net Position, which measures the System's net position, restricted for pension benefits or Statement of Changes in Fiduciary Net Position. The System adopted Statement No. 67 in the March 31, 2015 Financial Statements.

The ratio of fiduciary net position to the total pension liability for ERS, as of March 31, 2019, calculated by the System's Actuary, was 96.3 percent. The ratio of the fiduciary net position to the total pension liability for PFRS, as of March 31, 2019, calculated by the System's Actuary, was 95.1 percent.[22]

Statement No. 68, Accounting and Financial Reporting for Pensions, replaced the requirements of Statement No. 27, Accounting for Pensions by State and Local Government Employers, and Statement No. 50, Pension Disclosures. Statement No. 68 establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. Statement No. 68 requires employers participating in the plans to report expanded information concerning pensions in their financial statements, as well as their proportionate share of the Net Pension Liability effective for fiscal years beginning after June 15, 2014. The Net Pension Liability is a measure of the amount by which the Total Pension Liability exceeds a pension system's Fiduciary Net Position. Employers now have to recognize their proportionate share of the

[22] The System previously disclosed a funded ratio in accordance with GASB Statements 25 and 27, which, as discussed herein, have been amended by GASB Statements 67 and 68. The GASB Statements 67 and 68 amendments had the effect, among other things, of no longer requiring the disclosure of a funded ratio. GASB now requires the disclosure of the ratio of the fiduciary net position to the total pension liability. This ratio is not called a funded ratio and is not directly comparable to the funded ratio disclosed in prior years.

collective Net Pension Liability in their financial statements, as well as pension expense and deferred inflows and outflows.

As noted above, Statement No. 68 impacts neither the actuarial funding method nor the calculation of rates. The System provided employers with the information required to comply with Statement No. 68 in August 2019, based on the System's measurement date of March 31, 2019. The Net Pension liability is allocated to participating employers and reported pursuant to both Statements 67 and 68.

Detailed "Schedules of Employer Allocation" and "Schedules of Pension Amounts by Employer" can be found on the OSC website at the following link:
https://www.osc.state.ny.us/retire/about us/financial statements index.php.

The GASB 68 "Schedules of Employer Allocation" and "Schedules of Pension Amounts by Employer" as of March 31, 2019 have been posted to the OSC website.

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

CONTRIBUTIONS AND BENEFITS
NEW YORK STATE AND LOCAL RETIREMENT SYSTEM[1]
(millions of dollars)

Fiscal Year Ended March 31	Contributions Recorded: All Participating Employers[1][2]	Local Employers[1][2]	State[1][2]	Employees	Total Benefits Paid[3]
2010	2,344	1,447	897	284	7,719
2011	4,165	2,406	1,759	286	8,520
2012	4,585	2,799	1,786	273	8,938
2013	5,336	3,386	1,950	269	9,521
2014	6,064	3,691	2,373	281	9,978
2015	5,797	3,534	2,263	285	10,514
2016	5,140	3,182	1,958	307	11,060
2017	4,787	2,973	1,814	329	11,508
2018	4,823	3,021	1,802	349	12,129
2019	4,744	2,973	1,771	387	12,834

Sources: State and Local Retirement System.

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

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

(3) Includes payments from 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
2010	134,252	21.0%
2011	149,549	11.4%
2012	153,394	2.6%
2013	164,222	7.1%
2014	181,275	10.4%
2015	189,412	4.5%
2016	183,640	-3.0%
2017	197,602	7.6%
2018	212,077	7.3%
2019	215,169	1.5%

Sources: State and Local Retirement System.

(1) Includes relatively small amounts held under Group Life Insurance Plan. Includes some employer contribution receivables. Fiscal year ending March 31, 2019 includes approximately $5.0 billion of receivables.

Additional Information Regarding the System

The NYSLRS CAFR contains in-depth and audited information about the System. Among other things, the NYSLRS CAFR 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 2019 NYSLRS CAFR is available on the OSC website at the following web address:

http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php

1) Information on the number of members and retirees, including the change in the number of members and retirees and beneficiaries since 2009 can be found on page 27 of the NYSLRS CAFR at the link noted above. More information on this topic is available in the "Statistical" section of the NYSLRS CAFR.

2) A combined basic statement of changes in fiduciary net position can be found on page 41 of the NYSLRS CAFR at the link noted above.

3) Schedule of Changes in the Employers' Net Pension Liability and Related Ratios (unaudited) can be found on pages 70-71 at the link noted above.

4) Information on contributions can be found on pages 139-147 of the NYSLRS CAFR 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 2008 can be found on page 148 of the NYSLRS CAFR at the link noted above.

6) Information related to the salaries of members can be found on pages 181-185 of the NYSLRS CAFR at the link noted above.

Litigation

Litigation

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

Real Property Claims

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

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

On May 21, 2013, the State, Franklin and St. Lawrence Counties, and the tribe signed an agreement resolving a gaming exclusivity dispute, which agreement provides that the parties will work towards a mutually agreeable resolution of the tribe's land claim. The land claim has been stayed by the Second Circuit through at least August 12, 2020 to allow for settlement negotiations. The district court has extended the stay until March 30, 2020, with a status report due on that date.

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

School Aid

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

The trial commenced on January 21, 2015 and was completed on March 12, 2015. On September 19, 2016, the trial court ruled in favor of the State and dismissed the action. Plaintiffs filed a notice of appeal dated October 5, 2016 with the Appellate Division, Third Department. Plaintiffs have filed their appellate brief and the State's brief was filed May 30, 2017. The appeal was argued on September 5, 2017. By decision and order dated October 26, 2017, the Appellate Division reversed the judgment of the trial court and remanded the case for the trial court to make specific findings as to the adequacy of inputs and causation. In a decision and order dated January 10, 2019, Supreme Court, Albany County, found that the State's system of financing public education is adequate to provide the opportunity for a sound basic education. Plaintiffs filed a Notice of Appeal on February 21, 2019. Their time to perfect their appeal was extended until April 17, 2020.

In *Aristy-Farer, et al. v. The State of New York, et al. (Sup. Ct., N.Y. Co.)*, commenced February 6, 2013, plaintiffs seek a judgment declaring that the provisions of L. 2012, Chapter 53 and L. 2012, Chapter 57, Part A § 1, linking payment of State school aid increases for 2012-2013 school year to submission by local school districts of approvable teacher evaluation plans violates, among other provisions of the State Constitution, Article XI, § 1, because implementation of the statutes would prevent students from receiving a sound basic education. Plaintiffs moved for a preliminary injunction enjoining the defendants from taking any actions to carry out the statutes to the extent that they would reduce payment of State aid disbursements referred to as General Support for Public Schools (GSPS) to the City of New York pending a final determination. The State opposed this motion. By order dated February 19, 2013, the Court granted the motion for preliminary injunction. The State appealed. On May 21, 2013, the Appellate Division, First Department, denied plaintiffs motion for a stay pending appeal. As a result, plaintiffs have agreed to vacate their preliminary injunction and the State will withdraw its appeal. On April 7, 2014, Supreme Court denied the State's motion to dismiss. The Answer to the Second Amended Complaint was filed on February 2, 2015.

By decision dated August 12, 2014, Supreme Court, New York County, granted a motion to consolidate Aristy-Farer, discussed in the preceding paragraph, with New Yorkers for Student Educational Rights v. New York. On June 27, 2017, the Court of Appeals dismissed the Aristy-Farer action but held that the New Yorkers for Student Educational Rights v. New York action could proceed on a limited basis as to the New York City and Syracuse school districts, as discussed below.

In *New Yorkers for Students Educational Rights v. New York*, the organizational plaintiff and several individual plaintiffs commenced a new lawsuit on February 11, 2014, in Supreme Court, New York County, claiming that the State is not meeting its constitutional obligation to fund schools in New York City and throughout the State to provide students with an opportunity for a sound basic education. Plaintiffs specifically allege that the State is not meeting its funding obligations for New York City schools under the Court of Appeals decision in *Campaign for Fiscal Equity ("CFE") v. New York*, 8 N.Y.3d 14 (2006), and -- repeating the allegations of Aristy-Farer -- challenge legislation conditioning increased funding for New York City schools on the timely adoption of a teacher evaluation plan. With regard to other school districts throughout the State, plaintiffs allege that the State is not providing adequate Statewide funding, has not fully implemented certain 2007 reforms to the State aid system, has imposed gap elimination adjustments decreasing State aid to school districts, and has imposed caps on State aid increases, and on local property tax increases unless approved by a supermajority. Finally, they allege that the State has failed to provide assistance, services, accountability mechanisms, and a rational cost formula to ensure that students throughout the State have an opportunity for a sound basic education.

Plaintiffs seek a judgment declaring that the State has failed to comply with CFE, that the State has failed to comply with the command of State Constitution Article XI to provide funding for public schools across the State, and that the gap elimination adjustment and caps on State aid and local property tax increases are unconstitutional. They seek an injunction requiring the State to eliminate the gap elimination adjustments and caps on State aid and local property tax increases, to reimburse New York City for the funding that was withheld for failure to timely adopt a teacher evaluation plan, to provide greater assistance, services and accountability, to appoint an independent commission to determine the cost of providing students the opportunity for a sound basic education, and to revise State aid formulas.

On May 30, 2014, the State filed a motion to dismiss all claims. By order dated November 17, 2014, Supreme Court, New York County, denied defendants' motion to dismiss. Defendants filed a Notice of Appeal on December 15, 2014. Defendants filed Answers to the Amended Complaint on February 2, 2015. The appeals of both November 17, 2014 decisions, along with the appeal in Aristy-Farer, were heard by the First Department on February 24, 2016.

On April 5, 2016, following the submission of a stipulation by the parties, the trial court stayed the case pending the outcome of the appeal before the First Department.

On September 8, 2016, the First Department ruled largely in favor of plaintiffs and held that the bulk of their school-financing claims in Aristy-Farer and New Yorkers for Students' Educational Rights (NYSER) could proceed. Defendants moved for leave to appeal to the Court of Appeals, and that motion was granted by the First Department on December 15, 2016. The matter was fully briefed in the Court of Appeals, which heard argument on May 30, 2017.

On June 27, 2017, the Court of Appeals held that plaintiffs could proceed on their claims that the State was failing in its constitutional obligation to ensure the provision of minimally adequate educational services in the New York City and Syracuse school districts and remanded for further proceedings as to those two districts only.

Plaintiffs filed their Second Amended Complaint on December 11, 2017. The first cause of action alleges that the State has failed to provide a sound basic education in five school districts: New York City, Syracuse, Schenectady, Central Islip, and Gouverneur. The second cause of action alleges that the State has failed to maintain a system of accountability to ensure that a sound basic education is being provided in those five districts. The third cause of action asserts a statewide cause of action, alleging that since 2009 the State has failed to "adopt appropriate policies, systems and mechanisms to properly implement the requirements of N.Y. Const. art. XI. § 1 and of the CFE decisions." This cause of action is not limited to the five districts.

Defendants filed a partial motion to dismiss the third cause of action in the Second Amended Complaint on April 9, 2018. On May 4, 2018, plaintiffs filed a Third Amended Complaint, which is identical to the Second Amended Complaint, but removed the third cause of action. Defendants'

Answer to the Third Amended Complaint was filed on July 10, 2018. The current schedule is as follows: 1) fact discovery completed by June 16, 2020; 2) expert discovery to be completed by August 14, 2020; 3) note of issue due by August 21, 2020; and 4) summary of judgment motions due 60 days after note of issue. The parties have not yet completed depositions of defendants, and they expect to conduct these depositions through March 2020.

On May 4, 2018, the case was reassigned from Hon. Manuel J. Mendez to Hon. Lucy Billings. On August 12, 2019, the individual plaintiffs from Central Islip voluntarily discontinued their claims. On October 17, 2019, the individual plaintiff from Gouverneur voluntarily discontinued his claim. Central Islip and Gouverneur are no longer subjects of the litigation.

Health Insurance Premiums

In NYSCOBPA v. Cuomo, 11-CV-1523 (NDNY) and ten other cases, state retirees, and certain current court employees, allege various claims, including due process and violation of the Contracts Clause of the United States Constitution, via 42 U.S. Code § 1983, against the Governor and other State officials, challenging the 2011 increase in their health insurance contribution.

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

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

Following discovery, the State defendants filed motions for summary judgment in all eleven cases. In the motions, the State defendants argued primarily that nothing in the language of any of the collective bargaining agreements or in the negotiating history supports plaintiffs' claim that the health insurance premium contribution rates for retirees vested and could not be changed. With respect to the court employees, State defendants argued that their contract terms required extension of the premium shift to them. Briefing was completed on January 26, 2018.

On September 24, 2018, the District Court granted defendants' motions for summary judgment in all respects. Between October 13, 2018 and November 2, 2018, notices of appeal were filed in all eleven cases. (Three separate notices of appeal were filed in Brown v. Cuomo, No. 13-CV-645, and those appeals were consolidated. Two of the three sets of appellants in Brown v. Cuomo are represented by the same counsel and have filed a single set of briefs.) On December 21, 2018, the U.S. Court of Appeals for the Second Circuit issued an order coordinating briefing in the twelve appeals. Under that order, plaintiffs' opening brief in the lead case (Donahue v. State, No. 18-3193 [2d Cir.]) was filed February 4, 2019, and plaintiffs in the other cases filed supplemental briefs by March 6, 2019. Defendants' brief responding to all twelve briefs of appellants was filed on July 8, 2019. Plaintiffs' reply briefs were filed on or about August 7, 2019. The defendants have requested oral argument, as have the plaintiffs in each of the twelve appeals. Oral argument in the Second Circuit is expected to be scheduled for the week of June 22, 2020.

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 2019 and projected receipts and disbursements for fiscal years 2020 through 2023 on a General Fund, State Operating Funds and All Governmental Funds basis.[23] The Financial Plan projections for FY 2020 and thereafter, set forth in this AIS Update, reflect the savings that DOB estimates would occur if the Governor continues to propose, and the Legislature continues to enact, balanced budgets in future years that limit annual growth in spending from State Operating Funds to no greater than 2 percent. The estimated savings are labeled in the Financial Plan tables as "Adherence to 2% Spending Benchmark". Total disbursements in the Financial Plan tables and discussion do not reflect these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps would be higher.

General Fund - Total Budget

Financial Plan, Annual Change from FY 2019 to FY 2020
Financial Plan Projections FY 2020 through FY 2023
Update to FY 2020
Update to FY 2021
Update to FY 2022
Update to FY 2023

General Fund - Receipts Detail (Excluding Transfers)

Financial Plan Projections FY 2021 through FY 2024

State Operating Funds Budget

FY 2020
FY 2021
FY 2022
FY 2023

All Governmental Funds - Total Budget

FY 2020
FY 2021
FY 2022
FY 2023

Cashflow - FY 2020 Monthly Projections

General Fund

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

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2019 Results	FY 2020 Current	Annual $ Change	Annual % Change
Opening Fund Balance	**9,445**	**7,206**	**(2,239)**	**-23.7%**
Receipts:				
Taxes:				
Personal Income Tax	21,621	24,333	2,712	12.5%
Consumption/Use Taxes	7,681	8,123	442	5.8%
Business Taxes	5,501	6,400	899	16.3%
Other Taxes	1,086	1,112	26	2.4%
Miscellaneous Receipts	3,586	2,979	(607)	-16.9%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	21,346	24,917	3,571	16.7%
ECEP in Excess of Revenue Bond Debt Service	0	1	1	0.0%
Sales Tax in Excess of LGAC Bond Debt Service	3,113	3,441	328	10.5%
Sales Tax in Excess of Revenue Bond Debt Service	2,653	2,994	341	12.9%
Real Estate Taxes in Excess of CW/CA Debt Service	956	952	(4)	-0.4%
All Other	3,001	3,080	79	2.6%
Total Receipts	**70,544**	**78,332**	**7,788**	**11.0%**
Disbursements:				
Local Assistance	49,745	53,573	3,828	7.7%
State Operations:				
Personal Service	8,719	9,065	346	4.0%
Non-Personal Service	2,622	2,673	51	1.9%
General State Charges	7,139	7,626	487	6.8%
Transfers to Other Funds:				
Debt Service	786	517	(269)	-34.2%
Capital Projects	1,888	3,182	1,294	68.5%
State Share of Mental Hygiene Medicaid	(29)	0	29	100.0%
SUNY Operations	1,020	1,185	165	16.2%
Other Purposes	893	1,190	297	33.3%
Total Disbursements	**72,783**	**79,011**	**6,228**	**8.6%**
Excess (Deficiency) of Receipts Over Disbursements	**(2,239)**	**(679)**	**1,560**	**69.7%**
Closing Fund Balance	**7,206**	**6,527**	**(679)**	**-9.4%**
Statutory Reserves				
Tax Stabilization Reserve	1,258	1,258	0	
Rainy Day Reserves	790	1,218	428	
Contingency Reserve	21	21	0	
Community Projects	35	0	(35)	
Reserved For				
Labor Agreements	206	0	(206)	
Business Tax Refund	202	0	(202)	
Debt Management	500	500	0	
Economic Uncertainties	0	890	890	
Extraordinary Monetary Settlements	4,194	2,640	(1,554)	

Source: NYS DOB.

CASH FINANCIAL PLAN GENERAL FUND (millions of dollars)	FY 2020 Current	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
Receipts:				
Taxes:				
Personal Income Tax	24,333	26,405	27,834	29,234
Consumption/Use Taxes	8,123	8,496	8,766	9,042
Business Taxes	6,400	7,228	7,110	7,420
Other Taxes	1,112	1,193	1,250	1,307
Miscellaneous Receipts	2,979	2,106	1,957	1,929
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	24,917	26,395	26,425	27,460
ECEP in Excess of Revenue Bond Debt Service	1	2	4	4
Sales Tax in Excess of LGAC Bond Debt Service	3,441	3,662	3,909	4,088
Sales Tax in Excess of Revenue Bond Debt Service	2,994	2,651	2,801	2,866
Real Estate Taxes in Excess of CW/CA Debt Service	952	974	1,014	1,063
All Other	3,080	2,186	1,780	1,614
Total Receipts	**78,332**	**81,298**	**82,850**	**86,027**
Disbursements:				
Local Assistance	53,573	54,775	57,667	60,965
State Operations:				
Personal Service	9,065	9,559	9,513	9,675
Non-Personal Service	2,673	3,027	3,011	3,111
General State Charges	7,626	7,910	8,654	9,183
Transfers to Other Funds:				
Debt Service	517	570	524	537
Capital Projects	3,182	3,535	3,782	3,823
SUNY Operations	1,185	1,273	1,273	1,267
Other Purposes	1,190	1,272	1,406	1,484
Total Disbursements	**79,011**	**81,921**	**85,830**	**90,045**
Total Use (Reservation) of Fund Balance	**679**	**623**	**1,041**	**705**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**0**	**0**	**(1,939)**	**(3,313)**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2020 Enacted	Change	FY 2020 Mid-Year	Change	FY 2020 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	23,899	0	23,899	434	24,333
Consumption/Use Taxes	8,209	0	8,209	(86)	8,123
Business Taxes	6,104	(27)	6,077	323	6,400
Other Taxes	1,113	0	1,113	(1)	1,112
Miscellaneous Receipts	2,857	47	2,904	75	2,979
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	24,635	18	24,653	264	24,917
ECEP in Excess of Revenue Bond Debt Service	1	0	1	0	1
Sales Tax in Excess of LGAC Bond Debt Service	3,481	0	3,481	(40)	3,441
Sales Tax in Excess of Revenue Bond Debt Service	2,945	0	2,945	49	2,994
Real Estate Taxes in Excess of CW/CA Debt Service	973	0	973	(21)	952
All Other	2,900	128	3,028	52	3,080
Total Receipts	**77,117**	**166**	**77,283**	**1,049**	**78,332**
Disbursements:					
Local Assistance	52,100	1,928	54,028	(455)	53,573
State Operations:					
Personal Service	9,031	44	9,075	(10)	9,065
Non-Personal Service	2,880	(42)	2,838	(165)	2,673
General State Charges	7,716	(49)	7,667	(41)	7,626
Transfers to Other Funds:					
Debt Service	550	(4)	546	(29)	517
Capital Projects	3,191	(172)	3,019	163	3,182
SUNY Operations	1,185	0	1,185	0	1,185
Other Purposes	1,204	(18)	1,186	4	1,190
Total Disbursements	**77,857**	**1,687**	**79,544**	**(533)**	**79,011**
Use (Reservation) of Fund Balance:					
Community Projects	35	0	35	0	35
Labor Agreements	206	0	206	0	206
Business Tax Refund	202	0	202	0	202
Rainy Day Reserves	(428)	0	(428)	0	(428)
Economic Uncertainties	(829)	(61)	(890)	0	(890)
Extraordinary Monetary Settlements	1,554	(200)	1,354	200	1,554
Total Use (Reservation) of Fund Balance	**740**	**(261)**	**479**	**200**	**679**
FY 2020 Savings Plan	**0**	**(1,782)**	**(1,782)**	**1,782**	**0**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**0**	**0**	**0**	**0**	**0**

Source: NYS DOB.

CASH FINANCIAL PLAN GENERAL FUND (millions of dollars)	FY 2021 Enacted	Change	FY 2021 Mid-Year	Change	FY 2021 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	25,615	0	25,615	790	26,405
Consumption/Use Taxes	8,558	0	8,558	(62)	8,496
Business Taxes	6,510	(38)	6,472	756	7,228
Other Taxes	1,175	0	1,175	18	1,193
Miscellaneous Receipts	2,049	(8)	2,041	65	2,106
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	25,097	163	25,260	1,135	26,395
ECEP in Excess of Revenue Bond Debt Service	4	0	4	(2)	2
Sales Tax in Excess of LGAC Bond Debt Service	3,694	0	3,694	(32)	3,662
Sales Tax in Excess of Revenue Bond Debt Service	2,697	54	2,751	(100)	2,651
Real Estate Taxes in Excess of CW/CA Debt Service	1,013	0	1,013	(39)	974
All Other	2,042	49	2,091	95	2,186
Total Receipts	**78,454**	**220**	**78,674**	**2,624**	**81,298**
Disbursements:					
Local Assistance	55,794	3,264	59,058	(4,283)	54,775
State Operations:					
Personal Service	9,513	55	9,568	(9)	9,559
Non-Personal Service	3,051	2	3,053	(26)	3,027
General State Charges	8,268	(34)	8,234	(324)	7,910
Transfers to Other Funds:					
Debt Service	738	(49)	689	(119)	570
Capital Projects	3,305	12	3,317	218	3,535
SUNY Operations	1,259	0	1,259	14	1,273
Other Purposes	1,297	(15)	1,282	(10)	1,272
Total Disbursements	**83,225**	**3,235**	**86,460**	**(4,539)**	**81,921**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	858	(35)	823	(200)	623
Total Use (Reservation) of Fund Balance	**858**	**(35)**	**823**	**(200)**	**623**
FY 2020 Savings Plan	**0**	**(890)**	**(890)**	**890**	**0**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(3,913)**	**(2,160)**	**(6,073)**	**6,073**	**0**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2022 Enacted	Change	FY 2022 Mid-Year	Change	FY 2022 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	27,039	0	27,039	795	27,834
Consumption/Use Taxes	8,817	0	8,817	(51)	8,766
Business Taxes	6,577	(27)	6,550	560	7,110
Other Taxes	1,242	0	1,242	8	1,250
Miscellaneous Receipts	1,892	7	1,899	58	1,957
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	25,799	(4)	25,795	630	26,425
ECEP in Excess of Revenue Bond Debt Service	11	0	11	(7)	4
Sales Tax in Excess of LGAC Bond Debt Service	3,942	0	3,942	(33)	3,909
Sales Tax in Excess of Revenue Bond Debt Service	2,848	0	2,848	(47)	2,801
Real Estate Taxes in Excess of CW/CA Debt Service	1,054	0	1,054	(40)	1,014
All Other	1,696	49	1,745	35	1,780
Total Receipts	**80,917**	**25**	**80,942**	**1,908**	**82,850**
Disbursements:					
Local Assistance	57,928	4,239	62,167	(4,500)	57,667
State Operations:					
Personal Service	9,508	53	9,561	(48)	9,513
Non-Personal Service	3,100	(10)	3,090	(79)	3,011
General State Charges	8,846	58	8,904	(250)	8,654
Transfers to Other Funds:					
Debt Service	637	(49)	588	(64)	524
Capital Projects	3,168	205	3,373	409	3,782
SUNY Operations	1,255	0	1,255	18	1,273
Other Purposes	1,484	(20)	1,464	(58)	1,406
Total Disbursements	**85,926**	**4,476**	**90,402**	**(4,572)**	**85,830**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	867	174	1,041	0	1,041
Total Use (Reservation) of Fund Balance	**867**	**174**	**1,041**	**0**	**1,041**
FY 2020 Savings Plan	**0**	**(890)**	**(890)**	**890**	**0**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(4,142)**	**(3,387)**	**(7,529)**	**5,590**	**(1,939)**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2023 Enacted	Change	FY 2023 Mid-Year	Change	FY 2023 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	28,731	0	28,731	503	29,234
Consumption/Use Taxes	9,095	0	9,095	(53)	9,042
Business Taxes	6,898	(27)	6,871	549	7,420
Other Taxes	1,306	0	1,306	1	1,307
Miscellaneous Receipts	1,869	5	1,874	55	1,929
Transfers from Other Funds:		0			
PIT in Excess of Revenue Bond Debt Service	27,230	(4)	27,226	234	27,460
ECEP in Excess of Revenue Bond Debt Service	12	0	12	(8)	4
Sales Tax in Excess of LGAC Bond Debt Service	4,122	0	4,122	(34)	4,088
Sales Tax in Excess of Revenue Bond Debt Service	2,877	0	2,877	(11)	2,866
Real Estate Taxes in Excess of CW/CA Debt Service	1,105	0	1,105	(42)	1,063
All Other	1,560	49	1,609	5	1,614
Total Receipts	**84,805**	**23**	**84,828**	**1,199**	**86,027**
Disbursements:					
Local Assistance	60,969	4,712	65,681	(4,716)	60,965
State Operations:		0			
Personal Service	9,713	59	9,772	(97)	9,675
Non-Personal Service	3,199	(11)	3,188	(77)	3,111
General State Charges	9,415	55	9,470	(287)	9,183
Transfers to Other Funds:		0			
Debt Service	612	(56)	556	(19)	537
Capital Projects	3,486	(51)	3,435	388	3,823
SUNY Operations	1,255	0	1,255	12	1,267
Other Purposes	1,640	(25)	1,615	(131)	1,484
Total Disbursements	**90,289**	**4,683**	**94,972**	**(4,927)**	**90,045**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	793	(88)	705	0	705
Total Use (Reservation) of Fund Balance	**793**	**(88)**	**705**	**0**	**705**
FY 2020 Savings Plan	**0**	**(890)**	**(890)**	**890**	**0**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(4,691)**	**(3,858)**	**(8,549)**	**5,236**	**(3,313)**

Source: NYS DOB.

CASH RECEIPTS
GENERAL FUND
(millions of dollars)

	FY 2021 Proposed	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Taxes:				
Withholdings	44,429	46,597	48,511	50,638
Estimated Payments	17,869	19,098	20,188	21,360
Final Payments	3,608	3,882	4,164	4,381
Other Payments	1,646	1,717	1,766	1,818
Gross Collections	**67,552**	**71,294**	**74,629**	**78,197**
State/City Offset	(1,274)	(1,399)	(1,524)	(1,649)
Refunds	(9,468)	(10,403)	(11,046)	(11,727)
Reported Tax Collections	**56,810**	**59,492**	**62,059**	**64,821**
STAR (Dedicated Deposits)	(2,000)	(1,912)	(1,796)	(1,693)
RBTF (Dedicated Transfers)	(28,405)	(29,746)	(31,029)	(32,410)
Personal Income Tax	**26,405**	**27,834**	**29,234**	**30,718**
Sales and Use Tax	15,656	16,186	16,752	17,402
Cigarette and Tobacco Taxes	299	301	291	282
Vapor Excise Tax	0	0	0	0
Motor Fuel Tax	0	0	0	0
Alcoholic Beverage Taxes	269	272	275	278
Opioid Excise Tax	100	100	100	100
Medical Cannabis Excise Tax	0	0	0	0
Adult Use Cannabis Tax	0	0	0	0
Highway Use Tax	0	0	0	0
Auto Rental Tax	0	0	0	0
Taxicab Surcharge	0	0	0	0
Gross Consumption/Use Taxes	**16,324**	**16,859**	**17,418**	**18,062**
LGAC/STBF (Dedicated Transfers)	(7,828)	(8,093)	(8,376)	(8,701)
Consumption/Use Taxes	**8,496**	**8,766**	**9,042**	**9,361**
Corporation Franchise Tax	4,578	4,460	4,651	4,746
Corporation and Utilities Tax	483	498	503	508
Insurance Taxes	2,092	2,152	2,266	2,358
Bank Tax	75	0	0	0
Petroleum Business Tax	0	0	0	0
Business Taxes	**7,228**	**7,110**	**7,420**	**7,612**
Estate Tax	1,174	1,229	1,286	1,347
Real Estate Transfer Tax	1,144	1,179	1,221	1,266
Employer Compensation Expense Program	3	6	7	8
Gift Tax	0	0	0	0
Real Property Gains Tax	0	0	0	0
Pari-Mutuel Taxes	15	15	15	15
Other Taxes	3	3	3	3
Gross Other Taxes	**2,339**	**2,432**	**2,532**	**2,639**
Real Estate Transfer Tax (Dedicated)	(1,144)	(1,179)	(1,221)	(1,266)
RBTF (Dedicated Transfers)	(2)	(3)	(4)	(4)
Other Taxes	**1,193**	**1,250**	**1,307**	**1,369**
Payroll Tax	**0**	**0**	**0**	**0**
Total Taxes	**43,322**	**44,960**	**47,003**	**49,060**
Licenses, Fees, Etc.	677	677	678	678
Abandoned Property	450	450	450	450
Motor Vehicle Fees	331	246	238	238
ABC License Fee	67	72	68	68
Reimbursements	124	70	70	66
Investment Income	79	44	27	20
Extraordinary Settlements	0	0	0	0
Other Transactions	378	398	398	398
Miscellaneous Receipts	**2,106**	**1,957**	**1,929**	**1,918**
Federal Receipts	**0**	**0**	**0**	**0**
Total	**45,428**	**46,917**	**48,932**	**50,978**

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	**7,206**	**5,091**	**65**	**12,362**
Receipts:				
Taxes	39,968	5,961	35,021	80,950
Miscellaneous Receipts	2,979	18,377	404	21,760
Federal Receipts	0	1	74	75
Total Receipts	**42,947**	**24,339**	**35,499**	**102,785**
Disbursements:				
Local Assistance	53,573	16,751	0	70,324
State Operations:				
Personal Service	9,065	5,224	0	14,289
Non-Personal Service	2,673	2,711	38	5,422
General State Charges	7,626	1,055	0	8,681
Debt Service	0	0	5,166	5,166
Capital Projects	0	0	0	0
Total Disbursements	**72,937**	**25,741**	**5,204**	**103,882**
Other Financing Sources (Uses):				
Transfers from Other Funds	35,385	2,375	3,639	41,399
Transfers to Other Funds	(6,074)	(1,322)	(33,908)	(41,304)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**29,311**	**1,053**	**(30,269)**	**95**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(679)**	**(349)**	**26**	**(1,002)**
Closing Fund Balance	**6,527**	**4,742**	**91**	**11,360**

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2021
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opending Fund Balance	**6,527**	**4,742**	**91**	**11,360**
Receipts:				
Taxes	43,322	5,920	37,260	86,502
Miscellaneous Receipts	2,106	16,185	381	18,672
Federal Receipts	0	1	73	74
Total Receipts	**45,428**	**22,106**	**37,714**	**105,248**
Disbursements:				
Local Assistance	54,775	15,979	0	70,754
State Operations:				
Personal Service	9,559	5,049	0	14,608
Non-Personal Service	3,027	2,351	44	5,422
General State Charges	7,910	1,105	0	9,015
Debt Service	0	0	6,012	6,012
Capital Projects	0	0	0	0
Total Disbursements	**75,271**	**24,484**	**6,056**	**105,811**
Other Financing Sources (Uses):				
Transfers from Other Funds	35,870	2,534	3,444	41,848
Transfers to Other Funds	(6,650)	(596)	(35,109)	(42,355)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**29,220**	**1,938**	**(31,665)**	**(507)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(623)**	**(440)**	**(7)**	**(1,070)**
Closing Fund Balance	**5,904**	**4,302**	**84**	**10,290**

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	44,960	5,867	38,902	89,729
Miscellaneous Receipts	1,957	16,539	385	18,881
Federal Receipts	0	1	72	73
Total Receipts	**46,917**	**22,407**	**39,359**	**108,683**
Disbursements:				
Local Assistance	57,667	16,207	0	73,874
State Operations:				
Personal Service	9,513	5,075	0	14,588
Non-Personal Service	3,011	2,452	45	5,508
General State Charges	8,654	1,118	0	9,772
Debt Service	0	0	7,010	7,010
Capital Projects	0	0	0	0
Total Disbursements	**78,845**	**24,852**	**7,055**	**110,752**
Other Financing Sources (Uses):				
Transfers from Other Funds	35,933	2,665	3,182	41,780
Transfers to Other Funds	(6,985)	(242)	(35,482)	(42,709)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**28,948**	**2,423**	**(32,300)**	**(929)**
Use (Reservation) of Fund Balance:				
Extraordinary Monetary Settlements	1,041	0	0	1,041
Total Use (Reservation) of Fund Balance	**1,041**	**0**	**0**	**1,041**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(1,939)**	**(22)**	**4**	**(1,957)**

Source: NYS DOB.

CASH FINANCIAL PLAN STATE OPERATING FUNDS BUDGET FY 2023 (millions of dollars)	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	47,003	5,838	40,511	93,352
Miscellaneous Receipts	1,929	16,014	384	18,327
Federal Receipts	0	1	69	70
Total Receipts	**48,932**	**21,853**	**40,964**	**111,749**
Disbursements:				
Local Assistance	60,965	15,754	0	76,719
State Operations:				
Personal Service	9,675	5,147	0	14,822
Non-Personal Service	3,111	2,424	45	5,580
General State Charges	9,183	1,149	0	10,332
Debt Service	0	0	7,373	7,373
Capital Projects	0	0	0	0
Total Disbursements	**82,934**	**24,474**	**7,418**	**114,826**
Other Financing Sources (Uses):				
Transfers from Other Funds	37,095	2,740	3,171	43,006
Transfers to Other Funds	(7,111)	(150)	(36,712)	(43,973)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**29,984**	**2,590**	**(33,541)**	**(967)**
Use (Reservation) of Fund Balance:				
Extraordinary Monetary Settlements	705	0	0	705
Total Use (Reservation) of Fund Balance	**705**	**0**	**0**	**705**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(3,313)**	**(31)**	**5**	**(3,339)**

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2020
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	7,206	3,842	(1,138)	65	9,975
Receipts:					
Taxes	39,968	5,961	1,440	35,021	82,390
Miscellaneous Receipts	2,979	18,601	7,717	404	29,701
Federal Receipts	0	63,859	2,229	74	66,162
Total Receipts	**42,947**	**88,421**	**11,386**	**35,499**	**178,253**
Disbursements:					
Local Assistance	53,573	72,947	4,921	0	131,441
State Operations:					
Personal Service	9,065	5,860	0	0	14,925
Non-Personal Service	2,673	4,152	0	38	6,863
General State Charges	7,626	1,381	0	0	9,007
Debt Service	0	0	0	5,166	5,166
Capital Projects	0	0	8,507	0	8,507
Total Disbursements	**72,937**	**84,340**	**13,428**	**5,204**	**175,909**
Other Financing Sources (Uses):					
Transfers from Other Funds	35,385	2,387	3,524	3,639	44,935
Transfers to Other Funds	(6,074)	(3,546)	(1,552)	(33,908)	(45,080)
Bond and Note Proceeds	0	0	389	0	389
Net Other Financing Sources (Uses)	**29,311**	**(1,159)**	**2,361**	**(30,269)**	**244**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(679)**	**2,922**	**319**	**26**	**2,588**
Closing Fund Balance	**6,527**	**6,764**	**(819)**	**91**	**12,563**

Source: NYS DOB.

CASH FINANCIAL PLAN ALL GOVERNMENTAL FUNDS FY 2021 (millions of dollars)	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	**6,527**	**6,764**	**(819)**	**91**	**12,563**
Receipts:					
Taxes	43,322	5,920	1,430	37,260	87,932
Miscellaneous Receipts	2,106	16,415	7,351	381	26,253
Federal Receipts	0	59,920	2,194	73	62,187
Total Receipts	**45,428**	**82,255**	**10,975**	**37,714**	**176,372**
Disbursements:					
Local Assistance	54,775	71,334	5,441	0	131,550
State Operations:					
Personal Service	9,559	5,710	0	0	15,269
Non-Personal Service	3,027	3,739	0	44	6,810
General State Charges	7,910	1,453	0	0	9,363
Debt Service	0	0	0	6,012	6,012
Capital Projects	0	0	9,025	0	9,025
Total Disbursements	**75,271**	**82,236**	**14,466**	**6,056**	**178,029**
Other Financing Sources (Uses):					
Transfers from Other Funds	35,870	2,546	3,906	3,444	45,766
Transfers to Other Funds	(6,650)	(2,650)	(1,522)	(35,109)	(45,931)
Bond and Note Proceeds	0	0	850	0	850
Net Other Financing Sources (Uses)	**29,220**	**(104)**	**3,234**	**(31,665)**	**685**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(623)**	**(85)**	**(257)**	**(7)**	**(972)**
Closing Fund Balance	**5,904**	**6,679**	**(1,076)**	**84**	**11,591**

Source: NYS DOB.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	44,960	5,867	1,402	38,902	91,131
Miscellaneous Receipts	1,957	16,766	6,587	385	25,695
Federal Receipts	0	63,521	2,225	72	65,818
Total Receipts	**46,917**	**86,154**	**10,214**	**39,359**	**182,644**
Disbursements:					
Local Assistance	57,667	74,957	4,855	0	137,479
State Operations:					
Personal Service	9,513	5,739	0	0	15,252
Non-Personal Service	3,011	3,856	0	45	6,912
General State Charges	8,654	1,489	0	0	10,143
Debt Service	0	0	0	7,010	7,010
Capital Projects	0	0	8,623	0	8,623
Total Disbursements	**78,845**	**86,041**	**13,478**	**7,055**	**185,419**
Other Financing Sources (Uses):					
Transfers from Other Funds	35,933	2,677	4,161	3,182	45,953
Transfers to Other Funds	(6,985)	(2,224)	(1,424)	(35,482)	(46,115)
Bond and Note Proceeds	0	0	488	0	488
Net Other Financing Sources (Uses)	**28,948**	**453**	**3,225**	**(32,300)**	**326**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	1,041	0	0	0	1,041
Total Use (Reservation) of Fund Balance	**1,041**	**0**	**0**	**0**	**1,041**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(1,939)**	**566**	**(39)**	**4**	**(1,408)**

Source: NYS DOB.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	47,003	5,838	1,396	40,511	94,748
Miscellaneous Receipts	1,929	16,241	5,871	384	24,425
Federal Receipts	0	65,213	2,225	69	67,507
Total Receipts	**48,932**	**87,292**	**9,492**	**40,964**	**186,680**
Disbursements:					
Local Assistance	60,965	76,058	4,535	0	141,558
State Operations:					
Personal Service	9,675	5,814	0	0	15,489
Non-Personal Service	3,111	3,829	0	45	6,985
General State Charges	9,183	1,520	0	0	10,703
Debt Service	0	0	0	7,373	7,373
Capital Projects	0	0	8,085	0	8,085
Total Disbursements	**82,934**	**87,221**	**12,620**	**7,418**	**190,193**
Other Financing Sources (Uses):					
Transfers from Other Funds	37,095	2,752	4,212	3,171	47,230
Transfers to Other Funds	(7,111)	(2,022)	(1,545)	(36,712)	(47,390)
Bond and Note Proceeds	0	0	462	0	462
Net Other Financing Sources (Uses)	**29,984**	**730**	**3,129**	**(33,541)**	**302**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	705	0	0	0	705
Total Use (Reservation) of Fund Balance	**705**	**0**	**0**	**0**	**705**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(3,313)**	**801**	**1**	**5**	**(2,506)**

Source: NYS DOB.

CASHFLOW
GENERAL FUND
FY 2020
(dollars in millions)

	2019 April Results	May Results	June Results	July Results	August Results	September Results	October Results	November Results	December Results	2020 January Results	February Projected	March Projected	Total
OPENING BALANCE	7,206	11,969	5,222	6,593	6,614	6,886	9,050	8,815	6,571	8,180	10,818	12,076	7,206
RECEIPTS:													
Personal Income Tax	4,608	1,242	2,605	1,665	1,454	2,417	1,289	1,231	2,106	2,342	1,881	1,493	24,333
Consumption/Use Taxes	585	598	796	637	630	813	627	635	790	711	548	753	8,123
Business Taxes	543	(181)	1,143	160	(20)	1,284	73	57	1,351	124	(92)	1,958	6,400
Other Taxes	81	58	65	126	44	56	164	89	145	95	117	72	1,112
Total Taxes	5,817	1,717	4,609	2,588	2,108	4,570	2,153	2,012	4,392	3,272	2,454	4,276	39,968
Abandoned Property	1	0	0	0	5	30	35	215	0	0	0	164	450
ABC License Fee	6	6	5	6	7	7	7	7	5	6	5	6	73
Investment Income	22	17	20	13	14	13	14	13	11	10	3	2	152
Licenses, Fees, etc.	69	42	50	49	49	67	85	41	61	78	42	62	695
Motor Vehicle Fees	33	35	12	35	24	24	34	10	41	28	22	23	321
Reimbursements	7	29	33	(69)	70	40	10	20	41	(84)	8	7	112
Extraordinary Settlements	585	142	0	33	0	0	28	0	0	0	0	(1)	787
Other Transactions	19	8	38	20	(1)	98	33	25	68	39	4	38	389
Total Miscellaneous Receipts	742	279	158	87	168	279	246	331	227	77	84	301	2,979
Federal Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0
PIT in Excess of Revenue Bond Debt Service	4,607	1,126	2,606	1,658	1,476	2,683	1,289	960	2,147	2,950	1,881	1,534	24,917
ECEP in Excess of Revenue Bond Debt Service	0	0	0	0	0	0	0	0	0	0	0	1	1
Tax in Excess of LGAC	261	105	542	290	277	367	303	292	370	318	259	57	3,441
Sales Tax Bond Fund	191	198	294	212	213	367	205	202	284	255	306	267	2,994
Real Estate Taxes in Excess of CW/CA Debt Service	70	86	85	114	74	94	55	83	70	78	82	61	952
All Other	49	111	118	249	119	71	83	68	155	519	995	543	3,080
Total Transfers from Other Funds	5,178	1,626	3,645	2,523	2,159	3,582	1,935	1,605	3,026	4,120	3,523	2,463	35,385
TOTAL RECEIPTS	11,737	3,622	8,412	5,198	4,435	8,431	4,334	3,948	7,645	7,469	6,061	7,040	78,332
DISBURSEMENTS:													
School Aid	775	3,896	1,722	366	599	1,497	864	1,661	1,969	704	804	8,698	23,555
Higher Education	38	24	337	1,112	28	141	85	25	145	48	63	881	2,927
All Other Education	97	57	130	183	44	706	181	53	136	54	232	437	2,310
Medicaid - DOH	3,302	1,717	1,426	1,270	1,088	1,282	1,623	1,941	1,248	1,637	390	(857)	16,067
Public Health	24	23	100	41	30	34	32	43	31	21	21	230	630
Mental Hygiene	124	63	267	181	75	199	176	56	299	94	1,141	732	3,407
Children and Families	19	21	30	29	93	79	364	186	68	109	143	369	1,510
Temporary & Disability Assistance	67	65	150	106	95	105	65	245	65	67	78	202	1,310
Transportation	0	24	14	0	24	0	0	24	11	0	13	0	110
Unrestricted Aid	0	11	388	0	7	39	10	0	193	1	3	72	724
All Other	24	(67)	144	32	65	34	31	75	38	30	61	556	1,023
Total Local Assistance	4,470	5,834	4,708	3,320	2,148	4,116	3,431	4,309	4,203	2,765	2,949	11,320	53,573
Personal Service	689	1,072	679	697	853	676	805	685	684	794	686	745	9,065
Non-Personal Service	159	249	219	201	211	189	257	147	179	234	260	368	2,673
Total State Operations	848	1,321	898	898	1,064	865	1,062	832	863	1,028	946	1,113	11,738
General State Charges	728	2,349	365	385	423	477	573	410	409	447	471	589	7,626
Debt Service	135	11	(7)	132	(17)	(28)	130	(20)	5	213	0	(37)	517
Capital Projects	499	406	610	252	473	703	(712)	492	472	309	365	(687)	3,182
SUNY Operations	219	218	327	181	3	59	0	97	10	16	40	15	1,185
Other Purposes	75	230	140	9	69	75	85	72	74	53	32	276	1,190
Total Transfers to Other Funds	928	865	1,070	574	528	809	(497)	641	561	591	437	(433)	6,074
TOTAL DISBURSEMENTS	6,974	10,369	7,041	5,177	4,163	6,267	4,569	6,192	6,036	4,831	4,803	12,589	79,011
Excess/(Deficiency) of Receipts over Disbursements	4,763	(6,747)	1,371	21	272	2,164	(235)	(2,244)	1,609	2,638	1,258	(5,549)	(679)
CLOSING BALANCE	11,969	5,222	6,593	6,614	6,886	9,050	8,815	6,571	8,180	10,818	12,076	6,527	6,527

Source: NYS DOB.