UPDATE TO ANNUAL INFORMATION STATEMENT

STATE OF NEW YORK

WE ARE NY

October 29, 2024

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INTRODUCTION

This second quarter update to the Annual Information Statement for FY 2025 (the "AIS Update") is dated October 29, 2024 (the same date as the release date of the FY 2025 Mid-Year Update to the Financial Plan) and contains information only through that date, unless otherwise noted. The Annual Information Statement for FY 2025 dated May 24, 2024 (the "AIS") and this AIS Update constitute the official disclosure regarding the financial condition of the State of New York (the "State"). This AIS Update, including the Exhibits attached hereto, should be read in its entirety, together with the AIS.

By statute, the Division of the Budget (DOB) is responsible for preparing and updating the State's Financial Plan (which includes financial results as well as current and out-year projections). DOB then utilizes the Financial Plan results and projections to present the information that appears in this AIS Update on behalf of the State. In preparing this AIS Update, DOB has also relied on information drawn from other sources, including the Office of the State Comptroller (OSC) and the State Office of the Attorney General.

In this AIS Update, readers will find:

1. Information on the State's current financial projections, including summaries and extracts from the State's FY 2025 Mid-Year Update to the Financial Plan (the "Updated Financial Plan" or "Mid-Year Update") issued by DOB on October 29, 2024. The Updated Financial Plan (which is available on the DOB website, www.budget.ny.gov) includes a summary of second quarter operating results for FY 2025 (quarter ended September 30, 2024) and updates to the State's official financial projections for FY 2025 through FY 2028 (the "Financial Plan period").[1] This AIS Update is dated the same date as the release date of the Updated Financial Plan and contains information only through this date, except for certain explanatory information not contained in the Updated Financial Plan which DOB has determined does not materially change the projections contained in the Updated Financial Plan.

   Except for the specific revisions described in these extracts, the projections (and the assumptions upon which they are based) in the Updated Financial Plan are consistent with the projections set forth in the FY 2025 Enacted Budget Financial Plan (the "Enacted Budget Financial Plan") reflected in the AIS. DOB next expects to update the State's multi-year financial projections with the FY 2026 Executive Budget Financial Plan.

   DOB did not release a first quarterly update to the AIS following the first quarterly update to the FY 2025 Enacted Budget Financial Plan due to the close proximity of the Enacted Budget Financial Plan release and the end of the first quarter. This AIS Update reflects operating results through the second quarter as reflected in the Mid-Year Update to the Financial Plan.

2. A discussion of issues and risks that may affect the State's financial projections during FY 2025 or in future fiscal years is provided under the heading "Other Matters Affecting the Financial Plan".

[1] The State fiscal year is identified by the calendar year in which it ends. For example, fiscal year 2025 ("FY 2025") is the fiscal year that began on April 1, 2024 and will end on March 31, 2025.

3. Information on other subjects relevant to the State's finances, including summaries of: (a) the State's revised economic forecast and a profile of the State economy, (b) the Generally Accepted Accounting Principles (GAAP) basis results for the prior three fiscal years, (c) the State's debt and other financing activities, and (d) activities of public authorities and localities.
4. Updated information regarding the State Retirement System.
5. The status of significant litigation that has the potential to adversely affect the State's finances.
6. Financial Plan tables that summarize actual General Fund receipts and disbursements for FY 2024 and projected receipts and disbursements for FY 2025 through FY 2028 on a General Fund, State Operating Funds and All Governmental Funds basis.

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

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

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

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

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

OSC issued the State’s Basic Financial Statements for FY 2024 and the Comptroller’s Annual Report to the Legislature on State Funds Cash Basis of Accounting on July 26, 2024 in accordance with the annual statutory deadline. Copies of this report may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 and on its website at www.osc.state.ny.us. The Basic Financial Statements for FY 2024 can also be accessed through EMMA at www.emma.msrb.org.

Usage Notice

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

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

BUDGETARY AND ACCOUNTING PRACTICES

Significant Budgetary and Accounting Practices

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

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

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

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

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

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

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

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

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

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

The Updated Financial Plan projections reflect certain actions that have affected, or are intended to affect, the amount of annual spending reported on a State Operating Funds basis. Such actions include, but are not limited to, payment of certain operating costs using available resources outside the State Operating Funds basis of reporting. If transactions are not executed or reported in a manner consistent with DOB’s interpretation of the legislation and legislative intent, then annual spending growth in State Operating Funds would be higher than projections.

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

The term “actual”, “actuals” or “results” is used throughout the Updated Financial Plan and this AIS Update to mean year-to-date unaudited data and (i) prior to the release of audited financial statements by OSC on or about July 30th of each year, year-end actual but unaudited data, or (ii) after the release of audited financial statements by OSC, year-end actual audited data.

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

FINANCIAL PLAN OVERVIEW

FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES (millions of dollars)			
		FY 2025	
	FY 2024 Actuals	First Quarter	Mid-Year
State Operating Funds Disbursements (Unadjusted)			
Size of Budget	$128,473	$132,042	$134,054
Annual Growth	3.8%	2.8%	4.3%
State Operating Funds Disbursements (Adjusted)[1]			
Size of Budget	$127,049	$139,330	$138,953
Annual Growth	5.7%	9.7%	9.4%
Other Disbursement Measures			
General Fund (Including Transfers)	$100,117	$107,772	$109,344
Annual Growth	7.9%	7.6%	9.2%
Capital Budget (State and Federal)	$14,708	$17,642	$16,646
Annual Growth	4.9%	19.9%	13.2%
Federal Operating Aid	$91,686	$89,484	$89,242
Annual Growth	10.9%	-2.4%	-2.7%
All Funds	$234,867	$239,168	$239,942
Annual Growth	6.5%	1.8%	2.2%
Inflation (CPI)	3.5%	3.0%	2.6%
All Funds Receipts[2]			
Taxes, excluding PTET	$106,668	$109,920	$111,786
Annual Growth	-6.2%	3.0%	4.8%
Miscellaneous Receipts	$33,755	$31,685	$31,489
Annual Growth	6.0%	-6.1%	-6.7%
Federal Receipts (Operating and Capital)	$94,276	$94,202	$93,726
Annual Growth	5.3%	-0.1%	-0.6%
Total All Funds Receipts, excluding PTET	$234,699	$235,807	$237,001
Annual Growth	-0.2%	0.5%	1.0%
General Fund Cash Balance	$46,331	$48,515	$49,512
Principal Reserves	$20,068	$21,568	$21,603
Timing of PTET/PIT Credits	$14,137	$15,001	$15,964
Extraordinary Monetary Settlements	$1,110	$691	$690
All Other	$11,016	$11,255	$11,255
Debt			
Debt Service (excluding prepayments) as % All Funds Receipts	3.0%	1.3%	1.2%
State-Related Debt Outstanding	$54,319	$62,508	$57,521
Debt Outstanding as % Personal Income	3.4%	3.9%	3.4%

1 Spending growth is routinely impacted by planned prepayments, timing-related transactions and reimbursements. Adjusted State Operating Funds disbursements excludes these large transactions. Both unadjusted and adjusted spending includes non-recurring grants and aid, extraordinary assistance related to asylum seekers and migrants, and other one-time payments that drive growth in FY 2025.

2 The Financial Plan impact of the Pass-Through Entity Tax program is expected to be revenue neutral for the State and is excluded from tax receipts herein, unless otherwise noted.

Overview

Over the past few years, the State has made significant new investments in services and programs, substantially increasing assistance to schools and health care providers, while expanding and adding funds in nearly every other area of the budget. To protect these investments from a future economic shock or downturn, Rainy Day Reserves have been increased to the highest levels in history. In addition, debt levels remain steady with no material growth in outstanding debt over the past decade, historic liquidity levels are delivering high investment returns, new reserves have been established for future costs, and excess resources have been managed to benefit future years and reduce reliance on costly debt.

Marginal receipts and timing related spending variances, coupled with minor revisions to economic indicators, did not provide an impetus for DOB to revise annual projections of receipts and disbursements (and the general assumptions upon which they are based) in the First Quarterly Update to the Financial Plan; as such it remained unchanged from the FY 2025 Enacted Budget Financial Plan.

State finances remain on solid footing with favorable operating results recorded through the first half of FY 2025 and an improved economic outlook. The economy continues to show strength as employment and wage growth exceed previous forecasts, and inflation moderates. As a result, DOB has increased growth projections for nearly all economic indicators, including employment and income.

Through September 2024, General Fund receipts, including transfers from other funds, were $1.2 billion higher than estimated in the First Quarterly Update to the Financial Plan, driven mainly by strength in personal income tax, sales tax, and Pass-Through Entity Tax (PTET)[4] collections, as well as non-tax receipts. However, business tax collections to date continue to fall below expectations. General Fund disbursements, including transfers to other funds, were nearly $2 billion below the cash flow estimate, with lower spending across many local aid programs and capital projects, inclusive of timing related variances. The net positive operating variance of $3.2 billion contributed to a higher September 2024 ending cash balance of roughly $52 billion in the General Fund.

In view of the improved economic outlook and operational results to date, as well as programmatic experience, implementation of new and expanded services and activities, and other indicators, DOB has revised receipts and spending estimates across several functional areas and financial plan categories in the Mid-Year Update. Receipts have been increased by more than $2 billion annually across all years of the Updated Financial Plan in recognition of continued positive variances in PIT withholding and estimated payments, as well as updated economic indicators. Spending estimates across all years of the Updated Financial Plan have been revised to reflect upward revisions to estimated Medicaid spending, General Fund support for capital projects spending to avoid costly debt financing, and higher operational costs as agencies

[4] Tax receipts and General Fund balance are affected by PTET; however, DOB expects that the PTET will, on a multi-year basis, be revenue neutral for the State. The discussion of tax receipts throughout the Financial Plan Overview exclude the impact of PTET, unless otherwise noted. Please see the description under the heading “PTET Financial Plan Impact” for more information.

continue to restore workforce levels. These increases are partly offset by downward spending revisions across other programs and services, including timing-related adjustments. Higher Medicaid costs are associated with elevated enrollment levels and revised forecasts for utilization and costs, as well as delayed Federal approvals required to effectuate prior year savings initiatives and recoveries. In addition, the revisions include an additional $500 million debt service prepayment in FY 2025, the continuation of the pension prepayment initially executed in FY 2024 and authorized in the FY 2025 Enacted Budget, and the recognition of a $3.2 billion risk in the FY 2027 tax receipts forecast associated with the possibility the Federal government extends or revises the SALT deduction.

In the Updated Financial Plan, DOB increased current year General Fund receipts, excluding debt service revisions and the PTET, by roughly $2.1 billion compared to the First Quarterly Update to the Financial Plan. This increase is comprised of upward revisions of $1.9 billion in tax receipts and $223 million in miscellaneous receipts. Spending through the remainder of the fiscal year is expected to be lower than estimated in the First Quarterly Update consistent with operating results to date, however the upward revisions to projected Medicaid spending eclipse most of the expected savings across other programs and services. The combination of these revisions to receipts and disbursements results in $2.4 billion in available resources that will be carried forward through the prepayment of expenses to reduce costs in future years. A summary of the multi-year revisions appears later in this AIS Update.

The cumulative outyear budget gaps are marginally higher than previously estimated and are now projected to total $1 billion in FY 2026, $6.2 billion in FY 2027 and $7.1 billion in FY 2028. These projected gaps, which include Medicaid spending projections that exceed the Global Cap spending allowance by roughly $2.2 billion beginning in FY 2026, are due to spending growth outpacing available resources. The outyear gaps are lower in part due to the use of temporary resources from prior year prepayments and excess fund balances. The structural deficits will need to be addressed in future years.

The Governor will propose a FY 2026 Executive Budget by January 21, 2025 that will include a plan to provide for balanced General Fund operations on a cash basis in FY 2026.

State Spending

FY 2025 State Operating Funds spending is projected to total $134.1 billion, increasing 4.3 percent from FY 2024. Growth is driven largely by extraordinary assistance related to asylum seekers and migrants, one-time payments, Medicaid, School Aid, State University of New York (SUNY)/City University of New York (CUNY), and all branches of State government as agencies continue to restore service capacity and workforce levels to pre-COVID-19 pandemic levels. Medicaid spending growth is attributable to sustained increases in enrollment relative to pre-COVID-19 pandemic levels; expansion of benefits; higher reimbursement rates; and growing utilization of the State's Managed Long-Term Care (MLTC) program by the State's aging population, including the Consumer Directed Personal Assistance Program (CDPAP).

Spending growth is routinely impacted by planned prepayments and timing-related transactions and reimbursements, as well as delayed recoupment from providers of excess payments attributable to State-only Medicaid payments that were previously advanced and are expected in FY 2025; the expiration of the temporary enhanced Federal Medical Assistance Percentage (eFMAP) which lowered State costs in FY 2024; and COVID-19 pandemic-related Federal Emergency Management Agency (FEMA) reimbursements that are expected to lower spending to offset costs accounted for in prior years.

FY 2025 MID-YEAR UPDATE
SPENDING ESTIMATES UNADJUSTED AND ADJUSTED
(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	$ Change	% Change
State Operating Funds (Unadjusted)	**128,473**	**134,054**	**5,581**	**4.3%**
School Aid (School Year Basis)	34,484	35,889	1,405	4.1%
Medicaid	27,804	30,896	3,092	11.1%
All Other Assistance and Grants	27,120	31,810	4,690	17.3%
Agency Operations	31,639	33,674	2,035	6.4%
Debt Service	6,002	6,684	682	11.4%
Resource Management/Timing:				
Planned Pension Prepayment	1,596	316	(1,280)	-
Hospital Advance/Recoupment	1,497	(1,497)	(2,994)	-
Temporary eFMAP	(1,703)	(23)	1,680	-
FEMA Reimbursement	(961)	(500)	461	-
Prior Year Debt Service Prepayments	995	(3,195)	(4,190)	-
Federal Operating	**91,686**	**89,242**	**(2,444)**	**-2.7%**
Capital Projects	**14,708**	**16,646**	**1,938**	**13.2%**
All Funds	**234,867**	**239,942**	**5,075**	**2.2%**
State Operating Funds (Adjusted)	**127,049**	**138,953**	**11,904**	**9.4%**

All Funds spending is projected to grow 9.4 percent comprised of State Operating Funds increases and higher capital projects spending consistent with approved and projected capital commitments, partly offset by the end of increased Federal funding and reimbursements for COVID-19 pandemic-related recovery and assistance.

Summary of Mid-Year Revisions

The following table summarizes the General Fund revisions to the First Quarterly Update to the Financial Plan followed by a brief explanation of the revisions. These revisions, as well as adjustments to State and Federal Special Revenue Funds and Capital Projects Fund, have been incorporated into projected receipts and disbursements throughout the Updated Financial Plan.

FY 2025 MID-YEAR UPDATE
GENERAL FUND REVISIONS
SAVINGS/(COSTS)
(millions of dollars)

	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
FIRST QUARTERLY UPDATE SURPLUS/(GAP)	**0**	**(2,340)**	**(4,259)**	**(7,250)**
Receipts	**2,569**	**2,461**	**1,717**	**2,539**
Tax Receipts	2,860	2,117	1,378	2,219
Debt Service	(478)	85	114	123
Miscellaneous/Federal Receipts	223	150	150	150
Transfers from Other Funds	(36)	109	75	47
Disbursements	**(1,572)**	**(1,281)**	**(1,269)**	**(1,367)**
Assistance and Grants	386	(81)	(140)	(642)
Agency Operations	(1,851)	(24)	94	(260)
Transfers to Other Funds	(107)	(1,176)	(1,223)	(465)
Use of/(Deposit to) Reserves	**(997)**	**141**	**(2,380)**	**(999)**
Rainy Day Reserve	0	0	0	0
Tax Stabilization Reserve	0	0	0	0
Contingency Reserve	0	0	0	0
Community Projects Reserve	0	0	0	0
Other Reserves	(997)	141	(2,380)	(999)
MID-YEAR UPDATE SURPLUS/(GAP) ESTIMATE	**0**	**(1,019)**	**(6,191)**	**(7,077)**

Receipts

Tax Receipts. General Fund receipts, excluding PTET, have been adjusted upward in FY 2025 by $1.9 billion. PIT receipts are expected to increase $2.4 billion reflecting continued strength in withholding and estimated payments through the first half of the fiscal year and improved employment and wage forecasts. DOB has made similar upward revisions to the PIT receipts forecast across all years of the Updated Financial Plan. In the current year, the PIT revisions are partly offset by $460 million in downward revisions to business taxes primarily due to lower Corporate Franchise Tax (CFT) audit collections.

Debt Service. The Enacted Budget included $1.5 billion in planned prepayments of future debt service costs. The Mid-Year Update increases the prepayment by $500 million to total $2 billion, which will reduce costs in FY 2029. In addition, downward revisions to estimated debt service payments in each year of the plan period reflect refunding savings, lower than expected debt issuances, and lower bonded capital spending estimates.

Other Receipts/Transfers. Miscellaneous receipts are increased to reflect growth in refunds and reimbursements, consistent with historical collections, actual results to date, and an upward revision to investment income in FY 2025 consistent with earnings to date. In addition, the State received $35 million from Nordea pursuant to a consent order entered into with the New York State Department of Financial Services (DFS), which has been added to the Reserve for Economic Uncertainties. Lastly, the estimate for Federal revenue and reimbursements transferred to the General Fund has been increased based on experience to date and revised funding availability.

Disbursements

The Updated Financial Plan reflects revisions to disbursements compared to the First Quarterly Update to the Financial Plan across nearly all major program and service areas and all years. The changes reflect spending experience and updated program assumptions, such as fluctuations in enrollment and participation rates, delayed implementation, and slower than projected phase-in of initiatives and program expansions. In addition, revisions include routine reclassifications of spending between agencies and/or financial plan categories, including transfers, that have no net impact on General Fund operations, and adjustments to cautious estimates of disbursements, a practice that provides a cushion for potential receipts shortfalls and unanticipated costs that may materialize within the fiscal year.

These revisions have no impact on statewide commitments to program expansions, investments, or operations, but rather reflect updated expectations for spending based on actual results. A summary of the largest revisions to spending estimates is provided below.

Medicaid. Increases in the forecast for Medicaid spending across all years is associated with revised utilization, costs, and enrollment. Consistent with Centers for Medicare & Medicaid Services (CMS) requirements, the State recently conducted eligibility redeterminations for approximately 9 million public health insurance enrollees following the Federal Public Health Emergency. The disenrollment results are significantly less than initially projected, and the State is expected to retain a greater proportion of COVID-19 era enrollees in large part due to New York's progressive coverage and benefit policy. In addition, upward revisions include $625 million in FY 2025 for the elimination of certain savings and recoveries that require Federal CMS approval and/or implementation by the Department of Health (DOH) that date back to the FY 2021 Enacted Budget and are unlikely to be executed.

These revisions result in Medicaid spending projections that exceed the Global Cap spending allowance by $1.1 billion in the current year and increase the estimated imbalance in all years. Spending is now projected to exceed the cap in FY 2026 by $2.2 billion and roughly $3 billion in subsequent years. The statutory provisions of the Global Cap permit reductions to reimbursement rates to providers, which are subject to Federal approval and timely execution, to limit spending in the current year to the level authorized.

To avoid mid-year fiscal impacts on the health care industry, the State will provide $1.1 billion in General Fund relief to the Global Cap via the Mental Hygiene Stabilization Fund in FY 2025. The State expects to address the Global Cap imbalance in the FY 2026 Executive Budget with proposed actions to provide recurring savings and reduce State Medicaid costs while preserving access to care.

Social Welfare. Spending estimates have been revised to reflect slower spending for targeted grants included in the FY 2025 Budget, after-school programs, and rental arrears housing assistance outside of the City of New York. There were also downward spending revisions for lower Supplemental Security Income (SSI) caseload. Estimates for the cost of the shelter site at Floyd Bennett Field were adjusted to reflect updated cost information and the extension of the lease for the location through September 2025. In addition, spending estimates have been adjusted to reflect projected costs for Office of Children and Family Services (OCFS) Medicaid based on updated claiming experience and participation data.

Education. School Aid spending is estimated to be lower due to updated Consumer Price Index (CPI) projections and slower than anticipated spending for competitive grant programs. These savings are partially offset by upward revisions to the expanded School Lunch Breakfast program due to higher than anticipated participation rates.

Higher Education. Spending is adjusted downward to reflect timing adjustments to the State endowment match to SUNY's four University Centers and the rebasing of Excelsior Tuition Credit costs.

Mental Hygiene. Revisions reflect timing delays related to mental hygiene contract payments that push costs into future years, slower implementation of new bed development, higher recoupment of State aid recoveries delayed during the pandemic, as well as adjustments due to service utilization.

Agency Operations. Spending projections for agency operations have been increased to account for the continued prepayment of the annual Employees' Retirement System (ERS)/ Police and Fire Retirement System (PFRS) pension bill consistent with legislation included in the FY 2025 Enacted Budget ($1.9 billion). This transaction affords the State recurring interest savings of roughly $120 million.

Projected fringe benefit costs have been lowered to reflect a reduction in health insurance and workers compensation expenses as actual costs to date are below historic trends. These savings are partly offset, particularly in the outyears, by increased projections for operational spending associated with expected workforce growth and inflationary increases. Other revisions include the reduction in National Guard member strength due to the decreased scope of the Asylum Seeker mission and timing related adjustments to planned spending based on claims to date.

Transfers to Other Funds. Transfers to capital projects funds are impacted by the timing of bond proceed reimbursements to the capital projects fund and increased Pay-As-You-Go (PAYGO) capital spending across the Financial Plan period. PAYGO capital spending is increased to avoid issuing debt for higher cost taxable bonds and bonds for capital expenditures with short economic useful lives and remain within the statutory debt cap. In addition, transfers are impacted by certain accounting reclassifications between financial plan categories.

Use of/(Deposit to) Reserves. Changes to reserves reflect routine revisions to PTET related tax receipts, the receipt of extraordinary settlement payments, and timing-related adjustments to the use of prior year resources.

In addition, the projected budget gap for FY 2027 is impacted by anticipated Federal tax law changes, and related taxpayer behavior. FY 2027 projections include a one-time acceleration of roughly $3.2 billion in estimated PIT tax receipts due to the scheduled expiration of the Federal State and Local Tax (SALT) deduction Cap at the end of 2025 and the expectation that taxpayers will seek to benefit from unlimited SALT deductibility beginning in tax year 2026. If the Federal government extends or revises the SALT deduction Cap, the acceleration would likely not occur, which would reduce tax receipts and increase the budget gap for FY 2027 by a concomitant amount. As a measure of fiscal prudence, DOB has set aside $3.2 billion in FY 2027 to hedge the risk associated with the Federal government extending or revising the SALT deduction.

General Fund Financial Plan Overview

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

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

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

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

- The PTET program affects reported tax collections within each fiscal year, but does not impact General Fund balance or operations, because it is expected to be Financial Plan neutral over multiple years. The discussion and tables summarizing annual changes below generally exclude the impact of the PTET or show it distinctly. The operation of the PTET program is described in more detail under the heading, "PTET Financial Plan Impact" at the end of this section.

General Fund disbursements represent roughly 70 percent of total State Operating Funds spending and are affected by the level of financing sources available in other funds, transfers of balances between funds of the State, and other factors that may change annually. For example, education and health care programs are affected by the level of financing sources (i.e., HCRA and lottery/gaming receipts) available in other funds. Projected spending also reflects DOB's cautious estimates of disbursements, a practice that provides a cushion for potential receipts shortfalls and unanticipated costs.

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

FY 2025 Updated General Fund Financial Plan

The following table summarizes the projected annual change in General Fund receipts, disbursements, and fund balances from FY 2024 results to FY 2025 projected.

GENERAL FUND FINANCIAL PLAN
(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	Annual Change: Dollar	Annual Change: Percent
Opening Fund Balance	**43,451**	**46,331**	**2,880**	**6.6%**
Total Receipts	**102,997**	**112,525**	**9,528**	**9.3%**
Receipts, excluding PTET	103,218	110,698	7,480	7.2%
Taxes	92,148	100,661	8,513	9.2%
Miscellaneous Receipts	4,878	4,683	(195)	-4.0%
Federal Receipts	2,250	3,645	1,395	62.0%
Non-Tax Transfers from Other Funds	3,942	1,709	(2,233)	-56.6%
PTET Receipts	(221)	1,827	2,048	926.7%
PIT Credits	(14,176)	(13,691)	485	3.4%
Business Taxes	13,955	15,518	1,563	11.2%
Total Disbursements	**100,117**	**109,344**	**9,227**	**9.2%**
Assistance and Grants	69,119	77,018	7,899	11.4%
State Operations	21,951	22,961	1,010	4.6%
Transfers to Other Funds	9,047	9,365	318	3.5%
Net Change in Operations	**2,880**	**3,181**	**301**	**10.5%**
Closing Fund Balance	**46,331**	**49,512**	**3,181**	**6.9%**
Statutory Reserves:				
Community Projects	25	25	0	
Contingency	21	21	0	
Rainy Day Funds	6,256	7,756	1,500	
Extraordinary Monetary Settlements	1,110	690	(420)	
Timing of PTET/PIT Credits	14,137	15,964	1,827	
Fund Balance Reserved for:				
Debt Management	2,436	1,860	(576)	
Economic Uncertainties	13,812	13,847	35	
Labor Settlements/Agency Operations	1,765	3,099	1,334	
All Other Reserves/Balances	6,769	6,250	(519)	

Receipts

General Fund receipts, including transfers from other funds, are estimated to total $112.5 billion in FY 2025, an increase of $9.5 billion (9.3 percent) from FY 2024. As noted earlier, receipt levels in the General Fund may be significantly impacted by the deposit of dedicated taxes in other funds for debt service and PTET. Excluding the impact of debt prepayments and PTET, total General Fund tax receipts, including transfers after the payment of debt service, are estimated to total $97.5 billion in FY 2025, an increase of $4.3 billion (4.6 percent) from FY 2024. The increase reflects continued strength in withholding and estimated payments through the first half of the fiscal year and improved employment and wage forecasts. The following discussion of annual changes in tax receipts exclude the impact of PTET and debt prepayments.

PIT receipts are estimated to total $66.6 billion in FY 2025, an increase of $4.8 billion (7.7 percent) from the prior year. The increase reflects growth in withholding, current estimated payments for tax year 2024, and delinquencies. These increases are partly offset by higher expected total refunds due, primarily driven by prior year refunds for tax year 2023.

Consumption/use tax receipts are estimated to total $18.4 billion in FY 2025, an increase of $282 million (1.6 percent) from FY 2024. This increase reflects a slow-down in growth of the sales tax base, as well as a projected increase in adult-use cannabis receipts as this burgeoning market continues to expand throughout the State.

Business tax receipts are estimated to decrease primarily reflecting increased CFT refunds. FY 2024 refund levels were the lowest since FY 2015.

Other tax receipts are expected to total $2.3 billion in FY 2025, a decrease of $499 million from FY 2024. This is primarily due to the expectation that super-large estate tax payments return to more typical trends in FY 2025.

Non-tax receipts reflect a reduction in abandoned property receipts and the continued practice of budgeting for a $2 billion transaction risk reserve that partially offsets total projected transfers from other funds and provides a hedge against risks to receipts that may materialize later in the fiscal year. These declines are partly offset by an increase in the final use of Federal American Rescue Plan Act of 2021 (ARP) funds in FY 2025 consistent with Federal treasury rules.

Disbursements

General Fund disbursements, including transfers to other funds, are expected to total $109.3 billion in FY 2025, an increase of $9.2 billion (9.2 percent) from FY 2024. The annual change in spending is in large part due to increased funding for Foundation Aid to schools, Medicaid, and continued time-limited support to the City of New York for asylum seeker assistance.

Assistance and grants spending supported by the General Fund is estimated to total $77 billion in FY 2025, an increase of $7.9 billion (11.4 percent) from FY 2024. General Fund spending for education and health care represents over half of the assistance and grants spending growth. General Fund support for these programs is also affected by the level of financing sources (i.e., HCRA and lottery/gaming receipts) available in other funds. In addition, other assistance and grants growth is primarily the result of continued State support of an expanded level and eligibility of child care subsidies and victim of crime assistance previously funded with Federal resources; added child welfare services funding for local social services districts; increased operating support to SUNY and CUNY institutions; and asylum seeker assistance.

The General Fund support of agency operations and fringe benefits is impacted by the continued prepayment of pension obligations, certain accounting reclassifications between financial plan categories, FEMA reimbursements for prior year COVID-19 pandemic related eligible spending, and the payment of retroactive salary increases. Excluding these transactions, General Fund State Operations spending growth is expected to increase by roughly 9.6 percent. The largest drivers of growth include rising health insurance costs for State employees, the cost of enhanced pension benefits for Tier 6 State employees, Judicial staffing and operational increases, general salary increases consistent with existing collective bargaining agreements, investments in cybersecurity and information technology, and continued staffing increases across various agencies.

General Fund transfers to support capital projects is expected to increase consistent with projected capital commitments and funding growth and the timing of bond proceed reimbursements. Other transfer increases are attributable to additional State operating aid for SUNY and one-time funding for the new Healthcare Stability Fund. General Fund transfers in FY 2025 are also impacted by accounting reclassifications between financial plan categories, and revised support projections across programs and funds.

FY 2025 Closing Balance

DOB expects the General Fund to end FY 2025 with a balance of $49.5 billion. Nearly half of the balance is held in Principal Reserves[5] to protect essential services in the event of a significant economic downturn. The remaining balance is comprised of other reserves that are pledged to reduce outyear gaps, manage risks, and support future costs that include tax refunds and liabilities, capital projects, and increased operational expenses.

The increase is comprised of deposits to the Rainy Day Reserves, increased PTET collections that will be refunded in subsequent years, and previously planned increases to the reserve for labor settlements/agency operations. These increases are partially offset by the scheduled use of debt management and extraordinary monetary settlement reserves to fund existing commitments and projects.

Cash Flow

State Finance Law authorizes the General Fund to borrow money temporarily from available funds held in the Short-Term Investment Pool (STIP). Loans to the General Fund are limited to a term not to exceed four months or the end of the fiscal year, whichever is shorter. The resources that can be borrowed by the General Fund are limited to available balances in STIP, as determined by OSC. Available balances include money in the State's governmental funds and a relatively small amount of other money belonging to the State that is 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.

DOB expects that the General Fund will have sufficient liquidity in FY 2025 to make all planned payments as they become due. The State continues to reserve money on a quarterly basis for debt service payments financed with General Fund resources. Money to pay debt service on bonds secured by dedicated receipts, including PIT bonds and Sales Tax Revenue bonds, continues to be set aside as required by law and bond covenants.

[5] DOB defines "principal reserves" as the two "rainy day" reserves (consisting of the Tax Stabilization Reserve and the Rainy Day Reserve) and the portion of the General Fund balance informally designated for economic uncertainties.

FY 2025 PROJECTED MONTH-END CASH BALANCES APRIL - SEPTEMBER (ACTUALS)/OCTOBER THROUGH MARCH (PROJECTED) (millions of dollars)	General Fund	Other Funds	All Funds
April 2024	49,055	23,191	72,246
May 2024	45,548	22,964	68,512
June 2024	49,585	23,493	73,078
July 2024	48,710	23,235	71,945
August 2024	47,927	24,493	72,420
September 2024	52,398	21,633	74,031
October 2024	47,562	20,951	68,513
November 2024	43,093	20,567	63,660
December 2024	47,484	19,789	67,273
January 2025	50,202	21,082	71,284
February 2025	46,794	23,278	70,072
March 2025	49,512	15,309	64,821

The Enacted Budget continues to authorize short-term financing for liquidity purposes during the fiscal year. In doing so, it maintains a tool to help the State manage cash flow, if needed, and more effectively deploy resources. Specifically, the authorization allows for the issuance of up to $3 billion of PIT revenue anticipation notes which mature no later than March 31, 2025. Borrowed amounts cannot be extended or refinanced beyond the initial maturity. The Updated Financial Plan does not assume the use of short-term financing for liquidity purposes. DOB evaluates cash results regularly and may adjust the use of notes based on liquidity needs, market considerations, and other factors.

PTET Financial Plan Impact

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

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

DOB expects that the PTET will, on a multi-year basis, be revenue neutral for the State. However, because the PTET credits are not necessarily realized by taxpayers within the same fiscal year that PTET revenue is received by the State, the PTET will not be revenue-neutral to the State within each fiscal year. The Updated Financial Plan includes an estimate for PTET within business taxes and the corresponding decrease in PIT receipts. It is expected that the PTET program will cease to be utilized after tax year 2025 due to the scheduled expiration of the SALT deduction cap under current Federal law. Therefore, the estimates in the Updated Financial Plan reflect the assumption that entities cease to participate in the later years of the Financial Plan period.

The table below displays the impact of the PTET program on the General Fund, as well as PIT and business taxes. The PTET estimates are excluded from certain tabular presentations in the Updated Financial Plan due to the size of the impact on specific tax categories and because the financial plan impact is expected to be neutral on a multi-year basis.

FY 2025 MID-YEAR UPDATE
GENERAL FUND IMPACT OF THE PASS THROUGH ENTITY TAX
SAVINGS/(COSTS)
(millions of dollars)

	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	Total
General Fund Impact	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Tax Receipts[1]	16,430	(2,072)	(221)	1,827	(2,646)	(13,018)	(300)	0
PIT Credits	0	(17,016)	(14,176)	(13,691)	(15,623)	(11,238)	(300)	(72,044)
PTET Collections (Business Taxes)	16,430	14,944	13,955	15,518	12,977	(1,780)	0	72,044
Use of/(Deposit to) Reserve for PTET Refunds	(16,430)	2,072	221	(1,827)	2,646	13,018	300	0

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

In December 2021, electing entities began making estimated PTET payments that were classified as business taxes and totaled $16.4 billion in FY 2022. The entire amount was set aside for purposes of offsetting the decrease in PIT receipts in FY 2023 and beyond. A portion of the reserve balance will cover the difference between PTET collections and related PIT credits and is expected to be depleted when the program utilization ceases.

In tax year 2021, taxpayers could not reduce their current estimated PIT payments for PTET, because enrollment in the PTET was not completed until late 2021 and affected taxpayers were not statutorily authorized to do so. PIT credits may be claimed on the tax return in the following fiscal year through extensions and refunds, or they can be reflected sooner through reductions in estimated payments. Taxpayers recognized a substantial portion of tax year 2021 PTET PIT credits through current estimated payments beginning tax year 2022. The State estimates that similar behavior occurred in tax year 2023 and this behavior is expected to reoccur in future years.

State Operating Funds Spending Summary

The following table summarizes the projected annual change in State Operating Funds spending from FY 2024 actuals to FY 2025 projected levels, followed by a summary of the changes.

STATE OPERATING FUNDS DISBURSEMENTS FY 2024 TO FY 2025 (millions of dollars)	FY 2024 Actuals	FY 2025 Projected	Annual Change $	Annual Change %
ASSISTANCE AND GRANTS	**89,202**	**97,075**	**7,873**	**8.8%**
School Aid (School Year Basis)	34,484	35,889	1,405	4.1%
DOH Medicaid	27,804	30,896	3,092	11.1%
Mental Hygiene, excluding MHSF	5,278	6,128	850	16.1%
Social Services	4,399	6,367	1,968	44.7%
Transportation	5,237	5,144	(93)	-1.8%
Higher Education	3,122	3,400	278	8.9%
Other Education	2,457	2,809	352	14.3%
All Other	6,421	6,442	21	0.3%
STATE OPERATIONS/GENERAL STATE CHARGES	**32,274**	**33,490**	**1,216**	**3.8%**
State Operations	21,578	23,099	1,521	7.0%
Executive Agencies	12,309	12,882	573	4.7%
FEMA Reimbursements	(962)	(500)	462	48.0%
State University System	7,402	7,561	159	2.1%
Judiciary	2,151	2,409	258	12.0%
Other Elected Officials	678	747	69	10.2%
General State Charges	10,696	10,391	(305)	-2.9%
Pension Contribution	3,734	2,624	(1,110)	-29.7%
Health Insurance	5,106	5,683	577	11.3%
Other Fringe Benefits/Fixed Costs	1,856	2,084	228	12.3%
DEBT SERVICE	**6,997**	**3,489**	**(3,508)**	**-50.1%**
TOTAL STATE OPERATING FUNDS	**128,473**	**134,054**	**5,581**	**4.3%**
Capital Projects (State and Federal Funds)	**14,708**	**16,646**	**1,938**	**13.2%**
Federal Operating Aid	**91,686**	**89,242**	**(2,444)**	**-2.7%**
TOTAL ALL GOVERNMENTAL FUNDS	**234,867**	**239,942**	**5,075**	**2.2%**

State Operating Funds encompass the General Fund and a wide range of State activities funded from dedicated revenue sources that are received outside the General Fund, including tax revenues, tuition, income, fees, and assessments. Many programs, services and activities funded with these dedicated revenue sources often have no direct bearing on the State's ability to maintain a balanced budget in the General Fund but are captured in State Operating Funds. However, certain dedicated revenue sources support spending that impacts General Fund spending as revenues fluctuate. For example, education and health care programs are affected by the level of financing sources (i.e., HCRA and lottery/gaming receipts) available in other funds.

Assistance and Grants

Most State spending is for assistance and grants that include payments to school districts, health care providers, managed care organizations, local governments, and other entities, as well as financial assistance to, or on behalf of, individuals, families, and not-for-profit organizations. School Aid and Medicaid account for nearly 70 percent of assistance and grants spending and roughly half of total State Operating Funds spending.

Over the past three years, assistance and grants funding has increased substantially with increased funding for education, health care, and nearly all other major program areas, as well as a significant amount of spending for time-limited asylum seeker assistance.

School Aid spending for School Year (SY) 2025 is estimated at $35.9 billion, representing an annual increase of $1.4 billion (4.1 percent), inclusive of the State's full takeover of funding for prekindergarten expansion grants previously supported with Federal ARP funds. Excluding the State funds needed to support this takeover, the School Aid increase for SY 2025 totals $1.3 billion (3.8 percent). This annual growth reflects a $934 million (3.9 percent) increase for Foundation Aid driven largely by the formula's inflation factor, which the Enacted Budget sets at 2.8 percent for SY 2025. School Aid growth also fully funds the projected $366 million increase under current law for expense-based reimbursement programs.

DOH Medicaid assistance and grants spending is estimated at $30.9 billion in FY 2025, an annual increase of $3.1 billion (11.1 percent). Absent General Fund support, Medicaid costs reported under the Global Cap would have exceeded the statutory growth index following substantial revisions associated with revised enrollment, utilization and costs. To avoid mid-year fiscal impacts on the health care industry, the State will provide $1.1 billion in General Fund relief to the Global Cap via the Mental Hygiene Stabilization Fund (MHSF) in FY 2025. This transaction effectively reduces DOH Medicaid spending by moving costs to the MHSF.

Higher spending is attributable to increased MLTC enrollment and price growth as well as increased home and personal care utilization and costs, expanded access to health coverage, and higher provider reimbursements. Additionally, the FY 2025 Enacted Budget includes $350 million in one-time funding to support a new Healthcare Stability Fund for investments in hospitals, nursing homes, assisted living programs, and hospice programs. The remaining growth is attributable to costs reported outside of the Global Cap to support home care and minimum wage for health care providers ($1.3 billion) and financial relief to counties and the City of New York associated with full coverage of the local share of spending growth ($183 million). Additional funding for distressed hospitals ($500 million) and the Healthcare Safety Net Transformation Program ($300 million) is excluded from Medicaid spending and the Global Cap and funded through the MHSF/Local Share Adjustment (LSA). Likewise, in FY 2024, a portion of Medicaid-related expenses of the Office for People with Developmental Disabilities (OPWDD) were funded outside of the DOH Global Cap to provide room to fund State-only hospital payments that are expected to be recouped in FY 2025.

State Medicaid spending is also affected by the Federal government's increased share of Medicaid funding through eFMAP. In FY 2024, $1.7 billion in State-share savings from eFMAP (compared to $23 million in FY 2025) was used to offset increased costs associated with persistently elevated COVID-19 pandemic related enrollment, asylum seeker assistance, and lost Medicaid Redesign Team II (MRT II) savings due to Federal restrictions regarding program restructuring while the eFMAP remained in place. These costs and most of the eFMAP savings are outside of the Global Cap and are funded through the Mental Hygiene Stabilization Fund.

Mental Hygiene spending growth supports targeted investments in services to ensure individuals with developmental disabilities, mental illness, substance use disorders and problem gambling have appropriate access to care. FY 2025 spending levels include the continued commitment to expand mental health access and care, a 2.84 percent Cost-of-Living Adjustment (COLA), increased supported housing investments to account for annual property-related cost increases, new service opportunities for people with intellectual and developmental disabilities, and expanding the Special Olympics in New York State.

More than half of Social Services spending increases are driven by the funding for services and assistance to the City of New York for asylum seekers. Other growth reflects continued investments and expansion of child care, inclusive of reduced amounts of Federal pandemic aid to support costs, the Empire State Supportive Housing Initiative (ESSHI), child welfare services reimbursed to counties, Supplemental Security Income, Safety Net Assistance, Rent Supplement, After School Programs and a 2.84 percent COLA for eligible programs. Spending for the Emergency Rental Assistance Program (ERAP) and Landlord Rental Assistance Program (LRAP) has been declining in FY 2025 as the pandemic assistance programs wind down.

Transportation spending is projected to decrease due to a one-time $305 million State payment to the Metropolitan Transportation Authority (MTA) in FY 2024 to address extraordinary financial impacts resulting from the COVID-19 pandemic, partially offset by a projected increase in dedicated transit revenue available to fund mass transit.

Higher education spending is projected to grow by 8.9 percent in FY 2025 inclusive of the projected disbursement of the State endowment match to SUNY's four University Centers. Increased spending for Tuition Assistance Program (TAP) and other scholarship programs includes expansion through higher maximum income thresholds for TAP eligibility, minimum TAP awards, and the expansion of TAP for part-time students at proprietary institutions. Funding is also increased for CUNY senior colleges and SUNY and CUNY community colleges.

Increased funding for All Other Education Programs in FY 2025 is largely driven by the continued impact of a 6.25 percent SY 2024 COLA for special education program tuition rates and continuation of the State-funded initiative to incentivize qualifying low-income public and nonpublic schools to participate in the Community Eligibility Provision (CEP) program, allowing all students in those schools to eat breakfast and lunch at no charge regardless of their families' income.

All other assistance and grants spending includes certain pandemic related recovery initiatives; reclassifications between financial plan categories; a reconciliation between school year and State fiscal year spending for School Aid; reconciliation for the net impact of the Mental Hygiene Stabilization Fund and OPWDD Local Share Adjustments related to the Medicaid Global Cap and hospital advance/recoupment; and various other programs and functions. The decline in other spending is due mainly to the delay in provider's remittance of prior-year State-only hospital advances, resulting in $1.5 billion in additional spending in FY 2024 that is expected to be repaid in FY 2025; time limited funding for Health care and Direct care workers bonuses (both funded with Financial Plan resources through MHSF); and a non-recurring investment in energy affordability. This decline is partially offset by additional funding for public health, including Child Health Plus (CHP); State support for victim of crime assistance previously funded with Federal resources; dedicated resources to combat retail theft; domestic violence initiatives; Indigent Legal Services (ILS); temporary municipal assistance; and State matching funds provided under the Public Campaign Finance program.

State Operations/General State Charges (GSCs)

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

Growth in operational spending for executive agencies is driven primarily by general salary increases consistent with existing collective bargaining agreements, investments in cybersecurity and IT, the cost of deploying the National Guard to assist the City of New York with providing care for asylum seekers, and modest staffing increases across various agencies as agencies continue to address post-COVID-19 pandemic staffing shortages. In addition, Federal reimbursement for prior year State costs incurred for COVID-19 pandemic response and recovery efforts is projected to decline year over year.

SUNY operational spending growth reflects expenses for SUNY State-operated campuses and hospitals, inclusive of additional State aid for operating expenses at the State University Health Sciences Center at Brooklyn and/or the SUNY Hospital at Brooklyn. SUNY operating costs are funded by a combination of tuition and fee revenue and General Fund transfers provided annually for direct State operating support and student financial aid support ($1.8 billion in FY 2025). In addition, the State pays the fringe benefit costs of employees at SUNY State-operated campuses, projected to be roughly $2 billion in FY 2025, which is excluded from operational spending growth. The State also continues to pay a share of the debt service costs on bond financed capital projects at SUNY, totaling approximately $563 million in FY 2025.

The Judiciary spending plan includes a substantial increase in FY 2025 (12 percent) to support judicial pay raises for State judges, general salary increases for non-judicial staff, implementing a paid parental leave program, staffing increases to return to pre-COVID-19 pandemic workforce levels, new court clerks and attorneys, and costs associated with four court officer academy classes. The Judicial budget also includes funding for twenty new judgeships, twenty-eight family court and five City of New York housing court judges, including support staff for each. Funding also supports child and civil legal service providers, the expansion of mental health court services, several anti-bias and justice initiatives, accommodating court facility cleaning costs, and providing for health insurance and pension cost increases.

The operating costs for the offices of independently elected officials (Attorney General, Comptroller, and Legislature) are projected to grow by 10.2 percent. This growth is driven by payments for salary increases pursuant to existing contracts, increased staffing to support increased caseloads caused by recently enacted legislation, and general salary increases for legislative staff.

The decline in GSCs is due mainly to the prepayment of FY 2025 pension obligations in FY 2024 which is partially offset by the increased cost of the recent pension enhancements for Tier 6 State employees. Health insurance cost increases can be attributed to the escalating cost of health care and prescription drugs.

Debt Service

The State pays annual debt service on all outstanding State-supported debt issuances, which is affected by the prepayment of future debt service costs in prior fiscal years. Adjusting for prepayments, State-related debt service is projected at $6.7 billion in FY 2025, an increase of 11 percent from FY 2024.

Extraordinary State Funding for Asylum Seeker Assistance

Beginning in FY 2024, the State provided extraordinary funding and support to assist the City of New York with the humanitarian crisis that has brought thousands of asylum seekers to the City of New York. To date, New York State has received little to no Federal funding assistance to manage thousands of asylum seekers despite repeated requests.

State management and coordination of the funding and assistance spans multiple agencies, including staffed personnel at City emergency response centers and the deployment of hundreds of Division of Military and Naval Affairs (DMNA) National Guard members to aid in the crisis response and provide support. Reimbursement for short term shelter services for migrant individuals and families and Safety Net Assistance for asylum seekers who are eligible is administered by the Office of Temporary and Disability Assistance (OTDA). Infectious disease testing and vaccination activities, and the provision of coverage to eligible individuals through the State's public health insurance programs is supported by the DOH. Other State agencies, including the Division of Homeland Security and Emergency Services (DHSES), the Department of State (DOS) and the Office of General Services (OGS) are assisting nonprofit organizations, providing reimbursement for shelter sites, and supporting case management and legal services.

The State is covering the cost of the Humanitarian Emergency Response and Relief Center (HERRC) at three sites and has made multiple State-owned sites available for use as shelters and has committed a total of $4.3 billion in extraordinary State Funding for asylum seeker assistance through FY 2026. The Updated Financial Plan does not include any extraordinary funding beyond FY 2026 but does include recurring spending of roughly $70 million annually related to social safety net programs associated with elevated caseload driven by this population, and routine funding. The table below summarizes the extraordinary State Funding for asylum seeker assistance spent through FY 2024 and planned over the multi-year Financial Plan period.

ASYLUM SEEKER ASSISTANCE
STATE OPERATING FUNDS
(in millions)

	Actuals		Projected		
	FY 2023	FY 2024	FY 2025	FY 2026	TOTAL
Total State Funding	**27**	**895**	**2,408**	**988**	**4,318**
Original NYC Support	0	500	596	0	1,096
Additional NYC Support	0	0	530	530	1,060
Additional Aid to NYC and Costs for Randall's Island, Creedmoor, and Floyd Bennett	0	19	674	266	959
National Guard Deployment	27	163	212	0	402
Medicaid/Vaccines/Disease Testing	0	137	173	15	325
Safety Net Assistance	0	26	67	67	160
Asylum Seeker Resettlement	0	8	27	5	40
Case Management/Legal Services/All Other	0	42	129	105	276
Use of Economic Uncertainties Reserves	**0**	**0**	**0**	**(500)**	**(500)**

OTHER MATTERS AFFECTING THE FINANCIAL PLAN

This section is intended to provide readers with information on certain fiscal pressures, transaction risks, processes, and recent developments that may have financial plan implications and may not otherwise be described in detail elsewhere. The emphasis is on risks to financial projections and management, but it also includes certain information to provide context for the State's financial operations more broadly. This section includes information on the following topics:

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

Federal Risks

The amount and composition of Federal funds received by the State fluctuate over time as legislative and regulatory actions at the Federal government level often change. Specific Federal government actions that pose an ongoing risk to the Updated Financial Plan include audits, disallowances, changes to Federal participation rates or other Medicaid rules, discretionary spending reductions, and the expected need for Congress to increase or suspend the debt limit to avoid delaying payments and/or defaulting on debt obligations. In addition, the Updated Financial Plan assumes Federal reimbursement of previously incurred pandemic response and recovery costs. However, there can be no assurance that FEMA will approve claims for the State to receive reimbursement in the amounts or State fiscal years projected in the Updated Financial Plan.

Debt Limit. A Federal government delay or default on payments, particularly for a prolonged period, could have a materially adverse effect on national and state economies, financial markets, and intergovernmental aid payments. Specific effects on the Updated Financial Plan resulting from a potential 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 a Federal default triggered an economic downturn.

Federal Aid Reductions. Any significant reductions in Federal aid could have a materially adverse impact on the Updated Financial Plan. Health care and human services programs and assistance receive significant Federal funding and may be particularly affected by potential changes in Federal aid.

Federal funding for Medicaid is subject to review by CMS every five years and is currently extended through March 31, 2027, which supports the Medicaid Managed Care Programs, Children's Home, and Community Based Services (HCBS), and CDPAP that permits enrollees to manage and self-direct providers of personal care services.

On January 9, 2024, CMS approved a $5.8 billion waiver over a three-year term in response to the State's request to address health disparities exacerbated by the COVID-19 pandemic. The funding helps support social, physical, and behavioral health care services throughout the State. However, the agreement requires a total of $1.7 billion in additional State resources, which have been assumed in the Updated Financial Plan over the same period. Given the time limit on the Federal funding, these services are expected to be discontinued at the end of the term absent an extension by the Federal government. Accordingly, there is no State or Federal funding included in the Updated Financial Plan projections beyond the term period.

Financial Plan Projections

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

Receipts. State tax collections are economically sensitive and are affected by the condition of the State and national economies, as well as State and Federal tax law changes, and related taxpayer behavior and migration. Uncertainties and risks that may affect the economic and receipts forecasts include, but are not limited to: national and international events; inflation; consumer confidence; commodity prices; supply chain disruptions; major terrorist events; hostilities or war; climate change and extreme weather events; severe epidemic or pandemic events; cybersecurity events; Federal laws and regulations; financial sector compensation; capital gains; and monetary policy affecting interest rates and the financial markets.

The largest component of State tax revenue comes from PIT. Beginning in Tax Year 2021, the State created new PIT brackets for individuals earning over $5 million annually creating a more progressive state income tax system. The top PIT rate is currently 10.9 percent and includes less than 0.1 percent of taxpayers. These brackets expire at the end of tax year 2027 with the three current brackets reverting to a single bracket rate of 8.82 percent.

Tax Cuts and Jobs Act of 2017 (TCJA). The TCJA made extensive changes to Federal individual income tax, corporate income taxes, and estate taxes, most of which were effective in tax year 2018. 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. Many provisions of the TCJA are scheduled to expire at the end of 2025, including the SALT deduction cap. Consistent with the Internal Revenue Code, revenue projections within the Updated Financial Plan assume these Federal provisions will expire without replacement and taxpayer behavior will revert to pre-TCJA activity. These assumptions suggest that when the SALT deduction cap expires, taxpayers will no longer utilize the optional PTET nor participate in the optional Employer Compensation Expense Program (ECEP), and they will accelerate payments in tax year 2026 (FY 2027) to take advantage of the SALT deduction cap sunset. It should be noted that PTET and ECEP are independent of the TCJA and are not scheduled to sunset. As such, it is possible that taxpayer utilization of these programs will continue regardless of changes in Federal policies. If PTET utilization continues beyond 2025, the anticipated decline in PTET receipts currently projected in FY 2027 will be mitigated, but PTET, as a program, will remain revenue neutral. However, if the SALT deduction cap is extended, then FY 2027 receipts, exclusive of PTET revenues and credits, are expected to be revised downward by between

$3 billion and $4 billion (all else being equal). The revision would be based on expectations for taxpayer payment timing behavior; specifically, taxpayers decelerating PIT payments due to the inability to take advantage of uncapped SALT deductions. As DOB gains additional clarity on Federal tax policies and their implication on PTET and ECEP utilization, the estimates of receipts will be revised in future quarterly Financial Plan updates to reflect any changes.

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

Disbursements. Projections and timing of disbursements are subject to many of the same risks listed above for receipts, as well as assumptions which may have additional risks including, but not limited to: the level of wage and benefit increases for State employees; changes in the size of the State's workforce; factors affecting the State's required pension fund contributions; the availability of Federal reimbursement, including Federal COVID-19 pandemic emergency assistance; the receipt of Federal approvals necessary to implement the Medicaid savings actions; unanticipated growth in public assistance programs, including the assumed level of utilization of newly expanded benefits; the ability of the State to implement cost reduction initiatives, including reductions in State agency operations, when established, and the success with which the State controls expenditures; and the ability of the State and its public authorities to issue securities successfully in public credit markets. Some of these issues are described in more detail below.

Public Health Insurance Programs/Public Assistance. Medicaid spending growth is largely driven by the aging population's utilization of the State's MLTC program and other programs serving seniors and individuals enrolled in both Medicaid and Medicare. These programs comprise roughly 60 percent of total Medicaid Global Cap spending and the share is expected to rise to nearly 70 percent by 2028 as the baby boomer population ages. By 2030, 23 percent of the State's population is expected to be over age 65, up from 9 percent in 2000. This is expected to place a substantial amount of pressure on the Global Cap limit and is a main driver of the current Global Cap imbalance beginning in FY 2026. There can be no assurance that costs will not exceed projections in the later years of the Updated Financial Plan absent savings and/or rate reductions.

Historically, the State has experienced growth in Medicaid enrollment and public assistance caseloads during economic downturns due mainly to increases in unemployment. Many people who were laid off or otherwise experienced a decrease in family income in 2020 and 2021 due to the COVID-19 pandemic became qualified to enroll and began to participate in public health insurance programs such as Medicaid, Essential Plan (EP), and CHP. Due to Federal requirements, participants in these programs remained eligible for coverage for 12 continuous months regardless of changes in employment or income levels that may otherwise have made them ineligible.

From June 2023 through August 2024, the State conducted eligibility redeterminations for approximately 9 million public health insurance enrollees, consistent with CMS requirements. Disenrollment is significantly less than initially projected, and the State is expected to retain a greater proportion of COVID-19 era enrollees. The State now estimates over 900,000 people will remain enrolled relative to pre-COVID-19 pandemic levels of enrollment driving higher than expected Medicaid costs over the multi-year Financial Plan, which have been reflected.

Currently, only non-citizens with certain immigration statuses are eligible for Federal and/or State benefits, including those Permanently Residing Under Color of Law (PRUCOL). While the term PRUCOL is not an immigration status, it is a public benefit category used by OTDA for the purposes of determining eligibility for Safety Net Assistance Program (SNAP) and by DOH for determining Medicaid eligibility. Administrative actions taken in May 2023 to align the OTDA and DOH definitions of PRUCOL are expected to result in more households becoming eligible for Safety Net Assistance and increase State costs. There can be no assurance that the number of eligible households and related costs will not exceed projections in the later years of the Updated Financial Plan.

Hospital Assistance. The State provides a substantial amount of supplemental funding to private and not-for-profit hospitals beyond traditional Medicaid reimbursement rates and payments through various programs and grants, including the Vital Access Provider Assurance Program (VAPAP), Vital Access Provider (VAP) Program, Graduate Medical Education Incentive Program, and various other programs. Currently, 75 of 261 New York hospitals (29 percent) are deemed financially distressed – a 200 percent increase from FY 2017 through FY 2024 that has driven a concomitant 625 percent increase in Federal/State fiscal assistance to these entities. Many hospitals responsible for supporting medical needs in underserved communities across the State, including those with higher rates of uninsured individuals and government payor mix, have been further stressed financially due to the pandemic. Despite hospitals in the State receiving roughly $11 billion in COVID-19 pandemic related assistance from the Federal government, many continue to struggle. As a result, the State has provided substantial targeted funding to certain facilities. These payments are in addition to recurring annual hospital assistance of $984 million provided in aggregate to all hospitals statewide. From FY 2023 through FY 2025, supplemental State support will total more than $1.8 billion – $800 million in FY 2023 of which $100 million was added to the recurring base support; $500 million in FY 2024; and $500 million planned by the end of FY 2025. The FY 2025 Enacted Budget also provided a new investment of $300 million in State support associated with the Safety Net Transformation program to fund projects and partnerships to promote financial sustainability of provider systems, subject to approval.

The importance of the hospital industry to local communities for purposes of accessing critical health care services, as well as other social and economic benefits, including employment opportunities and sustainability, creates the potential for increased cost pressure within the Updated Financial Plan should the State continue to provide supplemental payments to hospitals. There can be no assurance that the State will not continue to commit to additional funding, as many facilities, including those which are not currently fiscally distressed, continue to seek State financial support.

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

The School Aid growth cap limits growth to the annual growth in State Personal Income, as calculated in the Personal Income Growth Index (PIGI). The statutory PIGI for School Aid is based on the average annual income growth over a ten-year period. However, the authorized School Aid increases have exceeded the indexed levels in certain years. Most recently, School Aid increases in SY 2022 through SY 2024 substantially exceeded the PIGI, due to the State's commitment to phase in full funding of the Foundation Aid formula. The final year of this phase-in was completed in SY 2024 driving an annual increase of $3.0 billion (9.4 percent) compared to the indexed PIGI rate of 4.2 percent. The increase in State-funded School Aid for SY 2025 of $1.4 billion (4.1 percent) increased Foundation Aid by 3.9 percent and is slightly above the indexed PIGI rate of 3.7 percent. The Updated Financial Plan projections for SY 2026 and beyond assume that School Aid growth will be based on estimated growth in Foundation Aid and expense-based aids and are below the PIGI rate.

The FY 2025 Enacted Budget included funding for the Rockefeller Institute of Government, in consultation with various State agencies, to conduct a study of the Foundation Aid formula. The study will assess the current formula and provide recommendations for its update and modification, with any proposed modifications to be fiscally sustainable for the State, local taxpayers, and school districts. The Institute is required to produce a report of its findings and recommendations by December 1, 2024.

Nearly 80 percent of DOH State Funds Medicaid spending growth is subject to the Global Cap that is intended to establish a limit for Medicaid growth. Additional State-share Medicaid spending, outside of the Global Cap, has increased to include supplemental hospital payments, health care bonus payments, and other costs, in addition to State costs for the takeover of Medicaid growth from local governments and reimbursement to providers for increased minimum wage costs. Prior to FY 2023, the Global Cap was calculated using the ten-year rolling average of the medical component of CPI for all urban consumers and thus allowed for growth attributable to increasing costs, though not increasing utilization. To accommodate growth in utilization, beginning in FY 2023 the Global Cap was amended to be calculated using the five-year rolling average of health care spending, using projections from the CMS Actuary. The CMS Actuary updates the projections annually and DOB incorporates the revisions into the multi-year forecast with the Enacted Budget, as applicable. The new Global Cap index added a substantial amount of allowable Medicaid growth – over $16 billion covering the six-year period from FY 2023 through FY 2028. The statutory provisions of the Global Cap grant the Commissioner of Health (the Commissioner) certain powers to limit Medicaid disbursements to the level authorized by the Global Cap and allow for flexibility in adjusting Medicaid projections to meet unanticipated costs resulting from a disaster. The Commissioner's powers are intended to limit the annual growth rate to the levels set by the Global Cap for the then-current fiscal year through actions that may include reducing reimbursement rates to providers. These actions may be dependent upon timely Federal approvals and other elements of the program that govern implementation.

Since the enactment of the Global Cap, the portion of actual State Funds Medicaid spending subject to the Global Cap has remained at or below indexed levels. However, in certain fiscal years, DOH has taken management actions, including adjustments to the timing of Medicaid payments consistent with contractual terms, to ensure compliance with the Global Cap. Similarly, in response to initial delays in the Federal approval of planned FY 2022 through FY 2024 Managed Care Directed Payment Template (DPT), the State advanced payments of over $2.2 billion in State-only payments to certain providers to help them cover their immediate cash flow needs. These advanced payments are expected to be remitted to the State by the providers upon their receipt of federally approved DPT funds. While all prior year Federal approvals have been granted with respect to those DPT funds, approximately $1.5 billion in provider reimbursements to the State are in various phases of the administrative remittance process. Pursuant to the existing reimbursement structure, DOH assumes full remittance of the $1.5 billion in State advances within FY 2025 to remain under the Global Cap.

Opioid Settlement Fund. The Attorney General and DFS have reached significant opioid related settlements with several corporations for their roles in fueling the opioid epidemic. As a result of the settlements, the State and its subdivisions are expected to receive payments totaling about $2.6 billion over multiple years extending through 2040. A portion of these payments will go directly to localities under the terms of the settlements, with the remainder paid to the State. The Financial Plan will be updated pending confirmation of the timing and value of the State share of the settlement payments.

The State's share of these settlements will be deposited into the Opioid Settlement Fund pursuant to Chapter 190 of the Laws of 2021, as amended by Chapter 171 of the Laws of 2022. The Opioid Settlement Fund resources will be used to supplement funding for substance use disorder prevention, treatment, recovery, and harm reduction services or programs and/or for payments to local governments pursuant to such settlements or judgments.

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

Financial Plan Risk Management. In developing the Financial Plan, DOB attempts to mitigate financial risks, with an emphasis on the General Fund. It does this by, among other things, exercising caution when calculating total General Fund disbursements and managing the accumulation of financial resources. Such resources include but are not limited to: fund balances that are not needed each year; reimbursement for capital advances; and prepayment of expenses, subject to available resources, to maintain budget flexibility. DOB routinely executes cash management actions to manage the State's large and complex budget. These actions are intended to improve the State's cash flow, manage resources within and across State fiscal years, adhere to spending targets, and better position the State to address unanticipated costs, including economic downturns, revenue deterioration, and unplanned expenses. There is no guarantee that such financial resources or cash management actions will be sufficient to address risks that may materialize in a given fiscal year.

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

State Labor Costs

Council 82 Security Supervisors Unit (C82 SSPU) ratified its agreement, retroactive to April 1, 2023. Additionally, the State has achieved a tentative agreement with the New York State Troopers Police Benevolent Association (NYSTPBA), subject to ratification by the membership.

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

STATE UNION LABOR CONTRACTS

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

Employee Pension Benefits.[6] The State and the Judiciary make annual contributions to the New York State and Local Retirement System (NYSLRS) for employees in the New York State and Local ERS and PFRS. This section discusses contributions to the NYSLRS, which account for most of the State's pension costs.[7] All projections are based on estimated market returns and numerous actuarial assumptions which, if unrealized, could have a materially adverse effect on these projections.

New York State Retirement and Social Security Law (RSSL) Section 11 directs the actuary for NYSLRS to provide regular reports on the System's experience and to propose assumptions and methods for the actuarial valuations. Employer contribution rates for NYSLRS are determined based on investment performance in the Common Retirement Fund and actuarial assumptions recommended by the Retirement System's Actuary and approved by the State Comptroller. Pension estimates are based on the actuarial report issued in September 2024.

On September 3, 2024, the Comptroller announced an increase in employer contribution rates for both ERS and PFRS which will impact expenses in FY 2026. The average employer contribution rate for ERS increased from 15.2 percent to 16.5 percent of payroll, and the average employer contribution rate for PFRS increased from 31.2 percent to 33.7 percent of payroll. The increase was primarily due to changes made in the FY 2025 Enacted Budget which enhanced the retirement benefits for Tier 6 members, prior year market losses in the Common Retirement Fund and a higher than expected number of service retirements.

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

As noted earlier, the FY 2025 Enacted Budget included legislation that enhances retirement benefits for Tier 6 members. The first action permanently reduces the member's final average salary calculation from five to three years, providing parity with earlier Tier members. The second action extends through April 1, 2026, a provision to exclude overtime when determining a Tier 6 member's variable income contribution, which was first enacted in FY 2023. The annual costs of these reforms are reflected in the Updated Financial Plan and are estimated to be $57 million and $1.4 million, respectively.

In March 2024, the State prepaid $1.6 billion or 92 percent of the FY 2025 ERS/PFRS pension estimate due on March 1, 2025. The remaining balance was paid in advance of the due date in May 2024. The prepayment generates State interest savings, and the State expects to continue to prepay this expense as fiscal conditions permit.

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

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

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

Pension Contribution Stabilization Program. Under legislation enacted in August 2010, the State and local governments may amortize (defer paying) a portion of their annual pension costs that exceed a fixed increase. Amortization temporarily reduces the pension costs that must be paid by public employers in a given fiscal year but results in higher costs overall when repaid with interest. The full amount of each amortization must be repaid within ten years at a fixed interest rate determined by OSC. The State and local governments are required to begin repayment on new amortizations in the fiscal year immediately following the year in which the amortization was initiated. The State currently has no outstanding pension amortization liability. The FY 2024 Enacted Budget included legislation to allow public employers the option to terminate participation in the program provided they have paid in full all prior year amortizations. The State currently has no plans to withdraw from the program.

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

EMPLOYEE RETIREMENT SYSTEM AND POLICE AND FIRE RETIREMENT SYSTEM PENSION CONTRIBUTIONS (millions of dollars)

	Statewide Pension Payments[1]			Rates for Determining Amortization Amount / Excess Contributions			
Fiscal Year	Normal Costs	(Amortization Amount) / Excess Contributions	Total Statewide Pension Payments	System Average Normal Rate[2]		System Average Graded Rate	
				ERS (%)	PFRS (%)	ERS (%)	PFRS (%)
2024	3,435.5	25.4	3,460.9	13.1	27.8	13.1	27.4
2025	2,218.9	0.0	2,218.9	15.2	31.2	14.1	28.4
DOB Projections[3]							
2026	2,432.1	0.0	2,432.1	16.5	33.7	15.1	29.4
2027	2,882.5	0.0	2,882.5	18.0	35.0	16.1	30.4
2028	3,362.5	0.0	3,362.5	19.5	37.0	17.1	31.4

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

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

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

The “Normal Costs” column reflects the State’s underlying pension cost in each fiscal year before the effects of the Contribution Stabilization Program. The “(Amortization Amount)/Excess Contributions” column shows amounts amortized or the excess contributions paid into the pension reserve account. The “Total Statewide Pension Payments” column is the State’s actual or planned pension contribution, including amortization and excess contributions.

Other Post-Employment Benefits (OPEB). State employees become eligible for post-employment benefits (e.g., health insurance) if they reach retirement while working for the State; are enrolled in either the New York State Health Insurance Program (NYSHIP) or the NYSHIP opt-out program at the time they reach retirement; and have the required years of eligible service. The cost of providing post-retirement health insurance is shared between the State and the retired employee. Contributions are established by law and may be amended by the Legislature. The State is not required to provide funding above the PAYGO amount necessary to provide current benefits to retirees. The State continues to fund these costs, along with all other employee health care expenses, on a PAYGO basis, meaning the State pays these costs as they become due.

The State has deposited nearly $1.5 billion to the Retiree Health Benefit Trust Fund (RHBTF) which was created in FY 2018 as a qualified trust under Governmental Accounting Standards Board Statements (GASBS) No. 75 and is authorized to reserve money for the payment of health benefits of retired employees and their dependents. Under current law, the State may deposit into the RHBTF, in any given fiscal year, up to 1.5 percent of the total then-current unfunded actuarial accrued OPEB liability ($56.7 billion on March 31, 2024). The Enacted Budget includes a continued $250 million annual deposit to the RHBTF that will be dependent on fiscal conditions.

State Debt

Bond Market and Credit Ratings. Successful execution of the Updated Financial Plan is dependent on the State's ability to market bonds. The State pays for much of its capital spending, in the first instance, from the General Fund or STIP, and then reimburses itself with proceeds from the sale of bonds. An inability of the State to sell bonds or notes at the level or on the timetable it expects could have a material and adverse impact on the State's financial position and the implementation of its Capital Plan. The success of projected public sales of municipal bonds is subject to prevailing market conditions and related ratings issued by national credit rating agencies, among other factors. Future developments in the financial markets, including possible changes to the Internal Revenue Code relating to the taxation of interest on municipal bonds, may affect the market for outstanding State-supported and State-related debt.

The major rating agencies – Fitch, Kroll, Moody's, and S&P – have assigned the State general credit ratings of AA+, AA+, Aa1, and AA+, respectively. The State's rating has a stable outlook from all four rating agencies. These ratings reflect the State's economic recovery from the COVID-19 pandemic and commitment to strong reserve levels. The most recent rating action was on April 13, 2022, when Moody's raised the State's credit rating from Aa2 to Aa1, noting "a significant increase in resources combined with agile fiscal management that has resulted in balanced or nearly balanced budgets projected through the State's five-year financial plan."

Debt Reform Act Limit. The Debt Reform Act of 2000 ("Debt Reform Act") restricts the issuance of State-supported debt funding to capital purposes only and, with certain limited exceptions for long-lived MTA projects, generally limits the maximum term of bonds to 30 years. The Debt Reform Act limits the amount of new State-supported debt to 4 percent of State personal income, and new State-supported debt service costs to 5 percent of All Funds receipts. The restrictions apply to State-supported debt issued after April 1, 2000. DOB, as administrator of the Debt Reform Act, determined that the State complied with the statutory caps in the most recent calculation period (FY 2024).

The statute requires that limitations on the amount of State-supported debt and debt service costs be calculated by October 31 of each year and reported in the Mid-Year Update to the Financial Plan. If the actual amount of new State-supported debt outstanding and debt service costs for the prior fiscal year are below the caps at that time, State-supported debt may continue to be issued. However, if either the debt outstanding or debt service caps are met or exceeded, the State would be precluded from issuing new State-supported debt until the next annual cap calculation is made and the debt is found to be within the applicable limitations.

As shown in the following tables, actual levels of debt outstanding and debt service costs are in compliance with the statutory caps. From April 1, 2000 through March 31, 2024, the State has issued new debt resulting in $39.4 billion of debt outstanding subject to the debt limit. This is approximately $25.0 billion below the statutory debt limitation. In addition, the debt service costs on this new debt totaled $2.7 billion in FY 2024, or roughly $9.0 billion below the debt service limit.

DEBT OUTSTANDING CAP (millions of dollars)		
	Dollar	**Percent**
Personal Income (CY 2023)[1]	1,611,169	
Max. Allowable Debt Outstanding	64,447	4.00%
Debt Outstanding Subject to Cap	39,448	2.45%
Remaining Capacity	24,999	1.55%

[1] Bureau of Economic Analysis (BEA).

DEBT SERVICE CAP (millions of dollars)		
	Dollar	**Percent**
All Funds Receipts (FY 2024)	234,478	
Max. Allowable Debt Service	11,724	5.00%
Debt Service Subject to Cap	2,726	1.16%
Remaining Capacity	8,998	3.84%

The State enacted legislation that suspended certain provisions of the Debt Reform Act for FY 2021 and FY 2022 bond issuances as part of the State's response to the COVID-19 pandemic. Accordingly, a total of $15.4 billion of State-supported debt issued in FY 2021 and FY 2022 and outstanding as of March 31, 2024 is not counted towards the statutory caps on debt outstanding and debt service.

Current projections anticipate that State-supported debt outstanding and State-supported debt service will continue to remain below the limits imposed by the Debt Reform Act. Based on the most recent personal income and debt outstanding forecasts, the available debt capacity under the debt outstanding cap is expected to decline from $25.0 billion in FY 2024 to a low point of $5.3 billion in FY 2029. This calculation includes the estimated impact of funding capital commitments with State bonds. The debt service on State-supported debt subject to the statutory cap is projected at $1.6 billion in FY 2025 inclusive of prior year prepayments, or roughly $10.3 billion below the statutory debt service limit.

DEBT OUTSTANDING SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT (millions of dollars)	
Year	Personal Income	Cap %	Cap $	Debt Outstanding Included in Cap [1]	$ Remaining Capacity	Debt as a % of PI	% Remaining Capacity	Debt Outstanding Excluded from Cap	Supported Debt Outstanding
FY 2024	$1,611,169	4.00%	64,447	39,448	24,999	2.45%	1.55%	14,871	54,319
FY 2025	$1,691,691	4.00%	67,668	43,639	24,029	2.58%	1.42%	13,847	57,486
FY 2026	$1,761,714	4.00%	70,469	51,665	18,804	2.93%	1.07%	13,570	65,235
FY 2027	$1,832,250	4.00%	73,290	61,200	12,090	3.34%	0.66%	13,585	74,785
FY 2028	$1,906,784	4.00%	76,271	68,203	8,068	3.58%	0.42%	13,748	81,951
FY 2029	$1,984,337	4.00%	79,373	74,055	5,318	3.73%	0.27%	13,742	87,797

DEBT SERVICE SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT SERVICE (millions of dollars)	
Year	All Funds Receipts	Cap %	Cap $	Debt Service Included in Cap [1]	$ Remaining Capacity	DS as a % of Revenue	% Remaining Capacity	Debt Service Excluded from Cap	Total State-Debt Service [2]
FY 2024	$234,478	5.00%	11,724	2,726	8,998	1.16%	3.84%	3,276	6,002
FY 2025	$238,827	5.00%	11,941	1,619	10,322	0.68%	4.32%	4,995	6,614
FY 2026	$236,067	5.00%	11,803	3,328	8,475	1.41%	3.59%	3,761	7,089
FY 2027	$234,914	5.00%	11,746	3,324	8,422	1.41%	3.59%	4,262	7,586
FY 2028	$247,116	5.00%	12,356	4,873	7,483	1.97%	3.03%	3,063	7,936
FY 2029	$251,474	5.00%	12,574	7,274	5,300	2.89%	2.11%	1,164	8,438

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

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

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

Debt Cap Changes. Changes in the State's available debt capacity reflect factors such as personal income forecast adjustments, debt amortizations, and bond sale results. The increase in debt capacity in the Mid-Year Update to the Financial Plan is largely due to higher personal income estimates. Debt capacity also increased due to a downward revision in spending for capital projects, which reduces the amount of bonds expected to be issued. Debt capacity also reflects adjustments due to bond sale results and defeasances. 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 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Enacted Budget	**25,882**	**20,770**	**14,585**	**7,036**	**2,469**	**800**
Personal Income Forecast Update	2,147	2,726	2,836	2,917	3,044	3,167
Bond Sales & Other Adjustments	(3,030)	(211)	(75)	552	902	(428)
Capital Re-estimates	0	744	1,458	1,585	1,653	1,779
Mid-Year Update	**24,999**	**24,029**	**18,804**	**12,090**	**8,068**	**5,318**

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

Localities and Authorities

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

Financial Condition of New York State Localities. The largest driver of costs for most counties is Medicaid; however, the State has taken over all the growth in the program since FY 2007 and funds the entire cost of minimum wage and homecare wage increases. In addition, certain localities outside the City of New York, including cities and counties, have experienced financial problems, and have been allocated additional State assistance during the last several State fiscal years. The Financial Restructuring Board for Local Governments (the "Restructuring Board") aids distressed local governments by performing comprehensive reviews and providing grants and loans on the condition of implementing recommended efficiency initiatives. For additional details on the Restructuring Board, please visit frb.ny.gov.

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

MTA Capital Plans also rely on significant direct contributions from the State and the City of New York. The State is directly contributing $9.1 billion to the MTA's 2015-19 Capital Plan and $3.1 billion to the MTA's 2020-24 Capital Plan. These State commitment levels represent substantial increases from the funding levels for prior MTA Capital Plans (2010-2014: $770 million; 2005-2009: $1.45 billion). In addition, a substantial amount of new funding to the MTA was authorized in the FY 2020 Enacted Budget as part of a comprehensive reform plan expected to generate an estimated $25 billion in financing for the MTA's 2020-2024 Capital Plan, including $15 billion from congestion pricing revenues.

On June 5, 2024, Governor Hochul announced that the implementation of congestion pricing in Manhattan, which had been expected to go into effect on June 30, 2024, would be paused. Congestion pricing was expected to raise $1 billion of revenue annually to fund $15 billion of the MTA's 2020-2024 Capital Plan. The MTA and the State are evaluating the impact on the MTA's 2020-2024 Capital Plan.

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

Risks to the MTA include, but are not limited to, the level and pace at which ridership will return, the economic conditions of the MTA region, the ability to implement cost controls and savings actions, the ability to implement biennial fare and toll increases, and the ability to fully fund the 2020-2024 Capital Plan. If additional resources are provided by the State, either through additional subsidies or new revenues, it could have a material and adverse impact on the State's Updated Financial Plan.

Other Risks and Ongoing Concerns

Climate Change. Climate change poses significant threats to physical, biological, and economic systems in New York and around the world. The immediate and long-term effects of climate change could adversely impact the Updated Financial Plan in the current year or in future years. Climate change risks also increasingly fall within the maximum maturity term of current outstanding bonds of the State, which may generally be issued with a term of up to 30 years under State statute, as well as bonds issued by public authorities and municipalities. Hazards and risks related to climate change for the State include, among other things, rising sea levels, increased coastal flooding and related erosion hazards, intensifying storms and wildfires, and more extreme heat.

Storms affecting the State, including Hurricane Ida (September 2021), Superstorm Sandy (October 2012), Tropical Storm Lee (September 2011), and Hurricane Irene (August 2011), and more recently the severe flooding that swept through the Hudson Valley during the summer of 2023, have demonstrated vulnerabilities in the State’s infrastructure (including mass transit systems, power transmission and distribution systems, and other critical lifelines) to extreme weather-driven events, including coastal flooding caused by storm surges and flash floods from rainfall.

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

In 2019, the State enacted the Climate Leadership and Community Protection Act (CLCPA). The CLCPA set the State on a path toward reducing statewide greenhouse gas emissions by 40 percent below the 1990 level by 2030, and 85 percent below the 1990 level by 2050. Additionally, in accordance with the CLCPA, the State plans to require a minimum of 70 percent of electricity to be generated from renewable sources by 2030 and plans to fully transition its electricity sector to zero emissions by 2040. Several factors may impact the ability to achieve these goals and directives, and, therefore, no assurances can be made that such objectives will be met.

The CLCPA created the Climate Action Council (CAC), which was tasked with developing a Scoping Plan with recommendations to reduce greenhouse gas emissions, increase renewable energy usage, and promote climate justice. The CAC approved and adopted the final Scoping Plan on December 19, 2022, which recommended, among many other actions, that the State develop an economywide cap-and-invest program to limit greenhouse gas emissions. The State is currently advancing an economywide cap-and-invest program that establishes a declining cap on greenhouse gas emissions, while seeking to limit potential costs to economically vulnerable New Yorkers, invest proceeds in programs that drive emissions reductions in an equitable manner, and maintain the competitiveness of New York businesses and industries. Pursuant to the CLCPA, the Department of Environmental Conservation (DEC) is required to promulgate rules and regulations to ensure the State meets the CLCPA's statewide greenhouse gas emission limits.

New York's electricity system is already part of a regional cap-and-invest program, the Regional Greenhouse Gas Initiative (RGGI). Since RGGI began operation in 2008, the program has helped reduce greenhouse gases from power plants by more than half and raised over $7.5 billion to support cleaner energy solutions amongst its 11 participating states.

Concurrently, the State has been taking regulatory and legislative actions that are intended to limit greenhouse gas emissions, electrify transportation, and generate more electricity from renewable sources. Realization of these actions and their intended outcomes is contingent upon successful implementation, and, therefore, no assurances can be made that such actions will be realized as planned. Major regulatory and legislative actions include:

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

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

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

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

- Appropriating $200 million in FY 2024 to help low-income families retrofit their homes by adding insulation, installing energy efficient appliances, and switching to clean energy; and

- Appropriating $500 million in FY 2024 to advance the offshore wind industry.

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

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

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

The State has also developed partnerships with local governments to better address cybersecurity threats. In February 2022, the Governor announced the creation of an information-sharing partnership, the Joint Security Operations Center (JSOC). The JSOC is a partnership between the State and the cities of Albany, Buffalo, the City of New York, Rochester, Syracuse, and Yonkers. The JSOC combines local, State, and Federal cyber threat information in order to increase collaboration on threat intelligence, reduce response times, and yield faster and more effective remediation in the event of a major cyber incident. The FY 2025 Enacted Budget continued funding for New York's Shared Services Program, which helps county and local governments and other regional partners acquire and deploy high quality cybersecurity services to bolster their cyber defenses.

Occasionally, intrusions into State digital systems have been detected, but they have generally been contained. While cybersecurity procedures and controls are routinely reviewed and tested, there can be no assurance that such security and operational control measures will be completely successful at preventing future cyber threats and attacks. Successful attacks could adversely impact the State, including disrupting business operations, harming State networks and systems, and damaging State and local infrastructure; and the costs of remediation and recovery could be substantial.

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

ECONOMICS AND DEMOGRAPHICS

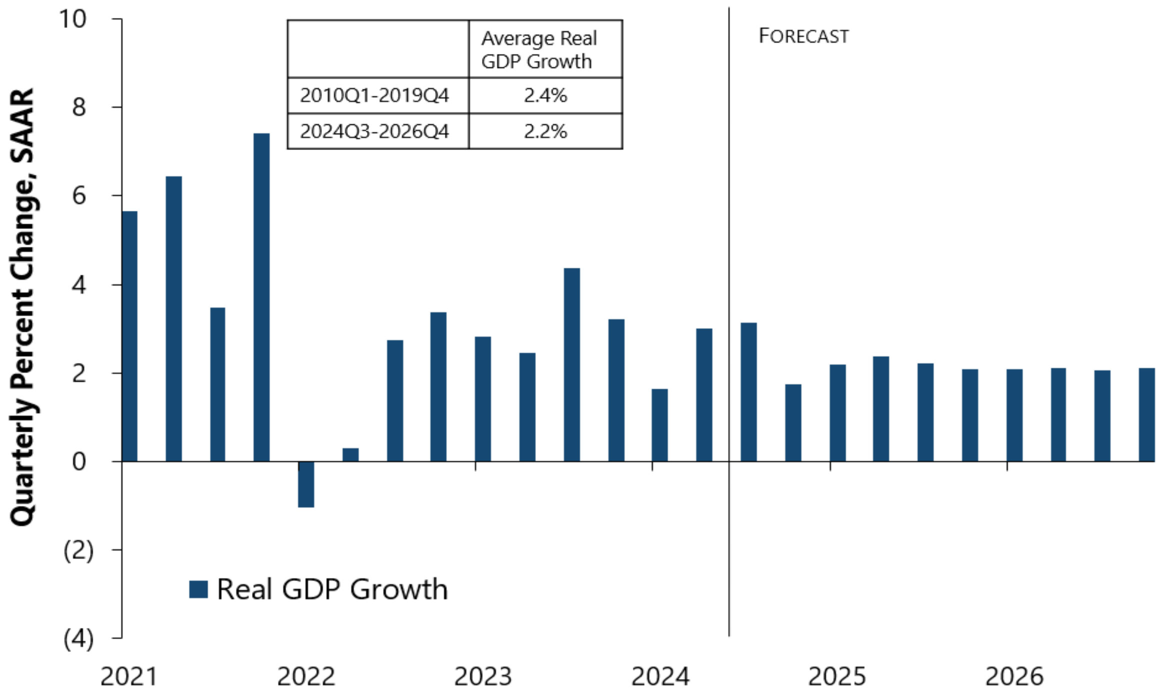
Economic Outlook

DOB's outlook on the U.S. economy halfway through FY 2025 reflects the strength in incoming data but also accounts for near-term risks including temporary disruptions caused by hurricanes and labor disputes, geopolitical risks, and policy uncertainties. While upward data revisions to the BEA's National Economic Accounts for the past five years put economic growth on a stronger trajectory, real U.S. Gross Domestic Product (GDP) growth is projected to decelerate from 2.8 percent in 2024 to 2.3 percent in 2025 as labor markets, consumer spending, and business investment moderate. At the same time, the U.S. unemployment rate is projected to rise modestly to 4.5 percent in 2025 from 4.1 percent in 2024 as economic growth moderates and employment growth slows.[8]

This economic outlook is brighter than initially expected at the beginning of the fiscal year. The Federal Reserve's shift toward less restrictive monetary policy is likely to energize household and business activities. National employment growth has slowed but is expected to remain at a healthy pace. The U.S. unemployment rate is expected to move upward somewhat as labor supply exceeds labor demand, while price inflation continues to decrease toward the 2.0 percent target rate set by the Federal Reserve. None of these factors would lead the economy to transition into a recession over the next fiscal year. In summary, the national economy is likely managing a soft landing. While there is no generally agreed upon definition of a soft landing, the term usually refers to an economic growth slowdown without an accompanying drastic increase in unemployment while inflation moderates.

[8] Estimated and forecast values are based on the DOB forecast as of October 4th, 2024. DOB's U.S. economic forecast incorporates the third estimate of 2024 second-quarter GDP, August 2024 personal income and outlays estimates, the August 2024 CPI report, and the initial estimate of August 2024 employment. DOB's New York State forecast incorporates the second quarter of 2024 non-wage personal income and the first quarter of the quarterly Census of Employment and Wages (QCEW) data. In this document, CY refers to the calendar year and FY refers to the State fiscal year. Dates of figures relating to the State fiscal year are referenced with a FY prefix. CY prefix is used for national figures whenever it is necessary to avoid confusion.

The Expected Soft Landing is Unfolding



	Average Real GDP Growth
2010Q1-2019Q4	2.4%
2024Q3-2026Q4	2.2%

Source: Haver Analytics/BEA; DOB staff estimates.

Consistent with a cooling national labor market, the State's employment growth is expected to decelerate to a growth rate of 1.3 percent in 2024 after a solid growth of 2.2 percent in 2023. The State economy completed its post-pandemic employment recovery, but it faces lack of solid population growth and relatively weaker global and national economic conditions.

Despite slowing employment, state wages are projected to improve in FY 2025, driven by strong growth in finance and insurance sector bonuses, especially if the strong performance of the sector in the first half of CY 2024 continues through the end of FY 2025.[9] Robust bank revenue-generating activities, driven by strong equity market gains and expected continuation of Federal Reserve rate cuts, are projected to boost bonuses to a growth of 11.3 percent in FY 2025 —up from 4.1 percent in the previous fiscal year. State personal income is expected to grow by 4.7 percent in FY 2025, a slight slowdown from the 5.3 percent growth in FY 2024. This deceleration is mainly due to BEA's benchmark revisions in non-wage personal income components, which resulted in higher values for the previous year.

[9] See a recent report by the Office of the New York State Comptroller: "The Securities Industry in New York City" https://www.osc.ny.gov/files/reports/pdf/report-15-2025.pdf

MAJOR ECONOMIC INDICATORS

	Calendar Year Growth (%)		
	CY 2023 Actual	CY 2024 Estimated**	CY 2025 Forecast**
Real U.S. Gross Domestic Product (GDP)	2.9	2.8	2.3
Nonfarm Employment			
U.S.	2.3	1.6	0.9
New York State	2.2	1.3	0.8
U.S. Wages	5.4	6.5	4.1
U.S. Personal Income	5.9	5.7	4.0
U.S. Consumer Price Index (CPI)	4.1	2.9	2.2
U.S. Civilian Unemployment Rate	3.6	4.1	4.5

	State Fiscal Year Growth (%)		
	FY 2024 Actual	FY 2025 Estimated**	FY 2026 Forecast**
Personal Income			
U.S.	5.8	5.3	3.9
New York State*	5.3	4.7	4.0
Wages			
U.S.	5.7	5.9	3.9
New York State	4.2	4.6	3.9
Nonfarm Employment			
U.S.	2.1	1.4	0.7
New York State	1.8	1.1	0.7

Note: * New York State personal income is constructed by using QCEW wages and BEA non-wage income.
** Estimated and forecast values are based on the DOB forecast as of October 4th, 2024.

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

Real Output Growth in 2024 and Beyond

The U.S. economy posted impressive output growth in recent quarters. Economic growth had greater resilience than expected in the face of tight monetary policy and high interest rates. In addition, incoming high-frequency data indicate that real GDP is shaping up to post another nearly 3 percent gain in the third quarter of 2024 following 3.0 percent growth at an annualized rate in the second quarter. Looking ahead, U.S. economic growth is likely to remain above 2 percent.

Recent upward data revisions in National Income and Product Accounts also suggest the overall economy had more growth momentum than previously estimated. Real GDP growth in 2023 was 2.9 percent, a 0.4 percentage point upward revision. Data revisions based on more complete data sources showed there was stronger growth in consumption, residential investment, and business investment.

The continued strength in the U.S. economy mainly comes from solid consumer spending growth and business investment. Lower interest rates, especially in mortgage markets, could provide an additional boost to economic growth in the year ahead. While strong income and wealth effects have been supporting consumer spending, labor productivity gains and strengthened corporate profits also lay the foundation for sustained economic growth and investment.

U.S. wage and personal income data for the past four quarters have been revised up substantially. Thus, the personal saving rate has remained steady since 2023, helping to sustain consumer spending. For middle- and high-income households, excess savings built up during the pandemic continue to provide them with cash to spend, especially as their wealth rises. For lower-income households, credit card and subprime auto loan delinquency rates data indicate they are struggling financially, but by historical standards, household debt service burden remains light, and thus U.S. households are still willing to spend. More generally, households have been benefiting from the high interest rates on deposits and earning higher-than-usual interest income on their existing savings.

Although labor markets are cooling, monthly job gains remain at a solid pace that supports compensation growth. So far, concerns about rising consumer debt or credit delinquencies have not reached worrying levels. In addition, stock and house prices have increased to record highs, boosting household wealth. However, since equity markets appear to have already priced in the Federal Reserve's interest rate policy, DOB expects growth in stock prices to slow later in 2025, providing less support for household spending through a diminished wealth effect as households could feel more restrained next year in terms of their assets and available resources.

Even as employment growth has slowed, output growth remained strong. U.S. labor productivity has enjoyed renewed growth since 2023, which enabled the economy to produce more with the same inputs. Moreover, the post-pandemic surge in new business formation drove up innovation and productivity growth. At the same time, solid corporate profits growth of around 7 percent in the past two years as well as continuing labor shortages mean that businesses are more willing to make substantial investments in new technologies such as Artificial Intelligence (AI)-based tools.

While not all the business investments in new technologies have translated into observed increases in labor productivity to date, firms are continuing to drive these investments at a sustained pace as they are expected to yield future technological advances and future productivity growth. Thus, the expected better business performance and profits are likely to sustain higher employment and wage growth under a lower inflation environment.

DOB expects these factors will continue to support U.S. economic growth at or slightly above its trend rate of 2.2 percent over the next year. This economic outlook expects U.S. consumption growth will slow as labor markets continue cooling and the household wealth effect gradually diminishes. Corporate profits and business investment will soften accordingly. DOB expects real GDP growth to drop below its trend rate in the last quarter of 2024 partly due to temporary exogenous shocks such as hurricanes and labor disputes, and then stay just above its trend rate during 2025. On an annual average basis, DOB forecasts real GDP growth will slow to 2.3 percent in 2025 from 2.8 percent in 2024.[10] This projection represents a notable upward revision to DOB's First Quarterly Update to the Financial Plan, 0.5 percentage point higher for 2024 and 0.4 percentage point higher for 2025.

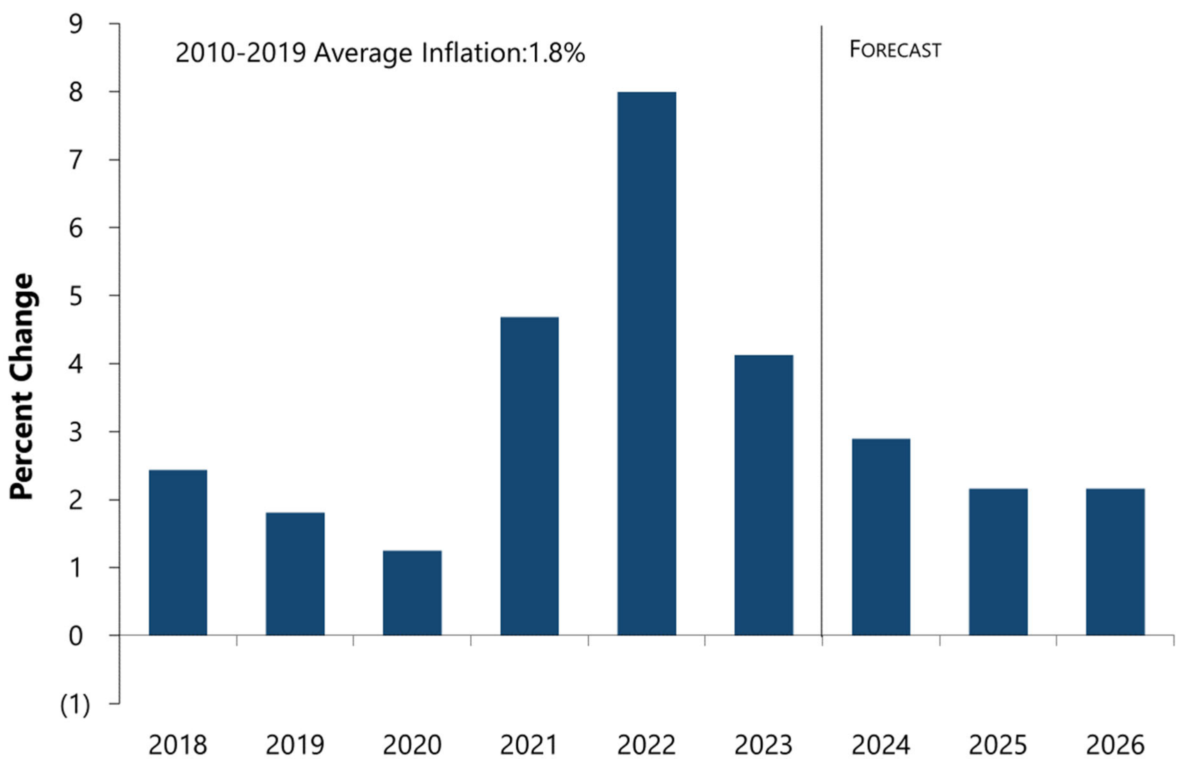
[10] During this period DOB assumes monetary policy will be generally supportive of economic growth and labor markets. The Federal Reserve started rate cuts in September 2024 with a 50-basis-point reduction in the Federal Funds rate. DOB's forecast has incorporated an assumption of two more 25-basis-point cuts for the remainder of 2024 and a 25-basis-point cut at every other Federal Open Market Committee (FOMC) meeting until June 2026, in line with the trajectory reflected in the FOMC September projection materials. This means that the trajectory of the Federal Funds rate between 2024 and 2027 will be lower than anticipated in July.

Consumer Price Inflation

Consumer price inflation has fallen substantially from its peak in 2022 and has further dropped during the third quarter of 2024. Year-over-year change in the headline CPI slowed to 2.4 percent as of September, marking the lowest rate since February 2021. The PCE deflator, the Federal Reserve's preferred inflation measure, decelerated even faster to 2.2 percent as of August, very close to the 2 percent inflation target. CPI inflation projections are revised down by two-tenths of a percentage point from DOB's First Quarterly Update to the Financial Plan to 2.9 percent for 2024 and 2.2 percent for 2025.

DOB expects the disinflation trend to continue but at a slower pace, with upside risks to energy prices caused by the escalation of geopolitical conflicts in the Middle East. Year-over-year change in the core CPI that excludes volatile energy and food prices is 3.3 percent as of September, about one percentage point above what prevailed before the pandemic. Inflation in services categories and shelter prices have been persistent and slow to fall.

Consumer Price Inflation Is Moderating



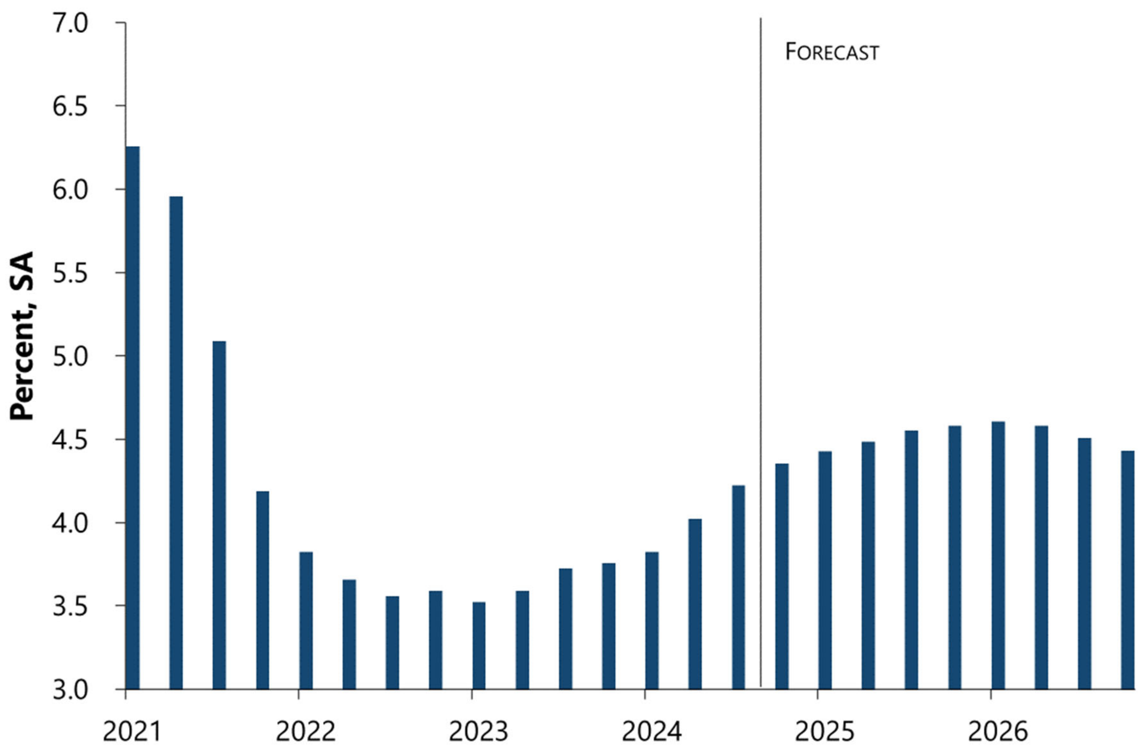
Source: Haver Analytics/BLS; DOB staff estimates.

National Employment Outlook in 2024 and Beyond

The U.S. labor market has cooled gradually throughout 2024. Nonfarm payrolls grew by 186 thousand per month on average in the third quarter of 2024, down from 267 thousand in the first quarter of the year. Still solid pace of employment growth is a sign of a gradually easing labor market which helps reduce concerns about an economic downturn, a scenario that would require the Federal Reserve to cut rates at a much more aggressive pace.

DOB expects payroll gains to moderate below 150 thousand per month on average in the coming months as labor demand and supply come into better balance. Total nonfarm employment growth is estimated to slow to 1.6 percent in 2024 and 0.9 percent in 2025 from 2.3 percent in 2023. In the meantime, the unemployment rate is projected to rise from the current level of 4.1 percent to 4.5 percent in 2026. This projection is based on the U.S. population projection that reflects the recent immigration surge and thus more people entering the labor force.

U.S. Unemployment Rate is Poised to Rise Before Stabilizing



Source: Haver Analytics/BLS; DOB staff estimates.

New York State Labor Market

New York State's labor market is expected to slow in 2024, slightly more than the national labor market. State employment is forecast to grow by 1.3 percent in 2024, down from the solid 2.2 percent growth recorded in 2023. The ongoing deceleration since the first quarter of 2022 is driven by labor shortages, elevated interest rates, and weakening global and national economic conditions. While the level of employment in the State surpassed its post-pandemic level by April 2024, peer states like Florida, Texas, California, and New Jersey had already recovered their pandemic-related job losses by 2022. In most of these states, employment is growing in line with pre-pandemic trends. However, the trajectory of New York State's employment is not back to its pre-pandemic trend and employment growth is projected to slow further.

Higher rates of out-migration, driven by remote work and high housing costs, have worsened the trend of declining population in the State, further dampening employment growth. Although international migration is back to 2016 levels, offsetting some of the population loss that peaked in 2021, employment growth in many industries is likely to remain constrained. Recently available IRS data suggested net outmigration from the State seen after the pandemic may be receding from a pandemic-era peak. (New York saw a lower level of net outmigration in 2022 but has not returned to pre-pandemic levels.)[11] State employment is projected to rise by 0.8 percent in CY 2025, slightly lower than the projected U.S. employment growth rate of 0.9 percent for that year.

The State's unemployment rate is projected to rise from 4.2 percent in 2023 to 4.3 percent in 2024, and further in 2025. Since 2023, the State unemployment rate has hovered around 4.3 percent before reaching 4.4 percent in August 2024. In September 2024, the State's unemployment rate remained at 4.4 percent, higher than the national rate of 4.1 percent. This divergence between the national and State unemployment rates was primarily due to the high rate in the City of New York which stood at 5.3 percent, compared to 3.7 percent for the rest of the state for that month. With the expected deceleration in employment growth, the unemployment rate is anticipated to peak at 4.6 percent in 2025 before declining in the years that follow.

[11] DOB analysis of IRS data on Federal tax return filers shows that from 2021 to 2022, NY had a net loss of 224,781 individuals. This represents an improvement over the previous two years, but not a return to pre-pandemic levels.

U.S. and New York State Personal Income Growth

National Income Trends

Overall U.S. personal income is projected to grow by 5.7 percent in CY 2024 and 4.0 percent in CY 2025, following 5.9 percent growth in CY 2023. The income outlook suggests that consumer spending is likely to soften going forward but should remain strong enough to keep the U.S. economy in expansion.

U.S. wage growth in the first half of 2024 looks a lot stronger after the BEA's annual benchmark revisions.[12] However, cooling job gains and decelerating hourly earnings growth indicate that wage growth has slowed since then. DOB estimates U.S. wages to grow at an annual average pace of 6.5 percent in CY 2024, higher than the 5.4 percent growth in CY 2023. With quarterly wage growth having slowed noticeably in the second half of 2024, the annual average growth rate for wages in CY 2025 is projected at only 4.1 percent.

Non-wage U.S. personal income components are also revised higher by the BEA's benchmark update. However, upward revisions to non-wage income components in 2023 data were relatively larger than in 2024 data. Therefore, most non-wage income components (particularly rental and interest income) are estimated to have annual average growth moderating in CY 2024. Taken together, wage and non-wage income components' near-term trajectories suggest moderate personal income growth is likely to continue in CY 2025.

New York State Income Trends

Alongside moderate U.S. personal income growth of 5.3 percent in FY 2025, New York State personal income is projected to grow by 4.7 percent during the same period, a slowdown from the 5.3 percent seen in FY 2024, largely due to a cooling labor market. State total wages in FY 2025 are estimated to grow by 4.6 percent, 0.4 percentage point higher than the 4.2 percent growth in FY 2024. This improvement is attributed to strong bonus growth, which has helped to offset the drag from weakening employment growth.

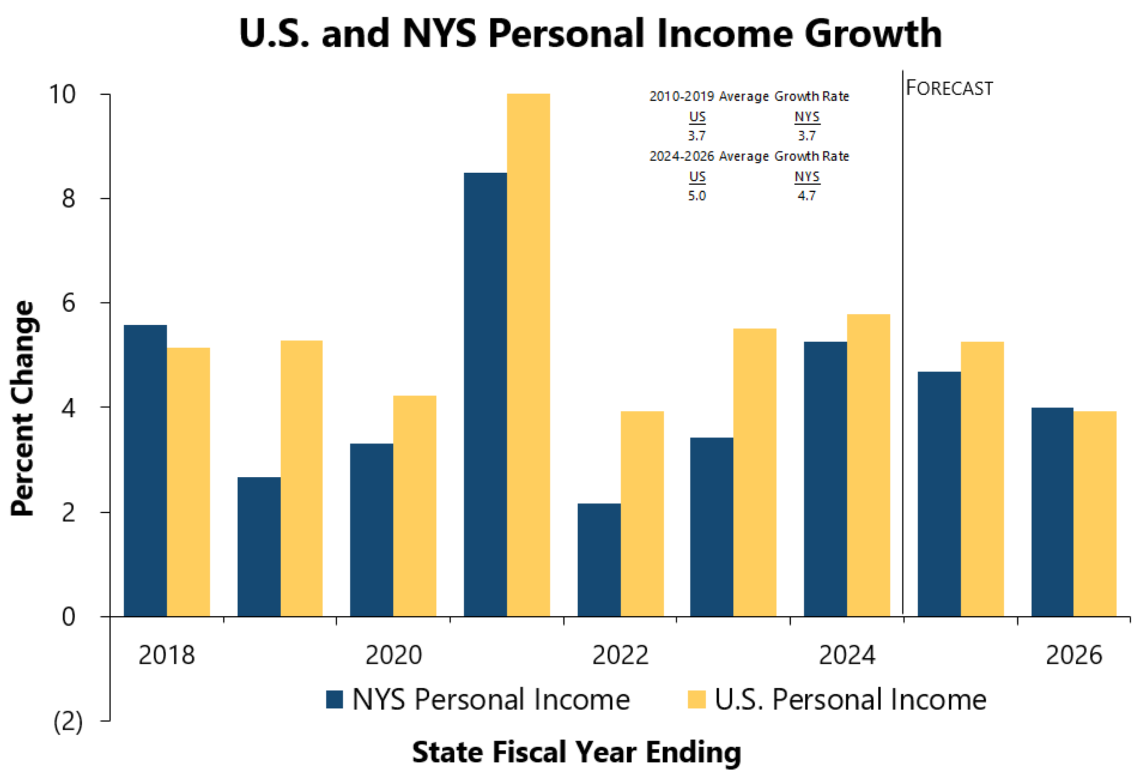
[12] BEA's annual benchmark revision brought up U.S. wage growth from 5.6 percent to 10.3 percent at an annualized rate in the first quarter of 2024 and from 5.1 percent to 6.1 percent in the second quarter, resulting in over $100 billion more wage income for the year.

New York State Personal Income and Components, Growth (%)			
	FY 2024	FY 2025	FY 2026
Personal Income*	5.3	4.7	4.0
Total Wages	4.2	4.6	3.9
Non-Bonus Wages	4.9	3.9	3.6
Total Employment	1.8	1.1	0.7
Non-Bonus Average Wages	3.0	2.8	2.9
Total Bonus	-0.6	9.7	5.3
Nonfinancial Bonuses	-5.9	7.7	5.2
Finance and Insurance Bonuses	4.1	11.3	5.4
Non-Wage Income	6.6	4.8	4.2

Note: * New York State personal income is constructed by using QCEW wages and BEA non-wage income.

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

State non-wage personal income growth is expected to slow significantly from 6.6 percent in FY 2024 to 4.8 percent in FY 2025, primarily due to BEA's benchmark revision, which revised up the previous year's non-wage personal income significantly. Thus, the slowdown in non-wage personal income is anticipated to outweigh the gains in wages. As a result, overall state personal income is expected to be slower than the previous fiscal year.



Source: NYS Department of Labor; Bureau of Economic Analysis (BEA), DOB staff estimates.

Finance and Insurance Sector Bonuses in FY 2025

Finance and insurance sector bonuses play a critical role in New York State's personal income and tax revenues. For FY 2025, these bonuses are expected to grow by 11.3 percent, marking a strong recovery from the challenges faced in FY 2024. In 2023, geopolitical conflicts, market volatility, inflation, and rising interest rates significantly slowed revenue-generating activities within the finance and insurance sector. Consequently, bonus growth for FY 2024 was limited to a modest growth of 4.1 percent.

With a better-than-anticipated economic outlook, a booming equity market, and expected rate cuts, New York Stock Exchange (NYSE) member firms saw revenue growth of 17.3 percent in the first half of 2024. This growth was primarily driven by a surge in bank activities, such as mergers and acquisitions, Initial Public Offerings (IPOs), and debt underwriting. The rebound in bank revenues is expected to lead to solid bonus growth and provide a tailwind for State wage and personal income growth.

Despite the promising outlook, several factors could dampen bonus growth. Interest rates remained elevated until this September and have continued to squeeze bank profits due to high funding costs, dampened loan demand, and weakened borrower repayment capacity. Additionally, as the U.S. election approaches, businesses may have shifted some deal-making activities to the first half of the year and may become more cautious in the second half due to uncertainties. This could potentially slow bonus growth in the latter half of the year. Ongoing global tensions also present a significant risk to financial markets. Any escalation could reduce deal volumes, further impacting bonus growth.

Risks to the Economic Outlook

DOB's baseline economic outlook reflects the strength in incoming data. Nonetheless, some risks and uncertainties could weigh on the resiliency of the U.S. economy including temporary distractions caused by natural disasters, ongoing labor disputes, geopolitical risks, and policy uncertainties. These downside risks are discussed briefly below.

- Economic policy uncertainty: Uncertainty in fiscal policies affecting the level of Federal spending and tax rates will increase until after the general election. A large degree of economic policy uncertainty will likely remain high at least until the expiring provisions of the 2017 Tax Cuts and Jobs Act (TCJA) are replaced or resolved. The outlook for longer-term fiscal and international trade policies throughout 2025 and beyond is also yet undetermined.

- Ongoing labor disputes: The presence of labor unions could support the overall economy by securing wages and better work environments for workers. However, labor disputes introduce potential disruptions to the nation's domestic and global supply chains, resulting in decreased productivity, declines in revenue, and overall economic uncertainty that are hard to quantify. DOB's baseline outlook accounted for some negative impacts from the ongoing Boeing strike and the suspended dock worker strike; any new disputes might present downside risks to the outlook.

- **Geopolitical risks:** The escalating tensions in the Middle East introduce upward pressure on inflation with the risk of high oil prices. Additionally, extreme volatilities in the current Chinese stock market and weakness in the Euro Area economy, coupled with unknowns from the U.S. presidential election, could introduce more uncertainties in international trade, dollar exchange rates, and global financial markets.

- **Climate change and natural disasters:** With the surge in the frequency and intensity of natural disasters in recent years, the negative effect of such disasters on the nation's economy becomes more prominent. The cost of damages and rebuilding, along with the spending supported by Federal disaster relief programs, contributes to the uncertainty of the impact of natural disasters such as Hurricanes Helene and Milton. The subsequent supply chain disruptions, revenue losses, insurance shortfalls, and shifts in household spending could have a larger impact on the U.S. economy than anticipated in DOB's baseline forecast.

New York State Economic Outlook Faces Unique Risks

While the State economy is faced with many of the same risks as the national economy, as home to the world's financial capital, New York has significantly greater exposure to monetary policy shifts and the volatility of financial markets. Some of these risks would create outsize negative impacts on the State's economy.

- **Population decline:** Remote work coupled with high living costs poses ongoing risks of population loss and labor shortages.

- **Stock market volatility:** Uncertainties surrounding the presidential election and geopolitical tensions may cause higher-than-expected equity market volatility, which could trigger a broader wave of layoffs, sluggish bonuses and wage growth, and significantly lower taxable capital gains realizations than reflected in the current forecast.

- **Strong U.S. dollar:** A persistently strong currency might dampen job growth in sectors reliant on international tourism and exports.

- **Weakness in the commercial real estate sector:** The high interest-rate environment coupled with high office vacancy rates may cause rising delinquencies on commercial real estate loans and bring new challenges to the regional banking industry in New York.

There are also potential upside risks to this forecast that are unique to New York State. Recent policy initiatives to boost housing supply and those focused on investments in next-generation semiconductor research and production as well as Artificial Intelligence research have the potential to create a lasting impact on the State's economy.

STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Introduction

This section presents the State's multi-year Updated Financial Plan projections for receipts and disbursements, with an emphasis on FY 2025 projections.

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

Receipts. To facilitate the receipts discussion, State and All Funds receipts reflect estimated tax receipts before distribution to various funds and accounts, including tax receipts dedicated to Capital Projects Funds (which fall outside the General Fund and State Operating Funds accounting perspectives) to provide a clearer picture of projected receipts, trends, and forecast assumptions, and avoid the distortions created by earmarking tax receipts for specific purposes.

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

The budget development process includes a comprehensive evaluation of the State's multi-year operating forecast; however, estimates and projections in the later years of the Updated 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 2026, is the most relevant from a planning perspective.

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

General Fund Projections

GENERAL FUND PROJECTIONS
(millions of dollars)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
RECEIPTS					
Taxes (After Debt Service)	91,927	102,488	103,677	99,494	111,089
Miscellaneous Receipts	4,878	4,683	4,112	2,569	2,233
Federal Receipts	2,250	3,645	0	0	0
Other Transfers	3,942	1,709	1,972	1,562	1,594
Total Receipts	**102,997**	**112,525**	**109,761**	**103,625**	**114,916**
DISBURSEMENTS					
Assistance and Grants	69,119	77,018	81,881	85,946	89,487
School Aid (SFY)	28,843	30,257	31,657	32,630	33,365
Medicaid	20,599	24,015	28,108	30,927	32,593
All Other	19,677	22,746	22,116	22,389	23,529
State Operations	12,300	13,826	14,904	15,888	16,326
Personal Service	9,997	11,009	11,498	12,360	12,757
Non-Personal Service	2,303	2,817	3,406	3,528	3,569
General State Charges	9,651	9,135	9,628	10,740	11,869
Transfers to Other Funds	9,047	9,365	8,650	7,424	7,694
Debt Service	239	276	299	327	333
Capital Projects	5,798	5,060	4,765	3,513	3,920
SUNY Operations	1,535	1,738	1,763	1,761	1,761
All Other	1,475	2,291	1,823	1,823	1,680
Total Disbursements	**100,117**	**109,344**	**115,063**	**119,998**	**125,376**
Use (Reservation) of Fund Balance:	**(2,880)**	**(3,181)**	**4,283**	**10,182**	**3,383**
Debt Management	(81)	576	860	0	0
Economic Uncertainties	(530)	(35)	500	0	0
Extraordinary Monetary Settlements	460	420	277	367	46
Labor Settlements/Agency Operations	(1,000)	(1,334)	0	0	0
Pandemic Assistance	245	0	0	0	0
Rainy Day Reserve	0	(1,500)	0	0	0
Timing of PTET/PIT Credits	221	(1,827)	2,646	13,018	300
Undesignated Fund Balance	(2,195)	519	0	(3,203)	3,037
BUDGET SURPLUS/(GAP) PROJECTIONS	**0**	**0**	**(1,019)**	**(6,191)**	**(7,077)**

State Operating Funds Projections

STATE OPERATING FUNDS PROJECTIONS
(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
RECEIPTS					
Taxes	104,930	112,130	112,780	110,527	122,867
Miscellaneous Receipts/Federal Receipts	29,992	27,470	24,098	22,942	22,922
Total Receipts	**134,922**	**139,600**	**136,878**	**133,469**	**145,789**
DISBURSEMENTS					
Assistance and Grants	89,202	97,075	101,254	105,278	108,714
School Aid (School Year Basis)	34,484	35,889	36,883	37,698	38,489
DOH Medicaid	27,804	30,896	34,700	37,481	39,086
Transportation	5,237	5,144	5,329	5,326	5,328
STAR	1,608	1,575	1,547	1,520	1,447
Higher Education	3,122	3,400	3,429	3,477	3,527
Social Services	4,399	6,367	5,655	5,046	5,135
Mental Hygiene, excluding MHSF	5,278	6,128	6,576	7,154	7,322
All Other	7,270	7,676	7,135	7,576	8,380
State Operations	21,578	23,099	24,808	26,855	27,635
Personal Service	15,749	16,759	17,465	18,526	19,129
Non-Personal Service	5,829	6,340	7,343	8,329	8,506
General State Charges	10,696	10,391	10,902	12,039	13,191
Pension Contribution	3,734	2,624	2,605	3,066	3,554
Health Insurance	5,106	5,683	6,089	6,672	7,243
All Other	1,856	2,084	2,208	2,301	2,394
Debt Service	6,997	3,489	2,811	4,627	5,538
Total Disbursements	**128,473**	**134,054**	**139,775**	**148,799**	**155,078**
Net Other Financing Sources/(Uses)	(3,096)	(2,776)	(2,018)	(1,124)	(1,241)
RECONCILIATION TO GENERAL FUND GAP					
Designated Fund Balances:	(3,353)	(2,770)	3,896	10,263	3,453
General Fund	(2,880)	(3,181)	4,283	10,182	3,383
Special Revenue Funds	(528)	413	(384)	97	88
Debt Service Funds	55	(2)	(3)	(16)	(18)
GENERAL FUND BUDGET SURPLUS/(GAP)	**0**	**0**	**(1,019)**	**(6,191)**	**(7,077)**

Receipts

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

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

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

General Fund tax receipts are affected by the deposit of dedicated taxes in other funds for debt service and the STAR program. Changes in debt service on State-supported revenue bonds affect General Fund tax receipts. The State utilizes bonding programs where tax receipts are deposited into dedicated Debt Service Funds (outside the General Fund) and used to make debt service payments. After satisfying debt service requirements for these bonding programs, the balance is transferred to the General Fund. Accordingly, certain tables in the following section display General Fund tax receipts that exclude amounts transferred to the General Fund in excess of amounts needed for certain debt service obligations (e.g., PIT receipts in excess of the amount transferred for debt service on revenue bonds).

Overview of the Receipts Forecast

All Funds receipts in FY 2025 are projected to total $238.8 billion, a 1.9 percent ($4.4 billion) increase from FY 2024 results. FY 2025 State tax receipts, excluding PTET, are projected to increase $5.1 billion (4.8 percent) from FY 2024 results. A summary of the annual changes of each tax category is provided below with the narrative that follows focused on State/All Funds receipts.

ALL FUNDS RECEIPTS
(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
Personal Income Tax	53,839	59,545	10.6%	61,668	3.6%	73,182	18.7%	83,952	14.7%
Consumption/Use Taxes	21,865	22,443	2.6%	22,988	2.4%	23,606	2.7%	24,122	2.2%
Business Taxes	27,695	29,074	5.0%	26,891	-7.5%	12,352	-54.1%	13,220	7.0%
Other Taxes	3,048	2,551	-16.3%	2,696	5.7%	2,847	5.6%	3,029	6.4%
Total State Taxes	**106,447**	**113,613**	**6.7%**	**114,243**	**0.6%**	**111,987**	**-2.0%**	**124,323**	**11.0%**
Net PTET/PIT Receipts[1]	221	(1,827)	-926.7%	2,646	244.8%	13,018	392.0%	300	-97.7%
Total State Taxes, excluding PTET	**106,668**	**111,786**	**4.8%**	**116,889**	**4.6%**	**125,005**	**6.9%**	**124,623**	**-0.3%**
Miscellaneous Receipts	33,755	31,489	-6.7%	33,617	6.8%	34,336	2.1%	33,351	-2.9%
Federal Receipts	94,276	93,726	-0.6%	88,207	-5.9%	88,593	0.4%	89,443	1.0%
Total All Funds Receipts	**234,478**	**238,828**	**1.9%**	**236,067**	**-1.2%**	**234,916**	**-0.5%**	**247,117**	**5.2%**

[1] Net PTET/PIT Receipts is the difference between the estimated realization of PTET credits by PIT filers and the PTET receipts from entities.

Personal Income Tax

FY 2025 PIT receipts are estimated to increase from FY 2024, reflecting increases in withholding, estimated payments, and delinquencies, partially offset by modest growth in total refunds and a decrease in final returns. PIT receipts are expected to be heavily influenced by PTET[13], an elective tax paid by NYS partnerships and S-corporations for which a corresponding PIT credit may be received. Despite being revenue neutral to the overall Updated Financial Plan across all fiscal years, it is expected that the PTET will have a significant negative impact on PIT collections for as long as the Federal limit on SALT deductions remains in effect. Net PIT collections over this period will be suppressed by reduced estimated payments and elevated refunds, with cumulative impacts equal to total PTET liability.

PERSONAL INCOME TAX
(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
STATE/ALL FUNDS (Excl. PTET)[1]	**68,015**	**73,236**	**7.7%**	**77,291**	**5.5%**	**84,420**	**9.2%**	**84,252**	**-0.2%**
PTET/PIT Credits	14,176	13,691	-3.4%	15,623	14.1%	11,238	-28.1%	300	-97.3%
STATE/ALL FUNDS	**53,839**	**59,545**	**10.6%**	**61,668**	**3.6%**	**73,182**	**18.7%**	**83,952**	**14.7%**
Gross Collections	70,999	77,189	8.7%	80,776	4.6%	93,486	15.7%	99,439	6.4%
Refunds (Incl. State/City Offset)	(17,160)	(17,644)	-2.8%	(19,108)	-8.3%	(20,304)	-6.3%	(15,487)	23.7%
GENERAL FUND[2]	**25,312**	**28,197**	**11.4%**	**29,288**	**3.9%**	**35,071**	**19.7%**	**40,529**	**15.6%**
Gross Collections	70,999	77,189	8.7%	80,776	4.6%	93,486	15.7%	99,439	6.4%
Refunds (Incl. State/City Offset)	(17,160)	(17,644)	-2.8%	(19,108)	-8.3%	(20,304)	-6.3%	(15,487)	23.7%
STAR	(1,608)	(1,575)	2.1%	(1,547)	1.8%	(1,520)	1.7%	(1,447)	4.8%
RBTF	(26,919)	(29,773)	-10.6%	(30,833)	-3.6%	(36,591)	-18.7%	(41,976)	-14.7%

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

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

The following table summarizes, by component, actual PIT receipts for FY 2024 and forecast amounts through FY 2028.

ALL FUNDS PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS

(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Receipts					
Withholding	54,699	58,736	61,333	64,237	66,648
Estimated Payments	10,779	12,907	13,653	23,059	26,350
Current Year	6,331	8,067	8,531	16,988	18,288
Prior Year[1]	4,448	4,840	5,122	6,071	8,062
Final Returns	3,650	3,631	3,821	4,167	4,362
Current Year	405	400	419	439	459
Prior Year[1]	3,245	3,231	3,402	3,728	3,903
Delinquent	1,871	1,915	1,969	2,023	2,079
Gross Receipts	70,999	77,189	80,776	93,486	99,439
Refunds					
Prior Year[1]	10,011	10,434	11,500	12,347	8,129
Previous Year	1,879	1,776	1,815	1,850	1,085
Current Year[1]	3,196	3,000	3,000	3,000	3,000
Advanced Credit Payment	821	1,002	1,162	1,338	1,482
State/City Offset[1,2]	1,253	1,432	1,631	1,769	1,791
Total Refunds	17,160	17,644	19,108	20,304	15,487
Net Receipts[3]	**53,839**	**59,545**	**61,668**	**73,182**	**83,952**
PTET/PIT Credits	14,176	13,691	15,623	11,238	300
Net Receipts, Excluding PTET[4]	**68,015**	**73,236**	**77,291**	**84,420**	**84,252**

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

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

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

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

FY 2025 withholding is estimated to increase compared to the prior year, reflecting moderate growth in both bonus and non-bonus wages. Current estimated payments for tax year 2024 and extension payments (i.e., prior year estimated) for tax year 2023 are both expected to increase. The growth in extensions - despite an estimated decrease in tax year 2023 non-wage income - reflects a disproportionately steep decline in FY 2024 (tax year 2023) current estimated payments relative to liability and the need to “catch up” through settlement payments coupled with a decrease in PTET credits relative to tax year 2022. The projected growth in FY 2025 current estimated payments is consistent with an increase in tax year 2024 non-wage income. Delinquent collections are projected to increase as well, while final return payments are projected to decrease slightly.

Total refunds in FY 2025 are projected to increase, driven by increases in refunds for tax year 2023 (prior year refunds), advanced credit payments (generally STAR credits), and the State/city offset. These increases are partially offset by a scheduled decrease in the administrative refund cap (current year refunds) and refunds for tax years previous to 2023. The FY 2025 prior year refunds estimate includes the influence of the one-time supplemental Empire State Child Credit payments effectuated by FY 2025 Enacted Budget legislation.

FY 2026 PIT receipts are projected to increase due to growth in withholding, total estimated payments, final returns, and delinquencies, partially offset by an increase in projected total refunds. The increase in FY 2026 total refunds is primarily driven by refunds for tax year 2024 (prior year refunds), which are expected to produce moderate underlying growth coupled with the contrasting influences of an increase in PTET-related refunds and expiration of the one-time Empire State Child Credit payments.

FY 2027 PIT receipts are expected to register double-digit growth due to the scheduled expiration of the Federal SALT deduction cap at the end of 2025. This expiration is expected to eliminate the incentive to participate in the PTET program and, without the associated credits, current estimated payments are projected to return to pre-PTET levels. Furthermore, the forecast assumes between $3 and $4 billion in estimated payments will be accelerated from extension payments (FY 2028) into current estimated payments (FY 2027) as taxpayers seek to benefit from unlimited SALT deductibility beginning tax year 2026.

FY 2028 PIT receipts are projected to increase from FY 2027 due to growth in all components coupled with a sharp decrease in total refunds. Withholding is projected to increase despite the scheduled expiration of the current top PIT rates after tax year 2027. The expected decline in refunds is attributable to the absence of tax year 2026 PTET-related refunds.

Consumption/Use Taxes

CONSUMPTION/USE TAXES (millions of dollars)									
	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
STATE/ALL FUNDS	**21,865**	**22,443**	**2.6%**	**22,988**	**2.4%**	**23,606**	**2.7%**	**24,122**	**2.2%**
Sales Tax	19,903	20,371	2.4%	20,863	2.4%	21,418	2.7%	21,939	2.4%
Cigarette and Tobacco Taxes	842	829	-1.5%	793	-4.3%	759	-4.3%	728	-4.1%
Vapor Excise Tax	24	21	-12.5%	21	0.0%	21	0.0%	21	0.0%
Motor Fuel Tax	487	484	-0.6%	484	0.0%	480	-0.8%	476	-0.8%
Highway Use Tax	139	140	0.7%	141	0.7%	142	0.7%	144	1.4%
Alcoholic Beverage Taxes	275	276	0.4%	278	0.7%	279	0.4%	280	0.4%
Opioid Excise Tax	22	20	-9.1%	20	0.0%	20	0.0%	20	0.0%
Medical Cannabis Excise Tax	9	5	-44.4%	4	-20.0%	4	0.0%	4	0.0%
Adult Use Cannabis Tax	33	158	378.8%	245	55.1%	339	38.4%	363	7.1%
Auto Rental Tax[1]	131	137	4.6%	137	0.0%	142	3.6%	145	2.1%
Peer to Peer Car Sharing Tax	0	2	0.0%	2	0.0%	2	0.0%	2	0.0%
GENERAL FUND[2]	**9,872**	**10,091**	**2.2%**	**10,314**	**2.2%**	**10,567**	**2.5%**	**10,804**	**2.2%**
Sales Tax	9,315	9,534	2.4%	9,764	2.4%	10,024	2.7%	10,267	2.4%
Cigarette and Tobacco Taxes	260	259	-0.4%	250	-3.5%	242	-3.2%	235	-2.9%
Alcoholic Beverage Taxes	275	276	0.4%	278	0.7%	279	0.4%	280	0.4%
Opioid Excise Tax	22	20	-9.1%	20	0.0%	20	0.0%	20	0.0%
Peer to Peer Car Sharing Tax	0	2	0.0%	2	0.0%	2	0.0%	2	0.0%

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

[2]Excludes Transfers.

All Funds consumption/use tax receipts for FY 2025 are estimated to increase from FY 2024 results. Sales tax receipts are estimated to increase due to moderate growth in taxable consumption, particularly in the services sector. Cigarette and tobacco tax receipts are estimated to decrease reflecting a continuing trend of declining consumption. Motor fuel tax receipts are estimated to experience a minor decrease, partially attributable to an increase in refunds, as consumption remains relatively flat year-over-year. Opioid excise tax receipts are expected to moderately decline, reflecting the continued long-term decline in opioid consumption, as well as the market's shift toward prescribing opioids in the lower wholesale acquisition cost tier, which has a reduced tax rate. Medical cannabis tax receipts are estimated to decline by more than 40 percent due to the partial year impact of the FY 2025 Enacted Budget legislation that reduced the excise tax rate from 7 percent to 3.15 percent effective June 1, 2024. Remaining revenues will now be distributed evenly between the manufacturing and dispensing counties and the previous allocation/distribution of revenues to the NYS Cannabis Revenue Fund, the Division of Criminal Justice Services (DCJS) and the Office of Addiction Services and Supports (OASAS) will cease. Adult-use cannabis taxes are projected to significantly increase as the State's cannabis market expands during the second full year of receipts. The cannabis revenue estimate is unaffected by the FY 2025 Enacted Budget legislation that repealed and replaced the wholesale THC potency tax with a wholesale excise tax rate of 9 percent effective June 1, 2024 (the existing State and local retail excise tax rates remain unchanged at 9 and 4 percent, respectively). Auto rental tax receipts are estimated to increase as business travel rebounds to pre-pandemic levels.

General Fund consumption/use tax receipts for FY 2025 are projected to increase largely due to the previously noted All Funds sales tax receipts trend.

FY 2026 consumption/use tax receipts are projected to increase, primarily due to a small projected increase in sales tax receipts. Several consumption/use tax receipts are projected to experience flat year-over-year growth, including auto rental, motor fuel, and vapor tax, or marginal growth, as is the case with highway use tax and alcoholic beverage taxes. Adult-use cannabis taxes are projected to significantly increase as the cannabis market continues to evolve and mature. However, the increases above are partially offset by a continued decline in taxable cigarette consumption and a further reduction in medical cannabis excise tax receipts due to the full-year impact of the lower excise tax rate.

Consumption/use tax receipts for FY 2027 and FY 2028 are projected to increase, largely reflecting a projected increase in sales tax receipts and the continued maturation of the adult-use cannabis market, partially offset by a continued decline in taxable cigarette consumption.

Business Taxes

BUSINESS TAXES (millions of dollars)	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
STATE/ALL FUNDS (Excl. PTET)[1]	**13,739**	**13,556**	**-1.3%**	**13,914**	**2.6%**	**14,133**	**1.6%**	**13,220**	**-6.5%**
Pass-Through-Entity Tax	(13,956)	(15,518)	-11.2%	(12,977)	16.4%	1,781	113.7%	0	-100.0%
STATE/ALL FUNDS	**27,695**	**29,074**	**5.0%**	**26,891**	**-7.5%**	**12,352**	**-54.1%**	**13,220**	**7.0%**
Corporate Franchise Tax	9,262	8,923	-3.7%	9,201	3.1%	9,406	2.2%	8,375	-11.0%
Corporation and Utilities Tax	554	593	7.0%	591	-0.3%	596	0.8%	592	-0.7%
Insurance Tax	2,813	2,879	2.3%	2,999	4.2%	3,121	4.1%	3,251	4.2%
Bank Tax	1	106	10500.0%	106	0.0%	0	-100.0%	0	0.0%
Pass-Through-Entity Tax	13,956	15,518	11.2%	12,977	-16.4%	(1,781)	-113.7%	0	100.0%
Petroleum Business Tax	1,109	1,055	-4.9%	1,017	-3.6%	1,010	-0.7%	1,002	-0.8%
GENERAL FUND[2]	**17,425**	**17,963**	**3.1%**	**17,019**	**-5.3%**	**9,778**	**-42.5%**	**9,889**	**1.1%**
Corporate Franchise Tax	7,525	7,086	-5.8%	7,308	3.1%	7,423	1.6%	6,532	-12.0%
Corporation and Utilities Tax	401	458	14.2%	457	-0.2%	461	0.9%	458	-0.7%
Insurance Tax	2,521	2,570	1.9%	2,676	4.1%	2,784	4.0%	2,899	4.1%
Bank Tax	0	90	0.0%	90	0.0%	0	-100.0%	0	0.0%
Pass-Through-Entity Tax	6,978	7,759	11.2%	6,488	-16.4%	(890)	-113.7%	0	100.0%
Petroleum Business Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%

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

CFT receipts are estimated to decrease modestly in FY 2025, primarily reflecting an increase in refunds. FY 2024 refund levels were at their lowest amount since FY 2015 and are expected to return to historical levels. The estimated increase in refunds is partially offset by an estimated slight increase in gross receipts and modest increase in audit receipts.

Corporation and Utilities Tax (CUT) receipts for FY 2025 are estimated to increase significantly over the prior fiscal year after FY 2024 was significantly impacted by the COVID-19 Utility Debt Relief Tax Credit, which resulted in lower gross receipts from the utility sector. Gross receipts from the telecommunication sector are estimated to decline as compared to FY 2024 levels. Audit receipts are estimated to decrease from FY 2024 levels while refunds are estimated to increase.

Insurance tax receipts for FY 2025 are estimated to increase modestly due to projected increases in insurance tax premiums driving gross receipts, following two years of significant growth. Audits are expected to decrease while refunds are expected to increase slightly as compared to FY 2024.

PTET collections for FY 2025 are estimated to increase due to higher tax year 2024 estimated payments. As noted, DOB expects PTET will be revenue-neutral for the State; however, PTET will not be revenue-neutral within each fiscal year as PTET payments are generally received in the fiscal year prior to PIT credit claims.

Receipts from the repealed bank tax (all from prior liability periods) in FY 2025 are estimated to increase significantly due to an expectation of higher audit receipts. Petroleum Business Tax (PBT) receipts are estimated to decrease from FY 2024 results, primarily due to two successive rate index decreases, as the net impact of a 5 percent decrease in the PBT rate index effective January 1, 2024 is compounded by another 5 percent decline effective January 1, 2025.

Business tax receipts for FY 2026 are projected to decrease primarily due to PTET. This decrease in PTET receipts is the result of the scheduled expiration of the SALT deduction cap after tax year 2025 under current Federal law. CUT and PBT receipts are also projected to decrease, with an increase in CFT and insurance tax receipts partially offsetting the overall business tax receipts decrease. The increase in CFT receipts is driven by an increase in gross receipts; however, the decline in PBT receipts can be largely attributed to the January 1, 2025 PBT rate index decrease, coupled with a small decrease in estimated gasoline consumption. Bank tax receipts are projected to show no growth as compared to FY 2025.

Business tax receipts for FY 2027 are projected to increase in CFT, CUT and insurance tax, while PTET and PBT are projected to decline. CFT receipts are projected to show the largest increase due to a projected increase in gross receipts. FY 2027 represents the last year of projected PTET receipts due to the scheduled expiration of the SALT deduction cap previously described and is comprised primarily of refunds, partially offset by final return payments.

Business tax receipts for FY 2028 are projected to increase in the insurance tax, while CFT, CUT and PBT are projected to decline. The decrease in CFT receipts is driven by the expiration of the temporary tax rates set to expire after tax year 2026.

Other Taxes

OTHER TAXES (millions of dollars)	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
STATE/ALL FUNDS	**3,048**	**2,551**	**-16.3%**	**2,696**	**5.7%**	**2,847**	**5.6%**	**3,029**	**6.4%**
Estate Tax	1,856	1,375	-25.9%	1,438	4.6%	1,503	4.5%	1,568	4.3%
Real Estate Transfer Tax	1,165	1,147	-1.5%	1,230	7.2%	1,331	8.2%	1,448	8.8%
Employer Compensation Expense Program	14	15	7.1%	15	0.0%	0	-100.0%	0	0.0%
Pari-Mutuel Taxes	12	12	0.0%	12	0.0%	12	0.0%	12	0.0%
All Other Taxes	1	2	100.0%	1	-50.0%	1	0.0%	1	0.0%
GENERAL FUND[1]	**1,876**	**1,397**	**-25.5%**	**1,458**	**4.4%**	**1,516**	**4.0%**	**1,581**	**4.3%**
Estate Tax	1,856	1,375	-25.9%	1,438	4.6%	1,503	4.5%	1,568	4.3%
Employer Compensation Expense Program	7	8	14.3%	7	-12.5%	0	-100.0%	0	0.0%
Pari-Mutuel Taxes	12	12	0.0%	12	0.0%	12	0.0%	12	0.0%
All Other Taxes	1	2	100.0%	1	-50.0%	1	0.0%	1	0.0%

[1] Excludes Transfers.

FY 2025 other tax receipts are projected to decrease from FY 2024, primarily due to an expected return to a more typical amount of super-large payments and collections from the estate tax. Also, real estate transfer tax receipts are projected to decrease slightly as collections to-date have trended similarly to the prior year, combined with additional uncertainty related to the potential impacts of the presidential election outcome on the real estate market.

Other tax receipts in the outyears are projected to increase, largely due to increases in both estate tax and real estate transfer tax receipts, reflecting projected growth in household net worth, housing starts, housing prices and bonuses, as well as projected declines in mortgage rates.

Miscellaneous Receipts

MISCELLANEOUS RECEIPTS (millions of dollars)									
	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
ALL FUNDS	**33,755**	**31,489**	**-6.7%**	**33,617**	**6.8%**	**34,336**	**2.1%**	**33,351**	**-2.9%**
General Fund	4,878	4,683	-4.0%	4,112	-12.2%	2,569	-37.5%	2,233	-13.1%
Special Revenue Funds	23,430	19,416	-17.1%	19,716	1.5%	20,087	1.9%	20,393	1.5%
Capital Projects Funds	4,941	6,923	40.1%	9,382	35.5%	11,253	19.9%	10,282	-8.6%
Debt Service Funds	506	467	-7.7%	407	-12.8%	427	4.9%	443	3.7%

General Fund miscellaneous receipts in FY 2025 are estimated to decrease from FY 2024 results, largely due to abandoned property and other transactions.

All Funds miscellaneous receipts in FY 2025 are estimated to decrease from FY 2024 results, driven by the conservative estimation of non-General Fund revenues and the reduction of General Fund receipts, partially offset by the projected growth of bond proceeds receipts, primarily due to the increase in bond-eligible capital spending in FY 2025 and the increased use of PAYGO capital resources, primarily from General Fund transfers, in FY 2024. In addition, the aggregate receipts projections (i.e., the sum of all projected receipts by individual agencies) in State Special Revenue Funds are adjusted downward to reflect aggregate trends and patterns observed between estimated and actual results over time.

All Funds miscellaneous receipts in FY 2026 are projected to increase from FY 2025 estimates, driven by bond proceed income due to higher projected bond-eligible capital spending and decreased use of PAYGO capital resources, primarily from General Fund transfers, partly offset by a projected decline in investment-income.

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

Federal Receipts

FEDERAL RECEIPTS (millions of dollars)									
	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
ALL FUNDS	**94,276**	**93,726**	**-0.6%**	**88,207**	**-5.9%**	**88,593**	**0.4%**	**89,443**	**1.0%**
General Fund	2,250	3,645	62.0%	0	-100.0%	0	0.0%	0	0.0%
Special Revenue Funds	89,222	86,816	-2.7%	84,481	-2.7%	85,055	0.7%	85,896	1.0%
Capital Projects Funds	2,744	3,203	16.7%	3,668	14.5%	3,485	-5.0%	3,502	0.5%
Debt Service Funds	60	62	3.3%	58	-6.5%	53	-8.6%	45	-15.1%

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

The changes in Federal receipts projections correspond with expected changes in Federal spending across the Financial Plan period, which include increases to Medicaid, Public Health, and Transportation, partially offset by declines in Federal pandemic assistance such as the expiration of COVID-19 eFMAP and ERAP, and the wind-down of other various pandemic assistance including childcare, housing, infrastructure, and other purposes. In addition, Federal receipts reflect an increase in the final use of Federal ARP funds, including ESSER funds, in FY 2025 consistent with Federal treasury rules.

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

Disbursements

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

Assistance and Grants

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

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

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

	FY 2024 Actuals[1]	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
HEALTH CARE					
Medicaid - Individuals Covered	7,334,921	7,043,800	7,064,151	7,090,948	7,101,546
Essential Plan - Individuals Covered	1,266,722	1,443,169	1,436,052	1,457,672	1,479,674
Child Health Plus - Individuals Covered	493,206	589,755	601,550	613,580	625,580
State Takeover of County/NYC Costs[2]	$6,451	$7,400	$8,258	$9,026	$9,712
CY 2005 Local Medicaid Cap	$4,620	$5,386	$6,062	$6,647	$7,151
FY 2013 Local Takeover Costs	$1,831	$2,014	$2,196	$2,379	$2,561
EDUCATION					
School Aid (School Year-Basis Funding)[3]	$34,484	$35,889	$36,883	$37,698	$38,489
HIGHER EDUCATION					
Public Higher Education Enrollment (FTEs)	475,772	478,308	TBD	TBD	TBD
Tuition Assistance Program (FTEs)	213,000	261,000	TBD	TBD	TBD
PUBLIC ASSISTANCE					
Family Assistance Program (Families)	183,735	202,592	205,120	204,330	203,804
Safety Net Program (Families)	126,431	141,181	142,791	142,471	142,366
Safety Net Program (Singles)	275,460	319,688	340,242	349,947	360,185
MENTAL HYGIENE					
OMH Community Beds	49,742	51,943	54,420	55,110	55,560
OPWDD Community Beds[4]	44,003	44,375	44,816	45,332	45,932
OASAS Community Beds	13,553	13,841	14,022	14,202	14,252
Total	107,298	110,159	113,258	114,644	115,744

[1] Reflects preliminary unaudited actuals.

[2] 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.

[3] SY 2024 does not reflect a significant amount of federal ARP Act funding for school districts that was distributed over multiple school years, including prekindergarten expansion grants initially supported by this funding that appear on the School Aid run. These prekindergarten expansion grants will be State-funded beginning in SY 2025 and are included in the table for SY 2025 and after.

[4] OPWDD Community Beds actuals and estimates now include self-directed rental subsidies (SDRS).

Education

School Aid

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

School Year (July 1 — June 30)

The Updated Financial Plan includes $35.9 billion for School Aid in SY 2025, representing an annual increase of approximately $1.4 billion (4.1 percent), inclusive of the State’s full takeover of funding for prekindergarten expansion grants previously supported with Federal ARP funds. Excluding the State funds needed to support this takeover, the School Aid increase for SY 2025 totals $1.3 billion (3.8 percent) and includes a $934 million (3.9 percent) increase in Foundation Aid. The Foundation Aid increase is driven largely by the formula's inflation factor, which the Enacted Budget sets at 2.8 percent for SY 2025. School Aid growth also fully funds the projected $366 million increase under current law for expense-based reimbursement programs such as Transportation Aid and Boards of Cooperative Educational Services (BOCES) Aid.

In SY 2026 and beyond, growth in School Aid reflects estimated growth in Foundation Aid and expense-based aids, reflecting DOB's inflation forecast and recent annual expense-based aid growth, respectively.

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

	SY 2024	SY 2025	Change	SY 2026	Change	SY 2027	Change	SY 2028	Change
Total	34,484	35,889	1,405	36,883	994	37,698	815	38,489	791
			4.1%		2.8%		2.2%		2.1%

[1] SY 2024 does not reflect a significant amount of Federal ARP Act funding that was distributed to school districts over multiple school years, including prekindergarten expansion grants initially supported by this funding that appear on the School Aid run. These prekindergarten expansion grants will be State-funded beginning in SY 2025 and are included in the table for SY 2025 and thereafter.

State Fiscal Year School Aid

The State finances School Aid from the General Fund, commercial gaming receipts, cannabis sales, mobile sports wagering receipts, and Lottery Fund receipts, including revenues from Video Lottery Terminals (VLTs). Commercial gaming, lottery, mobile sports wagering, and cannabis receipts are accounted for and disbursed from dedicated accounts. The amount of School Aid spending financed by Lottery and VLT Aid is expected to increase in FY 2025 due to higher than anticipated revenue collections in FY 2024. Additionally, the amount of School Aid spending financed by mobile sports wagering receipts is expected to decrease slightly in FY 2025 due to higher than anticipated revenue collections in FY 2023 that were subsequently used to support disbursements in FY 2024.

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

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

	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
TOTAL STATE OPERATING FUNDS	**33,383**	**35,322**	**5.8%**	**36,476**	**3.3%**	**37,350**	**2.4%**	**38,119**	**2.1%**
General Fund Assistance and Grants	28,692	30,117	5.0%	31,517	4.6%	32,491	3.1%	33,226	2.3%
Medicaid	151	140	-7.3%	140	0.0%	140	0.0%	140	0.0%
Lottery Aid	2,303	2,807	21.9%	2,480	-11.6%	2,398	-3.3%	2,398	0.0%
VLT Lottery Aid	1,033	1,096	6.1%	1,025	-6.5%	1,034	0.9%	1,036	0.2%
Commercial Gaming	138	122	-11.6%	128	4.9%	166	29.7%	166	0.0%
Mobile Sports Wagering	1,061	1,040	-2.0%	1,139	9.5%	1,040	-8.7%	1,072	3.1%
Cannabis Revenue	5	0	-100.0%	47	0.0%	81	72.3%	81	0.0%

[1] FY 2024 and FY 2025 do not reflect a significant amount of Federal ARP Act funding that was distributed to school districts over multiple school years, including prekindergarten expansion grants initially supported by this funding that appear on the School Aid run. These prekindergarten expansion grants will be State-funded beginning in SY 2025 and are included in the table for FY 2025 and thereafter.

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

Other Education Funding

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

OTHER EDUCATION FUNDING (millions of dollars)									
	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,457**	**2,809**	**14.3%**	**2,876**	**2.4%**	**3,018**	**4.9%**	**3,166**	**4.9%**
Special Education	1,408	1,507	7.0%	1,597	6.0%	1,694	6.1%	1,795	6.0%
All Other Education	1,049	1,302	24.1%	1,279	-1.8%	1,324	3.5%	1,371	3.5%

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

Special Education costs are expected to increase from FY 2024 levels due to the continuing impact of a 6.25 percent COLA increase to provider tuition rates implemented in SY 2024 and the return of enrollment to pre-COVID-19 pandemic levels. These increased tuition costs are paid in the first instance by school districts and counties and partially reimbursed by the State starting in the following year. Outyear spending increases are attributable to projected enrollment and cost growth.

Spending for All Other Education Programs in FY 2025 is projected to increase by 24.1 percent, largely driven by the continuation of an FY 2024 State-funded initiative to incentivize qualifying low-income public and nonpublic schools to participate in the Federal CEP program, allowing all students in those schools to eat breakfast and lunch at no charge regardless of their families' income; one-time aid and grant programs; reimbursement to nonpublic schools for State-mandated activities; reimbursement to nonpublic schools for Science, Technology, Engineering, and Math (STEM) instruction; and payments to the City of New York for charter school facilities aid. Lower projected FY 2026 spending is attributable to the discontinuation of one-time aid and grant programs funded in the FY 2025 Enacted Budget. Outyear spending is largely attributable to reimbursements for school meals, nonpublic schools, and charter schools.

School Tax Relief Program

The STAR program provides school tax relief to taxpayers by exempting the first $30,000 of every eligible homeowner's property value from the local school tax levy. Senior citizens with incomes below $98,700 will receive an $84,000 exemption in FY 2025.

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

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

SCHOOL TAX RELIEF (STAR)
(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
TOTAL STAR PROGRAM	**1,608**	**1,575**	**-2.1%**	**1,547**	**-1.8%**	**1,520**	**-1.7%**	**1,447**	**-4.8%**
Gross Program Costs	3,152	3,291	4.4%	3,427	4.1%	3,562	3.9%	3,638	2.1%
Personal Income Tax Credit	(1,544)	(1,716)	-11.1%	(1,880)	-9.6%	(2,042)	-8.6%	(2,191)	-7.3%
Basic Exemption	791	747	-5.6%	699	-6.4%	663	-5.2%	580	-12.5%
Gross Program Costs	1,415	1,556	10.0%	1,646	5.8%	1,744	6.0%	1,776	1.8%
Personal Income Tax Credit	(624)	(809)	-29.6%	(947)	-17.1%	(1,081)	-14.1%	(1,196)	-10.6%
Enhanced (Senior) Exemption	817	828	1.3%	848	2.4%	857	1.1%	867	1.2%
Gross Program Costs	991	1,003	1.2%	1,045	4.2%	1,077	3.1%	1,116	3.6%
Personal Income Tax Credit	(174)	(175)	-0.6%	(197)	-12.6%	(220)	-11.7%	(249)	-13.2%
City of New York PIT	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Gross Program Costs	746	732	-1.9%	736	0.5%	741	0.7%	746	0.7%
Personal Income Tax Credit	(746)	(732)	1.9%	(736)	-0.5%	(741)	-0.7%	(746)	-0.7%

All homeowners with incomes above $250,000 were transitioned from the basic exemption benefit program to the advance credit program in FY 2020. Additionally, a zero percent growth cap on the STAR exemption benefit remains in effect. The decline in reported disbursements on STAR exemptions in FY 2025 through FY 2028 can be attributed to these actions. By moving taxpayers to the credit program, the State can more efficiently administer the program while strengthening its ability to prevent abuse. The move from the basic exemption to the credit program does not reduce the value of the benefit received by homeowners.

Higher Education

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

HIGHER EDUCATION (millions of dollars)									
	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
TOTAL STATE OPERATING FUNDS	**3,122**	**3,400**	**8.9%**	**3,429**	**0.9%**	**3,477**	**1.4%**	**3,527**	**1.4%**
City University	**2,005**	**2,121**	**5.8%**	**2,166**	**2.1%**	**2,199**	**1.5%**	**2,234**	**1.6%**
Senior Colleges	1,764	1,876	6.3%	1,920	2.3%	1,953	1.7%	1,988	1.8%
Community College	241	245	1.7%	246	0.4%	246	0.0%	246	0.0%
Higher Education Services	**579**	**692**	**19.5%**	**707**	**2.2%**	**722**	**2.1%**	**737**	**2.1%**
Tuition Assistance Program	535	603	12.7%	626	3.8%	641	2.4%	656	2.3%
Scholarships/Awards	40	81	102.5%	73	-9.9%	73	0.0%	73	0.0%
Aid for Part-Time Study	4	8	100.0%	8	0.0%	8	0.0%	8	0.0%
State University	**538**	**587**	**9.1%**	**556**	**-5.3%**	**556**	**0.0%**	**556**	**0.0%**
Community College	464	480	3.4%	452	-5.8%	452	0.0%	452	0.0%
Other/Cornell	74	107	44.6%	104	-2.8%	104	0.0%	104	0.0%

As of Fall 2023 enrollment data, SUNY and CUNY operate 47 four-year colleges and graduate schools with a total enrollment of roughly 364,000 full- and part-time students. SUNY and CUNY also operate 37 community colleges, serving approximately 237,000 students.

State funds support a significant portion of SUNY and CUNY operations. In addition to the spending reflected in the above table, the State provides nearly $2.0 billion in annual support for the fringe benefit costs of all employees at SUNY State-operated campuses; approximately $1.4 billion for SUNY campus operations via an annual General Fund transfer; and an estimated $813 million for debt service payments on bond financed capital projects at SUNY and CUNY in FY 2025. Additionally, an estimated $330 million in student financial aid support will continue to be transferred from HESC to SUNY in FY 2025. This is the result of an accounting change first implemented in FY 2020 to reflect certain financial aid payments made from HESC to SUNY as transfers instead of disbursements.

HESC is New York State's student financial aid agency. HESC oversees State-funded financial aid programs, including the Excelsior Scholarship, TAP, and 26 other scholarship and loan forgiveness programs. Together, these programs provide financial aid to approximately 300,000 students. HESC also partners with OSC in administering the College Choice Tuition Savings program.

Higher education assistance and grants spending is projected to increase by $278 million, or 8.9 percent, from FY 2024 to FY 2025. This spending includes an increase in General Fund operating assistance to CUNY senior colleges. In addition, assistance and grants spending for the State University is projected to increase due to the timing of disbursements of the State endowment match to SUNY University Centers and the continuation of funding for transformational initiatives at State University community colleges. Increased HESC spending is driven by an increase in the maximum income threshold for TAP eligibility across all award schedules, an increase in the minimum TAP award, as well as the expansion of TAP for part-time students to proprietary institutions.

Health Care

DOH works with local health departments and social services departments, including the City of New York, to coordinate and administer statewide health insurance programs and activities, including operating the Medicaid program. The combined benefit of the State's health insurance programs is to provide health care coverage to nearly 9 million low-income individuals and long-term care services for the elderly and disabled. Most government-financed health care programs are included under DOH; however, several programs are also supported through multi-agency efforts. In addition to Medicaid and statewide public health programs, assistance and grants spending for health care includes a variety of mental hygiene programs.

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

Medicaid

Medicaid is a means-tested program that finances health care services for low-income individuals and long-term care services for the elderly and disabled, primarily through monthly premium payments to managed care plans that enroll Medicaid eligible individuals and direct payments to health care providers for services rendered to Medicaid enrollees. According to the most recent Center for Medicare and Medicaid Services Data, New York is the second largest program in terms of spending, behind California, which spends roughly 32 percent more in gross expenditures and covers more than 13 million people. Medicaid services include inpatient hospital care, outpatient hospital services, clinics, nursing homes, managed care, prescription drugs, home care, and services provided in a variety of community-based settings (including personal care, mental health, substance abuse treatment, developmental disabilities services, school-based services, and foster care services). The Medicaid program is financed by the Federal government, the State, and counties, including the City of New York. DOB estimates that spending from all sources, including spending by local governments that is not part of the State's All Funds activity, will total nearly $113 billion in FY 2025. The following table shows the estimated disbursements by level of government.

MEDICAID SPENDING[1] (millions of dollars)					
	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Federal	**66,754**	**67,173**	**66,246**	**68,177**	**69,004**
	60.1%	59.2%	57.0%	56.2%	55.6%
State (DOH)	**28,188**	**31,309**	**35,059**	**37,835**	**39,443**
	25.4%	27.6%	30.2%	31.2%	31.8%
State (Other Agencies)	**7,672**	**6,308**	**6,095**	**6,477**	**6,819**
	6.9%	5.6%	5.2%	5.3%	5.5%
Local	**8,505**	**8,638**	**8,838**	**8,838**	**8,838**
	7.7%	7.6%	7.6%	7.3%	7.1%
Total	**111,119**	**113,428**	**116,238**	**121,327**	**124,104**

[1] Includes operational costs and FY 2024 Essential Plan spending.

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

STATE-SHARE MEDICAID FINANCING SOURCES[1] (millions of dollars)					
	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
General Fund	**20,983**	**24,428**	**28,467**	**31,281**	**32,950**
	74.4%	78.0%	81.2%	82.6%	83.5%
HCRA	**6,058**	**5,482**	**5,512**	**5,474**	**5,413**
	21.5%	17.6%	15.7%	14.5%	13.7%
All Other	**1,147**	**1,399**	**1,080**	**1,080**	**1,080**
	4.1%	4.5%	3.1%	2.9%	2.7%
Total	**28,188**	**31,309**	**35,059**	**37,835**	**39,443**

[1] Includes operational costs and FY 2024 Essential Plan spending.

Enrollment

Medicaid eligibility and enrollment fluctuate with economic cycles. Due to the steep rise in unemployment triggered by the COVID-19 pandemic, as well as Federal limitations on Medicaid disenrollment activities before the expiration of the public health emergency (PHE) on May 11, 2023, Medicaid enrollment has increased significantly since March 2020. From June 2023 through August 2024, the State conducted eligibility redeterminations for approximately 9 million public health insurance enrollees, consistent with CMS requirements. Disenrollment is significantly less than initially projected with the State expecting to retain a greater proportion of COVID-19 era enrollees. The State now estimates over 900,000 people will remain enrolled relative to pre-COVID-19 pandemic levels of enrollment driving higher than expected Medicaid costs over the multi-year Financial Plan, which have been reflected.

Accordingly, total Medicaid costs are expected to grow annually, due in large part to an increase in high utilization and aging populations, a recent expansion of benefits, and increases to reimbursement rates. Other factors that continue to place upward pressure on State-share Medicaid costs include, but are not limited to, provider reimbursements to cover minimum wage increases; the phase-out of enhanced Federal funding; increased costs and enrollment growth in managed long-term care services for seniors and dual eligibles; and payments to financially distressed hospitals.

The following table summarizes State-share Medicaid spending by agency and the interplay of the MHSF/LSA accounting mechanism between DOH and OPWDD.

TOTAL STATE-SHARE MEDICAID DISBURSEMENTS (millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Department of Health Medicaid	**28,188**	**31,309**	**35,059**	**37,835**	**39,443**
Assistance and Grants	29,507	30,919	34,700	37,481	39,086
State Operations	384	413	359	354	357
eFMAP[1]	(1,703)	(23)	0	0	0
Other State Agency Medicaid Spending	**7,672**	**6,308**	**6,095**	**6,477**	**6,819**
Mental Hygiene[2]	5,924	6,609	6,963	7,312	7,444
MHSF/LSA	1,536	(517)	(1,092)	(1,059)	(849)
Foster Care	59	71	79	79	79
Education	151	140	140	140	140
Corrections	2	5	5	5	5
Total State-Share Medicaid (All Agencies)	**35,860**	**37,617**	**41,154**	**44,312**	**46,262**
Annual $ Change		1,757	3,537	3,158	1,950
Annual % Change		4.9%	9.4%	7.7%	4.4%

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

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

Factors Affecting Medicaid Funding

Global Cap

The Medicaid Global Cap is a statutory spending cap that applies to a subset of State-share funded Medicaid spending. It is intended to limit the growth of Medicaid costs financed by the General Fund. Since the implementation of the Medicaid Global Cap through FY 2022, the subset of Medicaid spending to which it applied was limited to no greater than the ten-year rolling average of medical price inflation. The FY 2023 Enacted Budget implemented a new Global Cap index (GCI) based on the five-year rolling average of CMS annual projections of health care spending to better account for enrollment changes, including specific populations, such as the aging and disabled populations, which are significant drivers of costs.

Absent General Fund support, Medicaid costs reported under the Global Cap would have exceeded the statutory FY 2025 GCI following substantial forecast revisions associated with revised enrollment, utilization, and costs. To avoid current mid-year fiscal impacts on the health care industry, the State will provide $1.1 billion in General Fund relief to the Global Cap via the Mental Hygiene Stabilization Fund. The structural deficit grows to $2.2 billion in FY 2026 and roughly $3 billion in subsequent years. The State expects to address the Global Cap imbalance as part of the FY 2026 Executive Budget that will provide recurring savings and reduce Medicaid costs while preserving access to care.

MEDICAID GLOBAL CAP INDEX
(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	Five-Year Total
Prior CPI Index (May 2022)	**21,749**	**22,333**	**22,957**	**23,612**	**24,226**	**114,877**
Annual $ Change	577	584	624	655	614	3,054
Annual % Change	2.7%	2.7%	2.8%	2.9%	2.6%	
Increased Spending Under the New Cap[1]	**1,516**	**2,499**	**3,293**	**3,904**	**4,422**	**15,634**
New CMS Index	**23,265**	**24,832**	**26,250**	**27,516**	**28,648**	**130,511**
FY 2025 Enacted Budget	23,265	24,832	27,799	29,158	30,191	135,245
Enacted Budget Over/(Under) Index[2]	**0**	**0**	**1,549**	**1,642**	**1,543**	**4,734**
FY 2025 Enacted Budget	**23,265**	**24,832**	**27,799**	**29,158**	**30,191**	**135,245**
Annual $ Change	1,503	1,567	2,967	1,359	1,033	8,429
Annual % Change	6.9%	6.7%	11.9%	4.9%	3.5%	
FY 2025 Mid-Year Update	**23,265**	**24,832**	**28,426**	**30,639**	**31,629**	**138,791**
Annual $ Change	1,503	1,567	3,594	2,213	990	9,867
Annual % Change	6.9%	6.7%	14.5%	7.8%	3.2%	
Change From FY 2025 Enacted	**0**	**0**	**627**	**1,481**	**1,438**	**3,546**

[1] Effective FY 2023, growth is indexed to the five-year rolling average of Medicaid spending projections within the National Health Expenditure Accounts produced by Office of the Actuary in the Centers for Medicare & Medicaid Services (CMS) as of March 2020 and updated five-year rolling average pursuant to CMS March 2022 and June 2023 reports.

[2] The FY 2025 forecast includes over $1.1 billion in General Fund resources to stay within the allowable index. Medicaid spending is projected to exceed the cap beginning in FY 2026 due mainly to projected utilization costs and trends.

The Global Cap applies to nearly 80 percent of State-share DOH Medicaid spending. Medicaid spending not subject to the Global Cap includes certain Medicaid spending in other agencies, administrative costs, such as the takeover of local administrative responsibilities, costs related to a portion of the takeover of local government expenses, and costs related to State-mandated increases in the minimum wage and other wage enhancements.

TOTAL DOH MEDICAID SPENDING
(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Medicaid Global Cap[1]	**23,265**	**24,832**	**26,250**	**27,516**	**28,648**
Annual $ Change	1,503	1,567	1,418	1,266	1,132
Annual % Change	6.9%	6.7%	5.7%	4.8%	4.1%
FY 2025 Mid-Year Update Forecast[2]	**0**	**0**	**2,176**	**3,123**	**2,981**
Other Medicaid Not Subject to Global Cap	**4,923**	**6,477**	**6,633**	**7,196**	**7,814**
Minimum Wage	2,413	2,430	2,441	2,451	2,462
Home Care Wages	214	1,480	1,795	2,165	2,590
Local Takeover Cost[3]	1,830	2,013	2,195	2,378	2,561
MSA Payments (Share of Local Growth)[4]	(62)	(325)	(325)	(325)	(325)
All Other	528	529	527	527	526
Healthcare Stability Fund	0	350	0	0	0
Total DOH Medicaid	**28,188**	**31,309**	**35,059**	**37,835**	**39,443**
Annual $ Change	2,397	3,121	3,750	2,776	1,608
Annual % Change	9.3%	11.1%	12.0%	7.9%	4.3%
Hospital Advances/Recoupment[5]	1,497	(1,497)	0	0	0
Adjusted DOH Medicaid[5]	**29,685**	**29,812**	**35,059**	**37,835**	**39,443**
Annual $ Change	3,894	127	5,247	2,776	1,608
Annual % Change	15.1%	0.4%	17.6%	7.9%	4.3%

[1] Effective FY 2023, growth is indexed to the five-year rolling average of Medicaid spending projections within the National Health Expenditure Accounts produced by the Office of the Actuary in the Centers for Medicare & Medicaid Services.

[2] The FY 2025 forecast includes over $1.1 billion in General Fund resources to stay within the allowable index. Gap-closing savings will be necessary in FY 2026 through FY 2028 to ensure Medicaid spending in future years adheres to the Global Cap indexed rate.

[3] Reflects a portion of the State's costs related to paying the full share of Medicaid program growth on behalf of local governments that is outside of the Global Cap.

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

[5] In response to initial delays in the Federal approval of planned FY 2022 through FY 2024 State directed payments, the State advanced over $2.2 billion in State-only payments to distressed providers for immediate cash flow relief. The provider reimbursements to the State are expected to be delayed, resulting in $1.5 billion in additional Medicaid spending in FY 2024 that is anticipated to be repaid in FY 2025.

Temporary eFMAP

In March 2020, the Federal government signed into law the Families First Coronavirus Response Act (FFCRA) which included a 6.2 percent base increase to the Federal Medical Assistance Percentage (FMAP) rate (retroactive to January 1, 2020) for each calendar quarter occurring during the PHE, with exemptions placed on spending already eligible for enhanced Federal support, including portions of the Affordable Care Act (ACA) expansion. The PHE ended on May 11, 2023, with the expiration of the Federal government's increased share of Medicaid spending (phased down to 1.5 percent) through December 2023. In FY 2024, State-share savings of $1.7 billion from eFMAP were used to offset increased costs associated with elevated COVID-19 enrollment and lost MRT II savings due to Federal restrictions regarding program restructuring while the eFMAP remained in place. Based on reconciliations to date, an additional $23 million in Federal resources are anticipated in FY 2025.

Minimum Wage and Home Care Wages

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

The State costs of minimum wage increases in the health care sector are projected to be over $2.4 billion in FY 2025. Home health care workers in the City of New York and certain counties receive supplemental benefits in addition to their base wage. These benefits include paid leave, differential wages, premiums for certain shifts, education, and fringe benefits. The required supplemental benefits typically can be satisfied by increasing the base cash wage for home health care workers by a corresponding amount. As a result, wages for home health care workers in these regions exceed minimum wage levels by $2.54 for the City of New York and $1.67 for Westchester, Nassau, and Suffolk counties. However, State statute exempts the supplemental wages portion of total compensation from the minimum wage calculation to ensure home health care workers in these counties receive incremental growth in wage compensation commensurate with the new minimum wage schedule.

The State authorized wage increases for home health and personal care workers of $1.55 for downstate and $1.35 for rest of state, effective January 1, 2024, with additional Statewide wage increases of $0.55 to come January 1, 2025, and January 1, 2026. Costs for these increases are projected to be over $1.2 billion in FY 2025. These increases are partially funded by HCBS eFMAP in FY 2025 but revert to nearly all General Fund support beginning in FY 2026.

The State also automatically increased the State's minimum wage to keep pace with inflation going forward. After reaching $15 per hour, each region's minimum wage will increase consistent with the year-over-year CPI for Urban Wage Earners and Clerical Workers (CPI-W) for the Northeast Region. The State cost was $53 million in FY 2024 and is projected to grow to over $1.1 billion in FY 2028.

Local Medicaid Cap

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

The State takeover, which capped local districts' Medicaid costs at calendar year 2015 levels, is projected to save local districts a total of $7.4 billion in FY 2025 -- roughly $3.4 billion for counties outside the City of New York and $4 billion for the City of New York. The following table provides the multi-year savings to local districts.

LOCAL GOVERNMENT SAVINGS
STATE TAKEOVER OF LOCAL MEDICAID COSTS (2005 CAP AND GROWTH TAKEOVER)
FY 2024 to FY 2028

Region	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Rest of State	3,006,371	3,361,031	3,681,743	3,968,519	4,224,955
City of New York	3,444,355	4,038,984	4,576,695	5,057,508	5,487,451
Statewide	6,450,726	7,400,015	8,258,438	9,026,027	9,712,406

Master Settlement Agreement (MSA)

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

Healthcare Stability Fund (HSF)

Health care costs in New York rose sharply in the aftermath of the COVID-19 pandemic and continue to increase at unsustainable rates, creating pressure on the government funded Medicaid program and safety-net providers. In an effort to expand resources to fund these growing costs, the State is pursuing Federal approval of a Managed Care Organization (MCO) tax similar to those imposed by many other states including New Jersey, Louisiana, Michigan, Illinois, and California. The State is currently exploring options that reflect California's recently approved approach, which imposes differential rates between Medicaid plans and non-Medicaid plans. By utilizing differential rates, the tax structure would minimize the impact on the commercial insurance market and generate additional resources for the State to offset any State costs associated with the non-Federal share of related Medicaid premium costs.

Pursuant to the FY 2025 Enacted Budget, HSF was established to receive and distribute any revenue generated from the prospective MCO tax. The potential resources that accrue to the HSF are expected to be available to fund investments in the health care delivery system and/or offset current State Medicaid costs. In FY 2025, the Updated Financial Plan includes $350 million in one-time General Fund resources that will be transferred to the HSF to support $200 million in hospital investments, and $150 million in investments for nursing homes, assisted living programs, and hospice. Future investments or spending from the HSF fund will be dependent on CMS approval and successful execution of an MCO tax, therefore no State or Federal funding is included in the Updated Financial Plan projections beyond FY 2025.

Health Care Transformation Fund (HCTF)

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

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

The Updated Financial Plan maintains the use of nearly $1 billion to support multi-year investments in home care delivery and sustainability efforts through wage increases.

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

	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Opening Balance	**563**	**375**	**250**	**125**	**0**
Receipts	**154**	**125**	**125**	**125**	**0**
General Fund Transfer	125	125	125	125	0
STIP Interest	29	0	0	0	0
Planned Uses	**342**	**250**	**250**	**250**	**0**
Home Care Wages	214	250	250	250	0
Housing Rental Subsidies	128	0	0	0	0
Closing Balance	**375**	**250**	**125**	**0**	**0**

Public Health/Aging Programs

The State administers more than 150 separate programs to promote public health and wellbeing and provide access to quality health services for New Yorkers. CHP, the single largest program in this category, provides health insurance coverage for children of low-income families up to the age of 19. The General Public Health Work (GPHW) program reimburses local health departments for the cost of providing certain public health services. The Elderly Pharmaceutical Insurance Coverage (EPIC) program provides prescription drug insurance to seniors. The Early Intervention (EI) program pays for services provided to infants and toddlers with disabilities or developmental delays who are under the age of three. Many public health programs, such as the EI and GPHW programs, are run by county health departments that are reimbursed by the State for a share of the program costs. State spending projections do not include the county share of these programs. In addition, a significant portion of HCRA spending is included under the Public Health budget.

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

PUBLIC HEALTH AND AGING
(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,125**	**2,906**	**36.8%**	**2,686**	**-7.6%**	**2,725**	**1.5%**	**2,782**	**2.1%**
Public Health	**1,952**	**2,699**	**38.3%**	**2,498**	**-7.4%**	**2,537**	**1.6%**	**2,582**	**1.8%**
Child Health Plus[1]	883	1,428	61.7%	1,312	-8.1%	1,356	3.4%	1,401	3.3%
General Public Health Work	213	193	-9.4%	196	1.6%	196	0.0%	196	0.0%
EPIC	76	63	-17.1%	63	0.0%	63	0.0%	63	0.0%
Early Intervention	109	71	-34.9%	41	-42.3%	41	0.0%	41	0.0%
Unadjusted	197	168	-14.7%	138	-17.9%	138	0.0%	138	0.0%
Health Services Initiatives Offset	(88)	(97)	-10.2%	(97)	0.0%	(97)	0.0%	(97)	0.0%
Workforce Initiatives[2]	0	24	0.0%	94	291.7%	94	0.0%	94	0.0%
General Fund Assistance and Grants	0	6	0.0%	76	1166.7%	76	0.0%	76	0.0%
HCRA Program	0	18	0.0%	18	0.0%	18	0.0%	18	0.0%
HCRA Program	250	367	46.8%	321	-12.5%	321	0.0%	321	0.0%
Nourish NY	42	50	19.0%	50	0.0%	50	0.0%	50	0.0%
All Other	379	503	32.7%	421	-16.3%	416	-1.2%	416	0.0%
Aging	**173**	**207**	**19.7%**	**188**	**-9.2%**	**188**	**0.0%**	**200**	**6.4%**

[1] Increased spending for CHP in FY 2024 and beyond is attributable to the expiration of enhanced Federal resources, including FFCRA eFMAP.

[2] This item represents the local portion workforce Initiatives supported by the General Fund and HCRA Program; an additional $10 million is supported under HCRA State Operations.

Public Health spending is projected to grow by 38.3 percent in FY 2025 but grow by less than 2 percent annually over the remaining years of the Financial Plan period. Growth in FY 2025 reflects increased CHP reimbursement rates, an increase in reimbursement rates for the EI program services and support across various other public health programs, including the nutrition assistance programs and the American Indian Health Program. The annual growth in public health spending is partly offset by administrative savings, including reforms to the EI program service delivery.

Over the multiyear period, the expiration of enhanced Federal resources, including FFCRA eFMAP for the CHP program, drives recurring costs. Similarly, the Updated Financial Plan maintains funding to address the needs of individuals living in underserved communities by ensuring surplus agricultural products are rerouted through the State's network of food banks; monitoring and providing support for unforeseen public health emergencies; reducing infant, child, and maternal mortality; improving maternal mental health; easing access to gender-affirming care; and maintaining on-going workforce investments to safeguard access and delivery to health care.

The Updated Financial Plan maintains support for SOFA to address locally identified capacity needs, including: retention of the elderly in their communities; support for family and friends in their caregiving roles; reduction of future Medicaid costs by intervening earlier with less intensive services; establishment of quality reporting and accreditation for assisted living residences; and implementation of quality improvement initiatives in nursing homes to promote transparency.

HCRA Financial Plan

HCRA was established in 1996 to help fund a portion of State health care activities and is currently authorized through FY 2026. HCRA resources include surcharges and assessments on hospital revenues, a "covered lives" assessment paid by insurance carriers, and a portion of cigarette tax revenues. These resources are used to fund roughly 25 percent of State-share Medicaid costs, and other programs and health care industry investments, including: CHP; EPIC; Physician Excess Medical Malpractice Insurance; Indigent Care payments to hospitals serving a disproportionate share of individuals without health insurance; Worker Recruitment and Retention; Doctors Across New York (DANY); Nurses Across New York (NANY); and the Statewide Health Information Network for New York (SHIN-NY)/All-Payer Claims Database (APCD).

HCRA FINANCIAL PLAN
(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
OPENING BALANCE	91	55		0		0		0	
TOTAL RECEIPTS	7,411	7,520	1.5%	7,466	-0.7%	7,470	0.1%	7,453	-0.2%
Surcharges	4,810	5,060	5.2%	5,030	-0.6%	5,057	0.5%	5,064	0.1%
Covered Lives Assessment	1,169	1,150	-1.6%	1,150	0.0%	1,150	0.0%	1,150	0.0%
Cigarette Tax Revenue	582	570	-2.1%	543	-4.7%	517	-4.8%	493	-4.6%
Hospital Assessments	574	507	-11.7%	510	0.6%	512	0.4%	512	0.0%
Excise Tax on Vapor Products	24	21	-12.5%	21	0.0%	21	0.0%	21	0.0%
NYC Cigarette Tax Transfer	13	13	0.0%	13	0.0%	13	0.0%	13	0.0%
EPIC Receipts/ICR Audit Fees/Interest	89	49	-44.9%	49	0.0%	50	2.0%	50	0.0%
Distressed Provider Assistance[1]	150	150	0.0%	150	0.0%	150	0.0%	150	0.0%
TOTAL DISBURSEMENTS AND TRANSFERS	7,447	7,575	1.7%	7,466	-1.4%	7,470	0.1%	7,453	-0.2%
Medicaid Assistance Account	5,449	4,851	-11.0%	4,881	0.6%	4,843	-0.8%	4,782	-1.3%
Medicaid Costs	5,124	4,526	-11.7%	4,556	0.7%	4,518	-0.8%	4,457	-1.4%
Distressed Provider Assistance[1]	150	150	0.0%	150	0.0%	150	0.0%	150	0.0%
Workforce Recruitment & Retention	175	175	0.0%	175	0.0%	175	0.0%	175	0.0%
Hospital Indigent Care	598	631	5.5%	631	0.0%	631	0.0%	631	0.0%
HCRA Program Account	257	404	57.2%	358	-11.4%	358	0.0%	357	-0.3%
Child Health Plus	897	1,448	61.4%	1,333	-7.9%	1,377	3.3%	1,422	3.3%
Elderly Pharmaceutical Insurance Coverage	88	74	-15.9%	74	0.0%	74	0.0%	74	0.0%
Qualified Health Plan Administration	38	41	7.9%	51	24.4%	50	-2.0%	49	-2.0%
Roswell Park Cancer Institute	51	55	7.8%	51	-7.3%	51	0.0%	51	0.0%
SHIN-NY/APCD/Modernization	42	45	7.1%	45	0.0%	40	-11.1%	40	0.0%
All Other	27	26	-3.7%	42	61.5%	46	9.5%	47	2.2%
ANNUAL OPERATING SURPLUS/(DEFICIT)	(36)	(55)		0		0		0	
CLOSING BALANCE	55	0		0		0		0	

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

Total HCRA receipts are anticipated to remain steady over the course of the multi-year plan and reflect the assumption that health care surcharge and assessment collections will remain relatively flat while cigarette tax revenues will moderately decline, concurrent with cigarette consumption. These declines are offset by $150 million in annual revenues set aside to support distressed providers through Medicaid program payments.

HCRA spending over the same plan period reflects over $4.5 billion in continued support for Medicaid spending, including the $150 million set aside for distressed providers and approximately $1.4 billion for the CHP program. Estimated growth in CHP spending reflects the expiration of enhanced Federal resources provided through the ACA and growth in enrollment, utilization, and reimbursements rates. Additionally, to support new enrollment associated with the Medical Indemnity Fund, the Updated Financial Plan includes $58 million in non-recurring funding; these FY 2025 resources support new enrollment through March 31, 2025, and are in addition to the $52 million in ongoing annual base support.

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

Mental Hygiene

The Mental Hygiene agencies consist of OPWDD, Office of Mental Health (OMH), OASAS, the Council on Developmental Disabilities (CDD), and the Justice Center for the Protection of People with Special Needs (Justice Center). These agencies provide services directly to their clients through State-operated facilities and indirectly through community-based providers. Services are provided for adults with mental illness, children with emotional disturbance, individuals with intellectual and developmental disabilities and their families, people with substance use disorder, and individuals with problem gambling. The service costs are reimbursed by Medicaid, Medicare, third-party insurance, and State funding.

MENTAL HYGIENE
(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
TOTAL STATE OPERATING FUNDS	**6,814**	**5,611**	**-17.7%**	**5,484**	**-2.3%**	**6,095**	**11.1%**	**6,473**	**6.2%**
People with Developmental Disabilities	**2,974**	**3,209**	**7.9%**	**3,417**	**6.5%**	**3,603**	**5.4%**	**3,792**	**5.2%**
Residential Services	1,480	1,595	7.8%	1,707	7.0%	1,798	5.3%	1,891	5.2%
Day Programs	745	803	7.8%	859	7.0%	905	5.4%	952	5.2%
Clinic	18	19	5.6%	21	10.5%	22	4.8%	23	4.5%
All Other Services (Net of Offsets)	731	792	8.3%	830	4.8%	878	5.8%	926	5.5%
Mental Health	**1,767**	**2,245**	**27.1%**	**2,516**	**12.1%**	**2,877**	**14.3%**	**2,862**	**-0.5%**
Adult Local Services	1,572	1,725	9.7%	2,024	17.3%	2,314	14.3%	2,299	-0.6%
Children Local Services	179	431	140.8%	492	14.2%	563	14.4%	563	0.0%
MLR/BHET Reinvestment[1]	16	89	456.3%	0	-100.0%	0	0.0%	0	0.0%
Addiction Services and Supports	**536**	**673**	**25.6%**	**642**	**-4.6%**	**673**	**4.8%**	**667**	**-0.9%**
Residential	116	139	19.8%	147	5.8%	158	7.5%	164	3.8%
Other Treatment	206	246	19.4%	261	6.1%	280	7.3%	294	5.0%
Prevention	54	65	20.4%	69	6.2%	74	7.2%	78	5.4%
Recovery	45	53	17.8%	57	7.5%	61	7.0%	64	4.9%
Opioid Settlement Fund[2]	90	91	1.1%	61	-33.0%	53	-13.1%	48	-9.4%
Opioid Stewardship Fund[3]	11	41	272.7%	47	14.6%	47	0.0%	19	-59.6%
MLR/BHET Reinvestment[1]	14	38	171.4%	0	-100.0%	0	0.0%	0	0.0%
Justice Center	**1**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**
Total DOH Medicaid Global Cap Adjustments[4]	**1,536**	**(517)**	**-133.7%**	**(1,092)**	**-111.2%**	**(1,059)**	**3.0%**	**(849)**	**19.8%**
OPWDD Local Share	1,427	650	-54.4%	27	-95.8%	27	0.0%	27	0.0%
OPWDD Spending Funded by Global Cap	(842)	(216)	74.3%	(1,119)	-418.1%	(1,086)	2.9%	(876)	19.3%
OPWDD Offset for Hospital Recoupment	951	(951)	-200.0%	0	100.0%	0	0.0%	0	0.0%
TOTAL MENTAL HYGIENE SPENDING	**5,278**	**6,128**	**16.1%**	**6,576**	**7.3%**	**7,154**	**8.8%**	**7,322**	**2.3%**

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

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

[3] The Opioid Stewardship Fund consists of funds received by the State through collection of Opioid Stewardship taxes and will be used to supplement funding for substance use disorder prevention, treatment, recovery, and harm reduction services or programs.

[4] In response to initial delays in the Federal approval of planned FY 2022 through FY 2024 State directed payments, the State advanced State-only payments to distressed providers for immediate cash flow relief. In FY 2024, provider reimbursements to the State were delayed, resulting in additional Medicaid spending that is anticipated to be repaid in FY 2025.

The Updated Financial Plan includes continued support for individuals with developmental disabilities to ensure appropriate access to care, including funding to expand independent living opportunities, provide choice in service options, and support the return to pre-COVID-19 pandemic utilization levels.

Funding continues to be included to support OMH community services and the transition of individuals from inpatient to community settings. Additional investments in supported housing account for annual property-related cost increases and help ensure existing housing is maintained as new units are developed. Other additional funding for OMH services includes expanding the Loan Repayment Program, supporting mental health specialists in mental health courts, additional intensive Forensic Assertive Community Treatment (FACT) teams, and mental health supports for first responders.

Increased funding for OASAS programs will support not-for-profit providers for addiction prevention, treatment, harm reduction, and recovery programs. Similarly, the multi-year Financial Plan includes over $500 million in resources from the Opioid Stewardship Tax and litigation settlements with pharmaceutical manufacturers and distributors that will be targeted at the overdose epidemic through investments in addiction services programs.

The Updated Financial Plan also continues funding to increase the minimum wage index with inflation; establish and operate 3,500 new residential units for New Yorkers with mental illness; significantly expand outpatient mental health services; enhance mental health services in schools; and increase funding for Critical Time Intervention (CTI) teams and specialized programs for children. The FY 2025 Enacted Budget also supports a 2.84 percent COLA for voluntary operated providers.

The level of Mental Hygiene spending reported under the DOH Medicaid Global Cap and/or the OPWDD related local share expenses funded with additional financial plan resources have no impact on mental hygiene service delivery or operations and may fluctuate depending on the availability of resources and other cost pressures within the Medicaid program.

Social Services

OTDA

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

TEMPORARY AND DISABILITY ASSISTANCE
(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,313**	**3,671**	**58.7%**	**2,718**	**-26.0%**	**1,967**	**-27.6%**	**2,043**	**3.9%**
SSI	543	550	1.3%	550	0.0%	550	0.0%	550	0.0%
Public Assistance Benefits	665	774	16.4%	795	2.7%	812	2.1%	830	2.2%
Public Assistance Initiatives	16	19	18.8%	22	15.8%	29	31.8%	29	0.0%
Homeless Housing and Services	151	295	95.4%	392	32.9%	440	12.2%	498	13.2%
Rental Assistance	422	202	-52.1%	152	-24.8%	125	-17.8%	125	0.0%
Asylum Seeker Assistance	508	1,810	256.3%	796	-56.0%	0	-100.0%	0	0.0%
All Other	8	21	162.5%	11	-47.6%	11	0.0%	11	0.0%

DOB's caseload models project a total of 663,461 public assistance recipients in FY 2025. Approximately 202,592 families are expected to receive benefits through the Family Assistance program and 141,181 through the Safety Net Assistance program in FY 2025, an increase in both programs from FY 2024. The caseload for single adults and childless couples supported through the Safety Net Assistance program is projected to be 319,688 in FY 2025, an increase of 16.1 percent from FY 2024 actuals.

OTDA spending in FY 2025 reflects decreased projections for Rental Assistance as the pandemic-related Emergency Rental Assistance and Landlord Assistance programs wind down, partially offset by increases for Homeless Housing and Services that reflect the continued transition from State settlement funds to the General Fund for ESSHI, which funds supportive housing constructed for vulnerable homeless populations under the Governor's Affordable Housing and Homelessness Plan. This reflects the full estimated costs for ESSHI that are shared by multiple agencies.

Growth in Safety Net Assistance spending is driven by an increase in the Public Assistance caseload, particularly in the City of New York. There is a significant spending increase to support asylum seekers due to the State providing time-limited support to the City of New York for the projected costs of providing services and assistance to the eligible population that has grown in the last year.

OCFS

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

CHILDREN AND FAMILY SERVICES
(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,086**	**2,696**	**29.2%**	**2,937**	**8.9%**	**3,079**	**4.8%**	**3,092**	**0.4%**
Child Welfare Service	695	806	16.0%	806	0.0%	806	0.0%	806	0.0%
Foster Care Block Grant	398	400	0.5%	400	0.0%	400	0.0%	400	0.0%
Child Care	432	908	110.2%	1,096	20.7%	1,229	12.1%	1,229	0.0%
Adoption	156	161	3.2%	161	0.0%	161	0.0%	161	0.0%
Youth Programs	163	106	-35.0%	102	-3.8%	102	0.0%	102	0.0%
Medicaid	59	71	20.3%	79	11.3%	79	0.0%	79	0.0%
Adult Protective/Domestic Violence	54	52	-3.7%	54	3.8%	54	0.0%	54	0.0%
Committees on Special Education	0	0	0.0%	29	100.0%	29	0.0%	29	0.0%
All Other	129	192	48.8%	210	9.4%	219	4.3%	232	5.9%

The Updated Financial Plan continues State support for child care subsidies previously funded with Federal pandemic resources which support funding to child care providers who meet certain quality standards, provide services to certain populations, or are open during non-traditional work hours. In addition, spending growth reflects increasing costs associated with child welfare services, updated Medicaid projections based upon claiming experience, increased support for the Supervision and Treatment Services for Juveniles Program one-time funding for community-based organizations, and a 2.84 percent COLA for eligible programs. Lastly, the budget maintains for one year, the restructured financing approach for residential school placements of children with special needs outside the City of New York.

Transportation

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

In FY 2025, the State plans to provide $8.8 billion in operating aid to mass transit systems, including $3.7 billion from the direct remittance of various dedicated taxes and fees to the MTA that do not flow through the State's Financial Plan and are thus excluded from the table below. The MTA, the nation's largest transit and commuter rail system, is scheduled to receive $7.9 billion (approximately 90 percent) of the State's mass transit aid.

TRANSPORTATION (millions of dollars)									
	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
STATE OPERATING FUNDS SUPPORT	**5,237**	**5,144**	**-1.8%**	**5,329**	**3.6%**	**5,326**	**-0.1%**	**5,328**	**0.0%**
Mass Transit Operating Aid:	3,691	3,889	5.4%	4,078	4.9%	4,078	0.0%	4,078	0.0%
Metro Mass Transit Aid	3,532	3,728	5.5%	3,916	5.0%	3,916	0.0%	3,916	0.0%
Public Transit Aid	115	117	1.7%	118	0.9%	118	0.0%	118	0.0%
18-b General Fund Aid	19	19	0.0%	19	0.0%	19	0.0%	19	0.0%
School Fare	25	25	0.0%	25	0.0%	25	0.0%	25	0.0%
Mobility Tax	244	244	0.0%	244	0.0%	244	0.0%	244	0.0%
NY Central Business District Trust	155	156	0.6%	158	1.3%	159	0.6%	161	1.3%
Dedicated Mass Transit	667	647	-3.0%	644	-0.5%	644	0.0%	644	0.0%
MTA Fiscal Relief	305	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
AMTAP	155	182	17.4%	181	-0.5%	181	0.0%	181	0.0%
Innovative Mobility	0	4	100.0%	4	0.0%	0	-100.0%	0	0.0%
All Other	20	22	10.0%	20	-9.1%	20	0.0%	20	0.0%

Projected operating aid to the MTA and other transit systems reflects the current receipts forecast. The projected $93 million decrease in spending is due to the nonrecurrence of $305 million in FY 2024 one-time funding to the MTA to address extraordinary financial impacts resulting from the pandemic. This decrease is partially offset in FY 2025 by a $212 million projected increase, which includes an additional $34 million for non-MTA downstate transit systems (5.6 percent growth per system over the prior year) and a $27 million increase in upstate transit aid (8.7 percent growth). Not including one-time aid, MTA assistance is projected to grow by $145 million. The Innovative Mobility and All Other categories are scheduled to increase by $6 million.

Agency Operations

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

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

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

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING PERSONAL SERVICE AND FRINGE BENEFITS

	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
State Workforce[1]	111,267	122,123	TBD	TBD	TBD
ERS Contribution Rate[2]	13.3%	15.8%	16.9%	18.4%	19.9%
PFRS Contribution Rate[2]	27.8%	31.9%	34.5%	35.8%	37.1%
Employee/Retiree Health Insurance Growth Rates[3]	8.7%	9.1%	4.1%	8.0%	8.0%
PS/Fringe as % of Receipts (All Funds Basis)	11.8%	11.8%	12.5%	13.5%	13.5%

1 Reflects workforce that is subject to direct Executive control.

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

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

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

STATE OPERATING FUNDS - PERSONAL SERVICE/NON-PERSONAL SERVICE COSTS (millions of dollars)	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
SUBJECT TO DIRECT EXECUTIVE CONTROL	**11,347**	**12,382**	**13,753**	**15,475**	**15,910**
Corrections and Community Supervision	2,679	2,806	2,732	2,733	2,787
Office of Mental Health	1,857	2,026	2,182	2,319	2,278
Office for People with Developmental Disabilities	1,653	1,710	1,843	1,907	1,875
Department of Health	1,000	798	907	896	894
State Police	853	915	984	1,003	1,022
Information Technology Services	651	736	728	744	745
Transportation	386	363	373	384	395
Tax and Finance	330	345	348	350	350
Children and Family Services	219	306	342	357	370
Environmental Conservation	253	293	292	289	292
Office of Parks, Recreation and Historic Preservation	229	246	251	252	252
Department of Financial Services	230	218	218	218	218
Education	163	203	198	200	202
Office of Temporary and Disability Assistance	206	132	141	141	141
Labor	55	62	62	62	62
All Other	583	1,223	2,152	3,620	4,027
UNIVERSITY SYSTEMS	**7,402**	**7,561**	**7,893**	**8,212**	**8,549**
State University	7,402	7,561	7,893	8,212	8,549
INDEPENDENT AGENCIES	**421**	**454**	**460**	**466**	**474**
Law	237	262	266	268	272
Audit & Control (OSC)	184	192	194	198	202
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	**19,170**	**20,397**	**22,106**	**24,153**	**24,933**
Judiciary	**2,151**	**2,409**	**2,409**	**2,409**	**2,409**
Legislature	**257**	**293**	**293**	**293**	**293**
Statewide Total	**21,578**	**23,099**	**24,808**	**26,855**	**27,635**
Personal Service	15,749	16,759	17,465	18,526	19,129
Non-Personal Service	5,829	6,340	7,343	8,329	8,506

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

- **Department of Corrections and Community Supervision (DOCCS).** The FY 2025 Enacted Budget allows the State to act expeditiously to right-size and eliminate excess capacity by allowing for the closure of up to five correctional facilities with 90 days' notice. This will allow for an increase in the operational efficiency of the correctional system. Resources have also been provided for costs associated with the NYSCOPBA collective bargaining agreement.

- **OMH.** Funding has increased to open another 125 State-operated inpatient psychiatric beds, including 15 for children and adolescents, 85 for adults, and 25 forensic; and 75 new Transition to Home Units (THU) providing housing and supports to individuals with mental illness experiencing homelessness.

- **DOH.** The decline in projected spending from FY 2024 is a reflection of reduced costs associated with the COVID-19 pandemic including FEMA reimbursement for advances made to certain hospitals. Additionally, spending across the multi-year plan supports the modernization of health reporting systems, funding for DOH to continue hiring to their Full-Time Equivalent (FTE) target, and additional support to counties for Emergency Medical Services.

- **State Police.** Funding is increased to support the deployment of a dedicated State Police team to build cases against organized retail theft rings and create a new State Police enforcement unit dedicated to this purpose.

- **ITS.** Spending growth reflects investments in the IT workforce and cybersecurity, including the JSOC created for the coordination of local, State and Federal cybersecurity efforts, such as data collection, response efforts and information sharing.

- **OCFS.** Spending in FY 2025 and beyond reflects Statewide costs associated with implementing and supporting Raise the Age reforms, such as comprehensive diversion, probation, and programming services for 16- and 17-year-old youth in the juvenile justice system. Costs will be shifted to other agencies where costs are incurred in a later Financial Plan update.

- **DEC.** The FY 2025 Enacted Budget includes funding for bond act staffing, the migration of the agency into the Statewide Financial System, and operating costs for the cap-and-invest and CLCPA programs.

- **Office of Parks, Recreation, and Historic Preservation.** Funding growth is largely driven by the expansion of operations related to the NYSWIMs program, increased staffing for park police academies, and other site and facility operations.

- **OTDA.** The spending decline from FY 2024 reflects the time-limited spending associated with the ERAP and LRAP, partially offset by the administration of a federally funded summer food benefit program for low-income students who had been unable to receive free school meals while schools had been closed.

- **All Other Executive Agencies**. Other spending changes include support for asylum seekers response efforts in the City of New York, including the deployment of National Guard service members to various hotels, homeless shelters, and emergency sites as well as the Port Authority to implement, administer, and effectuate the provision of services at each location. In addition, spending is impacted by the timing of Federal reimbursement of State incurred COVID-19 pandemic response and recovery expenses incurred from FY 2021 through FY 2024, including the purchase of COVID-19 test kits for schools and local governments, personal protective equipment (PPE), durable medical equipment, costs to build out field hospital facilities, testing, and vaccination activities which are expected to be reimbursed by FEMA. The Updated Financial Plan realized roughly $960 million in reimbursements during FY 2024 and expects to receive an additional $500 million in reimbursements for FY 2025. However, there can be no assurance that FEMA will approve claims for the State to receive reimbursement in the amounts or State fiscal years projected in the Updated Financial Plan.

- **State University.** Spending growth reflects additional operating aid support at four-year campuses, partially offset by the reclassification of SUNY endowment funding from state operations to assistance and grants consistent with promulgated accounting guidance, resulting in no Financial Plan impact.

- **Judiciary.** Increases from FY 2024 include funding for judicial pay raises for State judges, general salary increases for non-judicial staff, twenty new judgeships, twenty-eight family court judges, five City of New York housing judges, as well as new support staff and other staffing initiatives aimed at returning to pre-COVID-19 pandemic fill levels including new court clerks and attorneys. The Judiciary increases are also attributable to funding four court officer academy classes; implementing a paid parental leave program, providing resources for child and civil legal service providers; expanding mental health court services, anti-bias and justice initiatives, and court facility cleaning and maintenance costs.

Workforce

In FY 2025, roughly $17 billion of the State Operating Funds budget is dedicated to supporting FTE employees under direct Executive control; individuals employed by SUNY and Independent Agencies; employees paid on a nonannual salaried basis; and overtime pay. Roughly 60 percent of the Executive agency workforce is in the mental hygiene agencies and DOCCS.

STATE OPERATING FUNDS
FY 2025 FTEs[1] AND PERSONAL SERVICE SPENDING BY AGENCY
(millions of dollars)

	Dollars	FTEs
SUBJECT TO DIRECT EXECUTIVE CONTROL	**9,459**	**99,175**
Corrections and Community Supervision	2,344	23,119
Office for People with Developmental Disabilities	1,481	18,730
Office of Mental Health	1,477	14,520
State Police	817	6,436
Information Technology Services	366	3,813
Department of Health	342	4,502
Tax and Finance	273	3,828
Environmental Conservation	245	2,430
Children and Family Services	216	2,328
Transportation	183	2,590
Office of Parks, Recreation and Historic Preservation	200	1,862
Department of Financial Services	163	1,391
Education	117	1,476
Workers' Compensation Board	92	1,086
Office of Temporary and Disability Assistance	70	1,017
All Other	1,073	10,047
UNIVERSITY SYSTEMS	**4,742**	**49,000**
State University	4,742	49,000
INDEPENDENT AGENCIES	**2,558**	**19,107**
Law	188	1,677
Audit & Control (OSC)	154	1,659
Judiciary	1,993	15,768
Legislature[2]	223	3
Statewide Total	**16,759**	**167,282**

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

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

General State Charges

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

GSC spending over the Financial Plan period is primarily driven by the increased costs of health care services, with NYSHIP projections correlating with the growth rates in the hospital, medical and pharmaceutical industries. Similarly, the pension program reflects continued prepayment of the annual Employees' Retirement System (ERS)/ Police and Fire Retirement System (PFRS) pension bill consistent with legislation included in the FY 2025 Enacted Budget ($1.9 billion). This transaction affords the State recurring interest savings of roughly $120 million. The growth in the outyears reflects projected costs associated with conservative pension fund investment returns resulting in higher employer contribution rates.

Programmatically, the State has and continues to fund employee and retiree health care expenses as they become due, on a PAYGO basis. To help limit the State's liability exposure to post-employment health benefits of retired employees and their dependents, the State has made aggregate deposits to the RHBTF totaling $1.5 billion through FY 2024. The Updated Financial Plan assumes $250 million in annual deposits will continue if fiscal conditions permit. Under current law, the State may deposit into the RHBTF, in any given fiscal year, up to 1.5 percent of the total then-current unfunded actuarial accrued OPEB liability.

The estimate for Social Security reflects general salary increases pursuant to collective bargaining agreements and current spending trends. Growth for workers' compensation reflects current utilization. Other fringe benefits and fixed costs reflect wage and property tax increases and forecasted spending trends.

GENERAL STATE CHARGES (millions of dollars)	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
TOTAL STATE OPERATING FUNDS	**10,696**	**10,391**	**-2.9%**	**10,902**	**4.9%**	**12,039**	**10.4%**	**13,191**	**9.6%**
Fringe Benefits	**10,172**	**9,913**	**-2.5%**	**10,406**	**5.0%**	**11,533**	**10.8%**	**12,675**	**9.9%**
Health Insurance	4,856	5,433	11.9%	5,839	7.5%	6,422	10.0%	6,993	8.9%
Pensions	3,734	2,624	-29.7%	2,605	-0.7%	3,066	17.7%	3,554	15.9%
Social Security	1,191	1,258	5.6%	1,309	4.1%	1,350	3.1%	1,393	3.2%
Workers' Compensation	570	559	-1.9%	612	9.5%	650	6.2%	690	6.2%
Employee Benefits	96	103	7.3%	111	7.8%	112	0.9%	114	1.8%
Dental Insurance	56	62	10.7%	68	9.7%	70	2.9%	72	2.9%
Unemployment Insurance	12	13	8.3%	13	0.0%	13	0.0%	13	0.0%
All Other/Non-State Escrow	(593)	(389)	34.4%	(401)	-3.1%	(400)	0.2%	(404)	-1.0%
Fixed Costs	**524**	**478**	**-8.8%**	**496**	**3.8%**	**506**	**2.0%**	**516**	**2.0%**
Public Land Taxes/PILOTS	308	317	2.9%	326	2.8%	335	2.8%	344	2.7%
Litigation	216	161	-25.5%	170	5.6%	171	0.6%	172	0.6%

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 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
TOTAL TRANSFERS TO OTHER FUNDS	**9,047**	**9,365**	**8,650**	**7,424**	**7,694**
Debt Service	239	276	299	327	333
SUNY University Operations	1,535	1,738	1,763	1,761	1,761
Capital Projects	5,798	5,060	4,765	3,513	3,920
Extraordinary Monetary Settlements:	**461**	**420**	**277**	**270**	**43**
Dedicated Infrastructure Investment Fund	351	345	215	220	41
Clean Water Grants	84	60	60	46	0
Mass Transit Capital	0	3	1	0	0
Healthcare	26	12	1	4	2
Dedicated Highway and Bridge Trust Fund	798	135	140	169	458
Environmental Protection Fund	100	118	100	100	100
Other DIIF	0	300	118	0	0
All Other Capital	4,439	4,087	4,130	2,974	3,319
ALL OTHER TRANSFERS	**1,475**	**2,291**	**1,823**	**1,823**	**1,680**
Mobility Tax Trust Account	244	244	244	244	244
State University Hospital IFR Operations Account	338	605	505	505	505
NY Central Business District Trust	155	156	158	159	161
Court Facility Income Account	114	123	123	123	123
Dedicated Mass Transportation Trust Fund	66	65	65	65	65
Health Care Transformation	125	125	125	125	0
Healthcare Stability Fund	0	350	0	0	0
All Other	433	623	603	602	582

General Fund transfers to Other Funds are projected to total $9.4 billion in FY 2025, representing a net increase of $318 million from FY 2024, mainly due to lower capital transfers offset by increased State support for SUNY's operations and $350 million in one-time General Fund resources that will be transferred to the Healthcare Stability Fund to support $200 million in hospital investments, and $150 million in nursing homes, assisted living programs, and hospice.

Transfers to capital projects funds are impacted by the timing of bond proceed reimbursements to the capital projects fund and increased PAYGO capital spending across the Financial Plan period. PAYGO capital spending has increased to: avoid issuing debt for higher cost taxable bonds and bonds for capital expenditures with short economic useful lives; remain within the statutory debt cap; and allow for a larger DOT capital plan.

The DHBTF receives motor vehicle fees, PBT, the motor fuel tax, Highway Use Tax (HUT), the auto rental tax, utilities taxes, and miscellaneous transportation-related fees. These resources are used to pay debt service on transportation bonds, finance capital projects, and pay for certain operating expenses of the DOT and DMV. The General Fund, as needed, subsidizes DHBTF expenses that are not covered by revenue and bond proceeds. The prepayment of DHBTF Bonds results in an increase to debt service transfers from and a corresponding decrease in capital projects transfers to the DHBTF. There is no resulting Financial Plan impact.

Debt Service

The State pays debt service on all outstanding State-supported bonds. These include General Obligation Bonds for which the State is constitutionally obligated to pay debt service, as well as certain bonds issued by State public authorities, such as Empire State Development (ESD), Dormitory Authority of the State of New York (DASNY), and New York State Thruway Authority (NYSTA), for which debt service is subject to annual appropriation by the State Legislature. Depending on the credit structure, debt service is financed by transfers from the General Fund and dedicated taxes and fees.

DEBT SERVICE SPENDING PROJECTIONS
(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
General Fund	239	276	15.5%	299	8.3%	327	9.4%	333	1.8%
Other State Support	6,758	3,213	-52.5%	2,512	-21.8%	4,300	71.2%	5,205	21.0%
Total State Operating Funds	**6,997**	**3,489**	**-50.1%**	**2,811**	**-19.4%**	**4,627**	**64.6%**	**5,538**	**19.7%**

State Operating Funds debt service is projected to be $3.5 billion in FY 2025, of which $276 million is paid from the General Fund and $3.2 billion is paid from other State funds supported by dedicated tax receipts. The General Fund finances debt service payments on General Obligation and service contract bonds, including expected service contract payments to the Gateway Development Commission (GDC) relating to the Hudson Tunnel Project. Debt service for other State-supported bonds is paid directly from other dedicated State funds, subject to appropriation, including PIT and Sales Tax Revenue bonds, and DHBTF bonds.

Debt service spending levels are impacted by prepayments. The Updated Financial Plan reflects prepayments that totaled $4.7 billion in FY 2024 and planned prepayments of $2.0 billion in FY 2025. As shown in the table below, the net impact of these prepayments and prior year prepayments increased debt service costs in FY 2024 and will decrease debt service costs in FY 2025 through FY 2029.

STATE DEBT SERVICE
(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Base Debt Service	**6,002**	**6,684**	**7,191**	**7,687**	**8,038**	**8,538**
Total Prepayment Adjustment	**995**	**(3,195)**	**(4,380)**	**(3,060)**	**(2,500)**	**(2,500)**
Prior Prepayments	(3,705)	(3,695)	(2,380)	(2,860)	(2,000)	0
FY 2024 Prepayment	4,700	(1,500)	(500)	(200)	(500)	(2,000)
FY 2025 Prepayment	0	2,000	(1,500)	0	0	(500)
Mid-Year Update State Debt Service	**6,997**	**3,489**	**2,811**	**4,627**	**5,538**	**6,038**

The FY 2025 Enacted Budget authorized liquidity financing in the form of up to $3 billion of PIT notes as a tool to manage unanticipated financial disruptions. The Updated Financial Plan does not assume any PIT note issuances. DOB evaluates cash results regularly and may adjust the use of notes based on liquidity needs, market considerations, and other factors.

The Updated Financial Plan estimates for debt service spending reflect bond sale results, including refundings, projections of future refunding savings, and the adjustment of debt issuances to align with projected bond-financed capital spending. Debt service projections were reduced to reflect the contribution of $10 billion of PAYGO capital resources that were added in the past three budgets, which includes new PAYGO spending of $1 billion that was added in the FY 2025 Enacted Budget.

FEDERAL AID

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. The State's income tax system interacts with the Federal system. Changes to the Federal tax code have significant flow-through effects on State tax burdens and concomitantly on State tax receipts. Federal resources support vital services such as health care, education, and transportation, as well as severe weather and emergency response and recovery. Federal policymakers may place conditions on grants, mandate certain state actions, preempt state laws, change SALT bases and taxpayer behavior through tax policies, and influence industries through regulatory action. Any changes to Federal policy or funding levels could have a materially adverse impact on the Updated Financial Plan.

Routine Federal aid supports programs for vulnerable populations and those living at or near the poverty level. Such programs include Medicaid, TANF, Elementary and Secondary Education Act (ESEA) Title I grants, and Individuals with Disabilities Education Act (IDEA) grants. Other Federal resources are directed at infrastructure and public protection.

In response to the COVID-19 PHE, the Federal government enacted several laws between March 2020 and March 2021 to provide financial assistance to state and local governments, schools, hospitals, transit systems, businesses, families and individuals for COVID-19 pandemic response and recovery. The State also received additional Federal aid in the form of enhanced Unemployment Insurance funding, which is reported under Proprietary and Fiduciary Funds and is excluded from All Governmental Funds.

Federal Funds spending continues to include a significant, though declining, amount of COVID-19 pandemic assistance. Estimates in FY 2025 include significant COVID-19 pandemic assistance funds for education and Federal reimbursement of COVID-19 pandemic related spending incurred in prior fiscal years.

Since the passage of Federal COVID-19 response laws, the Federal government has also passed significant legislation dealing with transportation infrastructure, climate and energy policy, and advanced manufacturing. The State continues to leverage these Federal investments to meet its policy goals.

FEDERAL FUNDS DISBURSEMENTS (millions of dollars)	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
DISBURSEMENTS					
Medicaid	53,707	53,964	53,983	55,409	55,588
Health	12,737	15,890	15,366	15,932	16,650
Social Welfare	5,144	5,254	5,145	5,129	5,131
Education	4,682	4,458	4,387	4,387	4,387
Public Protection	1,285	1,326	1,337	1,303	1,301
Transportation	1,983	2,353	2,811	2,870	2,872
All Other[1]	1,756	1,649	1,646	1,666	1,735
Pandemic Assistance[2]	13,223	7,648	1,347	93	24
Child Care Funds	801	262	0	0	0
Education ARP Funds	2,467	4,185	0	0	0
FFCRA/COVID eFMAP, including local passthrough	2,061	0	0	0	0
ARP HCBS eFMAP	1,241	764	0	0	0
Education Supplemental Appropriations Act	1,573	168	0	0	0
Emergency Rental Assistance Program (ERAP)	325	0	0	0	0
Education CARES Act Funds	0	10	0	0	0
FEMA Reimbursement of Eligible Pandemic Expenses	961	500	0	0	0
FEMA Local Pass-Through Funding	3,350	1,500	1,100	0	0
Homeowner Assistance Program	52	0	0	0	0
Home Energy Assistance Program (HEAP)	43	0	0	0	0
Coronavirus Capital Projects Fund	69	69	69	69	0
State Small Business Credit Initiative	165	40	98	24	24
FHWA Surface Transportation Block Grant	115	150	80	0	0
Total Disbursements	**94,517**	**92,542**	**86,022**	**86,789**	**87,688**

[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 over nine million New Yorkers, including more than two million children. Medicaid is the single largest category of Federal funding. The Federal government also provides support for several health programs administered by DOH, including the EP (discussed below).

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

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

- **Public Protection.** Federal funding supports various programs and operations of the State Police, DOCCS, the Office of Victim Services, DHSES, and DMNA. Federal funds are also distributed by the State to municipalities to support a variety of public safety programs.

- **Transportation.** Federal resources support infrastructure investments in highway and transit systems throughout the State, including funding participation in ongoing transportation capital plans. The Infrastructure Investment and Jobs Act increased the amount of Federal resources available to the State to fund capital costs associated with transportation projects.

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

COVID-19 Pandemic Assistance

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

New York State was awarded $12.75 billion under the State and Local Fiscal Recovery Fund (SLFRF) program included in ARP, of which the State will utilize the remaining $3.65 billion program balance in FY 2025. In addition, notable funding streams that will continue to disburse funds in FY 2025 include:

- **Education Funds.** The ARP and the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) granted additional education funding for Elementary and Secondary School Emergency Relief Fund and Emergency Assistance for Nonpublic Schools (EANS) programs, as well as funding for homeless education, IDEA, library services and the arts. The State expects to expend nearly $4.4 billion in FY 2025.

- **Child Care Funds.** The CARES, CRRSA, and ARP granted additional funding to aid in stabilizing the child care sector, of which nearly $270 million in remaining funds are expected to be utilized in FY 2025.

- **ARP HCBS eFMAP.** The ARP also provided a temporary 10 percentage point increase to the FMAP for certain Medicaid HCBS through March 31, 2022. In accordance with Maintenance of Effort requirements on ARP HCBS eFMAP eligibility, the State has delayed the implementation of certain MRT II savings actions so that the State can receive an estimated $2.6 billion in eFMAP for HCBS expenditures across health and mental hygiene programs ($589 million in FY 2023, $1.2 billion in FY 2024 and $764 million in FY 2025). CMS guidelines require the use of additional funding to supplement existing State funding, not supplant existing resources, and the State has until March 31, 2025, to expend its earned eFMAP in accordance with the submitted spending plan.

  The State, as required by CMS, submitted an initial spending plan and narrative detailing the use of the temporary eFMAP on July 8, 2021. Following the initial submission, CMS requires states to submit quarterly spending plan updates and semi-annual spending plan narratives. To date, CMS has provided approval for all submitted spending plan proposals.

- **FEMA Reimbursement of Eligible Pandemic Expenses.** The State has applied for FEMA reimbursement for expenses incurred to date related to emergency protective measures due to the COVID-19 pandemic, including home test kits for schools. There is no assurance that FEMA will approve claims for the State to receive reimbursement in the amounts or State fiscal years as projected in the Updated Financial Plan.

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

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

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

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

Essential Plan

The State participates in the EP, a health insurance program which receives Federal subsidies authorized through the ACA. The EP includes health insurance coverage for New York State residents who are lawfully present in the United States, including legally residing immigrants, and are 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. Nearly 1.4 million New Yorkers are expected to be enrolled in the EP in FY 2025, which represents an increase in enrollment from FY 2024 as the end of the Federal PHE causes individuals to shift out of Medicaid and into EP. Growth in outyear enrollment is also due to expanded eligibility under a Federal Section 1332 State Innovation Waiver (the "Waiver") which increased EP income eligibility from 200 percent of the Federal Poverty Level (FPL) to 250 percent FPL, as well as new cost-sharing reductions for enrollees.

ESSENTIAL PLAN[1]
(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
Disbursements	**9,745**	**12,444**	**27.7%**	**12,263**	**-1.5%**	**12,769**	**4.1%**	**13,416**	**5.1%**
Assistance and Grants	9,745	11,737	20.4%	12,160	3.6%	12,665	4.2%	13,309	5.1%
State Operations[2]	0	707	0.0%	103	-85.4%	104	1.0%	107	2.9%

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

[2] FY 2024 excludes $87 million in State funded disbursements. Effective FY 2025, all state operations are expected to be fully federally funded.

The FY 2023 Enacted Budget authorized the State to submit a Section 1332 State Innovation Waiver to the U.S. Department of Treasury and the U.S. DOH and Human Services. Pursuant to the recently approved March 2024 Waiver, New York State extended coverage to more low- and moderate-income individuals through the expanded EP. Prior to the new Waiver, both the State and Federal governments shared in the costs of the EP, under Section 1331 of the ACA. To the extent that Federal funds are sufficient to support operational costs of the program, the new Waiver is expected to be fully federally funded. Beginning in FY 2025, most new EP spending will be paid under the new Waiver, which is valid through December 31, 2028.

Under the original EP, Federal funding was received in advance pursuant to a formula that calculated what EP enrollees would have received had they enrolled in a qualified health plan and deposited 95 percent of that value into the EP Trust Fund. These funds are earmarked exclusively for eligible expenses under the Section 1331 Waiver, which are limited to reducing premiums, reducing cost sharing, and providing additional benefits for EP enrollees. Due to restrictions on eligible expenses, advances have exceeded disbursements, resulting in a fund balance of $9.1 billion as of March 31, 2024. With approval of the Section 1332 Waiver, effective April 1, 2025, this accumulated balance is suspended for the life of the waiver and will not be available to support EP costs. This balance will continue to earn interest that is payable to the Federal government. The balance of the advances will be maintained until the Federal government authorizes additional expenditures. Pursuant to the Section 1332 Waiver, Federal funding is based on the amount of Premium Tax Credits that would have been provided to individuals in the State under the ACA absent the waiver. Federal payments will be made as costs are incurred, and all Federal funds must be used for the purpose of implementing the waiver.

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

Federal Impact on All Funds Spending

ALL FUNDS
MID-YEAR CHANGES
(in millions)

	FY 2025	FY 2026	FY 2027	FY 2028
ENACTED BUDGET ESTIMATE	**239,168**	**242,775**	**250,804**	**256,051**
Annual $ Growth	*4,301*	*3,607*	*8,029*	*5,247*
Annual % Growth	*1.8%*	*1.5%*	*3.3%*	*2.1%*
Spending Revisions	**774**	**(1,585)**	**686**	**1,707**
State Operating Funds	2,012	(314)	1,457	2,426
State Capital Funds	(970)	(843)	(67)	(23)
Federal Funds	(268)	(428)	(704)	(696)
Medicaid Actions	(768)	(376)	(682)	(682)
Upper Payment Limit Shift to FY 2026	(306)	306	0	0
H+H UPL Conversion	413	0	0	0
Drug Rebates	(776)	(776)	(776)	(776)
All Other Medicaid Actions	(99)	94	94	94
Child Health Plus State Plan Amendments	337	0	0	0
Essential Plan	174	0	0	0
State Small Business Credit Initiative Re-estimate	(95)	0	24	24
Decrease in FHWA Indirect Receipt Rate	(17)	(17)	(17)	(17)
All Other	101	(35)	(29)	(21)
MID-YEAR ESTIMATE	**239,942**	**241,190**	**251,490**	**257,758**
Annual $ Growth	*5,075*	*1,248*	*10,300*	*6,268*
Annual % Growth	*2.2%*	*0.5%*	*4.3%*	*2.5%*

APRIL - SEPTEMBER 2024 OPERATING RESULTS

This discussion provides a summary of operating results for April through September 2024 compared to: (1) the projections set forth in the FY 2025 Enacted Budget Financial Plan ("initial estimates"), and (2) prior fiscal year results for the same period (April through September 2023).

Summary of General Fund Operating Results

The General Fund ended September 2024 with a balance of $52.4 billion, $3.2 billion above the initial estimate, largely driven by lower than projected assistance and grants spending ($1.3 billion) and transfers for capital projects ($873 million) combined with higher receipts ($1.2 billion).

GENERAL FUND OPERATING RESULTS
FY 2025 April to September
(millions of dollars)

			Variance Above/ (Below) Initial Estimate	
	Initial Estimate	**Actuals**	**$**	**%**
OPENING BALANCE	**46,331**	**46,331**	**0**	**0.0%**
Total Receipts	**53,427**	**54,633**	**1,206**	**2.3%**
Taxes:	49,849	51,100	1,251	2.5%
Personal Income Tax[1]	27,865	28,775	910	3.3%
Consumption / Use Taxes[1]	9,460	9,795	335	3.5%
Business Taxes	5,259	4,896	(363)	-6.9%
Pass Through Entity Tax	6,021	6,395	374	6.2%
Other Taxes[1]	1,244	1,239	(5)	-0.4%
Miscellaneous and Federal Receipts	2,157	2,419	262	12.1%
Transfers From Other Funds	1,421	1,114	(307)	-21.6%
Total Spending	**50,558**	**48,566**	**(1,992)**	**-3.9%**
Assistance and Grants	35,088	33,774	(1,314)	-3.7%
Agency Operations (including GSCs)	10,025	10,573	548	5.5%
Transfers to Other Funds	5,445	4,219	(1,226)	-22.5%
Debt Service Transfer	50	95	45	90.0%
Capital Projects Transfer	2,831	1,958	(873)	-30.8%
SUNY Operations Transfer	1,265	1,202	(63)	-5.0%
All Other Transfers	1,299	964	(335)	-25.8%
Change in Operations	**2,869**	**6,067**	**3,198**	**111.5%**
CLOSING BALANCE	**49,200**	**52,398**	**3,198**	**6.5%**

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

General Fund Receipts

Through September 2024, General Fund Receipts, including transfers from other funds, totaled $54.6 billion, $1.2 billion (2.3 percent) above the initial estimate.

Tax collections were $1.3 billion above the initial estimate comprised of stronger than expected PIT, User and PTET tax collections that are refunded in full in subsequent years through PIT credits and refunds. Higher receipts were mainly driven by stronger than expected PIT withholding and current estimated payments, and fewer than expected prior year refunds and fewer advanced credit payments, stronger consumer spending, as well as higher estimated PTET payments. Non-PTET business taxes fell below projections due to lower than expected CFT and bank audits and lower September CFT estimated payments.

Miscellaneous receipts were higher than estimated driven predominantly by refunds and reimbursements, licenses and fees, and investment income. Partly offsetting the higher receipts were lower collections recorded for various fees and surcharges including Bottle Bill, bond issuance charge, and wireless communications. Debt service transfers from the DHBTF contributed to lower transfers from other funds and are now expected to occur later in the year.

General Fund Spending

General Fund spending, including transfers to other funds, totaled $48.6 billion, $2 billion (3.9 percent) below the initial estimate, due to a combination of timing related variances and conservative forecasting in assistance and grants spending and capital underspending, resulting in a reduced need for reimbursements from the General Fund.

Lower than planned assistance and grants was reported across most functional areas, including the largest variances below.

- Children and Family Services ($834 million) primarily for Day Care and Child Welfare Services.

- School Aid ($511 million) mainly due to lower than projected spending for Excess Cost Aid, categorical programs, General Aid and Statewide Universal Full-Day Prekindergarten (SUFPK).

- Mental Hygiene ($278 million) in the areas of OPWDD Medicaid and non-Medicaid programs and OMH Adult Non-Residential and Children & Youth Non-Residential programs.

- Public Health ($204 million) due to timing of legislative adds and incipient programs included in the FY 2025 Enacted Budget, and the timing of claims for General Public Health Work and Early intervention programs.

Medicaid spending was $250 million above the plan due to delays in expected reimbursements from the City of New York and increased costs in the Nursing Home Transition & Diversion/Traumatic Brain Injury waiver programs that are partly offset by lower Managed Care claims due to revised enrollment cost estimates.

Agency Operations spending, including fringe benefits, was $548 million above the plan, driven largely by increased operational spending in several agencies and the delayed FEMA reimbursement ($300 million) of previously incurred COVID related costs that are now projected to occur later in the fiscal year.

Various transfers previously planned in the first half of the fiscal year are now expected to be executed later in the fiscal year including to the Health Care Stabilization fund.

Summary of All Governmental Funds Operating Results

All Governmental Funds ended September 2024 with a balance of $74 billion, $4.1 billion above the initial estimate, driven by higher than projected receipts ($3 billion) and lower spending ($1.1 billion).

ALL GOVERNMENTAL FUNDS COMPARED TO PLAN
FY 2025 April to September
(millions of dollars)

	Initial Estimate	Actuals	Variance Above/ (Below) Initial Estimate $	Variance Above/ (Below) Initial Estimate %
OPENING BALANCE	**65,912**	**65,912**	**0**	**0.0%**
ALL FUNDS RECEIPTS:	**117,577**	**120,616**	**3,039**	**2.6%**
Total Taxes	**53,943**	**54,626**	**683**	**1.3%**
Personal Income Tax	28,280	28,927	647	2.3%
Consumption / Use Tax	11,269	11,303	34	0.3%
Business Taxes	7,006	6,641	(365)	-5.2%
Pass Through Entity Tax	6,021	6,395	374	6.2%
Other Taxes	1,367	1,360	(7)	-0.5%
Miscellaneous Receipts	**15,949**	**17,003**	**1,054**	**6.6%**
Federal Receipts	**47,685**	**48,987**	**1,302**	**2.7%**
ALL FUNDS DISBURSEMENTS:	**113,520**	**112,427**	**(1,093)**	**-1.0%**
STATE OPERATING FUNDS	**61,581**	**60,541**	**(1,040)**	**-1.7%**
Assistance and Grants	**45,590**	**44,321**	**(1,269)**	**-2.8%**
School Aid	15,893	15,381	(512)	-3.2%
DOH Medicaid	17,455	17,715	260	1.5%
Higher Education	1,173	1,125	(48)	-4.1%
Transportation	2,525	2,488	(37)	-1.5%
Social Services	2,804	1,923	(881)	-31.4%
Mental Hygiene	2,123	1,844	(279)	-13.1%
All Other	3,617	3,845	228	6.3%
State Operations	**15,458**	**15,896**	**438**	**2.8%**
Agency Operations	**11,372**	**11,793**	**421**	**3.7%**
Executive Agencies	5,987	6,366	379	6.3%
University Systems	3,860	3,910	50	1.3%
Elected Officials	1,525	1,517	(8)	-0.5%
Fringe Benefits/Fixed Costs	**4,086**	**4,103**	**17**	**0.4%**
Pension Contribution	475	475	0	0.0%
Health Insurance	2,723	2,720	(3)	-0.1%
Other Fringe Benefits/Fixed Costs	888	908	20	2.3%
Debt Service	**533**	**324**	**(209)**	**-39.2%**
CAPITAL PROJECTS (State and Federal Funds)	**8,983**	**7,103**	**(1,880)**	**-20.9%**
FEDERAL OPERATING AID	**42,956**	**44,783**	**1,827**	**4.3%**
NET OTHER FINANCING SOURCES	**(80)**	**(70)**	**10**	**12.5%**
CHANGE IN OPERATIONS	**3,977**	**8,119**	**4,142**	**104.1%**
CLOSING BALANCE	**69,889**	**74,031**	**4,142**	**5.9%**

All Funds Receipts

All Funds receipts totaled $120.6 billion, exceeding initial estimates by $3 billion, due to a combination of the timing of Federal operating aid spending and reimbursements, including earlier than planned Federal ARP education grants spending, higher tax collections, and miscellaneous receipts. In addition to the General Fund tax collections and miscellaneous receipts described above, collections exceeded planned amounts most significantly in the areas of HCRA and mobile sports wagering receipts.

All Funds Spending

State Operating Funds spending totaled $60.5 billion and was $1 billion below initial projections, driven predominantly by lower than projected assistance and grants spending as described in the General Fund section above.

In addition to the General Fund variances, SUNY operations spending was $50 million above initial estimates.

Debt service costs were below the initial estimate due to the State applying more debt service prepayment offsets earlier than expected.

Lower capital projects spending was due to routine timing delays of various Economic Development, Education and Transportation construction projects.

Federal Operating Aid spending totaled $44.8 billion and was $1.8 billion (4.3 percent) above initial projections. Higher than projected spending was mainly driven by the following areas.

- School Aid ($1.3 billion) for COVID-19 related grants ($1.5 billion), offset partially by lower spending on U.S. Department of Agriculture School Lunch Act Grants ($153 million).

- Public Health ($530 million) due largely to the timing of federal CHP payments and a payment associated with the coverage of undocumented pregnant individuals under CHP with a federal match, retroactive to April 2022.

- Essential Plan ($503 million) due primarily to higher enrollment levels and the expansion of EP coverage to additional income groups related to the 1332 waiver.

- Children and Family Services ($300 million) for Child Welfare and Child Care grants, partially offset by lower than projected Federal spending for the EO 13985 Title XX Equity Action Plan.

- Temporary and Disability Assistance ($79 million) for Public Assistance benefit payments, Child Care subsidies, administration for SNAP and the Flexible Fund for Family Services (FFFS), partially offset by lower spending for the Summer EBT program and HEAP.

Federal Medicaid program and admin spending was $963 million lower than planned due to delayed CMS approval of Upper Payment Limit Supplemental payments, higher than anticipated offsets related to the shift of CHP costs from the Medicaid program to the dedicated CHP program, and administrative claiming patterns from local districts.

All Governmental Funds Results Compared to Prior Year

The FY 2025 September All Funds balance, totaling $74 billion, was $826 million higher than in the prior year due to an increase in receipts ($3 billion), offset partially by an increase in annual disbursements ($2 billion).

ALL GOVERNMENTAL FUNDS - RESULTS COMPARED TO PRIOR YEAR
FY 2025 April to September
(millions of dollars)

	Actuals		Increase/(Decrease)	
	FY 2024	FY 2025	$	%
OPENING BALANCE	**65,956**	**65,912**	**(44)**	**-0.1%**
ALL FUNDS RECEIPTS:	**117,653**	**120,616**	**2,963**	**2.5%**
Total Taxes	**51,489**	**54,626**	**3,137**	**6.1%**
Personal Income Tax	25,981	28,927	2,946	11.3%
Pass Through Entity Tax	5,915	6,395	480	8.1%
All Other Taxes	19,593	19,304	(289)	-1.5%
Miscellaneous Receipts	**17,034**	**17,003**	**(31)**	**-0.2%**
Federal Receipts	**49,130**	**48,987**	**(143)**	**-0.3%**
ALL FUNDS DISBURSEMENTS:	**110,394**	**112,427**	**2,033**	**1.8%**
STATE OPERATING FUNDS	**59,053**	**60,541**	**1,488**	**2.5%**
Assistance and Grants	**43,626**	**44,321**	**695**	**1.6%**
School Aid	14,123	15,381	1,258	8.9%
DOH Medicaid (incl. admin and EP)	17,947	17,715	(232)	-1.3%
All Other	11,556	11,225	(331)	-2.9%
State Operations	**14,866**	**15,896**	**1,030**	**6.9%**
Agency Operations	**10,005**	**11,793**	**1,788**	**17.9%**
Executive Agencies	5,064	6,366	1,302	25.7%
University Systems	3,563	3,910	347	9.7%
Elected Officials	1,378	1,517	139	10.1%
Fringe Benefits/Fixed Costs	**4,861**	**4,103**	**(758)**	**-15.6%**
Pension Contribution	1,947	475	(1,472)	-75.6%
Health Insurance	2,368	2,720	352	14.9%
Other Fringe Benefits/Fixed Costs	546	908	362	66.3%
Debt Service	**561**	**324**	**(237)**	**-42.2%**
CAPITAL PROJECTS (State and Federal Funds)	**6,537**	**7,103**	**566**	**8.7%**
FEDERAL OPERATING AID	**44,804**	**44,783**	**(21)**	**0.0%**
NET OTHER FINANCING SOURCES	**(10)**	**(70)**	**(60)**	**-600.0%**
CHANGE IN OPERATIONS	**7,249**	**8,119**	**870**	**12.0%**
CLOSING BALANCE	**73,205**	**74,031**	**826**	**1.1%**

All Funds Receipts

Tax collections through September were $3.1 billion higher than through the same period in FY 2024. Growth in PIT receipts includes a combination of increased withholding, estimated payments and final returns, coupled with a decrease in total refunds driven by a decline in the State/City offset, partially offset by increased advanced credit payments and current year refunds, and decreased delinquencies. Growth in estimated PTET payments drove higher collections. All other taxes were lower than the prior year driven by higher CFT refunds and decreased audits payments ($231 million) and other taxes ($313 million) mainly in estate tax collections, partly offset by growth in sales tax and adult-use cannabis receipts driven by the continued maturation of the market.

Miscellaneous receipts were lower than in the preceding year primarily due to decreased capital project fund receipts related to the timing of reimbursements for various capital programs, offset partially by increased collections from Investment Income, SUNY's operating accounts, the Financial Services Insurance Department, and Opioid Settlements.

Federal receipts decreased due to the timing of Federal operating aid spending and reimbursements.

All Funds Spending

State Operating Funds spending totaled $60.5 billion through September of FY 2025, an increase of $1.5 billion (2.5 percent) as compared to the same period in FY 2024.

Assistance and grants spending through September was $695 million higher than in the prior year. School Aid growth reflects planned increases in General Aid that are financed by a combination of the General Fund and the State's lottery and gaming funds, as well as increased spending for Excess Cost Aid and BOCES Aid. Lower Medicaid spending in the current year is primarily attributable to lower Managed Care spending from the redetermination of eligibility associated with the PHE unwind, which reduced overall Medicaid enrollment, and the timing of Federal funding for Enhanced Pregnancy Coverage that was not claimed in the prior year. This lower Medicaid spending was partially offset by increased claims spending in Long-Term Care, Acute Care, and Pharmacy services.

All other assistance and grants spending was lower in the current year in aggregate due mainly to the use of the Mental Hygiene Stabilization Fund to support healthcare and direct care worker bonuses and other payments in the prior year. This lower spending is offset partly by growth in spending across several programs including expanded investments in OMH Adult Non-Residential programs, Child Health Plus enrollment growth and coverage of undocumented pregnant individuals that were previously under the Medicaid program, spending for Migrant Assistance, operating support for CUNY senior colleges, increased Tuition Assistance Program payments, and the State's match of endowed gifts to SUNY University Centers, as well as planned statewide mass transit operating aid public safety increases.

Executive agency operations spending increased from the prior year due largely to FEMA reimbursements received in the prior year for State costs incurred for COVID-19 pandemic response and recovery efforts, as well as salary increases pursuant to existing labor contracts, workforce growth, and inflationary increases for energy, medical expenses, and other commodities.

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

Lower annual spending for fringe benefits was due to the prepayment of future pension obligations in FY 2024, partially offset by higher spending on health and workers' compensation benefits.

Federal operating spending decreased from the prior year due largely to pandemic-related Federal spending in FY 2024, including reimbursements of costs that were passed through to local entities ($1.8 billion), and FEMA reimbursements for State costs incurred for COVID-19 pandemic response and recovery efforts ($961 million), as well as lower COVID eFMAP due to the phasing out of the enhanced match ($1.7 billion). This decline in spending is partly offset by growth in the following programs:

- School Aid ($2.1 billion) driven by COVID-19 related American Rescue Plan Elementary and Secondary Education grants.

- Essential Plan ($1.1 billion) owing to the expansion of program eligibility associated with the 1332 waiver, increased hospital investments, and the timing of payments.

- Temporary and Disability Assistance ($990 million) for the Flexible Fund for Family Services, the Summer EBT program, Child Care subsidies, and Public Assistance benefit payments.

- Public Health ($664 million) due largely to the timing of Federal CHP payments.

- Medicaid claims ($886 million) and Medicaid Part A&B ($61 million) growth that is offset partly by increased rebate collections resulting from the NYRx transition and the timing of other payments.

GAAP-BASIS RESULTS FOR PRIOR FISCAL YEARS

GAAP-Basis Results for Prior Fiscal Years

The Comptroller prepares Basic Financial Statements and Other Supplementary Information, including a management discussion and analysis, on a GAAP basis for governments as promulgated by the GASB. The Basic Financial Statements and Other Supplementary Information are released in July each year. These statements are audited by independent certified public accountants. The State issued the Basic Financial Statements for FY 2024 on July 26, 2024. The Comptroller also prepares and issues an Annual Comprehensive Financial Report, which, in addition to the components referred to above, also includes an introductory section and a statistical section. The Annual Comprehensive Financial Report for the fiscal year ended March 31, 2024 was issued on September 30, 2024.

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

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

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

SUMMARY OF NET POSITION (millions of dollars)

Fiscal Year Ended	Governmental Activities	Business-Type Activities	Total Primary Government
March 31, 2024	58,062	(12,779)	45,283
March 31, 2023	46,453	(15,565)	30,888
March 31, 2022	25,354	(18,862)	6,492*

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

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

CAPITAL PROGRAM AND FINANCING PLAN OVERVIEW

State PIT Revenue Bond Program

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

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

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

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

As of March 31, 2024, approximately $40.2 billion of State PIT Revenue Bonds were outstanding. The projected PIT Revenue Bond coverage ratios, noted below, are based upon estimates of RBTF Receipts and include projected debt issuances. PIT Revenue Bonds are expected to comprise 75 percent of bond issuances annually, excluding GO Bonds, but can be used interchangeably with the Sales Tax Revenue Bond Program as needed.

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

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

	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Projected RBTF Receipts	33,904	37,539	37,330	35,700	41,976	42,856
Projected New PIT Bonds Issuances	2,325	4,544	6,604	7,898	6,630	6,023
Projected Total PIT Bonds Outstanding	40,179	42,263	47,775	54,804	60,060	64,374
Projected Maximum Annual Debt Service	4,023	4,099	4,572	5,138	5,613	6,044
Projected PIT Coverage Ratio	8.4	9.2	8.2	6.9	7.5	7.1

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

Sales Tax Revenue Bond Program

Legislation enacted in 2013 created the Sales Tax Revenue Bond program. This bonding program replicates certain credit features of PIT and prior 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 by dedicated revenues consisting of two cents of the State's four cent sales and use tax. Such sales tax receipts in excess of debt service requirements are transferred to the State’s General Fund.

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

The legislation also authorized the use of State Sales Tax Revenue Bonds and PIT Revenue Bonds to finance any capital purpose, including projects that were previously financed through the State’s Mental Health Facilities Improvement Revenue Bond program and the DHBTF program. This allowed the State to transition to the use of three primary credits – PIT Revenue Bonds, Sales Tax Revenue Bonds and General Obligation Bonds to finance the State’s capital needs. Sales Tax Revenue Bonds are used interchangeably with PIT Revenue Bonds to finance State capital needs. As of March 31, 2024, $11.5 billion of Sales Tax Revenue Bonds were outstanding.

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

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

	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Projected Sales Tax Receipts	9,309	9,535	9,765	10,024	10,268	10,521
Projected New Sales Tax Bonds Issuances	2,209	1,554	2,201	2,633	2,210	2,008
Projected Total Sales Tax Bonds Outstanding	11,483	12,361	14,435	16,879	18,729	20,350
Projected Maximum Annual Debt Service	1,085	1,111	1,269	1,458	1,616	1,760
Projected Sales Tax Coverage Ratio	8.6	8.6	7.7	6.9	6.4	6.0

Borrowing Plan

STATE DEBT ISSUANCES BY FINANCING PROGRAM (millions of dollars)	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Personal Income Tax Revenue Bonds	2,325	4,544	6,604	7,898	6,630	6,023
Sales Tax Revenue Bonds	2,209	1,554	2,201	2,633	2,210	2,008
General Obligation Bonds	468	458	413	298	313	395
Service Contract Bonds	242	0	0	0	0	0
Total Issuances	5,244	6,556	9,218	10,829	9,153	8,426

Debt issuances totaling $6.6 billion are planned to finance capital project spending in FY 2025, an increase of $1.3 billion (25 percent) from FY 2024. The year-over-year growth is largely attributable to increased capital spending which is projected for FY 2025. Bond issuances in FY 2025 will finance capital commitments for economic development and housing ($1.4 billion), education ($847 million), the environment ($457 million), health and mental hygiene ($544 million), State facilities and equipment ($287 million), and transportation ($3.0 billion).

Over the five-year Capital Plan, new debt issuances are projected to total $44.2 billion. This reflects the application of $10 billion of PAYGO to supplant bond issuances, including $1 billion added in the FY 2025 Enacted Budget Financial Plan. New issuances are expected for economic development and housing ($9.7 billion), education facilities ($7.2 billion), the environment ($3.9 billion), mental hygiene and health care facilities ($4.6 billion), State facilities and equipment ($2.4 billion), and transportation infrastructure ($16.3 billion).

Debt Outstanding

State-related debt outstanding is projected to total $57.5 billion in FY 2025, an increase of $3.2 billion (6 percent) from FY 2024. This reflects projected issuances, scheduled debt retirements, and early retirement of debt due to prepayments.

Additionally, as shown in the table below, debt outstanding reflects the State's capital commitment to the Gateway Hudson Tunnel Project, in association with a GDC RRIF loan which closed on July 8, 2024. The State capital commitment is based on the projected draw schedule for the project and related draws on the RRIF loan, which is expected to total $1.3 billion by FY 2038, and represents the State's share of the project total, inclusive of financing costs.

PROJECTED DEBT OUTSTANDING BY CREDIT
(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Personal Income Tax Revenue Bonds	40,179	42,263	47,775	54,804	60,060	64,374
Sales Tax Revenue Bonds	11,483	12,361	14,435	16,879	18,729	20,350
General Obligation Bonds	2,128	2,399	2,613	2,692	2,790	2,983
Other Revenue Bonds	271	221	170	168	130	90
Service Contract	258	242	242	242	242	0
Gateway Development Commission	0	35	187	360	508	611
TOTAL STATE-RELATED	54,319	57,521	65,422	75,145	82,459	88,408

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 $3.5 billion in FY 2025, a decrease of $3.5 billion (50 percent) from FY 2024, which is affected by the prepayment of $4.7 billion in FY 2024 of future debt service costs, additional prepayments in previous fiscal years, and an assumed prepayment of $2.0 billion planned for 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 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	Total
Personal Income Tax Revenue Bonds	5,221	2,564	1,753	3,353	3,984	4,146	21,021
Sales Tax Revenue Bonds	1,470	575	727	886	1,163	1,272	6,093
General Obligation Bonds	209	260	299	328	331	326	1,753
Other State-Supported Bonds [2]	97	90	31	60	59	294	631
Gateway Development Commission	0	0	0	0	0	0	0
Total Debt Service	6,997	3,489	2,810	4,627	5,537	6,038	29,498

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

[2] Excludes Mortgage Loan Commitments and Installation commitments

Adjusting debt service shown in the previous table for prepayments, State-related debt service is projected at $6.7 billion in FY 2025, an increase of 11 percent from FY 2024. Adjusted State-related debt service is projected to increase to $8.6 billion in FY 2029, an average rate of 6.3 percent annually.

AUTHORITIES AND LOCALITIES

Public Authorities

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

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

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

As of December 31, 2023 (with respect to the Job Development Authority (JDA) as of March 31, 2024), each of the 15 authorities listed in the following table had outstanding debt of $100 million or more, and the aggregate outstanding debt, including refunding bonds, was approximately $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 15 authorities as of the date of this AIS Update.

OUTSTANDING DEBT OF CERTAIN AUTHORITIES[1]
AS OF DECEMBER 31, 2023[2]
(millions of dollars)

Authority	State-Related Debt	Authority and Conduit	Total
Dormitory Authority	31,024	23,973	54,997
Port Authority of NY & NJ	0	27,529	27,529
Metropolitan Transportation Authority	0	23,338	23,338
Triborough Bridge and Tunnel Authority	0	21,475	21,475
Job Development Authority[2]	0	18,496	18,496
Housing Finance Agency	0	17,908	17,908
UDC/ESD	16,683	943	17,626
Thruway Authority	4,822	5,979	10,801
Long Island Power Authority[3]	0	9,065	9,065
Environmental Facilities Corporation	0	5,455	5,455
Power Authority	0	3,080	3,080
State of New York Mortgage Agency	0	3,024	3,024
Energy Research and Development Authority	0	1,533	1,533
Battery Park City Authority	0	1,071	1,071
Bridge Authority	0	112	112
TOTAL OUTSTANDING	52,529	162,981	215,510

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

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

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

(3) Includes $3.66 billion of Utility Debt Securitization Authority (UDSA) bonds. Chapter 173 of the Laws of 2013, as amended, authorized UDSA to restructure certain outstanding indebtedness of the Long Island Power Authority (LIPA) and UDSA, as well as to finance system resiliency costs. UDSA is reported as a blended component unit of LIPA in LIPA's audited financial statements.

Localities

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

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

The City of New York

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

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

Year	General Obligation Bonds	Obligations of TFA [(1)]	Obligations of STARC Corp. [(2)]	Obligations of TSASC, Inc.	Hudson Yards Infrastructure Corporation	Other Obligations [(3)]	Total
2015	40,460	33,850	2,035	1,222	3,000	2,222	82,789
2016	38,073	37,358	1,961	1,145	3,000	2,102	83,639
2017	37,891	40,696	1,884	1,089	2,751	2,034	86,345
2018	38,628	43,355	1,805	1,071	2,724	2,085	89,668
2019	37,519	46,624	1,721	1,053	2,724	1,901	91,542
2020	38,784	48,978	1,634	1,023	2,724	1,882	95,025
2021	38,574	49,957	0	993	2,677	1,983	94,184
2022	38,845	51,820	0	966	2,557	15,043	109,231
2023	40,093	53,506	0	938	2,519	13,902	110,958
2024	41,701	57,618	0	909	2,552	13,592	116,372

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

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

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

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

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

Other Localities

Certain localities other than New York City have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. While a relatively infrequent practice, deficit financing by local governments has become more common in recent years. State legislation enacted from 2004 to date includes 32 special acts authorizing bond issuances to finance local government operating deficits. Included in this figure are special acts that extended the period of time related to prior authorizations and modifications to issuance amounts previously authorized. When a local government is authorized to issue bonds to finance operating deficits, the local government is subject to certain additional fiscal oversight during the time the bonds are outstanding as required by the State's Local Finance Law, including an annual budget review by OSC.

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

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

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

Based on financial data filed with OSC for the local fiscal years ending in 2023, a total of 14 local governments (3 cities, 5 towns, and 6 villages) and 16 school districts have been placed in a stress category by OSC. The vast majority of local governments (98.7 percent) and school districts (97.6 percent) are not classified in a fiscal stress category.

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

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

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

The following table summarizes the debt of New York City and its related issuers, and other New York State localities, from 1980 to 2023.

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
2019	91,542	0	36,661	7,632	128,203	7,632
2020	95,025	0	36,375	8,741	131,400	8,741
2021	94,184	0	36,881	8,157	131,065	8,157
2022	109,231	0	38,263	7,351	147,494	7,351
2023	110,958	0	35,207	7,315	146,165	7,315

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

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

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

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

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

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

STATE RETIREMENT SYSTEM

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

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

General

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

Additionally, available at the OSC website is the System's asset listing for the fiscal year ended March 31, 2024. The audited financial statements with the independent auditor's report for the fiscal year ended March 31, 2024 is available on the OSC website at the following address: https://www.osc.ny.gov/files/retirement/resources/pdf/asset-listing-2024.pdf.

The Annual Reports to the Comptroller on Actuarial Assumptions from the Retirement System's Actuary - the contents of which explain the methodology used to determine employer contribution rates to the System - issued from 2007 through 2024 are available at the OSC website at: https://www.osc.ny.gov/retirement/resources/financial-statements-and-supplementary-information.

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

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

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

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

The System

The System provides pension benefits to public employees of the State and its localities (except employees of New York City, and public school teachers and administrators, who are covered by separate public retirement systems). State employees made up about 31 percent of the System's membership as of March 31, 2024. There were 2,988 public employers participating in the System, including the State, all cities and counties (except New York City), most towns, villages and school districts (with respect to non-teaching employees), and many public authorities.

As of March 31, 2024, 713,802 persons were members of the System, and 522,255 retirees and beneficiaries were receiving pension benefits. Article 5, section 7 of the State Constitution considers membership in any State pension or retirement system to be "a contractual relationship, the benefits of which shall not be diminished or impaired."

Comparison of Benefits by Tier

The System's members are categorized into six tiers depending on date of membership. As of March 31, 2024, approximately 33 percent of ERS members were in Tiers 3 and 4 and approximately 39 percent of PFRS members were in Tier 2. Tier 5 was enacted in 2009 and included significant changes to the benefit structure for ERS members who joined on or after January 1, 2010 and PFRS members who joined on or after January 9, 2010. Tier 6 was enacted in 2012 and included further changes to the benefit structure for ERS and PFRS members who joined on or after April 1, 2012. Approximately 63 percent of ERS members and 56 percent of PFRS members are in Tier 6.

Benefits paid to members vary depending on tier. Tiers vary with respect to employee contributions, retirement age, reductions for early retirement, and calculation and limitation of "final average salary" – generally the average of an employee's three consecutive highest years' salary. Legislation enacted on April 9, 2022 means all retirement system members become vested after five years of service credit; prior to this legislation, Tier 5 and 6 members needed ten years of service to be vested. ERS members in Tiers 3, 4 and 5 can begin receiving full retirement benefits at age 62; Tier 3 and 4 members and certain Tier 5 members can retire as early as age 55 with full benefits if they have at least 30 years of service; the full retirement age for Tier 6 is 63 years. The amount of the benefit is based on years of service, age at retirement and the final average salary earned. Legislation enacted on April 20, 2024 changed the calculation and limitation of "final average salary" for Tier 6 members from the average of an employee's five consecutive highest years' salary to the average of an employee's three consecutive highest years' salary. The majority of PFRS members are in special plans that permit them to retire after 20 or 25 years of service regardless of age. Charts comparing the key benefits provided to members of ERS and PFRS in most of the tiers of the System can be accessed at:

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

Contributions and Funding

Contributions to the System are provided by employers and employees. Employers contribute on the basis of the plan or plans they provide for members. All ERS members joining from mid-1976 through 2009 were required to contribute 3 percent of their salaries. A statutory change in 2000, however, limited the contributions to the first 10 years of membership, but did not authorize refunds where contributions had already exceeded 10 years. All ERS members joining after 2009 and prior to April 1, 2012, and all PFRS members joining after January 9, 2010 and prior to April 1, 2012, are members of Tier 5. All Tier 5 ERS members and 79 percent of the Tier 5 PFRS members are required to contribute 3 percent of their salaries for their career. Members joining on or after April 1, 2012 are in Tier 6, and are required to pay contributions throughout their career on a stepped basis relative to each respective member's wages.[14] Members in Tier 6 of both ERS and PFRS earning $45,000 or less are required to contribute 3 percent of their gross annual wages; members earning between $45,001 and $55,000 are required to contribute 3.5 percent; members earning between $55,001 and $75,000 are required to contribute 4.5 percent; members earning between $75,001 and $100,000 are required to contribute 5.75 percent; and, those earning in excess of $100,000 are required to contribute 6 percent of their gross annual salary. Legislation enacted in April 2022 temporarily removed overtime earned from April 1, 2020 through March 31, 2022 from the calculation of contribution rates that Tier 6 members pay during FY 2022-23 and FY 2023-24. Legislation enacted in April 2024 temporarily removed overtime earned from April 1, 2022 through March 31, 2024 from the calculation of contribution rates that Tier 6 members pay during FY 2024-25 and FY 2025-26.

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

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

The amount of future annual employer contribution rates will depend, in part, on the value of the assets held by the CRF as of each April 1, as well as on the present value of the anticipated benefits to be paid by the System as of each April 1. Contribution rates for FY 2026 were released on September 3, 2024. The average ERS rate will increase by 1.3 percent from 15.2 percent of salary in FY 2025 to 16.5 percent of salary in FY 2026, while the average PFRS rate will increase by 2.5 percent from 31.2 percent of salary in FY 2025 to 33.7 percent of salary in FY 2026. Information regarding average rates for FY 2026 may be found in the 2024 Annual Report to the Comptroller on Actuarial Assumptions which is accessible at:
https://www.osc.ny.gov/files/retirement/resources/pdf/actuarial-assumptions-2024.pdf.

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

[15] The assumed investment rate of return is an influential factor in calculating employer contribution rates. In August 2021, the Comptroller announced the assumed rate of return for NYSLRS would be lowered from 6.8 percent to 5.9 percent. The 5.9 percent rate of return has been used to determine employer contribution rates in FY 2023, FY 2024, FY 2025, and FY 2026.

Legislation adopted with the FY 2011 Enacted Budget (Chapter 57, Laws of 2010) authorized the State and participating employers to amortize a portion of their annual pension costs during periods when actuarial contribution rates exceed thresholds established by the statute. The legislation provided employers with an optional mechanism intended to reduce the budgetary volatility of employer contributions. Amortized amounts must be paid by the State and participating employers in equal annual installments over a ten-year period, and employers may prepay these amounts at any time without penalty. Employers are required to pay interest on the amortized amounts at a rate determined annually by the State Comptroller that is comparable to taxable fixed income investments of a comparable duration. The interest rate on the amount an employer chooses to amortize in a particular rate year is fixed for the duration of the ten-year repayment period. Should the employer choose to amortize in the next rate year, the interest rate on that amortization will be the rate set for that year. The first payment is due in the fiscal year following the decision to amortize pension costs. When contribution rates fall below legally specified levels and all outstanding amortizations have been paid, employers that elected to amortize will be required to pay additional monies into reserve funds, specific to each employer, which will be used to offset their contributions in the future. These reserve funds will be invested separately from pension assets. Over time, OSC expects that this will reduce the budgetary volatility of employer contributions.

The following represents the amortized receivable balance from local participating employers as of March 31, 2024, including the statutory amortization threshold and interest rate, for each respective fiscal year:

CHAPTER 57, LAWS OF 2010

	% of Payroll			
Year	ERS	PFRS	Interest %	Local
				(dollars in millions)
2011	9.5	17.5	5.00	$ —
2012	10.5	18.5	3.75	—
2013	11.5	19.5	3.00	—
2014	12.5	2.5	3.67	—
2015	13.5	21.5	3.15	2.0
2016	14.5	22.5	3.21	2.0
2017	15.1	23.5	2.33	0.3
2018	14.9	24.3	2.84	0.2
2019	14.4	23.5	3.64	—
2020	14.2	23.5	2.55	—
2021	14.1	24.4	1.33	—
2022	15.1	25.4	1.76	0.8
2023	14.1	26.4	3.61	—
2024	13.1	27.4	4.85	—
				$ 5.3

Legislation adopted with the FY 2014 Enacted Budget (Chapter 57, Laws of 2013) included an alternate contribution program (the "Alternate Contribution Stabilization Program") that provides certain participating employers with a one-time election to amortize slightly more of their required contributions than would have been available for amortization under the 2010 legislation. In addition, the maximum payment period was increased from ten years to twelve years. The election is available to counties, cities, towns, villages, BOCES, school districts and the four public health care centers operated in the counties of Nassau, Westchester and Erie. The State is not eligible to participate in the Alternate Contribution Stabilization Program.

The following represents the amortized receivable balance from local participating employers as of March 31, 2024, including the statutory amortization threshold and interest rate, for each respective fiscal year:

CHAPTER 57, LAWS OF 2013				
	% of Payroll			
Year	ERS	PFRS	Interest %	Local
				(dollars in millions)
2014	12.0	20.0	3.76	$ 4.9
2015	12.0	20.0	3.50	6.2
2016	12.5	20.5	3.31	9.8
2017	13.0	21.0	2.63	9.0
2018	13.5	21.5	3.31	9.8
2019	14.0	22.0	3.99	6.2
2020	14.2	22.5	2.87	5.0
2021	14.1	23.0	1.60	6.0
2022	14.6	23.5	2.24	16.8
2023	14.1	24.0	3.70	11.9
2024	13.6	24.5	5.10	3.8
				$ 89.4

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

The estimated total State payment (including Judiciary) for FY 2025 is approximately $2.270 billion. Several prepayments (including interest credit and application of reserve fund assets) have reduced the estimated total to approximately $25 million. The estimated total State payment (including Judiciary) for FY 2026 is approximately $2.558 billion.

Pension Assets and Liabilities

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

The System reports that the net position restricted for pension benefits as of March 31, 2024 was $267.4 billion (including $2.0 billion in receivables, which consist of employer contributions, amortized amounts, member contributions, member loans, accrued interest and dividends, investment sales and other miscellaneous receivables), an increase of $17.9 billion or 7.2 percent from the FY 2023 level of $249.5 billion. The increase in net position restricted for pension benefits from FY 2023 to FY 2024 is primarily the result of the net appreciation of the fair value of the investment portfolio.[16] The System's audited Financial Statement reports a time-weighted investment rate of return of positive 11.6 percent (gross rate of return before the deduction of certain fees) for FY 2024.

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

The System reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased to $345.9 billion (including $179.9 billion for retirees and beneficiaries) as of April 1, 2024, up from $333.1 billion as of April 1, 2023. The funding method used by the System anticipates that the plan net position, plus future actuarially determined contributions, will be sufficient to pay for the anticipated benefits of current members, retirees and beneficiaries. The valuation used by the Retirement Systems Actuary was based on audited net position restricted for pension benefits as of March 31, 2024. Actuarially determined contributions are calculated using actuarial assets and the present value of anticipated benefits. Actuarial assets differed from plan net position on April 1, 2024 in that the determination of actuarial assets utilized a smoothing method, with an eight-year smoothing period, that recognized 12.5 percent of the unexpected gain for FY 2024, 25 percent of the unexpected loss for FY 2023 and 37.5 percent of the unexpected gain for FY 2022. Actuarial assets increased from $269.6 billion on April 1, 2023 to $272.4 billion on April 1, 2024.

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[16] On August 23, 2024, the State Comptroller announced that the estimated value of the Fund was $267.7 billion at the end of the first quarter of state fiscal year 2024-25. For the three-month period ending June 30, 2024, Fund investments returned an estimated 1.38%. The value of the invested assets changes daily.

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

The ratio of fiduciary net position to the total pension liability for ERS, as of March 31, 2024, calculated by the System's Actuary, was 93.88 percent. The ratio of the fiduciary net position to the total pension liability for PFRS, as of March 31, 2024, calculated by the System's Actuary, was 89.72 percent.

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

The tables that follow show net assets, benefits paid and the actuarially determined contributions that have been made over the last ten years through March 31, 2024. See also "State Retirement System — Contributions and Funding" above.

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

Fiscal Year Ended March 31	Contributions Recorded				Total Benefits Paid (3)
	All Participating Employers (1) (2)	Local Employers (1) (2)	State (1) (2)	Employees	
2015	5,797	3,534	2,263	285	10,514
2016	5,140	3,182	1,958	307	11,060
2017	4,787	2,973	1,814	329	11,508
2018	4,823	3,021	1,802	349	12,129
2019	4,744	2,973	1,771	387	12,834
2020	4,783	3,023	1,760	454	13,311
2021	5,030	3,160	1,870	492	14,122
2022	5,628	3,578	2,050	578	14,905
2023	4,404	2,847	1,557	657	15,596
2024	5,055	3,242	1,813	789	16,200

Sources: State and Local Retirement System.

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

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

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

NET POSITION RESTRICTED FOR PENSION BENEFITS OF THE
NEW YORK STATE AND LOCAL RETIREMENT SYSTEM (1)
(millions of dollars)

Fiscal Year Ended March 31	Net Assets	Percent Increase / (Decrease) From Prior Year
2015	189,412	4.5%
2016	183,640	-3.0%
2017	197,602	7.6%
2018	212,077	7.3%
2019	215,169	1.5%
2020	198,080	-7.9%
2021	260,081	31.3%
2022	273,719	5.2%
2023	249,508	-8.8%
2024	267,368	7.2%

Sources: State and Local Retirement System.

(1) Includes relatively small amounts held under the Group Life Insurance Plan. Includes some employer contribution receivables. Fiscal year ending March 31, 2024 includes approximately $2 billion of receivables.

Additional Information Regarding the System

The NYSLRS' Financial Report contains in-depth and audited information about the System. Among other things, the NYSLRS' Financial Report contains information about the number of members and retirees, salaries of members, valuation of assets, changes in fiduciary net position and information related to contributions to the System. The 2024 NYSLRS' Financial Report is available on the OSC website at the following web address:

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

1) Information on the number of members and retirees, including the change in the number of members and retirees and beneficiaries since 2014 can be found on page 32 of the NYSLRS' Financial Report at the link noted above. More information on this topic is available in the "Statistical" section of the NYSLRS' Financial Report.

2) A combined basic statement of changes in fiduciary net position can be found on pages 48-49 of the NYSLRS' Financial Report at the link noted above.

3) Schedule of Changes in the Employers' Net Pension Liability and Related Ratios (unaudited) can be found on pages 78-81 at the link noted above.

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

5) A table with the market value of assets, actuarial value of assets and actuarial accrued liability of the CRF since 2014 can be found on page 172 of the NYSLRS' Financial Report at the link noted above.

Information related to the salaries of members can be found on pages 205-209 of the NYSLRS' Financial Report at the link noted above.

LITIGATION

General

The legal proceedings listed below involve State finances and programs and other claims in which the State is a defendant and the potential monetary claims against the State are deemed to be material, meaning in excess of $300 million[18] 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 2025 or thereafter. The State intends to describe newly initiated proceedings that the State deems to be material and existing proceedings that the State has subsequently deemed to be material, as well as any material and adverse developments in the listed proceedings, in quarterly updates and/or supplements to the AIS.

For the purpose of the Litigation section of this AIS Update, 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 $300 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 2025 or thereafter. The Basic Financial Statements for FY 2024, which OSC issued on July 26, 2024, reported possible and probable awards and anticipated unfavorable judgments against the State.

Adverse developments in the proceedings described below; other proceedings for which there are unanticipated, unfavorable and material judgments; or the initiation of new proceedings could affect the ability of the State to maintain a balanced FY 2025 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 2025. 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.

[18] The $300 million litigation materiality threshold was newly established by the State at the start of FY 2024. Previously, the litigation materiality threshold established by the State for this section of the AIS and updates thereto was $100 million.

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

Real Property Claims

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

School Aid

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

Compensation of Assigned Counsel

New York County Lawyers Ass'n, et al. v. State of New York, et al., 156916/2021 (Sup Ct. N.Y. Cty.), is a plenary action in which plaintiffs challenge the compensation rates paid pursuant to County Law Article 18-B, Section 245 of the Family Court Act, and Section 35 of the Judiciary Law for private counsel assigned to represent children and indigent adults. Plaintiffs asserted that the low rates prevent children and indigent adults from receiving their constitutional right to effective and meaningful legal representation and they sought declaratory and injunctive relief preventing the continued violation and setting new rates. In July 2022, the Court granted the plaintiffs' requested preliminary injunction and ordered payment of an increased rate by the State and the City of New York of $158 per hour, retroactive to February 2, 2022. The preliminary injunction was silent on the funding structure for payment of the increased rates. Accordingly, the structure remained as established by statute, with the State responsible for increased costs to the Judiciary as applicable to the representation of children pursuant to Judiciary Law Section 35, while the City will be responsible for the increased costs to represent indigent adults in Family Court, Criminal Court, and other court proceedings in New York City as required by County Law Article 18-B. In May 2023, Governor Hochul signed a new budget bill that increased the hourly rate of compensation paid to all assigned counsel statewide to $158 per hour, with a cap of $10,000 per case, with changes retroactive to April 1, 2023. *See* Part GG of Chapter 56 of the Laws of 2023, FY 2024 Budget, Article VII, Education, Labor and Family Assistance. While plaintiffs received much of the relief requested, the matter remains open and plaintiffs may seek further intervention. At this time, it is unknown what future financial impact this claim may have on the State's Financial Plan.

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

Adult Survivors Act Claims

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

FINANCIAL PLAN TABLES

Financial Plan Tables

The cash financial plan tables listed below appear on the following pages and summarize actual General Fund receipts and disbursements for fiscal year 2024 and projected receipts and disbursements for fiscal years 2025 through 2028 on a General Fund, State Operating Funds and All Governmental Funds basis.[19]

General Fund - Total Budget
- Financial Plan, Annual Change from FY 2024 to FY 2025
- Financial Plan Projections FY 2025 through FY 2028
- Update to FY 2025
- Update to FY 2026
- Update to FY 2027
- Update to FY 2028

State Operating Funds Budget
- FY 2025
- FY 2026
- FY 2027
- FY 2028

All Governmental Funds – Receipts Detail
- Financial Plan Projections FY 2025 – FY 2028

All Governmental Funds - Total Budget
- FY 2025
- FY 2026
- FY 2027
- FY 2028

Cashflow - FY 2025 Monthly Projections
- General Fund

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

CASH FINANCIAL PLAN GENERAL FUND (millions of dollars)	FY 2024 Actuals	FY 2025 Mid-Year	Annual $ Change	Annual % Change
Opening Fund Balance	**43,451**	**46,331**	**2,880**	**6.6%**
Receipts:				
Taxes:				
Personal Income Tax	25,312	28,197	2,885	11.4%
Consumption/Use Taxes	9,872	10,091	219	2.2%
Business Taxes	17,425	17,963	538	3.1%
Other Taxes	1,876	1,397	(479)	-25.5%
Miscellaneous Receipts	4,878	4,683	(195)	-4.0%
Federal Receipts	2,250	3,645	1,395	62.0%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	21,748	27,257	5,509	25.3%
PTET in Excess of Revenue Bond Debt Service	6,978	7,759	781	11.2%
ECEP in Excess of Revenue Bond Debt Service	0	8	8	100.0%
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0.0%
Sales Tax in Excess of Revenue Bond Debt Service	7,839	8,959	1,120	14.3%
Real Estate Taxes in Excess of CW/CA Debt Service	877	857	(20)	-2.3%
All Other	3,942	1,709	(2,233)	-56.6%
Total Receipts	**102,997**	**112,525**	**9,528**	**9.3%**
Disbursements:				
Assistance and Grants	69,119	77,018	7,899	11.4%
State Operations:				
Personal Service	9,997	11,009	1,012	10.1%
Non-Personal Service	2,303	2,817	514	22.3%
General State Charges	9,651	9,135	(516)	-5.3%
Transfers to Other Funds:				
Debt Service	239	276	37	15.5%
Capital Projects	5,798	5,060	(738)	-12.7%
SUNY Operations	1,535	1,738	203	13.2%
Other Purposes	1,475	2,291	816	55.3%
Total Disbursements	**100,117**	**109,344**	**9,227**	**9.2%**
Excess (Deficiency) of Receipts Over Disbursements	**2,880**	**3,181**	**301**	**10.5%**
Closing Fund Balance	**46,331**	**49,512**	**3,181**	**6.9%**
Statutory Reserves				
Community Projects	25	25	0	
Contingency Reserve	21	21	0	
Rainy Day Reserve	4,638	6,138	1,500	
Tax Stabilization Reserve	1,618	1,618	0	
Reserved For				
Debt Management	2,436	1,860	(576)	
Economic Uncertainties	13,812	13,847	35	
Extraordinary Monetary Settlements	1,110	690	(420)	
Labor Settlements/Agency Operations	1,765	3,099	1,334	
Timing of PTET/PIT Credits	14,137	15,964	1,827	
Undesignated Fund Balance	6,769	6,250	(519)	

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2025 Mid-Year	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Receipts:				
Taxes:				
Personal Income Tax	28,197	29,288	35,071	40,529
Consumption/Use Taxes	10,091	10,314	10,567	10,804
Business Taxes	17,963	17,019	9,778	9,889
Other Taxes	1,397	1,458	1,516	1,581
Miscellaneous Receipts	4,683	4,112	2,569	2,233
Federal Receipts	3,645	0	0	0
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	27,257	29,121	33,272	38,009
PTET in Excess of Revenue Bond Debt Service	7,759	6,489	(891)	0
ECEP in Excess of Revenue Bond Debt Service	8	8	0	0
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	8,959	9,038	9,140	9,115
Real Estate Taxes in Excess of CW/CA Debt Service	857	942	1,041	1,162
All Other	1,709	1,972	1,562	1,594
Total Receipts	**112,525**	**109,761**	**103,625**	**114,916**
Disbursements:				
Assistance and Grants	77,018	81,881	85,946	89,487
State Operations:				
Personal Service	11,009	11,498	12,360	12,757
Non-Personal Service	2,817	3,406	3,528	3,569
General State Charges	9,135	9,628	10,740	11,869
Transfers to Other Funds:				
Debt Service	276	299	327	333
Capital Projects	5,060	4,765	3,513	3,920
SUNY Operations	1,738	1,763	1,761	1,761
Other Purposes	2,291	1,823	1,823	1,680
Total Disbursements	**109,344**	**115,063**	**119,998**	**125,376**
Use (Reservation) of Fund Balance:				
Debt Management	576	860	0	0
Economic Uncertainties	(35)	500	0	0
Extraordinary Monetary Settlements	420	277	367	46
Labor Settlements/Agency Operations	(1,334)	0	0	0
Rainy Day Reserve	(1,500)	0	0	0
Timing of PTET/PIT Credits	(1,827)	2,646	13,018	300
Undesignated Fund Balance	519	0	(3,203)	3,037
Total Use (Reservation) of Fund Balance	**(3,181)**	**4,283**	**10,182**	**3,383**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**(1,019)**	**(6,191)**	**(7,077)**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2025 Enacted	Change	FY 2025 First Quarter	Change	FY 2025 Mid-Year
Receipts:					
Taxes:					
Personal Income Tax	26,922	0	26,922	1,275	28,197
Consumption/Use Taxes	10,091	0	10,091	0	10,091
Business Taxes	18,038	0	18,038	(75)	17,963
Other Taxes	1,397	0	1,397	0	1,397
Miscellaneous Receipts	4,460	0	4,460	223	4,683
Federal Receipts	3,645	0	3,645	0	3,645
Transfers from Other Funds:		0			
PIT in Excess of Revenue Bond Debt Service	26,446	0	26,446	811	27,257
PTET in Excess of Revenue Bond Debt Service	7,374	0	7,374	385	7,759
ECEP in Excess of Revenue Bond Debt Service	8	0	8	0	8
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	8,973	0	8,973	(14)	8,959
Real Estate Taxes in Excess of CW/CA Debt Service	857	0	857	0	857
All Other	1,745	0	1,745	(36)	1,709
Total Receipts	**109,956**	**0**	**109,956**	**2,569**	**112,525**
Disbursements:					
Assistance and Grants	77,404	0	77,404	(386)	77,018
State Operations:					
Personal Service	11,136	0	11,136	(127)	11,009
Non-Personal Service	2,664	0	2,664	153	2,817
General State Charges	7,310	0	7,310	1,825	9,135
Transfers to Other Funds:					
Debt Service	286	0	286	(10)	276
Capital Projects	5,116	0	5,116	(56)	5,060
SUNY Operations	1,767	0	1,767	(29)	1,738
Other Purposes	2,089	0	2,089	202	2,291
Total Disbursements	**107,772**	**0**	**107,772**	**1,572**	**109,344**
Use (Reservation) of Fund Balance:					
Debt Management	576	0	576	0	576
Economic Uncertainties	0	0	0	(35)	(35)
Extraordinary Monetary Settlements	419	0	419	1	420
Labor Settlements/Agency Operations	(1,334)	0	(1,334)	0	(1,334)
Rainy Day Reserve	(1,500)	0	(1,500)	0	(1,500)
Timing of PTET/PIT Credits	(864)	0	(864)	(963)	(1,827)
Undesignated Fund Balance	519	0	519	0	519
Total Use (Reservation) of Fund Balance	**(2,184)**	**0**	**(2,184)**	**(997)**	**(3,181)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**0**	**0**	**0**	**0**

Source: NYS DOB.

CASH FINANCIAL PLAN GENERAL FUND (millions of dollars)	FY 2026 Enacted	Change	FY 2026 First Quarter	Change	FY 2026 Mid-Year
Receipts:					
Taxes:					
Personal Income Tax	28,536	0	28,536	752	29,288
Consumption/Use Taxes	10,315	0	10,315	(1)	10,314
Business Taxes	16,667	0	16,667	352	17,019
Other Taxes	1,458	0	1,458	0	1,458
Miscellaneous Receipts	3,962	0	3,962	150	4,112
Transfers from Other Funds:		0			
PIT in Excess of Revenue Bond Debt Service	28,358	0	28,358	763	29,121
PTET in Excess of Revenue Bond Debt Service	6,226	0	6,226	263	6,489
ECEP in Excess of Revenue Bond Debt Service	8	0	8	0	8
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	8,965	0	8,965	73	9,038
Real Estate Taxes in Excess of CW/CA Debt Service	942	0	942	0	942
All Other	1,863	0	1,863	109	1,972
Total Receipts	**107,300**	**0**	**107,300**	**2,461**	**109,761**
Disbursements:					
Assistance and Grants	81,800	0	81,800	81	81,881
State Operations:		0			
Personal Service	11,197	0	11,197	301	11,498
Non-Personal Service	3,159	0	3,159	247	3,406
General State Charges	10,152	0	10,152	(524)	9,628
Transfers to Other Funds:		0			
Debt Service	299	0	299	0	299
Capital Projects	3,789	0	3,789	976	4,765
SUNY Operations	1,765	0	1,765	(2)	1,763
Other Purposes	1,621	0	1,621	202	1,823
Total Disbursements	**113,782**	**0**	**113,782**	**1,281**	**115,063**
Use (Reservation) of Fund Balance:					
Debt Management	860	0	860	0	860
Economic Uncertainties	500	0	500	0	500
Extraordinary Monetary Settlements	278	0	278	(1)	277
Timing of PTET/PIT Credits	2,504	0	2,504	142	2,646
		0			
Total Use (Reservation) of Fund Balance	**4,142**	**0**	**4,142**	**141**	**4,283**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(2,340)**	**0**	**(2,340)**	**1,321**	**(1,019)**

Source: NYS DOB.

CASH FINANCIAL PLAN GENERAL FUND (millions of dollars)	FY 2027 Enacted	Change	FY 2027 First Quarter	Change	FY 2027 Mid-Year
Receipts:					
Taxes:					
Personal Income Tax	34,161	0	34,161	910	35,071
Consumption/Use Taxes	10,567	0	10,567	0	10,567
Business Taxes	9,999	0	9,999	(221)	9,778
Other Taxes	1,516	0	1,516	0	1,516
Miscellaneous Receipts	2,419	0	2,419	150	2,569
Transfers from Other Funds:		0			
PIT in Excess of Revenue Bond Debt Service	32,324	0	32,324	948	33,272
PTET in Excess of Revenue Bond Debt Service	(670)	0	(670)	(221)	(891)
ECEP in Excess of Revenue Bond Debt Service	0	0	0	0	0
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	9,064	0	9,064	76	9,140
Real Estate Taxes in Excess of CW/CA Debt Service	1,041	0	1,041	0	1,041
All Other	1,487	0	1,487	75	1,562
Total Receipts	**101,908**	**0**	**101,908**	**1,717**	**103,625**
Disbursements:					
Assistance and Grants	85,806	0	85,806	140	85,946
State Operations:		0			
Personal Service	11,846	0	11,846	514	12,360
Non-Personal Service	3,386	0	3,386	142	3,528
General State Charges	11,490	0	11,490	(750)	10,740
Transfers to Other Funds:		0			
Debt Service	327	0	327	0	327
Capital Projects	2,492	0	2,492	1,021	3,513
SUNY Operations	1,761	0	1,761	0	1,761
Other Purposes	1,621	0	1,621	202	1,823
Total Disbursements	**118,729**	**0**	**118,729**	**1,269**	**119,998**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	368	0	368	(1)	367
Timing of PTET/PIT Credits	12,197	0	12,197	821	13,018
Undesignated Fund Balance	(3)	0	(3)	(3,200)	(3,203)
		0			
Total Use (Reservation) of Fund Balance	**12,562**	**0**	**12,562**	**(2,380)**	**10,182**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(4,259)**	**0**	**(4,259)**	**(1,932)**	**(6,191)**

Source: NYS DOB.

CASH FINANCIAL PLAN GENERAL FUND (millions of dollars)					
	FY 2028 Enacted	Change	FY 2028 First Quarter	Change	FY 2028 Mid-Year
Receipts:					
Taxes:					
Personal Income Tax	39,419	0	39,419	1,110	40,529
Consumption/Use Taxes	10,805	0	10,805	(1)	10,804
Business Taxes	9,889	0	9,889	0	9,889
Other Taxes	1,581	0	1,581	0	1,581
Miscellaneous Receipts	2,083	0	2,083	150	2,233
Transfers from Other Funds:		0			
PIT in Excess of Revenue Bond Debt Service	37,031	0	37,031	978	38,009
PTET in Excess of Revenue Bond Debt Service	0	0	0	0	0
ECEP in Excess of Revenue Bond Debt Service	0	0	0	0	0
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	8,861	0	8,861	254	9,115
Real Estate Taxes in Excess of CW/CA Debt Service	1,161	0	1,161	1	1,162
All Other	1,547	0	1,547	47	1,594
Total Receipts	**112,377**	**0**	**112,377**	**2,539**	**114,916**
Disbursements:					
Assistance and Grants	88,845	0	88,845	642	89,487
State Operations:		0			
Personal Service	12,108	0	12,108	649	12,757
Non-Personal Service	3,229	0	3,229	340	3,569
General State Charges	12,598	0	12,598	(729)	11,869
Transfers to Other Funds:		0			
Debt Service	333	0	333	0	333
Capital Projects	3,657	0	3,657	263	3,920
SUNY Operations	1,761	0	1,761	0	1,761
Other Purposes	1,478	0	1,478	202	1,680
Total Disbursements	**124,009**	**0**	**124,009**	**1,367**	**125,376**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	45	0	45	1	46
Timing of PTET/PIT Credits	300	0	300	0	300
Undesignated Fund Balance	4,037	0	4,037	(1,000)	3,037
Total Use (Reservation) of Fund Balance	**4,382**	**0**	**4,382**	**(999)**	**3,383**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(7,250)**	**0**	**(7,250)**	**173**	**(7,077)**

Source: NYS DOB.

CASH FINANCIAL PLAN STATE OPERATING FUNDS FY 2025 (millions of dollars)				
	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	**46,331**	**9,642**	**104**	**56,077**
Receipts:				
Taxes	57,648	6,519	47,963	112,130
Miscellaneous Receipts	4,683	18,624	467	23,774
Federal Receipts	3,645	(11)	62	3,696
Total Receipts	**65,976**	**25,132**	**48,492**	**139,600**
Disbursements:				
Assistance and Grants	77,018	20,057	0	97,075
State Operations:				
Personal Service	11,009	5,750	0	16,759
Non-Personal Service	2,817	3,484	39	6,340
General State Charges	9,135	1,256	0	10,391
Debt Service	0	0	3,489	3,489
Capital Projects	0	0	0	0
Total Disbursements	**99,979**	**30,547**	**3,528**	**134,054**
Other Financing Sources (Uses):				
Transfers from Other Funds	46,549	3,968	1,870	52,387
Transfers to Other Funds	(9,365)	1,034	(46,832)	(55,163)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**37,184**	**5,002**	**(44,962)**	**(2,776)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**3,181**	**(413)**	**2**	**2,770**
Closing Fund Balance	**49,512**	**9,229**	**106**	**58,847**

Source: NYS DOB.

CASH FINANCIAL PLAN STATE OPERATING FUNDS FY 2026 (millions of dollars)	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	58,079	6,633	48,068	112,780
Miscellaneous Receipts	4,112	19,531	407	24,050
Federal Receipts	0	(10)	58	48
Total Receipts	**62,191**	**26,154**	**48,533**	**136,878**
Disbursements:				
Assistance and Grants	81,881	19,373	0	101,254
State Operations:				
Personal Service	11,498	5,967	0	17,465
Non-Personal Service	3,406	3,896	41	7,343
General State Charges	9,628	1,274	0	10,902
Debt Service	0	0	2,811	2,811
Capital Projects	0	0	0	0
Total Disbursements	**106,413**	**30,510**	**2,852**	**139,775**
Other Financing Sources (Uses):				
Transfers from Other Funds	47,570	3,538	2,052	53,160
Transfers to Other Funds	(8,650)	1,202	(47,730)	(55,178)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**38,920**	**4,740**	**(45,678)**	**(2,018)**
Use (Reservation) of Fund Balance:				
Debt Management	860	0	0	860
Economic Uncertainties	500	0	0	500
Extraordinary Monetary Settlements	277	0	0	277
Timing of PTET/PIT Credits	2,646	0	0	2,646
Total Use (Reservation) of Fund Balance	**4,283**	**0**	**0**	**4,283**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(1,019)**	**384**	**3**	**(632)**

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	56,932	6,797	46,798	110,527
Miscellaneous Receipts	2,569	19,902	427	22,898
Federal Receipts	0	(9)	53	44
Total Receipts	**59,501**	**26,690**	**47,278**	**133,469**
Disbursements:				
Assistance and Grants	85,946	19,332	0	105,278
State Operations:				
Personal Service	12,360	6,166	0	18,526
Non-Personal Service	3,528	4,760	41	8,329
General State Charges	10,740	1,299	0	12,039
Debt Service	0	0	4,627	4,627
Capital Projects	0	0	0	0
Total Disbursements	**112,574**	**31,557**	**4,668**	**148,799**
Other Financing Sources (Uses):				
Transfers from Other Funds	44,124	3,561	1,881	49,566
Transfers to Other Funds	(7,424)	1,209	(44,475)	(50,690)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**36,700**	**4,770**	**(42,594)**	**(1,124)**
Use (Reservation) of Fund Balance:				
Extraordinary Monetary Settlements	367	0	0	367
Timing of PTET/PIT Credits	13,018	0	0	13,018
Undesignated Fund Balance	(3,203)	0	0	(3,203)
Total Use (Reservation) of Fund Balance	**10,182**	**0**	**0**	**10,182**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(6,191)**	**(97)**	**16**	**(6,272)**

Source: NYS DOB.

CASH FINANCIAL PLAN STATE OPERATING FUNDS FY 2028 (millions of dollars)	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	62,803	6,629	53,435	122,867
Miscellaneous Receipts	2,233	20,209	443	22,885
Federal Receipts	0	(8)	45	37
Total Receipts	**65,036**	**26,830**	**53,923**	**145,789**
Disbursements:				
Assistance and Grants	89,487	19,227	0	108,714
State Operations:				
Personal Service	12,757	6,372	0	19,129
Non-Personal Service	3,569	4,896	41	8,506
General State Charges	11,869	1,322	0	13,191
Debt Service	0	0	5,538	5,538
Capital Projects	0	0	0	0
Total Disbursements	**117,682**	**31,817**	**5,579**	**155,078**
Other Financing Sources (Uses):				
Transfers from Other Funds	49,880	3,432	1,856	55,168
Transfers to Other Funds	(7,694)	1,467	(50,182)	(56,409)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**42,186**	**4,899**	**(48,326)**	**(1,241)**
Use (Reservation) of Fund Balance:				
Extraordinary Monetary Settlements	46	0	0	46
Timing of PTET/PIT Credits	300	0	0	300
Undesignated Fund Balance	3,037	0	0	3,037
Total Use (Reservation) of Fund Balance	**3,383**	**0**	**0**	**3,383**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(7,077)**	**(88)**	**18**	**(7,147)**

Source: NYS DOB.

CASH RECEIPTS
ALL GOVERNMENTAL FUNDS
FY 2025 THROUGH FY 2028
(millions of dollars)

	FY 2025 Mid-Year	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Taxes:				
Withholdings	58,736	61,333	64,237	66,648
Estimated Payments	12,907	13,653	23,059	26,350
Final Payments	3,631	3,821	4,167	4,362
Other Payments	1,915	1,969	2,023	2,079
Gross Collections	**77,189**	**80,776**	**93,486**	**99,439**
State/City Offset	(1,432)	(1,631)	(1,769)	(1,791)
Refunds	(16,212)	(17,477)	(18,535)	(13,696)
Reported Tax Collections	**59,545**	**61,668**	**73,182**	**83,952**
STAR (Dedicated Deposits)	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0
Personal Income Tax	**59,545**	**61,668**	**73,182**	**83,952**
Sales and Use Tax	20,371	20,863	21,418	21,939
Cigarette and Tobacco Taxes	829	793	759	728
Vapor Excise Tax	21	21	21	21
Motor Fuel Tax	484	484	480	476
Alcoholic Beverage Taxes	276	278	279	280
Opioid Excise Tax	20	20	20	20
Medical Cannabis Excise Tax	5	4	4	4
Adult Use Cannabis Tax	158	245	339	363
Highway Use Tax	140	141	142	144
Auto Rental Tax	137	137	142	145
Peer to Peer Car Sharing Tax	2	2	2	2
Gross Consumption/Use Taxes	**22,443**	**22,988**	**23,606**	**24,122**
LGAC/STBF (Dedicated Transfers)	0	0	0	0
Consumption/Use Taxes	**22,443**	**22,988**	**23,606**	**24,122**
Corporation Franchise Tax	8,923	9,201	9,406	8,375
Corporation and Utilities Tax	593	591	596	592
Insurance Taxes	2,879	2,999	3,121	3,251
Bank Tax	106	106	0	0
Pass Through Entity Tax	15,518	12,977	(1,781)	0
Petroleum Business Tax	1,055	1,017	1,010	1,002
Gross Business Taxes	**29,074**	**26,891**	**12,352**	**13,220**
RBTF (Dedicated Transfers)	0	0	0	0
Business Taxes	**29,074**	**26,891**	**12,352**	**13,220**
Estate Tax	1,375	1,438	1,503	1,568
Real Estate Transfer Tax	1,147	1,230	1,331	1,448
Employer Compensation Expense Program	15	15	0	0
Gift Tax	0	0	0	0
Real Property Gains Tax	0	0	0	0
Pari-Mutuel Taxes	12	12	12	12
Other Taxes	2	1	1	1
Gross Other Taxes	**2,551**	**2,696**	**2,847**	**3,029**
Real Estate Transfer Tax (Dedicated)	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0
Other Taxes	**2,551**	**2,696**	**2,847**	**3,029**
Payroll Tax	**0**	**0**	**0**	**0**
Total Taxes	**113,613**	**114,243**	**111,987**	**124,323**
Licenses, Fees, Etc.	780	781	779	779
Abandoned Property	550	450	450	450
Motor Vehicle Fees	1,210	1,259	1,268	1,282
ABC License Fee	60	60	60	60
Reimbursements	216	216	216	216
Investment Income	2,600	2,100	550	200
Extraordinary Settlements	0	0	0	0
Other Transactions	26,073	28,751	31,013	30,364
Miscellaneous Receipts	**31,489**	**33,617**	**34,336**	**33,351**
Federal Receipts	**93,726**	**88,207**	**88,593**	**89,443**
Total	**238,828**	**236,067**	**234,916**	**247,117**

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
Opening Fund Balance	**46,331**	**20,794**	**(1,317)**	**104**	**65,912**
Receipts:					
Taxes	57,648	6,519	1,483	47,963	113,613
Miscellaneous Receipts	4,683	19,416	6,923	467	31,489
Federal Receipts	3,645	86,816	3,203	62	93,726
Total Receipts	**65,976**	**112,751**	**11,609**	**48,492**	**238,828**
Disbursements:					
Assistance and Grants	77,018	105,194	6,112	0	188,324
State Operations:					
Personal Service	11,009	6,466	0	0	17,475
Non-Personal Service	2,817	6,477	0	39	9,333
General State Charges	9,135	1,652	0	0	10,787
Debt Service	0	0	0	3,489	3,489
Capital Projects	0	0	10,534	0	10,534
Total Disbursements	**99,979**	**119,789**	**16,646**	**3,528**	**239,942**
Other Financing Sources (Uses):					
Transfers from Other Funds	46,549	3,968	5,463	1,870	57,850
Transfers to Other Funds	(9,365)	(1,325)	(574)	(46,832)	(58,096)
Bond and Note Proceeds	0	0	269	0	269
Net Other Financing Sources (Uses)	**37,184**	**2,643**	**5,158**	**(44,962)**	**23**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**3,181**	**(4,395)**	**121**	**2**	**(1,091)**
Closing Fund Balance	**49,512**	**16,399**	**(1,196)**	**106**	**64,821**

Source: NYS DOB.

CASH FINANCIAL PLAN ALL GOVERNMENTAL FUNDS FY 2026 (millions of dollars)	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	58,079	6,633	1,463	48,068	114,243
Miscellaneous Receipts	4,112	19,716	9,382	407	33,617
Federal Receipts	0	84,481	3,668	58	88,207
Total Receipts	**62,191**	**110,830**	**14,513**	**48,533**	**236,067**
Disbursements:					
Assistance and Grants	81,881	98,758	7,470	0	188,109
State Operations:					
Personal Service	11,498	6,682	0	0	18,180
Non-Personal Service	3,406	5,658	0	41	9,105
General State Charges	9,628	1,671	0	0	11,299
Debt Service	0	0	0	2,811	2,811
Capital Projects	0	0	11,686	0	11,686
Total Disbursements	**106,413**	**112,769**	**19,156**	**2,852**	**241,190**
Other Financing Sources (Uses):					
Transfers from Other Funds	47,570	3,538	5,162	2,052	58,322
Transfers to Other Funds	(8,650)	(1,336)	(853)	(47,730)	(58,569)
Bond and Note Proceeds	0	0	367	0	367
Net Other Financing Sources (Uses)	**38,920**	**2,202**	**4,676**	**(45,678)**	**120**
Use (Reservation) of Fund Balance:					
Debt Management	860	0	0	0	860
Economic Uncertainties	500	0	0	0	500
Extraordinary Monetary Settlements	277	0	0	0	277
Timing of PTET/PIT Credits	2,646	0	0	0	2,646
Total Use (Reservation) of Fund Balance	**4,283**	**0**	**0**	**0**	**4,283**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(1,019)**	**263**	**33**	**3**	**(720)**

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2027
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	56,932	6,797	1,460	46,798	111,987
Miscellaneous Receipts	2,569	20,087	11,253	427	34,336
Federal Receipts	0	85,055	3,485	53	88,593
Total Receipts	**59,501**	**111,939**	**16,198**	**47,278**	**234,916**
Disbursements:					
Assistance and Grants	85,946	99,475	8,388	0	193,809
State Operations:					
Personal Service	12,360	6,884	0	0	19,244
Non-Personal Service	3,528	6,561	0	41	10,130
General State Charges	10,740	1,697	0	0	12,437
Debt Service	0	0	0	4,627	4,627
Capital Projects	0	0	11,243	0	11,243
Total Disbursements	**112,574**	**114,617**	**19,631**	**4,668**	**251,490**
Other Financing Sources (Uses):					
Transfers from Other Funds	44,124	3,561	3,904	1,881	53,470
Transfers to Other Funds	(7,424)	(1,094)	(720)	(44,475)	(53,713)
Bond and Note Proceeds	0	0	252	0	252
Net Other Financing Sources (Uses)	**36,700**	**2,467**	**3,436**	**(42,594)**	**9**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	367	0	0	0	367
Timing of PTET/PIT Credits	13,018	0	0	0	13,018
Undesignated Fund Balance	(3,203)	0	0	0	(3,203)
Total Use (Reservation) of Fund Balance	**10,182**	**0**	**0**	**0**	**10,182**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(6,191)**	**(211)**	**3**	**16**	**(6,383)**

Source: NYS DOB.

CASH FINANCIAL PLAN ALL GOVERNMENTAL FUNDS FY 2028 (millions of dollars)	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	62,803	6,629	1,456	53,435	124,323
Miscellaneous Receipts	2,233	20,393	10,282	443	33,351
Federal Receipts	0	85,896	3,502	45	89,443
Total Receipts	**65,036**	**112,918**	**15,240**	**53,923**	**247,117**
Disbursements:					
Assistance and Grants	89,487	100,275	7,152	0	196,914
State Operations:					
Personal Service	12,757	7,092	0	0	19,849
Non-Personal Service	3,569	6,673	0	41	10,283
General State Charges	11,869	1,723	0	0	13,592
Debt Service	0	0	0	5,538	5,538
Capital Projects	0	0	11,582	0	11,582
Total Disbursements	**117,682**	**115,763**	**18,734**	**5,579**	**257,758**
Other Financing Sources (Uses):					
Transfers from Other Funds	49,880	3,432	4,311	1,856	59,479
Transfers to Other Funds	(7,694)	(790)	(1,055)	(50,182)	(59,721)
Bond and Note Proceeds	0	0	260	0	260
Net Other Financing Sources (Uses)	**42,186**	**2,642**	**3,516**	**(48,326)**	**18**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	46	0	0	0	46
Timing of PTET/PIT Credits	300	0	0	0	300
Undesignated Fund Balance	3,037	0	0	0	3,037
Total Use (Reservation) of Fund Balance	**3,383**	**0**	**0**	**0**	**3,383**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(7,077)**	**(203)**	**22**	**18**	**(7,240)**

Source: NYS DOB.

CASHFLOW
GENERAL FUND
FY 2025
(millions of dollars)

	2024 April Actuals	May Actuals	June Actuals	July Actuals	August Actuals	September Actuals	October Projected	November Projected	December Projected	2025 January Projected	February Projected	March Projected	Total
OPENING BALANCE	46,331	49,055	45,548	49,585	48,710	47,927	52,398	47,562	43,093	47,484	50,202	46,794	46,331
RECEIPTS:													
Personal Income Tax	3,650	1,926	2,552	2,091	1,756	2,488	1,421	1,443	2,670	3,010	2,690	2,500	28,197
Consumption/Use Taxes	754	766	968	802	797	973	794	801	975	853	706	902	10,091
Business Taxes	1,225	211	3,265	(17)	50	3,360	(214)	(117)	4,335	410	79	5,376	17,963
Other Taxes	185	121	113	96	124	102	82	115	118	114	113	114	1,397
Total Taxes	5,814	3,024	6,898	2,972	2,727	6,923	2,083	2,242	8,098	4,387	3,588	8,892	57,648
Abandoned Property	0	0	0	0	10	100	30	130	0	30	10	240	550
ABC License Fee	5	4	5	4	4	4	6	6	6	6	6	4	60
Investment Income	238	217	227	216	234	224	207	208	207	207	208	207	2,600
Licenses, Fees, etc.	83	43	61	77	43	166	55	35	60	45	55	57	780
Motor Vehicle Fees	44	57	4	32	20	(2)	3	28	11	14	12	45	268
Reimbursements	75	62	31	(22)	87	37	(40)	12	5	(30)	10	(11)	216
Extraordinary Settlements	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Transactions	5	3	52	(21)	39	(49)	21	11	65	21	7	55	209
Total Miscellaneous Receipts	450	386	380	286	437	480	282	430	354	293	308	597	4,683
Federal Receipts	0	0	0	0	0	1	0	0	0	0	0	3,644	3,645
PIT in Excess of Revenue Bond Debt Service	3,650	1,935	2,552	1,982	1,549	2,643	1,421	1,443	2,675	4,433	619	2,355	27,257
PTET in Excess of Revenue Bond Debt Service	23	72	1,545	(26)	54	1,529	(279)	(189)	2,355	179	40	2,456	7,759
ECEP in Excess of Revenue Bond Debt Service	0	0	0	0	0	0	0	0	5	1	0	2	8
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	620	672	873	696	701	1,173	683	697	874	734	621	615	8,959
Real Estate Taxes in Excess of CW/CA Debt Service	79	95	67	88	95	75	73	65	64	47	69	40	857
All Other	153	300	176	202	144	138	110	213	278	189	201	(395)	1,709
Total Transfers from Other Funds	4,525	3,074	5,213	2,942	2,543	5,558	2,008	2,229	6,251	5,583	1,550	5,073	46,549
TOTAL RECEIPTS	10,789	6,484	12,491	6,200	5,707	12,962	4,373	4,901	14,703	10,263	5,446	18,206	112,525
DISBURSEMENTS:													
School Aid	1,806	4,993	1,754	273	772	1,826	958	1,924	2,877	1,261	1,168	10,645	30,257
Higher Education	25	25	710	162	36	167	560	36	143	132	550	854	3,400
All Other Education	27	311	216	753	54	66	76	531	236	61	329	136	2,796
Medicaid - DOH	3,585	2,591	1,127	2,904	2,222	2,351	2,865	3,144	1,437	2,422	1,942	(2,575)	24,015
Public Health	15	35	31	105	66	66	104	112	116	(132)	100	169	787
Mental Hygiene	66	104	714	111	141	685	130	106	1,501	113	817	970	5,458
Children and Families	33	30	195	66	39	141	1,014	167	163	36	272	539	2,695
Temporary & Disability Assistance	33	404	244	123	125	490	158	158	408	158	158	1,197	3,656
Transportation	0	47	19	3	57	0	6	64	17	1	34	4	252
Unrestricted Aid	1	11	390	5	51	116	8	1	187	1	0	65	836
All Other	118	67	(197)	56	101	111	120	8	156	516	497	1,313	2,866
Total Assistance and Grants	5,709	8,618	5,203	4,561	3,664	6,019	5,999	6,251	7,241	4,569	5,867	13,317	77,018
Personal Service	838	997	809	1,090	902	829	1,016	818	998	892	866	954	11,009
Non-Personal Service	167	304	247	280	311	192	266	256	258	218	345	(27)	2,817
Total State Operations	1,005	1,301	1,056	1,370	1,213	1,021	1,282	1,074	1,256	1,110	1,211	927	13,826
General State Charges	670	690	549	600	519	579	635	528	544	603	753	2,465	9,135
Debt Service	24	3	0	47	(1)	23	6	0	0	202	(12)	(16)	276
Capital Projects	283	(895)	779	239	764	789	1,194	1,010	1,138	973	969	(2,183)	5,060
SUNY Operations	226	238	432	241	53	13	22	303	37	21	38	114	1,738
Other Purposes	148	36	435	17	278	47	71	204	96	67	28	864	2,291
Total Transfers to Other Funds	681	(618)	1,646	544	1,094	872	1,293	1,517	1,271	1,263	1,023	(1,221)	9,365
TOTAL DISBURSEMENTS	8,065	9,991	8,454	7,075	6,490	8,491	9,209	9,370	10,312	7,545	8,854	15,488	109,344
Excess/(Deficiency) of Receipts over Disbursements	2,724	(3,507)	4,037	(875)	(783)	4,471	(4,836)	(4,469)	4,391	2,718	(3,408)	2,718	3,181
CLOSING BALANCE	49,055	45,548	49,585	48,710	47,927	52,398	47,562	43,093	47,484	50,202	46,794	49,512	49,512

Source: NYS DOB.