



New York State Annual Information Statement

June 8, 2021

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Introduction

This Annual Information Statement (AIS) is dated June 8, 2021, and contains information only through that date. This AIS constitutes the official disclosure regarding the financial position of the State of New York (the “State”) and related matters and replaces the AIS dated June 3, 2020 and all updates and supplements issued in connection therewith. This AIS is scheduled to be updated on a quarterly basis and may be supplemented from time to time as developments warrant. This AIS, including the Exhibits attached hereto, should be read in its entirety, together with any updates and supplements that may be issued during the fiscal year.

In this AIS, readers will find:

1. Information on the State’s current financial projections, including summaries and extracts from the State’s fiscal year 2022 (FY 2022)¹ Enacted Budget Financial Plan (the “Financial Plan”) issued by the Division of the Budget (DOB) in May 2021. The Financial Plan sets forth the State’s official financial projections for FY 2022 through FY 2025 (“the Financial Plan period”). It includes, among other things, information on the major components of the FY 2022 General Fund gap-closing plan, future potential General Fund budget gaps, multi-year projections of receipts and disbursements in the State’s operating funds, the impact on debt measures, and the anticipated debt issuances required to support the planned capital spending. While the disclosure contained in this AIS is derived from the Financial Plan, this AIS contains certain updates to information set forth in the Financial Plan which are not deemed by DOB to materially change the projections contained in the Financial Plan. DOB next expects to update the State’s multi-year financial projections in July 2021 with the first quarterly update to the Financial Plan.
2. A discussion of issues and risks that may affect the State’s financial projections during FY 2022 or in future fiscal years is provided under the heading “Financial Plan Overview — Other Matters Affecting the Financial Plan”.
3. Information on other subjects relevant to the State’s finances, including summaries of: (a) operating results for the three prior fiscal years (presented on a cash basis of accounting), (b) the State’s revised economic forecast and a profile of the State economy, (c) the State’s debt and other financing activities, (d) the organization of State government, and (e) activities of public authorities and localities.
4. Updated information regarding the State Retirement System.
5. The status of significant litigation that has the potential to adversely affect the State’s finances.

DOB is responsible for preparing the State’s Financial Plan and presenting the information that appears in this AIS on behalf of the State. In preparing this AIS, DOB has also relied on information drawn from other sources, including the Office of the State Comptroller (OSC). In particular, information contained in the section entitled “State Retirement System” has been furnished by

¹ The State fiscal year is identified by the calendar year in which it ends. For example, FY 2022 is the fiscal year that began on April 1, 2021 and ends on March 31, 2022.

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 the AIS.

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

The factors affecting the State's financial condition are numerous and complex. This AIS contains "forward-looking statements" relating to future results and economic performance as defined in the Private Securities Litigation Reform Act of 1995. Since many factors may materially affect fiscal and economic conditions in the State, the forecasts, projections, and estimates should not be regarded as a representation that 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.

Note that all FY 2021 financial results contained within this AIS are unaudited and preliminary. The annual independent audit of the State's Basic Financial Statements for the fiscal year ending March 31, 2021 is expected to be completed by July 29, 2021. Both the Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting and the State's Basic Financial Statements are due by July 29, 2021. These reports will contain the final FY 2021 financial results. Copies may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236. The Basic Financial Statements for FY 2020 are available in electronic form at www.osc.state.ny.us and at www.emma.msrb.org.

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

Usage Notice

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

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

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



Budgetary and Accounting Practices

Significant Budgetary and Accounting Practices

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

The State accounts for receipts and disbursements by the fund in which the activity takes place (such as the General Fund), and the broad category or purpose of that activity (such as State Operations). The Financial Plan tables present State projections and 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 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., reserve for timing of payments). These amounts are typically, but not uniformly,

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.

identified with the phrase “reserved for.” These unrestricted amounts are not held in distinct accounts within the General Fund and may be used for other purposes.

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

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

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

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

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

As of the FY 2022 Enacted Budget, the State is changing certain Financial Plan and AIS terminology to align with fiscal publications released by the State Comptroller. Previously, the State used the term “results” in the Financial Plan and AIS to mean year-end actual but unaudited performance data for the most recently completed fiscal year. While year-end cash results could be adjusted during the audit of the State’s Financial Statements prepared under Generally Accepted Accounting Principles contained in the Annual Comprehensive Financial Report (ACFR), which must be released within 120 days after the end of the State Fiscal Year, revisions are not common. In prior updates to the Financial Plan and AIS released after the issuance of the ACFR, the term “results” reflected audited year-end performance data for the most recently completed fiscal year. Beginning with the FY 2022 Enacted Budget Financial Plan and this AIS, the term “actuals” will replace “results”, but the meaning remains the same relative to the issuance of the ACFR.

Financial Plan Overview

The following table provides certain Financial Plan information for FY 2021 and FY 2022.

FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES (millions of dollars)		
	FY 2021	FY 2022
	Actuals	Projected
State Operating Funds Disbursements		
Size of Budget	\$104,207	\$112,220
Annual Growth	2.0%	7.7%
Other Disbursement Measures		
General Fund (Including Transfers) ¹	\$74,095	\$88,991
Annual Growth	-4.4%	20.1%
Capital Budget (Federal and State)	\$12,331	\$15,891
Annual Growth	2.8%	28.9%
Federal Operating Aid	\$70,049	\$80,776
Annual Growth	19.1%	15.3%
All Funds	\$186,587	\$208,887
Annual Growth	7.9%	12.0%
Inflation (CPI)	1.2%	3.0%
All Funds Receipts		
Taxes	\$82,376	\$91,093
Annual Growth	-0.6%	10.6%
Miscellaneous Receipts	\$30,772	\$26,052
Annual Growth	4.4%	-15.3%
Federal Receipts (Operating and Capital)	\$78,152	\$96,645
Annual Growth	20.1%	23.7%
Total All Funds Receipts	\$191,300	\$213,790
Annual Growth	7.8%	11.8%
General Fund Cash Balance		
	\$9,161	\$7,354
Rainy Day Reserves	\$2,476	\$3,301
Extraordinary Monetary Settlements	\$2,083	\$2,035
Economic Uncertainties	\$1,490	\$1,490
All Other Reserves/Fund Balances	\$3,112	\$528
Debt		
Debt Service as % All Funds Receipts ²	4.6%	3.2%
State-Related Debt Outstanding	\$58,881	\$66,649
Debt Outstanding as % Personal Income	4.0%	4.4%
¹	Includes planned transfer of Extraordinary Monetary Settlements from the General Fund to other funds for designated purposes.	
²	Excludes \$4.5 billion in short-term notes issued and repaid in FY 2021.	

FY 2022 Enacted Budget Overview

Executive Budget Proposal

The Governor’s Executive Budget Financial Plan for FY 2022 proposed actions to close a two-year budget gap estimated at \$12.7 billion (FY 2021: \$3.2 billion; FY 2022: \$9.5 billion).³ The gap-closing plan consisted of savings actions, tax increases, and “unrestricted” Federal aid (i.e., general aid that could be used to replace lost tax revenues or fund existing services).

At the time, the State lacked information on the level and timing of new Federal aid (or whether any new aid at all would be approved). The Executive Budget Financial Plan therefore included a \$6 billion “placeholder” for new Federal aid, which was apportioned evenly between FY 2022 and FY 2023. The Governor pledged to modify the proposed spending cuts and tax increases if the State received unrestricted Federal aid above the amount in the proposed Financial Plan.

DOB estimated that the Executive Budget, if adopted without modification, would have provided for balanced General Fund operations in FY 2022, and leave budget gaps of \$902 million in FY 2023, \$3.6 billion in FY 2024, and \$6.2 billion in FY 2025. The total gaps over the Financial Plan (FY 2022 through FY 2025) would have been reduced from \$38.7 billion to \$10.8 billion, an improvement of \$27.9 billion.

Improved Fiscal Outlook

Enactment of the Federal American Rescue Plan (ARP) Act, stronger than expected tax collections, and favorable FY 2021 year-end results have improved the State’s fiscal outlook since the Executive Budget proposal was submitted in February 2021.

The ARP is a \$1.9 trillion economic stimulus bill intended to contain the COVID-19 pandemic and accelerate the nation’s economic recovery.⁴ The ARP provides the State with \$12.75 billion in general aid (“recovery aid”), as well as \$17.2 billion in categorical aid for schools, universities, childcare, housing, and other purposes. The recovery aid authorized in the ARP, while not as flexible as the unrestricted aid assumed in the Executive Budget Financial Plan, may be used for several broad purposes, including State revenue losses and for provision of aid to households, small businesses, and non-profit organizations, as well as certain industries, such as tourism and hospitality, that were uniquely affected by the pandemic-induced recession.⁵ On May 10, 2021 the U.S. Department of Treasury issued interim guidance on, among other things, calculation of revenue losses and illustrative eligible uses of recovery aid. DOB is reviewing and expects to provide comments on the interim guidance. The categorical aid is for specified purposes flowing through Federal Funds and will have no direct impact on General Fund operations.

³ See Executive Budget Financial Plan Updated for Governor’s Amendments and Forecast Revisions, February 2021.

⁴ Signed into law by President Biden on March 11, 2021.

⁵ The ARP also provides \$10 billion in recovery aid to localities in New York State.

The State's revenue picture also improved in the final quarter of FY 2021, with tax collections exceeding expectations. On March 1, 2021, the Executive and Legislature reached consensus that cumulative tax receipts over FY 2021 and FY 2022 would be at least \$2.5 billion higher than estimated in the Executive Budget Financial Plan. Collections through the end of FY 2021 were even more favorable, providing the basis for the substantial upward revisions to tax receipts in the Enacted Budget Financial Plan. (See "State Financial Plan Multi-Year Projections – Receipts" herein.)

Lastly, the State finished FY 2021 in a stronger overall position in comparison to the Executive Budget Financial Plan. Results reflected both strong tax receipts, as noted above, and disbursements that fell substantially below budgeted levels. DOB applied excess resources that were available at the close of FY 2021 to reduce costs in each year of the Financial Plan with prepayments and other actions.

Enacted Budget Agreement

The Governor and Legislative leaders reached agreement on the outlines of the FY 2022 Budget in late March 2021. All debt service appropriations were passed on March 31, 2021, prior to the start of FY 2022. Both houses completed final action on the FY 2022 Budget on April 6, 2021. On April 19, 2021, the Governor completed his review of all budget bills, which included the veto of certain line-item appropriations, none of which had a material impact on the State's financial projections.

The improved fiscal outlook allowed for substantial revisions to the Executive Budget proposal during negotiations on the FY 2022 Enacted Budget. The revisions can be grouped into three categories: "restoration" (i.e., rejection) of savings proposals, time-limited pandemic recovery initiatives, and additions to current programs. (See "Negotiated Changes to the Executive Budget" in the "General Fund Cash-Basis Financial Plan" section herein.)

- **Restorations/Modifications.** The Executive Budget proposed reductions to School Aid, health care, and other services, as well as a one-year pause in the continuing phase-in of middle-class tax reductions initiated in FY 2016. These savings were not needed to provide for balanced operations in FY 2022 and therefore were restored as part of the budget agreement.
- **Recovery Initiatives.** The Enacted Budget agreement also provided for several time-limited recovery initiatives, the most significant of which provides payments to workers who lost employment during the recession but were ineligible to receive traditional unemployment benefits. The recovery initiatives are intended to respond to the immediate and unique economic dislocations caused by the COVID-induced recession and will not be funded on a recurring basis. Each of the recovery initiatives are described in more detail below.

- **Adds.** Lastly, the Enacted Budget included substantial new funding for existing programs, the most significant of which is the phase-in of full funding of the current Foundation Aid formula over three years, substantially increasing State support to school districts. Supplemental funding was also provided for tuition assistance, mental hygiene, public safety, and a range of other purposes.

In recognition that Federal recovery aid will run out over time, the negotiated agreement contained revenue enhancements, including increases in PIT rates for high-income earners through tax year 2027 and corporate franchise tax rates through tax year 2023. The new revenues will help fund increases approved for existing programs, as well as restorations of proposed cuts.

DOB estimates that the Enacted Budget Financial Plan is balanced in the General Fund on a cash basis of accounting in both the current year (FY 2022) and the first outyear (FY 2023). Outyear budget gaps are estimated at \$1.4 billion in FY 2024 and \$2.0 billion in FY 2025. The total gap of \$3.4 billion over the Financial Plan (FY 2022 through FY 2025) is \$7.4 billion lower than the Executive Budget proposal and \$35.3 billion lower than the baseline projection.

The following table summarizes the changes from the baseline February 2021 Financial Plan projections to the Enacted Budget Financial Plan. It is followed by an explanation of the changes.

FY 2022 ENACTED BUDGET GENERAL FUND GAP-CLOSING PLAN				
SAVINGS/(COSTS)				
(millions of dollars)				
	FY 2022	FY 2023	FY 2024	FY 2025
	Projected	Projected	Projected	Projected
BASELINE SURPLUS/(GAP) ESTIMATE	(9,525)	(9,313)	(9,235)	(10,654)
Receipts	11,829	11,805	11,412	13,564
Tax Receipts Revisions	4,093	5,102	5,402	6,099
Tax Actions:	<u>3,490</u>	<u>3,926</u>	<u>3,790</u>	<u>4,022</u>
Temporary High Income Surcharge	2,753	3,251	3,439	4,472
Temporary Business Tax Increase	750	1,073	796	0
Property Tax Relief Credit	0	(382)	(403)	(411)
Recovery Tax Credits	(20)	(40)	(50)	(25)
All Other Tax Actions	7	24	8	(14)
STAR	0	(1)	(1)	107
Debt Service Transfers	122	1,398	1,028	746
Miscellaneous Receipts	22	(26)	(20)	(18)
Federal Aid (Non-Tax Transfers)	4,500	2,350	2,250	3,645
Other Non-Tax Transfers	(398)	(944)	(1,037)	(1,037)
Disbursements	(2,604)	(2,043)	(4,104)	(5,308)
Local Assistance	<u>(2,444)</u>	<u>(2,189)</u>	<u>(4,129)</u>	<u>(5,265)</u>
Enhanced FMAP Extension	2,487	0	0	0
Medicaid Enrollment	(256)	(236)	0	0
Recovery Initiatives	(3,145)	(110)	(110)	(100)
Foundation Aid Increase	(980)	(2,192)	(3,773)	(4,396)
All Other	(550)	349	(246)	(769)
Agency Operations	157	328	236	(60)
Transfers	<u>(317)</u>	<u>(182)</u>	<u>(211)</u>	<u>17</u>
Debt Service Transfers	79	89	87	68
Capital Projects Transfers	(121)	(36)	(475)	(473)
Retiree Health Trust Fund	(320)	(320)	0	0
Other Transfers	45	85	177	422
Reclassification of Debt Service Transfers	0	0	0	0
Use of/(Deposit to) Reserves	300	(449)	485	424
Undesignated Fund Balance (Prior Year)	2,013	0	0	0
Community Projects	23	4	3	0
Rainy Day Reserve	(825)	0	0	0
Extraordinary Monetary Settlements	(911)	(453)	482	424
ENACTED BUDGET SURPLUS/(GAP) ESTIMATE	0	0	(1,442)	(1,974)

Receipts

General Fund receipts in FY 2022 are projected to be \$11.8 billion above the baseline estimate. The improvement reflects the surge in tax collections as the State recovers from the recession, the impact of tax increases on high income earners and corporations, and the initial use of Federal recovery aid. General Fund receipts are estimated to be sufficient to balance operations in FY 2022.

Tax Receipts Revisions. The estimates for tax receipts, excluding the impact of FY 2022 tax increases and changes in annual debt service, have been revised upward by nearly \$4.1 billion in FY 2022 and more than \$20 billion over the Financial Plan (FY 2022-FY 2025). The revisions are concentrated in PIT and sales tax receipts, reflecting both collections experience through April 2021 and an updated economic outlook.

Tax Actions. The Enacted Budget includes \$3.5 billion in FY 2022 revenue increases from tax actions. These include:

- **Temporary High Income Surcharge.** The Enacted Budget implements a surcharge on high earners through Tax Year 2027 that sets a top rate of 10.9 percent for all filers earning more than \$25 million. The surcharge is expected to raise \$2.8 billion in FY 2022 and \$3.3 billion in FY 2023.
- **Temporary Business Tax Increase.** The Enacted Budget implements a surcharge on the corporate tax rate that increases the business income tax rate from 6.5 percent to 7.25 percent for three years through tax year 2023 for taxpayers with business income greater than \$5 million. It also increases the capital base method of liability estimation to a 0.1875 percent rate from the prior year 0.025 percent rate. The capital base method increase continues to exempt qualified manufacturers, qualified emerging technology companies, and cooperative housing corporations and additionally exempts corporate small business beginning in tax year 2021. These changes are expected to raise revenue by \$750 million in FY 2022 and \$1 billion in FY 2023.
- **Property Tax Relief Credit.** New York resident homeowners with incomes up to \$250,000 are eligible for a PIT STAR credit ranging from \$250 to \$350 if their total property tax exceeds a fixed percentage of their income. It is expected that claims will average about \$340. Qualified homeowners will be able to claim this new Property Tax Relief credit for tax years 2021, 2022, and 2023.
- **Recovery Tax Credits.** The Enacted Budget provides new tax credits to support certain industries that were adversely impacted by the pandemic, including restaurants, theaters, and arts.
- **Other Tax Actions.** The Enacted Budget includes the Cannabis Regulation and Taxation Act, as well as various tax credits, extensions, enforcement initiatives and reforms.

Debt Service Transfers. The Financial Plan reflects the payment in FY 2022 of expenses previously planned to be paid in FY 2023 through FY 2025, as well as savings from expected refundings, continued use of competitive bond sales, and other debt management actions.

STAR. Changes include the mobile home conversion of benefit payments from a real property tax exemption to a PIT credit and updated estimates in FY 2025.

Miscellaneous Receipts. Changes include updated estimates for investment income and various other categories of miscellaneous receipts.

Federal Aid. The Enacted Budget Financial Plan apportions Federal recovery aid over four fiscal years: \$4.5 billion in FY 2022, \$2.4 billion in FY 2023, \$2.3 billion in FY 2024, and \$3.6 billion in FY 2025. DOB may adjust this initial apportionment when the US Treasury issues its final guidance and the State has a precise understanding of the eligible uses for the recovery aid. It is possible that a portion of the recovery aid will not be available to replace revenues or fund the continuation of current services at the level expected in the Financial Plan. If that were to happen, the budget gaps shown in the Financial Plan would increase.

Non-Tax Transfers. Other resource changes include updated estimates of various transfers from other funds, including an increase to the reserve for transaction risks.

Disbursements

General Fund spending in FY 2022 is projected to increase by \$2.6 billion compared to the baseline estimate. The largest sources of growth are for aid to education and pandemic recovery initiatives.

Local Assistance. New spending for recovery initiatives (see below), School Aid, and other local aid programs totals nearly \$4.7 billion. In addition, the estimate for Medicaid enrollment attributable to the recession has been revised upward based on updated data, leading to an increase in expected State-share Medicaid costs.

The growth in local aid is offset in part by the expected extension, through December 31, 2021, of the enhanced rate at which the Federal government reimburses eligible State Medicaid expenditures. The enhanced rate, which is 56.2 percent compared to the regular rate of 50 percent, reduces State/Local spending, and increases Federal spending by an equal amount, and therefore has no impact on total Medicaid payments. DOB estimates total State-share savings of \$2.5 billion in FY 2022.

Agency Operations. Certain health and public safety payroll costs and COVID expenses that were paid in FY 2021 from State Funds are expected to be claimed against the Coronavirus Relief Fund (CRF) or FEMA. In addition, the Financial Plan assumes that during FY 2022 the State will pay planned general salary increases, as well as performance advances to non-represented employees, that had been withheld during the COVID-19 emergency.

Agency operations were reduced by 10 percent on a recurring basis beginning in FY 2021, with certain exceptions for facility operations and public health and safety. Incremental changes have been made to the savings estimates for several agencies.

Transfers. Savings in the debt service budget are expected from portfolio management, including refundings. Increased transfers to support capital projects reflect changes in the timing of capital reimbursements and higher capital costs, including the impact of projects delayed due to the pandemic. In addition, the timing of transfers of Extraordinary Monetary Settlements has been updated based on FY 2021 results and estimated activity over the multi-year Financial Plan.

Reserves and Liquidity

The Enacted Budget Financial Plan includes planned increases to the State's reserves. In FY 2022, deposits of \$825 million to Rainy Day reserves and \$320 million to the Retiree Health Benefit Trust Fund⁶ are expected to be made, fiscal conditions permitting. Another \$320 million deposit to the Retiree Health Benefit Trust Fund is planned in FY 2023. General Fund reserves at the close of FY 2022 are estimated at \$5.3 billion, or 6 percent of estimated General Fund disbursements. In addition, the General Fund is expected to end FY 2022 with over \$2 billion in monetary settlements designated to fund capital projects and other activities.

DOB expects that the State will have sufficient liquidity in FY 2022 to make all planned payments as they become due without having to temporarily borrow from the Short-Term Investment Pool (STIP). DOB continues to reserve money on a quarterly basis for debt service payments that are financed with General Fund resources. Money to pay debt service on bonds secured by dedicated receipts, including PIT bonds and Sales Tax bonds, continues to be set aside as required by law and bond covenants.

⁶ In FY 2018, the State created 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. 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 State has not made any deposits to the Trust Fund to date.

Recovery Initiatives

A unique feature of the FY 2022 Enacted Budget Financial Plan is a series of initiatives intended to help State residents and businesses recover as quickly as possible from the economic dislocation caused by COVID-19. The initiatives, which are expected to cost \$9.45 billion over four years, will be funded from a combination of State and Federal resources. The following table summarizes the initiatives.

MAJOR RECOVERY INITIATIVES BY FUNDING SOURCES (millions of dollars)				
	FY 2022		Total (FYs 2022 to 2025)	
	State	Federal	State	Federal
TOTAL MAJOR INITIATIVES	3,165	3,157	3,625	5,825
Excluded Workers	2,100	0	2,100	0
Child Care	0	1,350	0	2,300
Rent & Homeowner Relief	100	1,200	100	2,300
Homeowner Mortgage Assistance	0	180	0	575
Rental Subsidy Program	100	0	400	0
Food Insecurity	0	50	0	50
Gun Violence/Securing Communities Against Hate Crimes	0	0	25	0
State Small Business Credit Incentive ¹	0	377	0	600
Small Business Recovery	865	0	1,000	0

¹ Federal funding for this program is allocated to the State and disbursed as State Funds spending per Federal guidance for past program execution and is included as spending in State Operating Funds.

The largest State recovery initiative is the Excluded Workers program, which is intended to provide cash payments to workers who have suffered income loss due to COVID-19 but who are ineligible for Unemployment Insurance or related Federal benefits due to their immigration status or other factors. The State is also funding small business grants to assist in recovery and reopening efforts. Grants will be provided to small businesses, for-profit independent and nonprofit arts and cultural organizations disrupted by the pandemic, including restaurants to cover the costs of food, preparation, and delivery of meals to vulnerable populations. State funding will compliment Federal funding through the State Small Business Credit Incentive. Other initiatives will support access to child care, affordable housing, and community food and safety needs.

State Operating Funds – Summary of Annual Spending Change

STATE OPERATING FUNDS DISBURSEMENTS				
FY 2021 TO FY 2022				
(millions of dollars)				
	FY 2021	FY 2022	Annual Change	
	Actuals	Projected	\$	%
LOCAL ASSISTANCE	65,087	76,734	11,647	17.9%
School Aid (School Year Basis)	26,515	29,505	2,990	11.3%
STAR	2,027	1,979	(48)	-2.4%
DOH Medicaid ¹	23,061	24,482	1,421	6.2%
Temporary eFMAP Increase	(3,420)	(2,487)	933	27.3%
Mental Hygiene (Gross) ^{2,3}	4,045	4,521	476	11.8%
Mental Hygiene Stabilization Fund ²	(2,157)	0	2,157	100.0%
Transportation ³	3,578	3,792	214	6.0%
Social Services ³	2,538	2,997	459	18.1%
Higher Education ³	2,706	2,943	237	8.8%
Other Education	1,828	2,403	575	31.5%
FY 2020 Timing of Payments ³	1,385	0	(1,385)	-100.0%
All Other ^{3,4}	2,981	3,077	96	3.2%
Recovery Initiatives	0	3,522	3,522	0.0%
STATE OPERATIONS/GENERAL STATE CHARGES	25,924	28,779	2,855	11.0%
State Operations	18,006	19,261	1,255	7.0%
Executive Agencies	10,020	10,321	301	3.0%
University Systems	6,237	6,377	140	2.2%
Elected Officials	2,656	2,721	65	2.4%
Fund Eligible Expenses from CRF	(1,726)	0	1,726	100.0%
Pandemic Costs/(Reimbursement)	951	(940)	(1,891)	-198.8%
Ongoing Pandemic Related Expenses	(132)	200	332	251.5%
General Salary Increase	0	582	582	0.0%
General State Charges	7,918	9,518	1,600	20.2%
Pension Contribution	3,406	2,512	(894)	-26.2%
Health Insurance	4,415	4,736	321	7.3%
Fund Eligible Expenses from CRF	(996)	(80)	916	92.0%
Social Security Deferment	(674)	372	1,046	155.2%
Other Fringe Benefits/Fixed Costs	1,767	1,978	211	11.9%
DEBT SERVICE	13,196	6,707	(6,489)	-49.2%
TOTAL STATE OPERATING FUNDS	104,207	112,220	8,013	7.7%
Capital Projects (State and Federal Funds)	12,331	15,891	3,560	28.9%
Federal Operating Aid	70,049	80,776	10,727	15.3%
TOTAL ALL GOVERNMENTAL FUNDS	186,587	208,887	22,300	12.0%

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

² In FY 2021, roughly half of total Mental Hygiene spending was funded via the Mental Hygiene Stabilization Fund under the DOH Medicaid Global Cap. This spending appears in DOH rather than Mental Hygiene.

³ Due to the disruptions and uncertainties related to the COVID-19 pandemic, certain payments that would have been made in March 2020 were not paid until FY 2021. This spending is displayed discretely and adjusted (excluded from the FY 2021 spending totals of each functional area (higher education, social services, mental hygiene, and transportation.))

⁴ "All Other" includes spending for: various other functions; reclassifications between financial plan categories; a reconciliation between school year and State fiscal year spending for School Aid; and MSA payments deposited directly to a Medicaid Escrow Fund, which reduces reported disbursements.

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

In FY 2022 State Operating Funds spending is estimated at \$112.2 billion, an increase of 7.7 percent from FY 2021. Excluding the recovery initiatives, which in State Operating Funds are expected to total \$3.5 billion⁷ in FY 2022, spending is projected to grow by 4.3 percent. School Aid, Medicaid, and funding of FY 2021 pandemic response costs from the CRF (which lowered FY 2021 State Operating Funds spending) account for most of the annual increase.

Local Assistance

Local assistance spending includes payments to local governments, school districts, health care providers, managed care organizations, and other entities, as well as financial assistance to, or on behalf of, individuals, families, and not-for-profit organizations. Local assistance comprises roughly two-thirds of State Operating Funds spending. School Aid and Medicaid account for roughly 70 percent of all local assistance spending. In FY 2021, the State withheld a percentage of local aid payments as a contingency measure. With certain exceptions, these withheld amounts were released for payment in March 2021. In most instances, the released payments were, or are expected to be processed in FY 2022, which affects annual spending growth.

The FY 2022 Enacted Budget includes \$29.5 billion for School Aid in school year (SY) 2022, representing an annual increase of nearly \$3 billion (11.3 percent). This annual increase includes a school year basis Foundation Aid increase of \$1.4 billion (7.6 percent), as part of a three-year phase-in of the Foundation Aid formula. In addition to State School Aid, schools will receive \$13.0 billion of Federal resources via the Elementary and Secondary School Emergency Relief (ESSER) and Governor's Emergency Education Relief (GEER) funds allocated to public schools by the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and ARP. This funding, available for use over multiple years, is intended to help schools safely reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic.

STAR program spending is affected by the continuing conversion of benefit payments from a real property tax exemption to a PIT credit. The level of reported STAR disbursements will continue to decrease as STAR beneficiaries move into the PIT credit program.

⁷ Includes \$377 million for the State Small Business Credit Incentive program that is funded by the Federal government and disbursed as State Funds spending per Federal guidance for past program execution.

Department of Health (DOH) Medicaid spending is estimated at \$24.5 billion in FY 2022, an annual increase of \$1.4 billion (6.2 percent). Costs under the Global Cap are projected to increase by \$580 million, consistent with the statutory growth index. Costs outside the Global Cap, which include minimum wage increases for health care providers and financial relief to counties and New York City associated with full coverage of the local share of spending growth, are projected to increase by \$841 million.

The Federal government has provided a 6.2 percentage point base increase to the FMAP rate (“eFMAP”) since the start of the COVID-19 public health emergency in January 2020. The Enacted Budget assumes the continuation of eFMAP through December 31, 2021. In FY 2022, eFMAP is expected to provide roughly \$2.5 billion in State share savings.

In Mental Hygiene, the Enacted Budget provides increased funding for not-for-profit providers for the cost of minimum wage increases, a 1 percent cost-of-living adjustment (COLA), a return to pre-pandemic service utilization, and targeted investments to ensure adequate access to services and supports.

Funding for transportation is projected to increase by roughly \$214 million in FY 2022. Projected operating aid to the Metropolitan Transportation Authority (MTA) and other transit systems mainly reflects the current receipts forecast and timing of certain payments delayed from FY 2021 to FY 2022.

The annual growth in social services spending is driven by forecasted increases in the public assistance caseload, which drives higher spending for Safety Net Assistance; timing of payments withheld in FY 2021 and will be paid in FY 2022, and funding for initiatives in the FY 2022 Enacted Budget, including additional funding for rental assistance.

Higher education spending is projected to increase by 8.8 percent in FY 2022, adjusted for the timing of Academic Year 2020 payments for CUNY Senior and Community colleges that occurred in FY 2021. Higher spending in FY 2022 primarily reflects increased State support for the Tuition Assistance Program (TAP) and scholarships in FY 2022.

Higher spending for other education programs, including Special Education, reflects a decline in reimbursable claims for Summer and Preschool Special Education programs in FY 2021 due to pandemic-related school closures and timing of planned FY 2021 payments that were previously withheld and will be paid in FY 2022.

All other local assistance mainly includes the reconciliation between school year and State fiscal year spending for School Aid and the timing of payments.

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.

Operational spending for executive agencies is affected by pandemic response and recovery efforts, including the anticipated timing of Federal reimbursement across several fiscal years for expenses incurred in FY 2021; payment of a 27th payroll; and FY 2022 planned payment of general salary increases that were scheduled to go into effect on April 1, 2020.

Pursuant to guidelines established by the U.S. Department of Treasury, the State charged \$2.8 billion in eligible costs to the CRF in FY 2021. This included approximately \$2.7 billion for payroll costs and fringe benefits, primarily for public health and safety employees, and other eligible pandemic response costs. Another \$132 million in expenditures incurred in FY 2020 were subsequently canceled and refunded in FY 2021. The Financial Plan also assumes that additional costs incurred by the State in FY 2021 will be charged to the CRF in FY 2022.

Certain pandemic response expenses incurred in FY 2021, including Personal Protective Equipment (PPE), durable medical equipment, costs to build out field hospital facilities, testing, and vaccination activities are expected to be reimbursed by FEMA. DOB expects reimbursement over several years based on past claims experience. State agencies are expected to continue to incur costs to respond to the COVID-19 pandemic in FY 2022, which are expected to be funded with Federal aid made available in the CRF or FEMA reimbursement.

In FY 2022, State Operations spending for Executive agencies reflects the right sizing of corrections, mental health, and juvenile justice facilities and closing underused facilities.

University systems spending for FY 2022 is expected to increase as operations rebound following the COVID-19 closures and restrictions.

The operating costs for independent offices (Attorney General, Comptroller, Judiciary, and Legislature) are collectively expected to grow by 2.4 percent in FY 2022.

General State Charges (GSCs) spending is projected to increase by \$1.6 billion, or 20.2 percent, in FY 2022. Pandemic-related anomalies drive the annual growth. First, the CARES Act allowed employers to defer the deposit and payment of the employer's share of Social Security taxes through December 2020. The State took advantage of this interest-free deferral and made no social security payments on the non-Medicare portion from April through December 2020, for a savings of \$674 million in FY 2021. Repayment of half the deferral will be made in FY 2022, as required by the CARES Act. Second, the State charged eligible fringe benefits to the CRF in FY 2021, which reduced State-share GSC costs. Lastly, expected increases in the State's health insurance program reflect medical inflation and the potential for more spending resulting from increased utilization following delayed medical visits and procedures during the pandemic. The growth caused by these factors is offset in part by the payment, at the end of FY 2021, of amortizations payable to the Common Retirement System in FY 2022 through FY 2026.

On June 4, 2021, the Public Employees Federation (PEF) reached a tentative collective bargaining agreement with the State covering FY 2020 through FY 2023, which is subject to ratification. The agreement, if ratified by PEF, would provide for 2 percent general salary increases in each year of the contract period, and the associated cost would be reflected in the Financial Plan upon ratification. In the past, agencies have been required to fund the ongoing costs associated with general salary increases within existing budgets through efficiencies and other savings initiatives.

Debt Service

Debt service consists of principal, interest, and related expenses paid on State debt. Debt service expenses are projected to decline from FY 2021 to FY 2022 due to the impact of the FY 2021 liquidity financing and prepayments executed in FY 2021 relative to prepayments planned for FY 2022. The State issued and repaid \$4.5 billion of PIT notes in FY 2021 and prepaid \$3.1 billion of debt service in FY 2021. In addition, the State plans to prepay another \$1.4 billion of debt service in FY 2022, increasing total prepayments across FYs 2021 and 2022 to \$4.5 billion. These resources will be used to reduce debt service that comes due in FY 2022 (\$975 million), FY 2023 (\$1.1 billion), FY 2024 (\$1.1 billion), and FY 2025 (\$1.3 billion).

General Fund Cash-Basis FY 2022 Financial Plan

General Fund receipts are affected by the deposit of dedicated taxes in other funds for debt service and other purposes, the transfer of balances between funds of the State, and other factors. Two significant factors affect reported General Fund tax receipts that are unrelated to actual collections. First, changes in debt service on State-supported revenue bonds affect General Fund tax receipts. The State utilizes bonding programs where tax receipts are deposited into dedicated debt service funds (outside the General Fund) and used to make debt service payments. After satisfying debt service requirements for these bonding programs, the balance is transferred to the General Fund. Second, the STAR program is funded from PIT receipts, with changes in the State supported cost of the program affecting reported PIT receipts.

General Fund disbursements are affected by the level of financing sources available in other funds, transfers of balances between funds of the State, and other factors that may change from year to year.

For a more comprehensive discussion of the State's projections for tax receipts, miscellaneous receipts, disbursements, and transfers, presented on a State Funds and All Funds basis, see "State Financial Plan Multi-Year Projections" herein.

The following table summarizes the projected annual change in General Fund receipts, disbursements, and fund balances from FY 2021 to FY 2022.

GENERAL FUND FINANCIAL PLAN (millions of dollars)				
	FY 2021 Actuals	FY 2022 Projected	Annual Change	
			Dollar	Percent
Opening Fund Balance	8,944	9,161	217	2.4%
Total Receipts	<u>74,312</u>	<u>87,184</u>	<u>12,872</u>	<u>17.3%</u>
Taxes ^{1,2}	69,052	77,779	8,727	12.6%
Miscellaneous Receipts ²	3,015	1,775	(1,240)	-41.1%
Federal Receipts (Non-Tax Transfers)	0	4,500	4,500	0.0%
Non-Tax Transfers from Other Funds	2,245	3,130	885	39.4%
Total Disbursements	<u>74,095</u>	<u>88,991</u>	<u>14,896</u>	<u>20.1%</u>
Local Assistance	48,981	61,041	12,060	24.6%
State Operations	17,136	20,823	3,687	21.5%
Transfers to Other Funds	7,978	7,127	(851)	-10.7%
Net Change in Operations	217	(1,807)	(2,024)	-932.7%
Closing Fund Balance	<u>9,161</u>	<u>7,354</u>	<u>(1,807)</u>	<u>-19.7%</u>
Rainy Day Reserves	2,476	3,301	825	
Economic Uncertainties	1,490	1,490	0	
Undesignated Fund Balance	2,561	0	(2,561)	
All Other Reserves/Balances	551	528	(23)	
Extraordinary Monetary Settlements	2,083	2,035	(48)	
¹ Includes the transfer of tax receipts from other funds after debt service.				
² Adjusted to exclude the affect of the short-term PIT note borrowing executed and repaid within FY 2021. This transaction added \$4.5 billion to miscellaneous receipts and the repayment reduced tax receipts transferred from debt service funds.				

Receipts

General Fund receipts, including transfers from other funds, are estimated to total nearly \$87.2 billion in FY 2022, an increase of \$12.9 billion (17.3 percent) from FY 2021 actuals. In FY 2021, the State issued short-term borrowing notes to manage the impact of the April 15, 2020 tax filing extension on monthly cash flows. The note proceeds were recorded as a miscellaneous receipt and the notes were repaid in full by year-end. For the General Fund, the proceeds increased miscellaneous receipts and the payment reduced PIT receipts. This transaction had no impact on operations or total receipts but does distort the annual change for both miscellaneous receipts and tax receipts.

Tax receipts, including transfers after payment of debt service, are estimated to total \$77.8 billion in FY 2022, an increase of \$8.7 billion from FY 2021. The increase is due to a combination of an improved revenue outlook consistent with the experience in the final quarter of FY 2021 and the updated economic forecast, and \$3.5 billion in new revenue largely attributable to the enactment of a high-income PIT surcharge and business tax increase.

PIT receipts, net of transfers, are estimated to total \$53.3 billion in FY 2022, an increase of \$4.7 billion from FY 2021. The increase reflects the improved economic forecast and the enacted tax increases, which is partly offset by the actual and planned prepayments, in FY 2021 and FY 2022, of PIT debt service due in FY 2022 through FY 2025. These transactions reduce reported PIT receipts in the fiscal year in which the payments are made and increase PIT receipts in the fiscal years in which the debt service was originally scheduled to be paid. Therefore, these transactions reduced reported General Fund PIT receipts by \$3.1 billion in FY 2021 and by \$302 million in FY 2022 and increased reported General Fund PIT receipts by \$1.1 billion in FY 2023, \$1.1 billion in FY 2024, and \$1.3 billion in FY 2025.

Consumption/use tax receipts, including transfers after payment of debt service on the Local Government Assistance Corporation (LGAC) and Sales Tax Revenue Bonds, are estimated to total \$15.4 billion in FY 2022, an increase of \$3.6 billion (30.8 percent) from FY 2021. Increases reflect sales tax base growth of 13.5 percent as the economy continues to recover from the impact of the COVID-19 economic downturn.

Business tax receipts are estimated at nearly \$7 billion in FY 2022, an increase of \$566 million (8.8 percent) from FY 2021. The increase is primarily attributable to an increase in Corporate Franchise Tax (CFT) gross receipts due to the recently enacted temporary increase in the business income and capital base rates.

Other tax receipts, including transfers after payment of debt service on Clean Water/Clean Air (CW/CA) Bonds, are expected to total \$2.1 billion in FY 2022, a decrease of \$208 million from FY 2021. This is primarily due to a decline in the estate tax due to a higher-than-typical number of extraordinary payments in FY 2021.

Miscellaneous receipts are estimated to decline by \$1.2 billion in FY 2022 from FY 2021. The decline includes FY 2021 receipts that are not projected to recur (\$600 million from Extraordinary Monetary Settlements and \$250 million from the Distressed Provider Assistance Fund to offset State payments made to distressed providers), as well as lower projected resources available from abandoned property, motor vehicle fees and certain other fees.

Non-tax transfers are estimated to total \$7.6 billion in FY 2022, an increase of \$5.4 billion from FY 2021. The increase is mainly attributable to the transfer of a portion (\$4.5 billion) of the \$12.75 billion in Federal ARP recovery aid received in May 2021, an increase to the transaction risk reserve and the timing of various transfers that were held in prior years.

Disbursements

General Fund disbursements, including transfers to other funds, are expected to total nearly \$89.0 billion in FY 2022, an increase of \$14.9 billion (20.1 percent) from FY 2021. FY 2022 spending includes over \$3 billion for time limited recovery initiatives, a substantial School Aid increase, and Medicaid growth of roughly 6 percent. In addition, several transactions executed in FY 2021 lowered spending temporarily, including the shift of \$2.7 billion of certain health and public safety payroll costs to the CRF, certain temporary payment withholds that were released but not fully processed by the end of FY 2021, higher State share Medicaid savings from retroactive eFMAP processing and quarterly extensions, and the deferral of social security costs as provided in the CARES Act. Projected spending also reflects DOB's cautious 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 \$61.0 billion in FY 2022, an increase of \$12.1 billion from FY 2021. The increase includes \$3.1 billion in recovery initiatives and a decline in the number of months eFMAP will be available, shifting approximately \$933 million in Medicaid costs from Federal to State funding sources in FY 2022. General Fund spending for education and health care represent 75 percent of total local assistance spending. General Fund support for these programs is affected by the level of financing sources (i.e., HCRA and lottery/gaming receipts) available in other funds, as well as the impact of eFMAP that temporarily lowers State spending and increases the Federal share of Medicaid costs. The explanation of annual spending changes for these programs is summarized later in the "State Financial Plan Multi-Year Projections" section.

General Fund agency operation costs, including fringe benefits, are expected to total \$20.8 billion in FY 2022, an increase of \$3.7 billion from FY 2021. The growth is due to the reclassification of \$2.7 billion of personnel expenses for public health and public safety employees to the CRF in FY 2021; deferral of \$674 million in Social Security taxes from FY 2021 to FY 2022 and FY 2023; the 27th administrative payroll in FY 2021⁸; and the general salary increases that are expected to be paid in FY 2022. Excluding these anomalies, most executive agencies are expected to hold operations spending at FY 2021 levels, which were reduced by 10 percent from the FY 2021 Enacted Budget levels.

General Fund transfers to Other Funds are projected to total \$7.1 billion in FY 2022, a decrease of \$851 million from FY 2021. Debt service supported by transfers from the General Fund is projected to increase by \$66 million. Transfers for capital projects are projected to decrease by \$677 million reflecting the timing of projects funded from monetary settlements and bond reimbursements. Transfers for other purposes are projected to decline by \$240 million, mainly due to non-recurring transfers for School Aid in FY 2021 to offset lower lottery receipts.

⁸ State employees are paid bi-weekly on Wednesday (administrative) or Thursday (institutional) which generally totals 26 payrolls per year. On occasion an "extra" payroll occurs within a fiscal year due to the number of Wednesdays or Thursdays in a particular calendar year.

FY 2022 Closing Balance

DOB projects the State will end FY 2022 with a General Fund cash balance of \$7.4 billion, a decrease of \$1.8 billion from FY 2021. The change is due to the expected payment in FY 2022 of certain local aid payments that had been withheld as a contingency in FY 2021 (\$275 million), the first transfer to the Retiree Health Insurance Trust (\$320 million), use of surplus tax revenues from FY 2021 as part of the consensus revenue agreement for FY 2022 (\$1 billion), and routine changes in other balances based on expected activity.

TOTAL BALANCES (millions of dollars)			
	FY 2021 Actuals	FY 2022 Projected	Annual Change
TOTAL GENERAL FUND BALANCE	9,161	7,354	(1,807)
Statutory Reserves:			
Rainy Day Reserves	2,476	3,301	825
Community Projects	30	7	(23)
Contingency Reserve	21	21	0
Fund Balance Reserved for:			
Economic Uncertainties	1,490	1,490	0
Debt Management	500	500	0
Undesignated Fund Balance	2,561	0	(2,561)
Subtotal Excluding Settlements	7,078	5,319	(1,759)
Extraordinary Monetary Settlements	2,083	2,035	(48)

Negotiated Changes to the Executive Budget

The following table summarizes the negotiated restorations, modifications and additions to the Executive Budget proposal.

NEGOTIATED CHANGES TO THE EXECUTIVE BUDGET FINANCIAL PLAN				
GENERAL FUND				
(millions of dollars)				
	FY 2022	FY 2023	FY 2024	FY 2025
	Projected	Projected	Projected	Projected
SPENDING RESTORATIONS/ADDS	(8,275)	(4,985)	(7,316)	(7,958)
<u>Restorations/Modifications:</u>	<u>(3,531)</u>	<u>(2,310)</u>	<u>(2,845)</u>	<u>(2,787)</u>
School Aid/Local District Funding Adjustment	(1,878)	(2,060)	(2,050)	(2,028)
Prior Year Restorations/Legislative Adds	(275)	0	0	0
General Salary Increase Repayment	(582)	582	0	0
Other Restorations/Modifications	(796)	(832)	(795)	(759)
<u>Recovery Initiatives:</u>	<u>(3,130)</u>	<u>(66)</u>	<u>(173)</u>	<u>(131)</u>
Excluded Workers Fund	(2,100)	0	0	0
Small Business Recovery	(830)	40	0	0
Rental Assistance/Homeowner Relief	(200)	(100)	(100)	(100)
All Other	0	(6)	(73)	(31)
<u>New Spending Adds:</u>	<u>(1,614)</u>	<u>(2,609)</u>	<u>(4,298)</u>	<u>(5,040)</u>
School Aid - Foundation Aid Increase (SFY Basis)	(980)	(2,192)	(3,773)	(4,396)
Other Education Aid	(62)	(50)	(105)	(165)
Higher Education	(156)	(160)	(187)	(223)
Human Services	(99)	0	0	0
Health Care	(90)	(98)	(37)	(39)
All Other	(227)	(109)	(196)	(217)
TAX LAW/REVENUE CHANGES	1,603	2,113	2,172	3,188
<u>Not Accepted:</u>	<u>(403)</u>	<u>(420)</u>	<u>(462)</u>	<u>(462)</u>
Middle Class Tax Cut Phase-In Delay	(394)	(403)	(445)	(445)
Short-Term Rental Tax	(9)	(17)	(17)	(17)
<u>Modified/New:</u>	<u>2,006</u>	<u>2,533</u>	<u>2,634</u>	<u>3,650</u>
Personal Income Tax High Income Increase	1,216	1,847	2,244	4,105
Temporary Business Tax Increase	750	1,073	796	0
Property Tax Circuit Breaker	0	(382)	(403)	(411)
All Other	40	(5)	(3)	(44)

Cash Flow

State Finance Law authorizes the General Fund to borrow money temporarily from available funds held in STIP. The FY 2021 Enacted Budget amended the statute to permit the borrowings until the end of FY 2021. Previously, the borrowing period was limited to four months from the start of a fiscal year. 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, held in internal service and enterprise funds, as well as certain agency funds. Several accounts in Debt Service Funds and Capital Projects Funds that are part of All Governmental Funds are excluded from the balances deemed available in STIP. These excluded funds consist of bond proceeds and money obligated for debt service payments.

The Enacted Budget authorizes short-term financing for liquidity purposes during FY 2022. In doing so, it provides a tool to help the State manage cashflow, if needed, and more effectively deploy resources as the State continues to respond to the pandemic. Specifically, the authorization allows for the issuance of up to \$3 billion of PIT revenue anticipation notes that must be issued before the end of December 2021 and mature no later than March 31, 2022. It also allows up to \$2 billion in line of credit facilities, which are limited to 1 year in duration and may be drawn through March 31, 2022, subject to available appropriation. Neither authorization allows borrowed amounts to be extended or refinanced beyond their initial maturity. The Financial Plan does not currently assume short-term liquidity financing during FY 2022. DOB evaluates cash results regularly and may adjust the use of notes and/or the line of credit based on liquidity needs, market considerations, and other factors.

The State continues to reserve money on a quarterly basis for debt service payments financed with General Fund resources. Money to pay debt service on bonds secured by dedicated receipts, including PIT bonds and Sales Tax Revenue bonds, continues to be set aside as required by law and bond covenants.

PROJECTED MONTH-END CASH BALANCES			
FY 2022			
(millions of dollars)			
	General Fund	Other Funds	All Funds
April 2021	12,218	12,716	24,934
May 2021	9,664	25,171	34,835
June 2021	9,698	26,272	35,970
July 2021	9,306	26,097	35,403
August 2021	8,435	24,840	33,275
September 2021	11,438	22,570	34,008
October 2021	9,528	22,424	31,952
November 2021	6,673	21,020	27,693
December 2021	7,163	22,720	29,883
January 2022	11,412	24,620	36,032
February 2022	9,055	26,552	35,607
March 2022	7,354	16,225	23,579

Other Matters Affecting the Financial Plan

General

The Financial Plan is subject to economic, social, financial, political, public health, and environmental risks and uncertainties, many of which are outside the ability of the State to predict or control. DOB asserts that the projections of receipts and disbursements in the Financial Plan are based on reasonable assumptions but can provide no assurance that results will not differ materially and adversely from these projections.

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

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

The Financial Plan is subject to various uncertainties and contingencies including, but not limited to wage and benefit increases for State employees that exceed projected annual costs; changes in the size of the State's workforce; realization of the projected rate of return for pension fund asset assumptions with respect to wages for State employees affecting the State's required pension fund contributions; the willingness and ability of the Federal government to provide the aid projected in the Financial Plan; the ability of the State to implement cost reduction initiatives, including reductions in State agency operations, and the success with which the State controls expenditures; unanticipated growth in Medicaid program costs; and 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.

Potential Long-Term Risks to the Financial Plan from COVID-19 Pandemic

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

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

The COVID-19 pandemic has also led some New York residents to shelter in locations outside of the State. In addition, some taxpayers who previously resided in New York have permanently relocated during the pandemic.

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; and use of non-recurring resources. In some cases, the ability of the State to implement such actions requires the approval of the Legislature and cannot be implemented solely by the Governor.

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

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

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

Statutory Growth Caps for School Aid and Medicaid

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

School Aid

In FY 2012, the State enacted a School Aid growth cap that was intended to limit the growth in School Aid to the annual growth in State Personal Income, as calculated in the Personal Income Growth Index (PIGI). Beginning in FY 2021, the statutory PIGI for School Aid was amended to limit School Aid increases to no more than the average annual income growth over a ten-year period.

This change reduces volatility in allowable growth and aligns the School Aid cap with the statutory Medicaid cap. Prior to FY 2021, the PIGI generally relied on a one-year change in personal income.

In FYs 2014 through 2019, the authorized School Aid increases exceeded the indexed levels. In FYs 2020 and 2021, the authorized School Aid increase was within the indexed levels. The increase in School Aid for SY 2022 of \$3.0 billion (11.3 percent) is well above the indexed PIGI growth rate of 4.3 percent. This \$3.0 billion increase includes a \$1.4 billion increase in Foundation Aid⁹ as part of a three-year phase-in of the formula. In SY 2023 and SY 2024, projected School Aid growth largely reflects a three-year phase-in of full funding of Foundation Aid. In SY 2025, School Aid is projected to increase consistent with the rate allowed under the personal income growth cap.

Medicaid Global Cap

Approximately 85 percent of DOH State Funds Medicaid spending growth, is subject to the Global Cap. The Global Cap is calculated using the ten-year rolling average of the medical component of the Consumer Price Index (CPI) and thus allows for growth attributable to increasing costs, but not increasing utilization.

The statutory provisions of the Global Cap grant the Commissioner of Health (the "Commissioner") certain powers to limit Medicaid disbursements to the level authorized by the Global Cap and allow for flexibility in adjusting Medicaid projections to meet unanticipated costs resulting from a disaster. The Commissioner's powers are intended to limit the annual growth rate to the levels set by the Global Cap for the then-current fiscal year, through actions which may include reducing reimbursement rates to providers. These actions may be dependent upon timely Federal approvals and other elements of the program that govern implementation. Additional State share Medicaid spending, outside of the Global Cap, includes State costs for the takeover of Medicaid growth from local governments and reimbursement to providers for increased minimum wage costs. It should be further noted that General Fund Medicaid spending remains sensitive to revenue performance in the State's HCRA fund that finances approximately one-quarter of DOH State-share Medicaid costs.

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

⁹ Foundation Aid is formula-based, unrestricted aid provided to school districts. It is the largest aid category within School Aid and is projected to total \$19.8 billion in SY 2022. The Foundation Aid formula consists of four components: a State-specified expected expenditure per pupil to which the State and districts will contribute, a State-specified expected minimum local contribution per pupil, the number of aid-eligible pupil units in the district, and additional adjustments based on phase-in factors and minimum or maximum increases.

Global Cap Imbalance and Medicaid Redesign Team II (MRT II) Solutions

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. 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 deferral had no impact on provider services and the spending above the Global Cap was attributable to 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.

Following the need to defer FY 2019 Medicaid payments to ensure compliance with the allowable indexed growth, DOB recognized that a structural imbalance existed within the Global Cap based on a review of price and utilization trends, and other factors.¹⁰ A structural imbalance in this case meant that estimated expense growth in State-share Medicaid subject to the Global Cap, absent measures to control costs, was growing faster than allowed under the Global Cap spending growth index.

DOB estimated that, absent actions to control costs, State-share Medicaid spending subject to the Global Cap would have exceeded the indexed growth amount in the range of \$3 billion to \$4 billion annually, inclusive of the recurring \$1.7 billion Managed Care payment restructuring initially executed at the end of FY 2019. In response to the estimated Global Cap imbalance, the Governor formed the MRT II as part of the FY 2021 Budget with the objective of restoring financial sustainability to the Medicaid program. The FY 2021 Enacted Budget included \$2.2 billion in MRT II savings initiatives to address the Medicaid imbalance, including identifying efficiencies in the Managed Care and Managed Long-Term Care programs, as well as administrative reforms.

Over two-thirds of the \$2.2 billion in savings actions have been implemented, with the remaining savings pending due to ongoing litigation, and Federal government approval of Federal maintenance-of-effort requirements associated with FFCRA COVID-19 and ARP Home and Community Based Services (HCBS) eFMAP provisions. The Financial Plan assumes the remaining savings actions will be implemented in FY 2022.

However, DOH and DOB are reviewing recent Federal guidance related to the HCBS eFMAP that may restrict or delay the implementation of certain savings actions.

¹⁰ Factors that place upward pressure on State-share Medicaid spending 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; and increased enrollment and costs in managed long-term care.

Public Health Insurance Programs/Public Assistance

Historically, the State has experienced growth in Medicaid enrollment and public assistance caseloads during economic downturns due mainly to increases in unemployment. Many people who were laid off or otherwise experienced a decrease in family income in 2020 due to the COVID-19 pandemic became qualifying enrollees and began to participate in public health insurance programs such as Medicaid, the Essential Plan (EP), and Child Health Plus (CHP). Participants in these programs remain eligible for coverage for 12 continuous months regardless of changes in employment or income levels that may otherwise make them ineligible. Estimated costs for increased enrollment to date are budgeted in the Financial Plan through FY 2023 and are expected to return to pre-pandemic levels by FY 2024.

Likewise, the rise in unemployment and decrease in family income during the pandemic resulted in increased public assistance caseloads, particularly in New York City. In addition to existing family and safety net assistance programs, the Financial Plan includes time-limited emergency rental assistance using Federal resources and a recurring State-funded rent supplement program to assist individuals and families most impacted by the pandemic. The Financial Plan assumes the public assistance caseload will return to pre-pandemic levels after FY 2024.

Federal Impacts to the Financial Plan

Overview

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

Federal funding is a significant component of New York's budget. Roughly 40 percent of All Funds spending in FY 2022 is expected to occur in the Federal Funds category. Routine Federal aid is predominantly targeted at programs that support vulnerable populations and those living at or near the poverty level. Such programs include Medicaid, Temporary Assistance for Needy Families (TANF), Elementary and Secondary Education Act (ESEA) Title I grants, and Individuals with Disabilities Education Act (IDEA) grants. Other Federal resources are directed at infrastructure and public protection.

In response to the public health emergency, the Federal government has taken legislative, administrative, and Federal Reserve actions intended to stabilize financial markets; extend aid to large and small businesses, health care providers, and individuals; and reimburse governments for the direct costs of pandemic response. The Federal government passed several bills over a 12-month period to provide funding to assist State and local governments, schools, hospitals, transit systems, businesses, families and individuals in the COVID-19 pandemic response and recovery. The State also received additional Federal aid in the form of enhanced Unemployment Insurance funding, which is reported under Proprietary and Fiduciary Funds and is excluded from All Governmental Funds. A summary of the Federal legislation is provided later in this section.

Total Federal Funds spending for all purposes, inclusive of both capital and operating spending, is expected to total \$83.1 billion in FY 2022 and includes \$13.2 billion in spending related to pandemic assistance. Federal Funds spending is estimated to increase \$11.4 billion over FY 2021 driven by increasing costs for health care, social welfare, education, and public protection, as well as pandemic assistance spending. Federal Funds spending is summarized in and after the chart below.

FEDERAL FUNDS DISBURSEMENTS (millions of dollars)					
	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
DISBURSEMENTS					
Medicaid	40,880	44,343	43,679	42,885	43,786
Health	7,055	8,499	8,489	8,319	8,266
Social Welfare	4,275	6,377	5,437	4,984	4,691
Education	2,660	3,857	3,857	3,857	3,857
Public Protection	2,152	3,933	2,737	1,306	1,298
Transportation	1,633	1,664	1,573	1,573	1,573
All Other ¹	1,196	1,197	1,258	1,187	1,146
Pandemic Assistance ²	<u>11,835</u>	<u>13,199</u>	<u>6,789</u>	<u>4,392</u>	<u>1,739</u>
Education ARP Act Funds	0	1,693	2,969	2,365	1,739
eFMAP, including local passthrough	4,174	3,024	0	0	0
Coronavirus Relief Fund	2,824	2,317	0	0	0
Education Supplemental Appropriations Act	0	1,681	1,359	1,357	0
Lost Wages Assistance	4,101	19	0	0	0
Emergency Rental Assistance Program	0	1,801	624	0	0
Education CARES Act Funds	552	512	512	0	0
SUNY State Operated Campuses Federal Stimulus	184	300	290	290	0
FEMA Reimbursement of Eligible Pandemic Expenses	0	600	200	200	0
Coronavirus Local Fiscal Recovery Fund Non-Entitlement Pass Through	0	387	387	0	0
Homeowner Relief and Protection Program	0	180	180	180	0
Home Energy Assistance Program	0	268	268	0	0
FHWA Surface Transportation Block Grant	0	417	0	0	0
Total Disbursements	<u>71,685</u>	<u>83,070</u>	<u>73,819</u>	<u>68,503</u>	<u>66,356</u>

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

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

- Medicaid/Health.** Funding shared by the Federal government helps support health care costs for more than seven million New Yorkers, including more than two million children. Medicaid is the single largest category of Federal funding. The Federal government also provides support for several health programs administered by DOH, including the EP, which provides health care coverage for low-income individuals who do not qualify for Medicaid or CHP.
- Social Welfare.** Funding provides assistance for several programs managed by the Office of Temporary and Disability Assistance (OTDA), including TANF-funded public assistance benefits and the Flexible Fund for Family Services, Home Energy Assistance Program (HEAP), Supplemental Nutrition Assistance Program (SNAP), and Child Support. Support from the Federal government also supports programs managed by the Office of Children and Family Services (OCFS), including the Foster Care program.

- **Education.** Funding supports K-12 education and special education. Like Medicaid and the social welfare programs, much of Federal education funding received is directed toward vulnerable New Yorkers, such as students in schools with high poverty levels or students with disabilities.
- **Public Protection.** Federal funding supports various programs and operations of the State Police, the Department of Corrections and Community Supervision (DOCCS), the Office of Victim Services, the Division of Homeland Security and Emergency Services (DHSES), and the Division of Military and Naval Affairs (DMNA). Federal funds are also passed on to municipalities to support a variety of public safety programs.
- **Transportation.** Federal resources support infrastructure investments in highway and transit systems throughout the State, including funding participation in ongoing transportation capital plans.
- **All Other Funding.** Other programs supported by Federal resources include housing, economic development, mental hygiene, parks and environmental conservation, higher education, and general government areas.

Federal Funds Spending - Pandemic Assistance

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

- **Education American Rescue Plan Act Funds.** The ARP granted additional education funding for the ESSER and Emergency Assistance for Nonpublic Schools (EANS) programs, as well as funding for homeless education, IDEA, library services and the arts.
- **eFMAP.** In response to the COVID-19 pandemic, the Federal government increased its share of Medicaid funding (eFMAP) by 6.2 percent for each calendar quarter occurring during the public health emergency. The enhanced funding began January 1, 2020 and is currently expected to continue through December 2021, providing \$3.0 billion in additional Federal resources in FY 2022 that are anticipated to reduce State and local government costs by approximately \$2.5 billion and \$500 million, respectively.

- **Home & Community-Based Services (HCBS) eFMAP.** The ARP provided a temporary 10 percent increase to the Federal Medical Assistance Percentage (FMAP) for certain Medicaid HCBS through March 31, 2022. Such additional funding must supplement, not supplant, current funding. Accordingly, the Enacted Budget appropriated \$1.6 billion over two years for such purposes.
- **CRF.** Established in the CARES Act, the CRF provides funding for states and local governments to respond to the COVID-19 pandemic. New York received \$5.1 billion in FY 2021 to fund eligible costs incurred through December 31, 2021. Pursuant to guidelines established by the U.S. Treasury, the State charged \$2.8 billion in eligible costs to the Federal CRF as of March 31, 2021. This includes approximately \$2.7 billion in payroll costs, including fringe benefits, primarily for public health and safety employees through December 31, 2020 and certain other pandemic response costs incurred by the State. DOB expects to charge additional eligible costs incurred by the State in FY 2021, as well as eligible current-year expenses for pandemic response efforts and will fully expend the balance in the CRF in FY 2022.
- **Education Supplemental Appropriations Act.** As part of the CRRSA Act, additional funding for education was provided through the ESSER Fund and GEER Fund, including dedicated GEER funds to support pandemic-related services and assistance to nonpublic schools through the EANS program.
- **Lost Wages Assistance Program.** This program provided to grant eligible claimants that were unemployed or partially unemployed due to the pandemic a supplemental payment of \$300 per week through December 27, 2020, in addition to their unemployment benefits.
- **Emergency Rental Assistance Program.** The CRRSA Act established the Emergency Rental Assistance program to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic. The ARP provided additional funding for the program.
- **Education CARES Act Funds.** Additional education support provided through the CARES Act included funding to school districts and charter schools.
- **SUNY State-Operated Campuses Federal Stimulus Spending.** Funding provided through various Federal stimulus bills results in greater Federal spending projections for SUNY State-Operated campuses.
- **FEMA Reimbursement of Eligible Pandemic Expenses.** The State has applied for FEMA reimbursement for expenses incurred to date related to emergency protective measures conducted because of the COVID-19 pandemic. The Financial Plan assumes reimbursement of \$600 million in FY 2022, and \$200 million in each of FY 2023 and FY 2024. However, there can be no assurance that FEMA will approve claims for the State to receive reimbursement in the amounts or for receipt in the State Fiscal Year as projected in the Financial Plan.

- **Coronavirus Local Fiscal Recovery Fund Non-Entitlement Pass-Through.** The ARP requires states to pass-through the allocations to non-entitlement cities, towns, and villages. The State is estimated to receive up to \$774 million for this purpose, which will be distributed evenly in FY 2022 and FY 2023.
- **Homeowner Relief and Protection Program.** This program provides services to ensure that homeowners experiencing economic hardships associated with the pandemic can stay in their homes.
- **Home Energy Assistance Program.** The ARP provided supplemental funding to the existing Home Energy Assistance program that helps low-income households pay the cost of heating, cooling, and weatherizing their homes.
- **Federal Highway Administration (FHWA) Surface Transportation Block Grant.** This emergency funding was provided under the CRRSA Act to provide funding to address COVID-19 impacts related to Highway Infrastructure Programs.

Federal Coronavirus Response Legislation and Action

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

FEDERAL PANDEMIC ASSISTANCE LEGISLATION AND ACTION (millions of dollars)		
Bill/Source	Total Funds Available	Funding Flowing through the Financial Plan
CARES Act	105,995	8,076
ARP, 2021	60,768	17,175
Families First Coronavirus Response Act	50,326	7,503
CRRSA Act, 2021	28,345	6,426
Lost Wage Assistance (Administrative Action)	4,120	4,120
Paycheck Protection Program and Health Care Enhancement Act	1,514	0
CPRSA Act, 2020	66	0
Total	251,133	43,300

- CARES Act** provides aid for Federal agencies, individuals, businesses, states, and localities, as well as \$100 billion for hospitals and health care providers, to respond to the COVID-19 pandemic. The law also authorized the Federal Reserve Bank to purchase revenue and bond anticipation notes of states and certain local governments through the Municipal Liquidity Facility (MLF).

Assistance to states through the CARES Act is generally restricted to specific purposes and includes the CRF (\$5.1 billion State allocation) and the Education Stabilization Fund (\$1.2 billion State allocation). Pursuant to U.S. Treasury eligibility guidelines, CRF funds may be used for eligible expenses incurred, including payroll expenses for public health and safety employees through December 31, 2021.

- The ARP of 2021** provides aid for Federal agencies, individuals, businesses, states and localities, and others, to respond to the COVID-19 pandemic. The ARP has provided the State with \$12.75 billion in general aid ("recovery aid") and \$17.2 billion in categorical aid for schools, universities, childcare, housing, and other purposes. The ARP also provides \$10 billion in recovery aid to localities in New York State. The State aid provided through the ARP is included in the Financial Plan as a transfer of Federal aid to the General Fund.

- **Families First Coronavirus Response Act (FFCRA)** provides aid through paid sick leave, free testing, expanded food assistance and unemployment benefits, protections for health care workers, and increased Medicaid funding through the emergency 6.2 percent increase to the Medicaid FMAP during the public health emergency in response to the COVID-19 pandemic.
- **The CRRSA Act of 2021** provides funding for education, testing, tracing, vaccine distribution, unemployment assistance, small business programs, and housing.
- **The Paycheck Protection Program (PPP) and Health Care Enhancement Act** provides funding for small business programs, and healthcare programs, including \$75 billion for hospitals, health care providers, and testing and tracing activities.
- **The Coronavirus Preparedness and Response Supplemental Appropriations Act (CPRSA) of 2020** provides emergency funding to respond to the COVID-19 pandemic, including support for vaccine development, the Public Health Emergency Preparedness program, and small businesses.

Federal Risks

The amount and composition of Federal funds received by the State have changed over time because of legislative and regulatory actions at the Federal level and will likely continue to change over the Financial Plan period. The Financial Plan may also be adversely affected by other Federal government actions including audits, disallowances, and changes to Federal participation rates or other Medicaid rules. Any reductions in Federal aid could have a materially adverse impact on the Financial Plan. Notable areas with potential for change include health care, human services, and infrastructure policy, as well as transportation. For example, the Fixing America's Surface Transportation (FAST) Act is projected to provide \$3.3 billion in highway and transit funding to the State and State transit authorities and is set to expire September 30, 2021. This funding will be at risk if the Federal government does not act to capitalize the Federal Highway Trust Fund and ensure an extension of current law or enact a new authorization prior to October 1, 2021.

Medicaid Waivers

The CMS and the State have previously partnered to implement health care system reform through amendments to the State's Partnership Plan 1115 Medicaid Waiver. Previously, the Delivery System Reform Incentive Payment (DSRIP) waiver authorized up to \$8 billion in Federal funding through March 31, 2021 to transform New York's health care system and ensure access to quality care for all Medicaid beneficiaries.

The State submitted a 1115 Medicaid waiver extension request that preserves the State's Medicaid Managed Care Programs, Children's HCBS, and self-direction, which was approved through at least March 31, 2022. The Department of Health is currently working on the details for submission of a new programmatic amendment to the 1115 waiver that will build on the work of DSRIP and promote health equity.

Medicaid Disallowance

The Financial Plan includes an annual \$100 million adjustment to the Federal/State share to reimburse the Federal government 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. The State used \$850 million in Extraordinary Monetary Settlement payments to finance the initial repayment amount in FY 2016 and must continue the annual reimbursements through FY 2027.

Federal Debt Limit

The Bipartisan Budget Act of 2019 (BBA 19) suspended the Federal debt limit through July 31, 2021 and ended the extraordinary measures the U.S. Treasury Department 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 Financial Plan of a future Federal government default are unknown and impossible to predict. However, data from past economic downturns suggests that the State's revenue loss could be substantial if there was an economic downturn due to a Federal default.

A payment default by the Federal government may also adversely affect the municipal bond market. Municipal issuers, including the State, 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 Tax Cuts and Jobs Act of 2017 (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 TCJA made extensive changes to Federal personal income taxes, corporate income taxes, and estate taxes.

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

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

The TCJA changes may intensify migration pressures and 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

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

DOB expects that the PTET will be revenue-neutral for the State, although PIT receipts would decrease to the extent that qualifying entities elect to pay PTET. The Financial Plan does not currently include an estimate for PTET receipts or the corresponding decrease in PIT receipts as the opt-in rates for electing entities will not be known until late 2021. DOB expects to include estimates as opt-in rates and other information become known.

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

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

The ECEP authorizes electing employers to 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 number of participating employers increased to 299 for Tax Year 2020 and to 328 for Tax Year 2021.

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.

The Charitable Gifts Trust Fund was established in Tax Year 2018 to accept gifts for the purposes of funding health care and education in New York State. Taxpayers who itemize deductions were able to claim these charitable contributions as deductions on their Federal and State income tax returns. Any taxpayer who donates may also claim a State tax credit equal to 85 percent of the donation amount for the tax year after the donation is made.¹¹ However, after enactment of this program, the IRS issued regulations that impaired the ability of taxpayers to deduct donations to the Charitable Gifts Trust Fund from Federal taxable income while receiving State tax credits for such donations.

Through FY 2021, the State received \$93 million in charitable gifts deposited to the Charitable Gifts Trust Fund for healthcare and education (\$58 million and \$35 million, respectively). Charitable Gifts to date have been appropriated and used for the authorized purposes.

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

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

Litigation Challenging TCJA Provisions. On July 17, 2018, the State, joined by Connecticut, Maryland, and New Jersey, filed a lawsuit to protect New York taxpayers from the Federal limit on the SALT deduction. On September 30, 2019, the U.S. District Court for the Southern District of New York found that the states failed to allege a valid legal claim that the SALT limit unconstitutionally encroaches on states' sovereign authority to determine their own taxation and fiscal policies. The State, in conjunction with Connecticut, Maryland, and New Jersey, filed a notice of appeal to the U.S. Court of Appeals for the Second Circuit on November 26, 2019. Oral argument was held on December 3, 2020 and a decision is pending.

¹¹ SUNY Research Foundation, CUNY Research Foundation, and Health Research, Inc. (HRI) can each accept up to \$10 million in charitable gifts on an annual basis. State PIT receipts will also be reduced by the State tax deduction and 85 percent credit for these donations.

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

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

Climate Change Adaptation

Overview

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

In October 2018, the Intergovernmental Panel on Climate Change of the United Nations (IPCC) projected 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. For example, the IPCC projects that the global risk of extreme weather events and coastal flooding would increase 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.

Consequences of Climate Change

Storms affecting the State, including Superstorm Sandy (on October 29, 2012), Hurricane Irene (in August 2011), and Tropical Storm Lee (in September 2011), have demonstrated vulnerabilities in the State's infrastructure (including mass transit systems, power transmission and distribution systems, and other critical lifelines) to extreme weather events including coastal flooding caused by storm surges.

The State continues to recover from damage sustained during these three powerful storms. Hurricane Irene disrupted power and caused extensive flooding in various counties. Tropical Storm Lee caused flooding in additional counties and, in some cases, exacerbated damage caused by Hurricane Irene two weeks earlier. Superstorm Sandy struck the East Coast, causing widespread infrastructure damage and economic losses to the greater New York region. 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 nationwide Federal disaster aid in response to Superstorm Sandy for general recovery, rebuilding, and mitigation activity in New York and other states. The State and its localities have committed \$28.9 billion to repairing impacted homes and businesses, restoring community services, and mitigating future storm risks.

Key financial market participants are acknowledging climate change risks. In February 2021, the Federal Reserve Board created a new Supervision Climate Committee within its Supervision and Regulation Division to better understand the potential implications of climate change on financial institutions, infrastructure, and markets. Rating agencies are incorporating Environmental, Social, and Governance (ESG) factors into credit ratings for the State and other issuers. 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. Climate change risks increasingly fall within the maximum maturity term of current outstanding bonds of the State, its public authorities, and municipalities. State bonds may be issued with a term of up to 30 years under State statute.

State Response to Climate Change

The State is participating in efforts to reduce greenhouse gas emissions to mitigate the risk of severe impacts from climate change. The State's Climate Leadership and Community Protection Act of 2019 (CLCPA) set the State on a path toward developing regulations to reduce statewide greenhouse gas emissions to 40 percent below the 1990 level by 2030, and 85 percent below the 1990 level by 2050. The CLCPA requires the Department of Environmental Conservation (DEC) to issue a sector-specific report on emissions by the end of 2021 and develop rules and regulations for greenhouse gas limits by the end of 2023, including legally enforceable emissions limits and performance standards. As part of this target, the State plans to generate a minimum of 70 percent of electricity from renewable sources by 2030 and to fully transition its electricity sector away from carbon emissions by 2040. The CLCPA requires the New York Public Service Commission, which regulates public utilities, to establish a program by June 2021 to transition the energy sector on this timeline. The State is a member of the Regional Greenhouse Gas Initiative (RGGI) and has used a cap and trade mechanism to regulate carbon dioxide emissions from electric power plants operating within the State since 2008.

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 State separately tracks these one-time resources and uses them for non-recurring expenditures. These receipts are listed by firm and amount in the table below.

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	FY 2021	Total
Extraordinary Monetary Settlements	4,942	3,605	1,317	805	1,186	895	600	13,350
Aetna Insurance Company	0	0	0	0	2	0	0	2
Agricultural Bank of China	0	0	215	0	0	0	0	215
American International Group, Inc.	35	0	0	0	0	0	0	35
Athene Life Insurance	0	0	0	0	15	0	45	60
AXA Equitable Life Insurance Company	20	0	0	0	0	0	0	20
Bank Hapoalim	0	0	0	0	0	0	220	220
Bank Leumi	130	0	0	0	0	0	0	130
Bank of America	300	0	0	0	0	0	0	300
Bank of America Merrill Lynch	0	0	0	0	42	0	0	42
Bank of Korea	0	0	0	0	0	0	35	35
Bank of Tokyo Mitsubishi	315	0	0	0	0	0	0	315
Barclays	0	670	0	0	15	0	0	685
BNP Paribas	2,243	1,348	0	350	0	0	0	3,941
Chubb	0	0	0	0	1	0	0	1
Cigna	0	0	0	2	0	0	0	2
Citigroup (State Share)	92	0	0	0	0	0	0	92
Commerzbank	610	82	0	0	0	0	0	692
Conduent Education Services	0	0	0	0	1	0	0	1
Credit Agricole	0	459	0	0	0	0	0	459
Credit Suisse AG	715	30	0	135	0	0	0	880
Deutsche Bank	0	800	444	0	205	0	150	1,599
FedEx	0	0	0	0	26	0	0	26
Goldman Sachs	0	50	190	0	55	0	150	445
Google/YouTube	0	0	0	0	0	34	0	34
Habib Bank	0	0	0	225	0	0	0	225
Intesa SanPaolo	0	0	235	0	0	0	0	235
Lockton Affinity	0	0	0	0	7	0	0	7
Mashreqbank	0	0	0	0	40	0	0	40
Mega Bank	0	0	180	0	0	0	0	180
MetLife Parties	50	0	0	0	20	0	0	70
Morgan Stanley	0	150	0	0	0	0	0	150
MUFG Bank	0	0	0	0	0	33	0	33
Nationstar Mortgage	0	0	0	0	5	0	0	5
New Day	0	1	0	0	0	0	0	1
Ocwen Financial	100	0	0	0	0	0	0	100
Oscar Insurance Company	0	0	0	0	1	0	0	1
PHH Mortgage	0	0	28	0	0	0	0	28
PricewaterhouseCoopers LLP	25	0	0	0	0	0	0	25
Promontory	0	15	0	0	0	0	0	15
RBS Financial Products Inc.	0	0	0	0	100	0	0	100
Société Générale SA	0	0	0	0	498	0	0	498
Standard Chartered Bank	300	0	0	0	40	322	0	662
Unicredit	0	0	0	0	0	506	0	506
UBS	0	0	0	0	41	0	0	41
Volkswagen	0	0	32	33	0	0	0	65
Wells Fargo	0	0	0	0	65	0	0	65
Western Union	0	0	0	60	0	0	0	60
William Penn	0	0	0	0	6	0	0	6
Other Settlements	7	0	(7)	0	1	0	0	1

The following table summarizes past and planned uses of the Extraordinary Monetary Settlements received to date.

GENERAL FUND SUMMARY OF RECEIPTS AND USE/TRANSFER OF FUNDS FROM EXTRAORDINARY MONETARY SETTLEMENTS BETWEEN REGULATORS AND FINANCIAL INSTITUTIONS (millions of dollars)									
	FYs								Total
	2015 - 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	
Opening Settlement Balance in General Fund	0	4,194	2,610	2,083	2,035	1,741	914	356	0
Receipt of Extraordinary Monetary Settlements	11,855	895	600	0	0	0	0	0	13,350
Use/Transfer of Funds	7,661	2,479	1,127	48	294	827	558	356	13,350
Capital Purposes:	4,134	1,345	527	48	294	827	558	356	8,089
Dedicated Infrastructure Investment Fund	3,374	939	330	526	676	584	524	356	7,309
Environmental Protection Fund	120	0	0	0	0	0	0	0	120
Mass Transit	70	3	3	3	3	3	0	0	85
Healthcare	24	132	11	19	115	15	9	0	325
Clean Water Grants	0	0	0	0	0	225	25	0	250
Javits Center Expansion	546	271	183	0	0	0	0	0	1,000
Bond Proceed Receipts for Javits Center Expansion	0	0	0	(500)	(500)	0	0	0	(1,000)
Other Purposes:	3,122	6	0	0	0	0	0	0	3,128
Audit Disallowance - Federal Settlement	850	0	0	0	0	0	0	0	850
CSX Litigation Payment	76	0	0	0	0	0	0	0	76
Financial Plan - General Fund Operating Purposes	1,807	0	0	0	0	0	0	0	1,807
Mass Transit Operating	10	0	0	0	0	0	0	0	10
MTA Operating Aid	194	0	0	0	0	0	0	0	194
Department of Law - Litigation Services Operations	180	6	0	0	0	0	0	0	186
OASAS Chemical Dependence Program	5	0	0	0	0	0	0	0	5
Reservation of Funds:	405	1,128	600	0	0	0	0	0	2,133
Rainy Day Reserves	250	238	0	0	0	0	0	0	488
Reserve for Economic Uncertainties	0	890	600	0	0	0	0	0	1,490
Reserve for Retroactive Labor Agreements	155	0	0	0	0	0	0	0	155
Closing Settlement Balance in General Fund	4,194	2,610	2,083	2,035	1,741	914	356	0	0

Effective April 1, 2019, DOB no longer classifies or distinctly identifies any settlement receipt less than \$25 million as an Extraordinary Monetary Settlement. Settlement receipts below the threshold are deposited to the General Fund and utilized for general operations consistent with past practice prior to the extraordinary levels that began in FY 2015.

Current Labor Negotiations and Agreements (Current Contract Period)

The State is negotiating with unions whose contracts have expired, including the two largest unions, Public Employees Federation (PEF) and Civil Service Employees Association (CSEA).

Once agreements are finalized any future costs will be reflected in future Financial Plan updates. In the past, agencies have been required to fund general salary increases within existing budgets through efficiencies and other savings initiatives.

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							

The Judiciary’s contracts with all 12 unions represented within its workforce have expired. This includes contracts with the CSEA; the New York State Supreme Court Officers Association, the New York State Court Officers Association, and the Court Clerks Association; and eight other unions.

Pension Contributions

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 Employee 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.¹² All projections are based on estimated market returns and numerous actuarial assumptions which, if unrealized, could adversely and materially affect these projections.

Section 11 of the New York State Retirement and Social Security Law (RSSL) directs the actuary for NYSLRS to provide a report on the Systems' experience and to propose assumptions and methods for the actuarial valuations every five years. The last report was issued in August 2020. The report did not recommend significant changes due to the economic uncertainty surrounding the COVID-19 pandemic but recommended revisiting the assumptions in August 2021.

For FY 2022, the economic assumptions for NYSLRS remain unchanged, including inflation (2.5 percent) and cost-of-living adjustment (1.5 percent), investment return (6.8 percent), salary scale (4.5 percent for ERS and 5.7 percent for PFRS), and asset valuation method (five-year level smoothing of gains or losses above or below the assumed return applied to all assets and cash flows). However, demographic assumptions were updated to include pension mortality (Gender/Collar specific tables based upon FY 2016-2020 experience with Society of Actuaries Scale MP-2019 loading for mortality improvement) and active member decrements (based upon FY 2016-2020 experience). The impact of the updated demographic assumptions and a valuation date during a bear market is an increase in the average employer contribution rates for ERS (2020 - 16.2 percent) and PFRS (2020 - 28.3 percent). The percentage increases are 11 percent higher in ERS and 16 percent higher in PFRS than the previous fiscal year's rates.

The Financial Plan reflects a FY 2022 ERS/PFRS pension expense of \$2.2 billion based on the February 2021 estimate provided by the State Comptroller. The estimate reflects a negative 2.68 percent return in the Common Retirement Fund in FY 2020 that is partially offset by the lower cost of Tier 6 entrants and the use of a new mortality improvement scale. The estimate also reflects the payoff of all prior year amortization balances for ERS (Non-Judiciary) and PFRS in March 2021, which reduces the FY 2022 costs by \$335 million from prior estimates. The total payoff of outstanding prior-year amortization balances was \$918 million, resulting in interest savings of roughly \$65 million over the Financial Plan period.

¹² The State's aggregate pension costs also include State employees in the Teachers' Retirement System (TRS) for both the SUNY and the State Education Department (SED), the Optional Retirement Program (ORP) for both SUNY and SED, and the New York State Voluntary Defined Contribution Plan (VDC).

OSC does not forecast pension liability estimates for the later years of the Financial Plan. Thus, estimates for FY 2023 and beyond are developed by DOB. DOB's forecast assumes growth in the salary base consistent with collective bargaining agreements and a lower rate of return compared to the current assumed rate of return by NYSLRS.

The pension liability also reflects changes to military service credit provisions found in Section 1000 of the RSSL enacted during the 2016 legislative session (Chapter 41 of the Laws of 2016). All veterans who are members of NYSLRS may, upon application, receive extra service credit for up to three years of military duty if such veterans (a) were honorably discharged, (b) have achieved five years of credited service in a public retirement system, and (c) have agreed to pay the employee share of such additional pension credit. Costs to the State for employees in the ERS are incurred at the time each member purchases credit, as documented by OSC at the end of each calendar year. Additionally, Section 25 of the RSSL requires the State to pay the ERS employer contributions associated with this credit on behalf of local governments, with the option to amortize these costs. ERS costs are estimated to be \$25 million in FY 2022 and \$15 million annually in the outyears. Costs for employees in PFRS are distributed across PFRS employers and billed on a two-year lag (e.g., FY 2017 costs were first billed in FY 2019).

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

The portion of an employer's annual pension costs that may be amortized is determined by comparing the employer's amortization-eligible contributions as a percentage of employee salaries (i.e., the normal rate¹³) 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.

¹³ For 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.

Neither the State nor the Judiciary have amortized pension costs since FY 2016. As of year-end FY 2021, the State has paid the pension amortization liability in full. The Judiciary balance on outstanding prior-year amortizations totals \$145 million as of March 1, 2021 and is expected to be repaid by FY 2026. The following table reflects projected pension contributions and historical amortizations exclusively for Executive branch and Judiciary employers participating in ERS and PFRS.

EMPLOYEE RETIREMENT SYSTEM AND POLICE AND FIRE RETIREMENT SYSTEM IMPACTS OF AMORTIZATION ON PENSION CONTRIBUTIONS										
(millions of dollars)										
Fiscal Year	Statewide Pension Payments ¹				Interest Rate on Amortization Amount (%) ³	Rates for Determining (Amortization Amount) / Excess Contributions				
	Normal Costs ²	(Amortization Amount) / Excess Contributions		Total Statewide Pension Payments		System Average		Amortization Threshold (Graded Rate)		
		Repayment of Amortization				Normal Rate ⁴		ERS (%)	PFRS (%)	
2011	1,543.2	(249.6)	0.0	1,293.6	5.00	11.5	18.1	9.5	17.5	
2012	2,037.5	(562.8)	32.3	1,507.0	3.75	15.9	21.6	10.5	18.5	
2013	2,077.9	(778.5)	100.9	1,400.3	3.00	18.5	25.7	11.5	19.5	
2014	2,633.6	(937.0)	192.1	1,888.7	3.67	20.5	28.9	12.5	20.5	
2015	2,328.8	(713.1)	305.7	1,921.4	3.15	19.7	27.5	13.5	21.5	
2016	1,972.1	(356.2)	390.0	2,005.9	3.21	17.7	24.7	14.5	22.5	
2017	1,789.0	0.0	432.2	2,221.2	2.33	15.1	24.3	15.1	23.5	
2018	1,788.7	0.0	432.2	2,220.9	2.84	14.9	24.3	14.9	24.3	
2019	1,770.2	0.0	432.2	2,202.4	3.64	14.4	23.5	14.4	23.5	
2020	1,782.2	0.0	432.2	2,214.4	2.55	14.2	23.5	14.2	23.5	
2021 ⁵	1,827.2	0.0	1,350.3	3,177.5	1.33	14.1	24.4	14.1	24.4	
2022 Est.	2,210.7	0.0	54.0	2,264.7	TBD	15.8	28.3	15.1	25.4	
----- Projected by DOB ⁶ -----										
2023	2,403.5	0.0	45.2	2,448.7	TBD	17.4	30.7	16.1	26.4	
2024	2,805.6	0.0	33.0	2,838.6	TBD	20.9	34.6	17.1	27.4	
2025	3,527.5	0.0	18.1	3,545.6	TBD	26.2	40.5	18.1	28.4	

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

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

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

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

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

⁶ 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.

Social Security

The CARES Act allowed employers, including the State, to defer the deposit and payment of the employer's share of Social Security taxes through December 2020, and for the deferral to be repaid, interest free, in two equal installments in December 2021 and December 2022. The Executive and the Judiciary deferred \$556 million and \$69 million, respectively, in 2020. The Executive's deferments are scheduled to be repaid in December 2021 and 2022. The Judiciary's deferments are scheduled to be repaid in June 2021. The Financial Plan includes the repayments of these deferred social security taxes.

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.

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

As reported in the State's Basic Financial Statements for FY 2020, the total ending OPEB liability for FY 2020 was \$63.9 billion (\$51.1 billion for the State and \$12.8 billion for SUNY). The total OPEB liability as of March 31, 2020 was measured as of March 31, 2019 and was determined using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total OPEB liability to March 31, 2019. The total beginning OPEB liability for FY 2020 was \$63.4 billion (\$50.9 billion for the State and \$12.5 billion for SUNY). The total OPEB liability was calculated using the Entry Age Normal cost method. The discount rate is based on the Bond Buyer 20-year general obligation municipal bond index rate on March 31 (3.89 percent in FY 2019 and 3.79 percent in FY 2020). The total OPEB liability increased by \$529 million (0.8 percent) during FY 2020.

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

In FY 2018, the State created 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. 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 FY 2022 Financial Plan includes a planned deposit of \$320 million in both FY 2022 and FY 2023, fiscal conditions permitting. These would be the first 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.

Cybersecurity

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

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

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

The State has also adopted regulations designed to protect the financial services industry from cyberattacks. Banks, insurance companies and other covered entities regulated by 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 substantial part of the entity's normal operation(s) or for which notice is required to any government body, self-regulatory agency, or supervisory body.

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

Metropolitan Transportation Authority

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

MTA Capital Plans also rely on significant direct contributions from the State and New York City. The State is directly contributing \$9.1 billion to the MTA's 2015-19 Capital Plan and \$3 billion to the MTA's 2020-24 Capital Plan. These State commitment levels represent substantial increases from the funding levels for prior MTA Capital Plans (2010-2014: \$770 million; 2005-2009: \$1.45 billion). In addition, a substantial amount of new funding to the MTA was authorized in the FY 2020 Enacted Budget as part of a comprehensive reform plan expected to generate an estimated \$25 billion in financing for the MTA's 2020-2024 Capital Plan.

The pandemic caused severe declines in MTA ridership and traffic in 2020, and ridership remains significantly depressed. To offset operating losses to MTA's Financial Plan from the estimated fare, toll, and dedicated revenue loss attributable to COVID-19, the MTA received, or expects to receive, significant Federal operating aid from the CARES Act (\$4 billion), the CRRSA Act (estimated \$4 billion), and the ARP (estimated \$6.5 billion). The MTA also borrowed \$2.9 billion through the Federal Reserve's MLF.

If financial impacts of the COVID-19 pandemic on the MTA's operating budget extend after the Federal funds are fully spent, and without additional Federal aid, the MTA may need to consider additional actions to balance its future budgets. If additional resources are provided by the State, either through additional subsidies or new revenues, it could have a material and adverse impact on the State's Financial Plan.

The State has taken action to address MTA financing issues that arose during the pandemic. Specifically, the pandemic adversely affected credit ratings on MTA Transportation Revenue Bonds, MTA's primary credit program, which increased the cost of borrowing for the MTA. As a result, the State issued PIT revenue bonds in FY 2021 to fund \$2.8 billion of the State's portion of the MTA's 2015-19 Capital Plan. Previously, the Financial Plan assumed that the projects would be bonded by the MTA but funded by the State through additional operating aid to the MTA. The Financial Plan now assumes the State will fund its direct contributions to the MTA 2015-19 and 2020-24 Capital Plans through PIT and Sales Tax revenue bonds.

Bond Market and Credit Ratings

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

The major rating agencies -- Fitch, Kroll, Moody's, and Standard & Poor's -- have assigned the State general credit ratings of AA+, AA+, Aa2, and AA+, respectively. The COVID-19 pandemic has affected the State's credit outlook. On April 10, 2020, Fitch changed the State's credit outlook from "stable" to "negative", citing "the considerable economic and fiscal uncertainty faced by the state as it confronts the coronavirus pandemic." On October 1, 2020, Moody's downgraded the State's credit rating from Aa1 to Aa2, citing the lasting economic consequences of the pandemic on the State, New York City, and the MTA. On December 11, 2020, Standard & Poor's changed the State's outlook from "stable" to "negative", citing risks from "potentially weaker economic growth compared to the rest of the country, uncertainty surrounding continuing Federal aid, and contagion risk from financial and economic stress associated with the MTA and New York City."

Debt Reform Act Limit

The Debt Reform Act of 2000 (“Debt Reform Act”) restricts the issuance of State-supported debt funding to capital purposes only and limits the maximum term of bonds to 30 years. The Act limits the amount of new State-supported debt to 4 percent of State personal income, and new State-supported debt service costs to 5 percent of All Funds receipts. The restrictions apply to State-supported debt issued after April 1, 2000. DOB, as administrator of the Debt Reform Act, determined that the State complied with the statutory caps in the most recent calculation period for the period ending March 31, 2020.

State legislation enacted in connection with the FY 2021 and FY 2022 Enacted Budgets suspended certain provisions of the Debt Reform Act as part of the State response to the COVID-19 pandemic. Accordingly, any State-supported debt issued in FY 2021 and FY 2022 is not limited to capital purposes and is not counted towards the statutory caps on debt outstanding and debt service. In addition, FY 2022 issuances undertaken by the State for MTA capital projects may be issued with maximum maturities longer than 30 years. This change allows bonds to be issued over the full useful life of the assets being financed, subject to Federal tax law limitations, and it is consistent with the rules that would have been in effect if the projects had been directly financed by the MTA. Current projections anticipate that State-supported debt outstanding and State-supported debt service will continue to remain below the limits imposed by the Debt Reform Act due to the suspension of the debt cap during FY 2021 and FY 2022.

Based on the most recent personal income and debt outstanding forecasts, the available debt capacity under the debt outstanding cap is expected to fluctuate from \$11.8 billion in FY 2021 to a low point of \$4.0 billion in FY 2026. This calculation excludes all State-supported debt issuances in FY 2021 and FY 2022 but includes the estimated impact of the COVID-19 pandemic on personal income calculations and of funding increased capital commitment levels with State bonds after FY 2022. The debt service on State-supported debt issued after April 1, 2000 and subject to the statutory cap is projected at \$4.9 billion in FY 2022, or roughly \$5.8 billion below the statutory debt service limit.

DEBT OUTSTANDING SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT (millions of dollars)	
Year	Personal Income	Cap %	Cap \$	Debt Outstanding Included in Cap ¹	\$ Remaining Capacity	Debt as a % of PI	% Remaining Capacity	Debt Outstanding Excluded from Cap	Total State-Supported Debt Outstanding
FY 2021	\$1,460,860	4.00%	58,434	46,651	11,783	3.19%	0.81%	12,062	58,713
FY 2022	\$1,515,866	4.00%	60,635	43,783	16,852	2.89%	1.11%	22,759	66,542
FY 2023	\$1,520,248	4.00%	60,810	50,033	10,777	3.29%	0.71%	21,837	71,870
FY 2024	\$1,582,671	4.00%	63,307	56,107	7,200	3.55%	0.45%	20,917	77,024
FY 2025	\$1,651,127	4.00%	66,045	61,233	4,812	3.71%	0.29%	19,777	81,010
FY 2026	\$1,722,005	4.00%	68,880	64,878	4,002	3.77%	0.23%	18,685	83,563

DEBT SERVICE SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT SERVICE (millions of dollars)	
Year	All Funds Receipts	Cap %	Cap \$	Debt Service Included in Cap ¹	\$ Remaining Capacity	DS as a % of Revenue	% Remaining Capacity	Debt Service Excluded from Cap ²	Total State-Supported Debt Service ³
FY 2021	\$191,300	5.00%	9,565	5,116	4,449	2.67%	2.33%	5,398	10,514
FY 2022	\$213,790	5.00%	10,689	4,935	5,754	2.31%	2.69%	1,470	6,405
FY 2023	\$200,383	5.00%	10,019	5,079	4,940	2.53%	2.47%	1,859	6,938
FY 2024	\$198,865	5.00%	9,943	5,682	4,261	2.86%	2.14%	1,884	7,566
FY 2025	\$199,702	5.00%	9,985	6,355	3,630	3.18%	1.82%	1,788	8,143
FY 2026	\$199,607	5.00%	9,980	6,926	3,054	3.47%	1.53%	1,591	8,517

¹ Does not include debt issued prior to April 1, 2000. In addition, debt issued during FY 2021 and FY 2022 is not subject to caps pursuant to Chapter 56 of the Laws of 2020 and Chapter 59 of the Laws of 2021.

² Includes FY 2021 liquidity financing, consisting of \$4.5 billion of short-term notes.

³ Total State-supported debt service is adjusted for prepayments.

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

Enacted Budget - Debt Cap Changes

The FY 2022 Enacted Budget approved new bond-financed capital commitments that are expected to add \$2.4 billion in new debt over the five-year Capital Plan period resulting in \$1.5 billion impact on the debt cap by FY 2026. In addition, changes in the State's available debt capacity reflect personal income forecast adjustments, debt amortizations, and bond sale results. The debt capacity reflects the suspension of the Debt Reform Act for FY 2021 and FY 2022 issuances in response to the COVID-19 pandemic, as discussed previously. The State may adjust capital spending priorities and debt financing practices from time to time to preserve available debt capacity and stay within the statutory limits, as events warrant.

DEBT OUTSTANDING SUBJECT TO CAP ¹						
REMAINING CAPACITY SUMMARY						
(millions of dollars)						
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
	Actuals	Projected	Projected	Projected	Projected	Projected
FY 2022 Executive Budget Financial Plan as Amended	12,240	15,400	11,550	8,753	6,913	5,793
Personal Income Forecast Update	(457)	1,452	(263)	(389)	(358)	(323)
Capital/Bond Sales	0	0	(510)	(1,164)	(1,743)	(1,468)
FY 2022 Enacted Budget Financial Plan	11,783	16,852	10,777	7,200	4,812	4,002

¹ Debt issued during FY 2021 and FY 2022 is not subject to cap pursuant to Chapter 56 of the Laws of 2020 and Chapter 59 of the Laws of 2021.

Secured Hospital Program

Under the Secured Hospital Program, the State entered service contracts to enable certain not-for-profit hospitals in financial distress 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 hospital 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, 2021, approximately \$100 million of bonds were outstanding under 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 \$182 million for debt service costs. DASNY estimates that the State will pay debt service costs of approximately \$27 million in FY 2022, \$22 million in both FY 2023 and FY 2024, \$13 million in FY 2025, and \$11 million in FY 2026. These amounts reflect all debt outstanding in the Secured Hospital Program and are based on the actual experience to date of the participants in the program. The State currently covers 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. NY Downtown, the one hospital previously making all its debt service payments, retired its remaining outstanding bonds in February 2021.

Legislation enacted as part of the Enacted Budget authorizes the State to issue PIT or Sales Tax bonds to refund bonds issued under the Secured Hospital Program. Therefore, the State plans to refund the remaining Secured Hospital Program bonds in FY 2022, which will provide savings to the State.

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

In May 2011, the New York State Supreme Court issued an order that approved the transfer of real property and other assets of LICH to a New York State not-for-profit corporation (“Holdings”), the sole member of which is SUNY. After such transfer, Holdings leased the LICH hospital facility to SUNY University Hospital at Brooklyn. In 2012, 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 (now “NYU Langone”), which proposes to provide both interim and long-term health care services. The Fortis affiliate plans to develop a mixed-use project. The agreement was approved by the Offices of the Attorney General and the State Comptroller, and the sale of all or substantially all the assets of Holdings was approved by the State Supreme Court in Kings County. The initial closing was held as of September 1, 2015, and on September 3, 2015 sale proceeds of approximately \$120 million were transferred to the trustee for the PIT Bonds, which were paid and legally defeased from such proceeds. Titles to 17 of the 20 properties were conveyed to the special purpose entities formed by the Purchaser to hold title.

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

The third and final closing is anticipated to occur within 36 months after the NMS Closing (i.e., by March 13, 2023). At the final closing, 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 Langone, 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.



State Financial Plan Multi-Year Projections

Introduction

This section presents the State's multi-year Financial Plan projections for receipts and disbursements, reflecting the impact of FY 2021 actuals and forecast revisions in FY 2022 through FY 2025, with an emphasis on FY 2022 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 in the later years of the Financial Plan are typically subject to more substantial revision than those in the current year and first "outyear". Accordingly, in terms of outyear projections, the first "outyear," FY 2023, is the most relevant from a planning perspective. In addition, the reliability of all projections is further complicated by the impacts of the COVID-19 pandemic, given the uncertainty as to its duration and the pace of a sustained recovery.

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

The following tables present the Financial Plan multi-year projections for the General Fund and State Operating Funds, as well as reconciliation between State Operating Funds projections and General Fund budget gaps. The Financial Plan continues to assume that all direct COVID-19 pandemic costs incurred by agencies will be fully covered with Federal aid, and thus are not included in the following tables. Such costs may include, but are not limited to, a wide range of pandemic control activities that could be needed to address a potential increase in COVID-19 cases and the safe, timely distribution of vaccines. The tables are followed by a summary of multi-year receipts and disbursements forecasts.

General Fund Projections

GENERAL FUND PROJECTIONS (millions of dollars)					
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	Actuals	Projected	Projected	Projected	Projected
RECEIPTS					
Taxes (After Debt Service)	64,552	77,779	84,798	87,697	90,281
Miscellaneous Receipts	7,515	1,775	1,750	1,794	1,858
Federal Receipts	0	0	0	0	0
Other Transfers	2,245	7,630	4,707	4,487	6,030
Total Receipts	74,312	87,184	91,255	93,978	98,169
DISBURSEMENTS					
Local Assistance	48,981	61,041	62,936	67,414	70,451
School Aid (SFY)	23,127	24,813	26,858	29,799	31,545
Medicaid	13,870	15,864	19,325	20,237	20,953
All Other	11,984	20,364	16,753	17,378	17,953
State Operations	10,104	12,388	12,348	12,571	12,824
Personal Service	7,154	9,835	9,386	9,527	9,558
Non-Personal Service	2,950	2,553	2,962	3,044	3,266
General State Charges	7,032	8,435	8,984	9,545	10,728
Transfers to Other Funds	7,978	7,127	7,285	6,720	6,698
Debt Service	326	392	400	458	506
Capital Projects	4,540	3,863	3,982	3,665	3,576
SUNY Operations	1,229	1,301	1,288	1,303	1,321
All Other	1,883	1,571	1,615	1,294	1,295
Total Disbursements	74,095	88,991	91,553	96,250	100,701
Use (Reservation) of Fund Balance:	(217)	1,807	298	830	558
Community Projects	1	23	4	3	0
Timing of Payments	1,313	0	0	0	0
Undesignated Fund Balance	(1,458)	2,561	0	0	0
Tax Stabilization Reserve	0	(175)	0	0	0
Rainy Day Reserves	0	(650)	0	0	0
Debt Management	0	0	0	0	0
Economic Uncertainties	(600)	0	0	0	0
Extraordinary Monetary Settlements ¹	527	48	294	827	558
BUDGET SURPLUS/(GAP) PROJECTIONS	0	0	0	(1,442)	(1,974)

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

State Operating Funds Projections

STATE OPERATING FUNDS DISBURSEMENTS (millions of dollars)					
	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
RECEIPTS					
Taxes	81,200	89,767	96,113	99,475	102,334
Miscellaneous Receipts/Federal Grants	25,170	17,460	17,214	16,649	16,869
Total Receipts	106,370	107,227	113,327	116,124	119,203
DISBURSEMENTS					
Local Assistance	65,087	76,734	79,378	83,118	86,120
School Aid (School Year Basis) ¹	26,515	29,505	31,913	34,874	36,186
DOH Medicaid ²	19,641	21,995	25,312	26,307	27,127
Transportation	3,648	3,792	4,195	4,196	4,196
STAR	2,027	1,979	1,851	1,743	1,636
Higher Education	3,313	2,943	3,034	3,102	3,173
Social Services	3,023	3,197	3,186	3,306	3,312
Mental Hygiene ³	1,914	4,521	4,291	4,197	4,479
All Other ⁴	5,006	8,802	5,596	5,393	6,011
State Operations	18,006	19,261	19,601	19,723	20,056
Personal Service	12,355	14,453	14,220	14,324	14,409
Non-Personal Service	5,651	4,808	5,381	5,399	5,647
General State Charges	7,918	9,518	10,098	10,673	11,870
Pension Contribution	3,406	2,512	2,703	3,099	3,807
Health Insurance	4,415	4,736	5,103	5,483	5,893
All Other	97	2,270	2,292	2,091	2,170
Debt Service	13,196	6,707	5,863	6,440	6,878
Capital Projects	0	0	0	0	0
Total Disbursements	104,207	112,220	114,940	119,954	124,924
Net Other Financing Sources/(Uses)	(1,439)	3,214	920	1,512	3,184
RECONCILIATION TO GENERAL FUND GAP					
Designated Fund Balances:	(724)	1,779	693	876	563
General Fund	(217)	1,807	298	830	558
Special Revenue Funds	(505)	(23)	394	59	16
Debt Service Funds	(2)	(5)	1	(13)	(11)
GENERAL FUND BUDGET SURPLUS/(GAP)	0	0	0	(1,442)	(1,974)
<p>¹ Does not reflect a significant amount of Federal funding to school districts to be distributed over multiple years.</p> <p>² Total State share Medicaid funding is reported prior to the spending offset from the application of Master Settlement Agreement (MSA) payments, which are deposited directly to a Medicaid Escrow Fund to cover a portion of the State's takeover of Medicaid costs for counties and New York City. The value of the offset is reported in "All Other" local assistance disbursements. Spending is offset by the benefit of eFMAP of 6.2 percent for 5 quarters in FY 2021, and 3 quarters in FY 2022.</p> <p>³ Multi-year estimates exclude a portion of spending reported under the Medicaid Global Cap that has no impact on mental hygiene service delivery or operations.</p> <p>⁴ All Other includes education, parks, environment, economic development, and public safety, as well as the MSA payment offset, and a reconciliation between school year and State fiscal year spending on School Aid.</p>					

Receipts

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

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

Projections of Federal receipts generally correspond to the anticipated spending levels of a variety of programs 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 2022 are projected to total \$213.8 billion, an 11.8 percent (\$22.5 billion) increase from FY 2021 results. FY 2022 State tax receipts are projected to increase \$8.7 billion (10.6 percent) from FY 2021 results as the economy continues to recover from the COVID-19 downturn.

ALL FUNDS RECEIPTS (millions of dollars)									
	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
Personal Income Tax	54,967	61,050	11.1%	65,494	7.3%	68,448	4.5%	71,348	4.2%
Consumption/Use Taxes	16,117	18,154	12.6%	19,089	5.2%	19,549	2.4%	20,032	2.5%
Business Taxes	8,792	9,601	9.2%	10,471	9.1%	10,308	-1.6%	9,661	-6.3%
Other Taxes	2,500	2,288	-8.5%	2,410	5.3%	2,525	4.8%	2,649	4.9%
Total State Taxes	82,376	91,093	10.6%	97,464	7.0%	100,830	3.5%	103,690	2.8%
Miscellaneous Receipts	30,772	26,052	-15.3%	26,598	2.1%	26,314	-1.1%	25,958	-1.4%
Federal Receipts	78,152	96,645	23.7%	76,322	-21.0%	71,721	-6.0%	70,054	-2.3%
Total All Funds Receipts	191,300	213,790	11.8%	200,384	-6.3%	198,865	-0.8%	199,702	0.4%

Further analysis of each tax component by fiscal year is below.

Personal Income Tax

PERSONAL INCOME TAX									
(millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
STATE/ALL FUNDS	54,967	61,050	11.1%	65,494	7.3%	68,448	4.5%	71,348	4.2%
Gross Collections	65,531	71,605	9.3%	76,479	6.8%	79,925	4.5%	83,347	4.3%
Refunds (Incl. State/City Offset)	(10,564)	(10,555)	0.1%	(10,985)	-4.1%	(11,477)	-4.5%	(11,999)	-4.5%
GENERAL FUND¹	25,456	28,548	10.8%	30,899	8.2%	32,484	5.1%	34,041	4.8%
Gross Collections	65,531	71,605	9.3%	76,479	6.8%	79,925	4.5%	83,347	4.3%
Refunds (Incl. State/City Offset)	(10,564)	(10,555)	0.1%	(10,985)	-4.1%	(11,477)	-4.5%	(11,999)	-4.5%
STAR	(2,027)	(1,979)	2.4%	(1,851)	6.5%	(1,743)	5.8%	(1,636)	6.1%
RBTF	(27,484)	(30,523)	-11.1%	(32,744)	-7.3%	(34,221)	-4.5%	(35,671)	-4.2%

¹Excludes Transfers.

All Funds PIT receipts for FY 2022 are estimated to increase, primarily reflecting growth in withholding, current estimated payments, final returns, and delinquencies, partially offset by a decline in extensions and an increase in advanced credit payments.

The following table summarizes, by component, actual receipts for FY 2021 and forecast amounts through FY 2025.

ALL FUNDS PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS					
(millions of dollars)					
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	Actuals	Projected	Projected	Projected	Projected
Receipts					
Withholding	44,218	47,945	49,250	51,514	53,236
Estimated Payments	16,441	18,195	21,682	23,095	24,540
Current Year	10,930	13,158	14,374	14,923	15,892
Prior Year ¹	5,511	5,037	7,308	8,172	8,648
Final Returns	3,572	3,982	4,014	3,731	3,932
Current Year	402	331	346	367	385
Prior Year ¹	3,170	3,651	3,668	3,364	3,547
Delinquent	1,300	1,483	1,533	1,585	1,639
Gross Receipts	65,531	71,605	76,479	79,925	83,347
Refunds					
Prior Year ¹	6,048	5,786	5,889	6,068	6,268
Previous Year	544	494	525	557	596
Current Year ¹	2,187	2,250	2,250	2,250	2,250
Advanced Credit Payment	593	751	922	1,078	1,234
State/City Offset ¹	1,192	1,274	1,399	1,524	1,651
Total Refunds	10,564	10,555	10,985	11,477	11,999
Net Receipts	54,967	61,050	65,494	68,448	71,348

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

FY 2022 withholding is estimated to be higher compared to FY 2021, reflecting a combination of wage increases and the implementation of a high income PIT surcharge. Estimated payments for Tax Year 2021 are also expected to increase due to the surcharge coupled with growth in nonwage income. Delinquent collections and final return payments are also projected to increase. The increase in gross PIT collections for FY 2022 is offset slightly by a decrease in extension payments (i.e., prior year estimated) for Tax Year 2020.

Total refunds are nearly unchanged from the prior year. Decreases in Tax Year 2020 refunds and refunds related to tax years prior to 2020 are offset by increases in advanced credit payments attributable to Tax Year 2021 and the State-City offset. 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 2022 STAR transfer is expected to decline slightly. PIT RBTF receipts are statutorily set to 50 percent of net PIT receipts, and FY 2022 RBTF receipts therefore reflect the increase in All Funds receipts noted above. FY 2022 General Fund PIT receipts are expected to increase due to these changes.

The FY 2023 All Funds PIT receipts are projected to increase reflecting strong growth in extensions related to surcharge revenue and Tax Year 2021 nonwage income growth, as well as increases in withholding, Tax Year 2022 estimated payments, final returns, and delinquencies. These increases are partially offset by increases in the State-City offset, advanced credit payments attributable to Tax Year 2022, and Tax Year 2021 refunds. The projected increase in prior year refund payments is driven by the newly enacted Property Tax Circuit Breaker credit but suppressed by a decline related to the high income surcharge.

The FY 2023 STAR transfer is expected to decline. The FY 2023 RBTF is projected to increase based on the increase in FY 2023 All Funds receipts. General Fund PIT receipts for FY 2023 are also expected to increase, driven by the changes to All Funds receipts, the STAR transfer, and RBTF receipts.

All Funds PIT receipts for FY 2024 are projected to increase from FY 2023 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 2024 are expected to increase, reflecting an increase in All Funds PIT receipts coupled with a further decrease in the STAR transfer, partially offset by an increase in RBTF receipts.

All Funds PIT receipts and General Fund PIT receipts are both expected to increase in FY 2025 reflecting normal baseline growth in income and associated tax liability.

Consumption/Use Taxes

CONSUMPTION/USE TAXES									
(millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
STATE/ALL FUNDS	16,117	18,154	12.6%	19,089	5.2%	19,549	2.4%	20,032	2.5%
Sales Tax	14,145	16,099	13.8%	16,969	5.4%	17,415	2.6%	17,847	2.5%
Cigarette and Tobacco Taxes	1,006	972	-3.4%	930	-4.3%	894	-3.9%	852	-4.7%
Vapor Excise Tax	32	22	-31.3%	22	0.0%	22	0.0%	22	0.0%
Motor Fuel Tax	425	497	16.9%	497	0.0%	496	-0.2%	495	-0.2%
Highway Use Tax	135	144	6.7%	144	0.0%	146	1.4%	147	0.7%
Alcoholic Beverage Taxes	271	269	-0.7%	272	1.1%	274	0.7%	277	1.1%
Opioid Excise Tax	30	34	13.3%	34	0.0%	34	0.0%	34	0.0%
Medical Cannabis Excise Tax	9	8	-11.1%	8	0.0%	8	0.0%	8	0.0%
Adult Use Cannabis Tax	0	20	0.0%	115	475.0%	158	37.4%	245	55.1%
Auto Rental Tax ¹	64	89	39.1%	98	10.1%	102	4.1%	105	2.9%
GENERAL FUND²	7,250	4,389	-39.5%	8,568	95.2%	8,770	2.4%	8,965	2.2%
Sales Tax	6,639	3,777	-43.1%	7,963	110.8%	8,172	2.6%	8,374	2.5%
Cigarette and Tobacco Taxes	310	309	-0.3%	299	-3.2%	290	-3.0%	280	-3.4%
Alcoholic Beverage Taxes	271	269	-0.7%	272	1.1%	274	0.7%	277	1.1%
Opioid Excise Tax	30	34	13.3%	34	0.0%	34	0.0%	34	0.0%

¹No longer includes receipts remitted directly to the MTA without an appropriation beginning in FY 2020.

²Excludes Transfers.

All Funds consumption/use tax receipts for FY 2022 are estimated to increase significantly from FY 2021 results due to an expected bounce back in economic activity from the previous year. Sales tax receipts are estimated to increase due to a sizeable increase in taxable consumption (i.e., estimated sales tax base increase of 13.5 percent). Vapor excise tax receipts are estimated to significantly decrease from FY 2021 due to the first full year impact of the ban on flavored vapor products other than tobacco flavored products. Cigarette and tobacco tax collections are estimated to decrease, reflecting a continued trend decline in taxable cigarette consumption. Highway use tax (HUT) collections are estimated to increase, reflecting a bounce back in demand from the trucking sector. Motor fuel tax receipts are estimated to increase due to a recovery in both gasoline and diesel consumption. Auto rental tax receipts are estimated to increase, mainly due to the expected recovery of the travel industry. The opioid excise tax is expected to moderately increase. Legislation enacted in March 2021 to regulate and tax adult-use cannabis products is expected to generate \$20 million in license fees within the first year.

In FY 2022, per statute, the portion of sales tax receipts initially deposited to the Local Government Assistance Tax Fund will remain at 25 percent, while the portion deposited into the Sales Tax Revenue Bond Fund will increase to 50 percent (previously 25 percent) and the portion deposited to the General Fund will be reduced from 50 to 25 percent. These funds are intended to support debt service payments on bonds issued under 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 New York City, or its assignee, are subsequently transferred to the General Fund.

General Fund consumption/use tax receipts for FY 2022 are estimated to decrease, largely due to the statutory decrease in the General Fund distribution (from 50 percent to 25 percent).

All Funds consumption/use tax receipts for FY 2023 are projected to moderately increase primarily due to a projected increase in sales tax receipts (projected sales tax base growth of 5 percent). Auto rental tax receipts are estimated to moderately increase from FY 2022, reflecting the continued recovery of the travel industry from the effects of the COVID-19 pandemic. Along with the second year of license fees, the State's THC-based and retail excise taxes on the sale of adult-use cannabis products are projected to generate \$115 million combined. These increases are partially offset by a continued decline in taxable cigarette consumption.

Effective in FY 2023 and annually thereafter, the portion of sales tax receipts that was initially deposited to the Local Government Assistance Tax Fund (25 percent) will be eliminated, while the portion deposited into the Sales Tax Revenue Bond Fund will remain at 50 percent (increased from 25 percent to 50 percent in FY 2022) and the portion deposited in the General Fund will revert back to 50 percent.

FY 2023 General Fund consumption/use tax receipts are projected to significantly increase, mainly due to the statutory elimination of the Local Government Assistance Tax Fund distribution.

All Funds consumption/use tax receipts for FY 2024 are projected to increase, largely reflecting a projected increase in sales tax receipts (projected base growth of 2.7 percent) and continued ramp-up of adult-use cannabis tax receipts as the market matures, partially offset by a continued decline in taxable cigarette consumption.

FY 2024 General Fund consumption/use tax receipts are projected to increase, mainly due to the All Funds sales tax trends noted above.

FY 2025 All Funds consumption/use tax receipts are projected to increase compared to the prior year, largely reflecting moderate growth in the sales tax base and continued ramp-up of adult-use cannabis tax receipts as the market matures, which is slightly offset by a continued decline in taxable cigarette consumption. Similarly, General Fund consumption/use tax receipts are projected to increase in FY 2025 primarily due to the All Funds tax trends noted above.

Business Taxes

BUSINESS TAXES (millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
STATE/ALL FUNDS	8,792	9,601	9.2%	10,471	9.1%	10,308	-1.6%	9,661	-6.3%
Corporate Franchise Tax	4,954	5,559	12.2%	6,475	16.5%	6,227	-3.8%	5,521	-11.3%
Corporation and Utilities Tax	550	543	-1.3%	559	2.9%	588	5.2%	582	-1.0%
Insurance Tax	2,190	2,283	4.2%	2,353	3.1%	2,409	2.4%	2,477	2.8%
Bank Tax	156	167	7.1%	0	-100.0%	0	0.0%	0	0.0%
Pass-Through-Entity Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Petroleum Business Tax	942	1,049	11.4%	1,084	3.3%	1,084	0.0%	1,081	-0.3%
GENERAL FUND	6,420	6,986	8.8%	7,660	9.6%	7,492	-2.2%	6,945	-7.3%
Corporate Franchise Tax	3,890	4,390	12.9%	5,124	16.7%	4,883	-4.7%	4,281	-12.3%
Corporation and Utilities Tax	417	404	-3.1%	413	2.2%	437	5.8%	432	-1.1%
Insurance Tax	1,976	2,057	4.1%	2,123	3.2%	2,172	2.3%	2,232	2.8%
Bank Tax	137	135	-1.5%	0	-100.0%	0	0.0%	0	0.0%
Pass-Through-Entity Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Petroleum Business Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%

FY 2022 All Funds business tax receipts are estimated to increase, driven primarily by an increase in gross receipts from the CFT due to the recently enacted temporary increase in the business income and capital base rates. All other business taxes, except for the corporation and utilities tax, are estimated to increase.

CFT receipts are estimated to increase in FY 2022, reflecting higher gross receipts. The FY 2022 Enacted Budget included legislation that would increase the business income tax rate to 7.25 percent for taxpayers with business income above \$5 million and increase the capital base rate, previously set to be completely phased out, to 0.1875 percent (with several exceptions for certain taxpayers including corporate small businesses and qualified manufacturers). These rate increases are in effect for Tax Years 2021 through 2023. Audit receipts are estimated to decrease moderately as fewer large cases are expected to materialize compared to FY 2021. Refunds are estimated to increase and include refunds from the Restaurant Return-To-Work Tax Credit that was included in the FY 2022 Enacted Budget.

Corporation and utilities tax (CUT) receipts for FY 2022 are estimated to decrease over the prior fiscal year, largely driven by a decrease in gross receipts due to the Utility COVID-19 Debt Relief Credit that was included in the FY 2022 Enacted Budget. Adjusted for this change, gross receipts would be flat with a decrease in the telecommunication sector offset by an increase in the utilities sector. Audit receipts are estimated to increase modestly while refunds are estimated to decrease significantly from the historically high level seen in FY 2021.

Insurance tax receipts for FY 2022 are estimated to increase due to an increase in gross receipts. Projected increases in corporate profits and insurance tax premiums drive estimated increases in gross receipts, following a decline in FY 2021 gross receipts compared to FY 2020. Audits are estimated to increase significantly based on large cases expected to close within the fiscal year, while refunds paid are expected to be in line with recent levels.

The FY 2022 Enacted Budget includes a new voluntary Pass-Through-Entity Tax designed to mitigate the impact of the cap on SALT deductions enacted in the 2017 Tax Cuts and Jobs Act. Pass-through entities can deduct this tax at the Federal level, thereby allowing partners of partnerships and shareholders of S corporations to receive the benefit of a full deduction for SALT paid before income is passed through to them. A credit will be allowed against regular State income tax to offset the new Entity tax. This proposal aligns with similar efforts in Connecticut and New Jersey, enabling individuals affected by the SALT cap to use IRS-allowed business deductibility to mitigate its impacts. Finally, the proposed amendments provide that 50 percent of receipts from the new tax will be deposited into the RBTF. The Financial Plan does not currently include an estimate for PTET receipts or the corresponding decrease in PIT receipts as the first collections will not be until March 2022, but the PTET proposal is expected to be revenue neutral for the State. DOB expects to include estimates as opt-in rates and other information becomes known.

Receipts from the repealed bank tax (all from prior liability periods) in FY 2022 are estimated to increase, primarily due to an estimated increase in audits based on large cases expected to close this fiscal year. PBT receipts are estimated to significantly increase from FY 2021 results, primarily due to a strong recovery in gasoline and diesel consumption, coupled with the impact of a 5 percent decline in the PBT rate index effective January 1, 2021, paired with a projected 5 percent increase in the PBT rate index effective January 1, 2022.

General Fund business tax receipts for FY 2022 are estimated to increase due to the trends in CFT, CUT, insurance tax, and bank tax receipts described above.

General Fund and All Funds business tax receipts for FY 2023 are projected to increase, primarily reflecting an increase in gross receipts from CFT due to the temporary tax rate increase previously described and its first impact on prepayments in March 2023. A projected decline in bank tax receipts is offset by increases in CUT, CFT, insurance tax, and PBT receipts.

All Funds business tax receipts for FY 2024 are projected to decline in CFT, partially offset by increases in CUT and insurance tax receipts while PBT receipts remain unchanged.

General Fund and All Funds business tax receipts for FY 2025 reflect projected trends in corporate profits, taxable insurance premiums, electric utility consumption and prices, consumption of taxable telecommunications services, and automobile fuel consumption and prices. Receipts sharply decline due to the expiration of the temporary CFT tax rate increase.

Other Taxes

OTHER TAXES (millions of dollars)									
	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
STATE/ALL FUNDS	2,500	2,288	-8.5%	2,410	5.3%	2,525	4.8%	2,649	4.9%
Estate Tax	1,538	1,207	-21.5%	1,265	4.8%	1,327	4.9%	1,390	4.7%
Real Estate Transfer Tax	949	1,059	11.6%	1,122	5.9%	1,175	4.7%	1,235	5.1%
Employer Compensation Expense Program	3	6	100.0%	7	16.7%	7	0.0%	8	14.3%
Pari-Mutuel Taxes	10	14	40.0%	14	0.0%	14	0.0%	14	0.0%
All Other Taxes	0	2	0.0%	2	0.0%	2	0.0%	2	0.0%
GENERAL FUND¹	1,549	1,226	-20.9%	1,285	4.8%	1,347	4.8%	1,410	4.7%
Estate Tax	1,538	1,207	-21.5%	1,265	4.8%	1,327	4.9%	1,390	4.7%
Employer Compensation Expense Program	1	3	200.0%	4	33.3%	4	0.0%	4	0.0%
Pari-Mutuel Taxes	10	14	40.0%	14	0.0%	14	0.0%	14	0.0%
All Other Taxes	0	2	0.0%	2	0.0%	2	0.0%	2	0.0%

¹Excludes Transfers.

All Funds other tax receipts for FY 2022 are estimated to decrease from FY 2021 results, primarily due to the atypically high number of seven super-large estate tax payments (greater than \$25 million) received in FY 2021. The estimated decline in estate tax receipts is marginally offset by an estimated increase in real estate transfer tax receipts corresponding with estimated growth in housing starts and housing prices as the real estate market continues to recover from the negative impact of the COVID-19 pandemic.

General Fund other tax receipts for FY 2022 are estimated to decrease, mainly due to the estimated decrease in estate tax trends noted above.

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

General Fund other tax receipts for the outyears are projected to increase, resulting from the projected increases in estate tax trends noted above.

Miscellaneous Receipts

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

MISCELLANEOUS RECEIPTS									
(millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
ALL FUNDS	30,772	26,052	-15.3%	26,598	2.1%	26,314	-1.1%	25,958	-1.4%
General Fund	7,515	1,775	-76.4%	1,750	-1.4%	1,794	2.5%	1,858	3.6%
Special Revenue Funds	17,375	15,227	-12.4%	15,143	-0.6%	14,653	-3.2%	14,803	1.0%
Capital Projects Funds	5,481	8,671	58.2%	9,316	7.4%	9,474	1.7%	8,901	-6.0%
Debt Service Funds	401	379	-5.5%	389	2.6%	393	1.0%	396	0.8%

All Funds miscellaneous receipts in FY 2022 are projected to decrease from FY 2021 results, driven by the absence of the one-time receipt of \$4.5 billion in PIT note proceeds in response to the COVID-19 pandemic, conservative estimation of non-general fund revenues, and partially offset by the projected increase of bond proceeds receipts that are expected to grow, primarily due to the increase in bond-eligible capital spending in FY 2022.

All Funds miscellaneous receipts are projected to increase in FY 2023, mainly reflecting growth in bond proceeds driven by higher bond-eligible capital spending and the timing of bond reimbursements. In later years of the Financial Plan period, receipts remain relatively flat.

Federal Grants

FEDERAL GRANTS (millions of dollars)									
	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
ALL FUNDS	78,152	96,645	23.7%	76,322	-21.0%	71,721	-6.0%	70,054	-2.3%
General Fund	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Special Revenue Funds	76,124	93,891	23.3%	74,037	-21.1%	69,467	-6.2%	67,814	-2.4%
Capital Projects Funds	1,954	2,682	37.3%	2,215	-17.4%	2,187	-1.3%	2,178	-0.4%
Debt Service Funds	74	72	-2.7%	70	-2.8%	67	-4.3%	62	-7.5%

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.

Growth in All Funds Federal grants projections primarily reflect the receipt of Federal aid pursuant to the ARP which provides the State with \$12.75 billion in general aid, received in May 2021, as well as \$17.2 billion in categorical aid for schools, universities, childcare, housing, and other purposes expected to be received over the multi-year period. Other sources of growth include Federal Medicaid spending related to Federal health care transformation initiatives, a temporary increase in the FMAP, funding from the CRF, and funding for the Lost Wages Assistance (LWA) program partly offset by the projected phase-down of Federal disaster assistance.

Under the Biden administration and the new 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 2022, disbursements from the State's General Fund, including transfers, are expected to total \$89.0 billion, and disbursements from State Operating Funds are expected to total \$112.2 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 the amounts appropriated are disbursed in the same fiscal year. Consistent with past practice, the aggregate receipts and spending projections (i.e., the sum of all projected receipts and spending by individual agencies) in State Special Revenue Funds are centrally adjusted downward to reflect aggregate spending trends and patterns observed between estimated and actual results over time.

Local Assistance Grants

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

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

The rise in unemployment and decrease in family income resulted in an increase to the public assistance caseload, particularly in New York City, that is not expected to return to pre-pandemic levels until FY 2024.

FORECAST FOR SELECTED PROGRAM MEASURES AFFECTING OPERATING ACTIVITIES					
(millions of dollars)					
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	Actuals ¹	Projected	Projected	Projected	Projected
HEALTH CARE²					
Medicaid - Individuals Covered	7,141,716	7,120,364	6,134,468	6,100,194	6,062,671
Essential Plan - Individuals Covered	871,304	962,915	924,779	906,702	896,464
Child Health Plus - Individuals Covered	391,932	436,838	429,943	431,588	434,168
State Takeover of County/NYC Costs ³	<u>\$4,468</u>	<u>\$4,818</u>	<u>\$5,179</u>	<u>\$5,551</u>	<u>\$5,933</u>
CY 2005 Local Medicaid Cap	\$3,185	\$3,353	\$3,531	\$3,720	\$3,919
FY 2013 Local Takeover Costs	\$1,283	\$1,465	\$1,648	\$1,831	\$2,014
EDUCATION					
School Aid (School Year-Basis Funding) ⁴	\$26,515	\$29,505	\$31,913	\$34,874	\$36,186
HIGHER EDUCATION					
Public Higher Education Enrollment (FTEs)	509,725	522,468	TBD	TBD	TBD
Tuition Assistance Program (Recipients)	239,592	253,563	TBD	TBD	TBD
PUBLIC ASSISTANCE					
Family Assistance Program (Families)	192,728	209,148	198,646	188,276	181,449
Safety Net Program (Families)	125,229	138,784	130,571	122,396	117,020
Safety Net Program (Singles)	217,838	210,068	207,482	208,728	211,406
MENTAL HYGIENE					
OMH Community Beds	47,306	48,763	50,018	50,618	51,118
OPWDD Community Beds	42,956	43,290	43,516	43,743	43,970
OASAS Community Beds	13,539	13,753	14,075	14,115	14,140
Total	103,801	105,806	107,609	108,476	109,228
¹ Reflects preliminary unaudited actuals. ² Enrollment in public health insurance programs is subject to risks related to the COVID-19 pandemic. ³ Reflects the total State cost of taking over the local share of Medicaid growth, which was initially capped at approximately 3 percent annually, then fully transferred to the State as of calendar year 2015. A portion of the State takeover costs are funded from Master Settlement Agreement resources. ⁴ Does not reflect a significant amount of Federal funding to school districts to be distributed over multiple years.					

Education

School Aid

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

School Year (July 1 – June 30)

The Financial Plan includes \$29.5 billion for School Aid in SY 2022, representing an annual increase of nearly \$3 billion (11.3 percent). This annual increase includes a \$1.4 billion (7.6 percent) increase in Foundation Aid, over 70 percent of which is targeted to high-need school districts, as measured by a district's level of student need relative to its local fiscal capacity; the full restoration of the \$1.1 billion Pandemic Adjustment State aid reduction implemented in SY 2021; and a \$460 million increase in expense-based reimbursement programs such as Transportation and Boards of Cooperative Education Services (BOCES) Aid.

In both SY 2023 and SY 2024, growth in School Aid largely reflects the final two years of the three-year phase-in of full funding of the current Foundation Aid formula. The SY 2023 and SY 2024 projections also assume growth in expense-based aids under current law and additional aid to provide a minimum annual increase and extra support to high-need districts. In SY 2025, current projections of growth in School Aid reflect the ten-year average growth in State personal income (PIGI).

SCHOOL AID - SCHOOL YEAR BASIS (JULY 1 - JUNE 30) ¹									
(millions of dollars)									
	SY 2021	SY 2022	Change	SY 2023	Change	SY 2024	Change	SY 2025	Change
Total	26,515	29,505	2,990	31,913	2,408	34,874	2,961	36,186	1,312
			11.3%		8.2%		9.3%		3.8%

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

In addition to State School Aid, the Enacted Budget programs the \$13.0 billion of Federal ESSER and GEER funds allocated to public schools by CRRSA and ARP. This funding, available for use over multiple years, will help schools safely reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. Approximately \$12.1 billion of these funds are allocated to school districts and charter schools, largely in proportion to their federal Title I award, with broad local discretion over the funds' use. The Budget also allocates \$629 million of these funds to school districts as targeted grants to address learning loss through activities such as summer enrichment and comprehensive after-school programs. An additional \$210 million is allocated towards the expansion of full-day prekindergarten programs for four-year-old children.

State Fiscal Year

The State finances School Aid from the General Fund, commercial gaming receipts and Lottery Fund receipts, including revenues from Video Lottery Terminals (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 ¹									
(millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
TOTAL STATE OPERATING FUNDS	26,787	28,304	5.7%	31,103	9.9%	33,930	9.1%	35,716	5.3%
General Fund Local Assistance	23,046	24,673	7.1%	26,719	8.3%	29,658	11.0%	31,405	5.9%
General Fund Gaming Guarantee ²	789	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
Medicaid	81	140	72.8%	140	0.0%	140	0.0%	140	0.0%
Lottery Aid	2,426	2,603	7.3%	3,006	15.5%	3,038	1.1%	3,080	1.4%
VLT Lottery Aid	382	755	97.6%	1,078	42.8%	941	-12.7%	938	-0.3%
Commercial Gaming	63	133	111.1%	160	20.3%	153	-4.4%	153	0.0%

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

² Reflects General Fund resources used to offset lower Lottery, VLT and Commercial Gaming receipts driven by the pandemic.

State fiscal year spending for School Aid on a State Operating Funds basis is projected to total \$28.3 billion in FY 2022, a \$1.5 billion, or 5.7 percent, increase from FY 2021. This growth is mainly driven by an additional \$980 million (\$1.4 billion school year) in Foundation Aid associated with the three-year phase-in schedule of the Foundation Aid formula. In addition to State aid, school districts will receive more than \$3 billion annually in Federal aid, as well as funding provided by the CARES Act, CRRSA Act and ARP.

The Financial Plan includes upward revisions to the amount of School Aid spending financed by gaming receipts due to the continued easing and lifting of restrictions imposed during the COVID-19 pandemic.

Other Education Funding

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

OTHER EDUCATION FUNDING (millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
TOTAL STATE OPERATING FUNDS	1,828	2,403	31.5%	2,380	-1.0%	2,466	3.6%	2,587	4.9%
Special Education	1,141	1,376	20.6%	1,424	3.5%	1,487	4.4%	1,553	4.4%
All Other Education	687	1,027	49.5%	956	-6.9%	979	2.4%	1,034	5.6%

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

Special Education costs beginning in FY 2022 are expected to increase from FY 2021 levels due to 2019-20 school closures, when certain special education services (e.g., transportation) were either not provided or were provided at a reduced level. Outyear growth is attributable to projected enrollment and cost growth as services return to normal levels.

The projected increase for All Other Education programs from FY 2021 levels is primarily due to the timing of certain payments, including Nonpublic School Aid payments, that were not made in FY 2021 and will occur in the first quarter of FY 2022, and the return to pre-pandemic utilization levels. The projected decrease in FY 2023 is largely attributable to the discontinuation of one-time aid and grants. Projected spending increases in FY 2024 and FY 2025 are primarily due to anticipated increases in State reimbursement to nonpublic schools for mandated services and school districts for charter school tuition payments.

School Tax Relief Program

The STAR program provides school tax relief to taxpayers by exempting the first \$30,000 of every eligible homeowner's property value from the local school tax levy. Senior citizens with incomes below \$90,550 will receive a \$70,700 exemption in FY 2022.

Spending on STAR property tax exemptions reflects reimbursements made to school districts to offset the reduction in the amount of property tax revenue collected from homeowners. Since FY 2017, the STAR exemption program has been gradually transitioned from a spending program to an advance refundable PIT credit program. As a result, first-time homebuyers and homeowners who move receive a refundable PIT credit instead of a property tax exemption. This change did not change the value of the STAR benefit received by homeowners. Since FY 2020, homeowners who receive a property tax exemption will not see an increase in their STAR benefit (details below).

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

SCHOOL TAX RELIEF (STAR)									
(millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
TOTAL STAR PROGRAM	2,027	1,979	-2.4%	1,851	-6.5%	1,743	-5.8%	1,636	-6.1%
Gross Program Costs	3,324	3,465	4.2%	3,518	1.5%	3,595	2.2%	3,636	1.1%
Personal Income Tax Credit	(1,297)	(1,486)	-14.6%	(1,667)	-12.2%	(1,852)	-11.1%	(2,000)	-8.0%
Basic Exemption	1,186	1,141	-3.8%	1,040	-8.9%	983	-5.5%	898	-8.6%
Gross Program Costs	1,677	1,765	5.2%	1,801	2.0%	1,863	3.4%	1,894	1.7%
Personal Income Tax Credit	(491)	(624)	-27.1%	(761)	-22.0%	(880)	-15.6%	(996)	-13.2%
Enhanced (Senior) Exemption	841	838	-0.4%	811	-3.2%	760	-6.3%	738	-2.9%
Gross Program Costs	935	966	3.3%	972	0.6%	958	-1.4%	948	-1.0%
Personal Income Tax Credit	(94)	(128)	-36.2%	(161)	-25.8%	(198)	-23.0%	(210)	-6.1%
New York City PIT	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Gross Program Costs	712	734	3.1%	745	1.5%	774	3.9%	794	2.6%
Personal Income Tax Credit	(712)	(734)	-3.1%	(745)	-1.5%	(774)	-3.9%	(794)	-2.6%

Starting in FY 2020, all homeowners with incomes above \$250,000 were transitioned from the basic exemption benefit program to the advance credit program. Additionally, the zero percent growth cap on the STAR exemption benefit that was included in the FY 2020 Enacted Budget remains in effect. The decline in reported STAR disbursements in FYs 2023 through 2025 can be attributed to these actions. By moving taxpayers to the credit program, the State can more efficiently administer the program while strengthening its ability to prevent abuse. The move from the basic exemption to the credit program does not reduce the value of the benefit received by homeowners.

The Financial Plan further streamlines the administration of STAR by transitioning existing exemption beneficiaries who are mobile homeowners to the STAR Credit, beginning in FY 2023.

Higher Education

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

HIGHER EDUCATION (millions of dollars)									
	FY 2021	FY 2022	FY 2023		FY 2024		FY 2025		Change
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	
TOTAL STATE OPERATING FUNDS	3,313	2,943	-11.2%	3,034	3.1%	3,102	2.2%	3,173	2.3%
City University	2,272	1,655	-27.2%	1,706	3.1%	1,765	3.5%	1,823	3.3%
Senior Colleges	1,847	1,415	-23.4%	1,469	3.8%	1,529	4.1%	1,587	3.8%
Community College	425	240	-43.5%	237	-1.3%	236	-0.4%	236	0.0%
Higher Education Services	607	845	39.2%	884	4.6%	893	1.0%	906	1.5%
Tuition Assistance Program	541	704	30.1%	744	5.7%	744	0.0%	744	0.0%
Scholarships/Awards	62	129	108.1%	128	-0.8%	137	7.0%	150	9.5%
Aid for Part-Time Study	4	12	200.0%	12	0.0%	12	0.0%	12	0.0%
State University	434	443	2.1%	444	0.2%	444	0.0%	444	0.0%
Community College	430	438	1.9%	440	0.5%	440	0.0%	440	0.0%
Other/Cornell	4	5	25.0%	4	-20.0%	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 285,000 students. State funds support a significant portion of SUNY and CUNY operations. In addition to the spending reflected in the above table, the State provides annual subsidies of over \$1 billion for SUNY campus operations through a General Fund transfer and approximately \$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 2022 for debt service on bond financed capital projects at SUNY and CUNY. In FY 2022, an estimated \$250 million in student financial aid support will be transferred from HESC to SUNY. This is the result of an accounting change first implemented in FY 2020 to reflect certain financial aid payments from HESC to SUNY as transfers instead of disbursements.

HESC is New York State's student financial aid agency. HESC oversees State-funded financial aid programs, including the Excelsior Scholarship, TAP, the Aid for Part-Time Study program, and 25 other scholarship and loan forgiveness programs. Together, these programs provide financial aid to approximately 350,000 students. HESC also partners with OSC in administering the College Choice Tuition Savings program.

Higher education spending is projected to decrease by \$370 million, or 11.2 percent, from FY 2021 to FY 2022. This spending decrease largely reflects the timing of academic year 2020 payments for CUNY, whereby payments scheduled at the end of FY 2020 were not made until FY 2021. Lower spending for CUNY in FY 2022 is partially offset by an estimated increase in payments to colleges for TAP and scholarships attributable to a combination of payment delays from FY 2021 and an increase in the maximum TAP award authorized in the FY 2022 Enacted Budget.

Health Care

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

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

Medicaid

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

Medicaid eligibility and enrollment fluctuates with economic cycles. From FY 2020 to FY 2021, enrollment increased by 1.06 million, driven by the steep rise in unemployment triggered by the COVID-19 pandemic. The Financial Plan forecast assumes that enrollment will remain elevated through FY 2022, declining by roughly 147,000 from the FY 2021 peak. As the economy recovers and unemployment trends towards pre-pandemic levels, costs associated with individuals temporarily enrolled but with a minimum of twelve-months continuous coverage are expected to begin declining in FY 2023.

Even though total enrollment is expected to decline, total Medicaid costs are expected to grow annually due to an increase in populations that typically drive higher service utilization and costs. Other factors that continue to place upward pressure on State-share Medicaid spending (which includes spending within 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 costs and enrollment growth in managed long-term care; and payments to financially distressed hospitals.

The following table provides information on financing sources for the Medicaid program.

DEPARTMENT OF HEALTH MEDICAID (millions of dollars)									
	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
STATE OPERATING FUNDS	22,238	27,166	22.2%	30,221	11.2%	31,061	2.8%	32,105	3.4%
Department of Health Medicaid	19,637	21,934	11.7%	25,225	15.0%	26,225	4.0%	27,048	3.1%
General Fund - DOH Medicaid Local	<u>13,870</u>	<u>15,864</u>	<u>14.4%</u>	<u>19,325</u>	<u>21.8%</u>	<u>20,237</u>	<u>4.7%</u>	<u>20,953</u>	<u>3.5%</u>
DOH Medicaid	12,553	15,287	21.8%	15,385	0.6%	15,605	1.4%	16,246	4.1%
Non-DOH Medicaid ¹	2,157	0	-100.0%	431	0.0%	755	75.2%	647	-14.3%
Minimum Wage	1,591	1,961	23.3%	2,223	13.4%	2,408	8.3%	2,408	0.0%
Local Takeover Cost ²	1,283	1,465	14.2%	1,648	12.5%	1,831	11.1%	2,014	10.0%
MSA Payments (Share of Local Growth) ³	(294)	(362)	-23.1%	(362)	0.0%	(362)	0.0%	(362)	0.0%
Enhanced FMAP ⁴	(3,420)	(2,487)	27.3%	0	100.0%	0	0.0%	0	0.0%
General Fund - DOH Medicaid State Ops	224	236	5.4%	213	-9.7%	218	2.3%	221	1.4%
General Fund - Essential Plan	<u>66</u>	<u>65</u>	<u>-1.5%</u>	<u>62</u>	<u>-4.6%</u>	<u>62</u>	<u>0.0%</u>	<u>62</u>	<u>0.0%</u>
Local Assistance	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	66	65	-1.5%	62	-4.6%	62	0.0%	62	0.0%
Other State Funds - DOH Medicaid Local	<u>5,477</u>	<u>5,769</u>	<u>5.3%</u>	<u>5,625</u>	<u>-2.5%</u>	<u>5,708</u>	<u>1.5%</u>	<u>5,812</u>	<u>1.8%</u>
HCRA Financing	3,891	4,157	6.8%	3,976	-4.4%	4,032	1.4%	4,109	1.9%
Indigent Care Support	751	719	-4.3%	717	-0.3%	717	0.0%	717	0.0%
Provider Assessment Revenue	834	891	6.8%	930	4.4%	957	2.9%	984	2.8%
Medical Indemnity Fund	1	2	100.0%	2	0.0%	2	0.0%	2	0.0%
Other State Agency Medicaid Spending	2,601	5,232	101.2%	4,996	-4.5%	4,836	-3.2%	5,057	4.6%
Use of MSA Payments (Share of Local Growth) ³	294	362	23.1%	362	0.0%	362	0.0%	362	0.0%
LOCAL SHARE OF MEDICAID^{5,6}	7,660	7,998	4.4%	8,214	2.7%	8,129	-1.0%	8,064	-0.8%
FEDERAL SHARE OF MEDICAID	49,592	53,044	7.0%	49,515	-6.7%	48,623	-1.8%	49,463	1.7%
DOH Medicaid	45,054	47,368	5.1%	43,679	-7.8%	42,884	-1.8%	43,786	2.1%
Essential Plan	4,538	5,676	25.1%	5,836	2.8%	5,739	-1.7%	5,677	-1.1%
ALL FUNDING SOURCES	79,784	88,570	11.0%	88,312	-0.3%	88,175	-0.2%	89,994	2.1%

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 are deposited directly to a Medicaid Escrow Fund to cover a portion of the State's share of local Medicaid growth.
⁴ Enhanced FMAP of 6.2 percent retroactive to January 2020 (24 months).
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.
⁶ Reflects the extension of the delay in the reduction to Federal DSH until October 1, 2023.

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. The following table provides information on other State agency Medicaid spending.

TOTAL STATE-SHARE MEDICAID DISBURSEMENTS¹ (millions of dollars)					
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	Actuals	Projected	Projected	Projected	Projected
Department of Health Medicaid	<u>19,571</u>	<u>21,869</u>	<u>25,163</u>	<u>26,163</u>	<u>26,986</u>
Local Assistance	23,061	24,482	25,312	26,307	27,127
State Operations	224	236	213	218	221
MSA Payments (Share of Local Growth) ²	(294)	(362)	(362)	(362)	(362)
Enhanced FMAP ³	(3,420)	(2,487)	0	0	0
Other State Agency Medicaid Spending	<u>2,601</u>	<u>5,232</u>	<u>4,996</u>	<u>4,836</u>	<u>5,057</u>
Mental Hygiene ⁴	2,488	4,984	4,774	4,614	4,835
Foster Care	32	74	74	74	74
Education	81	140	140	140	140
Corrections ⁵	0	34	8	8	8
Total State Share Medicaid (All Agencies)	22,172	27,101	30,159	30,999	32,043
Annual \$ Change		4,929	3,058	840	1,044
Annual % Change		22.2%	11.3%	2.8%	3.4%
Essential Plan	66	65	62	62	62
Local Assistance	0	0	0	0	0
State Operations	66	65	62	62	62

¹ DOH spending 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; Monroe County's decision to participate in the Medicaid local cap program rather than continuing the sales tax intercept option; increased Federal Financial Participation effective in January 2014; and a share of minimum wage increases.

² MSA payments are deposited directly to a Medicaid Escrow Fund to cover a portion of the State share for Medicaid.

³ Enhanced FMAP of 6.2 percent retroactive to January 2020 (24 months).

⁴ Multi-year estimates exclude a portion of spending reported under the Medicaid Global Cap that has no impact on mental hygiene service delivery or operations.

⁵ Increased DOCCS Medicaid spending in FY 2022 reflects timing of reimbursements from retroactive reconciliations.

Global Cap

Medicaid spending under the Global Cap is projected to adhere to statutorily allowable levels through FY 2025. Forecasted Medicaid spending includes the recurring value of MRT II savings initiatives and the Managed Care payment restructuring totaling \$1.7 billion initially executed at the end of FY 2019 in response to a structural imbalance at the time. Additional information on the Medicaid Global Cap construct, structural imbalance and MRT savings initiatives can be found in “Other Matters Affecting the Financial Plan” herein.

MEDICAID GLOBAL CAP FORECAST (millions of dollars)					
	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Global Medicaid Cap¹	19,992	20,572	21,188	21,820	22,461
Annual \$ Change		580	616	632	641
Annual % Change		2.9%	3.0%	3.0%	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. The Financial Plan assumes spending under the Global Cap to adhere to statutorily allowable growth in all years, which may require the implementation of certain cost controls and savings actions.

Temporary Enhanced FMAP

In March 2020, the Federal government signed into law the FFCRA which included a 6.2 percent base increase to the FMAP rate for each calendar quarter occurring during the public health emergency, with exemptions placed on spending already eligible for enhanced Federal support, including portions of the Affordable Care Act (ACA) expansion. The Federal government has extended eFMAP through September 2021.

Despite the Federal Health and Human Services Secretary's ability to revoke the emergency prior to the start of a new quarter (i.e., prior to October 2021), the Financial Plan assumes the eFMAP will continue through the end of calendar year 2021. The State benefit from the eFMAP is estimated at approximately \$2.5 billion in FY 2022.

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. The State costs of minimum wage increases in the health care sector are projected to grow \$370 million to roughly \$2.0 billion in FY 2022. Home health care workers in New York City and certain counties receive supplemental benefits in addition to their base wage. These benefits include paid leave, differential wages, premiums for certain shifts, education, and fringe benefits. The required supplemental benefits typically can be satisfied by increasing the base cash wage for home health care workers by a corresponding amount. As a result, wages for home health care workers in these regions exceed minimum wage levels by \$4.09 for New York City and \$3.22 for Westchester, Nassau, and Suffolk counties. However, State statute exempts the supplemental wages portion of total compensation from the minimum wage calculation to ensure home health care workers in these counties receive incremental growth in wage compensation commensurate with the new minimum wage schedule.

Local Medicaid Cap

The local Medicaid Cap was designed to relieve pressure on county property taxes and the New York City budget by capping local costs and having the State absorb all local program growth above a fixed statutory inflation rate. Beginning in January 2006, counties' Medicaid cost contributions were capped based on 2005 expenditures that were indexed at a growth rate of 3.5 percent in 2006, 3.25 percent in 2007, and 3 percent per year thereafter. In FY 2013, the State committed to phasing out over a three-year period all growth in the local share of Medicaid costs.

The State takeover, which capped local districts' Medicaid costs at calendar year 2015 levels is projected to save local districts a total of \$4.8 billion in FY 2022 -- roughly \$2.4 billion for counties outside New York City and \$2.4 billion for New York City. The following table provides county specific savings.

LOCAL GOVERNMENT SAVINGS
STATE TAKEOVER OF LOCAL MEDICAID COSTS (2005 CAP AND GROWTH TAKEOVER)
FY 2021 to FY 2025

County	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Albany	45,924,447	49,145,707	52,460,384	55,871,186	59,380,902
Allegany	7,282,837	7,790,910	8,313,717	8,851,686	9,405,256
Broome	47,571,195	50,099,859	52,701,854	55,379,307	58,134,406
Cattaraugus	16,107,474	17,078,352	18,077,385	19,105,391	20,163,208
Cayuga	16,470,059	17,374,989	18,306,163	19,264,340	20,250,304
Chautauqua	32,422,534	34,300,740	36,233,414	38,222,136	40,268,530
Chemung	17,606,113	18,718,393	19,862,930	21,040,658	22,252,540
Chenango	9,211,451	9,774,926	10,354,742	10,951,372	11,565,305
Clinton	14,054,886	14,982,677	15,937,373	16,919,755	17,930,626
Columbia	13,567,329	14,291,940	15,037,564	15,804,811	16,594,309
Cortland	9,380,674	9,953,023	10,541,971	11,147,998	11,771,599
Delaware	9,433,363	9,966,352	10,514,798	11,079,148	11,659,865
Dutchess	59,419,628	62,411,561	65,490,261	68,658,242	71,918,095
Erie	189,303,042	201,049,829	213,137,272	225,575,252	238,373,933
Essex	6,001,647	6,376,876	6,762,988	7,160,296	7,569,126
Franklin	9,155,077	9,719,964	10,301,233	10,899,359	11,514,830
Fulton	11,419,990	12,162,806	12,927,165	13,713,689	14,523,023
Genesee	9,592,429	10,157,138	10,738,223	11,336,160	11,951,437
Greene	10,145,907	10,731,959	11,335,007	11,955,543	12,594,075
Hamilton	727,545	767,892	809,410	852,132	896,093
Herkimer	13,037,477	13,820,950	14,627,145	15,456,719	16,310,350
Jefferson	19,451,308	20,611,724	21,805,792	23,034,488	24,298,816
Lewis	4,527,009	4,809,201	5,099,576	5,398,373	5,705,834
Livingston	10,117,564	10,687,610	11,274,187	11,877,774	12,498,866
Madison	11,274,217	11,933,972	12,612,860	13,311,436	14,030,271
Monroe	172,706,043	183,074,797	193,744,244	204,723,105	216,020,353
Montgomery	14,050,740	14,815,117	15,601,660	16,411,013	17,243,838
Nassau	250,812,829	265,070,006	279,740,641	294,836,725	310,370,595
Niagara	42,088,881	44,668,758	47,323,452	50,055,132	52,866,031
Oneida	53,309,028	56,517,821	59,819,668	63,217,269	66,713,400
Onondaga	107,166,225	113,336,855	119,686,433	126,220,149	132,943,343
Ontario	17,271,271	18,257,491	19,272,311	20,316,561	21,391,095
Orange	95,303,291	100,206,057	105,251,004	110,442,254	115,784,050
Orleans	8,577,544	9,074,029	9,584,912	10,110,610	10,651,554
Oswego	27,054,376	28,581,761	30,153,439	31,770,697	33,434,854
Otsego	9,117,002	9,694,918	10,289,593	10,901,514	11,531,181
Putnam	12,045,986	12,682,592	13,337,660	14,011,725	14,705,337
Rensselaer	26,323,971	28,097,561	29,922,585	31,800,535	33,732,945
Rockland	88,391,821	92,942,167	97,624,473	102,442,566	107,400,384
St. Lawrence	19,484,562	20,761,529	22,075,528	23,427,634	24,818,950
Saratoga	28,503,780	30,066,880	31,675,310	33,330,384	35,033,456
Schenectady	39,623,716	41,787,173	44,013,370	46,304,127	48,661,316
Schoharie	5,498,147	5,828,803	6,169,049	6,519,161	6,879,427
Schuyler	3,240,753	3,446,828	3,658,879	3,877,080	4,101,609
Seneca	5,972,765	6,324,404	6,686,240	7,058,570	7,441,697
Steuben	18,381,710	19,497,022	20,644,679	21,825,618	23,040,804
Suffolk	300,519,369	316,662,330	333,273,436	350,366,264	367,954,785
Sullivan	23,346,278	24,629,350	25,949,631	27,308,200	28,706,168
Tioga	6,744,480	7,182,606	7,633,439	8,097,345	8,574,705
Tompkins	11,806,747	12,505,782	13,225,089	13,965,256	14,726,888
Ulster	44,016,950	46,377,060	48,805,613	51,304,594	53,876,045
Warren	10,615,110	11,288,103	11,980,612	12,693,204	13,426,461
Washington	12,646,329	13,349,724	14,073,518	14,818,302	15,584,685
Wayne	19,842,160	20,839,092	21,864,935	22,920,527	24,006,732
Westchester	187,832,130	199,747,277	212,007,964	224,624,210	237,606,327
Wyoming	5,861,491	6,193,427	6,534,990	6,886,458	7,248,118
Yates	3,975,272	4,217,903	4,467,571	4,724,478	4,988,836
Rest of State	2,265,335,960	2,396,444,576	2,531,355,341	2,670,178,519	2,813,027,569
New York City	2,201,926,595	2,421,745,114	2,647,938,370	2,880,691,230	3,120,193,923
Statewide	4,467,262,556	4,818,189,690	5,179,293,711	5,550,869,749	5,933,221,492

Master Settlement Agreement (MSA)

In FY 2018, all outstanding bonds secured by annual payments from tobacco manufacturers under the MSA were retired. In FY 2022, DOB expects to receive MSA payments totaling roughly \$362 million. State law directs these payments be used to help defray costs of the State's takeover of Medicaid costs for counties and New York City. Consistent with State law, the MSA payments are deposited directly to the Medicaid Payment Escrow Fund to offset the non-Federal share of annual Medicaid growth, formerly borne by local governments, which the State now pays on behalf of local governments. The deposit mechanism has no impact on overall Medicaid spending funded with State resources but reduces reported State-supported Medicaid spending accounted for in State Operating Funds. The table below shows total State spending adjusted for MSA offset.

FUNDING SOURCES FOR STATE MEDICAID CONTRIBUTIONS					
(millions of dollars)					
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	Actuals	Projected	Projected	Projected	Projected
State Share Support	<u>22,532</u>	<u>27,528</u>	<u>30,583</u>	<u>31,423</u>	<u>32,467</u>
State Funds Medicaid Disbursements	22,238	27,166	30,221	31,061	32,105
MSA Payments (Local Growth)	294	362	362	362	362

Health Care Transformation Fund (HCTF)

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

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

HEALTH CARE TRANSFORMATION FUND					
PURSUANT TO PART FFF OF CHAPTER 59 OF THE LAWS OF 2018					
(millions of dollars)					
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	Actuals	Projected	Projected	Projected	Projected
Opening Balance	315	255	87	0	0
Receipts	<u>139</u>	<u>248</u>	<u>68</u>	<u>0</u>	<u>0</u>
Fidelis Payment	50	50	0	0	0
Centene Payment	68	68	68	0	0
CVS Payment	13	13	0	0	0
Cigna Payment	7	7	0	0	0
Affinity Payment	0	110	0	0	0
STIP Interest	1	0	0	0	0
Planned Uses	<u>199</u>	<u>416</u>	<u>155</u>	<u>0</u>	<u>0</u>
Housing Rental Subsidies	84	238	65	0	0
State-Only Payments	58	123	46	0	0
Capital Projects	57	55	44	0	0
Closing Balance	255	87	0	0	0

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

Essential Plan (EP)

The FY 2015 Enacted Budget authorized the State to participate in the EP, a health insurance program which receives Federal subsidies authorized through the ACA. The EP includes health insurance coverage for legally residing immigrants in New York not eligible for Medicaid, CHP, or other employer-sponsored coverage. Individuals who meet the EP eligibility standards are enrolled through the New York State of Health (NYSOH) insurance exchange, with the cost of insurance premiums subsidized by the State and Federal governments. The Exchange – NYSOH – serves as a centralized marketplace to shop for, compare, and enroll in a health plan. More than 960,000 New Yorkers are expected to be enrolled in the EP in FY 2022, an increase of nearly 92,000 from FY 2021.

ESSENTIAL PLAN (millions of dollars)									
	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL ALL FUNDS SPENDING	4,604	5,741	24.7%	5,898	2.7%	5,801	-1.6%	5,739	-1.1%
State Operating Funds	66	65	-1.5%	62	-4.6%	62	0.0%	62	0.0%
Local Assistance ¹	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	66	65	-1.5%	62	-4.6%	62	0.0%	62	0.0%
Federal Operating Funds	4,538	5,676	25.1%	5,836	2.8%	5,739	-1.7%	5,677	-1.1%

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

On an All Funds basis, EP spending is anticipated to fluctuate over the Financial Plan period, reflecting a mix of factors. Spending growth in FY 2022 primarily reflects robust costs associated with robust growth in program enrollment, leveraging \$381 million in available resources to support the elimination of health insurance premiums for over 400,000 program enrollees and promote coverage for upwards of 100,000 additional New Yorkers.

The Financial Plan also includes more than \$200 million to further reduce out of pocket costs by eliminating Dental and Vision premiums, enhanced support to hospitals through a \$420 million increase in reimbursement rates, as well as a \$97 million commitment to expand the size of the EP Quality Incentive Program pool to \$200 million. Due to a high Federal reimbursement rate for the EP under current methodology, local assistance spending for the EP is not anticipated to drive a commensurate increase in State support for the EP. Spending growth attributable to Enacted Budget actions, and subsequently enrollment growth, tapers in the outyears as premium eliminations and increased provider reimbursement rates taper in the outyears.

Public Health/Aging Programs

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

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

PUBLIC HEALTH AND AGING (millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
TOTAL STATE OPERATING FUNDS	1,812	1,906	5.2%	1,945	2.0%	1,959	0.7%	1,977	0.9%
Public Health	1,677	1,751	4.4%	1,795	2.5%	1,804	0.5%	1,816	0.7%
Child Health Plus ¹	577	724	25.5%	815	12.6%	823	1.0%	835	1.5%
General Public Health Work ²	239	196	-18.0%	163	-16.8%	163	0.0%	163	0.0%
EPIC	98	103	5.1%	103	0.0%	103	0.0%	103	0.0%
<u>Early Intervention²</u>	<u>181</u>	<u>80</u>	<u>-55.8%</u>	<u>80</u>	<u>0.0%</u>	<u>80</u>	<u>0.0%</u>	<u>80</u>	<u>0.0%</u>
Unadjusted	254	163	-35.8%	163	0.0%	163	0.0%	163	0.0%
Health Services Initiatives Offset	(73)	(83)	-13.7%	(83)	0.0%	(83)	0.0%	(83)	0.0%
HCRA Program	269	332	23.4%	338	1.8%	338	0.0%	338	0.0%
All Other	313	316	1.0%	296	-6.3%	297	0.3%	297	0.0%
Aging	135	155	14.8%	150	-3.2%	155	3.3%	161	3.9%

¹ Increased spending for CHP in FY 2022 and beyond is attributable to the expiration of enhanced Federal resources, including enhanced FMAP retroactive to January 2020 (24 months).

² FY 2021 actuals for GPHW and EI reflect the timing of payments for prior year liabilities.

Public Health spending grows over the multi-year Financial Plan due to several factors, including increased enrollment in CHP, the transition of the "Aliessa" (i.e. legally residing immigrants in New York who meet the income eligibility requirements) population from the Medicaid budget to the Public Health budget, which has no impact on service delivery, and the scheduled phase down of enhanced resources provided in the ACA. Growth in FY 2022 reflects a reduction in expected enhanced FMAP for CHP as part of the FFCRA, and the timing of FY 2021 payment processing due to COVID-19. Increased spending in FY 2022 will be partially offset by State savings from the utilization of new Federal funding for Hunger Prevention and Nutrition Assistance programs.

The Financial Plan budgets \$83 million in 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 the Early Intervention program.

The Financial Plan continues SOFA support to address locally identified capacity needs for services to maintain the elderly in their communities, support family and friends in their caregiving roles, and reduce future Medicaid costs by intervening earlier with less intensive services. The multi-year Financial Plan also reflects funding for an annual Human Services COLA.

HCRA Financial Plan

HCRA was established in 1996 to help fund a portion of State health care activities and is currently authorized through FY 2023. HCRA resources include surcharges and assessments on hospital revenues, a “covered lives” assessment paid by insurance carriers, and a portion of cigarette tax revenues. These resources are used to fund roughly 25 percent of State share Medicaid costs, and other programs and health care industry investments including CHP, EPIC, Physician Excess Medical Malpractice Insurance, Indigent Care payments to hospitals serving a disproportionate share of individuals without health insurance; Worker Recruitment and Retention; Doctors Across New York; and the Statewide Health Information Network for New York (SHIN-NY)/All-Payer Claims Database (APCD).

HCRA FINANCIAL PLAN (millions of dollars)									
	FY 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
OPENING BALANCE	16	16		0		0		0	
TOTAL RECEIPTS	5,833	6,226	6.7%	6,136	-1.4%	6,203	1.1%	6,250	0.8%
Surcharges	3,523	3,706	5.2%	3,781	2.0%	3,858	2.0%	3,937	2.0%
Covered Lives Assessment	1,026	1,110	8.2%	1,110	0.0%	1,110	0.0%	1,110	0.0%
Cigarette Tax Revenue	696	663	-4.7%	631	-4.8%	604	-4.3%	572	-5.3%
Hospital Assessments	477	487	2.1%	502	3.1%	518	3.2%	518	0.0%
Excise Tax on Vapor Products	32	22	-31.3%	22	0.0%	22	0.0%	22	0.0%
NYC Cigarette Tax Transfer	19	21	10.5%	21	0.0%	21	0.0%	21	0.0%
EPIC Receipts/ICR Audit Fees	60	67	11.7%	69	3.0%	70	1.4%	70	0.0%
Distressed Provider Assistance ¹	0	150	0.0%	0	-100.0%	0	0.0%	0	0.0%
TOTAL DISBURSEMENTS AND TRANSFERS	5,833	6,242	7.0%	6,136	-1.7%	6,203	1.1%	6,250	0.8%
Medicaid Assistance Account	<u>3,891</u>	<u>4,157</u>	<u>6.8%</u>	<u>3,976</u>	<u>-4.4%</u>	<u>4,032</u>	<u>1.4%</u>	<u>4,109</u>	<u>1.9%</u>
Medicaid Costs	3,716	3,982	7.2%	3,801	-4.5%	3,857	1.5%	3,934	2.0%
Workforce Recruitment & Retention	175	175	0.0%	175	0.0%	175	0.0%	175	0.0%
Hospital Indigent Care	751	719	-4.3%	717	-0.3%	717	0.0%	717	0.0%
HCRA Program Account	276	340	23.2%	346	1.8%	346	0.0%	346	0.0%
Child Health Plus ²	590	735	24.6%	826	12.4%	836	1.2%	848	1.4%
Elderly Pharmaceutical Insurance Coverage	108	114	5.6%	114	0.0%	114	0.0%	114	0.0%
Qualified Health Plan Administration	34	35	2.9%	35	0.0%	36	2.9%	36	0.0%
SHIN-NY/APCD	40	40	0.0%	40	0.0%	40	0.0%	40	0.0%
All Other	143	102	-28.7%	82	-19.6%	82	0.0%	40	-51.2%
ANNUAL OPERATING SURPLUS/(DEFICIT)	0	(16)		0		0		0	
CLOSING BALANCE	16	0		0		0		0	

¹ The HCRA Financial Plan includes \$150 million in FY 2022 to support State funded payments for distressed health care providers.

² The fluctuation in CHP expenditures from FY 2021 to FY 2022 reflects the impact of transitioning certain funding from the Medicaid Assistance account to CHP, as well as an increase in State share CHP costs due to the scheduled phase down of enhanced Federal resources.

Total HCRA receipts are anticipated to increase in FY 2022, reflecting the assumption that collections from health care surcharges and assessments will begin trending closer to pre-pandemic levels.

Projected declines in cigarette tax revenues reflect expected continued declines in the consumption of cigarettes.

HCRA spending in FY 2022 is expected to increase in line with projected growth in receipts collections. The Financial Plan reflects roughly \$4.0 billion in continued support for Medicaid spending, as well as over \$700 million annually for the CHP program, in addition to several other programs and initiatives.

Increased CHP spending in FY 2022 through FY 2025 is attributable to the expiration of enhanced Federal resources provided through the ACA and expected growth in enrollment and utilization.

HCRA is expected to remain in balance over the multi-year 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 intellectual and developmental disabilities and their families, people with chemical dependencies, and individuals with compulsive gambling problems.

MENTAL HYGIENE (millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
TOTAL STATE OPERATING FUNDS	1,914	4,521	136.2%	4,291	-5.1%	4,197	-2.2%	4,479	6.7%
People with Developmental Disabilities	2,345	2,624	11.9%	2,731	4.1%	2,890	5.8%	2,990	3.5%
Residential Services	1,363	1,429	4.8%	1,490	4.3%	1,576	5.8%	1,614	2.4%
Day Programs	599	791	32.1%	824	4.2%	872	5.8%	893	2.4%
Clinic	13	13	0.0%	13	0.0%	13	0.0%	13	0.0%
All Other Services (Net of Offsets)	370	391	5.7%	404	3.3%	429	6.2%	470	9.6%
Mental Health	1,384	1,501	8.5%	1,588	5.8%	1,632	2.8%	1,685	3.2%
Adult Local Services	1,155	1,243	7.6%	1,317	6.0%	1,356	3.0%	1,401	3.3%
Children Local Services	229	258	12.7%	271	5.0%	276	1.8%	284	2.9%
Addiction Services and Supports	341	395	15.8%	402	1.8%	429	6.7%	450	4.9%
Residential	91	99	8.8%	103	4.0%	115	11.7%	120	4.3%
Other Treatment	169	202	19.5%	203	0.5%	212	4.4%	223	5.2%
Prevention	49	58	18.4%	59	1.7%	61	3.4%	64	4.9%
Recovery	32	36	12.5%	37	2.8%	41	10.8%	43	4.9%
Justice Center	1	1	0.0%	1	0.0%	1	0.0%	1	0.0%
Total Spending Funded by DOH Medicaid Global Cap¹	(2,157)	0	100.0%	(431)	0.0%	(755)	-75.2%	(647)	14.3%
People with Developmental Disabilities	(1,957)	0	100.0%	(431)	0.0%	(755)	-75.2%	(647)	14.3%
Mental Health	(200)	0	100.0%	0	0.0%	0	0.0%	0	0.0%
TOTAL MENTAL HYGIENE SPENDING²	4,071	4,521	11.1%	4,722	4.4%	4,952	4.9%	5,126	3.5%

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.

² FY 2021 includes \$26 million in payments that were not released at the end of FY 2020 due to interruptions and uncertainties as a result of the pandemic.

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 exceeding debt service are used to support State operating costs associated with Mental Hygiene service delivery.

Mental Hygiene spending growth in FY 2022 and subsequent years reflects increased funding for not-for-profit providers to support minimum wage increases, a one percent cost-of-living adjustment, the anticipation that service utilization trends upwards towards pre-pandemic levels, and targeted investments to ensure adequate access to services and supports.

The Financial Plan includes continued support for individuals with developmental disabilities to ensure appropriate access to care. Additional funding will be utilized for the development of new certified housing supports, expanded independent living opportunities and growth in respite availability.

The Financial Plan also supports OMH community services and the transition of individuals to more cost-effective community settings. OMH has continued to enhance its service offerings in recent years by expanding supported housing units throughout the State, providing additional peer support services, and developing new services, such as mobile crisis teams.

Funding for OASAS addiction service programs in FY 2022 and beyond primarily reflects increased residential service opportunities and other investments in addiction prevention, treatment, and recovery programs operated by not-for-profit providers.

The level of Mental Hygiene spending reported under the DOH Medicaid Global Cap has no impact on mental hygiene service delivery or operations and may fluctuate depending on the availability of resources and other cost pressures within the Medicaid program.

Social Services

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 2021 Actuals	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	1,362	1,498	10.0%	1,601	6.9%	1,646	2.8%	1,652	0.4%
SSI	603	667	10.6%	667	0.0%	667	0.0%	667	0.0%
Public Assistance Benefits	657	599	-8.8%	583	-2.7%	574	-1.5%	541	-5.7%
Public Assistance Initiatives	8	13	62.5%	9	-30.8%	9	0.0%	9	0.0%
Homeless Housing and Services	90	14	-84.4%	239	1607.1%	294	23.0%	333	13.3%
Rental Assistance	0	200	0.0%	100	-50.0%	100	0.0%	100	0.0%
All Other	4	5	25.0%	3	-40.0%	2	-33.3%	2	0.0%

DOB’s caseload models project a total of 558,000 public assistance recipients in FY 2022. Approximately 209,148 families are expected to receive benefits through the Family Assistance program in FY 2022, an increase of 8.5 percent from FY 2021. The Safety Net caseload for families is projected at 138,784 in FY 2022, an increase of 10.8 percent from FY 2021. The caseload for single adults and childless couples supported through the Safety Net program is projected at 210,068 in FY 2022, a decrease of 3.6 percent from FY 2021.

The rise in unemployment and decrease in family income resulted in an increase to the public assistance caseload, particularly in New York City, that increases Safety Net assistance. The Financial Plan reflects that spending for Safety Net assistance is not expected to return to pre-pandemic levels until after FY 2024. In addition, the Financial Plan includes time-limited emergency rental assistance using Federal resources and a new recurring State funded rental assistance program to assist individuals and families most impacted by the pandemic.

SSI spending is expected to remain level over the Financial Plan period, with no change in caseloads. Spending increases for homeless housing and services in the outyears reflect a transition from State settlement funds to the General Fund for the Empire State Supportive Housing Initiative (ESSHI), which funds supportive housing constructed for vulnerable homeless populations under the Governor's Affordable Housing and Homelessness Plan. This transition from settlement funds reflects all costs of the ESSHI program that are shared by multiple agencies and will be allocated to those agencies in a future update to the Financial Plan.

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 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
TOTAL STATE OPERATING FUNDS	1,661	1,699	2.3%	1,585	-6.7%	1,660	4.7%	1,660	0.0%
Child Welfare Service	577	500	-13.3%	476	-4.8%	476	0.0%	476	0.0%
Foster Care Block Grant	420	409	-2.6%	390	-4.6%	390	0.0%	390	0.0%
Child Care	180	279	55.0%	246	-11.8%	321	30.5%	321	0.0%
Adoption	149	153	2.7%	145	-5.2%	145	0.0%	145	0.0%
Youth Programs	161	103	-36.0%	93	-9.7%	93	0.0%	93	0.0%
Medicaid	32	74	131.3%	74	0.0%	74	0.0%	74	0.0%
Adult Protective/Domestic Violence	78	57	-26.9%	54	-5.3%	54	0.0%	54	0.0%
Committees on Special Education	8	0	-100.0%	29	0.0%	29	0.0%	29	0.0%
All Other	56	124	121.4%	78	-37.1%	78	0.0%	78	0.0%

The Financial Plan includes recurring savings attributable to the permanent alignment of the fiscal responsibility with the school district responsible for residential school placements of children with special needs outside New York City. Higher projected spending in FY 2022 reflects the repayment of local aid withheld in FY 2021, as well as funding for legislative program adds.

Transportation

The Department of Transportation (DOT) directly maintains and improves approximately 43,700 State highway lane miles and nearly 7,900 bridges. The Department also partially funds regional and local transit systems, including the MTA; local government highway and bridge construction; and rail, airport, and port programs.

In FY 2022, the State expects to provide \$6 billion in operating aid to mass transit systems, including \$2.2 billion from the direct remittance of various dedicated taxes and fees to the MTA (not included in the table below) and \$252 million from a State supplement to the Payroll Mobility Tax (PMT) tax collections. The MTA, the nation's largest transit and commuter rail system, is scheduled to receive \$5.4 billion (approximately 90 percent) of the State's mass transit aid.

TRANSPORTATION (millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
STATE OPERATING FUNDS SUPPORT	3,648	3,792	3.9%	4,195	10.6%	4,196	0.0%	4,196	0.0%
Mass Transit Operating Aid:	<u>2,626</u>	<u>2,624</u>	<u>-0.1%</u>	<u>3,050</u>	<u>16.2%</u>	<u>3,050</u>	<u>0.0%</u>	<u>3,050</u>	<u>0.0%</u>
Metro Mass Transit Aid	2,492	2,468	-1.0%	2,896	17.3%	2,896	0.0%	2,896	0.0%
Public Transit Aid	91	112	23.1%	110	-1.8%	110	0.0%	110	0.0%
18-b General Fund Aid	18	19	5.6%	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	237	252	6.3%	244	-3.2%	244	0.0%	244	0.0%
NY Central Business District Trust	145	156	7.6%	153	-1.9%	155	1.3%	155	0.0%
Dedicated Mass Transit	576	681	18.2%	676	-0.7%	676	0.0%	676	0.0%
AMTAP	64	79	23.4%	72	-8.9%	71	-1.4%	71	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 mainly reflects the current receipts forecast. A substantial amount of new funding to the MTA was authorized in the FY 2020 Enacted Budget as part of a comprehensive reform plan expected to generate an estimated \$25 billion in financing for the MTA's 2020-2024 Capital Plan. This includes 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, which is projected to provide the MTA with \$156 million in dedicated revenues in FY 2022.

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 2021	FY 2022	FY 2023		FY 2024		FY 2025		
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	
TOTAL STATE OPERATING FUNDS	630	706	12.1%	703	-0.4%	703	0.0%	703	0.0%
Big Four Cities	408	451	10.5%	429	-4.9%	429	0.0%	429	0.0%
Other Cities	207	228	10.1%	218	-4.4%	218	0.0%	218	0.0%
Towns and Villages	8	9	12.5%	9	0.0%	9	0.0%	9	0.0%
Restructuring/Efficiency	7	18	157.1%	47	161.1%	47	0.0%	47	0.0%

Higher spending in FY 2022 reflects the projected increases in awards from the Financial Restructuring Board to Local Governments pursuant to the Local Government Performance and Efficiency Program, as well as requests for State matching Funds through the County Wide Shared Service Initiative. Higher spending in FY 2022 also includes the payment of FY 2021 local aid payments that were withheld, as well as targeted legislative adds.

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, Information Technology (IT), and professional business services), supplies and materials, equipment, and telephone service. GSCs, discussed separately, reflect the cost of fringe benefits (e.g., pensions and health insurance) provided to State employees and retirees of the Executive, Legislative and Judicial branches, as well as certain fixed costs such as litigation expenses and taxes on public lands. Certain agency operating costs of DOT and the Department of Motor Vehicles (DMV) are included in Capital Projects Funds and are not reflected in State Operating Funds.

Approximately 94 percent of the State workforce is unionized. The largest unions include CSEA, which represents office support staff 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); United University Professions (UUP), which represents faculty and nonteaching professional staff within the SUNY system; and New York State Correctional Officers and Police Benevolent Association (NYSCOPBA), which represents security personnel (correction officers, safety and security officers).

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

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING PERSONAL SERVICE AND FRINGE BENEFITS					
	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Negotiated Base Salary Increases ¹					
NYSTPBA /NYSPIA/NYSCOPBA/GSEU	2%	2%	2%	TBD	TBD
UUP	2%	2%	TBD	TBD	TBD
CSEA/DC-37 (Rent Regulation Unit)/MC	2%	TBD	TBD	TBD	TBD
Council 82/PEF/PBANYS	TBD	TBD	TBD	TBD	TBD
State Workforce ²	111,230	115,291	TBD	TBD	TBD
ERS Contribution Rate ³	15.1%	16.9%	18.3%	21.8%	27.1%
PFRS Contribution Rate ³	25.0%	28.6%	30.7%	34.6%	40.5%
Employee/Retiree Health Insurance Growth Rates	2.6%	7.3%	7.7%	7.4%	7.5%
PS/Fringe as % of Receipts (All Funds Basis)	12.4%	11.6%	12.4%	12.9%	13.5%

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 (before hiring freeze savings).

³ ERS / PFRS contribution rate reflects the State's normal and administrative costs, contributions to the Group Life Insurance Plan (GLIP), and Chapter 41 of 2016 veteran's pension credit legislation (if applicable).

After adjustment for pandemic related expenses, agency operational costs are projected to remain stable over the Financial Plan period. In general, spending is held flat through a combination of a hiring freeze and controls on non-personal service expenditures.

STATE OPERATING FUNDS - PERSONAL SERVICE/NON-PERSONAL SERVICE COSTS					
(millions of dollars)					
	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
SUBJECT TO DIRECT EXECUTIVE CONTROL¹	9,888	11,103	10,631	10,658	10,713
Mental Hygiene	2,799	2,831	2,911	2,959	3,006
Corrections and Community Supervision	2,563	2,642	2,663	2,663	2,660
State Police	776	789	809	809	809
Department of Health	689	660	680	688	688
Information Technology Services	517	537	548	548	548
Children and Family Services	174	309	296	301	306
Tax and Finance	326	315	308	309	309
Transportation	309	339	339	339	339
Environmental Conservation	213	233	219	218	218
GSI	0	582	0	0	0
Ongoing Pandemic Related Expenses	(132)	200	200	200	200
All Other	1,654	1,666	1,658	1,624	1,630
FUND ELIGIBLE EXPENSES FROM CRF	1,726	0	0	0	0
Corrections and Community Supervision	1,295	0	0	0	0
State Police	343	0	0	0	0
Mental Hygiene	40	0	0	0	0
Department of Health	38	0	0	0	0
Tax and Finance	6	0	0	0	0
All Other	4	0	0	0	0
PANDEMIC COSTS/(REIMBURSEMENT)	951	(940)	(200)	(200)	0
Mental Hygiene	47	(34)	0	0	0
Corrections and Community Supervision	0	(130)	0	0	0
Department of Health	789	(1,090)	0	0	0
Information Technology Services	18	(25)	0	0	0
Transportation	10	(2)	0	0	0
All Other	87	341	(200)	(200)	0
UNIVERSITY SYSTEMS	6,237	6,377	6,478	6,573	6,651
State University	6,136	6,377	6,478	6,573	6,651
City University	101	0	0	0	0
INDEPENDENT AGENCIES	341	325	325	325	325
Law	190	178	178	178	178
Audit & Control (OSC)	151	147	147	147	147
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	15,691	16,865	17,234	17,356	17,689
Judiciary	2,088	2,141	2,112	2,112	2,112
Legislature	227	255	255	255	255
Statewide Total	18,006	19,261	19,601	19,723	20,056
Personal Service	12,355	14,453	14,220	14,324	14,409
Non-Personal Service	5,651	4,808	5,381	5,399	5,647

¹ Excludes expenses funded by the Coronavirus Relief Fund, as well as costs incurred, or expected to be incurred, in response to the COVID-19 pandemic that are expected to be reimbursed with Federal aid.

Operational spending for executive agencies is affected by pandemic response and recovery efforts, including the timing of Federal reimbursement of expenses across fiscal years; payment of a 27th payroll; and the expected payment in FY 2022 of general salary increases that were scheduled to go into effect on April 1, 2020.

Pursuant to guidelines established by the U.S. Treasury, the State charged roughly \$1.7 billion in eligible costs to the Federal CRF in FY 2021. This includes approximately \$1.6 billion in payroll costs (excluding fringe benefits) for public health and safety employees through December 31, 2020 and other eligible pandemic response costs. Another \$132 million in expenditures that were incurred in FY 2020 were subsequently cancelled and refunded in FY 2021. The Financial Plan also assumes additional costs incurred by the State in the first instance in FY 2021 will be charged to the CRF in FY 2022.

Certain pandemic response expenses incurred in FY 2021, including PPE, durable medical equipment, costs to build out field hospital facilities, testing, and vaccination activities are expected to be reimbursed by FEMA. DOB expects reimbursement over several years based on past claims experience. State agencies are expected to continue to incur costs to respond to the COVID-19 pandemic in FY 2022 which are expected to be funded with Federal aid made available in the CRF or FEMA reimbursement.

Executive agency budgets, with exceptions for facility operations and public health and safety, were reduced by 10 percent from budgeted levels beginning in FY 2021 and continuing over the Financial Plan period. Savings are expected to be achieved through adherence to a strict freeze on hiring and transfers; and limiting new contracts or purchase orders for non-personal service expenditures to those needed to protect the health, safety and security of employees and citizens and to ensure the continuation of high priority operations and services. Other notable spending changes include:

- **Mental Hygiene.** Actions include closing vacant State-operated mental health inpatient beds across the State that have been vacant for at least 90 days, which will not have a negative impact on the availability of services. Funding is also added for public education and drug treatment to reduce the risks associated with cannabis use.
- **Corrections and Community Supervision.** Higher spending starting in FY 2022 reflects the new legislative initiative of Humane Alternatives to Long Term Solitary Confinement Act (HALT), offset by planned savings from a reduction in excess prison capacity due to declines in the prison population.
- **Children and Family Services.** The Financial Plan limits support to Voluntary Agency Not-for-Profit providers operating residential programs for 16- and 17-year old youth in the juvenile justice system to actual placements, as well as reducing bed capacity and closing two youth facilities with under-filled beds, to right-size the State juvenile justice facility system and eliminate excess bed capacity. Higher spending in FY 2022 is due to the shift of operating costs to local assistance in FY 2021.

- **State University.** Spending for SUNY has been revised upward to reflect additional funding for various programs requested by the legislature and adjust for an increase in COVID-19 related costs in hospitals.
- **City University.** Spending associated with CUNY Senior College operations is being reclassified from a special revenue fund and agency trust combination to an enterprise fund, resulting in a reduction in reported CUNY spending.

All Other Agencies. Agriculture and Markets has been working with Empire State Development (ESD) on the administration of seven marketing orders. The Enacted Budget makes permanent ESD's existing authority to promulgate market orders. DMV and DTF will also receive new funding from the Cannabis Revenue Fund for maintaining traffic safety and operational costs.

Workforce

In FY 2022, \$14.5 billion, or 12.9 percent, of the State Operating Funds budget is dedicated to supporting Full-Time Equivalent (FTE) employees under direct Executive control; individuals employed by SUNY and Independent Agencies; employees paid on a nonannual salaried basis; and overtime pay. Roughly two-thirds of the Executive agency workforce is in the mental hygiene agencies and DOCCS.

STATE OPERATING FUNDS		
FY 2022 FTEs ¹ AND PERSONAL SERVICE SPENDING BY AGENCY (millions of dollars)		
	Dollars	FTEs
SUBJECT TO DIRECT EXECUTIVE CONTROL	8,044	93,827
Mental Hygiene	2,311	32,237
Corrections and Community Supervision	2,054	24,902
State Police	719	5,527
Department of Health	234	3,940
Information Technology Services	273	3,275
Tax and Finance	246	3,785
Children and Family Services	217	2,122
Environmental Conservation	190	2,124
Transportation	159	2,580
Financial Services	154	1,296
All Other	1,487	12,039
Hiring Freeze Savings	0	(2,551)
UNIVERSITY SYSTEMS	4,233	46,708
State University	4,233	46,708
INDEPENDENT AGENCIES	2,176	18,386
Law	126	1,528
Audit & Control (OSC)	117	1,582
Judiciary	1,734	15,273
Legislature ²	199	3
Statewide Total	14,453	156,370

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

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

General State Charges

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

Employee fringe benefits paid through GSCs are financed from the General Fund in the first instance, then partially reimbursed by revenue collected from agency fringe benefit assessments. In FY 2021, fringe benefit assessments reflect the reclassification of Personal Service and related fringe benefits costs for State Police, first responders and public safety officers to the Federal CRF pursuant to Treasury guidelines. This resulted in higher Federal fringe benefit assessments and lower General Fund spending in FY 2021.

GSC spending is projected to increase by an average of 10.7 percent over the multi-year Financial Plan period mostly due to the deferment of payroll tax payments in the current year. In response to the COVID-19 pandemic, the Federal CARES Act authorized employers to defer payment of non-Medicare payroll taxes from April – December 2020, and for the deferral to be repaid without interest in two equal payments on December 31, 2021 and December 31, 2022. Payroll taxes are 7.65 percent of personal service costs (6.2 percent for Social Security and 1.45 percent for Medicare). The State deferred the allowable non-Medicare payment through December 2020 for a total of \$556 million for the Executive, \$69 million for the Judiciary and \$49 million for SUNY Hospitals.

Growth in the health insurance program over the plan period reflects medical inflation and the potential for more spending resulting from increased utilization following delayed medical visits and procedures during the pandemic.

At the end of FY 2021, the State paid off \$918 million in pension amortizations that were due from FY 2022 through FY 2026. The prepayment of those costs saved a total of \$64.5 million in interest expense, of which nearly half will be realized in FY 2022 (\$31 million).

The one-time prepayment of \$918 million in FY 2021 has reduced future liabilities through FY 2026. The growth in pension costs reflects updated actuarial demographic assumptions and a valuation date during a bear market (See "Other Matters Affecting the Financial Plan" herein.) Increases in workers' compensation, other fringe benefits, and fixed costs are reflective of current spending trends. Under the Federal CARES Act and the Continued Assistance Act, the Federal government is covering 50 percent of the costs of the State's employer charges for Unemployment Insurance. Pursuant to authority granted by the Governor, the Commissioner of the New York State Department of Labor ordered the elimination of the remaining 50 percent of charges for reimbursable employers. The FY 2021 actual for Unemployment Insurance is reflective of these actions.

GENERAL STATE CHARGES (millions of dollars)									
	FY 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
TOTAL STATE OPERATING FUNDS	7,918	9,518	20.2%	10,098	6.1%	10,673	5.7%	11,870	11.2%
Fringe Benefits	7,508	9,057	20.6%	9,624	6.3%	10,198	6.0%	11,395	11.7%
Health Insurance	4,415	4,736	7.3%	5,103	7.7%	5,483	7.4%	5,893	7.5%
Pensions	3,406	2,512	-26.2%	2,703	7.6%	3,099	14.7%	3,807	22.8%
Social Security (Gross)	1,126	1,110	-1.4%	1,133	2.1%	1,175	3.7%	1,175	0.0%
Social Security (CRF)	(674)	372	155.2%	302	-18.8%	0	-100.0%	0	0.0%
Workers' Compensation	502	520	3.6%	580	11.5%	638	10.0%	702	10.0%
Employee Benefits	103	111	7.8%	121	9.0%	121	0.0%	121	0.0%
Dental Insurance	56	65	16.1%	66	1.5%	66	0.0%	66	0.0%
Unemployment Insurance	2	25	1150.0%	13	-48.0%	13	0.0%	13	0.0%
All Other/Non-State Escrow	(432)	(314)	27.3%	(397)	-26.4%	(397)	0.0%	(382)	3.8%
Non-State Escrow (CRF)	(996)	(80)	92.0%	0	100.0%	0	0.0%	0	0.0%
Fixed Costs	410	461	12.4%	474	2.8%	475	0.2%	475	0.0%
Public Land Taxes/PILOTS	279	289	3.6%	302	4.5%	302	0.0%	302	0.0%
Litigation	130	172	32.3%	172	0.0%	172	0.0%	172	0.0%

Transfers to Other Funds (General Fund Basis)

General Fund resources are transferred to other funds to finance a range of other activities, including debt service for bonds that do not have dedicated revenues, SUNY operating costs, and certain capital projects.

GENERAL FUND TRANSFERS TO OTHER FUNDS (millions of dollars)					
	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
TOTAL TRANSFERS TO OTHER FUNDS	7,978	7,127	7,285	6,720	6,698
Debt Service	326	392	400	458	506
SUNY University Operations	1,229	1,301	1,288	1,303	1,321
Capital Projects	4,540	3,863	3,982	3,665	3,576
Extraordinary Monetary Settlements:	527	48	294	827	558
Dedicated Infrastructure Investment Fund	330	526	676	584	524
Javits Center Expansion	183	0	0	0	0
Bond Proceeds Receipts for Javits Center Expansion	0	(500)	(500)	0	0
Clean Water Grants	0	0	0	225	25
Mass Transit Capital	3	3	3	3	0
Health Care	11	19	115	15	9
Dedicated Highway and Bridge Trust Fund	786	251	472	518	679
Environmental Protection Fund	28	28	96	96	96
All Other Capital	3,199	3,536	3,120	2,224	2,243
ALL OTHER TRANSFERS	1,883	1,571	1,615	1,294	1,295
Department of Transportation (MTA Payroll Tax)	244	244	244	244	244
SUNY - Medicaid Reimbursement	262	243	243	243	243
NY Central Business District Trust	150	152	153	155	155
Judiciary Funds	116	103	110	110	110
Dedicated Mass Transportation Trust Fund	64	65	65	65	65
Banking Services	37	44	44	44	44
Indigent Legal Services	1	28	75	75	75
Business Services Center	27	32	30	30	30
Mass Transportation Operating Assistance	13	21	21	21	21
Correctional Industries	21	23	21	21	21
General Services	20	13	10	10	10
Public Transportation Systems	17	16	16	16	16
Health Income Fund	8	16	16	16	16
Health Insurance Internal Services Account	12	12	12	12	12
Centralized Technology Services	11	11	11	11	11
Spinal Cord Injury Fund	9	9	9	9	9
Video Lottery Terminal (School Aid Support)	596	0	0	0	0
Commercial Gaming Revenue (School Aid Support)	96	0	0	0	0
Retiree Health Benefit Trust Fund	0	320	320	0	0
All Other	179	219	215	212	213

In FY 2022, a total of \$7.1 billion of General Fund resources are expected to be transferred to other funds, a \$851 million decrease from FY 2021. The decline is mainly attributable to capital projects and transfers to support School Aid executed in FY 2021 because of the drop in lottery and gaming revenues available, partially offset by planned deposits to the Retiree Health Benefit Trust Fund in FY 2022 and FY 2023.

The decrease in transfers for capital projects is primarily timing related and includes bond receipts to offset costs initially funded by monetary settlements; reimbursements to the capital projects fund; increased pay-as-you-go capital spending; and a significantly larger transfer to support the DHBTF in FY 2021 due to the substantial decline in tax receipts.

The DHBTF receives motor vehicle fees, Petroleum Business Tax (PBT), the motor fuel tax, HUT, the auto rental tax, utilities taxes, and miscellaneous transportation-related fees. These resources are used to pay debt service on transportation bonds, finance capital projects, and pay for certain operating expenses of the DOT and DMV. The General Fund subsidizes DHBTF expenses that are not covered by revenue and bond proceeds.

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 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 2021	FY 2022		FY 2023		FY 2024		FY 2025	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
General Fund	326	392	20.2%	400	2.0%	458	14.5%	506	10.5%
Other State Support	8,488	6,315	-25.6%	5,463	-13.5%	5,982	9.5%	6,372	6.5%
Liquidity Financing ¹	4,382	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
State Operating	13,196	6,707	-49.2%	5,863	-12.6%	6,440	9.8%	6,878	6.8%

¹ FY 2021 short-term notes issued at a premium in order to generate \$4.5 billion of proceeds.

State Operating Funds debt service is projected to be \$6.7 billion in FY 2022, of which \$392 million is paid from the General Fund and \$6.3 billion is paid from other State funds supported by dedicated tax receipts. The General Fund finances debt service payments on General Obligation and service contract bonds. Debt service for other State-supported bonds is paid directly from other dedicated State funds, subject to appropriation, including PIT and Sales Tax Revenue bonds, DHBTB bonds, and mental health facilities bonds.

Debt service declines from FY 2021 to FY 2022 due to the repayment of \$4.5 billion of PIT notes, which were issued during FY 2021 to help manage the adverse cash flow impact that resulted from the Federal extension of tax filing deadlines in response to the pandemic (the "FY 2021 liquidity financing"). In addition, debt service declines year-over-year due to the FY 2021 prepayment of \$3.1 billion of debt service due in future years. In March 2021, the State terminated an undrawn \$3.0 billion line of credit that was to expire at the end of FY 2021. The interest expense on the notes and the commitment fee on the credit facility were reimbursed with Federal aid from the CRF, as the financings were due solely to the Federal decision to extend tax filing deadlines in response to the pandemic, and therefore, are not reflected in debt service actuals.

The Enacted Budget authorizes liquidity financing in the form of up to \$3.0 billion of PIT notes and \$2.0 billion of line of credit facilities in FY 2022. The Financial Plan does not assume any PIT note issuances or use of the line of credit. DOB evaluates cash results regularly and may adjust the use of notes and/or the line of credit based on liquidity needs, market considerations, and other factors.

The Financial Plan estimates for debt service spending have been revised to reflect bond sale results, including executed refundings through the end of FY 2021, projections of future refunding savings, and the adjustment of debt issuances to align with projected bond-financed capital spending. Estimates also continue to reflect the issuance of PIT or Sales Tax bonds for the State's \$10.3 billion contribution to the MTA's 2015-19 and 2020-24 Capital Plans. The State converted its contribution to bond-financed capital in 2020 to help MTA after the pandemic impaired the MTA's ability to access cost-effective financing through their Transportation Revenue Bond credit. Previously, the Financial Plan had assumed that the projects would be bonded by the MTA but funded by the State through additional operating aid to the MTA. The State issued PIT Revenue Bonds in FY 2021 to fund \$2.8 billion of the State's portion of the MTA's 2015-19 Capital Plan.

The Financial Plan reflects debt service prepayments of \$3.1 billion in FY 2021 and \$1.4 billion in FY 2022 of debt service that comes due in FY 2022 (\$975 million), FY 2023 (\$1.1 billion), FY 2024 (\$1.1 billion), and FY 2025 (\$1.3 billion).

Financial Plan Tables

The following tables present the multi-year projections for State Operating Funds and All Governmental Funds, as well as monthly cashflow detail for the General Fund.¹⁴

¹⁴ 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 and the AIS may reflect a net expenditure amount while OSC may report the gross amount of the expenditure. Any such differences 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 total All Governmental Funds).

CASH RECEIPTS ALL GOVERNMENTAL FUNDS FY 2022 THROUGH FY 2025 (millions of dollars)				
	FY 2022	FY 2023	FY 2024	FY 2025
	Projected	Projected	Projected	Projected
Taxes:				
Withholdings	47,945	49,250	51,514	53,236
Estimated Payments	18,195	21,682	23,095	24,540
Final Payments	3,982	4,014	3,731	3,932
Other Payments	1,483	1,533	1,585	1,639
Gross Collections	71,605	76,479	79,925	83,347
State/City Offset	(1,274)	(1,399)	(1,524)	(1,651)
Refunds	(9,281)	(9,586)	(9,953)	(10,348)
Reported Tax Collections	61,050	65,494	68,448	71,348
STAR (Dedicated Deposits)	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0
Personal Income Tax	61,050	65,494	68,448	71,348
Sales and Use Tax	16,099	16,969	17,415	17,847
Cigarette and Tobacco Taxes	972	930	894	852
Vapor Excise Tax	22	22	22	22
Motor Fuel Tax	497	497	496	495
Alcoholic Beverage Taxes	269	272	274	277
Opioid Excise Tax	34	34	34	34
Medical Cannabis Excise Tax	8	8	8	8
Adult Use Cannabis Tax	20	115	158	245
Highway Use Tax	144	144	146	147
Auto Rental Tax	89	98	102	105
Gross Consumption/Use Taxes	18,154	19,089	19,549	20,032
LGAC/STBF (Dedicated Transfers)	0	0	0	0
Consumption/Use Taxes	18,154	19,089	19,549	20,032
Corporation Franchise Tax	5,559	6,475	6,227	5,521
Corporation and Utilities Tax	543	559	588	582
Insurance Taxes	2,283	2,353	2,409	2,477
Bank Tax	167	0	0	0
Pass Through Entity Tax	0	0	0	0
Petroleum Business Tax	1,049	1,084	1,084	1,081
Business Taxes	9,601	10,471	10,308	9,661
Estate Tax	1,207	1,265	1,327	1,390
Real Estate Transfer Tax	1,059	1,122	1,175	1,235
Employer Compensation Expense Program	6	7	7	8
Gift Tax	0	0	0	0
Real Property Gains Tax	0	0	0	0
Pari-Mutuel Taxes	14	14	14	14
Other Taxes	2	2	2	2
Gross Other Taxes	2,288	2,410	2,525	2,649
Real Estate Transfer Tax (Dedicated)	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0
Other Taxes	2,288	2,410	2,525	2,649
Payroll Tax	0	0	0	0
Total Taxes	91,093	97,464	100,830	103,690
Licenses, Fees, Etc.	503	528	578	628
Abandoned Property	450	450	450	450
Motor Vehicle Fees	1,234	1,230	1,226	1,241
ABC License Fee	66	63	63	67
Reimbursements	70	70	66	66
Investment Income	24	12	10	8
Extraordinary Settlements	0	0	0	0
Other Transactions	23,705	24,245	23,921	23,498
Miscellaneous Receipts	26,052	26,598	26,314	25,958
Federal Receipts	96,645	76,322	71,721	70,054
Total	213,790	200,384	198,865	199,702

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
Opening Fund Balance	9,161	5,708	65	14,934
Receipts:				
Taxes	41,149	5,823	42,795	89,767
Miscellaneous Receipts	1,775	14,877	379	17,031
Federal Receipts	0	357	72	429
Total Receipts	42,924	21,057	43,246	107,227
Disbursements:				
Local Assistance	61,041	15,693	0	76,734
State Operations:				
Personal Service	9,835	4,618	0	14,453
Non-Personal Service	2,553	2,231	24	4,808
General State Charges	8,435	1,083	0	9,518
Debt Service	0	0	6,707	6,707
Capital Projects	0	0	0	0
Total Disbursements	81,864	23,625	6,731	112,220
Other Financing Sources (Uses):				
Transfers from Other Funds	44,260	2,537	1,930	48,727
Transfers to Other Funds	(7,127)	54	(38,440)	(45,513)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	37,133	2,591	(36,510)	3,214
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	(1,807)	23	5	(1,779)
Closing Fund Balance	7,354	5,731	70	13,155

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	48,412	5,988	41,713	96,113
Miscellaneous Receipts	1,750	14,800	389	16,939
Federal Receipts	0	205	70	275
Total Receipts	50,162	20,993	42,172	113,327
Disbursements:				
Local Assistance	62,936	16,442	0	79,378
State Operations:				
Personal Service	9,386	4,834	0	14,220
Non-Personal Service	2,962	2,376	43	5,381
General State Charges	8,984	1,114	0	10,098
Debt Service	0	0	5,863	5,863
Capital Projects	0	0	0	0
Total Disbursements	84,268	24,766	5,906	114,940
Other Financing Sources (Uses):				
Transfers from Other Funds	41,093	2,587	1,736	45,416
Transfers to Other Funds	(7,285)	792	(38,003)	(44,496)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	33,808	3,379	(36,267)	920
Use (Reservation) of Fund Balance:				
Community Projects	4	0	0	4
Extraordinary Monetary Settlements	294	0	0	294
Total Use (Reservation) of Fund Balance	298	0	0	298
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	0	(394)	(1)	(395)

Source: NYS DOB.

CASH FINANCIAL PLAN STATE OPERATING FUNDS BUDGET FY 2024 (millions of dollars)				
	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	50,093	5,930	43,452	99,475
Miscellaneous Receipts	1,794	14,412	393	16,599
Federal Receipts	0	(17)	67	50
Total Receipts	51,887	20,325	43,912	116,124
Disbursements:				
Local Assistance	67,414	15,704	0	83,118
State Operations:				
Personal Service	9,527	4,797	0	14,324
Non-Personal Service	3,044	2,312	43	5,399
General State Charges	9,545	1,128	0	10,673
Debt Service	0	0	6,440	6,440
Capital Projects	0	0	0	0
Total Disbursements	89,530	23,941	6,483	119,954
Other Financing Sources (Uses):				
Transfers from Other Funds	42,091	2,610	1,791	46,492
Transfers to Other Funds	(6,720)	947	(39,207)	(44,980)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	35,371	3,557	(37,416)	1,512
Use (Reservation) of Fund Balance:				
Community Projects	3	0	0	3
Extraordinary Monetary Settlements	827	0	0	827
Total Use (Reservation) of Fund Balance	830	0	0	830
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	(1,442)	(59)	13	(1,488)

Source: NYS DOB.

CASH FINANCIAL PLAN STATE OPERATING FUNDS BUDGET FY 2025 (millions of dollars)				
	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	51,361	5,807	45,166	102,334
Miscellaneous Receipts	1,858	14,570	396	16,824
Federal Receipts	0	(17)	62	45
Total Receipts	53,219	20,360	45,624	119,203
Disbursements:				
Local Assistance	70,451	15,669	0	86,120
State Operations:				
Personal Service	9,558	4,851	0	14,409
Non-Personal Service	3,266	2,338	43	5,647
General State Charges	10,728	1,142	0	11,870
Debt Service	0	0	6,878	6,878
Capital Projects	0	0	0	0
Total Disbursements	94,003	24,000	6,921	124,924
Other Financing Sources (Uses):				
Transfers from Other Funds	44,950	2,634	1,839	49,423
Transfers to Other Funds	(6,698)	990	(40,531)	(46,239)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	38,252	3,624	(38,692)	3,184
Use (Reservation) of Fund Balance:				
Extraordinary Monetary Settlements	558	0	0	558
Total Use (Reservation) of Fund Balance	558	0	0	558
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	(1,974)	(16)	11	(1,979)

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
Opening Fund Balance	<u>9,161</u>	<u>10,669</u>	<u>(1,144)</u>	<u>65</u>	<u>18,751</u>
Receipts:					
Taxes	41,149	5,823	1,326	42,795	91,093
Miscellaneous Receipts	1,775	15,227	8,671	379	26,052
Federal Receipts	0	93,891	2,682	72	96,645
Total Receipts	<u>42,924</u>	<u>114,941</u>	<u>12,679</u>	<u>43,246</u>	<u>213,790</u>
Disbursements:					
Local Assistance	61,041	90,683	7,262	0	158,986
State Operations:					
Personal Service	9,835	5,446	0	0	15,281
Non-Personal Service	2,553	6,692	0	24	9,269
General State Charges	8,435	1,538	0	0	9,973
Debt Service	0	42	0	6,707	6,749
Capital Projects	0	0	8,629	0	8,629
Total Disbursements	<u>81,864</u>	<u>104,401</u>	<u>15,891</u>	<u>6,731</u>	<u>208,887</u>
Other Financing Sources (Uses):					
Transfers from Other Funds	44,260	2,537	4,251	1,930	52,978
Transfers to Other Funds	(7,127)	(6,614)	(1,305)	(38,440)	(53,486)
Bond and Note Proceeds	0	0	433	0	433
Net Other Financing Sources (Uses)	<u>37,133</u>	<u>(4,077)</u>	<u>3,379</u>	<u>(36,510)</u>	<u>(75)</u>
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	<u>(1,807)</u>	<u>6,463</u>	<u>167</u>	<u>5</u>	<u>4,828</u>
Closing Fund Balance	<u>7,354</u>	<u>17,132</u>	<u>(977)</u>	<u>70</u>	<u>23,579</u>

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	48,412	5,988	1,351	41,713	97,464
Miscellaneous Receipts	1,750	15,143	9,316	389	26,598
Federal Receipts	0	74,037	2,215	70	76,322
Total Receipts	50,162	95,168	12,882	42,172	200,384
Disbursements:					
Local Assistance	62,936	85,356	6,526	0	154,818
State Operations:					
Personal Service	9,386	5,520	0	0	14,906
Non-Personal Service	2,962	4,386	0	43	7,391
General State Charges	8,984	1,490	0	0	10,474
Debt Service	0	0	0	5,863	5,863
Capital Projects	0	0	9,818	0	9,818
Total Disbursements	84,268	96,752	16,344	5,906	203,270
Other Financing Sources (Uses):					
Transfers from Other Funds	41,093	2,587	4,364	1,736	49,780
Transfers to Other Funds	(7,285)	(3,512)	(1,489)	(38,003)	(50,289)
Bond and Note Proceeds	0	0	529	0	529
Net Other Financing Sources (Uses)	33,808	(925)	3,404	(36,267)	20
Use (Reservation) of Fund Balance:					
Community Projects	4	0	0	0	4
Extraordinary Monetary Settlements	294	0	0	0	294
Total Use (Reservation) of Fund Balance	298	0	0	0	298
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements					
	0	(2,509)	(58)	(1)	(2,568)

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2024
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	50,093	5,930	1,355	43,452	100,830
Miscellaneous Receipts	1,794	14,653	9,474	393	26,314
Federal Receipts	0	69,467	2,187	67	71,721
Total Receipts	51,887	90,050	13,016	43,912	198,865
Disbursements:					
Local Assistance	67,414	79,405	5,933	0	152,752
State Operations:					
Personal Service	9,527	5,485	0	0	15,012
Non-Personal Service	3,044	4,224	0	43	7,311
General State Charges	9,545	1,505	0	0	11,050
Debt Service	0	0	0	6,440	6,440
Capital Projects	0	0	10,163	0	10,163
Total Disbursements	89,530	90,619	16,096	6,483	202,728
Other Financing Sources (Uses):					
Transfers from Other Funds	42,091	2,610	4,031	1,791	50,523
Transfers to Other Funds	(6,720)	(3,248)	(1,539)	(39,207)	(50,714)
Bond and Note Proceeds	0	0	434	0	434
Net Other Financing Sources (Uses)	35,371	(638)	2,926	(37,416)	243
Use (Reservation) of Fund Balance:					
Community Projects	3	0	0	0	3
Extraordinary Monetary Settlements	827	0	0	0	827
Total Use (Reservation) of Fund Balance	830	0	0	0	830
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements					
	(1,442)	(1,207)	(154)	13	(2,790)

Source: NYS DOB.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	51,361	5,807	1,356	45,166	103,690
Miscellaneous Receipts	1,858	14,803	8,901	396	25,958
Federal Receipts	0	67,814	2,178	62	70,054
Total Receipts	53,219	88,424	12,435	45,624	199,702
Disbursements:					
Local Assistance	70,451	77,764	5,368	0	153,583
State Operations:					
Personal Service	9,558	5,536	0	0	15,094
Non-Personal Service	3,266	3,762	0	43	7,071
General State Charges	10,728	1,519	0	0	12,247
Debt Service	0	0	0	6,878	6,878
Capital Projects	0	0	9,741	0	9,741
Total Disbursements	94,003	88,581	15,109	6,921	204,614
Other Financing Sources (Uses):					
Transfers from Other Funds	44,950	2,634	3,874	1,839	53,297
Transfers to Other Funds	(6,698)	(4,585)	(1,671)	(40,531)	(53,485)
Bond and Note Proceeds	0	0	365	0	365
Net Other Financing Sources (Uses)	38,252	(1,951)	2,568	(38,692)	177
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	558	0	0	0	558
Total Use (Reservation) of Fund Balance	558	0	0	0	558
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	(1,974)	(2,108)	(106)	11	(4,177)

Source: NYS DOB.

**CASHFLOW
GENERAL FUND
FY 2022
(dollars in millions)**

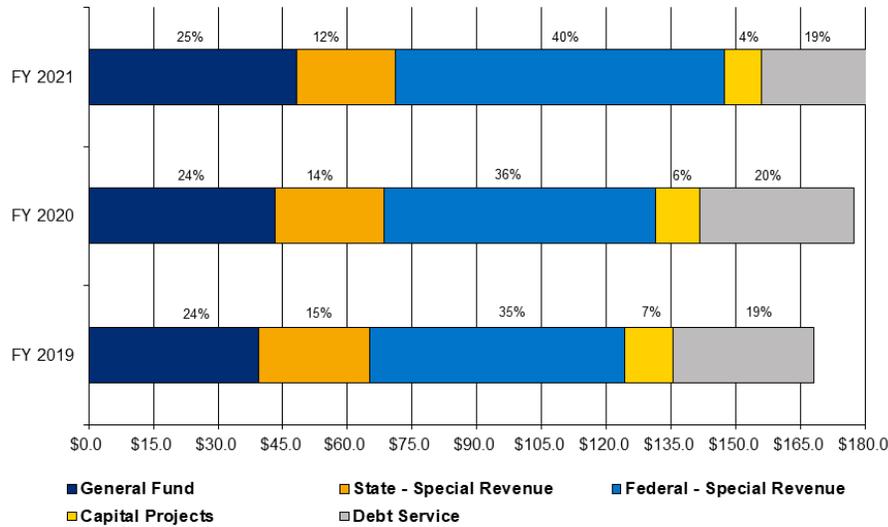
	2021 April Actuals	May Projected	June Projected	July Projected	August Projected	September Projected	October Projected	November Projected	December Projected	2022 January Projected	February Projected	March Projected	Total
OPENING BALANCE	9,161	12,218	9,664	9,698	9,306	8,435	11,438	9,528	6,673	7,163	11,412	9,055	9,161
RECEIPTS:													
Personal Income Tax	3,263	3,153	2,882	1,665	1,626	2,914	1,293	1,511	2,590	3,081	2,277	2,293	28,548
Consumption/Use Taxes	351	271	397	365	351	434	353	350	445	392	304	376	4,389
Business Taxes	730	46	1,159	92	37	1,204	100	36	1,297	103	37	2,145	6,986
Other Taxes	121	115	100	100	100	100	99	99	99	98	98	97	1,226
Total Taxes	4,465	3,585	4,538	2,222	2,114	4,652	1,845	1,996	4,431	3,674	2,716	4,911	41,149
Abandoned Property	0	0	0	0	5	30	35	200	0	30	10	140	450
ABC License Fee	5	6	6	6	6	6	6	5	6	5	5	4	66
Investment Income	2	2	2	2	2	2	2	2	2	2	2	2	24
Licenses, Fees, etc.	77	35	55	20	45	50	25	35	45	15	35	66	503
Motor Vehicle Fees	20	25	9	26	18	18	25	7	30	21	13	34	246
Reimbursements	64	0	15	0	0	15	0	0	15	0	0	(39)	70
Extraordinary Settlements	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Transactions	5	13	61	16	15	82	35	13	61	12	17	86	416
Total Miscellaneous Receipts	173	81	148	70	91	203	128	262	159	85	82	293	1,775
Federal Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0
PIT in Excess of Revenue Bond Debt Service	3,263	3,153	2,882	1,394	895	2,948	1,293	1,336	2,664	3,214	(652)	2,334	24,724
ECEP in Excess of Revenue Bond Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	3
Tax in Excess of LGAC	297	227	346	298	303	377	297	300	398	325	271	338	3,777
Sales Tax Bond Fund	573	428	667	570	581	735	559	565	761	614	505	670	7,228
Real Estate Taxes in Excess of CW/CA Debt Service	87	77	79	79	72	79	67	72	72	72	71	58	898
All Other	108	152	221	197	147	454	149	179	174	190	288	5,371	7,630
Total Transfers from Other Funds	4,328	4,037	4,195	2,538	2,013	4,593	2,365	2,452	4,066	4,415	483	8,773	44,260
TOTAL RECEIPTS	8,966	7,703	8,881	4,830	4,218	9,448	4,338	4,710	8,658	8,174	3,281	13,977	87,184
DISBURSEMENTS:													
School Aid	449	3,766	2,191	423	685	1,686	1,108	1,685	2,280	726	894	8,919	24,812
Higher Education	27	19	1,084	227	49	149	191	27	183	32	333	622	2,943
All Other Education	33	103	231	604	32	76	156	64	436	30	147	477	2,389
Medicaid - DOH	2,745	1,874	556	1,564	1,733	1,165	1,434	1,686	827	1,580	648	52	15,864
Public Health	12	147	37	60	59	42	40	53	36	26	48	(4)	556
Mental Hygiene	32	61	826	176	112	855	118	173	870	109	632	551	4,515
Children and Families	(4)	22	116	97	97	297	97	97	241	97	97	242	1,696
Temporary & Disability Assistance	48	112	137	114	112	152	128	127	152	128	127	161	1,498
Transportation	9	26	12	6	19	0	0	25	12	0	14	0	123
Unrestricted Aid	0	46	391	3	2	55	9	2	189	2	2	67	768
All Other	27	202	333	132	159	214	603	651	639	621	672	1,624	5,877
Total Local Assistance	3,378	6,578	5,914	3,406	3,059	4,691	3,884	4,590	5,865	3,351	3,614	12,711	61,041
Personal Service	708	859	738	873	712	898	771	774	842	802	770	1,088	9,835
Non-Personal Service	137	244	228	(74)	227	230	419	386	(84)	386	390	98	2,553
Total State Operations	845	1,103	966	799	939	1,128	1,190	1,126	758	1,188	1,160	1,186	12,388
General State Charges	810	2,277	512	484	416	538	506	418	755	467	577	675	8,435
Debt Service	163	0	0	41	(2)	(3)	66	0	(1)	160	(15)	(17)	392
Capital Projects	486	253	684	231	580	16	506	1,241	667	(1,291)	255	235	3,863
SUNY Operations	113	4	614	221	4	4	4	75	40	4	4	215	1,301
Other Purposes	114	43	157	40	93	71	92	115	84	46	43	673	1,571
Total Transfers to Other Funds	876	299	1,455	533	675	88	668	1,431	790	(1,081)	287	1,106	7,127
TOTAL DISBURSEMENTS	5,909	10,257	8,847	5,222	5,089	6,445	6,248	7,565	8,168	3,925	5,638	15,678	88,991
Excess/(Deficiency) of Receipts over Disbursements	3,057	(2,554)	34	(392)	(871)	3,003	(1,910)	(2,855)	490	4,249	(2,357)	(1,701)	(1,807)
CLOSING BALANCE	12,218	9,664	9,698	9,306	8,435	11,438	9,528	6,673	7,163	11,412	9,055	7,354	7,354

Source: NYS DOB.

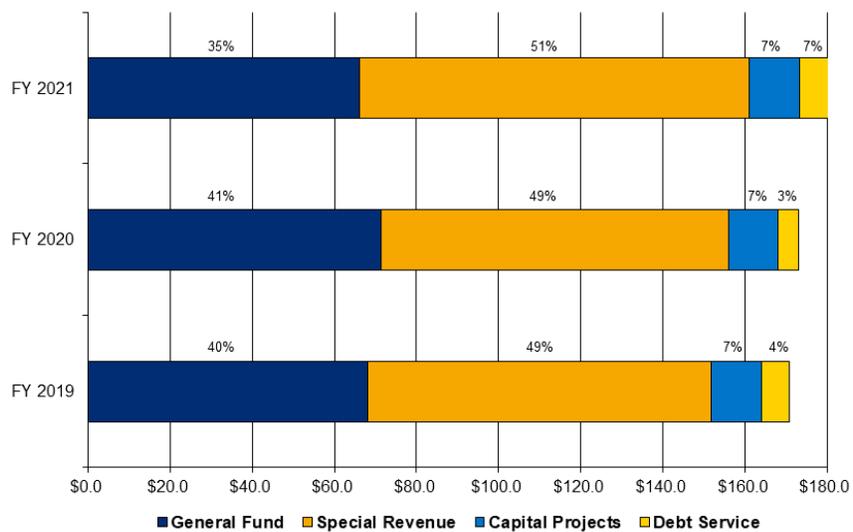
Prior Fiscal Years

The following six charts show the composition of the State’s governmental funds, State Operating Funds and the General Fund as of March 31, 2021. Following the tables is a summary of the cash-basis results for the State's three most recent fiscal years.

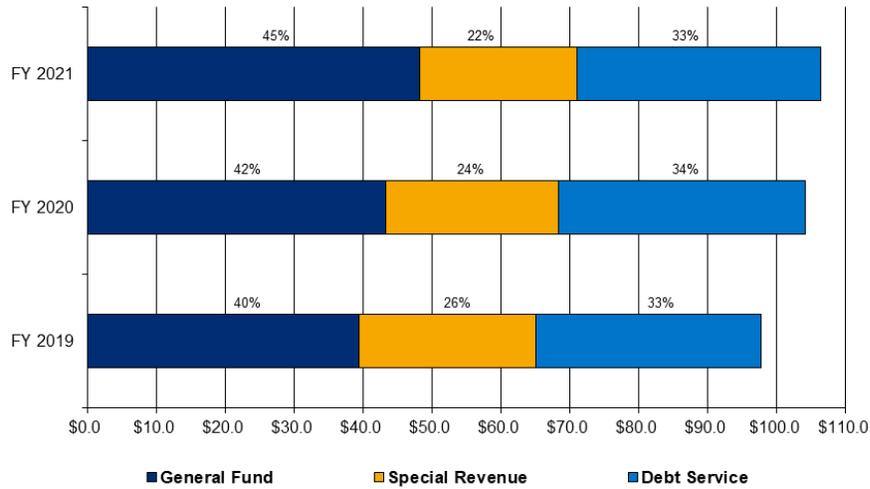
Governmental Funds Receipts
State Fiscal Years 2019, 2020 and 2021
(billions of dollars)



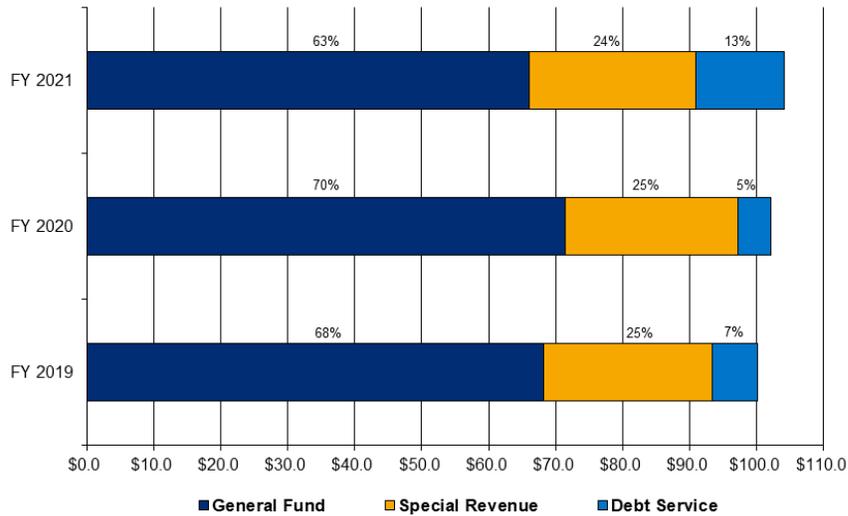
Governmental Funds Disbursements
State Fiscal Years 2019, 2020 and 2021
(billions of dollars)



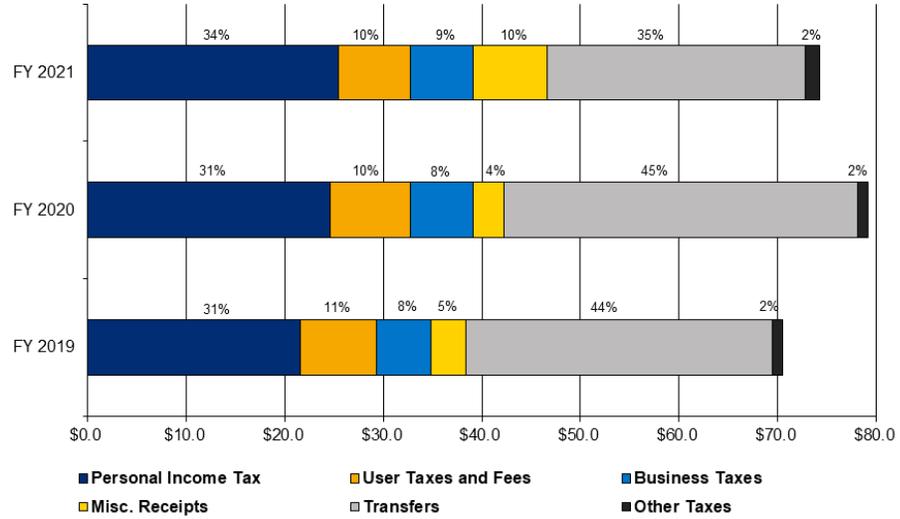
State Operating Funds Receipts
State Fiscal Years 2019, 2020 and 2021
 (billions of dollars)



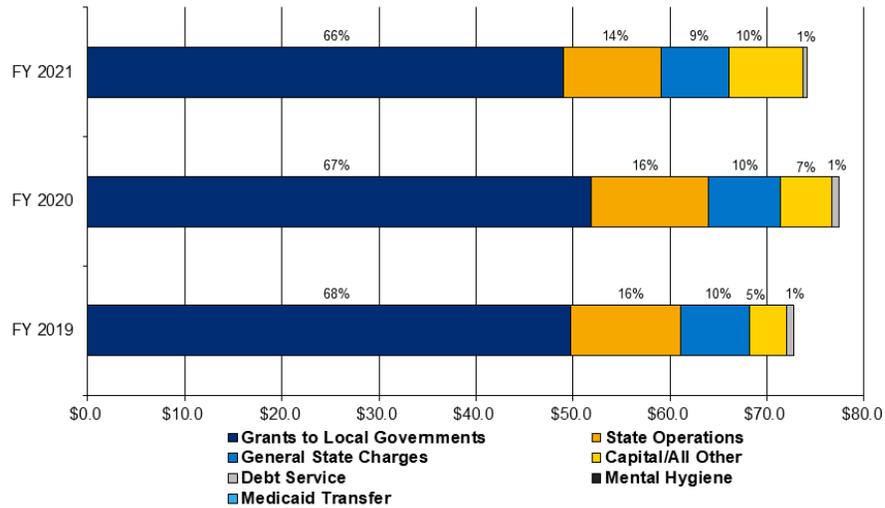
State Operating Funds Disbursements
State Fiscal Years 2019, 2020 and 2021
 (billions of dollars)



General Fund Receipts and Transfers by Source
State Fiscal Years 2019, 2020 and 2021
 (billions of dollars)



General Fund Disbursements and Transfers by Type
State Fiscal Years 2019, 2020 and 2021
 (billions of dollars)



The State reports its financial results on the cash basis of accounting, showing receipts and disbursements; and the GAAP basis (including modified accrual and full accrual), as prescribed by GAAP, showing revenues and expenditures. With the exception of FY 2021 financial results, the State's GAAP-basis financial results set forth in this section have been audited. Note that the FY 2021 financial results included in this AIS are preliminary and unaudited.

Cash-Basis Results for Prior Fiscal Years

General Fund FY 2019 Through FY 2021

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

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

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

COMPARISON OF GENERAL FUND RECEIPTS AND DISBURSEMENTS
FY 2019 THROUGH FY 2021
(millions of dollars)

	FY 2019	FY 2020	FY 2021
OPENING FUND BALANCE	<u>9,445</u>	<u>7,206</u>	<u>8,944</u>
<i>Personal Income Tax</i> ⁽¹⁾	21,621	24,646	25,456
<i>Consumption/User Taxes:</i>			
Sales and Use Tax ⁽²⁾	7,091	7,447	6,639
Cigarette and Tobacco Tax	328	313	310
Alcoholic Beverage Taxes	262	259	271
Opioid Excise Tax	0	19	30
Subtotal	<u>7,681</u>	<u>8,038</u>	<u>7,250</u>
<i>Business Taxes:</i>			
Corporation Franchise Tax	3,410	3,791	3,890
Corporation and Utilities Taxes	495	518	417
Insurance Taxes	1,638	2,053	1,976
Bank Tax	(42)	8	137
Subtotal	<u>5,501</u>	<u>6,370</u>	<u>6,420</u>
<i>Other Taxes:</i>			
Estate and Gift Taxes	1,068	1,070	1,538
Pari-mutuel Tax	15	14	10
Other Taxes	3	3	1
Subtotal	<u>1,086</u>	<u>1,087</u>	<u>1,549</u>
<i>Miscellaneous Receipts & Federal Grants</i>	3,586	3,159	7,515
<i>Transfers from Other Funds:</i>			
PIT in excess of Revenue Bond debt service ⁽¹⁾	21,346	25,862	18,578
Sales Tax in excess of Revenue Bond debt service	2,653	2,762	1,278
Sales Tax in Excess of LGAC Debt Service	3,113	3,417	3,238
All Other Transfers	3,957	3,866	3,028
Subtotal	<u>31,069</u>	<u>35,907</u>	<u>26,122</u>
TOTAL RECEIPTS	<u>70,544</u>	<u>79,207</u>	<u>74,312</u>
<i>Grants to Local Governments:</i>			
School Aid	23,080	23,521	23,127
Medicaid - DOH	14,340	16,071	13,871
All Other Local Aid	12,325	12,271	11,984
<i>State Operations:</i>			
Personal Service	8,719	8,940	7,154
Non-Personal Service	2,622	3,114	2,950
General State Charges	7,139	7,454	7,032
<i>Transfers to Other Funds:</i>			
In Support of Debt Service	786	736	326
In Support of Capital Projects	1,888	3,128	4,540
State Share Medicaid ⁽³⁾	(29)	0	0
Mental Hygiene Facilities ⁽³⁾	0	0	0
SUNY Operations	1,020	1,179	1,229
All Other Transfers	893	1,055	1,883
Subtotal	<u>4,558</u>	<u>6,098</u>	<u>7,978</u>
TOTAL DISBURSEMENTS	<u>72,783</u>	<u>77,469</u>	<u>74,095</u>
Excess (Deficiency) of Receipts and Other Financing Sources over Disbursements and Other Financing Uses	<u>(2,239)</u>	<u>1,738</u>	<u>217</u>
CLOSING FUND BALANCE	<u>7,206</u>	<u>8,944</u>	<u>9,161</u>

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

- (1) Excludes personal income tax receipts that flow into the Revenue Bond Tax Fund (RBTF) in the first instance and are then transferred to the General Fund after debt service obligation is satisfied.
- (2) Excludes sales tax in excess of LGAC Debt Service and Sales Tax Revenue Bond Fund.
- (3) Reflects the reclassification in FY 2019 of certain mental hygiene spending from special revenue funds to the General Fund. As a result of the reclassification that began in FY 2019, the State share of mental hygiene Medicaid is transferred within the General Fund, rather than out of the General Fund to a Special Revenue Fund.

FY 2021

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

FY 2020

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

FY 2019

The State ended FY 2019 in balance on a cash basis in the General Fund. General Fund receipts, including transfers from other funds, totaled \$70.5 billion. General Fund disbursements, including transfers to other funds, totaled \$72.8 billion. The State ended FY 2019 with a General Fund balance of \$7.2 billion, a decrease of \$2.2 billion from FY 2018 results. The decline in the fund balance is largely attributable to the use of \$1.9 billion in cash received in FY 2018. These funds are related to the acceleration of an estimated \$1.9 billion in PIT payments as taxpayers responded to the \$10,000 limit on SALT deductibility of income and property taxes enacted by Congress and effective for tax year 2018. In addition, the Extraordinary Monetary Settlements balance has declined consistent with planned spending.

State Operating Funds FY 2019 Through FY 2021

State Operating Funds is composed of the General Fund, State special revenue funds and debt service funds. The State Operating Funds perspective is primarily intended as a measure of State-financed spending. Similar to the General Fund, spending growth in State Operating Funds in recent years has also been limited.

FY 2021

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

FY 2020

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

FY 2019

State Operating Funds receipts totaled \$97.7 billion in FY 2019, a decrease of \$1.7 billion over the FY 2018 results. Disbursements totaled \$100.1 billion in FY 2019, an increase of \$2.0 billion or 2 percent from the FY 2018 results. The State ended FY 2019 with a State Operating Funds cash balance of \$12.4 billion.

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

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

Source: NYS DOB.

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

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

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

Source: NYS DOB.

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

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2019
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	9,445	4,009	153	13,607
Receipts:				
Taxes	35,889	6,121	32,134	74,144
Miscellaneous Receipts	3,586	19,466	433	23,485
Federal Receipts	0	(1)	74	73
Total Receipts	<u>39,475</u>	<u>25,586</u>	<u>32,641</u>	<u>97,702</u>
Disbursements:				
Local Assistance	49,745	16,432	0	66,177
State Operations:				
Personal Service	8,719	4,968	0	13,687
Non-Personal Service	2,622	2,710	38	5,370
General State Charges	7,139	1,065	0	8,204
Debt Service	0	0	6,699	6,699
Capital Projects	0	0	0	0
Total Disbursements	<u>68,225</u>	<u>25,175</u>	<u>6,737</u>	<u>100,137</u>
Other Financing Sources (Uses):				
Transfers from Other Funds*	31,069	1,906	3,537	36,512
Transfers to Other Funds*	(4,558)	(1,235)	(29,529)	(35,322)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	<u>26,511</u>	<u>671</u>	<u>(25,992)</u>	<u>1,190</u>
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	<u>(2,239)</u>	<u>1,082</u>	<u>(88)</u>	<u>(1,245)</u>
Closing Fund Balance	<u>7,206</u>	<u>5,091</u>	<u>65</u>	<u>12,362</u>

Source: NYS DOB.

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

All Funds FY 2019 Through FY 2021

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

FY 2021

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

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

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

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

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

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

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

Other significant variances in local assistance spending include:

- Timing delays attributable to the ongoing payment review and withholding process, as well as claiming and processing delays. Impacted areas include student financial aid (\$148 million), Preschool Special Education and Summer School Special Education programs (\$189 million), Non-Public School Aid (\$137 million) and various other education programs (\$162 million).
- General Aid payments for School Aid (\$190 million) reflect lower expense-based aid claims and the offset of a portion of State support to school districts with Federal CARES Act funds. The portion of School Aid supported by Lottery revenues also declined (\$186 million) due to lower receipt projections.
- TRS payments (\$238 million) reflect a lower employer contribution rate consistent with the forecasted pension portfolio.
- STAR (\$157 million lower) reflects the transition of beneficiaries from the STAR benefit program to the STAR PIT credit.

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

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

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

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

FY 2020

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

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

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

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

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

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

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

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

decrease in Medicaid spending with a commensurate increase in mental hygiene spending (\$1 billion). Higher School Aid spending includes the authorized 3.8 percent State aid increase.

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

- Transportation (\$449 million lower) included one-time payments made to the MTA in FY 2019 for the MTA Subway Action Plan (\$194 million), and a final payment of payroll mobility tax collections attributable to FY 2018 (\$135 million).
- STAR (\$239 million lower) reflects the transition of beneficiaries from the STAR Exemption program to a STAR Personal Income Tax credit.
- Public Health (\$282 million higher) due to higher CHP disbursements related to the Medicaid eligible immigrant population.
- All Other Education (\$176 million higher) largely related to the timing of payments for nonpublic school aid (\$77 million), charter schools (\$55 million) and preschool special education programs (\$44 million).

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

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

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

FY 2019

All Funds receipts were \$2.6 billion (1.6 percent) higher than the prior year, comprising \$3.7 billion in lower tax receipts (4.7 percent), which was more than offset by \$3.9 billion in higher miscellaneous receipts and \$2.4 billion in additional Federal aid.

PIT receipts decreased by \$3.4 billion (6.6 percent) due to a significant decline in current estimated payments (related to taxpayer response to the cap on SALT deductions) and growth in credits paid for property tax relief and STAR programs. The decrease was partially offset by modest growth in withholding receipts, and a decline in total Tax Year 2017 current refunds as the result of a nearly \$500 million year over year increase in the FY 2018 administrative refund cap.

The declines in all other taxes includes the direct remittance of the PMT collections to the MTA beginning in FY 2019, which previously passed-through the State and were thus included in the FY 2018 receipts (\$1.4 billion). In addition, estate tax payments were lower due to year-over-year decreases in the number of super-large estate tax payments. These declines were partly offset by higher Consumption/User tax collections (\$645 million) due to growth in sales tax and the return to more normal refund levels for HUT. Business taxes were also higher than prior-year (\$748 million) due to higher gross receipts and lower refunds, partially offset by lower audits.

Miscellaneous receipts were \$3.9 billion (14.4 percent) higher in the current year mainly due to the receipt of a payment from Fidelis Care pursuant to the sale of substantially all its assets to Centene Corporation (\$1 billion); unplanned extraordinary settlement moneys (\$328 million); HCRA receipts (\$136 million), Lottery (\$94 million), Licenses and Fees (\$74 million), revenues deposited into the newly created Charitable Gifts Trust Fund (\$93 million) and increases in various fees deposited to Special Revenue funds across multiple agencies. Higher bond proceed reimbursements (\$1.8 billion) were primarily associated with DOT and SUNY and were partly offset by the lower receipts from ESDC.

Federal grants were \$2.4 billion higher, consistent with Federal operating aid disbursements described below.

All Funds spending was \$7.1 billion (4.4 percent) higher than FY 2018. The increase resulted largely from higher Federal operating spending (\$3.5 billion), higher State Operating Funds spending (\$2.0 billion) and higher Capital Projects Fund spending (\$1.6 billion).

State Operating Funds spending totaled \$100.1 billion, an increase of nearly \$2 billion (2 percent) compared to the prior year. Growth in School Aid (\$946 million) and Medicaid (\$888 million) was partially offset by lower aggregate spending in all other programs and purposes.

School Aid spending growth is largely due to an increase in General Aid payments (\$905 million) and the timing of SUFPK aid payments to New York City which were delayed from FY 2018 to FY 2019 (\$228 million). These increases were partially offset by lower spending for Teachers' Retirement (\$221 million).

Medicaid Program growth is largely due to increased enrollment and utilization of the program (\$1.5 billion). In particular, enrollment in the Managed Long Term Care program which generally serves a more expensive population experienced growth of roughly 13 percent over the prior year. These increases are partially offset by credits of \$427 million, including prescription drug rebates for Medicaid recipients. Other savings were realized from the ACA tax reconciliation and use of tobacco settlement funds to partially offset the costs of the State's takeover of local Medicaid growth (\$427 million).

Lower other local assistance spending was primarily related to the direct flow of PMT collections to the MTA, which previously passed through the State and was included in the FY 2018 results, and the transition of STAR from a spending program into a PIT tax credit.

Executive agency operations spending growth reflects certain transportation operating costs that were moved from the DHBTF to the General Fund beginning in the current year (\$291 million). Excluding these costs, Executive agency operations declined. Operating spending for elected officials increased due to personal service costs associated with collectively bargained retroactive payments. SUNY costs reflect retroactive salary payments that were more than offset by a change in accounting for campus funded scholarship payments.

Higher fringe benefits spending is driven by planned cost increases for the State's share of employee health insurance and workers compensation payments.

Higher debt service spending is mostly attributable to the prepayment of FY 2020 obligations at the end of FY 2019.

Capital Projects Fund spending increases reflect higher expenses for the MTA (\$674 million), DOH (\$138 million), State and Municipalities projects (\$137 million), ESDC (\$159 million), and DEC (\$225 million).

Growth in Federal operating aid spending was driven mainly by:

- Medicaid (\$2.3 billion) program growth consistent with the summary above, as well as payments to providers serving a disproportionate share of low income individuals;
- Social Services (\$609 million) timing of payments related to Child Care (\$385 million), Flexible Fund for Family Services (\$198 million), and public assistance benefit payments (\$55 million); offset by lower Supplemental Nutrition Assistance Program (SNAP) payments (\$54 million);
- School Aid (\$396 million) increases in Federal Every Student Succeeds Act (ESSA) grants;
- Medicaid Administration (\$315 million) resolution of FY 2016 CMS deferrals; and
- Special Education (\$271 million) Individuals with Disabilities in Education (IDEA) flow-through grants.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	8,944	6,312	(1,035)	63	14,284
Receipts:					
Taxes	40,675	5,576	1,176	34,949	82,376
Miscellaneous Receipts	7,515	17,375	5,481	401	30,772
Federal Receipts	0	76,124	1,954	74	78,152
Total Receipts	48,190	99,075	8,611	35,424	191,300
Disbursements:					
Local Assistance	48,981	80,549	5,241	0	134,771
State Operations:					
Personal Service	7,154	7,639	0	0	14,793
Non-Personal Service	2,950	4,363	0	62	7,375
General State Charges	7,032	2,228	0	0	9,260
Debt Service	0	102	0	13,196	13,298
Capital Projects	0	0	7,090	0	7,090
Total Disbursements	66,117	94,881	12,331	13,258	186,587
Other Financing Sources (Uses):					
Transfers from Other Funds	26,122	3,088	4,855	3,224	37,289
Transfers to Other Funds	(7,978)	(2,727)	(1,447)	(25,388)	(37,540)
Bond and Note Proceeds	0	0	203	0	203
Net Other Financing Sources (Uses)	18,144	361	3,611	(22,164)	(48)
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	217	4,555	(109)	2	4,665
Closing Fund Balance	9,161	10,867	(1,144)	65	18,949

Source: NYS DOB.

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

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

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2019
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	9,445	4,302	(1,151)	153	12,749
Receipts:					
Taxes	35,889	6,121	1,434	32,134	75,578
Miscellaneous Receipts	3,586	19,668	7,497	433	31,184
Federal Receipts	0	58,920	2,350	74	61,344
Total Receipts	<u>39,475</u>	<u>84,709</u>	<u>11,281</u>	<u>32,641</u>	<u>168,106</u>
Disbursements:					
Local Assistance	49,745	72,453	5,234	0	127,432
State Operations:					
Personal Service	8,719	5,605	0	0	14,324
Non-Personal Service	2,622	4,104	0	38	6,764
General State Charges	7,139	1,485	0	0	8,624
Debt Service	0	0	0	6,699	6,699
Capital Projects	0	0	7,032	0	7,032
Total Disbursements	<u>68,225</u>	<u>83,647</u>	<u>12,266</u>	<u>6,737</u>	<u>170,875</u>
Other Financing Sources (Uses):					
Transfers from Other Funds	31,069	1,906	2,219	3,537	38,731
Transfers to Other Funds	(4,558)	(3,428)	(1,354)	(29,529)	(38,869)
Bond and Note Proceeds	0	0	133	0	133
Net Other Financing Sources (Uses)	<u>26,511</u>	<u>(1,522)</u>	<u>998</u>	<u>(25,992)</u>	<u>(5)</u>
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	<u>(2,239)</u>	<u>(460)</u>	<u>13</u>	<u>(88)</u>	<u>(2,774)</u>
Closing Fund Balance	<u>7,206</u>	<u>3,842</u>	<u>(1,138)</u>	<u>65</u>	<u>9,975</u>

Source: NYS DOB.

GAAP-Basis Results for Prior Fiscal Years

The Comptroller prepares Basic Financial Statements and Other Supplementary Information, including a management discussion and analysis, on a GAAP basis for governments as promulgated by the GASB. The Basic Financial Statements and Other Supplementary Information are released in July each year. These statements are audited by independent certified public accountants. The State expects to issue the Basic Financial Statements for FY 2021 on July 29, 2021. The Comptroller also prepares and issues an Annual Comprehensive Financial Report (ACFR), which, in addition to the components referred to above, also includes an introductory section and a statistical section. The ACFR for the fiscal year ended March 31, 2021 is expected to be issued later in the current calendar year.

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

COMPARISON OF ACTUAL GAAP-BASIS OPERATING RESULTS SURPLUS/(DEFICIT) (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, 2020	355	(296)	(900)	(79)	(920)	3,736
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

SUMMARY OF NET POSITION (millions of dollars)			
Fiscal Year Ended	Governmental Activities	Business-Type Activities	Total Primary Government
March 31, 2020	(5,240)	(8,375)	(13,615)
March 31, 2019	(4,127)	(8,334)	(12,461)
March 31, 2018	(3,320)	(8,489)	(11,809)

The ACFR for the fiscal year ended March 31, 2020 and ACFRs related to prior fiscal years can be obtained from the Office of the State Comptroller, 110 State Street, Albany, NY 12236 or at the Office of the State Comptroller's website at www.osc.state.ny.us. The Basic Financial Statements can also be accessed through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system website at www.emma.msrb.org.

Economics and Demographics

The demographic and statistical data in this section, which have been obtained from the sources indicated, do not represent all factors which may have a bearing on the State's fiscal and economic affairs. Further, such information requires economic and demographic analysis in order to assess its significance and may be interpreted differently by individual experts. Note that DOB has chosen to provide certain economic and demographic analysis updated through the date of this AIS, although continuing disclosure requirements for this AIS require analysis only through March 31, 2021.

The U.S. and Global Economy

The International Monetary Fund (IMF) revised its global economic outlook upward for 2021 and 2022 in its April 2021 report, compared to the January 2021 outlook.¹⁵ The upward revision reflects additional fiscal support in a few large economies and growing vaccine coverage worldwide. However, new viral mutations and the accumulating human and economic toll keep global prospects highly uncertain one year after the onset of the pandemic. There is still considerable downside risk to international trade, particularly among those sectors hit hardest by the COVID-19 pandemic.

The third estimate of U.S. real GDP for the fourth quarter of 2020 concluded an unprecedented year in U.S. economic history. Real GDP plummeted 31.4 percent in the second quarter of 2020 after a decline of 5.0 percent in the first quarter. It reached a trough in April 2020 and then surged a record-breaking 33.4 percent in the third quarter. After growing another 4.3 percent in the fourth quarter of 2020, the level of real GDP was 2.4 percent below its peak level reached in the fourth quarter of 2019. Overall, real GDP growth for 2020 fell 3.5 percent, the weakest annual growth rate since 1946.

Coming into 2021, the \$600 stimulus checks sent out in January (as a part of the Consolidated Appropriation Act of 2021 enacted at the end of 2020) provided the second round of income support as the first round from the Coronavirus Aid, Relief, and Economic Security (CARES) Act dissipated. Consumer spending in January 2021 showed an immediate lift as a result. In March 2021, the \$1.9 trillion American Rescue Plan (ARP) was signed into law, leading to a larger boost in the U.S. economic outlook.

U.S. Economic Forecast¹⁶

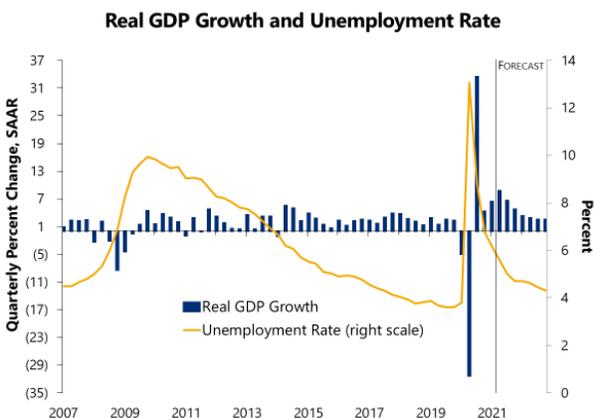
The nation has experienced a faster-than-expected vaccine rollout, a broader reopening of the economy, and a new round of fiscal stimulus under the ARP Act. As a result, the U.S. economy is projected to recover rapidly over the next couple of years. The Bureau of Economic Analysis (BEA) estimates that real GDP increased at an annual rate of 6.4 percent in the first quarter of 2021, accelerating from a growth of 4.3 percent in the fourth quarter of 2020. Real GDP growth for 2021

¹⁵ International Monetary Fund: <https://www.imf.org/en/publications/weo>.

¹⁶ The DOB's Enacted U.S. economic forecast incorporates the third estimate of 2020 fourth-quarter GDP, the February 2021 personal income and outlays estimates, the March 2021 CPI report, and the initial estimate of March 2021 employment.

is projected at 6.0 percent. The real GDP level is expected to recover to its previous peak (reached in the fourth quarter of 2019) by the second quarter of 2021. Real GDP growth for 2022 is projected at 4.1 percent. The real GDP for 2021 is expected to be fueled by consumer demand and government spending thanks to the ARP Act. Such robust demand growth will, in turn, drive up business investment in 2022. As other countries gradually weather the pandemic and international tourism starts to recover in 2022, exports are also expected to catch up.

Nonfarm payroll employment rose robustly in March 2021 after stalling at the end of 2020. In April 2021, monthly job gains slowed to 266,000 from 770,000 in March 2021, indicating that the pandemic's damaging effects on the labor market are still widespread. The payroll count in April 2021 was 8.2 million below its previous peak in February 2020. Aided by a further reopening of service sectors and an easing of temporary supply shortages, total nonfarm employment is now projected to grow by 3.2 percent for 2021. With an additional 3.2 percent growth projected for 2022, total nonfarm employment is expected to reach a full recovery by the second half of 2022.



The civilian unemployment rate decreased to 6.0 percent in March 2021 and edged up to 6.1 percent in April 2021 with an increase in the labor force. This rate is down considerably from its peak of 14.8 percent in April 2020 and is projected to continue edging lower, reaching an estimated 4.7 percent in the fourth quarter of 2021 and 4.3 percent in the fourth quarter of 2022. According to the index of weekly payrolls of private employment for March and April 2021, wage growth is picking up rapidly. Therefore, the growth in wages and salaries for 2021 is forecast at 7.0 percent. Personal income growth in 2021 is expected to increase because of the third round of stimulus checks and the extended unemployment insurance benefits included in the ARP. These provisions, amongst others, are expected to boost non-wage income components.

Consumer prices in both goods and services have been pushed higher since February 2021 due to rebounding energy prices, supply chain disruptions, and the reopening of service sectors. The headline CPI inflation rose to 3.7 percent at an annual rate in the first quarter of 2021. Such upward price pressure is expected to continue into the second quarter of 2021, as those sectors hit hardest by the pandemic continue to recover, and the stimulus checks continue to boost demand. As a result, CPI inflation is forecast at 2.8 percent in 2021, while CPI inflation for 2022 is forecast to

remain at 2.3 percent. However, these inflationary pressures are considered transitory, and thus the Federal Reserve Bank is not likely to raise its target rate before 2023.

ECONOMIC INDICATORS FOR THE UNITED STATES (Calendar Year)						
	2016	2017	2018	2019	2020	2021 ¹
Gross Domestic Product						
Nominal (\$ billions)	\$18,745.1	\$19,543.0	\$20,611.9	\$21,433.2	\$20,936.6	\$22,675.4
Percent Change	2.8	4.3	5.5	4.0	(2.3)	8.3
Real (\$ billions)	\$17,730.5	\$18,144.1	\$18,687.8	\$19,091.7	\$18,426.1	\$19,529.3
Percent Change	1.7	2.3	3.0	2.2	(3.5)	6.0
Personal Income (\$ billions)	\$16,160.7	\$16,948.6	\$17,851.8	\$18,551.5	\$19,691.0	\$20,799.9
Percent Change	2.8	4.9	5.3	3.9	6.1	5.6
Nonfarm Employment (millions)	144.3	146.6	148.9	150.9	142.3	146.7
Percent Change	1.8	1.6	1.6	1.4	(5.7)	3.2
Unemployment Rate (%)	4.9	4.3	3.9	3.7	8.1	5.4
Consumer Price Index (1982-84=100)	240.0	245.1	251.1	255.7	258.8	266.1
Percent Change	1.3	2.1	2.4	1.8	1.2	2.8

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

¹As projected by DOB, based on National Income and Product Account, employment and CPI data released through March 2021.

The ARP provided a third round of stimulus payments, up to \$1,400 for adults and any dependent. Given that most stimulus payments were distributed in March 2021, real consumption growth for March shot up once again. This spike was larger than January's because the rapid vaccine rollout also enabled many states to relax containment measures. After a surge in the first quarter of 2021, personal income is projected to fall back as the disbursement of COVID-19 relief payments from the two most recent fiscal stimulus bills concludes. But consumption is expected to remain strong as households continue to feel more comfortable going out to spend and reducing their saving back to more normal pre-pandemic levels. Moreover, the ARP's extension of unemployment benefits and its generous child tax credits will keep incomes elevated above their pre-pandemic level through the rest of 2021. Therefore, real consumption is forecast to grow rapidly at 6.8 percent in 2021, after a 3.9 percent drop in 2020. This strong growth is expected to continue, with a growth rate of 4.4 percent in 2022.

The residential housing market evolved into an economic bright spot in 2020 as residential building activities resumed early in the summer. The pandemic has led to an increase in demand for more spacious houses in suburban areas. This rise in housing demand coupled with record-low inventories have boosted home prices. Prices of construction materials are also soaring, due largely to supply chain disruptions. In addition, the 30-year mortgage rate has risen nearly 50 basis points since January 2021, to 3.13 percent in mid-April 2021. These countervailing forces are likely to cool down the housing market going forward. Based on these factors, real residential investment is forecast to surge from a 6.1 percent gain in 2020 to 12.7 percent in 2021, followed by a 0.2 percent decline in 2022.

While residential investment is expected to experience moderate growth, nonresidential investment is expected to remain strong. After a decline of 4.0 percent in 2020, real nonresidential fixed investment is forecast to rise 6.5 percent in 2021 and 4.9 percent in 2022. The main driver of robust growth in business investment is strong consumer demand, fueled by the fiscal stimulus and the reopening of the economy. In addition, aircraft investment has started to rebound as the Boeing 737 Max aircraft resumed flying and production. This positive momentum is expected to continue as air travel restrictions ease and travel demand rebounds. The jump in global oil prices is expected to help mining structures investment recover quickly in 2021. However, elevated office vacancies and continued weakness in other commercial properties are expected to weigh heavily on non-mining structures investment.

Risks

The principal upside risk to the forecast is a further fiscal expansion. The Biden Administration has proposed the American Jobs Plan (AJP), initially valued at over \$2 trillion, to rebuild infrastructure and create new jobs. As this plan continues to take shape, its potential effect on the economy remains uncertain. However, if passed by the Congress, the AJP could lift U.S. GDP growth in the next several years. The downside risks to the forecast include rapidly spreading viral mutations, prolonged business and labor market disruptions, anemic global economic growth, commodity and oil price instability, a stock market correction, the elevated Federal budget deficit, and mounting debt burden.

The New York State Economy¹⁷

After unprecedented employment declines during March and April of 2020, New York State's steady job recovery that began in May 2020 came to a halt in December. Following an employment decline of 30,300 in December, the State experienced job growth for the first three months of 2021 based on the most recent release of Current Employment Statistics (CES) data. Over these past six months, the slowdown in the job recovery was due largely to a seasonal surge in confirmed COVID-19 cases. As before, this latest wave resulted in the tightening of restrictions on restaurants, bars, and other industries where social distancing remains a challenge. However, the rapid distribution of the vaccine and the \$1.9 trillion fiscal stimulus from the ARP have improved the State's job outlook. The ARP provided an additional \$7.25 billion for the Paycheck Protection Program (PPP), making for a total authorization of \$960.3 billion since March 2020. To date, New York entities have received 7.5 percent of the total nationwide loan amount. These loans are expected to help retain jobs and aid with the overall recovery.

The State experienced double-digit job declines on a year-over-year basis during the first three quarters of FY 2021. As a result, DOB forecasts an employment decline of 12.4 percent for FY 2021. However, the ARP stimulus is expected to boost employment growth to 9.1 percent for FY 2022. Employment growth is expected to be 2.6 percent for FY 2023. State employment is expected to reach its pre-pandemic level in 2024.

The stock market has performed well in recent months. Moreover, Wall Street banks have reported higher earnings due to strong equity market growth, robust initial public offering growth, and low interest rates. Currently, finance and insurance sector bonuses are estimated to grow 10.8 percent for FY 2021. The bonus forecast and strong personal income tax withholdings bolster the State's wage growth, which is estimated to decline by 1.7 percent for FY 2021—despite the double-digit employment declines. As economic and financial conditions continue to improve, total wages are projected to increase by 5.2 percent in FY 2022.

BEA's most recent state personal income data indicate that non-wage personal income for the last quarter of 2020 was weaker than the stimulus-boosted second and third quarters. However, the ARP stimulus plan is estimated to boost further non-wage personal income, especially transfer income. State transfer income, a component of personal income, is estimated to grow 55.5 percent for FY 2021 but decline by 18.8 percent for FY 2022. This fluctuation is due in large part to the initial boost from the ARP stimulus. The current projection for personal income calls for a 7.5 percent increase for FY 2021, followed by a decline of 0.6 percent for FY 2022 as the stimulus abates.

New York State and the U.S. face many of the same forecasting risks. As the nation's financial capital, the volume of financial market activity and volatility in equity markets pose a significant degree of exposure to the New York State economy. The State successfully curbed the number of confirmed COVID-19 cases from the most recent seasonal wave. It made rapid advances in vaccine

¹⁷ DOB's New York State economic forecast incorporates 2020 fourth quarter BEA State personal income report released on March 25, 2021.

distribution and availability. Despite this progress, the virus's potential resurgence continues to pose a significant downside risk. Furthermore, the threat posed by new virus variants, including vaccine-resistant strains, represents an additional risk to the State's economy. In contrast, faster than anticipated containment of the virus and a stronger than expected national economic recovery would contribute to higher growth in the State.

ECONOMIC INDICATORS FOR NEW YORK STATE					
(Calendar Year)					
	2017	2018	2019	2020	2021¹
Personal Income (\$ billions)	\$1,289.3	\$1,340.9	\$1,395.1	\$1,460.9	\$1,515.9
Percent Change	6.9	4.0	4.0	4.7	3.8
Nonfarm Employment (thousands)	9,280.3	9,404.3	9,515.5	8,561.7	8,965.2
Percent Change	1.4	1.3	1.2	(10.0)	4.7
Unemployment Rate (NSA, %)	4.7	4.1	3.8	10.1	7.5

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

¹As projected by DOB, based on National Income and Product Account and employment data released through March 2021.

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

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

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

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

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

Agriculture: Farming is an important part of the State's rural economy, although it constitutes less than 0.2 percent of the total State GDP. Principal agricultural products of the State include dairy products, greenhouse and nursery products, fruits, and vegetables.

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

THE COMPOSITION OF NONFARM EMPLOYMENT AND WAGES (2020)				
(Percent)				
	Employment		Wages	
	New York	U.S.	New York	U.S.
Natural Resources and Mining	0.1	0.4	0.1	0.9
Construction	4.1	5.1	4.1	5.4
Manufacturing	4.6	8.6	4.0	9.5
Trade, Transportation, and Utilities	15.6	18.7	11.1	15.4
Information	3.0	1.9	5.7	4.0
Financial Activities	8.1	6.1	20.1	9.8
Professional and Business Services	14.2	14.2	18.5	18.6
Educational and Health Services	22.9	16.3	15.4	13.7
Leisure and Hospitality	7.2	9.4	3.8	4.3
Other Services	3.9	3.8	2.9	3.1
Government	16.4	15.4	14.3	15.3

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

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

Economic and Demographic Trends

In calendar years 1990 through 1998, the State's rate of economic growth was somewhat slower than that of the nation. During the 1990-91 recession, the State, like much of the Northeast, experienced a greater economic contraction than the nation as a whole and was slower to recover. However, the situation subsequently improved. In 1999, for the first time in 13 years, State employment growth surpassed that of the nation, and in 2000 the rates were essentially the same. In 2001, the September 11th attack resulted in a downturn in New York that was more severe than for the nation. In contrast, the State's labor market fared better than that of the nation during the 2008 recession, though New York experienced a historically large wage decline in 2009. The State's unemployment rate was higher than the national rate from 1991 to 2004. The State's rate fell below the nation's for much of the Great Recession and remained below until November 2011. The State's unemployment rate rose above the national rate in December 2011 but fell below yet again in June 2015, where it remained competitive with the nation's rate until 2017. As the epicenter of the COVID-19 pandemic, the virus struck New York's economy especially hard, bringing its unemployment rate well above the nation's rate throughout the crisis.

The following table compares population change in the State and in the United States since 1980.

COMPARATIVE POPULATION FIGURES					
	New York			U.S.	
	Total Population (000s)	% Change from Preceding Period	Percentage of U.S. Population	Total Population (000s)	% Change from Preceding Period
1980	17,558	(3.7)	7.8	226,546	11.5
1990	17,990	2.5	7.2	248,710	9.8
2000	18,976	5.5	6.7	281,422	13.2
2010	19,378	2.1	6.3	308,746	9.7
2020	19,337	(0.2)	5.9	329,484	6.7

Source: U.S. Census Bureau.

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

NONFARM EMPLOYMENT AND UNEMPLOYMENT RATE FOR NEW YORK AND THE UNITED STATES

	Employment (NSA, 000s)		New York as Percent of U.S. Employment	Unemployment Rate (NSA, %)	
	New York	U.S.		New York	U.S.
1980	7,207	90,533	8.0	7.4	7.1
1990	8,204	109,526	7.5	5.3	5.6
2000	8,619	132,011	6.5	4.5	4.0
2010	8,545	130,345	6.6	8.7	9.6
2020	8,777	142,185	6.2	10.1	8.1

Source: U.S. Bureau of Labor Statistics.

Note: Nonfarm employment and unemployment rates are generated from separate surveys.

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

PER CAPITA PERSONAL INCOME
(Income in Dollars)

	New York	U.S.	Ratio
			New York/U.S.
1980	\$11,001	\$10,180	1.08
1990	\$23,990	\$19,621	1.22
2000	\$36,028	\$30,657	1.18
2010	\$48,973	\$40,546	1.21
2020	\$75,548	\$59,729	1.26

Source: U.S. Bureau of Economic Analysis.



Capital Program and Financing Plan Overview

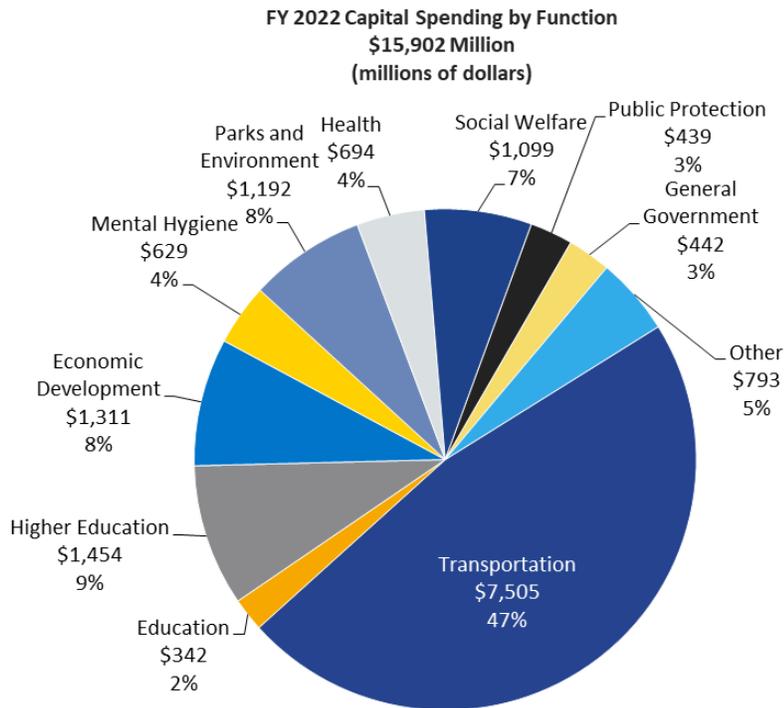
Capital Plan

The total commitment and disbursement levels in the Capital Plan reflect, among other things, projected capacity under the State's statutory debt limit, anticipated levels of Federal aid, and the timing of capital activity based on known needs and historical patterns. The following capital projects information relates to FY 2022.

The COVID-19 pandemic had a material impact on capital spending levels in FY 2021. DOB expects that capital activity may continue to be impacted by a number of factors, including: continued protocols that have been mandated (i.e., social distancing requirements); supply chain disruptions and increased cost of materials; added complexity and coordination to complete projects; and continued review and prioritization of capital projects and grants to ensure that projects are directly related to addressing public health and safety issues or spurring economic activity.

FY 2022 Capital Projects Spending

Spending on capital projects is projected to total \$15.9 billion in FY 2022. Overall, capital spending in FY 2022 is projected to increase by \$3.3 billion or 26 percent from FY 2021.



In FY 2022, transportation spending, which includes mass transit, is projected to total \$7.5 billion, which represents 47 percent of total capital spending. Economic development spending accounts for 8 percent, higher education accounts for 9 percent, and spending related to parks and the environment represents 8 percent. The remaining 28 percent comprises spending for health care, mental hygiene, social welfare, public protection, education, general government, and the all other category, which includes Special Infrastructure Account spending.

Transportation spending is projected to increase by \$1.4 billion (22.1 percent) from FY 2021 to FY 2022, which is primarily attributable to lower than expected spending in FY 2021 and the projected spend out from the two-year DOT capital plan. Additional growth in FY 2022 is due to projected spending from the State's multi-year \$9.1 billion contribution to the MTA's 2015-19 Capital Plan.

Parks and environment spending is estimated to increase by \$285 million (31 percent) in FY 2022, primarily reflecting the continued phase-in of the \$5 billion clean water drinking grants program. Economic development spending is projected to increase by \$399 million (44 percent). This reflects the continued investment in programs created to promote regional economic development, including spending from both phases of the Buffalo Billion program, the URI, Lake Ontario REDI, and REDCs.

Spending for health care is projected to increase by \$150 million (28 percent) in FY 2022. The increase is due to spending from Health Care Restructuring Program grant awards; and the continued phase-in of spending related to the Health Care Facility Transformation Program.

Spending for social welfare is projected to increase by \$460 million (72 percent) in FY 2022. This is the result of an anticipated increase in activity for the Affordable and Homeless Housing Capital Plan, including new funding for additional supportive housing units, as well as spending for capital projects at NYCHA.

Education spending is projected to increase by \$211 million (162 percent) in FY 2022. The increase is primarily due to expected spending from the Smart Schools Bond Act.

Higher education spending is projected to increase by \$292 million (25 percent) in FY 2022, which is primarily related to the ongoing maintenance and preservation of SUNY and CUNY facilities and infrastructure.

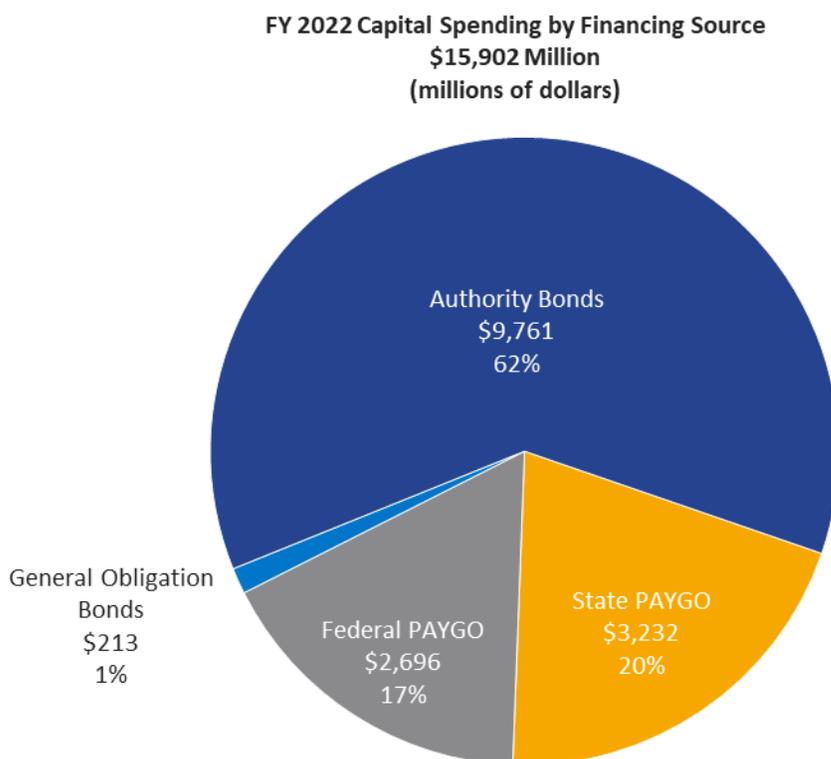
Spending for public protection is projected to decrease by \$276 million (-39 percent) in FY 2022, which is primarily attributable to anticipated FEMA COVID-19 reimbursement which will offset DHSES and DMNA expenses in the current year.

Mental hygiene capital spending is anticipated to increase by \$171 million (37 percent) in FY 2022, reflecting continued investment in mental health facilities.

General governmental capital spending is projected to increase by \$35 million (9 percent in FY 2022), which is mainly attributable to higher projected spending in FY 2021 for ITS.

Spending in the All Other category is projected to increase by \$210 million (36 percent). The increase in FY 2022 is almost entirely attributable to the projected payment for the Empire Station Complex from the Special Infrastructure Account, which is offset by an \$1 billion unallocated underspending projection due to the expected underspending that occurs as a result of normal timing related to the delivery of capital projects.

Financing FY 2022 Capital Projects Spending



In FY 2022, the State plans to finance 63 percent of capital projects spending with long-term bonds and 37 percent with cash and Federal aid. Most of the long-term bonds (98 percent) will be issued on behalf of the State through public authorities. All authority debt issued on behalf of the State is approved by the State legislature, acting on behalf of the people, and subject to approval by the PACB and the issuing authority's board of directors. Authority Bonds, as defined in the Capital Plan, do not include debt issued by authorities that are backed by non-State resources. State cash resources, including monetary settlements, will finance 20 percent of capital spending. Federal aid is expected to fund 17 percent of the State's FY 2022 capital spending, primarily for transportation. Year-to-year, total PAYGO support is projected to increase by \$715 million, with State PAYGO decreasing by \$12 million and Federal PAYGO support increasing by \$727 million. Bond-financed spending is projected to increase by \$2.6 billion, with Authority Bond spending increasing by \$2.4 billion and General Obligation Bond spending increasing by \$135 million.

Financing Plan

New York State, including its public authorities, is one of the largest issuers of municipal debt in the United States, ranking second among the states, behind California, in the aggregate amount of debt outstanding. As of March 31, 2021, State-related debt outstanding totaled \$58.9 billion excluding capital leases and mortgage loan commitments, equal to approximately 4.0 percent of New York personal income. The State's debt levels are typically measured by DOB using two categories: *State-supported debt* and *State-related debt*.

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

State-related debt is a broader measure of State debt which includes all debt that is reported in the State's GAAP-basis financial statements, except for unamortized premiums and accumulated accretion on capital appreciation bonds. These financial statements are audited by external independent auditors and published by OSC on an annual basis. The debt reported in the GAAP-basis financial statements includes General Obligation debt, other State-supported debt as defined in the State Finance Law, certain debt of the Municipal Bond Bank Agency (MBBA) issued to finance prior year school aid claims and capital leases and mortgage loan commitments. In addition, State-related debt reported by DOB includes State-guaranteed debt, moral obligation financings and certain contingent-contractual obligation financings, where debt service is paid from non-State sources in the first instance, but State appropriations are available to make payments if necessary. These numbers are not reported as debt in the State's GAAP-basis financial statements.

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

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

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

OUTSTANDING STATE-SUPPORTED AND STATE-RELATED DEBT ¹ (millions of dollars)			
	FY 2019	FY 2020	FY 2021
State-Supported Debt	53,224	54,207	58,714
Personal Income Tax Revenue Bonds	34,903	37,118	43,769
Sales Tax Revenue Bonds	10,421	11,542	10,716
General Obligation	2,286	2,131	2,170
Local Government Assistance Corporation	1,195	253	90
Service Contract & Lease Purchase	2,174	1,475	1,111
Other Revenue Bonds	2,245	1,687	858
Contingent-Contractual Obligation Financings	165	135	100
DASNY/MCFFA - Secured Hospital Program	165	135	100
Other State Financings	664	633	587
MBBA Prior Year School Aid Claims	139	104	68
Capital Leases	461	466	458
Mortgage Loan Commitments	64	63	61
TOTAL STATE-RELATED DEBT ²	54,053	54,975	59,401

Source: NYS DOB. Except Mortgage Loan Commitments which are taken from the ACFR for FY 2019 and FY 2020. Mortgage Loan Commitments and Capital Leases are estimated by DOB for FY 2021.

¹Reflects 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.

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

State-Supported Debt Outstanding

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

The Enacted Budget authorizes short-term financing for liquidity purposes during FY 2022. In doing so, it provides a tool to help the State manage cashflow, if needed, and more effectively deploy resources as the State continues to respond to the pandemic. Specifically, the authorization allows for the issuance of up to \$3 billion of PIT revenue anticipation notes that must be issued before the end of December 2021 and mature no later than March 31, 2022. It also allows up to \$2 billion in line of credit facilities, which are limited to 1 year in duration and may be drawn through March 31, 2022 subject to available appropriation. Neither authorization allows borrowed amounts to be extended or refinanced beyond their initial maturity. The Financial Plan does not currently assume short-term liquidity financing during FY 2022. DOB evaluates cash results regularly and may adjust the use of notes and/or the line of credit based on liquidity needs, market considerations, and other factors.

In FY 2021, the State issued \$4.5 billion of short-term PIT notes (the "FY 2021 liquidity financing") to manage a temporary delay in PIT tax receipts caused by the extension of the Federal personal income tax filing deadline until July 2020. The notes were repaid in full at maturity prior to the end of FY 2021. In March 2021, the State terminated an undrawn \$3 billion line of credit that was set to expire at the end of FY 2021.

The Enacted Budget also continues the exclusion of FY 2022 debt issuances from the Debt Reform Act's limitations. State legislation enacted in connection with the FY 2021 and FY 2022 Enacted Budgets excluded FY 2021 and FY 2022 debt issuances from the Debt Reform Act's limitations, as part of the State response to the COVID-19 pandemic. Accordingly, any State-supported debt issued in FY 2021 and FY 2022 is not limited to capital purposes and is not counted towards the statutory caps on debt outstanding and debt service.

State PIT Revenue Bond Program

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

Charitable Gifts Trust Fund in 2018, and (ii) the Pass-Through Entity Tax (PTET) in 2021. The legislative changes were implemented to mitigate the effect of the TCJA that, among other things, limited the state and local tax (SALT) deduction. In order to preserve coverage in the PIT Revenue Bond program, State legislation was enacted that dedicated 50 percent of ECEP receipts and 50 percent of PTET receipts for deposit to the RBTF for the payment of PIT bonds. In addition, in 2018 legislation was enacted that increased the percentage of PIT receipts dedicated to the payment of PIT bonds from 25 to 50 percent. As a result, 50 percent of PIT receipts, 50 percent of ECEP receipts and 50 percent of PTET receipts (collectively, the “RBTF Receipts”) now secure the timely payment of debt service on all PIT bonds.

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

DOB expects that the ECEP and PTET will be revenue neutral for PIT bondholders, although PIT receipts would decrease and ECEP and PTET receipts would increase to the extent that employers elect to participate in the ECEP and qualifying entities elect to pay PTET.

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

DOB and DTF have calculated the maximum amount of charitable donations to the Charitable Gifts Trust Fund for Tax Year 2021 through 2025 to be, on average, in the range of \$23 billion annually. The calculation assumes that every resident taxpayer who has an incentive to donate will do so, and such donations will be equal to the total value of each resident taxpayer’s SALT payments, less the value of the \$10,000 Federal SALT deduction limit, up to the value of the taxpayer’s total State tax liability. The calculation is dependent on several assumptions concerning the number of itemized filers. It relies on the most recent PIT population study file, as trended forward, as well as the impact of the TCJA and State law changes on the number and distribution of itemized and

standardized filers. The calculation also assumes that (a) no further changes in tax law occur and (b) DOB projections of the level of State taxpayer liability for the forecast period as set forth in the Financial Plan are materially accurate. The calculation is only intended to serve as a stress test on State PIT receipts that may flow to the RBTF under different levels of assumed taxpayer participation. Accordingly, the calculation should not, under any circumstances, be viewed as a projection of likely donations in any future year. Other factors that may influence donation activity include: continued federal limitations on the SALT deduction coupled with statements, actions, or interpretive guidance by the IRS or other governmental actors relating to the deductibility of such donations; the liquidity position, risk tolerance, and knowledge of individual taxpayers; and advice or guidance of tax advisors or other professionals.

DOB believes that after factoring in the legislative adjustments to the dedicated portion of PIT receipts to be deposited to the RBTF, as well as the addition of the ECEP receipts and PTET revenues, RBTF Receipts are expected to remain above the level of PIT receipts that would have been expected under statutes in effect prior to April 1, 2018 (before the creation of the Charitable Gifts Trust Fund), even assuming maximum Charitable Gifts Trust Fund participation by taxpayers. While DOB believes that multiple factors can be expected to constrain donation activity, there can be no assurance that, under conditions of maximum participation, the amount of annual charitable gifts will not reduce the level of PIT receipts deposited into the Revenue Bond Tax Fund 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 Revenue Bond Tax Fund.

As of March 31, 2021, approximately \$43.8 billion of State PIT Revenue Bonds were outstanding. The projected PIT Revenue Bond coverage ratios, noted below, are based upon estimates of RBTF Receipts and include projected debt issuances.

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

The following table entitled, "Projected PIT Revenue Bond Coverage Ratios – FY 2021 through FY 2026," does not reflect any estimate of charitable donations or the impact of any such charitable donations on the amount of PIT receipts deposited into the Revenue Bond Tax Fund.

PROJECTED PIT REVENUE BOND COVERAGE RATIOS ¹						
FY 2021 THROUGH 2026						
(thousands of dollars)						
	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
Projected RBTF Receipts	27,484,947	30,524,810	32,747,616	34,223,979	35,674,748	37,499,698
Projected New PIT Bonds Issuances	8,704,715	9,076,464	6,381,260	6,402,993	5,948,564	5,256,219
Projected Total PIT Bonds Outstanding	43,769,110	50,571,484	54,348,530	57,860,126	60,460,008	62,074,627
Projected Maximum Annual Debt Service	4,230,185	4,785,559	5,356,155	5,890,557	6,315,835	6,456,725
Projected PIT Coverage Ratio	6.5	6.4	6.1	5.8	5.6	5.8

¹ Does not reflect the issuance of short-term PIT Notes in FY 2021, which were issued on a subordinated basis.

Sales Tax Revenue Bond Program

Legislation enacted in 2013 created the Sales Tax Revenue Bond program. This bonding program replicates certain credit features of PIT and LGAC revenue bonds and is expected to continue to provide the State with increased efficiencies and a lower cost of borrowing.

The legislation created the Sales Tax Revenue Bond Tax Fund, a sub-fund within the General Debt Service Fund that will provide for the payment of these bonds. The Sales Tax Revenue Bonds are secured originally by dedicated revenues consisting of one cent of the State's four cent sales and use tax. The legislation also provided that upon the satisfaction of all the obligations and liabilities of LGAC, dedicated revenues will increase to 2 cents of the State's four-cent sales and use tax. This occurred when LGAC bonds were fully retired on April 1, 2021. Such sales tax receipts in excess of debt service requirements are transferred to the State's General Fund.

The Sales Tax Revenue Bond Fund has appropriation-incentive and General Fund "reach back" features comparable to PIT and LGAC bonds. A "lock box" feature restricts transfers back to the General Fund in the event of non-appropriation or non-payment. In addition, in the event that sales tax revenues are insufficient to pay debt service, a "reach back" mechanism requires the State Comptroller to transfer moneys from the General Fund to meet debt service requirements.

The legislation also authorized the use of State Sales Tax Revenue Bonds and PIT Revenue Bonds to finance any capital purpose, including projects that were previously financed through the State's Mental Health Facilities Improvement Revenue Bond program and the DHBTf program. This allowed the State to transition to the use of three primary credits – PIT Revenue Bonds, Sales Tax Revenue Bonds and General Obligation bonds to finance the State's capital needs. Sales Tax Revenue Bonds are used interchangeably with PIT Revenue Bonds to finance State capital needs. As of March 31, 2021, \$10.7 billion of Sales Tax Revenue Bonds were outstanding.

Debt service coverage for the Sales Tax Revenue Bond program reflects the increased deposit to the Sales Tax Revenue Bond Tax Fund from an amount equal to a one percent rate of taxation to a two percent rate of taxation due to the full retirement of LGAC Bonds on April 1, 2021. While DOB routinely monitors the State's debt portfolio across all State-supported credits for refunding opportunities, no future refunding transactions are reflected in the following projected coverage ratios.

PROJECTED SALES TAX REVENUE BOND COVERAGE RATIOS						
FY 2021 THROUGH 2026						
(thousands of dollars)						
	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
Projected Sales Tax Receipts ¹	3,317,220	7,553,000	7,962,500	8,172,000	8,374,500	8,597,000
Projected New Sales Tax Bonds Issuances	0	1,983,488	2,127,087	2,134,331	1,982,855	1,752,073
Projected Total Sales Tax Bonds Outstanding	10,716,360	12,025,798	13,427,204	14,859,635	16,090,712	17,038,289
Projected Maximum Annual Debt Service	1,356,149	1,348,638	1,449,172	1,505,207	1,534,608	1,569,795
Projected Sales Tax Coverage Ratio	2.4	5.6	5.5	5.4	5.5	5.5

¹ Reflects increased deposits to the Sales Tax Revenue Bond Tax Fund from an amount equal to a one percent rate of taxation to two percent rate of taxation due to the full retirement of LGAC Bonds on April 1, 2021.

General Obligation Financings

With limited exceptions for emergencies, the State Constitution prohibits the State from undertaking a long-term General Obligation borrowing (i.e., borrowing for more than one year) unless it is authorized in a specific amount for a single work or purpose by the Legislature and approved by voter referendum. There is no constitutional limitation on the amount of long-term General Obligation debt that may be so authorized and subsequently incurred by the State. However, the Debt Reform Act imposed statutory limitations on all new State-supported debt issued on and after April 1, 2000. Legislation included in the FY 2021 and FY 2022 Enacted Budgets authorized the exclusion of all State-supported debt issued in FY 2021 and FY 2022 from the calculation of the debt caps. The State Constitution provides that General Obligation Bonds, which can be paid without an appropriation, must be paid in equal annual principal installments or installments that result in substantially level or declining debt service payments, mature within 40 years after issuance, and begin to amortize not more than one year after the issuance of such bonds. However, general obligation housing bonds must be paid within 50 years after issuance, with principal commencing no more than three years after issuance.

General Obligation debt is currently authorized for transportation, environment, housing and education purposes. Transportation-related bonds are issued for State and local highway and bridge improvements, mass transportation, rail, aviation, canal, port and waterway programs and projects. Environmental bonds are issued to fund environmentally sensitive land acquisitions, air and water quality improvements, municipal non-hazardous waste landfill closures and hazardous waste site cleanup projects. Education-related bonds are issued to fund enhanced education

technology in schools, with eligible projects including infrastructure improvements to bring high-speed broadband to schools and communities in their school district and the purchase of classroom technology for use by students. Additionally, these bonds will enable long-term investments in full-day pre-kindergarten through the construction of new pre-kindergarten classroom space.

Most General Obligation debt-financed spending in the Capital Plan is authorized under ten previously approved bond acts (five for transportation, four for environmental and recreational programs and one for education purposes). The majority of projected general obligation bond-financed spending supports authorizations for the 2005 Rebuild and Renew New York Bond Act and the \$2 billion Smart Schools Bond Act, which was approved by voters in November 2014. As part of the FY 2022 Enacted Budget, the State authorized the \$3 billion Restore Mother Nature Bond Act to fund environmental restoration and climate mitigation project across the State to be voted on in November 2022. DOB projects that spending authorizations from the remaining bond acts will be virtually depleted by the end of the Capital Plan.

As of March 31, 2021, approximately \$2.2 billion of General Obligation Bonds were outstanding. See “Exhibit B — State-Related Bond Authorizations” for information regarding the levels of authorized, authorized but unissued, and outstanding General Obligation debt by bond act.

The State Constitution permits the State to undertake short-term General Obligation borrowings without voter approval in anticipation of the receipt of (i) taxes and revenues, by issuing general obligation tax and revenue anticipation notes (TRANS), and (ii) proceeds from the sale of duly authorized but unissued General Obligation bonds, by issuing bond anticipation notes (BANs). General Obligation TRANS must mature within one year from their date of issuance and cannot be refunded or refinanced beyond such period. However, since 1990, the State’s ability to issue general obligation TRANS that mature in the same State fiscal year in which they were issued has been limited due to the enactment of the fiscal reform program which created LGAC. LGAC bonds were fully retired on April 1, 2021, so the restrictions in place since 1990 no longer apply.

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

New York Local Government Assistance Corporation

In 1990, legislation was enacted creating LGAC, a public benefit corporation, as part of a State fiscal reform program to eliminate "seasonal borrowing". Prior to this legislation, certain State payments to local governments were funded through an annual issuance of general obligation TRANs that would mature in the same State fiscal year that they were issued. As part of the reform, LGAC was empowered to issue long-term obligations to fund the local payments, and was provided with dedicated revenues equal to one cent of the State's four cent sales and use tax in order to pay debt service on these bonds. Furthermore, the legislation eliminated all seasonal borrowing except in cases where the Governor and the legislative leaders have certified the need for additional seasonal borrowing, based on emergency or extraordinary factors, or factors unanticipated at the time of adoption of the budget, and provide a schedule for eliminating any seasonal borrowing over time. No restrictions were placed upon the State's ability to issue TRANs (issued in one year and maturing in the following year). The State last issued TRANs in this manner in 1992.

As of July 1995, LGAC had issued State-supported bonds and notes to provide net proceeds of \$4.7 billion, completing the program. In FY 2020, the State refunded \$569 million of LGAC bonds with the proceeds of Sales Tax Revenue Bonds. Due to the refunding, no LGAC bonds remain outstanding.

Legislation enacted in 2003 requires LGAC to certify, in addition to its own cash needs, \$170 million annually to provide an incentive for the State to seek an annual appropriation to provide local assistance payments to New York City (NYC) or its assignee. Legislation adopted as part of the Enacted Budget included authorization for DASNY or ESD to issue PIT Revenue Bonds or Sales Tax Revenue Bonds for the purpose of refinancing the NYC Sales Tax Asset Receivable Corporation (STARAC) Bonds, which are supported by the \$170 million annual payment. After such refunding the requirement to make a \$170 million payment to NYC will be terminated. The Enacted Budget includes a local assistance appropriation of \$170 million from the Local Government Assistance Tax Fund to NYC in the event a refunding does not occur prior to June 30, 2021.

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

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

Debt service payable to certain public authorities from State appropriations for such lease-purchase and contractual obligation financings are paid from general resources of the State. Although these financing arrangements involve a contractual agreement by the State to make payments to a public authority, municipality or other entity, the State's obligation to make such payments is expressly made subject to appropriation by the Legislature and the actual availability of money to the State for making the payments. In FY 2022, the State received authorization as part of the Enacted Budget to enter into up to \$2.0 billion of line of credit facilities supported by a State service contract. The Enacted Budget does not currently assume any use of the line of credit in FY 2022. As of March 31, 2021, approximately \$1.1 billion of State-supported lease-purchase and other contractual obligation financings were outstanding.

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

Dedicated Highway and Bridge Trust Fund Bonds

DHBTF bonds were issued for State transportation purposes and are backed by dedicated motor fuel, gas and other transportation related taxes and fees, subject to appropriation. As of March 31, 2021, approximately \$648 million of DHBTF bonds were outstanding. The State currently has no plans to issue additional DHBTF bonds but could in the future if market conditions warrant.

Mental Health Facilities Improvement Bonds

Mental Health Facilities Improvement Bonds were issued to maintain both State and community-based facilities operated and/or licensed by OMH, OPWDD, and OASAS. As of March 31, 2021, approximately \$95 million of Mental Health Facilities Improvement Bonds were outstanding. The State currently has no plans to issue additional Mental Health Facilities Improvement Bonds.

SUNY Dormitory Facilities Bonds

Legislation enacted in 2013 changed the method of paying debt service on outstanding SUNY Dormitory Facilities Lease Revenue Bonds (the "Lease Revenue Bonds") and established a new revenue-based financing credit, the SUNY Dormitory Facilities Revenue Bonds (the "Facilities Revenue Bonds") to finance the SUNY residence hall program in the future. The Facilities Revenue Bonds, unlike the Lease Revenue Bonds, do not include a SUNY general obligation pledge, thereby eliminating any recourse to the State with respect to the payment of the Facilities Revenue Bonds. The legislation also provided for the assignment of the revenues derived from the use and occupancy of SUNY's dormitory facilities (the "Dormitory Facilities Revenues") for the payment of debt service on both the Lease Revenue Bonds and the Facilities Revenue Bonds from SUNY to DASNY. As a result, annual debt service on the outstanding Lease Revenue Bonds is no longer supported by a State appropriation, except under extraordinary circumstances (i.e., the generation of insufficient Dormitory Facilities Revenues implicating the need for SUNY payments from sources other than Dormitory Facilities Revenues for debt service on the Lease Revenue Bonds). DOB is not aware of any such extraordinary circumstance having ever occurred in the past and does not anticipate that it would occur in the future. However, since the outstanding Lease Revenue Bonds were incurred as State-supported debt, until these are defeased or are paid off to maturity, DOB will continue to count these bonds as outstanding State-supported debt for purposes of the Debt Reform Act caps and has included these bonds as State-supported debt in all figures, tables and charts. Annual debt service related to the Lease Revenue Bonds was \$20 million in FY 2021. As of March 31, 2021, approximately \$5.5 million of Lease Revenue Bonds remain outstanding.

State-Related Debt Outstanding

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

Contingent-Contractual Obligation Financing

Contingent-contractual debt, included in State-related debt, is debt where the State enters into a statutorily authorized contingent-contractual obligation via a service contract to pay debt service in the event there are shortfalls in revenues from other non-State resources pledged or otherwise available to pay the debt service. As with State-supported debt, except for General Obligation bonds, all payments are subject to annual appropriation.

Secured Hospital Program

Under the Secured Hospital Program, the State entered into service contracts to enable certain financially distressed not-for-profit hospitals to issue debt. The contracts obligate the State to pay debt service, subject to annual appropriations by the Legislature, on bonds issued by the New York State Medical Care Facilities Financing Agency (MCFFA) and by DASNY through the Secured Hospital Program. In the event there are shortfalls in revenues from other sources, which include hospital payments made under loan agreements between DASNY and the hospitals, and certain reserve funds held by the applicable trustees for the bonds, the State is liable for the debt service. The bankruptcy and deteriorating financial conditions of certain hospitals in the Secured Hospital Program resulted in the State paying approximately \$25 million of the \$38 million of total debt service payments in FY 2021. The remainder was paid by the hospitals consistent with the original intent of the program. Legislation enacted as part of the Enacted Budget includes authorization for the State to issue PIT or Sales Tax bonds to refund bonds issued under the Secured Hospital Program. Therefore, the State plans to refund the remaining hospital debt, which will provide savings to the State. As of March 31, 2021, there was approximately \$100 million of bonds outstanding for this program. See “Financial Plan Overview — Other Matters Affecting the Financial Plan — Secured Hospital Program” herein for more information.

State-Guaranteed Financings

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

Other State Financings

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

Borrowing Plan

STATE DEBT ISSUANCES BY FINANCING PROGRAM						
(millions of dollars)						
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
	Actuals	Projected	Projected	Projected	Projected	Projected
Personal Income Tax Revenue Bonds	8,705	9,076	6,381	6,403	5,949	5,256
Sales Tax Revenue Bonds	0	1,983	2,127	2,134	1,983	1,752
General Obligation Bonds	180	213	534	629	609	434
Personal Income Tax Notes ¹	4,382	0	0	0	0	0
Service Contract Line of Credit	0	0	0	0	0	0
Total Issuances	13,267	11,272	9,042	9,166	8,541	7,442

¹ Personal Income Tax Notes were issued on a subordinated basis.

Debt issuances totaling \$11.3 billion are planned to finance new capital spending and the proposed refinancing of New York City's Sales Tax Asset Receivable Corporation's (STARC) bonds in FY 2022, an increase of \$2.7 billion (30 percent) from FY 2021, excluding PIT notes for liquidity. The growth is mainly attributable to the issuance of State bonds for the STARC refinancing. The Financial Plan assumes that the State's contributions to the MTA Capital Plans will be funded by the State bonds on an ongoing basis, which is consistent with the approach used in FY 2021. Previously, the FY 2021 Enacted Budget Financial Plan assumed that the projects would be bonded by the MTA but funded by the State through additional operating aid to the MTA. In addition, \$4.4 billion of PIT short-term notes were issued in FY 2021 at a premium to generate \$4.5 billion of proceeds for State cashflow relief. A \$3.0 billion line of credit was in place but was not drawn upon. The Financial Plan does not currently assume any PIT note sales or use of the line of credit in FY 2022.

The bond issuances are expected to finance capital commitments for economic development and housing (\$2.4 billion), education (\$1.4 billion), the environment (\$806 million), health and mental hygiene (\$740 million), State facilities and equipment (\$430 million), and transportation (\$3.7 billion).

Over the period of the Capital Plan, new debt issuances are projected to total \$45.5 billion. New issuances are expected for economic development and housing (\$10.9 billion), education facilities (\$6.5 billion), the environment (\$3.7 billion), mental hygiene and health care facilities (\$3.4 billion), State facilities and equipment (\$2.0 billion), transportation infrastructure (\$17.2 billion), and the STARC refinancing (\$1.8 billion). Assuming an issuance plan consistent with the prior table, the State projects debt outstanding levels through FY 2026 as reflected in the following table:

PROJECTED DEBT OUTSTANDING BY CREDIT (millions of dollars)						
	FY 2021 Actuals	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
Personal Income Tax Revenue Bonds	43,769	50,571	54,349	57,860	60,460	62,075
Sales Tax Revenue Bonds	10,716	12,026	13,427	14,860	16,091	17,038
General Obligation Bonds	2,170	2,209	2,575	3,030	3,416	3,608
Local Government Assistance Corp.	90	0	0	0	0	0
Other Revenue Bonds	858	760	675	591	505	417
Service Contract & Lease Purchase	1,111	975	844	684	539	426
TOTAL STATE-SUPPORTED	58,714	66,541	71,870	77,025	81,011	83,564

State-Related Debt Service Requirements

The following table presents the current and projected debt service (principal and interest) requirements on State-related debt. State-related debt service is projected at \$5.9 billion in FY 2022, a decrease of \$6.5 billion (49 percent) from FY 2021. This is due, in large part, to the FY 2021 liquidity financings and prepayment of debt in FY 2021 of debt due in FY 2022 through FY 2025. The State also expects to make additional prepayments in FY 2022 of debt service due in FY 2023 through FY 2025. The State is contractually required to make debt service payments prior to bondholder payment dates in most instances and may also elect to make payments earlier than contractually required. The State expects to use three principal bonding programs -- Personal Income Tax Revenue Bonds, Sales Tax Revenue Bonds, and General Obligation Bonds -- to fund all bond-financed capital spending.

ESTIMATED DEBT SERVICE REQUIREMENTS ON EXISTING STATE-RELATED DEBT BY CREDIT STRUCTURE ¹							
(millions of dollars)							
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total
	Current	Proposed	Projected	Projected	Projected	Projected	
Personal Income Tax Revenue Bonds	6,160	5,040	4,183	4,700	5,051	6,281	31,415
Sales Tax Revenue Bonds	2,039	325	1,354	1,410	1,535	1,648	8,311
General Obligation Bonds	242	229	233	216	236	224	1,380
Local Government Assistance Corporation	79	0	0	0	0	0	79
Other State-Supported Bonds ^{2,3}	251	308	299	371	396	364	1,989
All Other State-Related Bonds ^{3,4}	54	46	31	0	0	0	131
Personal Income Tax Notes ^{4,5}	4,424	0	0	0	0	0	4,424
Service Contract Line of Credit ⁵	0	0	0	0	0	0	0
Total Debt Service	13,249	5,948	6,100	6,697	7,218	8,517	47,729

¹ Reflects existing debt service on debt issued as of March 31, 2021 and projected debt service on assumed new debt issuances. Estimated debt service requirements are calculated based on swap rates in effect for all bonds that were synthetically fixed under an interest rate exchange agreement. Debt service requirements for variable rate bonds for which there are no related interest rate exchange agreements were calculated at assumed rates, which average 2.80%.

² Debt service in the Secured Hospital Program that is assumed to be paid by the State is captured in Other State-Supported Bonds.

³ Excludes Mortgage Loan Commitments and Capital Leases

⁴ Personal Income Tax Notes were issued on a subordinated basis.

⁵ Interest on liquidity financings was reimbursed by Federal aid from the Coronavirus Relief Fund.

Adjusting for prepayments and excluding the liquidity borrowings, State-related debt service is projected at \$6.4 billion in FY 2022 an increase of \$405 million (7 percent) from FY 2021. Adjusted State-related debt service is projected to increase from \$6.0 billion in FY 2021 to \$8.5 billion in FY 2026, an average rate of 7.1 percent annually.

Interest Rate Exchange Agreements and Variable Rate Obligations

Chapter 81 of the Laws of 2002 authorized issuers of State-supported debt to issue a limited amount of variable rate debt instruments and to enter into a limited amount of interest rate exchange agreements. The current limit on debt instruments which result in a net variable rate exposure (i.e., both variable rate debt and interest rate exchange agreements) is no more than 15 percent of total outstanding State-supported debt. Interest rate exchange agreements are also limited to a total notional amount of no more than 15 percent of total outstanding State-supported debt. The outstanding State-supported debt of \$58.9 billion as of March 31, 2021 results in a cap on variable rate exposure and a cap on interest rate exchange agreements of about \$8.8 billion each (15 percent of total outstanding State-supported debt). As discussed below, as of March 31, 2021, both the amount of outstanding variable rate debt instruments and interest rate exchange agreements were less than the authorized totals of 15 percent of total outstanding State-supported debt.

Interest Rate Exchange Agreements

As of March 31, 2021, the State's Authorized Issuers have a notional amount of \$816 million in interest rate exchange agreements. The following table shows the amount of outstanding interest rate exchange agreements subject to the statutory cap. Overall, the State's swap exposure is expected to decline from 1.4 percent in FY 2021 to 0.5 percent in FY 2026.

INTEREST RATE EXCHANGE CAP (millions of dollars)						
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Interest Rate Exchange Cap	8,807	9,981	10,780	11,554	12,151	12,534
Notional Amounts of Interest Rate Exchange Agreements	816	772	715	626	526	442
Percent of Interest Rate Exchange Agreements to Debt Outstanding	1.4%	1.2%	1.0%	0.8%	0.6%	0.5%

Currently the State's swaps portfolio is comprised of synthetic fixed rate swaps. A synthetic fixed rate swap includes two separate transactions: (i) a variable rate bond is sold to bondholders, and (ii) an interest rate exchange agreement between the State and a counterparty is executed. The interest rate exchange agreement results in the State paying a fixed interest rate (i.e., synthetic fixed rate) to the counterparty and the counterparty agrees to pay the State a variable rate (65 percent of LIBOR for all State swaps). The variable rate the State pays to bondholders and the variable rate the State is receiving from the counterparty offset each other, leaving the State with the synthetic fixed rate payment. The synthetic fixed rate was less than the fixed rate the State would have paid to issue traditional fixed rate bonds at that time.

In November 2020, it was announced that LIBOR would be phased out by 2023, which was delayed from 2021 due to the pandemic. The State is evaluating its options to transition its swaps prior to that time. The State has no plans to increase its swap exposure.

Variable Rate Exposure

The State's net variable rate exposure (including a policy reserve) is projected to average 1.9 percent of outstanding debt from FY 2021 through FY 2026. The debt that is counted against the variable rate cap represents the State's unhedged variable rate bonds. The variable rate bonds that are issued in connection with a swap are not included in the variable rate cap.

The State's current policy is to count 35 percent of the notional amount of outstanding 65 percent of the LIBOR fixed rate swaps in its variable rate exposure. This policy reserve accounts for the potential that tax policy or market conditions could result in significant differences between payments owed on the bonds and the amount received by the State under its 65 percent of LIBOR swaps, and that the factors affecting such payments can be consistent with variable rate exposure.

VARIABLE RATE EXPOSURE CAP (millions of dollars)						
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Variable Rate Exposure Cap	8,807	9,981	10,780	11,554	12,151	12,534
Current Unhedged Variable Rate Obligations	90	90	1,390	1,390	1,385	1,377
Additional Planned Variable Rate Exposure	0	1,300	0	0	0	0
Total Net Variable Rate Exposure	90	1,390	1,390	1,390	1,385	1,377
Net Variable Rate Exposure to Debt Outstanding	0.2%	2.1%	1.9%	1.8%	1.7%	1.6%
Current Policy Reserve for LIBOR Swaps	286	270	250	219	184	155
Net Variable Rate Exposure (with Policy Reserve)	375	1,660	1,640	1,609	1,569	1,532
Net Variable Rate Exposure (with Policy Reserve) to Debt Outstanding	0.6%	2.5%	2.3%	2.1%	1.9%	1.8%

The table above includes the expected issuance of \$1.3 billion of unhedged PIT variable rate bonds in FY 2022 for the initial financing of the Empire State Complex. Issuance on a variable rate basis provides maximum flexibility for long-term financing options.

State Bond Caps and Debt Outstanding

Bond caps are legal authorizations to issue bonds to finance the State's capital projects. As the bond cap for a particular programmatic purpose is reached, subsequent legislative changes are required to raise the statutory cap to the level necessary to meet the bondable capital needs, as permitted by a single or multi-year appropriation. In the Enacted Budget, statutory bond authorizations on State-supported debt were raised by \$22.1 billion across multiple programmatic purposes. This includes a \$10.3 billion increase for the State's contribution to the MTA's 2015-19 and 2020-24 Capital Plans. The bonded indebtedness (and related capital spending) from the new authorizations is expected to occur over many years, and is counted against the State's statutory debt caps only when bonds are actually issued.

Debt authorizations for capital programs are either approved or enacted at one time, expected to be fully issued over time, or enacted annually by the Legislature and are usually consistent with bondable capital projects appropriations. Authorization does not, however, indicate intent to sell bonds for the entire amount of those authorizations, because capital appropriations often include projects that do not materialize or are financed from other sources. The amount of bonds authorized may be increased or decreased from time to time by the Legislature. In the case of General Obligation debt, increases in the authorization must be approved by the voters. See "Exhibit B - State Related Bond Authorizations" herein for additional information.

For More Information

Additional information on the State's debt portfolio is available on DOB's public website (www.budget.ny.gov). The Investor's Guide section of the site contains information on New York State bonds including: the State's bond issuance schedule which is updated periodically; swap and variable rate capacity reports; variable rate trading activity; and State PIT Revenue Bond and Sales Tax Revenue Bond debt service and debt outstanding.

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 ACFR. 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, 2020 (with respect to Job Development Authority or “JDA” as of March 31, 2020), 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 \$216 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 as of the date of this AIS.

OUTSTANDING DEBT OF CERTAIN AUTHORITIES⁽¹⁾			
AS OF DECEMBER 31, 2020⁽²⁾			
(millions of dollars)			
Authority	State- Related Debt	Authority and Conduit	Total
Dormitory Authority	40,570	22,385	62,955
Metropolitan Transportation Authority	0	39,281	39,281
Port Authority of NY & NJ	0	26,363	26,363
UDC/ESD	20,030	1,052	21,082
Housing Finance Agency	7	17,449	17,456
Job Development Authority ⁽²⁾	0	10,590	10,590
Triborough Bridge and Tunnel Authority	0	8,739	8,739
Long Island Power Authority ⁽³⁾	0	8,519	8,519
Thruway Authority	1,453	5,881	7,334
Environmental Facilities Corporation	0	5,718	5,718
State of New York Mortgage Agency	0	2,852	2,852
Power Authority	0	2,111	2,111
Energy Research and Development Authority	0	1,625	1,625
Battery Park City Authority	0	875	875
Municipal Bond Bank Agency	68	76	144
Niagara Frontier Transportation Authority	0	141	141
TOTAL OUTSTANDING	62,128	153,657	215,785

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

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

⁽²⁾ All Job Development Authority (JDA) debt outstanding reported as of March 31, 2020. This includes \$10.6 billion in conduit debt issued by JDA's blended component units consisting of \$5.5 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), \$520 million issued by the Brooklyn Arena Local Development Corporation, and \$4.6 billion issued by the New York Transportation Development Corporation.

⁽³⁾ Includes \$3.88 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

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

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

The City of New York

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

DEBT OF NEW YORK CITY AND RELATED ENTITIES ⁽¹⁾							
AS OF JUNE 30 OF EACH YEAR							
(millions of dollars)							
Year	General Obligation Bonds	Obligations of TFA ⁽¹⁾	Obligations of STAR Corp. ⁽²⁾	Obligations of TSASC, Inc.	Hudson Yards Infrastructure Corporation	Other ⁽³⁾ Obligations	Total
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
2020	38,784	48,978	1,634	1,023	2,724	1,882	95,025

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 29 special acts authorizing bond issuances to finance local government operating deficits. Included in this figure are special acts that extended the period of time related to prior authorizations and modifications to issuance amounts previously authorized. When a local government is authorized to issue bonds to finance operating deficits, the local government is subject to certain additional fiscal oversight during the time the bonds are outstanding as required by the State's Local Finance Law, including an annual budget review by OSC.

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

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

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

A total of 31 local governments (7 counties, 6 cities, 11 towns and 7 villages) and 33 school districts have been placed in a stress category by OSC based on financial data for their fiscal years ending in 2019. 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; the economic ramifications of a pandemic, and for some communities, the significant upfront costs for rebuilding and clean-up in the wake of a natural disaster. Localities may also face unanticipated problems resulting from certain pending litigation, judicial decisions and long-range economic trends. Other large-scale potential problems, such as declining urban populations, declines in the real property tax base, increasing pension, health care and other fixed costs, or the loss of skilled manufacturing jobs, may also adversely affect localities and necessitate requests for State assistance.

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

The following table summarizes the debt of New York City and its related issuers, and other New York State localities, from 1980 to 2019.

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
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
2019	91,542	0	36,125	5,751	127,667	5,751

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 year ending 1990 may include debt that has been defeased through the issuance of refunding bonds.

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

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

⁽³⁾ Includes bonds issued by 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 Government Employment

As of March 31, 2021, the State had approximately 175,600 FTE annual salaried employees funded from all funds including some part-time and temporary employees, independently-elected agencies and university systems, but excluding seasonal, legislative and judicial employees. The workforce is now substantially smaller than it was in 1990, when it peaked at approximately 230,000 positions. The State workforce is projected to total 177,585 positions at the end of FY 2022. The State workforce subject to direct Executive control is expected to total 112,740 full time equivalent positions at the end of FY 2022.

HISTORICAL SUMMARY OF EXECUTIVE BRANCH WORKFORCE		
ANNUAL SALARIED FTEs		
ALL FUNDS		
Date	Subject to Direct Executive Control	Grand Total
3/31/2008	137,707	195,266
3/31/2009	136,517	195,347
3/31/2010	131,741	191,195
3/31/2011	125,787	183,921
2/29/2012*	119,579	179,598
3/31/2013	119,756	180,802
3/31/2014	118,492	180,041
3/31/2015	117,807	179,620
3/31/2016	117,862	180,220
3/31/2017	117,907	181,436
3/31/2018	117,397	181,599
3/31/2019	117,967	182,799
3/31/2020	118,193	183,715
3/31/2021	111,230	175,559

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

WORKFORCE SUMMARY			
ALL FUNDS			
FY 2020 THROUGH FY 2022			
	FY 2020	FY 2021	FY 2022
	Actuals	Actuals	Estimate
	(03/31/20)	(03/31/21)	(03/31/22)
Major Agencies			
Children and Family Services, Office of	2,889	2,647	2,681
Corrections and Community Supervision, Department of	28,651	26,694	26,847
Education Department, State	2,680	2,555	2,650
Environmental Conservation, Department of	3,017	2,853	2,940
Financial Services, Department of	1,329	1,289	1,296
General Services, Office of	1,844	1,741	1,828
Health, Department of	4,813	4,567	5,418
Information Technology Services, Office of	3,423	3,200	3,320
Labor, Department of	2,770	2,616	2,695
Mental Health, Office of	13,929	13,332	13,592
Motor Vehicles, Department of	3,025	2,663	2,899
Parks, Recreation and Historic Preservation, Office of	2,035	1,947	1,981
People with Developmental Disabilities, Office for	18,984	17,749	18,602
State Police, Division of	5,785	5,450	5,602
Taxation and Finance, Department of	3,787	3,589	3,785
Temporary and Disability Assistance, Office of	1,922	1,791	1,864
Transportation, Department of	8,487	8,107	8,147
Workers' Compensation Board	1,081	1,018	1,049
Subtotal - Major Agencies	110,451	103,808	107,196
Minor Agencies	7,742	7,422	8,095
Subtotal - Subject to Direct Executive Control	118,193	111,230	115,291
Adjustments			
Hiring Freeze Savings			(2,551)
Subtotal - Adjustments	0	0	(2,551)
University Systems			
City University of New York	13,797	13,350	13,476
State University Construction Fund	141	130	131
State University of New York	47,085	46,373	46,708
Subtotal - University Systems	61,023	59,853	60,315
Independently Elected Agencies			
Audit and Control, Department of	2,698	2,721	2,710
Law, Department of	1,801	1,755	1,820
Subtotal - Independently Elected Agencies	4,499	4,476	4,530
Grand Total	183,715	175,559	177,585
Source: NYS DOB, as provided with the FY 2022 Enacted Budget Report published in May 2021.			

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, 2020, is included in NYSLRS’ Annual Comprehensive Financial Report (“NYSLRS’ Financial Report”) for the fiscal year ended March 31, 2020 and is available on the OSC website at the following address:

<https://www.osc.state.ny.us/files/retirement/resources/pdf/comprehensive-annual-financial-report-2020.pdf>.

Additionally, available at the OSC website are the System’s asset listing for the fiscal year ended March 31, 2020. The audited financial statements with the independent auditor’s report for the fiscal year ended March 31, 2020 is available on the OSC website at the following address:

<https://www.osc.state.ny.us/files/retirement/resources/pdf/asset-listing-2020.pdf>.

The Annual Reports to the Comptroller on Actuarial Assumptions from the Retirement System’s Actuary - the contents of which explain the methodology used to determine employer contribution rates to the System - issued from 2007 through 2020 are available at the OSC website at:

<https://www.osc.state.ny.us/retirement/resources/financial-statements-and-supplementary-information#actuarial>.

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

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

The State Comptroller is also the trustee and custodian of the CRF, a trust created pursuant to the Retirement and Social Security Law to hold the System’s assets, and, as such, is responsible for investing the assets of the System. Consistent with statutory limitations affecting categories of investment, the State Comptroller, as trustee of the CRF, establishes a target asset allocation and approves policies and procedures to guide and direct the investment activities of the Division of

Pension Investment and Cash Management of the Office of the State Comptroller (“Division”). Division employees, outside advisors, consultants and legal counsel provide the State Comptroller with advice and oversight of investment decisions. Outside advisors and internal investment staff are part of the chain of approval that must recommend all investment decisions before final action by the State Comptroller. The Investment Advisory Committee and the Real Estate Advisory Committee, both made up of outside advisors, assist the State Comptroller in his investment duties. The Investment Advisory Committee advises the State Comptroller on investment policies relating to the CRF, reviews the portfolio of the CRF and makes such recommendations as the Committee deems necessary. The Real Estate Advisory Committee reviews and must approve mortgage and real estate investments for consideration by the State Comptroller.

The System engages an independent auditor to conduct an audit of the System’s annual financial statements. Furthermore, an Actuarial Advisory Committee meets annually to review the actuarial assumptions and the results of the actuarial valuation of the System. The Actuarial Advisory Committee is composed of current or retired senior actuaries from major insurance companies or pension plans. The System also engages the services of an outside actuarial consultant to perform a statutorily required quinquennial review. At least once every five years, NYSLRS is also examined by DFS. The Comptroller has established within the Retirement System, the Pension Integrity Bureau, the purpose of which is to identify and prevent errors, fraud and abuse. The State Comptroller has also established an Office of Internal Audit to provide the Comptroller with independent and objective assurance and consulting services for the programs and operations of the Office of the State Comptroller, including programs and operations of NYSLRS. The Comptroller’s Advisory Audit Committee, established in compliance with DFS regulations, meets three times per year to review the System’s audited financial statements and the NYSLRS’ Financial Report, and to discuss a variety of financial and investment-related activities. Pursuant to DFS regulations, a fiduciary review of the System for the three-year period ended March 31, 2018 was submitted on March 9, 2020.

The System

The System provides pension benefits to public employees of the State and its localities (except employees of New York City, and public school teachers and administrators, who are covered by separate public retirement systems). State employees made up about 32 percent of the System’s membership as of March 31, 2020. There were 2,962 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, 2020, 673,336 persons were members of the System and 487,407 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, 2020, approximately 49 percent of ERS members were in Tiers 3 and 4 and approximately 58 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 86 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.

¹⁸ Less than 1 percent of the 12,883 PFRS Tier 6 members are non-contributory.

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

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 2022 were released in August 2020. The average ERS rate increased by 1.6 percent from 14.6 percent of salary in FY 2021 to 16.2 percent of salary in FY 2022, while the average PFRS rate increased by 3.9 percent from 24.4 percent of salary in FY 2021 to 28.3 percent of salary in FY 2022. Information regarding average rates for FY 2022 may be found in the 2020 Annual Report to the Comptroller on Actuarial Assumptions which is accessible at:

<https://www.osc.state.ny.us/files/retirement/resources/pdf/actuarial-assumptions-2020.pdf>

Legislation enacted in 2010 authorized the State and participating employers to amortize a portion of their annual pension costs during periods when actuarial contribution rates exceed thresholds established by the statute. The legislation provided employers with an optional mechanism intended to reduce the budgetary volatility of employer contributions. Amortized amounts must be paid by the State and participating employers in equal annual installments over a ten-year period, and employers may prepay these amounts at any time without penalty. Employers are required to pay interest on the amortized amounts at a rate determined annually by the State Comptroller that is comparable to taxable fixed income investments of a comparable duration. The interest rate on the amount an employer chooses to amortize in a particular rate year is fixed for the duration of the ten-year repayment period. Should the employer choose to amortize in the next rate year, the interest rate on that amortization will be the rate set for that year. For amounts amortized in FY 2011, FY 2012, FY 2013, FY 2014, FY 2015, FY 2016, FY 2017, FY 2018, FY 2019, FY 2020, and FY 2021, the interest rates are 5 percent, 3.75 percent, 3 percent, 3.67 percent, 3.15 percent, 3.21 percent, 2.33 percent, 2.84 percent, 3.64 percent, 2.55 percent and 1.33 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.

¹⁹ During 2020, the Retirement System's Actuary conducted the statutorily required quinquennial actuarial experience study of economic and demographic assumptions. The assumed investment rate of return is an influential factor in calculating employer contribution rates. In September 2020, the Comptroller announced the assumed rate of return for NYSLRS would remain at 6.8 percent. The 6.8 percent rate of return has been used to determine employer contribution rates in FY 2021 and FY 2022.

As of March 31, 2020, the amortized amount receivable, including accrued interest, for the 2011 amortization is \$0 from the State and \$3.7 million from 20 participating employers; the amortized amount receivable, including accrued interest, for the 2012 amortization is \$121.7 million from the State and \$36.6 million from 96 participating employers; the amortized amount receivable, including accrued interest, for the 2013 amortization is \$254.8 million from the State and \$102.5 million from 119 participating employers; the amortized amount receivable, including accrued interest, for the 2014 amortization is \$416.9 million for the State and \$77.3 million from 88 participating employers; the amortized amount receivable including accrued interest, for the 2015 amortization is \$385.2 million from the State and \$71.3 million from 76 participating employers; the amortized amount receivable, including accrued interest for the 2016 amortization, is \$227.6 million from the State and \$41.1 million from 51 participating employers; the amortized amount receivable, including accrued interest for the 2017 amortization, is \$4.4 million from 9 participating employers; the State did not amortize in 2017; the amortized amount receivable, including accrued interest for the 2018 amortization, is \$3.6 million from 4 participating employers; the State did not amortize in 2018; and the amortized amount receivable, including accrued interest for the 2019 amortization, is \$3.9 million from 1 participating employer; the State did not amortize in 2019. No participating employer or the State amortized under the Contribution Stabilization Program in 2020.

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, 2020, the amortized amount receivable, including interest, from 24 participating employers for the 2014 amortization is \$124.6 million. The amortized amount receivable, including interest, from 26 participating employers for the 2015 amortization is \$120.3 million. The amortized amount receivable, including interest, from 23 participating employers for the 2016 amortization is \$95.1 million. The amortized amount receivable, including interest, from 19 participating employers for the 2017 amortization is \$72.3 million. The amortized amount receivable, including interest, from 13 participating employers for the 2018 amortization is \$64.4 million. The amortized amount receivable, including interest, from 11 participating employers for the 2019 amortization is \$23.6 million. The amortized amount receivable, including interest, from 4 participating employers for the 2020 amortization is \$33.6 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 2020 amounts are 14.2 percent for ERS and 22.5 percent for PFRS. Electing employers may amortize the difference between the graded rate and the actuarially required rate over a twelve-year period at an interpolated twelve-year U.S. Treasury Security rate (3.76 percent for FY 2014, 3.50 percent for

FY 2015, 3.31 percent for FY 2016, 2.63 percent for FY 2017, 3.31 percent for FY 2018, 3.99 percent for FY 2019, 2.87 percent for FY 2020, and 1.60 percent for FY 2021). 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 2021 was approximately \$2.390 billion. The State opted to not amortize under the Contribution Stabilization Program, and paid the bill in full as of March 1, 2021.

The State paid off all outstanding non-Judiciary amortizations under the Contribution Stabilization Program on March 29, 2021. This reduced the estimated total State payment (including Judiciary) due to NYSLRS for FY 2022 to approximately \$2.314 billion. Multiple prepayments (including interest credit) have reduced this amount to \$20 million.

Pension Assets and Liabilities

The System's assets are held by the CRF for the exclusive benefit of members, retirees and beneficiaries. Investments for the System are made by the State Comptroller as trustee of the CRF. The System reports that the net position restricted for pension benefits as of March 31, 2020 was \$198.1 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), a decrease of \$17.1 billion or 7.9 percent from the FY 2019 level of \$215.2 billion. The decrease in net position restricted for pension benefits from FY 2019 to FY 2020 is primarily the result of the net depreciation of the fair value of the investment portfolio.²⁰ The System's audited Financial Statement reports a time-weighted investment rate of return of negative 2.7 percent (gross rate of return before the deduction of certain fees) for FY 2020.

²⁰ On May 26, 2021, the State Comptroller announced that the New York State Common Retirement Fund's ("Fund") estimated time-weighted return (gross of certain investment fees) for FY 2021 was 33.55 percent, and the Fund ended the year with an estimated value of \$254.8 billion. These returns reflect unaudited data for the invested assets of the System. The value of the invested assets changes daily.

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 \$268.9 billion (including \$139.7 billion for retirees and beneficiaries) as of April 1, 2020, up from \$260.3 billion as of April 1, 2019. 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, 2020. 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, 2020 in that the determination of actuarial assets utilized a smoothing method that recognized 20 percent of the unexpected loss for FY 2020, 40 percent of the unexpected loss for FY 2019, 60 percent of the unexpected gain for FY 2018, and 80 percent of the unexpected gain for FY 2017. The asset valuation method smooths gains and losses based on the market value of all investments. Actuarial assets increased from \$213.0 billion on April 1, 2019 to \$214.1 billion on April 1, 2020.

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.

²¹ More detail on the CRF's asset allocation as of March 31, 2020, long-term policy and transition target allocation can be found on page 100 of the NYSLRS' Financial Report for the fiscal year ending March 31, 2020.

The ratio of fiduciary net position to the total pension liability for ERS, as of March 31, 2020, calculated by the System's Actuary, was 86.4 percent. The ratio of the fiduciary net position to the total pension liability for PFRS, as of March 31, 2020, calculated by the System's Actuary, was 84.9 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 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 2020, based on the System's measurement date of March 31, 2020. 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/retirement/resources/financial-statements-and-supplementary-information?redirect=legacy>.

The GASB 68 "Schedules of Employer Allocation" and "Schedules of Pension Amounts by Employer" as of March 31, 2020 have been posted to the OSC website at the following link.

<https://www.osc.state.ny.us/files/retirement/resources/pdf/schedules-emp-allocations-pen-amounts-2020.pdf>.

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.

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.

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

Fiscal Year Ended	Contributions Recorded				Total Benefits Paid ⁽³⁾
	All Participating Employers ⁽¹⁾⁽²⁾	Local Employers ⁽¹⁾⁽²⁾	State ⁽¹⁾⁽²⁾	Employees	
March 31					
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
2020	4,783	3,023	1,760	454	13,311

Sources: State and Local Retirement System.

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

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

⁽³⁾ Includes payments from 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	Net Assets	Percent Increase/ (Decrease)
March 31		From Prior Year
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%
2020	198,080	-7.9%

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, 2020 includes approximately \$5.0 billion of receivables.

Additional Information Regarding the System

The NYSLRS' Financial Report contains in-depth and audited information about the System. Among other things, the NYSLRS' Financial Report contains information about the number of members and retirees, salaries of members, valuation of assets, changes in fiduciary net position and information related to contributions to the System. The 2020 NYSLRS' Financial Report is available on the OSC website at the following web address:

<http://www.osc.state.ny.us/files/retirement/resources/pdf/comprehensive-annual-financial-report-2020.pdf>.

- 1) Information on the number of members and retirees, including the change in the number of members and retirees and beneficiaries since 2010 can be found on page 29 of the NYSLRS' Financial Report at the link noted above. More information on this topic is available in the "Statistical" section of the NYSLRS' Financial Report.
- 2) A combined basic statement of changes in fiduciary net position can be found on page 43 of the NYSLRS' Financial Report at the link noted above.
- 3) Schedule of Changes in the Employers' Net Pension Liability and Related Ratios (unaudited) can be found on pages 72-73 at the link noted above.
- 4) Information on contributions can be found on pages 143-151 of the NYSLRS' Financial Report at the link noted above.
- 5) A table with the market value of assets, actuarial value of assets and actuarial accrued liability of the CRF since 2010 can be found on page 152 of the NYSLRS' Financial Report at the link noted above.
- 6) Information related to the salaries of members can be found on pages 186-189 of the NYSLRS' Financial Report at the link noted above.

Litigation

General

The legal proceedings listed below involve State finances and programs and other claims in which the State is a defendant and the potential monetary claims against the State are deemed to be material, meaning in excess of \$100 million or involving significant challenges to or impacts on the State's financial policies or practices. As explained below, these proceedings could adversely affect the State's finances in FY 2022 or thereafter. The State intends to describe newly initiated proceedings that the State deems to be material and existing proceedings that the State has subsequently deemed to be material, as well as any material and adverse developments in the listed proceedings, in quarterly updates and/or supplements to this AIS.

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

The State is party to other claims and litigation, with respect to which its legal counsel has advised that it is not probable that the State will suffer adverse court decisions, or which the State has determined do not, considered on a case by case basis, meet the materiality threshold described in the first paragraph of this section. Although the amounts of potential losses, if any, resulting from these litigation matters are not presently determinable, it is the State's position that any potential liability in these litigation matters is not expected to have a material and adverse effect on the State's financial position in FY 2022 or thereafter. The Basic Financial Statements for FY 2021, which OSC expects to issue by July 29, 2021, are expected to report possible and probable awards and anticipated unfavorable judgments against the State.

Adverse developments in the proceedings described below; other proceedings for which there are unanticipated, unfavorable and material judgments; or the initiation of new proceedings could affect the ability of the State to maintain a balanced FY 2022 Financial Plan. The State believes that the Financial Plan includes sufficient reserves to offset the costs associated with the payment of judgments that may be required during FY 2022. These reserves include (but are not limited to) amounts appropriated for Court of Claims payments and projected fund balances in the General Fund. In addition, any amounts ultimately required to be paid by the State may be subject to settlement or may be paid over a multi-year period. There can be no assurance, however, that adverse decisions in legal proceedings against the State would not exceed the amount of all potential Enacted Budget resources available for the payment of judgments, and could therefore adversely affect the ability of the State to maintain a balanced Financial Plan.

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

Real Property Claims

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

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

On May 21, 2013, the State, Franklin and St. Lawrence Counties, and the tribe signed an agreement resolving a gaming exclusivity dispute, which agreement provides that the parties will work towards a mutually agreeable resolution of the tribe's land claim. The land claim has been stayed by the Second Circuit through February 12, 2021, and is expected to be extended to August 12, 2021, to allow for settlement negotiations, which are ongoing.

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

Discovery in this matter was stayed for several years while the parties continued their settlement discussions. On January 11, 2021, the Court issued a Text Order lifting the stay of discovery. The Court directed that the parties serve updated initial disclosures on or before March 2, 2021, which the parties did. On May 17, 2021, the plaintiffs filed motions for partial summary judgment. Defendants' deadline to respond to these motions is July 16, 2021. Settlement negotiations remain ongoing.

On February 5, 2021, counsel for Franklin County filed a status report indicating that Franklin County, the Town of Fort Covington, the Town of Bombay, and the State had resolved their remaining differences over the language of a Supplemental MOU, which will permit them to move forward toward a final settlement agreement. On February 8, 2021, Plaintiff St. Regis Mohawk Tribe filed a status report stating that it believes there are issues with the 2014 MOU pertaining to St. Lawrence County that will need to be revisited, but that it remains open to further negotiations to develop the 2014 MOU into a more comprehensive agreement.

School Aid

In *Maisto v. State of New York* (formerly identified as *Hussein v. State of New York*), plaintiffs seek a judgment declaring that the State's system of financing public education violates § 1 of article 11 of the State Constitution, on the ground that it fails to provide a sound basic education. In a decision and order dated July 21, 2009, Supreme Court, Albany County, denied the State's motion to dismiss the action. On January 13, 2011, the Appellate Division, Third Department, affirmed the denial of the motion to dismiss. On May 6, 2011, the Third Department granted 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. On appeal, by decision and order dated October 26, 2017, the Appellate Division reversed the judgment of the trial court and remanded the case for the trial court to make specific findings as to the adequacy of inputs and causation. In a decision and order dated January 10, 2019, Supreme Court, Albany County, found that the State's system of financing public education is adequate to provide the opportunity for a sound basic education. On appeal, by opinion and order dated May 27, 2021, the Appellate Division, Third Department, reversed, and granted a declaration that plaintiffs demonstrated a violation of § 1 of Article 11 of the State Constitution in each of the subject school districts as relates to the at-risk student population. The Appellate Division remitted the matter to Supreme Court while the State determines the appropriate remedy.

In *New Yorkers for Students Educational Rights v. New York*, the organizational plaintiff and several individual plaintiffs commenced a 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 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. 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. All other claims were dismissed.

Plaintiffs filed their third Amended Complaint on May 4, 2018. 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. Defendants' Answer to the Third Amended Complaint was filed on July 10, 2018. Currently, the note of issue is due on July 30, 2021, and summary judgment motions are due 90 days later.

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. On April 22, 2021, plaintiffs discontinued their claims on behalf of the Syracuse individual plaintiffs. Central Islip, Gouverneur, and Syracuse are no longer subjects of the litigation.

In *New York State United Teachers, et al. v. The State of New York, et al.* (Sup. Ct., Albany Co.), commenced September 15, 2020, plaintiffs seek a judgment declaring that the inclusion of authority to withhold State aid to public schools that was appropriated under the FY 2021 Enacted Budget, and the exercise of that authority by the Director of the Budget, are unconstitutional as violations of the separation of powers doctrine, Article VII of the State Constitution, and Chapter 53 of the Laws of 2020 (i.e., the 2020-2021 budget bill). Plaintiffs also seek an order requiring the Director of the Budget to release withheld funds and injunctive relief barring any future withholding or delayed payment of monies appropriated to public schools in the FY 2021 Enacted Budget. An Amended Complaint/Petition (hybrid) was filed March 1, 2021, which includes new claims on behalf of SUNY and CUNY community colleges, as well as CUNY senior colleges, based on Fiscal Year 2021 withholdings. By consent of the parties, the return date has been adjourned until July 2, 2021. Defendants/Respondents' briefs are due by June 11, 2021, and Plaintiffs/Petitioners' briefs are due by July 1, 2021.

Health Insurance Premiums

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

In 2011, CSEA negotiated a two percent increase in the employee contribution to health insurance premiums. Over time, the other unions incorporated this term into their collective bargaining agreements. In October 2011, 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. The U.S. Court of Appeals for the Second Circuit thereafter approved a coordinated briefing schedule and heard oral argument.

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

1. Under New York state law, and in light of *Kolbe v. Tibbetts*, 22 N.Y.3d 344 (2013), *M & G Polymers USA, LLC v. Tackett*, 574 U.S. 427 (2015), and *CNH Indus. N.V. v. Reese*, 138 S. Ct. 761 (2018), do §§ 9.13 (setting forth contribution rates of 90% and 75%), 9.23(a) (concerning contribution rates for surviving dependents of deceased retirees), 9.24(a) (specifying that retirees may retain NYSHIP coverage in retirement), 9.24(b) (permitting retirees to use sick-leave credit to defray premium costs), and 9.25 (allowing for the indefinite delay or suspension of coverage or sick-leave credits) of the 2007-2011 collective bargaining agreement between the Civil Service Employees Association, Inc. and the Executive Branch of the State of New York ("the CBA"), singly or in combination, (1) create a vested right in retired employees to have the State's rates of contribution to health-insurance premiums remain unchanged during their lifetimes, notwithstanding the duration of the CBA, or (2) if they do not, create sufficient ambiguity on that issue to permit the consideration of extrinsic evidence as to whether they create such a vested right?

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

Donohue v. Cuomo, 980 F.3d 53, 87-88 (2d Cir. 2020). On December 15, 2020, the New York Court of Appeals accepted the certified questions, set an initial briefing schedule, and indicated that it will hear oral argument.

The Second Circuit's certification order addresses only *Donohue v. Cuomo*. The Circuit reserved decision in the other 11 appeals, observing that the New York Court of Appeals' resolution of the above questions in *Donohue* "will significantly advance, if not control, the dispositions of the other cases." *Id.* at 64 n.6. Therefore, after the New York Court of Appeals renders its decision, further proceedings in the Second Circuit focusing on how the decision in *Donohue* affects the resolution of the various appeals are expected.

Exhibit A to AIS - Selected State Government Summary

State Government Organization

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

<u>Name</u>	<u>Office</u>	<u>Party Affiliation</u>	<u>First Elected</u>
Andrew M. Cuomo	Governor	Democrat	2010
Kathleen C. Hochul	Lieutenant Governor	Democrat	2014
Thomas P. DiNapoli	Comptroller	Democrat	2007
Letitia James	Attorney General	Democrat	2018

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

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

Appropriations and Fiscal Controls

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

Disbursements from State and Federal funds are limited to the level of authorized appropriations. Generally, most State contracts for disbursements in excess of \$50,000 (or \$85,000 in the case of the Office of General Services) require prior approval by the Comptroller. Certain contracts, primarily of SUNY and CUNY, and those established as a centralized contract through the Office of General Services, are not subject to approval by the Comptroller by law, but are subject to Comptroller review under a Memorandum of Understanding agreed to with the Executive in 2019. In most cases, State agency contracts depend upon the existence of an appropriation and the availability of that appropriation as certified by the Director of the Budget. The Budget Director must review all applications for State participation in continuing grant- or contract-supported programs, with specified exceptions. Certain legislative leaders have the opportunity to make recommendations on the applications. In addition, the Comptroller has the discretion to identify and review certain public authority contracts valued at \$1.0 million or greater that are either awarded without competition or which are paid using State-appropriated funds.

Appropriations may be increased or decreased in accordance with statutory authority under certain circumstances by transfer, interchange or otherwise. In addition, appropriations may be increased or decreased by statutory amendment or by supplemental appropriations. Pursuant to authority contained in most State operations appropriations for FY 2022, the Director of the Budget is also allowed to interchange, transfer, or suballocate such appropriation authority to other agencies in order to achieve the consolidation and realignment of certain State operations.

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

Investment of State Moneys

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

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

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

The State Comptroller repays loans from the first cash receipts into the borrowing fund or account. Fund balances outside the General Fund are presented on a net basis, i.e., they are reduced by the amount of outstanding temporary loans from STIP. Some sources of the State's temporary loans include timing-related delays in the receipt from Federal funds and the sale of bonds used to finance capital projects, and unreimbursed costs related to the Office of Information Technology Services (ITS) Internal Service Funds. The total outstanding balance of loans from STIP at March 31, 2021 was \$5.840 billion, a decrease of \$3 million from the outstanding loan balance of \$5.843 billion at March 31, 2020.

Accounting Practices, Financial Reporting and Budgeting

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

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



**Exhibit B to AIS -
State-Related Bond Authorizations**

Exhibit B - State Related Bond Authorizations

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

STATE-RELATED DEBT FY 2022 BOND CAPS AND DEBT OUTSTANDING (millions of dollars) ⁽¹⁾					
Type of Cap (Gross or Net)*	Program	FY 2022 Bond Caps	Authorized But Unissued ⁽²⁾	Debt Outstanding ⁽³⁾ As of 3/31/21	
Education:					
Gross	SUNY Educational Facilities (4)	15,556	2,085	9,774	
Net	SUNY Dormitory Facilities (5)	1,561	68	5	
Net	SUNY Upstate Community Colleges (5)	1,066	171	862	
Gross	CUNY Educational Facilities (6)	9,661	1,501	4,963	
Net	State Ed Department Facilities (7)	0	0	29	
Net	University Facilities (Jobs 2000)	48	1	0	
Net	School District Capital Outlay Grants	140	40	0	
Net	Judicial Training Institute	16	0	0	
Net	Transportation Transition Grants	80	12	0	
Net	Higher Education Capital Matching Grants	300	136	21	
Net	EXCEL	2,600	35	1,499	
Net	Library Facilities	299	53	129	
Net	Cultural Education Storage Facilities	79	69	0	
Net	State Longitudinal Data System	20	10	0	
Net	SUNY 2020 Challenge Grants	660	459	142	
Net	Private Special Education	236	227	8	
Environment:					
Net	Environmental Infrastructure Projects (8)	7,130	4,426	1,841	
Net	Hazardous Waste Remediation	2,200	959	768	
Net	Riverbank State Park	78	18	9	
Net	Water Pollution Control (SRF)	1,030	143	157	
Net	Pipeline for Jobs (Jobs 2000)	34	2	0	
Net	Pilgrim Sewage Plant	11	0	0	
State Facilities:					
Net	Empire State Plaza	133	13	0	
Net	Division of State Police Facilities	375	221	115	
Net	Division of Military & Naval Affairs	172	146	42	
Net	Alfred E. Smith Building	89	0	8	
Net	Sheridan Ave. (Elk St.) Parking Garage	25	0	3	
Net	State Office Buildings and Other Facilities	1,309	587	494	
Net	Judiciary Improvements	38	1	3	
Net	OSC State Buildings	52	0	14	
Net	Albany Parking Garage (East)	41	0	14	
Net	OGS State Buildings and Other Facilities (9)	165	51	46	
Net	Equipment Acquisition (COPs) (10)	784	106	2	
Net	Food Laboratory	41	1	27	
Net	OFT Facilities	21	18	2	
Net	Courthouse Improvements	76	0	39	
Gross	Prison Facilities	9,140	1,366	3,981	
Net	Homeland Security	348	86	145	
Gross	Youth Facilities	876	357	215	
Net	Storm Recovery Capital	450	450	0	
Net	Information Technology	974	442	388	
Net	Nonprofit Infrastructure Capital Investment Program	120	50	51	
Net	Statewide Equipment	293	293	0	
Health/Mental Hygiene:					
Net	Department of Health Facilities (inc. Axelrod)	495	3	109	
Gross	Mental Health Facilities	10,477	2,316	3,523	
Net	HEAL NY Capital Program	750	95	151	
Net	Capital Restructuring Program	3,053	2,184	742	
Transportation:					
Gross	Consolidated Highway Improvement Program (CHIPS)	12,261	2,295	4,623	
Net	Dedicated Highway & Bridge Trust	18,150	2,357	5,262	
Net	High Speed Rail	22	14	6	
Net	Albany County Airport	40	1	0	
Net	Transportation Initiatives	8,840	5,804	2,580	
Net	MTA Transportation Facilities	12,516	5,660	3,790	
N/A	MTA Service Contract	2,005	0	1,190	
Net	Transportation (TIFIA)	750	750	0	

Exhibit B - State Related Bond Authorizations

STATE-RELATED DEBT FY 2022 BOND CAPS AND DEBT OUTSTANDING (millions of dollars) ⁽¹⁾					
Type of Cap	Program	FY 2022 Bond Caps	Authorized But Unissued ⁽²⁾	Debt Outstanding ⁽³⁾	
(Gross or Net)*				As of 3/31/21	
Economic Development:					
Gross	Housing Capital Programs	7,545	3,647	1,685	
Net	Community Enhancement Facilities (CEFAP)	424	37	9	
Net	University Technology Centers (incl. HEAT) (11)	248	13	0	
Net	Sports Facilities	145	0	1	
Net	Child Care Facilities	30	1	0	
Net	Bio-Tech Facilities	10	10	0	
Net	Strategic Investment Program	216	13	8	
Net	Regional Economic Development (Fund 002) (12)	1,190	36	65	
Net	NYS Economic Development (2004) (13)	346	0	61	
Net	Regional Economic Development (2004) (14)	243	199	9	
Net	High Technology and Development	249	59	42	
Net	Regional Economic Development/SPUR	90	13	14	
Net	Buffalo Inner Harbor	50	0	11	
Net	Jobs Now	14	1	0	
Net	Economic Development 2006 (Various) (15)	2,310	259	835	
Net	Javits Convention Center	1,350	350	867	
Net	Queens Stadium (Mets)	75	0	23	
Net	Bronx Stadium (Yankees)	75	0	14	
Net	NYS Ec Dev Stadium Parking ('06)	75	69	3	
Net	State Modernization Projects (RIOC Tram, etc.)	50	15	0	
Net	2008 and 2009 Economic Development Initiatives	1,269	92	332	
Net	H.H. Richardson Complex/Darwin Martin House	84	0	40	
Net	Economic Development Initiatives	11,279	5,324	3,744	
Net	State and Municipal Facilities	3,184	2,293	688	
Net	Empire Station Complex	1,300	1,300	0	
LGAC	Net Local Government Assistance Corporation	4,700	0	321	
GO	Gross General Obligation	18,935	2,308	2,170	
Total State-Supported Debt		183,169	52,122	58,714	
Other State Financings:					
	MBBA Special Purpose School Aid Bonds			68	
	Capital Lease and Mortgage Loan Commitments (16)			519	
	Other (17)			100	
Total State-Related Debt (18)				59,401	
<p>Totals may not add due to rounding. * Gross caps include cost of issuance fees. Net caps do not. Source: NYS DOB</p> <p>⁽¹⁾ Includes only authorized programs that are active at March 31, 2021 or have outstanding program balances or both. ⁽²⁾ Amounts issued may exceed the stated amount authorized by premiums, by providing for the cost of issuance, reserve fund requirements and, in certain circumstances, refunding bonds. In some cases, Authorized but Unissued bond cap amounts have been reduced by the higher of (i) net bond proceeds available to fund program, or (ii) par amount of bonds issued. ⁽³⁾ 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. ⁽⁴⁾ Authorization also includes any amount necessary to refund outstanding Housing Finance Agency State University Construction Bonds, all of which have been refunded. ⁽⁵⁾ Authorization applies to bonds issued after March 31, 2002, prior to that date there was no limit. ⁽⁶⁾ The amount outstanding includes CUNY Community Colleges bonds for which the State pays debt service. The total amount authorized for CUNY Senior Colleges was unlimited for resolutions adopted prior to 7/1/85 and limited to \$8.315 billion for both CUNY Senior and CUNY Community Colleges for resolutions adopted after 7/1/85. ⁽⁷⁾ Legislation enacted in May 2002 prohibits further issuance of bonds for this purpose, except for refunding purposes. ⁽⁸⁾ Includes bonds issued for West Valley, DEC Environmental Infrastructure Projects, Environmental Protection Fund, Onondaga Lake, and the Office of Parks and Recreation and Historic Preservation. ⁽⁹⁾ Includes debt outstanding for OGS Buildings: 44 Holland Ave., 50 Wolf Rd., 625 Broadway Ave., Hampton Plaza, and DOT Region 1. ⁽¹⁰⁾ Authorized amounts includes Certificates of Participation, which have been issued as bonds after March 31, 2003. ⁽¹¹⁾ Includes authorizations for Science and Technology Center (Syracuse), Super Computer Center (Cornell), Center for Telecommunications (Columbia), HEAT, Center for Industrial Innovation (City of Troy), Center for Advanced materials (Clarkson), Center for Electro-Optic (Rochester), Center for Neural Sciences (NYU) and Center for Incubator Facilities. ⁽¹²⁾ Includes bonds issued for Community Capital Assistance Program (CCAP), Rebuilding the Empire State Through Opportunities in Regional Economies Program (RESTORE), Empire Opportunity Fund (EOF), Generating Employment Through New York Science Program (Gen*NY*sis), Multi-Modal Transportation Program, and Center of Excellence Program (Laws of 2002). ⁽¹³⁾ Includes bonds to be issued for economic development projects outside cities of 1 million or more in population. ⁽¹⁴⁾ Includes bonds issued for the EOF, RESTORE and CCAP. ⁽¹⁵⁾ Includes bonds to be issued for economic development and environmental projects. ⁽¹⁶⁾ Estimated. ⁽¹⁷⁾ Includes bonds issued for Secured Hospital Program ⁽¹⁸⁾ Capital leases and mortgage loan commitments are included in all figures and references to State-related debt in this AIS unless otherwise specifically noted.</p>					

Exhibit B - State Related Bond Authorizations

STATE GENERAL OBLIGATION DEBT ¹ as of March 31, 2021 (In Millions)			
Purpose/Year Authorized	Total Authorized	Authorized but Unissued	Total Debt Outstanding ²
Transportation Bonds:			
Rebuild and Renew New York Transportation Bonds (2005)			
Highway Facilities/Other Transportation (Excluding MTA)			
Highway Facilities	Note 3	Note 3	\$ 562
Mass Transit - DOT	Note 3	Note 3	14
Rail & Port	Note 3	Note 3	90
Canals & Waterways	Note 3	Note 3	8
Aviation	Note 3	Note 3	40
Subtotal Highway Facilities/Other Transportation (Excluding MTA)	\$ 1,450	\$ 42	714
Mass Transit - Metropolitan Transportation Authority	1,450	386	691
Accelerated Capacity and Transportation			
Improvements of the Nineties (1988)			
	3,000	20	10
Rebuild New York Through Transportation			
Infrastructure Renewal (1983)			
Highway Related Projects ⁴	1,064	21	Note 5
Ports, Canals, and Waterways ⁴	49	-	-
Rapid Transit, Rail and Aviation Projects ⁴	137	-	2
Energy Conservation Through Improved Transportation (1979)			
Local Streets and Highways	100	-	-
Rapid Transit and Rail Freight	400	-	1
Transportation Capital Facilities (1967)			
Highways	1,250	-	-
Mass Transportation	1,000	-	-
Aviation	250	-	2
Total Transportation Bonds	10,150	469	1,420
Environmental Bonds:			
Clean Water/Clean Air (1996)			
Air Quality	230	28	1
Safe Drinking Water	355	-	-
Clean Water	790	54	278
Solid Waste	175	-	11
Environmental Restoration	200	21	37
Environmental Quality (1986)			
Land and Forests	250	1	3
Solid Waste Management	1,200	33	83
Environmental Quality (1972)			
Air	150	12	-
Land and Wetlands	350	3	4
Water	650	2	6
Outdoor Recreation Development (1966)	200	Note 6	-
Pure Waters (1965)	1,000	20	13
Park and Recreation Land Acquisition (1960 and 1962)	100	1	-
Total Environmental Bonds	5,650	175	436
Education Bonds:			
SMART Schools Bond Act (2014)			
	2,000	1,597	307
Total Education	2,000	1,597	307
Housing Bonds:			
Low-Income Housing (through 1958)			
Low-Income Housing (through 1958)	960	8	4
Middle-Income Housing (through 1958)			
Middle-Income Housing (through 1958)	150	1	2
Urban Renewal (1958)			
Urban Renewal (1958)	25	1	-
Total Housing Bonds	1,135	10	6
TOTAL GENERAL OBLIGATION DEBT	\$ 18,935	\$ 2,251	\$ 2,169

Source: Office of the State Comptroller

(1) This table reflects General Obligation Bond Acts where there is a remaining authorized but unissued amount and/or a remaining debt outstanding balance.
(2) Reflects unaudited amounts.
(3) The Legislature did not provide any limitation on bonds to be issued for specific project categories or programs authorized within the Highway Facilities/Other Transportation (excluding MTA) Purpose.
(4) Authorizations have been adjusted to reflect reallocations made by Chapter 54 of the Laws of 1990.
(5) This amount rounds to zero, but there was a debt outstanding balance of \$357,668 at March 31, 2021.
(6) This amount rounds to zero, but there was an authorized but unissued balance of \$230,000 at March 31, 2021.

Exhibit C to AIS - GAAP-Basis Financial Plan

The State Budget is required to be balanced on a cash basis, which is DOB's primary focus in preparing and implementing the State Financial Plan. State Finance Law also requires the Financial Plan be presented for informational purposes on a GAAP basis. The GAAP-basis plans follow, to the extent practicable, the accounting principles applied by OSC in preparation of the annual Financial Statements. In practice, this means the GAAP-basis Financial Plans reflect the accrual methodology and fund classification rules used by OSC. A table reflecting GAAP basis General Fund Financial Plan projections is provided below.

In FY 2022, the General Fund GAAP Financial Plan shows total projected revenues of \$46.5 billion, total projected expenditures of \$82.2 billion, and net other financing sources of \$35.0 billion, resulting in a projected operating deficit of \$0.7 billion.

Please see "Prior Fiscal Years — GAAP-Basis Results for Prior Fiscal Years" for a summary of recent audited operating results.

GAAP FINANCIAL PLAN			
GENERAL FUND			
FY 2022			
(millions of dollars)			
	<u>Executive</u>	<u>Change</u>	<u>Enacted</u>
Revenues:			
Taxes:			
Personal Income Tax	28,945	1,074	30,019
Consumption/Use Taxes	7,388	(3,430)	3,958
Business Taxes	5,981	833	6,814
Other Taxes	1,077	149	1,226
Miscellaneous Receipts	1,909	2,183	4,092
Federal Receipts	3,000	(2,623)	377
Total Receipts	<u>48,300</u>	<u>(1,814)</u>	<u>46,486</u>
Expenditures:			
Local Assistance Grants	54,297	5,606	59,903
State Operations	12,660	2,204	14,864
General State Charges	6,819	577	7,396
Debt Service	0	0	0
Capital Projects	0	0	0
Total Disbursements	<u>73,776</u>	<u>8,387</u>	<u>82,163</u>
Other Financing Sources (Uses):			
Transfers From Other Funds	34,351	10,798	45,149
Transfers To Other Funds	(9,946)	(196)	(10,142)
Proceeds From Financing Arrangements/ Advance Refundings	0	0	0
Net Other Financing Sources (Uses)	<u>24,405</u>	<u>10,602</u>	<u>35,007</u>
Operating Surplus/(Deficit)	<u>(1,071)</u>	<u>401</u>	<u>(670)</u>
Accumulated Surplus/(Deficit)*	<u>249</u>	<u>401</u>	<u>650</u>
* It is expected that FY 2021 results will not be made available until July 2021. Note however, that FY 2022 projections are predicated upon projected FY 2021 results, for which there can be no assurance will not differ materially from projections reflected herein. If such variances from projections occur with respect to FY 2021 results, this could substantially impact FY 2022 GAAP projections.			
Source: NYS DOB.			

Exhibit D to AIS - Principal State Taxes and Fees

Personal income taxes are imposed on the New York source income of individuals, estates and trusts. Personal income taxes accounted for nearly 67 percent of All Government Funds tax receipts during FY 2021. The State tax adheres closely to the definitions of adjusted gross income and itemized deductions used for Federal personal income tax purposes, with certain modifications. Receipts from this tax are sensitive to changes in economic conditions in the State and to taxpayers' responses to Federal and State law changes. Marginal tax rates on middle-income tax filers will gradually phase down from between 5.9 percent and 6.65 percent to between 5.5 percent and 6 percent during tax years 2018 through 2025. New York allows a standard deduction of \$16,050 for married couples filing jointly, with lower deductions for the other types of filers. New York also allows a \$1,000 exemption for dependents. The current top three brackets, which apply marginal tax rates between 9.65 percent and 10.9 percent, are scheduled to expire after the 2027 tax year. Beginning in tax year 2028, these brackets are replaced by a single bracket with an 8.82 percent marginal tax rate.

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

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

Legislation enacted in 2019 included New York gambling winnings in nonresident New York source income; extended the top marginal tax rate and associated brackets for an additional five years; extended the limitation on charitable contributions for incomes above \$10 million for an additional five years; extended the clean heating fuel credit for three years; extended tax shelter reporting requirements for five years; enhanced the historic homeownership rehabilitation credit; and established a congestion pricing toll credit.

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

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

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

In the event that (i) the State Legislature fails to appropriate amounts required to make all debt service payments on the State PIT Revenue Bonds or (ii) having been appropriated and set aside pursuant to a certificate of the Director of the Budget, financing agreement payments have not been made when due on the bonds, the legislation requires that PIT receipts continue to be deposited to the RBTF until amounts on deposit in the Fund equal the greater of 40 percent of annual PIT receipts or \$12 billion.

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

The *sales and use tax* is imposed, in general, on the receipts from the sale of all tangible personal property unless specifically exempted, and all services are exempt unless specifically enumerated. The current State sales tax rate is 4 percent. Per statute, in FY 2022 the portion of receipts to be deposited in the General Fund will be reduced to 25 percent (previously 50 percent), the portion to be deposited in the Local Government Assistance Tax Fund will remain unchanged at 25 percent, and the portion to be deposited in the Sales Tax Revenue Bond Fund will be increased to 50 percent (previously 25 percent). However, effective in FY 2023 and annually thereafter, the portion of sales tax receipts that was initially deposited into the Sales Tax Revenue Bond Fund will remain unchanged at 50 percent (increased from 25 percent to 50 percent in FY 2022) and the portion deposited into the General Fund will revert back to 50 percent. Receipts in excess of debt service requirements are transferred back to the General Fund.

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

Legislation enacted in 2019 required marketplace providers to collect sales tax on on-line purchases facilitated through their platforms; eliminated the sales tax exemption on the non-residential transmission and distribution of gas or electricity when purchased from an Energy Service Company (ESCO); allowed vendors to pay sales tax on items purchased by their customers; increased the existing sales tax exemption threshold of certain vending machine purchases from \$1.50 to \$2.00 and extended the exemption to include bottled water (the entire exemption expires in two years); expanded the existing sales tax exemption on cemetery monuments to include the purchase of materials that become part of a finished cemetery monument; extended certain sales tax exemptions related to the Dodd-Frank Protection Act for two years; and extended the Department of Taxation and Finance's authority to manage delinquent sales tax vendors for five years.

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

Legislation enacted in 2021 eliminated the racing admissions tax and replaced it with the State sales tax; extended certain sales tax exemptions related to the Dodd-Frank Protection Act for three years; made technical corrections to the sales tax remote vendor registration; extended the sales tax exemption for alternative fuels for an additional five years; codified into law the existing sales tax exemption for breast pumps and certain replacement parts; and extended the existing sales tax exemption for certain vending machine purchases for an additional year.

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

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

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

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

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

The State imposes a *medical marijuana tax* on registered organizations that dispense medical marijuana. This excise tax of 7 percent is levied on gross receipts from medical marijuana and is entirely deposited into the medical marijuana trust fund. This tax became effective in January 2016. Legislation enacted in 2021 authorized the transfer of the previously undistributed portion of tax revenues to the newly established New York State Cannabis Revenue Fund.

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

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

Legislation enacted in 2021 regulates and taxes the sale of adult-use cannabis products. The State imposes both a wholesale THC-based tax and a retail excise tax on adult-use cannabis. The THC-based tax is paid on the sale of a product from a distributor to a retailer and varies based on the product type. Cannabis flower is taxed at five-tenths of one cent per milligram of total THC; concentrated cannabis is taxed at a rate of eight-tenths of one cent per milligram of total THC; and cannabis edible product is taxed at a rate of three cents per milligram of total THC. The retail excise tax is imposed at a rate of 9 percent of the retail price charged to the consumer. All adult-use cannabis revenues are to be deposited in the newly established New York State Cannabis Revenue Fund. After covering reasonable costs to administer the program and implement the law, the remaining revenues are then distributed in the following manner: 40 percent to the State Lottery Fund for education, 40 percent to the Community Grants Reinvestment Fund, and 20 percent to the Drug Treatment and Public Education Fund.

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

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

Legislation enacted in 2019 included the creation of two new credits; a credit for employer provided childcare and a credit for employers who hire individuals who have successfully completed substance abuse disorder treatment. The Rehabilitation of Historic Properties credit was enhanced to include State parks. The Employee Training Incentive Program credit was expanded to include employer's in-house training as well as to include software development and clean energy internships. The Commercial Production credit was expanded by increasing the credit percentage for both the downstate and upstate pools while also removing the growth fund pool and allocating that money to the downstate pool. The Workers with Disability credit and the Empire State film production and post-production credits were extended for three and two years, respectively. Global intangible low-taxed income (GILTI) became subject to a 95 percent exclusion beginning tax year 2019.

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

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

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

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

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

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

The State imposes a *petroleum business tax* on the privilege of operating a petroleum business in the State. This tax is measured by the quantity of various petroleum products imported into the

State for sale or use. The tax is imposed at various cents per gallon rates depending on the type of petroleum product. The cents per gallon tax rates are indexed to reflect petroleum price changes but are limited to changes of no more than 5 percent of the tax rate in any one year. Legislation enacted in 2021 extended the existing tax exemption for alternative fuels for an additional five years.

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

The State imposes an *estate tax* on the estates of deceased New York residents, and on that part of a nonresident's net estate made up of real and tangible personal property located within New York State. Legislation enacted in 2014 comprehensively reformed the estate tax to decouple from Federal law. The unified threshold of \$1 million (associated with the State's prior "pick-up tax" methodology) was replaced with an applicable credit equal to the tax on a basic threshold amount. The basic threshold amount equals the Federal basic threshold amount pursuant to Federal law as it existed on December 1, 2017, with annual inflation indexing for those dying on or after January 1, 2019. This threshold amount is equal to \$5,850,000 for those dying in calendar year 2020. The credit, similar to the pick-up tax, phases out from the threshold amount to 5 percent above that threshold amount. If a taxable estate is more than 105 percent of the threshold, then the entire taxable estate is taxed, not just the portion of the estate above the threshold. Gifts taxable under Section 2053 of the Internal Revenue Code that were not otherwise included in Federal Gross Estate and that were made during the three years ending on the date of death must be added to the New York Gross Estate. However, gifts made while the decedent was a nonresident of New York State and gifts made prior to April 1, 2014, or after January 1, 2019 are not included. Legislation enacted in 2019 extended this three-year gift addback rule effective January 16, 2019 until January 1, 2026, as well as required a binding New York State QTIP election be made on State estate tax returns. Reflecting the composition of many decedents' estates in New York, collections of this tax are influenced at least in part by fluctuations in the equity markets.

The *real estate transfer tax* applies to each real property conveyance, subject to certain exceptions, at a rate of \$2 for each \$500 of consideration or fraction thereof. There is an additional real estate transfer tax of 1 percent of the sales price applicable to residences where consideration is \$1 million or more. The FY 2011 Enacted Budget reduced the statutorily fixed deposit to the EPF from \$199.3 million to \$119.1 million. The remaining receipts are deposited in the Clean Water/Clean Air (CW/CA) Debt Service Fund.

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

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

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

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

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

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

Legislation enacted in 2019 imposed a \$60 million cap on the use of lapsed traditional lottery prize funds for promotional prizes and other promotional purposes, with the excess directed to education (the State Lottery Fund); aligned the prize payment amounts and revenue distributions for instant games and lotto; imposed a statutory commercial gaming free play cap; included certain OTB best practice reforms; reformed and simplified the VLG rates, including the distribution of capital awards and marketing allowance, capping of the current additional commission provisions, provision of an additional commission rate to a certain vendor, and significant reduction of the number of differing VLG commission rates; and authorized a VLT facility in Orange County.

Legislation enacted in 2020 amended sports wagering lounge restrictions; extended the Jockey Insurance Compensation Fund for two years; and allowed for the building of a new equine drug testing lab.

Legislation enacted in 2021 allows certain draw games to be offered twice daily (instead of only once daily) and authorizes a competitive bidding process for mobile sports wagering licenses. Mobile sports wagering tax revenue will be directed to education except for \$6 million directed to problem gambling and \$5 million for a statewide youth sports grant and education program. However, in the first year, problem gambling and the youth sports program shall receive 1 percent of revenue. Revenues from the \$25 million license fee per platform provider will be directed entirely to education.

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

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

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



Exhibit E to AIS - Glossary of Financial Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Plan: see State Financial Plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Rainy Day Reserve Fund: This fund was created in 2007 to enhance the State’s fiscal reserves. The fund, which may have a maximum balance equal to 5 percent of General Fund spending, may be used to respond to an economic downturn or catastrophic event, as defined by the enabling statute.

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

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

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

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

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

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

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

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

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

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

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

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

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

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



Exhibit F to AIS – Glossary of Acronyms

AAA	Area Agencies on Aging
ACA	Affordable Care Act
ACT	Assertive Community Treatment
ADW	Advanced Deposit Wagering
AG	Attorney General
AIG	American International Group, Inc.
AIM	Aid and Incentives for Municipalities
ALICO	American Life Insurance Company
AML	Anti-Money Laundering
AMTAP	Additional Mass Transportation Assistance Program
APCD	All-Payer Claims Database
ARC	Annual Required Contribution
ARRA	American Recovery and Reinvestment Act of 2009
AXA	AXA Equitable Life Insurance Company
BAN	Bond Anticipation Note
BARBS	Building Aid Revenue Bonds
BEA	Bureau of Economic Analysis
BHP	Basic Health Plan
BIP	Balancing Incentive Program
BNPP	BNP Paribas, S.A., New York Branch
BOCES	Boards of Cooperative Educational Services
BofA	Bank of America
BSA	Bank Security Act
BTMU	Bank of Tokyo-Mitsubishi UFJ, Ltd.
CHIPs	Consolidated Local Street & Highway Improvement Program
CHP	Child Health Plus
CMS	Centers for Medicare and Medicaid Services
COLA	Cost of Living Adjustment
CPI	Consumer Price Index
CSEA	Civil Service Employees Association
CUNY	City University of New York
CW/CA	Clean Water/Clean Air
DA	District Attorney
DAB	Departmental Appeals Board
DANY	New York County District Attorney
DASNY	Dormitory Authority of the State of New York
DC-37	District Council-37
DCJS	Division of Criminal Justice Services
DDPC	Developmental Disabilities Planning Council
DEC	Department of Environmental Conservation
DeIAm	Delaware American Life Insurance Company
DFS	Department of Financial Services
DHBTF	Dedicated Highway and Bridge Trust Fund
DIIF	Dedicated Infrastructure Investment Fund
DMV	Department of Motor Vehicles
DOB	Division of the Budget
DOCCS	Department of Corrections and Community Supervision
DOH	Department of Health
DOL	Department of Labor
DOS	Department of State
DOT	Department of Transportation
DRP	Deficit Reduction Plan
DRRF	Debt Reduction Reserve Fund
DS	Debt Service
DSHP	Designated State Health Program
DSP	Division of State Police
DSRIP	Delivery System Reform Incentive Payment
DTF	Department of Taxation and Finance
ECEP	Employer Compensation Expense Program
EFC	Environmental Facilities Corporation
EI	Early Intervention
EPF	Environmental Protection Fund

EPIC	Elderly Pharmaceutical Insurance Coverage
ERS	Employees' Retirement System
ESD	Empire State Development
ESPRI	Empire State Poverty Reduction Initiative
ETIP	Employee Training Incentive Program
FEMA	Federal Emergency Management Agency
FHP	Family Health Plus
FPG	Fortis Property Group
FTE	Full-Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GDP	Gross Domestic Product
GEA	Gap Elimination Adjustment
GLIP	Group Life Insurance Plan
GOER	Governor's Office of Employee Relations
GPHW	General Public Health Work
GSCs	General State Charges
GSEU	Graduate Student Employees Union
HCRA	Health Care Reform Act
HESC	Higher Education Services Corporation
HFA	Housing Finance Agency
HHS	Health & Human Services
IAAF	Interim Access Assurance Fund
ICF/ID	Intermediate Care Facilities for Individuals with Intellectual Disabilities
ICF/DD	Intermediate Care Facilities for Individuals with Developmental Disabilities
IPO	Initial Public Offering
IT	Information Technology
ITS	Information Technology Services
LGAC	Local Government Assistance Corporation
LICH	Long Island College Hospital
LIPA	Long Island Power Authority
LLC	Limited Liability Company
MA	Medicaid
MCTD	Metropolitan Commuter Transportation District
MMTOA	Metropolitan Mass Transportation Operating Assistance Account
MP-2014	Mortality Improvement Scale - MP-2014
MRT	Medicaid Redesign Team
MTA	Metropolitan Transportation Authority
MTACIF	Metropolitan Transit Assistance for Capital Investment Fund
NPS	Non-Personal Service
NYC	New York City
NYCHA	New York City Housing Authority
NYPA	New York Power Authority
NYRA	New York Racing Association
NYS	New York State
NYSAGI	New York State Adjusted Gross Income
NYSCOPBA	New York State Correctional Officers and Police Benevolent Association
NYSHIP	New York State Health Insurance Program
NYSLRS	New York State & Local Retirement System
NYSOH	New York State of Health
NYSPBA	The Police Benevolent Association of the New York State Troopers, Inc.
NYSTA	New York State Thruway Authority
NYU	New York University
OASAS	Office of Addiction Services and Supports
OCA	Office of Court Administration
OCFS	Office of Children and Family Services
OMH	Office of Mental Health
OPEB	Other Post-Employment Benefits
OPWDD	Office for People with Developmental Disabilities
OSC	Office of the State Comptroller
OTDA	Office of Temporary and Disability Assistance
PAYGO	Pay-As-You-Go

PBA	Police Benevolent Association
PBANYS	Police Benevolent Association of New York State
PBT	Petroleum Business Tax
PwC	PricewaterhouseCoopers LLP
PEF	Public Employees Federation
PFRS	Police and Fire Retirement System
PI	Personal Income
PIT	Personal Income Tax
PS	Personal Service
QHP	Qualified Health Plan
RBTF	Revenue Bond Tax Fund
REIT	Real Estate Investment Trust
RFP	Request for Proposals
RIC	Regulated Investment Company
SCBNY	Standard Chartered Bank, New York Branch
SEIT	Special Education Itinerant Teacher
SFY	School Fiscal Year
SHIN-NY	Statewide Health Information Network for New York
SIF	State Insurance Fund
SOF	State Operating Funds
SOFA	State Office for the Aging
SONYMA	State of New York Mortgage Agency
SPIF	State Parks Infrastructure Fund
SRO	State Special Revenue
SSI	Supplemental Security Income
STAR	School Tax Relief
STARC	Sales Tax Asset Receivable Corporation
STEM	Science, Technology, Engineering and Math
STIP	Short-Term Investment Pool
SUNY	State University of New York
SY	School Year
TA	Transit Authority
TANF	Temporary Assistance for Needy Families
TAP	Tuition Assistance Program
TCJA	Tax Cuts and Jobs Act of 2017
TIAA	Teachers Insurance and Annuity Association - College Retirement Equities Fund
TSCR	Tribal State Compact Revenue
UDSA	Utility Debt Securitization Authority
U.S.	United States
UUP	United University Professions
VLG	Video Lottery Gaming
VLT	Video Lottery Terminal
WCB	Workers' Compensation Board