NEW ISSUES – BOOK-ENTRY ONLY

In the opinion of the Attorney General of the State of New York (the "Attorney General"), under existing law and assuming compliance with the tax covenants described herein, interest on the Series 2021A Tax-Exempt Bonds is excludable from gross income for Federal income tax purposes and is not a specific preference item for purposes of the Federal alternative minimum tax. The Attorney General is further of the opinion that, assuming compliance with the tax covenants described herein, interest on the Series 2021A Tax-Exempt Bonds is exempt from personal income taxes of the State of New York (the "State") and its political subdivisions, including The City of New York and the City of Yonkers, as described more fully herein.

Interest on the Series 2021B Taxable Bonds will be subject to Federal income taxes and personal income taxes imposed by the State and any political subdivision thereof, including The City of New York and the City of Yonkers.

See "PART I – SECTION 4 – TAX MATTERS" herein regarding certain other tax considerations.

STATE OF NEW YORK
GENERAL OBLIGATION BONDS

$102,370,000 Series 2021A Tax-Exempt Bonds
$531,385,000 Series 2021B Taxable Bonds

Dated: Date of Delivery **Due: As shown on inside cover**

The Series 2021A Tax-Exempt Bonds (the "Series 2021A Tax-Exempt Bonds") and the Series 2021B Taxable Bonds (the "Series 2021B Taxable Bonds" and, together with the Series 2021A Tax-Exempt Bonds, the "Bonds") will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interests in the Bonds purchased. See "PART I – SECTION 1 – DESCRIPTION OF THE BONDS – Book-Entry-Only System." The Bonds will mature on the dates and bear interest at the rates and will have yields as shown on the inside cover page hereof. Interest on the Bonds will be payable beginning on September 15, 2021 and semi-annually thereafter on each March 15 and September 15 until maturity. The Bonds will be subject to redemption prior to maturity as set forth herein.

The Bonds will be general obligations of the State, and the full faith and credit of the State will be pledged to the payment of the principal of and interest on the Bonds.

Under State law, the Bonds are legal investments for State-chartered banks and trust companies, savings banks, insurance companies, fiduciaries and investment companies and may be accepted by the State Comptroller and the State Superintendent of Financial Services where the deposit of obligations is required by law.

The Bonds are offered when, as and if issued and subject to receipt of an opinion by the Attorney General that the Bonds are valid and enforceable obligations of the State. See Exhibit B to Part I of this Official Statement.

The Bonds were offered for sale in accordance with the Notices of Sale published with respect to each Series of the Bonds.

Public Resources Advisory Group, New York, New York, is acting as financial advisor to the State in connection with the issuance of the Bonds. The Bonds will be available for delivery through the facilities of DTC on or about March 23, 2021.

Dated: March 16, 2021

STATE OF NEW YORK GENERAL OBLIGATION BONDS
AMOUNTS, MATURITIES, INTEREST RATES, AND YIELDS OR PRICES

$102,370,000 Series 2021A Tax-Exempt Bonds
(Base CUSIP Number†: 649791)

Amount	Maturity March 15	Interest Rate	Yield	CUSIP†	Amount	Maturity March 15	Interest Rate	Yield	CUSIP†
$5,160,000	2022	5.00%	0.06%	QH6	$7,415,000	2029	5.00%	0.79%	QQ6
$5,535,000	2023	5.00%	0.09%	QJ2	$7,790,000	2030	5.00%	0.93%	QR4
$5,810,000	2024	5.00%	0.20%	QK9	$8,175,000	2031	5.00%	1.01%	QS2
$6,100,000	2025	5.00%	0.31%	QL7	$8,585,000	2032	4.00%	1.10%*	QT0
$6,405,000	2026	5.00%	0.41%	QM5	$8,930,000	2033	3.00%	1.21%*	QU7
$6,730,000	2027	5.00%	0.53%	QN3	$9,195,000	2034	3.00%	1.32%*	QV5
$7,065,000	2028	5.00%	0.65%	QP8	$9,475,000	2035	3.00%	1.42%*	QW3

$531,385,000 Series 2021B Taxable Bonds
(Base CUSIP Number†: 649791)

Amount	Maturity March 15	Interest Rate	Price or Yield	CUSIP†	Amount	Maturity March 15	Interest Rate	Price or Yield	CUSIP†
$14,375,000	2022	0.25%	100%	QX1	$25,840,000	2033	2.10%	100%	RJ1
$22,645,000	2023	0.35%	100%	QY9	$14,880,000	2034	2.25%	100%	RK8
$33,850,000	2024	0.53%	100%	QZ6	$15,210,000	2035	2.35%	100%	RL6
$32,940,000	2025	0.91%	100%	RA0	$15,570,000	2036	2.38%	2.40%	RM4
$33,240,000	2026	1.50%	1.02%	RB8	$15,940,000	2037	2.43%	2.45%	RN2
$44,150,000	2027	1.25%	100%	RC6	$16,330,000	2038	2.53%	2.55%	RP7
$44,700,000	2028	1.45%	100%	RD4	$ 9,370,000	2039	2.58%	2.60%	RQ5
$44,945,000	2029	1.74%	100%	RE2	$ 9,610,000	2040	2.63%	2.65%	RR3
$45,720,000	2030	1.84%	100%	RF9	$ 9,865,000	2041	2.68%	2.70%	RS1
$39,865,000	2031	1.94%	100%	RG7	$10,125,000	2042	2.73%	2.75%	RT9
$32,215,000	2032	2.05%	100%	RH5					

† CUSIP is a registered Trademark of the American Bankers Association ("ABA"). The CUSIP numbers listed above have been assigned by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a part of S&P Global Inc., and are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the State makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

* Priced to the March 15, 2031 optional call date.

No dealer, broker, salesperson or other person has been authorized by the State to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been so authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds or any other securities of the State by any person or in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information herein has been furnished solely by the State and by other sources that are believed by the State to be reliable, but it is not guaranteed as to its accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the financial condition of the State since the date hereof. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purposes.

TABLE OF CONTENTS

(THIS PAGE INTENTIONALLY LEFT BLANK)

OFFICIAL STATEMENT

OF

THE STATE OF NEW YORK

RELATING TO THE ISSUE AND SALE OF

GENERAL OBLIGATION BONDS

$102,370,000 Series 2021A Tax-Exempt Bonds

$531,385,000 Series 2021B Taxable Bonds

INTRODUCTION

This Official Statement of the State of New York (the "State"), including the cover page, inside cover page and exhibits, is provided for the purpose of setting forth information in connection with the sale of $102,370,000 aggregate principal amount of its Series 2021A Tax-Exempt Bonds (the "Series 2021A Tax-Exempt Bonds"), $531,385,000 aggregate principal amount of its Series 2021B Taxable Bonds (the "Series 2021B Taxable Bonds"). The Series 2021A Tax-Exempt Bonds and the Series 2021B Taxable Bonds are collectively referred to herein as the "Bonds". The Bonds are general obligations of the State and the full faith and credit of the State will be pledged to the payment of the principal of and interest on the Bonds.

The Series 2021A Tax-Exempt Bonds are being issued for the purposes and in the principal amounts as set forth below:

Purpose	Amount
Smart Schools Bonds	
Smart Schools	$ 95,414,126.01
Environmental Quality 1986	
Solid Waste	5,048,727.79
Clean Water/Clean Air	
Clean Water	1,673,710.82
Environmental Restoration	233,435.38
	$102,370,000.00

The Series 2021B Taxable Bonds are being issued (i) to provide funds to currently and advance refund a portion of certain outstanding general obligation bonds of the State, as set forth and described in Exhibit C - DESCRIPTION OF THE REFUNDED BONDS (the "Refunded Bonds"), and (ii) for the purposes and in the principal amounts as set forth below:

Purpose	**Amount**
Rebuild and Renew New York Transportation Bonds	
Rails & Ports	$ 2,296,920.64
Aviation	701,385.61
DOT – Mass Transit	3,553,142.17
Smart Schools Bonds	
Smart Schools	68,572,792.49
Environmental Quality 1986	
Solid Waste	761,602.31
Clean Water/Clean Air	
Clean Water	757,856.83
Environmental Restoration	906,299.95
	$77,550,000.00

The Bonds mature on the dates and bear interest at the respective interest rates set forth on the inside cover page of this Official Statement.

This Official Statement consists of three parts, Part I (including Exhibits A through D, Part II and Part III.

Part I sets forth information concerning the Bonds – the rights of Bondholders, the payment and redemption provisions of the Bonds, the use of proceeds of the Bonds, and certain other information relating to the Bonds.

Part II sets forth or includes by reference information concerning the State of New York, including information relating to the State's current fiscal year, prior fiscal years, economic background, financing activities, State organization and procedures, the State's public authorities and localities and certain litigation involving the State in the form of the Annual Information Statement of the State of New York dated June 3, 2020 (the "AIS"), as supplemented by the Quarterly Update to the AIS dated March 9, 2021 (the "Update"), both prepared by the State Division of the Budget ("DOB"). The AIS and the Update contain information only through their respective dates. Part II sets forth the Update and the sections of the AIS entitled "Introduction", "Budgetary and Accounting Practices", "Financial Plan Overview" and "State Financial Plan Multi-Year Projections". The remaining sections of the AIS set forth under the headings "Prior Fiscal Years", "Economics and Demographics", "Capital Program and Financing Plan", "Authorities and Localities", "State Government Employment", "State Retirement System", "Litigation" and "Exhibits A through F" are included by cross-reference. The AIS and the Update have been electronically filed with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system.

Part III includes by reference the Comprehensive Annual Financial Report of the State for the fiscal year ended March 31, 2020 (FY 2020 CAFR) prepared by the Office of the State Comptroller ("OSC"). The Basic Financial Statements and Other Supplementary Information of the State for the fiscal year ended March 31, 2020 are dated July 28, 2020 and were electronically filed with the MSRB through its EMMA system on July 28, 2020. The State's Basic Financial Statements and Other Supplementary Information are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and are independently audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing

Standards, issued by the Comptroller General of the United States. KPMG LLP, the State's independent auditor, has not been engaged to perform and has not performed, since the date of its report included in Part III, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

This Official Statement should be read in its entirety, including the Exhibits hereto. Parts II and III contain important information about the State, which has been provided by the State and from sources believed by the State to be reliable.

DOB has assisted OSC in assembling the information contained herein. Quotations, summaries and explanations of laws of the State contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof.

PART I: INFORMATION CONCERNING THE BONDS BEING OFFERED

SECTION 1 – DESCRIPTION OF THE BONDS

General

The Bonds will constitute general obligations of the State to which its full faith and credit will be pledged. The Series 2021A Tax-Exempt Bonds will be issued pursuant to the authority contained in Article VII, Sections 11 and 12 of the State Constitution, Sections 56, 57 and 61 of the State Finance Law and appropriation acts enacted by the State Legislature. The Series 2021B Taxable Bonds will be issued pursuant to the authority contained in Article VII, Sections 11, 12 and 13 of the State Constitution, Sections 56, 57 and 61 of the State Finance Law and appropriation acts enacted by the State Legislature.

The Bonds will be dated the date of delivery. Principal on the Bonds will be payable on March 15, 2022 and on each March 15 thereafter, until maturity, as shown on the inside cover page hereof and below under the heading "Mandatory Redemption". Interest on the Bonds will be payable on September 15, 2021 and semi-annually thereafter on each March 15 and September 15 until maturity.

Rights of the Bondholders

The State Constitution requires that the Legislature shall annually provide by appropriation for the payment of interest on and installments of principal of all State bonds as the same shall fall due, including contributions to all sinking funds for such bonds, and further provides that, if at any time the Legislature shall fail to make any such appropriation, the Comptroller shall set apart from the first revenues thereafter received applicable to the General Fund of the State a sum sufficient to pay such interest, installments of principal or contributions to such sinking funds, as the case may be, and shall so apply the moneys thus set apart. In such circumstances, the Comptroller may be required to set aside and so apply such revenues at the suit of any holder of such bonds. The State has always made payments of interest on and installments of principal of all State bonds when due. Under the State Constitution, in the event of the defeasance of the Bonds, the holders of the Bonds shall have no further rights against the State for payment of the Bonds or any interest thereon.

The State Constitution does not provide for the contingency where an appropriation for debt service on bonds has been made but moneys are unavailable on the payment date. If the above-described set-aside provisions of the State Constitution were inapplicable in that situation, the holder of any bond could recover a judgment against the State in the State Court of Claims for principal and interest due, and the Comptroller would be required to pay the judgment, after audit, upon presentation to him of a certified copy of the judgment. Judgments against the State may not be enforced by levy and execution against property of the

State, and such enforcement is limited to the amount of moneys appropriated by the Legislature and legally available for such purpose. Because the State has never defaulted on the payment of principal of or interest on its obligations, there has never been any occasion to test a bondholder's remedies in this circumstance.

State law provides for the impoundment of State taxes and revenues in advance of the maturity of tax and revenue anticipation notes ("TRANs") issued during any fiscal year and for the deposit of such impounded moneys in a special account for the benefit of the holders of such notes. If, in any fiscal year in which such impoundment legislation is in effect, the Legislature shall have appropriated a sufficient amount to pay debt service on outstanding bonds but there shall be insufficient moneys free of such impoundment to pay such debt service when due, the holder of such TRANs may have a claim to taxes and revenues deposited or to be deposited in such special account superior to that of bondholders, including holders of the Bonds. There is no judicial decision determining the relative rights of holders of notes and bonds of the State in this or any similar circumstance.

Redemption Prior to Maturity

Optional Redemption for the Series 2021A Tax-Exempt Bonds. The Comptroller reserves to the State the right to redeem, on and after March 15, 2031, the Series 2021A Tax-Exempt Bonds maturing on or after March 15, 2032 and then outstanding, in whole or in part, at any time, priority among maturities to be directed by the State, and by lot, to be chosen by The Depository Trust Company ("DTC") or any successor and its Participants, within a maturity at par plus accrued interest to the date fixed for redemption.

Optional Redemption for the Series 2021B Taxable Bonds. The Comptroller reserves to the State the right to redeem the Series 2021B Taxable Bonds prior to maturity at the written direction of the State, in whole or in part, at any time, (i) before March 15, 2031 at the Make-Whole Redemption Price described below, and (ii) on or after March 15, 2031, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption.

The "Make-Whole Redemption Price" is the greater of (i) the issue price(s) as shown on the inside cover page of this Official Statement (but not less than 100% of the principal amount of the Series 2021B Taxable Bonds to be redeemed), and (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2021B Taxable Bonds to be redeemed (taking into account any mandatory sinking fund redemptions), not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2021B Taxable Bonds are to be redeemed, discounted to the date on which such Series 2021B Taxable Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (defined below) plus 0 basis points for the 2022 through 2031 maturities, inclusive, and plus 20 basis points for the 2032 through 2042 maturities, inclusive, plus, in each case, accrued and unpaid interest on the Series 2021B Taxable Bonds to be redeemed on the redemption date.

"Treasury Rate" means, with respect to any redemption date for a particular Series 2021B Taxable Bond being redeemed prior to maturity, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2021B Taxable Bonds to be redeemed on the redemption date.

The State Finance Law does not currently authorize the Comptroller to redeem State general obligation bonds at a price in excess of three per centum above par value. Therefore, the State, acting *through the Comptroller, will not avail itself of the right to redeem the Series 2021B Taxable Bonds pursuant to the provisions of the Make-Whole Optional Redemption described above if the Make-Whole Redemption Price is determined to be greater than 103% of the par value of the Series 2021B Taxable Bonds unless there is a statutory amendment to the State Finance Law authorizing the Comptroller to redeem bonds at a price above 103% of par value.*

While the Series 2021B Taxable Bonds are held in DTC book-entry only form, in the case of optional redemption of the Series 2021B Taxable Bonds, if less than all of the Series 2021B Taxable Bonds are to be redeemed, the particular Series 2021B Taxable Bonds or portions thereof to be redeemed are to be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC operational procedures then in effect. Such procedures currently provide for adjustment of the principal by a factor provided by the Fiscal Agent. If the Fiscal Agent does not provide the necessary information or does not identify the redemption as on a "Pro Rata Pass-Through Distribution of Principal" basis, the Series 2021B Taxable Bonds will be selected for redemption in accordance with DTC procedures by lot. The State intends that redemption allocations to be made by DTC, the DTC Participants or such other intermediaries that may exist between the State and the owners of the Series 2021B Taxable Bonds be made on a "Pro Rata Pass-Through Distribution of Principal" basis as described above. However, the State cannot provide any assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among the owners on such basis. If operational procedures of DTC (or of any successor depository) do not allow for the redemption of the Series 2021B Taxable Bonds on a "Pro Rata Pass-Through Distribution of Principal" basis, the Series 2021B Taxable Bonds will be selected for redemption by lot.

If the Series 2021B Taxable Bonds are not registered in book-entry form and if fewer than all of a maturity of the Series 2021B Taxable Bonds are to be redeemed, the particular Series 2021B Taxable Bonds to be redeemed will be selected on a pro rata basis; provided, however, that any such redemption must be performed in a manner that results in all of the remaining outstanding Series 2021B Taxable Bonds being in authorized denominations.

Notice of Redemption. The State will give notice of any such redemption, to the registered owners of the Bonds to be redeemed at their addresses as they appear in the registration books of the State or its fiscal agent, not less than twenty nor more than sixty days prior to the redemption. So long as all of the Bonds remain immobilized in the custody of DTC, any such notice of redemption of any Bond will be delivered only to DTC. DTC is responsible for notifying DTC Participants of such redemption and DTC Participants and Indirect Participants are responsible for notifying Beneficial Owners of such redemption. The State is not responsible for sending notices to Beneficial Owners. Interest will cease to accrue on the Bonds called for redemption from and after the date fixed for redemption thereof.

The State may provide conditional notice of redemption, which may state that such redemption is conditioned upon the receipt of moneys or any other event. If such conditions are not met, such redemption shall not occur and the State is to give notice, as soon thereafter as practicable, in the same manner, to the same persons, as notice of such redemption was given as described above. Additionally, any such conditional redemption notice may be rescinded no later than one Business Day prior to the date specified for redemption by written notice by the State given, as soon thereafter as practicable, in the same manner, to the same persons, as notice of such redemption was given.

Book-Entry-Only System

Beneficial ownership interests in each Series and maturity of the Bonds will be available in book-entry-only form, in the principal amount of $5,000 or integral multiples thereof. Purchasers of beneficial ownership interests in the Bonds will not receive certificates representing their interests in the Bonds purchased.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each Series and maturity of the Bonds, totaling the aggregate principal amount of the Bonds of each Series, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC rules applicable to Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bond certificates representing their ownership interests in the Bonds, except in the event that the use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial

Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Bonds of a particular Series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series and maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, The Bank of New York Mellon (the "Fiscal Agent"), or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or the Fiscal Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

The State and the Fiscal Agent may treat DTC (or its nominee) as the sole and exclusive registered owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, giving any notice permitted or required to be given to registered owners, registering the transfer of the Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The State and the Fiscal Agent shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person that is not shown on the registration books of the State (kept by the Fiscal Agent) as a registered owner, with respect to: the accuracy of any records maintained by DTC or any Participant; the payment or timeliness of payments by DTC or any Participant of any amount in respect of the principal of, or premium, if any, or interest on the Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the State; the selection by DTC or any Participant or Indirect Participant of any beneficial owners to receive payment in the event of a partial redemption of the Bonds; or other action taken by DTC as a registered owner. Interest and principal will be paid by the Fiscal Agent to DTC, or its nominee. Disbursement of such payments to the Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Participants or the Indirect Participants.

SO LONG AS CEDE & CO. (OR SUCH OTHER NOMINEE AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF ALL THE BONDS, REFERENCES HEREIN TO THE OWNERS, HOLDERS OR BONDHOLDERS OF THE BONDS (OTHER THAN UNDER "SECTION 4 — TAX MATTERS", "SECTION 10 — CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12" AND EXHIBIT D HEREIN) SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS.

For every transfer and exchange of beneficial ownership of the Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its services as depository with respect to a Series of the Bonds at any time by giving reasonable notice to the State and discharging its responsibilities with respect thereto under applicable law, or the State may terminate its participation in the system of book-entry transfer through DTC at any time by giving notice to DTC. In either event, the State may retain another securities depository for the Bonds or may direct the Fiscal Agent to deliver bond certificates in accordance with instructions from DTC or its successor. If the State directs the Fiscal Agent to deliver such bond certificates, such Bonds may thereafter be exchanged for an equal aggregate principal amount of Bonds of the applicable Series in other authorized denominations and of the same maturity as set forth on the inside cover page hereof, upon surrender thereof at the principal corporate trust office of the Fiscal Agent, who will then be responsible for maintaining the registration books of the State.

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest and other payments with respect to the Bonds to Direct Participants, Indirect Participants and Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Bonds and other related transactions by and between DTC, the Direct Participants, the Indirect Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the Direct Participants, the Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the Participants, as the case may be.

THE STATE AND FISCAL AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC OR DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC OR DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE STATE AND FISCAL AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC OR THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND NEITHER THE STATE NOR THE INITIAL PURCHASERS MAKE ANY REPRESENTATIONS TO THE COMPLETENESS OR THE ACCURACY

OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

SECTION 2 – PLAN OF FINANCING

Estimated Sources and Uses of Funds

The following table sets forth the sources and uses of funds with respect to the Bonds:

Sources	**Series 2021A**	**Series 2021B**
Principal Amount	$102,370,000.00	$531,385,000.00
Original Issue Premium/Discount	22,946,125.05†	527,984.00†
Payment from the State for Costs of Issuance	104,562.70	78,966.42
Total Sources	$125,420,687.75	$531,991,950.42
Uses		
Deposit to Escrow Fund/Funds	–	$452,777,596.04
Deposit to Bond Proceeds Funds	$125,103,469.09	77,538,532.02
Initial Purchaser's Discount	212,655.96	1,295,478.49
Costs of Issuance	104,562.70	380,343.87
Total Uses	$125,420,687.75	$531,991,950.42

† All of Series 2021A Tax-Exempt Bonds are being sold at a premium; the Series 2021B Taxable Bonds maturing in the years 2022 through and including 2031 are being sold either at par or at a premium; and the Series 2021B Taxable Bonds maturing in the years 2032 through and including 2042 are being sold either at par or at a discount.

Application of Series 2021A Tax-Exempt Bonds and Series 2021B Taxable Bonds Proceeds

The net proceeds of the Series 2021A Tax-Exempt Bonds will be used to finance capital expenditures made during prior or current State fiscal years for Smart Schools, Clean Water/Clean Air and Environmental Quality 1986 Bonds purposes.

A portion of the net proceeds of the Series 2021B Taxable Bonds will be used to finance capital expenditures made during prior or current State fiscal years for Smart Schools, Rebuild and Renew New York Transportation, Environmental Quality 1986 and Clean Water/Clean Air Bonds purposes.

Refunding Plan

A portion of the Series 2021B Taxable Bonds (the "Refunding Proceeds") are being issued to provide funds to refund the Refunded Bonds. The Series, principal amounts and the maturity dates of the Refunded Bonds are as shown in Exhibit C - DESCRIPTION OF THE REFUNDED BONDS.

The Refunding Proceeds will be deposited with The Bank of New York Mellon (the "Escrow Agent") pursuant to an escrow deposit agreement (the "Escrow Agreement") to be entered into, at or prior to the issuance of the Bonds, between the State and the Escrow Agent. Such proceeds, together with any other amounts deposited with the Escrow Agent under the Escrow Agreement, will be used to acquire non-callable direct obligations of the United States government (the "Government Obligations"), the principal of and interest on which when due will be sufficient, together with any other moneys deposited with the Escrow Agent under the Escrow Agreement, to redeem the Refunded Bonds at the applicable redemption price on the applicable date of redemption, together with interest to become due on such Refunded Bonds on or prior to the applicable redemption date. The Government Obligations acquired by the Escrow Agent with the Refunding Proceeds pursuant to the Escrow Agreement, together with a small cash deposit of Refunding Proceeds, will be deposited in an irrevocable escrow fund (the "Escrow Fund") established under the Escrow Agreement and pledged to secure the payment of the Refunded Bonds until redemption or maturity. Upon the deposit of the Refunding Proceeds with the Escrow Agent as described above, the Refunded Bonds shall be deemed to be paid and shall no longer be deemed outstanding, and the holders thereof shall be paid solely out of the Government Obligations and moneys held by the Escrow Agent pursuant to the Escrow Agreement. Accordingly, the redemption price of the Refunded Bonds, together with interest to become due thereon, will be payable solely from the Escrow Fund.

The Comptroller has determined that the refunding transaction will achieve actual debt service savings in each fiscal year during the term to maturity of the portion of the Series 2021B Taxable Bonds issued for refunding purposes and will provide savings on a present value basis over the life of such Series 2021B Taxable Bonds, based on the difference between the debt service payable on such Series 2021B Taxable Bonds issued for refunding purposes and the debt service payable on the Refunded Bonds.

SECTION 3 – LEGAL INVESTMENT

Under existing State law, the Bonds are legal investments for the State (except for State money set aside to repay any State TRANs) and for municipalities, school districts, fire districts, State chartered banks and trust companies, savings banks, savings and loan associations, credit unions and insurance companies organized under the laws of the State subject to applicable statutory requirements. There are no State statutory restrictions on the purchase of the Bonds by investment companies.

The Bonds may be accepted by the Comptroller and by State agencies and localities in situations where a supplier or contractor is required to deposit securities to secure performance of a contract. The Bonds may also be accepted by the Comptroller and the State Superintendent of Financial Services where State law requires the deposit of securities.

With a few exceptions and subject to any contrary provisions in any agreement with noteholders or bondholders or other contracts, the Bonds are legal investments for public authorities in the State. The Bonds may be accepted by public authorities where the deposit of obligations is required to secure performance of contractors.

SECTION 4 – TAX MATTERS

The following is a summary of certain of the United States Federal income tax and State of New York personal income tax consequences of the ownership of the Bonds as of the date hereof. Each prospective investor should consult with its own tax advisor regarding the application of United States Federal income tax laws, as well as any state, local, foreign or other tax laws, to its particular situation.

Tax-Exempt Bonds

The Code sets forth certain requirements that must be met after the Series 2021A Tax-Exempt Bonds have been validly issued and delivered in order that interest on the Series 2021A Tax-Exempt Bonds will be and will remain excludable from gross income pursuant to Section 103 of the Code. Such requirements may include the rebating of certain amounts earned from the investment of the proceeds of the Series 2021A Tax-Exempt Bonds. Rebates of any such amounts are subject to future appropriation by the State Legislature. The Tax Certificate to be prepared and executed by the Comptroller and dated as of the date of delivery of the Series 2021A Tax-Exempt Bonds (the "Certificate"), which will be delivered concurrently with the delivery of the Series 2021A Tax-Exempt Bonds, will contain provisions and procedures regarding compliance with the requirements of the Code. The Comptroller, in executing the Certificate, will certify that he expects to be able to and will comply with the provisions and procedures set forth therein. The Comptroller will also certify in the Certificate that, to the extent authorized by law, he will do and perform all acts and things necessary or desirable to assure that interest paid on the Tax-Exempt Bonds is excludable from gross income under Section 103 of the Code. By the time the Series 2021A Tax-Exempt Bonds have been delivered, the Comptroller will also have received certificates from other governmental officers and entities relating to the use of the proceeds of the Series 2021A Tax-Exempt Bonds.

Assuming compliance with the provisions and procedures set forth in the Certificate and subsequent rebating and other requirements, the Attorney General is of the opinion that, under the Code and other existing statutes, regulations, administrative rulings, and court decisions, interest on the Series 2021A Tax-Exempt Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes pursuant to Section 103 of the Code and that such interest will not be treated as a specific preference item in calculating the alternative minimum tax that may be imposed under the Code. Assuming compliance with the provisions and procedures set forth in the Certificate and subsequent rebating and other requirements, it is further the opinion of the Attorney General that such interest is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York and the City of Yonkers.

The Attorney General expresses no opinion regarding any other federal, state or local tax consequences with respect to the Series 2021A Tax-Exempt Bonds. The Attorney General renders his opinion under existing law as of the date of issue, and assumes no obligation to update his opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. The Attorney General expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2021A Tax-Exempt Bonds, or under state and local law.

Bond Premium

In general, if an owner acquires a Series 2021A Tax-Exempt Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2021A Tax-Exempt Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Series 2021A Tax-Exempt Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Premium Bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Collateral Tax Consequences

Ownership of tax-exempt obligations may result in tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty and life insurance companies, corporations subject to the environmental tax, certain foreign corporations doing business in the United States, certain S Corporations, individuals who otherwise qualify for the earned income credit or who are recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2021A Tax-Exempt Bonds should consult their tax advisors as to applicability of any such consequences.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2021A Tax-Exempt Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2021A Tax-Exempt Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2021A Tax-Exempt Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

Legislation

Current and future legislative proposals, if enacted into law, clarification of the Code or state or local tax law or court decisions may cause interest on the Series 2021A Tax-Exempt Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2021A Tax-Exempt Bonds. Prospective purchasers of the Series 2021A Tax-Exempt Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which the Attorney General is expected to express no opinion.

Taxable Bonds

The Attorney General expresses no opinion regarding any federal, state or local tax consequences with respect to the Series 2021B Taxable Bonds.

Tax Status of the Taxable Bonds

The following discussion is a summary of the principal United States Federal income tax consequences of the acquisition, ownership and disposition of the Series 2021B Taxable Bonds by purchasers who are U.S. Holders. As used herein, the term "U.S. Holder" means a beneficial owner of a Series 2021B Taxable Bond that is for United States Federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

The Series 2021B Taxable Bonds will be treated, for Federal and State and local income tax purposes, as a debt instrument. Accordingly, interest will be included in the income of the holder as it is paid (or, if the holder is an accrual method taxpayer, as it is accrued) as interest. Interest on the Series 2021B Taxable Bonds will be subject to Federal income taxes and personal income taxes imposed by the State and any political subdivision thereof, including The City of New York and the City of Yonkers.

Although the Series 2021B Taxable Bonds are expected to trade "flat," that is, without a specific allocation to accrued interest, for Federal income tax purposes, a portion of the amount realized on a sale attributed to the Series 2021B Taxable Bonds will be treated as accrued interest and thus will be taxed as ordinary income to the seller (and will not be subject to tax in the hands of the buyer).

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Series 2021B Taxable Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the Series 2021B Taxable Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Series 2021B Taxable Bonds is expected to be the initial public offering price set forth on the inside cover page of this Official Statement.

A holder of a Series 2021B Taxable Bond will be required to include OID in gross income as it accrues under a constant yield method, based on the original yield to maturity of the Series 2021B Taxable Bonds. Thus, the holders of such Series 2021B Taxable Bonds will be required to include OID in income as it accrues, prior to the receipt of cash attributable to such income. U.S. holders, however, would be entitled to claim a loss upon maturity or other disposition of such Series 2021B Taxable Bonds with respect to interest amounts accrued and included in gross income for which cash is not received. Such a loss generally would be a capital loss.

The amount of OID that such holder of a Series 2021B Taxable Bond must include in gross income with respect to a Series 2021B Taxable Bond acquired at a premium as described below will be reduced in proportion that such premium bears to the OID remaining to be accrued as of the acquisition of the Series 2021B Taxable Bond.

Bond Premium

Holders of the Series 2021B Taxable Bonds that allocate a basis in the Series 2021B Taxable Bonds that is greater than the principal amount of the Series 2021B Taxable Bonds or its adjusted issue price if issued with OID (generally its accreted value) should consult their own tax advisors with respect to whether they should elect to amortize such premium under Section 171 of the Code.

Market Discount

If a holder purchases the Series 2021B Taxable Bonds subsequent to its initial issuance for an amount that is less than the principal amount of the Series 2021B Taxable Bonds or its adjusted issue price if issued with OID (generally its accreted value), and such difference is not considered to be de minimis, then such discount will represent market discount that ultimately will constitute ordinary income (and not capital gain). Further, absent an election to accrue market discount currently, upon a sale or exchange of a Series 2021B Taxable Bond, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to carry a market discount Series 2021B Taxable Bond that does not exceed the accrued market discount for any taxable year, will be deferred.

Backup Withholding

Purchasers of the Series 2021B Taxable Bonds who are U.S. holders and who are neither a corporation or other exempt recipient of payments of principal, interest or accrued OID or sale proceeds upon disposition prior to maturity of the Series 2021B Taxable Bonds, nor a holder who provides a correct taxpayer identification number may be subject to backup withholding requirements under Section 3406 of the Code.

Defeasance of Taxable Bonds

Defeasance of any Series 2021B Taxable Bond may result in a deemed reissuance thereof for Federal income tax purposes, meaning that such Series 2021B Taxable Bond will be treated as having been sold or exchanged as of the date of such defeasance for a new obligation which is represented by such defeased Series 2021B Taxable Bond. In such event a holder of a defeased Series 2021B Taxable Bond will recognize taxable gain or loss equal to the difference between the amount realized from such deemed sale or exchange (less any accrued qualified stated interest which will be taxable as such) and the holder's adjusted tax basis in such Series 2021B Taxable Bond.

Foreign Investors

This summary of tax considerations generally does not address the tax consequences to an investor who is not a U.S. Holder. Distributions on the Series 2021B Taxable Bonds to a non-U.S. Holder that has no connection with the United States other than holding its Series 2021B Taxable Bonds generally will be made free of withholding tax, as long as that holder has complied with certain tax identification and certification requirements. Prospective purchasers of the Series 2021B Taxable Bonds who are not U.S. Holders should consult their tax advisors regarding the federal, state and local, and foreign tax consequences of purchasing and holding the Series 2021B Taxable Bonds.

SECTION 5 – RATINGS

Moody's Investors Service, Inc. has assigned the Bonds a rating of "Aa2", S&P Global Ratings has assigned the Bonds a rating of "AA+" and Fitch Ratings has assigned the Bonds a rating of "AA+".

Ratings reflect only the respective views of such organizations, and an explanation of the significance of such ratings must be obtained from the rating agency furnishing the same. There is no assurance that a particular rating will continue for any given period of time or that any such rating will not be revised downward or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any such downward revision or withdrawal of any such ratings may have an adverse effect on the market price of the Bonds. A securities rating is not a recommendation to buy, sell or hold securities.

SECTION 6 – SALE BY COMPETITIVE BIDDING

Each Series of the Bonds was awarded pursuant to electronic competitive bidding held via IHS Markit's BiDCOMP™/Parity® Competitive Bidding System on behalf of the State Comptroller on March 16, 2021.

The Bonds were offered for sale in three separate bidding groups (each a "Bidding Group"). The Series 2021A Tax-Exempt Bonds were sold to BofA Securities, Inc. Such Bonds will be purchased at an aggregate price of $125,103,469.09, which reflects an original issue premium of $22,946,125.05 and an underwriter's discount of $212,655.96. The Series 2021B Taxable Bonds maturing in the years 2022 through and including 2031 were sold to BofA Securities, Inc. Such Bonds will be purchased at an aggregate price of $356,537,292.80, which reflects an original issue premium of $772,165.20 and an underwriter's discount of $664,872.40. The Series 2021B Taxable Bonds maturing in the years 2032 through and including 2042 were sold to Morgan Stanley & Co. LLC. Such Bonds will be purchased at an aggregate price of $174,080,212.71, which reflects an original issue discount of $244,181.20 and an underwriter's discount of $630,606.09.

The obligation of the State to sell and deliver the Series 2021B Taxable Bonds comprising one Bidding Group shall be contingent upon the sale and delivery of the Series 2021B Taxable Bonds comprising the other Bidding Group.

The respective initial purchasers of the Bonds (each an "Initial Purchaser") have supplied the information as to the initial public offering prices of the Bonds as set forth on the inside cover of this Official Statement with respect to the Bonds purchased by each such Initial Purchaser. The Bonds may be offered and sold to certain dealers at prices lower than the public offering prices set forth on the inside cover page, and such public offering prices may be changed from time to time by the Initial Purchasers.

SECTION 7 – VERIFICATION OF MATHEMATICAL COMPUTATIONS

Samuel Klein and Company, Certified Public Accountants, will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of the computations contained in the provided schedules to determine that the anticipated receipts from the securities and cash deposits, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium payment requirements, if any, of the Refunded Bonds. Samuel Klein and Company, Certified Public Accountants, will express no opinion on the assumptions provided to them.

SECTION 8 – OPINION OF ATTORNEY GENERAL

The Attorney General will deliver a legal opinion to the Comptroller on the date of delivery of the Bonds, in substantially the form attached as Exhibit B to Part I of this Official Statement, as to the validity and binding effect of the Bonds, and the extent to which interest on the Series 2021A Tax-Exempt Bonds is exempt from Federal and State income taxes.

SECTION 9 – LITIGATION

No litigation is pending or, to the knowledge of the Attorney General, threatened against or affecting the State seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds.

Litigation is pending in which the State is a party. For a description of certain litigation affecting the State, see the section entitled "Litigation" in Part II of this Official Statement.

SECTION 10 – CLOSING CERTIFICATE

Concurrently with the delivery of the Bonds, the State will furnish: (i) a certificate signed by the Comptroller of the State of New York and dated as of the date of the delivery of and payment for the Bonds certifying with respect to Parts I and III of the Official Statement, but not with respect to Part II of the Official Statement, that as of the date of the Official Statement furnished by the State in relation to the sale of the Bonds, Parts I and III of the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, subject to the condition that, while information in Parts I and III of the Official Statement obtained from sources other than the State is not certified as to accuracy, completeness or fairness, he has no reason to believe and does not believe that such information is materially inaccurate or misleading; and (ii) a certificate signed by the Director of the Budget of the State of New York and dated as of the date of the delivery of and payment for the Bonds certifying with respect to Part II of the Official Statement, but not with respect to Parts I and III of the Official Statement, that as of the date of the Official Statement furnished by the State in relation to the sale of the Bonds and as of the date of delivery of the Bonds, Part II of the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, subject to the condition that, while information in Part II of the Official Statement obtained from sources other than the State is not certified as to accuracy, completeness or fairness, he has no reason to believe and does not believe that such information is materially inaccurate or misleading, and subject to the further condition that with regard to the statements and information in Part II under the caption "Litigation" such statements and information as to legal matters are given to the best of his information and belief, having made such inquiries as he deems appropriate with the Department of Law of the State of New York, without further independent investigation.

SECTION 11 – CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12

In order to assist the initial purchasers of the Bonds to comply with the provisions of paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12"), the State will undertake in a written agreement for the benefit of the Holders of the Bonds (the "Disclosure Agreement") to provide continuing disclosure of certain financial and operating data concerning the State (collectively, the "Annual Information"), notices of certain events described in the Disclosure Agreement (the "Notices") in accordance with the requirements of Rule 15c2-12 and the annual financial statements. The Division of the Budget will electronically file with the MSRB, through its EMMA system, the Annual Information on or before 120 days after the end of each State fiscal year, commencing with the fiscal year ending March 31, 2021. The Comptroller is required by existing law to issue audited annual financial statements of the State prepared in accordance with GAAP within 120 days after the close of the State fiscal year, and the Comptroller will undertake to electronically file with the MSRB, through its EMMA system, the State's annual financial statements prepared in accordance with GAAP and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, provided, however, that if audited financial statements are not then available, unaudited financial statements shall be so filed no later than 120 days after the end of the State's fiscal year and such audited financial statements shall be electronically filed with the MSRB, through its EMMA system, if and when such statements are available. In addition, the Comptroller will also undertake to electronically file with the MSRB, through its EMMA system, any Notice in a timely manner not in excess of ten business days after the occurrence of any of the fourteen events described in the Disclosure Agreement. The proposed form of the Disclosure Agreement is attached hereto as PART I - EXHIBIT D. Copies of the Disclosure Agreement when executed by the parties thereto on the date of the initial delivery of the Bonds will be on file at the Office of the State Comptroller.

The State has not in the previous five years failed to comply, in any material respect, with any such agreements pursuant to Rule 15c2-12.

SECTION 12 – MISCELLANEOUS

In connection with offers and sales of the Bonds, no action has been taken by the State that would permit a public offering of the Bonds, or possession or distribution of any information relating to the pricing of the Bonds, this Official Statement or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, by submitting a bid, each initial purchaser agrees to comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Bonds or possesses or distributes this Official Statement or any other offering or publicity material relating to the Bonds and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Bonds under the laws and regulations in force in any country or jurisdiction to which it is subject or in which it makes such purchases, offers or sales and the State shall have no responsibility therefor.

STATE OF NEW YORK
Thomas P. DiNapoli
State Comptroller

By: /s/ Thomas P. DiNapoli

(THIS PAGE INTENTIONALLY LEFT BLANK)

BOND AUTHORIZATIONS

The following is a listing of the purposes for which the voters of the State, at general elections in November, have authorized the issuance of general obligation bonds, as required by Article VII, Section 11 of the State Constitution for which authorization to issue additional debt remains. The listing includes the respective dates of authorization. The Table of Issuance and Bonds Outstanding that follows presents the total amount of general obligation debt authorized, authorized but unissued prior to and after the issuance of the Series 2021A Tax-Exempt Bonds and the Series 2021B Taxable Bonds and outstanding prior to the issuance of the Bonds and prior to the redemption of the Refunded Bonds. The total amount of general obligation debt authorized, authorized but unissued, and outstanding as of March 31, 2020 by purpose is set forth in the table of State General Obligation Debt in Part II of this Official Statement in the section entitled "Exhibit B – State Related Bond Authorizations."

Accelerated Capacity and Transportation Improvements of the Nineties Bonds

The Accelerated Capacity and Transportation Improvements of the Nineties Bond Act (Chapter 261, Section 50, of the Laws of 1988) authorized the creation of a State debt in an aggregate amount not exceeding $3.0 billion to provide moneys to be used for preserving, enhancing, restoring and improving the quality of the State's highway and bridge infrastructure system by the construction, reconstruction, capacity improvement, replacement, reconditioning and preservation of State highways and parkways, and bridges thereon, and municipal bridges not on the State highway system.

Clean Water/Clean Air Bonds

The Clean Water/Clean Air Bond Act of 1996 (Chapter 412 of the Laws of 1996) authorized the creation of a State debt in an aggregate amount not exceeding $1.750 billion for the single purpose of preserving, enhancing, restoring and improving the quality of the State's environment by the accomplishment of projects and the funding of activities by State agencies, public authorities and public benefit corporations, municipalities and other governmental entities and not-for-profit corporations for and related to protecting, improving, and enhancing the quality of drinking water and the enhancement of water bodies; by providing funds to open space, and for parks, historic preservation, and heritage area improvements; by providing funds for solid waste projects; by providing funds for the restoration of contaminated properties, and by providing funds for air quality projects. Such programs and their respective maximum debt authorizations are as follows: (1) for the creation of a State safe drinking water program ($355 million), (2) for preserving, enhancing, restoring and improving the quality of water ($790 million), (3) for solid waste projects ($175 million), (4) for restoring and improving contaminated areas and returning them to productive use ($200 million), and (5) for preserving, enhancing, restoring and maintaining the quality of the air ($230 million).

Environmental Quality 1972 Bonds

The Environmental Quality Bond Act (Chapter 658 of the Laws of 1972) authorized the creation of a State debt in an aggregate amount not exceeding $1.150 billion for the purpose of preserving, enhancing, restoring and improving the quality of the State's environment for three basic programs, each of which contains its own maximum debt authorization. Such programs and their respective limitations on the use of proceeds are as follows: (1) for the preservation, enhancement, restoration and improvement of the quality of water ($650 million); (2) for the preservation, enhancement, restoration and improvement of the quality of air ($150 million); and (3) for the preservation, enhancement, restoration and improvement of the quality of land ($350 million).

Environmental Quality 1986 Bonds

The Environmental Quality Bond Act of 1986 (Chapter 511 of the Laws of 1986) authorized the creation of a State debt in an aggregate amount not exceeding $1.450 billion to provide moneys to be used for preservation, enhancement, restoration and improvement of the quality of the State's environment by the remediation of sites containing hazardous wastes; by the closure of municipal landfills; by the acquisition of land or interests in land within the Adirondack and Catskill parks; by the acquisition of environmentally sensitive areas, including areas of aquifer recharge, exceptional scenic beauty, exceptional forest character, open space, pine barrens, public access, trailways, unique character, wetlands and wildlife habitat; and by the improvement, restoration and rehabilitation of State and municipal historic sites, the acquisition, development and improvement of municipal park and recreation facilities and the development of urban cultural parks; and by the acquisition, improvement, restoration and rehabilitation of historic properties owned or to be acquired by not-for-profit corporations. The programs authorized and their respective debt authorizations are as follows: (1) for hazardous waste site remediation and municipal non-hazardous waste landfill closure ($1.2 billion), of which up to $100 million shall be available to municipalities to assist in the closure of municipal landfills; and (2) for acquisition of forest preserve and environmentally sensitive lands, and for the acquisition, development, improvement and restoration of real property for conservation, recreation, and historic preservation purposes ($250 million).

Housing Bonds and Urban Renewal Bonds

Article XVIII, Section 3 of the State Constitution, which took effect January 1, 1939, authorized the creation of a State debt in an aggregate amount not exceeding $300 million for the purpose of making loans to any city, town, village, public corporation or limited profit housing corporation for the construction of low rent housing for persons of low income as defined by law and for the clearance, replanning, reconstruction and rehabilitation of substandard and unsanitary areas, and for recreational and other facilities incidental or appurtenant thereto. Subsequently, in each of the years 1947, 1949, 1954 and 1958, the voters approved the creation of additional housing debt in the amounts of $135 million, $300 million, $200 million and $200 million, respectively. The $300 million of original authorization was not segregated by type of housing project. Subsequent authorizations, however, were designated for low income housing, middle income housing or urban renewal.

Outdoor Recreation Development Bonds

The Outdoor Recreation Development Bond Act (Chapter 558 of the Laws of 1965) authorized the creation of a State debt in an aggregate amount not exceeding $200 million to provide moneys to be used, in such manner and upon such terms and conditions as the Legislature may prescribe, for development and acquisition of lands for outdoor recreation purposes, including parks, forest recreation areas, marine facilities and historic sites.

Park and Recreation Land Acquisition Bonds

The Park and Recreation Land Acquisition Bond Act (Chapter 522 of the Laws of 1960) and the Park and Recreation Land Acquisition Bond Act of 1962 (Chapter 443 of the Laws of 1962) authorized the creation of a State debt in an aggregate amount not exceeding $100 million to provide moneys to be used for the purpose of temporarily financing the acquisition of predominately open or natural lands, for conservation and outdoor recreation development particularly in and near rapidly growing urban and suburban areas to meet future needs of an expanding population, for the acquisition of additional State park lands, and for State grants to cities, counties, towns and villages and to cities, counties, towns and villages on behalf of improvements districts in acquiring similar lands for municipal parks for matching Federal funds which may from time to time be made available by Congress for such purposes.

Pure Waters Bonds

The Pure Waters Bond Act (Chapter 176 of the Laws of 1965) authorized the creation of a State debt in an aggregate amount not exceeding $1.0 billion to provide moneys to be used for the non-local share of the costs of construction, reconstruction and improvement by a political subdivision or a public benefit corporation of the State of facilities for the purpose of treating, neutralizing, or stabilizing sewage, including treatment or disposal plants and for other necessary facilities to ensure pure water for the State. The non-local share to be financed by the State may not exceed 60% of the total cost.

Rebuild New York Through Transportation Infrastructure Renewal Bonds

The Rebuild New York Through Transportation Infrastructure Renewal Bond Act (Chapter 836 of the Laws of 1983) authorized the creation of a State debt in an aggregate amount not exceeding $1.250 billion to provide moneys to be used for the preservation, enhancement, restoration and improvement of the quality of the State's transportation infrastructure system by the construction, reconstruction, improvement, reconditioning and preservation of State highways, bridges and parkways and highways and bridges not on the State highway system, including the improvement and/or elimination of highway-railroad grade crossings on or off State highways and the improvement or construction of commuter rail parking facilities, ports, marine terminals, canals, waterways, rail freight, rail passenger, rail rapid transit, commuter rail, omnibus systems and facilities and airport and aviation capital facilities. Such programs and their respective maximum debt authorizations are as follows: (1) highways, bridges, parkways, grade-crossings and commuter rail parking ($1.005 billion); (2) ports, marine terminals, canals and waterways ($75 million); and (3) rail freight, rail passenger, rapid transit, commuter rail, omnibus and airport and aviation facilities ($170 million). In each of the above categories the Legislature may increase the maximum debt authorization provided that such increase is simultaneously offset by appropriate decreases in one or more categories. Such action has been taken and the maximum amount authorized to be issued for each purpose as of the date of this Official Statement is $1.064 billion, $49.36 million and $136.64 million for the purposes (1), (2), and (3), respectively.

Rebuild and Renew New York Transportation Bonds

The Rebuild and Renew New York Transportation Bond Act of 2005 (Chapter 60 of the Laws of 2005) authorized the creation of a State debt in an aggregate amount not exceeding $2.9 billion to provide monies for the single purpose of improving, enhancing, preserving and restoring the quality of the state's transportation infrastructure. The limitations on the use of proceeds are as follows: (a) $1.45 billion for the planning and design, construction, reconstruction, replacement, improvement, reconditioning, rehabilitation and preservation of State highways, bridges and parkways; highways and bridges off the State highway system if the project is necessary or incidental to the canal system; border crossing enhancements; the improvement and/or elimination of highway-railroad grade crossings; pedestrian and/or bicycle trails, pathways and bridges; the canal system and moveable bridges that cross over the canal system; certain airports or aviation facilities and equipment, ports and marine terminals; omnibus, mass transit and rapid transit facilities and equipment excluding those operated or acquired by or under the jurisdiction of the metropolitan transportation authority and its subsidiaries and the Triborough Bridge and Tunnel Authority; certain urban, commuter and intercity passenger rail, freight rail, and intermodal passenger and freight facilities and equipment and (b) $1.45 billion for the planning and design, construction, reconstruction, replacement, improvement, reconditioning, rehabilitation and preservation in connection with urban and commuter passenger and freight rail, omnibus, mass transit and rapid transit systems, facilities and equipment including acquisition, operated or acquired by or under the jurisdiction of the metropolitan transportation authority and its subsidiaries and the New York City Transit Authority and its subsidiaries.

Smart Schools Bonds

The Smart Schools Bond Act of 2014 (Chapter 56 of the Laws of 2014) authorized the creation of a State debt in an aggregate amount not exceeding $2.0 billion to provide monies for the single purpose of improving learning and opportunity for public and nonpublic school students of the state by funding capital projects to: acquire learning technology equipment or facilities including, but not limited to, interactive whiteboards, computer servers, and desktop, laptop and tablet computers; install high-speed broadband or wireless internet connectivity for schools and communities; construct, enhance, and modernize educational facilities to accommodate pre-kindergarten programs and provide instructional space to replace transportable classroom units; and install high-tech security features in school buildings and on school campuses.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

GENERAL OBLIGATION BONDS
TABLE OF ISSUANCE AND BONDS OUTSTANDING
(in Thousands)

PURPOSE	BONDS AUTHORIZED AS OF 01-31-2021	AUTHORIZED BUT UNISSUED AS OF 01-31-2021[1]	BONDS BEING ISSUED 3/16/2021 (Net Proceeds)[2]	REMAINING AUTHORIZED BUT UNISSUED[1,2]	BONDS OUTSTANDING AS OF 01-31-2021[1, 3]
TRANSPORTATION BONDS:					
Rebuild and Renew New York Transportation Bonds (2005)					
Highway Facilities/Other Transportation (Excl. MTA)	$1,450,000	$49,041	$6,551	$42,490	$749,493
Mass Transit-Metropolitan Transportation Authority	1,450,000	385,848	-	385,848	698,564
Accelerated Capacity and Transportation Improvements of the Nineties (1988)	3,000,000	20,231	-	20,231	10,692
Rebuild New York Through Transportation Infrastructure Renewal (1983)					
Highway Related Projects	1,064,000	20,499	-	20,499	537
Ports, Canals and Waterways	49,360	-	-	-	-
Rapid Transit, Rail and Aviation Projects	136,640	-	-	-	1,563
Energy Conservation Through Improved Transportation (1979)					
Local Streets and Highways	100,000	-	-	-	-
Rapid Transit and Rail Freight	400,000	-	-	-	1,022
Transportation Capital Facilities (1967)					
Highways	1,250,000	-	-	-	-
Mass Transportation	1,000,000	-	-	-	-
Aviation	250,000	-	-	-	1,649
Total Transportation Bonds	**10,150,000**	**475,619**	**6,551**	**469,068**	**1,463,520**
ENVIRONMENTAL BONDS:					
Clean Water/Clean Air (1996)					
Air Quality	230,000	27,937	-	27,937	1,762
Safe Drinking Water	355,000	-	-	-	-
Clean Water	790,000	56,870	2,803	54,067	288,194
Solid Waste	175,000	-	-	-	14,628
Environmental Restoration	200,000	21,825	1,191	20,634	38,798
Environmental Quality (1986)					
Land and Forests	250,000	908	-	908	4,820
Solid Waste Management	1,200,000	39,491	6,946	32,545	84,345
Environmental Quality (1972)					
Air	150,000	12,353	-	12,353	3
Land and Wetlands	350,000	2,867	-	2,867	4,882
Water	650,000	2,332	-	2,332	5,656
Outdoor Recreation Development (1966)	200,000	230	-	230	-
Pure Waters (1965)	1,000,000	19,924	-	19,924	13,605
Park and Recreation Land Acquisition (1960 and 1962)	100,000	772	-	772	-
Total Environmental Bonds	**5,650,000**	**185,509**	**10,940**	**174,569**	**456,693**
EDUCATION BONDS:					
Smart Schools Bond Act (2014)	2,000,000	1,782,633	185,151	1,597,482	161,307
	2,000,000	**1,782,633**	**185,151**	**1,597,482**	**161,307**
HOUSING BONDS:					
Low-Income Housing (through 1958)	960,000	7,928	-	7,928	4,780
Middle-Income Housing (through 1958)	150,000	500	-	500	1,795
Urban Renewal (1958)	25,000	1,575	-	1,575	-
Total Housing Bonds	**1,135,000**	**10,003**	**-**	**10,003**	**6,575**
TOTAL GENERAL OBLIGATION DEBT	**$18,935,000**	**$2,453,764**	**$202,642**	**$2,251,122**	**$2,088,095**

1. Reflects unaudited amounts.
2. Reflects issuance of the Bonds.
3. Prior to issuance of the Bonds.

(THIS PAGE INTENTIONALLY LEFT BLANK)

PART I - EXHIBIT B

FORM OF ATTORNEY GENERAL'S OPINION

[Closing Date]

Honorable Thomas P. DiNapoli
State Comptroller
110 State Street
Albany, New York 12236

Dear Sir:

The Comptroller has requested my opinion regarding the validity of General Obligation Bonds of the State of New York, $102,370,000 Series 2021A Tax-Exempt Bonds (the "Series 2021A Tax-Exempt Bonds") and $531,385,000 Series 2021B Taxable Bonds (the "Series 2021B Taxable Bonds") (the Series 2021A Tax-Exempt Bonds and the Series 2021B Taxable Bonds being collectively referred to as the "Bonds") which were sold on March 16, 2021.

The Comptroller advises that the Series 2021A Tax-Exempt Bonds are being issued for the purposes and in the principal amounts as set forth below:

Purpose	**Amount**
Smart Schools Bonds	
Smart Schools	$95,414,126.01
Environmental Quality 1986	
Solid Waste	5,048,727.79
Clean Water/Clean Air	
Clean Water	1,673,710.82
Environmental Restoration	233,435.38
	$102,370,000.00

The Comptroller advises that the Series 2021B Taxable Bonds are being issued (i) to pay certain costs of issuance of the Series 2021B Taxable Bonds and to purchase United States government obligations, the interest and maturing principal of which, will be used to pay the principal and redemption price of, and interest on, a portion of the State's General Obligation Bonds to be currently and advance refunded which are described in Exhibit C of Part I of the Official Statement and (ii) for the purposes and in the principal amounts as set forth below:

Purpose	Amount
Rebuild and Renew New York Transportation Bonds	
Rails & Ports	$ 2,296,920.64
Aviation	701,385.61
DOT – Mass Transit	3,553,142.17
Smart Schools Bonds	
Smart Schools	68,572,792.49
Environmental Quality 1986	
Solid Waste	761,602.31
Clean Water/Clean Air	
Clean Water	757,856.83
Environmental Restoration	906,299.95
	$77,550,000.00

The Comptroller further advises the following with respect to the Bonds. The Bonds will be dated the date of delivery and will mature or be subject to mandatory redemption on the dates in each of the years set forth in the respective tables in the Official Statement with respect to the Bonds (the "Official Statement"). The Bonds will be issued as registered bonds, and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interests in the Bonds purchased. Beneficial ownership interests in each series of the Bonds in the amount of $5,000 or any integral multiple thereof may be purchased by or through DTC Participants. Interest on the Series 2021A Tax-Exempt Bonds and the Series 2021B Taxable Bonds will be payable beginning on September 15, 2021 and semi-annually thereafter on each March 15 and September 15 until maturity.

The Series 2021A Tax-Exempt Bonds will be issued pursuant to the authority contained in Article VII, Sections 11 and 12 of the State Constitution, Sections 56, 57 and 61 of the State Finance Law and appropriation acts enacted by the State Legislature. The Series 2021B Taxable Bonds will be issued pursuant to the authority contained in Article VII, Sections 11, 12 and 13 of the State Constitution, Sections 56, 57 and 61 of the State Finance Law and appropriation acts enacted by the State Legislature.

The transcript of the proceedings and the forms of the Bonds enclosed with the Comptroller's request have been examined by members of my staff. You are advised that after consideration of the provisions of the State Constitution, the pertinent sections of the State Finance Law and the statutes above referred to, it is my opinion, based upon such inquiry as members of my staff have deemed appropriate, that the Bonds are legally issued in accordance with such Constitution and laws and that the Bonds constitute valid and legally binding general obligations of the State of New York to which its full faith and credit are pledged.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements that must be met after the Series 2021A Tax-Exempt Bonds have been validly issued and delivered in order that interest on the Series 2021A Tax-Exempt Bonds will be and will remain excludable from gross income pursuant to Section 103 of the Code. Such requirements may include the rebating of certain amounts earned from the investment of the proceeds of the Series 2021A Tax-Exempt Bonds. Rebates of any such amounts are subject to future appropriations by the State Legislature. You have provided me with an Arbitrage and Use of Proceeds Certificate prepared and executed by you, dated the date hereof with respect to the Series

2021A Tax-Exempt Bonds ("Certificate"), which contains provisions and procedures regarding compliance with the requirements of the Code. In executing the Certificate, you have certified to the effect that you expect to be able to and will comply with the provisions and procedures set forth therein, including any attachments thereto, and that to the extent authorized by law you will do and perform all acts and things necessary or desirable to assure that interest paid on the Series 2021A Tax-Exempt Bonds is excludable from gross income under Section 103 of the Code. You have also provided me with executed certificates of other governmental officers and entities relating to the use of the proceeds of the Series 2021A Tax-Exempt Bonds. No matters have come to my personal attention which would lead me to believe that the Certificate is incorrect or unreasonable.

Based on the contents of the Certificate and assuming compliance therewith and with subsequent rebating and other requirements, it is my opinion, based upon such inquiry as members of my staff have deemed appropriate, that, under the Code and other existing statutes, regulations, administrative rulings, and court decisions, interest on the Series 2021A Tax-Exempt Bonds is excludable from the gross income of the recipients thereof for Federal income tax purposes pursuant to Section 103 of the Code and is not a specific preference item for purposes of the Federal alternative minimum tax. Based on the contents of such Certificate, and assuming compliance therewith and with subsequent rebating and other requirements, it is my further opinion that interest on the Series 2021A Tax-Exempt Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York and the City of Yonkers.

Except as stated in the two preceding paragraphs, I express no opinion as to any Federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof. This opinion is based on existing law as of the date hereof and I assume no obligation to update this opinion after the date hereof to reflect any future action, fact or circumstance, or change in law. Furthermore, I express no opinion as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than myself on the exclusion from gross income for Federal income tax purposes of interest on the Series 2021A Tax-Exempt Bonds, or under state and local law.

Ownership of the Series 2021A Tax-Exempt Bonds may have other collateral tax consequences, not discussed herein, concerning which no opinion is expressed.

I further advise you that this letter contains my only opinion as to the validity and binding effect of the Bonds.

Very truly yours,

LETITIA JAMES
Attorney General

(THIS PAGE INTENTIONALLY LEFT BLANK)

PART I - EXHIBIT C

DESCRIPTION OF THE REFUNDED BONDS

Series	Dated Date	Maturity Date	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP[†]
1972AP1	04/01/1972	04/01/2022	$ 800,000	3.000%	10/01/2021	100%	649786DR8
1973OT1	10/01/1973	10/01/2021	$ 1,060,000	3.000%			649786EU0
1973OT1	10/01/1973	10/01/2022	$ 1,060,000	3.000%	10/01/2021	100%	649786EV8
1973OT1	10/01/1973	10/01/2023	$ 1,060,000	3.000%	10/01/2021	100%	649786EW6
2009C	12/03/2009	02/01/2022	$ 4,725,000	3.500%	04/23/2021	100%	649791AP5
2009C	12/03/2009	02/01/2023	$ 4,890,000	3.500%	04/23/2021	100%	649791AQ3
2009C	12/03/2009	02/01/2024	$ 5,065,000	3.625%	04/23/2021	100%	649791AR1
2009C	12/03/2009	02/01/2025	$ 5,245,000	4.000%	04/23/2021	100%	649791AS9
2009C	12/03/2009	02/01/2026	$ 5,455,000	4.000%	04/23/2021	100%	649791AT7
2009C	12/03/2009	02/01/2027	$ 5,675,000	4.000%	04/23/2021	100%	649791AU4
2009C	12/03/2009	02/01/2028	$ 5,900,000	4.000%	04/23/2021	100%	649791AV2
2009C	12/03/2009	02/01/2029	$ 6,140,000	4.000%	04/23/2021	100%	649791AW0
2009C	12/03/2009	02/01/2030	$ 6,385,000	5.000%	04/23/2021	100%	649791AX8
2011E	12/15/2011	12/15/2022	$ 9,490,000	5.000%	12/15/2021	100%	649791FW5
2011E	12/15/2011	12/15/2023	$ 9,970,000	5.000%	12/15/2021	100%	649791FX3
2011E	12/15/2011	12/15/2024	$ 10,465,000	3.000%	12/15/2021	100%	649791FY1
2011E	12/15/2011	12/15/2025	$ 10,780,000	3.125%	12/15/2021	100%	649791FZ8
2011E	12/15/2011	12/15/2026	$ 11,120,000	3.250%	12/15/2021	100%	649791GA2
2011E	12/15/2011	12/15/2027	$ 11,480,000	4.000%	12/15/2021	100%	649791GB0
2011E	12/15/2011	12/15/2028	$ 11,940,000	4.000%	12/15/2021	100%	649791GC8
2011E	12/15/2011	12/15/2029	$ 12,415,000	3.500%	12/15/2021	100%	649791GD6
2011E	12/15/2011	12/15/2030	$ 12,850,000	5.000%	12/15/2021	100%	649791GE4
2011E	12/15/2011	12/15/2031	$ 13,495,000	3.750%	12/15/2021	100%	649791GF1
2011E	12/15/2011	12/15/2032	$ 6,960,000	4.000%	12/15/2021	100%	649791GG9
2011E	12/15/2011	12/15/2033	$ 7,240,000	4.000%	12/15/2021	100%	649791GH7
2011E	12/15/2011	12/15/2034	$ 7,530,000	4.000%	12/15/2021	100%	649791GJ3
2011E	12/15/2011	12/15/2037	$ 24,445,000	4.000%	12/15/2021	100%	649791GK0
2011E	12/15/2011	12/15/2041	$ 37,550,000	4.250%	12/15/2021	100%	649791GL8
2013A	03/19/2013	03/01/2024	$ 11,965,000	5.000%	03/01/2023	100%	649791HH6
2013A	03/19/2013	03/01/2025	$ 12,565,000	5.000%	03/01/2023	100%	649791HJ2
2013A	03/19/2013	03/01/2026	$ 13,195,000	5.000%	03/01/2023	100%	649791HK9
2013A	03/19/2013	03/01/2027	$ 13,855,000	5.000%	03/01/2023	100%	649791HL7
2013A	03/19/2013	03/01/2028	$ 14,550,000	5.000%	03/01/2023	100%	649791HM5
2013A	03/19/2013	03/01/2029	$ 14,865,000	4.000%	03/01/2023	100%	649791HN3
2013A	03/19/2013	03/01/2030	$ 15,460,000	4.000%	03/01/2023	100%	649791HP8
2013A	03/19/2013	03/01/2031	$ 16,080,000	3.000%	03/01/2023	100%	649791HQ6
2013A	03/19/2013	03/01/2032	$ 16,560,000	3.000%	03/01/2023	100%	649791HR4
2013A	03/19/2013	03/01/2033	$ 17,060,000	3.000%	03/01/2023	100%	649791HS2
2013A	03/19/2013	03/01/2038	$ 32,845,000	4.000%	03/01/2023	100%	649791HT0

[†] CUSIP is a registered Trademark of the American Bankers Association ("ABA"). The CUSIP numbers listed above have been assigned by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a part of S&P Global Inc., and are being provided solely for the convenience of holders of the Refunded Bonds. The State makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity has been and is subject to being changed after the original issuance of the Refunded Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity.

(THIS PAGE INTENTIONALLY LEFT BLANK)

STATE OF NEW YORK
GENERAL OBLIGATION BONDS
SERIES 2021A TAX-EXEMPT BONDS
SERIES 2021B TAXABLE BONDS

Dated March 23, 2021

AGREEMENT TO PROVIDE CONTINUING DISCLOSURE
UNDER SEC RULE 15c2-12

THIS AGREEMENT is made by the State acting by and through the Comptroller and the Director (all as defined below in Section 1).

In order to permit the initial purchasers of the Bonds to comply with the provisions of Rule 15c2-12(b)(5) in connection with the public offering of the Bonds, the State, in consideration of the mutual covenants herein contained and other good and lawful consideration, hereby agrees, for the sole and exclusive benefit of the Holders, as follows:

Section 1. **Definitions**

Capitalized terms used but not defined herein as follows shall have the meaning ascribed to them in any other document executed in connection with the issuance of the Bonds.

"Annual Information" shall mean the information specified in Section 3 hereof.

"Bonds" shall mean, collectively, $102,370,000 General Obligation Bonds, Series 2021A Tax-Exempt Bonds and $531,385,000 General Obligation Bonds, Series 2021B Taxable Bonds, dated March 23, 2021.

"Comptroller" shall mean the Comptroller of the State of New York.

"Director" shall mean the Director of the Budget of the State of New York.

"DTC" shall mean The Depository Trust Company.

"EMMA" shall mean the Electronic Municipal Market Access system described in Securities Exchange Act Release No. 34-59062 (or any successor electronic information system) and maintained by the MSRB as the sole repository for the central filing of electronic disclosure pursuant to Rule 15c2-12.

"GAAP" shall mean generally accepted accounting principles as in effect from time to time in the United States.

"GAAS" shall mean generally accepted auditing standards as in effect from time to time in the United States.

"Holder" shall mean any registered owner of Bonds and, if the Bonds are registered in the name of Cede & Co. through DTC, any beneficial owner of Bonds, unless the staff of the Securities and Exchange

Commission determines that the Rule does not require the Agreement to be for the benefit of such beneficial owners.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Official Statement" shall mean the official statement dated March 16, 2021 issued in connection with the sale of the Bonds.

"Rule 15c2-12" shall mean Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended through the date of this Agreement, including any official interpretations thereof promulgated on or prior to the date of this Agreement.

"State" shall mean the State of New York, an "obligated person" with respect to the Bonds within the meaning of Rule 15c2-12, acting by and through the Director or the Comptroller, as the case may be.

Section 2. **Obligations to Provide Continuing Disclosure**

(a) Annual Information. The State, acting by and through the Director, hereby undertakes, for the benefit of Holders of the Bonds, to electronically file with the MSRB, no later than 120 days after the end of each of its fiscal years, commencing with the fiscal year ending March 31, 2021, the Annual Information relating to such fiscal year.

(b) Audited Financials. The State, acting by and through the Comptroller, hereby undertakes, for the benefit of the Holders of the Bonds, to electronically file with the MSRB, no later than 120 days after the end of each of its fiscal years, commencing with the fiscal year ending March 31, 2021, audited financial statements of the State for such fiscal year; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be so provided no later than 120 days after the end of the State's fiscal year and such audited financial statements shall be electronically filed with the MSRB if and when they become available.

(c) Notice to Comptroller. The Director shall notify the Comptroller of the occurrence of any of the sixteen events listed in Section 2(d)(1) through (16) hereof promptly upon becoming aware of the occurrence of any such event, including, without limitation, any change in the State's credit rating by any rating agency.

(d) Notification to the MSRB. The State, acting by and through the Comptroller, hereby undertakes, for the benefit of the Holders of the Bonds, to electronically file with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of any of the fourteen events listed below, notice of the occurrence of any such event with respect to the Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) a substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(7) modifications to rights of security holders, if material;

(8) bond calls, if material, and tender offers;

(9) defeasance;

(10) release, substitution, or sale of property securing repayment of the securities, if material;

(11) a rating change;

(12) bankruptcy, insolvency, receivership or similar event of any obligated person;

(13) consummation of a merger, consolidation, acquisition involving an obligated person or sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of trustee, if material;

(15) incurrence of a financial obligation, as defined in Rule 15c2-12, of any obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of any obligated person, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of any obligated person, any of which reflect financial difficulties.

The State, acting by and through the Comptroller, also hereby agrees to electronically file with the MSRB, in a timely manner, notice of a failure by the State to comply with Section 2(a) or (b) hereof.

(e) Interpretation and Modification of Disclosure Obligation. The requirements contained in this Agreement under Section 3(a) are intended to set forth a general description of the type of financial information and operating data to be provided; such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of Section 3(a) call for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided.

(f) Other Information. Nothing herein shall be deemed to prevent the State from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the State should disseminate any such additional information, the State shall have no obligation hereunder to update such information or include it in any future materials disseminated hereunder.

(g) MSRB Prescribed Identifying Information. All documents provided to the MSRB pursuant to this Agreement shall be accompanied by identifying information as prescribed from time to time by the MSRB.

Section 3. **Annual Information**

(a) Specified Information. The Annual Information shall consist of the following:

(i) financial and operating data of the type included in the Annual Information Statement of the State, which is included as Part II of the Official Statement for the Bonds, under the headings or sub-headings "Prior Fiscal Years", "Debt and Other Financing Activities", "State Government Employment", "State Retirement Systems" and "Authorities and Localities", including, more specifically, information consisting of:

(1) *for prior fiscal years*, an analysis of cash-basis results for the State's three most recent fiscal years, and a presentation of the State's results in accordance with GAAP for at least the two most recent fiscal years for which that information is then currently available;

(2) *for debt and other financing activities*, a description of the types of financings the State is authorized to undertake, a presentation of the outstanding debt issued by the State and certain public authorities, as well as information concerning debt service requirements on that debt;

(3) *for authorities and localities*, information on certain public authorities and local entities whose financial status may have a material impact on the financial status of the State; and

(4) material information regarding State government employment and retirement systems; together with

(ii) such *narrative explanation* as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial and operating data concerning the State and in judging the financial information about the State.

(b) Cross Reference. All or any portion of the Annual Information may be incorporated in the Annual Information by cross-reference to any other documents which have been electronically filed with the MSRB or filed with the Securities and Exchange Commission; provided however, that if the document is an official statement, it shall have been electronically filed with the MSRB and need not have been filed elsewhere. The audited financial statements of the State may be provided in the same manner.

Section 4. **Financial Statements**

The annual financial statements of the State for each fiscal year shall be prepared in accordance with GAAP as in effect from time to time (unless applicable accounting principles are otherwise disclosed) and audited by an independent auditing firm in accordance with GAAS (but only if audited financial statements are otherwise available for such fiscal year).

Section 5. **Remedies**

If the State should fail to comply with any provision of this Agreement, then, and, as a direct or third-party beneficiary, as the case may be, any Holder of Bonds may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Agreement against the State and any of its officers, agents and employees, and may compel the State or any such officers, agents or employees to perform and carry out their duties under this Agreement; provided, that the sole and exclusive remedy for breach of this Agreement shall be an action to compel specific performance of the obligations of the State hereunder, and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances; and provided, further, that the rights of any Holder to challenge the adequacy of the information provided in accordance with Section 2 hereunder shall be subject to the same limitations and conditions applicable to enforcement of remedies of Holders with respect to any event of default. Failure by the State to perform its obligations hereunder shall not constitute an event of default under any agreement executed and delivered in connection with the issuance of the Bonds or under any statute or common law principle. In consideration of the third party beneficiary status of beneficial owners of Bonds pursuant to Section 6, beneficial owners shall be deemed to be Holders of Bonds for purposes of this Section 5.

Section 6. **Parties in Interest**

This Agreement is executed and delivered solely for the benefit of the Holders of the Bonds. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. **Amendments**

(a) Without the consent of any Holders of Bonds, the State, at any time and from time to time, may enter into amendments or changes to this Agreement for any purpose, if:

(i) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, or nature, or status of the State or any type of business or affairs conducted by it;

(ii) the undertakings set forth herein, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering of the Bonds, after taking into account any amendments to, or interpretation by the staff of the Securities and Exchange Commission of, Rule 15c2-12, as well as any changes in circumstances; and

(iii) the amendment does not materially impair the interests of the Holders, as determined by the Attorney General of the State of New York, as Bond Counsel with respect to issuance of the Bonds or by nationally recognized bond counsel. (In determining whether there is such a material impairment, the State may rely upon an opinion of the Attorney General of the State of New York or nationally recognized bond counsel.)

(b) Annual Information for any fiscal year containing any amended operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such amendment and the impact of the change in the type of operating data or financial information in the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such amendment, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles and those prepared on the basis of the former accounting principles. Such discussion shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible such comparison shall also be quantitative. A notice of any such change in accounting principles shall be electronically filed with the MSRB.

Section 8. **Termination**

This Agreement shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Bonds shall have been paid in full or the Bonds shall have otherwise been paid or legally defeased; provided, however, that if Rule 15c2-12 (or any successor provision) shall be amended, modified or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided hereunder; and provided, further, that if and to the extent Rule 15c2-12 (or any successor provision), or any provision thereof, shall be declared by a court of competent and final jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Bonds, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of Rule 15c2-12 so declared, shall no longer be required to be provided hereunder. Upon any legal defeasance, the State shall electronically file notice of such defeasance with the MSRB, and such notice shall state whether the Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 9. **Governing Law**

This Agreement shall be governed by the Laws of the State of New York determined without regard to principles of conflict of Law; provided, however, that to the extent this Agreement addresses matters of Federal securities laws, including Rule 15c2-12, this Agreement shall be governed by such Federal securities laws and official interpretations thereof.

Section 10. **Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this Agreement as of the date first above written.

THE STATE OF NEW YORK
Obligated Person

THOMAS P. DINAPOLI
State Comptroller

By: ____________________________________
Name:
Title:

ROBERT F. MUJICA, Jr.
Director of the Budget

By: ____________________________________
Name:
Title:

(THIS PAGE INTENTIONALLY LEFT BLANK)

PART II

INFORMATION CONCERNING THE STATE OF NEW YORK

(THIS PAGE INTENTIONALLY LEFT BLANK)

PART II

INFORMATION CONCERNING THE STATE OF NEW YORK

Part II contains the Annual Information Statement of the State of New York ("Annual Information Statement" or "AIS"), as updated or supplemented to the date specified therein. The State intends to update and supplement that Annual Information Statement as described therein. It has been supplied by the State to provide information about the financial condition of the State.

The AIS set forth in this Part II is dated June 3, 2020. It was updated on March 9, 2021. The AIS was filed with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system. An electronic copy of this AIS can be accessed through the EMMA system at www.emma.msrb.org. An official copy of the AIS may be obtained by contacting the Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 473-8705. An informational copy of the AIS is available on the Internet at http://www.budget.ny.gov.

The Basic Financial Statements and Other Supplementary Information for the State fiscal year ended March 31, 2020 were prepared by the Office of the State Comptroller in accordance with accounting principles generally accepted in the United States of America and independently audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Basic Financial Statements and Other Supplementary Information were issued on July 28, 2020 and are referred to or set forth herein. The Basic Financial Statements and Other Supplementary Information, which are included in the Comprehensive Annual Financial Report, may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 Tel: (518) 474-4015.

The Annual Information Statement of the State of New York (including any and all updates and supplements thereto) may not be included in an Official Statement or included by reference in an Official Statement without the express written authorization of the State of New York, Division of the Budget, State Capitol, Albany, NY 12224.

(THIS PAGE INTENTIONALLY LEFT BLANK)

Update to
Annual Information Statement
State of New York

March 9, 2021

Table of Contents

Introduction

This Annual Information Statement (AIS) Update (the "AIS Update") is dated March 9, 2021 and contains information only through that date. This AIS Update constitutes the official disclosure regarding the financial position of the State of New York (the "State") and related matters and is the third quarterly update to the AIS dated June 3, 2020 (the "AIS"). This AIS Update should be read in its entirety, together with the AIS.

In this AIS Update, readers will find:

1. Extracts from the Governor's Executive Budget Financial Plan for Fiscal Year (FY) 2022, as amended (the "Financial Plan"), issued by the Division of the Budget (DOB) in February 2021. The Financial Plan (which is available on the DOB website, www.budget.ny.gov) includes a summary of third quarter operating results for FY 2021 (quarter ended December 31, 2020) and updates to the State's official financial projections for FY 2021 through FY 2024[1]. Except for the specific revisions described in these extracts, the projections (and the assumptions upon which these are based) in the Financial Plan are consistent with the projections set forth in the FY 2021 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 2022 Enacted Budget Financial Plan.
2. A discussion of issues and risks that may affect the State's financial projections during FY 2021 or in future fiscal years is provided under the heading "Other Matters Affecting the Financial Plan".
3. A summary of the Generally Accepted Accounting Principles (GAAP)-basis results for the prior three fiscal years.
4. Updated information on certain public authorities of the State.
5. Updated information regarding the State Retirement System.
6. The status of significant litigation that has the potential to adversely affect the State's finances.
7. Financial Plan tables that summarize actual General Fund receipts and disbursements for fiscal year 2020 and projected receipts and disbursements for fiscal years 2021 through 2024 on a General Fund, State Operating Funds and All Governmental Funds basis.

DOB is responsible for preparing the State's Financial Plan and presenting the information that appears in this AIS Update on behalf of the State. In preparing this AIS Update, DOB has also relied on information drawn from other sources, including the Office of the State Comptroller (OSC) and the 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.

[1] The State fiscal year is identified by the calendar year in which it ends. For example, fiscal year 2021 ("FY 2021") is the fiscal year that began on April 1, 2020 and will end on March 31, 2021.

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.

The factors affecting the State's financial condition are numerous and complex. This AIS Update contains "forward-looking statements" relating to future results and economic performance as defined in the Private Securities Litigation Reform Act of 1995. Since many factors may materially affect fiscal and economic conditions in the State, the forecasts, projections, and estimates should not be regarded as a representation that such forecasts, projections, and estimates will occur. The forward-looking statements contained herein are based on the State's expectations at the time they were prepared and are necessarily dependent upon assumptions, estimates, 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; severe epidemic or pandemic events; cybersecurity events; impediments to the implementation of gap-closing actions; regulatory initiatives and compliance with governmental regulations; litigation; Federal tax law changes; actions by the Federal government to reduce or disallow expected aid, including Federal aid authorized or appropriated by Congress, but subject to sequestration, administrative actions, or other actions that would reduce aid to the State; and various other events, conditions and circumstances. Many of these risks and uncertainties are beyond the control of the State. These forward-looking statements are based on the State's expectations as of the date of this AIS Update.

In addition to regularly scheduled quarterly updates to the AIS, the State may issue AIS supplements or other disclosure notices 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 2020 and the Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting on July 28, 2020 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 2020 can also be accessed through EMMA at www.emma.msrb.org.

Usage Notice

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

This AIS 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/Accounting Practices

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

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

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

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

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

At times, DOB will informally designate unrestricted balances in the General Fund for specific policy goals (e.g., 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.

---

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

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

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

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

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

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

Financial Plan Overview

The following table provides certain Financial Plan information for FY 2020, FY 2021 and FY 2022.

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

	FY 2020	FY 2021	FY 2022
	Results	Current Estimate	Executive Proposal
State Operating Funds Disbursements			
Size of Budget	$102,160	$103,786	$105,005
Annual Growth	0.3%	1.6%	1.2%
Other Disbursement Measures			
General Fund (Including Transfers)[1]	$77,469	$74,747	$82,883
Annual Growth	6.4%	-3.5%	10.9%
Capital Budget (Federal and State)	$11,999	$13,949	$17,209
Annual Growth	-2.2%	16.3%	23.4%
Federal Operating Aid[2]	$58,823	$76,595	$73,809
Annual Growth	0.6%	30.2%	-3.6%
All Funds	$172,982	$194,330	$196,023
Annual Growth	1.2%	12.3%	0.9%
Capital Budget (Including "Off-Budget" Capital)[3]	$12,484	$14,254	$17,609
Annual Growth	-2.3%	14.2%	23.5%
All Funds (Including "Off-Budget" Capital)[3]	$173,467	$194,635	$196,423
Annual Growth	1.2%	12.2%	0.9%
Inflation (CPI)	1.9%	1.1%	2.5%
All Funds Receipts			
Taxes	$82,889	$79,346	$85,106
Annual Growth	9.7%	-4.3%	7.3%
Miscellaneous Receipts	$29,466	$31,707	$27,583
Annual Growth	-5.5%	7.6%	-13.0%
Federal Receipts (Operating and Capital)[2]	$65,080	$84,096	$80,125
Annual Growth	6.1%	29.2%	-4.7%
Total All Funds Receipts[2]	$177,435	$195,149	$192,814
Annual Growth	5.5%	10.0%	-1.2%
General Fund Cash Balance	$8,944	$7,237	$5,730
Rainy Day Reserves	$2,476	$2,476	2,476
Extraordinary Monetary Settlements	$2,610	$2,185	1,226
Economic Uncertainties	$890	$1,490	1,490
All Other Reserves/Fund Balances	$2,968	$1,086	538
Debt			
Debt Service as % All Funds Receipts[4]	2.8%	3.9%	3.7%
State-Related Debt Outstanding	$54,447	$59,852	$67,806
Debt Outstanding as % Personal Income	3.9%	4.1%	4.6%
State Workforce FTEs (Subject to Direct Executive Control)[5]	118,193	115,551	114,721

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

2 Includes the receipt and planned use in FY 2021 of $5.1 billion from the Coronavirus Relief Fund, pursuant to the Federal CARES Act.

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

4 Excludes the repayment of $4.5 billion in short-term borrowing executed and expected to be repaid in FY 2021.

5 Before hiring freeze savings.

Summary

- The United States remains in the grip of the COVID-19 pandemic. The virus has killed over 500,000 people since it began circulating in the United States in early 2020. The Federal government's response to the evolving public health crisis has been slow and inconsistent. States and local governments have filled the void by instituting a patchwork of public health measures, with mixed results.

- At the same time, the economic well-being of millions of Americans has been shattered by the pandemic-induced recession. The official national unemployment rate stood at 6.3 percent in January 2021, nearly twice as high as the unemployment rate in February 2020, the month before urgent public health measures were instituted to limit the spread of COVID-19. The Bureau of Labor Statistics (BLS) reports that, in addition to the 10.1 million people counted as unemployed in the January 2021 official statistics, an additional 7.0 million people were unable to find employment. The job losses throughout the pandemic have fallen disproportionately on low-wage workers.

- In New York, as in other states, the recession has upended government finances. DOB reports that the estimates for General Fund receipts for FY 2021 through FY 2024 in the Financial Plan is $33 billion lower than in the February 2020 Financial Plan, the last public estimates before the pandemic struck. A modest increase in tax receipts estimates since the Mid-Year Update to the Financial Plan in October 2020 has not fundamentally altered the State's fiscal challenges. The projected aggregate two-year budget gap (FY 2021 and FY 2022) that must be closed in the FY 2022 Executive Budget ("Executive Budget") is projected to total $12.7 billion.

- As states struggle to meet rising service needs amid revenue losses, Federal aid has been confined to pandemic-response, health care, and related costs. Proposals for direct financial relief to state and local governments have been stalled for months in Congress. The results of the inadequate Federal action under the Trump Administration were predictable: a contraction in government employment and spending at a time when health, education, mental health, public safety, and other services are deeply needed. BLS reports that employment in the state and local government sector has fallen by 1.3 million (-6.5 percent) from January 2020 to January 2021. The National Association of State Budget Officers, in its most recent survey, found that expenditures by the states in FY 2021 were anticipated to fall by 1.1 percent compared to FY 2020.

- It appears more likely that the Federal government will approve Federal aid to the states in 2021 following the election of Joseph R. Biden as President and a change in party control in the U.S. Senate. President Biden has submitted a $1.9 trillion plan to stimulate economic recovery and control the COVID-19 pandemic to Congress. The Biden plan includes $350 billion in direct aid to states and localities to maintain essential services that are at risk as governments contend with dramatic losses in tax receipts.

- The timing and amount of new Federal aid, if any, will ultimately determine the level of spending cuts and tax increases that must be enacted by the State in FY 2022. The Governor has asked Congress for $15 billion in COVID relief aid to maintain State services. The requested aid would replace less than half of the State's estimated receipts losses through FY 2024.

- The Financial Plan includes $6 billion in new aid. The aid in the Financial Plan is apportioned evenly over two years, with $3 billion in both FY 2022 and FY 2023, to reduce the FY 2022 budget risk if such aid is delayed or approved at a lower level than expected.

- With this level of new aid, the Executive Budget recommends difficult spending cuts in local aid and agency operations. It also proposes tax increases. Both would slow the State's economic and fiscal recovery. These potential reductions and tax increases are explained in greater detail later in this AIS Update.

- If the Governor's full $15 billion aid request is approved, the State would be able to reverse or modify many of these proposals. The Executive Budget includes a contingency appropriation to enable these restorations in the event that the Federal government provides the full amount of aid requested by the Governor.

- On March 1, 2021, the Director of the Budget, and all secretaries of the Senate Finance Committee and Assembly Ways and Means Committee issued a joint report containing a consensus forecast for the economy and projections of certain receipts for the current and ensuing fiscal years. In the consensus forecast report, the parties forecast the level of receipts over the two-year period (FYs 2021 and 2022) would exceed the Executive Budget forecast by $2.5 billion. All parties agreed that there remain multiple and elevated risks to the economic outlook, including the resolution of the Coronavirus pandemic and the planned reopening of the economy. Note that the consensus forecast is not reflected in the tables, values or narrative discussion throughout this AIS Update. Any revisions to the receipts forecast from the consensus forecast process will be reflected in the FY 2022 Enacted Budget Financial Plan.

Updated "Base" Budget Gaps

The Mid-Year Update to the Financial Plan showed a balanced budget in FY 2021 and a budget gap of $8.7 billion in FY 2022. The estimates in the Mid-Year Update to the Financial Plan were predicated on the assumption that DOB would execute $8.2 billion in mid-year cuts in local assistance programs to maintain a balanced budget in FY 2021. At the time, the cuts were expected to be needed to bridge the estimated difference between $79.1 billion in General Fund disbursements (prior to the execution of mid-year cuts) and $70.9 billion in General Fund resources. It was further anticipated that the FY 2022 Executive Budget would propose making the FY 2021 local assistance cuts permanent. The Mid-Year budget gaps without the reductions were thus $8.2 billion in FY 2021 and $16.7 billion in FY 2022, a two-year gap of $24.9 billion.

The following table shows the reported budget gaps with and without the local assistance cuts included in the Mid-Year Update to the Financial Plan:

GENERAL FUND SURPLUS/(GAP) PROJECTIONS: MID-YEAR UPDATE (millions of dollars)					
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
MID-YEAR SURPLUS/(GAP) ESTIMATE	**0**	**(8,725)**	**(9,743)**	**(9,419)**	**N/A**
Add Back Unallocated Local Assistance Cuts	(8,180)	(8,000)	(8,000)	(8,000)	N/A
MID-YEAR UPDATE SURPLUS/(GAP) WITHOUT CUTS	**(8,180)**	**(16,725)**	**(17,743)**	**(17,419)**	**(18,721)**
FY 2021/FY 2022 Combined Budget Gap		***(24,905)***			

Tax receipts have shown sustained improvement through December 2020 and into the important first week of collections in January 2021. PIT collections, the largest source of State tax receipts, were $2.25 billion above the estimate in the Enacted Budget Financial Plan through the first three quarters of FY 2021. The improvement has continued through January 2021, prompting the revisions to PIT receipts summarized herein.

Sales and use tax (SUT) collections through the same period were $515 million higher than expected. At the same time, business tax collections, principally related to audits, have been weaker than expected, which partially offset the significant improvements in PIT and sales tax collections.

Based on collections to date and an updated economic forecast, DOB is increasing the annual estimates for General Fund tax receipts by $4.9 billion in FY 2021 and $7.9 billion in FY 2022, exclusive of debt service revisions and proposed tax law changes in the Executive Budget, as described below. Changes in the PIT net collection estimates account for $11.6 billion of the increased tax receipts estimate over the two years (FY 2021: $4.0 billion; FY 2022: $7.6 billion), reflecting strength in both the withholding and estimated components of the tax, as well as a downward revision in estimated refunds. SUT collections have been revised upward by $1.5 billion in FY 2021 and $537 million in FY 2022, reflecting strength in consumer purchasing. A reduction of $868 million to the annual estimates over two years for business taxes partially offsets these changes. A minor increase to non-tax receipts has also been made. The improved receipts forecast, net of the growth in Medicaid enrollment costs, has reduced the budget gap by $5.0 billion in the current year and $7.2 billion in FY 2022 – leaving a combined gap of $12.7 billion. The outyear gaps after forecast revisions are projected at $9.3 billion in FY 2023, $9.2 billion in FY 2024, and $10.7 billion in FY 2025.

The following table shows the revised budget gaps that are addressed in the Financial Plan.

GENERAL FUND SURPLUS/(GAP) PROJECTIONS WITH RECEIPTS FORECAST REVISIONS
(millions of dollars)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
MID-YEAR UPDATE SURPLUS/(GAP) WITHOUT CUTS	**(8,180)**	**(16,725)**	**(17,743)**	**(17,419)**	**(18,721)**
General Fund Taxes	4,948	7,909	8,610	7,976	7,861
Other Receipts	60	215	209	208	206
Medicaid Enrollment	0	(924)	(389)	0	0
UPDATED "BASE" BUDGET GAPS	**(3,172)**	**(9,525)**	**(9,313)**	**(9,235)**	**(10,654)**
FY 2021/FY 2022 Combined Budget Gap		***(12,697)***			

With these changes, estimated General Fund receipts in FY 2021 and FY 2022 are still $18.1 billion below the pre-pandemic February 2020 Financial Plan (FY 2021: -$9.9 billion; FY 2022: -$8.2 billion). On a year-over-year basis, FY 2021 All Fund tax receipts are expected to decline by 4.3 percent from FY 2020. These downward shocks to tax receipts, along with the lack of new Federal aid, drive the need for the spending reductions and tax increases proposed in the Executive Budget.

General Fund Cash-Basis Financial Plan

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

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

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

FY 2021 Financial Plan

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

GENERAL FUND FINANCIAL PLAN
(millions of dollars)

	FY 2020 Results	FY 2021 Current	Annual Change: Dollar	Annual Change: Percent
Opening Fund Balance	7,206	8,944	1,738	24.1%
Total Receipts	79,207	73,040	(6,167)	-7.8%
Taxes[1]	73,133	62,968	(10,165)	-13.9%
Miscellaneous Receipts	3,159	6,913	3,754	118.8%
Non-Tax Transfers from Other Funds	2,915	3,159	244	8.4%
Total Disbursements	77,469	74,747	(2,722)	-3.5%
Local Assistance	51,863	52,011	148	0.3%
State Operations	19,508	16,699	(2,809)	-14.4%
Transfers to Other Funds	6,098	6,037	(61)	-1.0%
Net Change in Operations	1,738	(1,707)	(3,445)	-198.2%
Closing Fund Balance	8,944	7,237	(1,707)	-19.1%
Rainy Day Reserves	2,476	2,476	0	
Economic Uncertainties	890	1,490	600	
Reserve for Timing of Payments	1,313	0	(1,313)	
All Other Reserves/Balances	1,655	1,086	(569)	
Extraordinary Monetary Settlements	2,610	2,185	(425)	

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

Receipts

General Fund receipts, including transfers from other funds, are estimated to total $73 billion in FY 2021, a decrease of $6.2 billion (7.8 percent) from FY 2020 results due mainly to the shock to the economy brought on by the global pandemic.

General Fund PIT receipts and miscellaneous receipts are affected by the PIT note liquidity financings that the State entered into to manage the budgetary impact caused by the deferral of the April 15, 2020 tax payments to July 15, 2020 on monthly cash flows. The note proceeds are recorded as miscellaneous receipts, while the repayment results in a reduction of PIT receipts. PIT receipts are further affected by planned prepayments, in FY 2021 and FY 2022, of PIT debt service due in FY 2023 through FY 2025. These transactions reduce reported PIT receipts in the fiscal year in which the prepayments are made and increase PIT receipts in the fiscal years in which the debt service was originally scheduled to be paid. Such transactions are expected to reduce reported General Fund PIT receipts by $1.6 billion in FY 2021 and $676 million in FY 2022, and increase reported PIT receipts by $759 million annually in FY 2023 through FY 2025.

PIT receipts, including transfers after payment of debt service on State PIT Revenue Bonds, are estimated to drop from $50.5 billion in FY 2020 to $42.6 billion in FY 2021, a decrease of $7.9 billion (15.7 percent). The decrease reflects declines in both bonus and non-bonus wages impacting withholding and estimated payments. In addition, refunds are expected to decline as a result of a steep decline in advance credit payments related to Tax Year 2020, due to the expired Property Tax Relief Credit program, as well as a decrease in the administrative cap on the amount of refunds paid from January to March 2021. In addition, General Fund PIT receipts in FY 2021 are also estimated to be reduced by the repayment in March 2021 of the remaining $3.5 billion outstanding of PIT notes issued earlier in FY 2021.

Consumption/use tax receipts, including transfers after payment of debt service on Local Government Assistance Corporation (LGAC) and Sales Tax Revenue Bonds, are estimated to total over $12.5 billion in FY 2021, a drop of $1.7 billion (11.8 percent) from FY 2020. The drop reflects an estimated decline in the sales tax base of 13.1 percent due to the impact of the pandemic. This is partly offset by the full-year impact of the new requirements that online marketplace providers collect SUT on sales that they facilitate and making Energy Service Companies (ESCOs) subject to sales tax.

Business tax receipts are estimated at $5.9 billion in FY 2021, a decrease of $449 million (7.0 percent) from FY 2020. The decrease is primarily attributable to a decline in Corporate Franchise Tax (CFT) receipts, driven by lower gross and audit receipts.

Other tax receipts, including transfers after payment of debt service on Clean Water/Clean Air (CW/CA) Bonds, are expected to total $2.0 billion in FY 2021, a decrease of $83 million (4.1 percent) from FY 2020, primarily due to an estimated decrease in real estate transfer tax receipts resulting from a large estimated decline in housing starts stemming from the impact of COVID-19. This decline is partly offset by an increase in estate tax receipts, primarily due to the receipt of multiple super-large payments through the early part of 2021.

Non-tax receipts and transfers are estimated at $10.1 billion in FY 2021, an increase of nearly $4 billion from FY 2020. This increase reflects $4.5 billion in proceeds from liquidity financing offset by a reduction in new Extraordinary Monetary Settlements from FY 2020 to FY 2021, and the use of certain resources available in FY 2020 that either do not recur or recur at a lower amount in FY 2021.

Disbursements

General Fund disbursements, including transfers to other funds, are expected to total $74.7 billion in FY 2021, a decrease of $2.7 billion (3.5 percent) from FY 2020. Spending in FY 2021 is reduced by the movement of roughly $3 billion of certain health and public safety payroll costs to the CRF.

Local assistance spending is estimated at $52 billion in FY 2021, an increase of $148 million (0.3 percent) from FY 2020. The modest increase is comprised of projected growth almost entirely offset by $2.2 billion in spending reductions to close the current year budget gap. General Fund spending for education and health care represents 75 percent of total local assistance spending. General Fund support for these programs is affected by the level of financing sources (i.e., HCRA and lottery/gaming receipts) available in other funds, as well as the impact of eFMAP that temporarily lowers State spending and increases the Federal share of Medicaid costs. As such, the explanation of annual spending changes for these programs is summarized later in the "State Financial Plan Multi-Year Projections" section.

General Fund agency operations, including fringe benefits, costs are expected to total $16.7 billion in FY 2021, a decrease of $2.8 billion (14.4 percent) from FY 2020. The decrease mainly reflects the movement of $3 billion of certain health and public safety payroll costs to the CRF, the interest-free deferral of the employer's share of Social Security taxes through December 2020, and savings from the planned 10 percent reduction to agency budgets compared to the amounts authorized in the Enacted Budget beginning in FY 2021. These reductions are partly offset by costs incurred in responding to the pandemic that are expected to be reimbursed through FEMA in the future, as well as projected growth in pension and health insurance costs for State employees and retirees.

General Fund transfers to other funds are projected to total $6 billion in FY 2021, a decrease of $61 million from FY 2020. The decline in transfers to support debt service costs is attributable to the prepayment of FY 2021 debt at the end of FY 2020. The need for hard dollar resources to fund capital projects is expected to decline in FY 2021 mainly due to a slowdown in projects brought on by the pandemic and the timing of bond reimbursements for projects previously funded by the General Fund. Transfers for other purposes are projected to increase primarily to support School Aid as a result of lower video lottery and commercial gaming revenues.

FY 2021 Closing Balance

The State's liquidity position is dependent on the performance of tax receipts, the management of cash disbursements, and the execution of reductions in aid-to-localities programs and State agency operations. All of these actions are subject to risks and uncertainties. Accordingly, designated reserves are not used to help close the FY 2021 budget gap, but instead are held to preserve liquidity.

DOB projects the State will end FY 2021 with a General Fund cash balance of $7.2 billion, a decrease of $1.7 billion from FY 2020. The balance declines for two reasons. First, the State deferred $1.3 billion in planned payments at the end of FY 2020 as a cash preservation measure at the start of the COVID-19 pandemic. The payments were later made in FY 2021, reducing the temporary balance that occurred at the end of FY 2020. In addition, the FY 2020 Enacted Budget programmed the use of surplus balances over two years, FY 2021 and FY 2022. This includes the use of $1.9 billion in available cash at the end of FY 2020 to fund payments not made at the close of FY 2020 that are expected to be made in FY 2021 ($1.3 billion) and to reduce the budget gap in FY 2021 ($553 million). In addition, the expected use of Extraordinary Monetary Settlements for initiatives approved in prior budgets reduce the balance in the General Fund by $425 million in FY 2021. The State also received a total of $600 million in Extraordinary Monetary Settlements that have been set aside in the reserve for Economic Uncertainties. See "Other Matters Affecting the Financial Plan - Extraordinary Monetary Settlements" herein.

TOTAL BALANCES
(millions of dollars)

	FY 2020 Results	FY 2021 Current	Annual Change
TOTAL GENERAL FUND BALANCE	**8,944**	**7,237**	**(1,707)**
Statutory Reserves:			
Rainy Day Reserves	2,476	2,476	0
Community Projects	31	15	(16)
Contingency Reserve	21	21	0
Fund Balance Reserved for:			
Economic Uncertainties	890	1,490	600
Debt Management	500	500	0
Timing of Payments	1,313	0	(1,313)
Undesignated Fund Balance	1,103	550	(553)
Subtotal Excluding Settlements	**6,334**	**5,052**	**(1,282)**
Extraordinary Monetary Settlements	**2,610**	**2,185**	**(425)**

FY 2022 Detailed Gap-Closing Plan

The following table summarizes the revised budget gaps and the proposed General Fund gap-closing plan. It presents savings and revisions to the reported financial plan categories which differs from the gap-closing table presentation in the Overview.

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

	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
MID-YEAR UPDATE SURPLUS/(GAP)	**0**	**(8,725)**	**(9,743)**	**(9,419)**	**(10,721)**
Unallocated Budget Balance Reductions	(8,180)	(8,000)	(8,000)	(8,000)	(8,000)
Revenue Revisions	5,008	8,124	8,819	8,184	8,067
Medicaid Enrollment	0	(924)	(389)	0	0
REVISED SURPLUS/(GAP)	**(3,172)**	**(9,525)**	**(9,313)**	**(9,235)**	**(10,654)**
Receipts[1]	**(1,078)**	**6,021**	**6,636**	**3,210**	**2,284**
Personal Income Tax/STAR	45	1,978	1,897	1,759	1,099
Local District Funding Adjustment	0	1,352	1,243	1,188	1,135
Other Taxes	0	(52)	(145)	(103)	(150)
Miscellaneous Receipts	17	14	(16)	(16)	(16)
Federal Aid	0	3,000	3,000	0	0
Debt Service Transfers	(1,539)	(186)	735	217	52
Non-Tax Transfers	399	(85)	(78)	165	164
Disbursements[1]	**4,250**	**3,504**	**1,775**	**2,391**	**2,128**
Local Assistance	2,208	3,103	2,014	1,934	1,638
Enhanced FMAP Extension	497	995	0	0	0
Proposed Savings/Revisions	1,711	2,108	2,014	1,934	1,638
Agency Operations	1,520	710	(391)	226	43
Fund Eligible Expenses from CRF	2,476	0	0	0	0
Pandemic Expenses/FEMA Reimbursement	(1,000)	600	200	200	0
Proposed Savings/Revisions	44	110	(591)	26	43
Debt Service Transfers	(1)	47	39	25	12
Capital Projects Transfers	464	(480)	(45)	(54)	(87)
Other Transfers	59	124	158	260	522
Reclassification of Debt Service Reimbursement	**0**	**0**	**0**	**0**	**0**
Transfers From PIT Revenue Bond Tax Fund	0	(1,494)	(1,609)	(1,741)	(1,781)
Non-Tax Transfers	0	1,455	1,589	1,721	1,777
Transfers from Dedicated Highway Bridge Tax Fund	0	1,175	1,332	1,384	1,471
Transfers from Mental Hygiene Services Fund	0	280	257	337	306
Local Assistance: HCRA/HEAL Transfers	0	39	20	20	4
EXECUTIVE BUDGET SURPLUS/(GAP)	**0**	**0**	**(902)**	**(3,634)**	**(6,242)**

[1] Accounting reclassifications that have no net impact on General Fund balance are shown separately.

General Fund Gap Closing Plan

The proposed General Fund gap-closing plan, if adopted and executed as proposed, would eliminate the $12.7 billion two-year budget gap and reduce the outyear gaps by $31.1 billion -- from $41.9 billion to $10.8 billion. A brief summary of the significant actions and revisions with an emphasis on the savings projected in FYs 2021 and 2022 follows.

Receipts

The Executive Budget proposes the following tax actions:

- PIT High-Income Rate. The current top PIT rate is 8.82 percent for married taxpayers with a taxable income above $2.155 million. Taxpayers with incomes over $5 million will have the option to pre-pay two years of excess liability based on five new tax brackets. A new deduction will return the prepayment to affected taxpayers between 2024 and 2025.

- Middle-Class PIT Cut Phase-in. The Budget pauses the phase-in of the middle-class tax cut, which began in 2018 and was scheduled to fully phase in by 2025. Tax Year 2020 rates will remain in effect for an additional year.

- Local District Funding Adjustment. The Executive Budget includes a Local District Funding Adjustment that reduces reimbursements to school districts by $1.35 billion in FY 2022. This reduction would not exceed any school district's Federal CRRSA Act allocation[3]. The Adjustment recurs in the outyears.

  In addition, the Executive Budget closes the Enhanced STAR Exemption Program to new entrants who will be required to access the enhanced benefits through the credit program, improves the administration of STAR benefits to mobile homeowners, and moves forward the date to voluntarily switch from a STAR exemption to a STAR credit from June 15 to May 1 in 2021, which has no impact on benefits to taxpayers while making the program easier to administer for assessors.

- Other Revenue Actions. The Executive Budget proposes the expansion to sports wagering that is expected to provide additional State support for education costs. It also includes certain extensions, enforcement initiatives and reforms. Other new tax actions include the imposition of sales tax on vacation rentals, establishment of a regulatory structure for the adult-use of cannabis and creation of a new tax credit to support businesses in rehiring workers that were displaced by the COVID-19 pandemic.

Federal Aid. The Executive Budget includes $6 billion in new direct Federal aid that, if received, will be utilized to offset the budget gaps evenly over the next two years.

---

[3] The Federal Coronavirus Relief Response and Relief Supplemental Appropriations (CRRSA) Act, enacted on December 27, 2020, provides $3.9 billion to school districts.

Debt Service Transfers. Debt service spending estimates reflect revised multi-year estimates for debt service spending to reflect bond sale results to date, refunding savings, and the adjustment of debt issuances to align with projected bond-financed capital spending. The spending changes are offset in FY 2021 and FY 2022 by prepayments of debt service due in FY 2023 through FY 2025, as described earlier.

Non-Tax Transfers. Excess balances created by spending reductions in various programs and activities funded outside the General Fund are expected to be transferred to the General Fund, and include transit, gaming, social services, public safety and regulatory activities. In addition, a voluntary contribution of $110 million to the State associated with the managed care organization acquisition of Affinity by Molina is expected to be received in FY 2022 and will be used to offset State only costs funded under the Global Cap.

Disbursements

Local Assistance. Targeted actions, continuation of prior-year cost containment, revisions to estimated costs, and the extension of eFMAP are expected to generate roughly $5.3 billion in General Fund local assistance savings in FYs 2021 and 2022 compared to the current services estimate. The Executive Budget includes the following proposed actions.

- eFMAP Extension. On January 7, 2021, the Secretary of Health and Human Services issued an extension to the public health emergency declaration through April 21, 2021 which would span two additional quarters through June 2021. The Executive Budget includes the assured extension from January 1 through March 30, 2021, as well as the likely extension of an additional quarter (from April 1 through June 30, 2021). The enhanced rate at which the Federal government reimburses eligible State Medicaid expenditures (56.2 percent compared to the regular rate of 50 percent) reduces State-share expenditures and increases Federal expenditures by an equal amount, and therefore has no impact on total Medicaid payments. DOB estimates State-share savings of $497 million in FY 2021 and $995 million in FY 2022.

- Education. General Fund savings are achieved from the consolidation of certain expense-based aids into a new block grant and the reduction of its School Year (SY) 2022 funding level by $693 million compared to the SY 2022 projections of its components under current law. These reductions, as well as the $1.35 billion Local District Funding Adjustment to school districts, would be more than offset by $3.85 billion in CRRSA Act funding to school districts. The Executive Budget recommends a total of $31.7 billion in school district funding for SY 2022, including School Aid, STAR reimbursement payments, the Local District Funding Adjustment, and CRRSA Act funding. This represents an increase of $2.1 billion, or 7.1 percent, over the statewide SY 2021 funding level, including Federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funds, driven by $3.9 billion in CRRSA Act funding to districts. Additionally, all formula-based School Aid payments previously on hold (approximately $390 million) would be repaid to school districts before the end of the fiscal year.

Additionally, the Executive Budget proposes to capture roughly half of the savings to school districts from a reduction in 2021-22 charter school tuition rates, lowering State reimbursement through supplemental tuition payments in FY 2022 by roughly $35 million. Further, the Executive Budget proposes to eliminate State reimbursement to New York City for its charter school rental assistance in order to encourage the use of available co-located space in public facilities instead of leasing space in privately owned facilities. Other education aid savings include downward revisions to special education spending related to enrollment declines, 5 percent recurring reductions to library aid and public broadcasting, a temporary two-year elimination of aid to private colleges (Bundy Aid), elimination of certain teacher support and training programs, elimination of New York City's discretionary Fiscal Stabilization Grant, and elimination of funding for school districts' Prior Year Aid claims.

- Health Care. The Executive Budget includes General Fund savings of roughly $1.2 billion in FY 2021 and roughly $600 million in FY 2022 mainly driven by a downward revision to managed care rates based on lower health care utilization due to the pandemic, use of available Inter-Governmental Transfers (IGT) balances and unspent Vital Access Provider Assurance Program (VAPAP) funds to offset costs and other revisions. Prior to revisions and savings, the updated forecast of Medicaid costs are expected to exceed the Global Cap attributable to increased enrollment and utilization. The savings include a comprehensive package of telehealth reforms, achieving programmatic efficiency savings in the home and community-based care sector with the implementation of the new Electronic Visit Verification system, enhancing pharmacy oversight by eliminating "prescriber prevails" and coverage for certain over-the-counter products, reducing supplemental pools for certain health care plans and providers, and other continued cost-containment measures that are expected to control the level of spending permitted under the Global Cap index. Other health care savings include modifying, reducing or eliminating certain public health programs, specifically: reducing New York City reimbursement rates for the General Public Health Work (GPHW) program from 20 percent to 10 percent; savings efficiencies in the Early Intervention (EI) program; and reducing the Excess Medical Malpractice payment by 50 percent and revisions to the payment schedule.

- Mental Hygiene. Spending revisions reflect updated assumptions and revised timelines for ongoing transformation efforts to ensure efficient use of State resources in the mental hygiene service delivery systems as well as continued support of programs and services to ensure individuals with developmental disabilities, mental illness and addiction have appropriate access to care. These investments are supported in part by continued efficiencies in program operations, and reductions in excess institutional capacity. In addition, savings are expected from the reduction in Medicaid rates for Office for People with Developmental Disabilities (OPWDD) services, and 5 percent reductions to OPWDD non-Medicaid local assistance and Office of Mental Health (OMH) non-residential provider payments.

- Human Services. Savings reflect proposed 5 percent reductions for various social services programs, the shift of the State share for Committee on Special Education costs to school districts outside of New York City, the use of available Federal Child Care Development Block Grant (CCDBG) funds to offset State costs for child care, and the use of alternative resources to support the consolidated homeless and Adult Shelter Programs. The savings are partly offset by higher costs for childcare and Safety Net Assistance, resulting from increases in the public assistance caseload forecasts.

- Higher Education. Savings reflect declining enrollments and revised estimates of spending for student financial aid and FY 2022 formula aid for community colleges. Additional savings are realized through a targeted 5 percent reduction in general operating support for the State University of New York (SUNY) State-operated campuses, City University of New York (CUNY) senior colleges and FY 2021 aid for community colleges.

- All Other. Savings are expected as a result of targeted actions, including a 5 percent reduction in Aid and Incentives to Municipalities (AIM) and video lottery terminal (VLT) aid, the shifting of AIM for current towns and villages to AIM-related payments, and elimination of VLT aid to 15 municipalities outside of Yonkers.

Agency Operations. Reductions to agency operations contribute approximately $2.2 billion over two years to the General Fund gap-closing plan.

- Fund Eligible Expenses from CRF. Additional personnel expenses of public health and public safety employees have been charged to the CRF consistent with Federal guidance, which reduces State personal service and fringe benefit costs in FY 2021. The Financial Plan reflects $2.5 billion in payroll charges to the CRF. The Financial Plan includes funding for direct COVID-19 expenses, which DOB continues to assume will be funded from Federal sources. The remaining balance in the CRF is expected to be fully expended for, among other things, vaccine distribution costs by the end of calendar year 2021.

- Pandemic Expenses/FEMA Reimbursement. The Financial Plan continues to assume that the Federal government will fully fund the State's direct pandemic response costs, but timing differences between State outlays and FEMA reimbursement will occur. The State is expected to incur an estimated $1 billion in COVID-19 expenses that are eligible for FEMA reimbursement (at 100 percent of cost). FEMA reimbursement is currently expected in FY 2022 ($600 million), FY 2023 ($200 million), and FY 2024 ($200 million). The timing difference between the State outlay and FEMA reimbursement creates a current-year cost of $1 billion and commensurate savings from FY 2022 through FY 2024.

- Executive Agencies. Executive agency budgets, with exceptions for facility operations and public health and safety, have been reduced by 10 percent from budgeted levels beginning in FY 2021. These reductions were allocated to agencies in the Mid-Year Financial Plan Update and are expected to be achieved through adherence to a strict freeze on hiring and transfers, limiting new contracts or purchase orders for non-personal service expenditures to those needed to protect the health, safety and security of employees and citizens and to ensure the continuation of high priority operations and services. Savings are also expected to be achieved in part from the deferral of general salary increases scheduled to go into effect on April 1, 2020 and April 1, 2021, which will instead be paid beginning in FY 2023. In addition, the Executive Budget reflects savings from the planned reduction of excess capacity in the mental health and prison systems.

- Fringe Benefits/Fixed Costs. Pension estimates reflect the planned payment of the full FY 2022 Employees' Retirement System (ERS)/Police and Fire Retirement System (PFRS) pension bills in June 2021. Health insurance savings are projected from eliminating taxpayer-subsidized reimbursements for high-income public sector retirees through the Income-Related Monthly Adjustment Amount (IRMAA) New York State Health Insurance Program (NYSHIP); maintaining Medicare Part B premium reimbursements at $148.50 per month; developing a sliding scale for retiree health insurance coverage for new retirees and developing a Dependent Eligibility Verification audit to assure that divorcees and children who aged out are no longer being covered.

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

Debt Service Transfers. The Executive Budget reflects savings from expected refundings, continued use of competitive bond sales, and other debt management actions.

Capital Projects Transfers. The Executive Budget reflects lower than expected capital spending in FY 2021, as well as higher than anticipated receipts related to the reimbursement of capital spending, previously financed by the General Fund, with bond proceeds. Increased costs in FY 2022 reflects the timing of bond proceed reimbursements and additional costs associated with NYC security and national guard deployment, supportive housing, and the Judiciary's capital budget request.

Reclassifications

Certain debt service expenses are reimbursed or funded in part by program related resources in the areas of Transportation (Dedicated Tax Revenue), Mental Health Services (Medicaid Revenue), and Healthcare (HEAL Revenues) through transfers to the General Fund. The FY 2022 Executive Budget realigns these debt service transfers to simplify reporting of both tax receipts and debt services expenses in the State budget. This realignment would eliminate the unnecessary extra step of transferring reimbursements for program specific debt service costs first through the Revenue Bond Tax Fund and then to the General Fund. This realignment has no Financial Plan impact on the General Fund.

New Unrestricted Federal Aid (FY 2021: $0; FY 2022: $3 billion)

The timing and amount of Federal aid will ultimately determine the level of spending cuts and tax increases that must be enacted in FY 2022. For now, until new information is available, DOB is incorporating a cautious estimate of $3 billion in new Federal aid in both FY 2022 and FY 2023. The aid is apportioned evenly over the two years to reduce the risk to the FY 2022 budget if such aid is delayed or approved at a lower level than expected.

The Executive Budget includes a provision that will trigger automatic across-the-board reductions to planned local assistance appropriations and cash disbursements if unrestricted Federal aid is not approved by August 31, 2021 or is approved at an amount less than the amount budgeted in the Financial Plan. The reductions would be calculated to generate savings equal to the difference between the Federal aid assumed in the Financial Plan and the amount approved.

The Governor has asked Congress for $15 billion in COVID relief aid to maintain State services. The requested aid would replace less than 40 percent of the State's estimated receipts losses over four years. The difference between the new Federal aid assumed in the Financial Plan ($6 billion) and the Governor's request to maintain services ($15 billion) is $9 billion.

If aid were to be approved at the level requested, it would allow the State to reverse or modify the most harmful spending reductions and tax increases. The illustrative table below shows the value of the spending reductions and tax increases that could be avoided, grouped by general categories. The aid amounts are generally two-year totals to conform with the apportionment of the $6 billion in aid assumed in the Financial Plan.

USES OF FEDERAL CONTINGENT APPROPRIATION (billions of dollars)	
Federal Aid Needed	**15.0**
Funding Included in Executive Budget Plan	6.0
Cuts that could be Avoided:	
Education	3.5
Across-the-Board Reductions	0.9
Contractual Salary Increases	0.6
Other Restorations	0.3
Tax Increases that could be Avoided	3.7

Stabilization Payments

The Updated Financial Plan applies the FY 2021 and FY 2022 surpluses to reduce the budget gaps in FY 2023 through FY 2025 by equal amounts. For planning purposes, DOB expects to accomplish this goal through the prepayment of debt service due in those years.

Local Aid Payment Withholds

In June 2020, DOB began temporarily withholding 20 percent of most local aid payments. It initiated the withholds to ensure that up to $8.2 billion in local aid payments could be withheld permanently, if needed, by the end of FY 2021. This was consistent with the assumptions in the Mid-Year Update.

Through December 2020, withholds are estimated to have totaled $2.9 billion. An improved receipts picture, the availability of Coronavirus Relief resources, and the extension of the higher Federal matching rate on Medicaid expenditures through June 30, 2021 has reduced the need for local assistance reductions.

DOB now expects to reduce most local aid payments by a total of 5 percent from the Enacted Budget estimate, rather than the 20 percent anticipated in the Mid-Year Update and executed to date. Amounts that have been withheld in excess of the 5 percent are expected to be reconciled and repaid in the final quarter of FY 2021.

The local aid reductions will be executed pursuant to section 1 (f) of the FY 2021 Aid to Localities (ATL) bill, which allows the Director of the Budget to withhold payments in response to the direct and indirect financial effects of the COVID-19 pandemic.

Liquidity and Debt

In response to the COVID-19 pandemic, the FY 2021 Enacted Budget authorized the State to access external liquidity during FY 2021, in the form of short-term notes and a line of credit. The Executive Budget proposes continuing these authorizations in FY 2022 as the State continues to respond to the pandemic.

Accordingly, legislation supporting the Executive Budget authorizes the issuance of up to $8 billion of short-term borrowing in the form of PIT revenue notes and/or sales tax revenue notes (or bond anticipation notes) during FY 2022. The statutory authorization requires any such notes to be issued, on a subordinated basis, by December 31, 2021, with an initial maturity no later than March 31, 2022. The notes can be renewed once for up to a year, and, as a contingency option, may be refinanced on a long-term basis.

In addition, legislation supporting the Executive Budget continues existing authorization for the State to enter into up to $3 billion of credit facilities in the form of a line of credit with one or more banks. The line of credit would be authorized for a three-year period, through FY 2024, and would allow draws in any year, subject to sufficient annual appropriation. The FY 2021 authorization was for a one-year facility that could be extended, but only allowed draws in the first year. As a contingency option, any line of credit balance may be refinanced on a long-term basis.

The Executive Budget does not currently assume any PIT note sales or use of the line of credit in FY 2022. DOB will evaluate cash results regularly and may adjust the size and use of note sales and/or the line of credit based on liquidity needs, market considerations, and other factors.

In FY 2021, the State issued $4.5 billion of PIT notes to manage a delay in State PIT receipts after the Federal government extended the April 15, 2020 PIT filing deadline. As of the Executive Budget, $3.5 billion of PIT notes remain outstanding. The budget reflects full repayment of the remaining notes when they mature in March 2021. In FY 2021, the interest expense on the notes and the commitment fee on the credit facility are being reimbursed with Federal aid provided for in the CRF, as the financings are due solely to the Federal decision to extend tax filing deadlines in response to the pandemic.

Lastly, legislation supporting the Executive Budget authorizes a continuation of the suspension of the Debt Reform Act for all FY 2022 issuances of State-supported debt in FY 2022. State legislation enacted in connection with the adoption of the FY 2021 Enacted Budget suspended the Debt Reform Act for FY 2021 bond issuances, as part of the State response to the COVID-19 pandemic. Accordingly, any State-supported debt issued in FY 2021 and FY 2022 is not limited to capital purposes and is not counted towards the statutory caps on debt outstanding and debt service. In addition, issuances of State-supported debt in FY 2022 would not be limited by a maximum maturity (currently limited to 30 years by the Debt Reform Act), although such State-supported debt would still be subject to Federal tax law limitations. This change would allow State-supported debt to be issued over the full useful life of the assets being financed, which may be over 30 years in limited circumstances (i.e., MTA projects).

FY 2022 Executive Budget Financial Plan

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

GENERAL FUND FINANCIAL PLAN
(millions of dollars)

	FY 2021 Current	FY 2022 Proposed	Annual Change Dollar	Annual Change Percent
Opening Fund Balance	8,944	7,237	(1,707)	-19.1%
Total Receipts	73,040	81,376	8,336	11.4%
Taxes[1]	62,968	73,139	10,171	16.2%
Miscellaneous Receipts	6,913	1,767	(5,146)	-74.4%
Federal Receipts	0	3,000	3,000	0.0%
Non-Tax Transfers from Other Funds	3,159	3,470	311	9.8%
Total Disbursements	74,747	82,883	8,136	10.9%
Local Assistance	52,011	55,494	3,483	6.7%
State Operations	16,699	20,270	3,571	21.4%
Transfers to Other Funds	6,037	7,119	1,082	17.9%
Net Change in Operations	(1,707)	(1,507)	200	11.7%
Closing Fund Balance	7,237	5,730	(1,507)	-20.8%
Rainy Day Reserves	2,476	2,476	0	
Economic Uncertainties	1,490	1,490	0	
All Other Reserves/Balances	1,086	538	(548)	
Extraordinary Monetary Settlements	2,185	1,226	(959)	

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

Receipts

General Fund receipts, including transfers from other funds, are estimated to total $81.4 billion in FY 2022, an increase of $8.3 billion (11.4 percent) from FY 2021 projections. General Fund PIT receipts and miscellaneous receipts are affected by the PIT note liquidity financings executed to manage the impact of the April 15, 2020 tax filing extension on monthly cash flows. The note proceeds are recorded as miscellaneous receipts, while the repayment results in a reduction of PIT receipts.

PIT receipts, including transfers after payment of debt service on State PIT Revenue Bonds, are estimated to total $51.8 billion in FY 2022, an increase of $9.2 billion from FY 2021. Almost half of the increase is due to the planned repayment of the FY 2021 liquidity financings that reduces PIT receipts by $4.5 billion in FY 2021. The remaining PIT growth is largely attributable to the one-year pause in the phase-in of the middle class tax cut and the enactment of a high-income PIT surcharge.

PIT receipts are further affected by planned prepayments, in FY 2021 and FY 2022, of PIT debt service due in FY 2023 through FY 2025. These transactions reduced reported PIT receipts in the fiscal year in which the payments are made and increase PIT receipts in the fiscal years in which the debt service was originally scheduled to be paid. Such transactions are expected to reduce reported General PIT receipts by $1.6 billion in FY 2021 and $676 million in FY 2022, and increase reported PIT receipts by $759 million annually in FY 2023 through FY 2025.

Consumption/use tax receipts, including transfers after payment of debt service on LGAC and Sales Tax Revenue Bonds, are estimated to total $13.4 billion in FY 2022, an increase of $909 million (7.3 percent) from FY 2021. Increases reflect sales tax base growth of 7.6 percent as the economy continues to recover from the impact of the COVID-19 economic downturn.

Business tax receipts are estimated at $6 billion in FY 2022, an increase of $98 million (1.7 percent) from FY 2021. The increase is primarily attributable to an increase in CFT audit receipts as audits are expected to return to trend levels. CFT gross receipts are also expected to increase slightly over FY 2021.

Other tax receipts, including transfers after payment of debt service on CW/CA Bonds, are expected to total $1.9 billion in FY 2022, a decrease of $47 million (2.4 percent) from FY 2021. This is primarily due to a decline in the estate tax due to a higher-than-typical number of extraordinary payments in FY 2021.

Non-tax receipts and transfers are estimated at $5.2 billion in FY 2022, a decrease of $4.5 billion from FY 2021. The decline largely reflects FY 2021 receipts for liquidity financing ($4.5 billion) and Extraordinary Monetary Settlements ($600 million). In addition, the realignment of certain debt service transfers to simplify reporting increases the transfers from other funds and reduces transfers from the RBTF, with no financial plan impact.

The Executive Budget reflects the expected receipt of $3 billion in unrestricted Federal aid in FY 2022 that would be recorded as a miscellaneous receipt.

Disbursements

General Fund disbursements, including transfers to other funds, are expected to total nearly $82.9 billion in FY 2022, an increase of $8.1 billion (10.9 percent) from FY 2021. The growth is impacted by several transactions in FY 2022 that lower spending, including the shift of $3 billion of certain health and public safety payroll costs to the CRF, three months (April through June) of a higher Federal share of Medicaid (eFMAP) expenses, and the deferment of social security costs. In addition, General Fund disbursements reflect conservative estimates of disbursements in each financial category, a practice that provides a cushion for potential receipts shortfalls and other unanticipated costs.

Local assistance spending is estimated at $55.5 billion in FY 2022, an increase of $3.5 billion (6.7 percent) from FY 2021. The increase is mainly due to the decline in the eFMAP that shifts Medicaid costs from the State to the Federal share of $3.5 billion in FY 2021 to $995 million in FY 2022. General Fund spending for education and health care represent 75 percent of total local assistance spending. General Fund support for these programs are affected by the level of financing sources (i.e., HCRA and lottery/gaming receipts) available in other funds, as well as the impact of eFMAP that temporarily lowers State spending and increases the Federal share of Medicaid costs. As such, the explanation of annual spending changes for these programs is summarized later in the "State Financial Plan Multi-Year Projections" section.

General Fund agency operation costs, including fringe benefits, are expected to total $20.3 billion in FY 2022, an increase of $3.6 billion from FY 2021. The growth is almost entirely due the reclassification of $3 billion of personnel expenses for public health and public safety employees to the CRF in FY 2021, the deferral of the employer's share of Social Security taxes that moved $674 million of expenses from FY 2021 proportionately to FY 2022 and FY 2023, and the 27th administrative payroll in FY 2021. Excluding these anomalies, most executive agencies are expected to hold operations spending at FY 2021 levels that were reduced by 10 percent from the FY 2021 Enacted Budget levels.

General Fund transfers to other funds are projected to total $7.1 billion in FY 2022, an increase of $1.1 billion from FY 2021. Debt service supported by transfers from the General Fund are projected to increase by $115 million. Transfers for capital projects are projected to increase by $1.2 billion reflecting an increase in hard dollar resources to fund capital projects and the timing of bond reimbursements for projects in FY 2021. Transfers for other purposes are projected to decline by $259 million, reflecting non-recurring General Fund support for School Aid in FY 2021.

FY 2022 Closing Balance

DOB projects the State will end FY 2022 with a General Fund cash balance of $5.7 billion, a decrease of $1.5 billion from FY 2021. The decline is due to the planned use of a portion of the FY 2020 cash balance to reduce the budget gap in FY 2022 and the expected use of Extraordinary Monetary Settlements for initiatives approved in prior budgets. See "Other Matters Affecting the Financial Plan - Uses of Extraordinary Monetary Settlements" herein.

The General Fund balance, excluding Extraordinary Monetary Settlements, is estimated at $4.5 billion. The Executive Budget maintains all Rainy Day Reserves, as well as $500 million for debt management purposes and $1.5 billion for economic uncertainties.

TOTAL BALANCES
(millions of dollars)

	FY 2021 Current	FY 2022 Proposed	Annual Change
TOTAL GENERAL FUND BALANCE	**7,237**	**5,730**	**(1,507)**
Statutory Reserves:			
Rainy Day Reserves	2,476	2,476	0
Community Projects	15	15	0
Contingency Reserve	21	21	0
Fund Balance Reserved for:			
Economic Uncertainties	1,490	1,490	0
Debt Management	500	500	0
Undesignated Fund Balance	550	2	(548)
Subtotal Excluding Settlements	**5,052**	**4,504**	**(548)**
Extraordinary Monetary Settlements	**2,185**	**1,226**	**(959)**

Cash Flow

State Finance Law authorizes the General Fund to borrow money temporarily from available funds held in the Short-Term Investment Pool (STIP). The FY 2021 Enacted Budget amended the statute to permit the borrowings until the end of FY 2021. Previously, the borrowing period was limited to four months from the start of a fiscal year. The State last used this authorization in April 2011 when the General Fund needed to borrow funds from STIP for a period of five days. The amount of resources that can be borrowed by the General Fund is limited to available balances in STIP, as determined by the State Comptroller. Available balances include money in the State's governmental funds and a relatively small amount of other money belonging to the State, held in internal service and enterprise funds, as well as certain agency funds. Several accounts in Debt Service Funds and Capital Projects Funds that are part of All Governmental Funds are excluded from the balances deemed available in STIP. These excluded funds consist of bond proceeds and money obligated for debt service payments.

Pursuant to authorization contained in legislation adopted in connection with the FY 2021 Enacted Budget, the State completed two PIT note sales for cash flow purposes in the first quarter of FY 2021. The note sales generated a total of $4.5 billion in net proceeds, consistent with the assumptions in the Enacted Budget Financial Plan. The sales were done to meet anticipated liquidity needs arising from the Federal government's decision to extend the income tax filing deadline from April 15, 2020 to July 15, 2020 as a result of the pandemic. The receipt and expected repayments are shown in the State's monthly cash balances shown on the following page. The legislation adopted in connection with the Enacted Budget authorized the State to issue up to $8 billion in PIT notes for cash flow purposes in FY 2021 by December 31, 2020. The notes may be renewed once for up to a year, and as a contingency option, refinanced on a long-term basis. A line of credit for up to $3.0 billion was also established during FY 2021. Draws on the line of credit may be made through March 31, 2021, subject to available appropriation. Any balance on the line of credit may be refinanced twice for up to one year, and, as a contingency option, refinanced on a long-term basis. No draws have been made pursuant to the authorization included in the Enacted Budget as of the date of this AIS Update, and none are planned at this time.

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

PROJECTED MONTH-END CASH BALANCES
FY 2022
(millions of dollars)

	General Fund	Other Funds	All Funds
April 2021	11,561	8,064	19,625
May 2021	6,615	7,373	13,988
June 2021	4,134	8,587	12,721
July 2021	6,933	8,503	15,436
August 2021	6,047	8,475	14,522
September 2021	7,635	7,420	15,055
October 2021	6,427	7,517	13,944
November 2021	5,223	7,199	12,422
December 2021	5,888	8,622	14,510
January 2022	11,289	9,672	20,961
February 2022	8,237	11,178	19,415
March 2022	5,730	6,957	12,687

Other Matters Affecting the Financial Plan

Other Matters Affecting the Financial Plan

General

The Financial Plan is subject to complex economic, social, financial, political, public health, and environmental risks and uncertainties, many of which are outside the ability of the State to predict or control. DOB asserts that the projections of receipts and disbursements in the Financial Plan are based on reasonable assumptions, but there can be no assurance that results will not differ materially and adversely from these projections. For example, in past years, tax receipts collections have varied substantially from the levels forecasted, and entitlement-based programmatic spending has also varied significantly from initial projections. More recently, DOB recognized the need to correct a structural imbalance under the Medicaid Global Cap as spending levels exceeded the indexed levels. Similarly, there are inherent risks with the financial condition of health care providers and enrollment in public health insurance programs driven directly or indirectly by the COVID-19 pandemic. Financial Plan projections include recurring savings associated with reductions implemented in FY 2020 and the Medicaid Redesign Team II (MRT II) actions authorized in the FY 2021 Enacted Budget to limit Medicaid spending, which also included increased General Fund support.

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

The Financial Plan is based on numerous assumptions including the condition of the State and national economies, and the concomitant collection of economically sensitive tax receipts in the amounts projected. Other uncertainties and risks concerning the economic and receipts forecasts include impacts of: national and international events; ongoing financial risks in the Eurozone; changes in consumer confidence, price and supply of oil and gas; major terrorist events and hostilities or war; climate change and extreme weather events; severe epidemic or pandemic events; cybersecurity threats; Federal statutory and regulatory changes concerning financial sector activities; changes to Federal tax law; changes to Federal programs; changes concerning financial sector bonus payouts, as well as any future legislation governing the structure of compensation; shifts in monetary policy affecting interest rates and the financial markets; credit rating agency actions; financial and real estate market developments which may adversely affect bonus income and capital gains realizations; technology industry developments and employment; effect of household debt on consumer spending and State tax collections; and outcomes of litigation and other claims affecting the State.

Other Matters Affecting the Financial Plan

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

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

It is not possible to assess or forecast with any degree of certainty or precision the long-term impacts of COVID-19 on commuting patterns, remote working, business activity, educational opportunities, social gatherings, tourism, use of public transportation, aviation and more. Adverse results in the foregoing could have long-term trend impacts on the sources of revenues in the State's Financial Plan, including PIT, consumption and corporate taxes, fees and more, and such impacts could be material.

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

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

Budget Risks and Uncertainties

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid; delays in or suspension of capital maintenance and construction; extraordinary financing of operating expenses; use of nonrecurring resources; or other measures. In some cases, the ability of the State to implement such actions requires the approval of the Legislature and cannot be implemented solely by the Governor. The FY 2021 Enacted Budget grants the Budget Director the authority to reduce aid-to-localities appropriations and disbursements by any amount needed to maintain a balanced budget, as estimated by DOB. The Budget Director's powers are activated if actual State Operating Funds tax receipts are less than 99 percent of estimated tax receipts, or actual State Operating Funds disbursements are more than 101 percent of estimated disbursements, as measured at three points during the year (April 1-30, May 1-June 30, and July 1-December 31). As of the initial measurement period (April 1 - 30), the Budget Director's powers were activated and are in force for the remainder of FY 2021 to maintain a balanced budget. The Budget Director is authorized to transmit a plan to the Legislature identifying the specific appropriations and cash disbursements that would be reduced to maintain a balanced budget. The Legislature would then have ten days to adopt, by concurrent resolution, its own balanced budget plan. If no plan is adopted, the plan submitted by the Budget Director would take effect automatically. The process exempts certain types of local assistance appropriations from uniform reduction, including public assistance and Supplemental Security Income (SSI) payments.

Any reductions made pursuant to this authorization may be paid in full or in part if one or both of the following events occur: (i) Actual State Operating Funds Tax Receipts through February 28, 2021 are not less than 98 percent of Estimated State Operating Funds Tax Receipts through February 28, 2021; or (ii) the Federal government provides aid that the Budget Director deems sufficient to reduce or eliminate the imbalance in the General Fund for FY 2021 and does not adversely impact the projected budget gap in FY 2022.

In addition, to maintain a balanced budget in the General Fund, the Budget Director is authorized to withhold any payments, including amounts that are to be paid on specific dates prescribed in law or regulation, if such action is necessary to respond to the direct and indirect economic, financial, and social effects of the COVID-19 pandemic.

The Executive Budget includes a provision that will trigger automatic across-the-board reductions to planned local assistance appropriations and cash disbursements if unrestricted Federal aid is not approved by August 31, 2021 or is approved at an amount less than the amount budgeted in the Financial Plan. The reductions would be calculated to generate savings equal to the difference between the Federal aid assumed in the Financial Plan and the amount approved.

Other Matters Affecting the Financial Plan

The Financial Plan forecast assumes various transactions will occur as planned including, but not limited to: receipt of certain payments from public authorities; receipt of revenue sharing payments under the Tribal-State Compacts; receipt of miscellaneous revenues at the levels set forth in the Financial Plan; and achievement of cost-saving measures including, but not limited to, transfer of available fund balances to the General Fund at levels currently projected and Federal approvals necessary to implement the MRT II savings actions authorized in the FY 2021 Enacted Budget. Such assumptions, if they were not to materialize, could adversely impact the Financial Plan in current or future years, or both.

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

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

In FY 2012, the State enacted legislation intended to limit the year-to-year growth in the State's two largest local assistance programs, School Aid and Medicaid. These limitations on spending growth are described further in the following sections.

School Aid

The School Aid growth cap was previously calculated based on the annual growth in the State Personal Income Growth Index (PIGI). With the exception of the 2013 school year increase (based on a five-year average), the PIGI was based on a one-year growth index. However, in FYs 2014 through 2019, the authorized School Aid increases were above the indexed levels. In FY 2020, the authorized School Aid increase was within the indexed levels. Beginning in FY 2021, the statutory PIGI for School Aid was amended to limit School Aid increases to no more than the average annual income growth over a ten-year period. This change reduces volatility in allowable growth and aligns the School Aid cap with the statutory Medicaid cap.

The FY 2022 Executive Budget recommends an $838 million (3.2 percent) increase in School Aid for SY 2022, or $300 million less than the maximum $1.14 billion increase permitted under the final 4.3 percent PIGI for SY 2022. In SY 2023 and thereafter, School Aid is projected to increase consistent with the rates allowed by the growth cap.

Medicaid Global Cap

A portion of Department of Health (DOH) State Funds Medicaid spending growth is subject to the Global Cap -- the ten-year rolling average of the medical component of the Consumer Price Index (CPI). Thus, the Global Cap allows for growth attributable to increasing costs, but not increasing utilization.

The statutory provisions of the Global Cap allow for flexibility in adjusting Medicaid projections to meet unanticipated costs resulting from a disaster, and grant the Commissioner of Health certain powers to limit Medicaid disbursements to the level authorized by the Global Cap. The Commissioner's powers are intended to limit the annual growth rate to the levels set by the Global Cap indexed rate for the then current fiscal year, through actions which may include reducing reimbursement rates to providers. These actions may be dependent upon timely Federal approvals and other elements of the program that govern implementation. Major changes to the State share of Medicaid spending, outside of the Global Cap, include State costs for the takeover of Medicaid growth from local governments and reimbursement to providers for increased minimum wage costs. It should be further noted that General Fund spending remains sensitive to revenue performance in the State's HCRA fund that finances approximately one-quarter of DOH State-share costs in the Medicaid program. Limitations on elective procedures, changes in consumer behavior, and other factors attributable to the COVID-19 pandemic may have a material and adverse impact on HCRA revenues.

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

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

MRT II Solutions to Global Cap Imbalance

Following the need to defer FY 2019 Medicaid payments, DOB recognized that a structural imbalance existed within the Global Cap based on a review of price and utilization trends, and other factors.[4] A structural imbalance in this case meant that estimated expense growth in State-share Medicaid subject to the Global Cap, absent measures to control costs, was growing faster than allowed under the Global Cap spending growth index.[5]

DOB estimated that, absent actions to control costs, State-share Medicaid spending subject to the Global Cap would have exceeded the indexed growth amount by upwards of $3 to $4 billion annually, inclusive of the FY 2019 deferral of $1.7 billion.

In response to the estimated Global Cap imbalance, the Governor formed the MRT II as part of the FY 2021 Executive Budget with the objective of restoring financial sustainability to the Medicaid program while connecting other programmatic initiatives that would advance the core healthcare strategies pursued by the Governor since taking office in 2011. The Enacted Budget included $2.2 billion in recommendations put forward by the MRT II to create efficiencies within the Medicaid program and address the Medicaid imbalance, including identifying efficiencies in Managed Care and Managed Long-Term Care, as well as administrative reforms.

[4] Factors that place upward pressure on State-share Medicaid spending include but are not limited to: reimbursement to providers for the cost of the increase in the minimum wage; phase-out of enhanced Federal funding; and increased enrollment and costs in managed long-term care.

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

Additionally, policy initiatives such as the carve out of pharmacy services from Managed Care and the centralization of a transportation broker, will increase transparency and identify efficiencies within these areas. The MRT II also focuses on greater program integrity within the Medicaid program and includes reforms to modernize regulations to eliminate fraud, waste and abuse. The Executive Budget continues these reforms, including additional savings to preserve global cap balance for the duration of the Financial Plan.

If these measures are insufficient or Federal approvals necessary to implement such savings do not materialize, the Financial Plan in current or future years, or both, could be adversely impacted.

Public Health Insurance Programs/Public Assistance

Historically, the State has experienced growth in Medicaid enrollment and public assistance caseloads during economic downturns resulting from increased unemployment. DOB is evaluating public health insurance program enrollment and public assistance caseload trends connected to the economic downturn attributable to the COVID-19 pandemic. Many who were laid off or otherwise experienced a decrease in family income in 2020 due to the COVID-19 pandemic became qualifying enrollees and began to participate in public health insurance programs such as Medicaid, the Essential Plan (EP), and Child Health Plus (CHP). As Medicaid enrollees remain eligible for coverage for 12 continuous months, the costs associated with increased enrollment continues into outyear projections. In FY 2021, the cost of the enrollment increase will be partially offset by eFMAP provided in the FFCRA retroactive to January 2020.

As the economic downturn and associated unemployment related to COVID-19 persist, the public assistance caseload is projected to increase, particularly in New York City. However, Federal aid for rental assistance coupled with the extension of eviction moratoriums will help mitigate sharp increases.

Federal Impacts to the Financial Plan

Overview

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

Federal funding is a significant component of New York's budget, approximately 40 percent of total revenues in FY 2022, including $3 billion of new unrestricted Federal aid. Federal funds are predominantly targeted at programs that support vulnerable populations and those living at or near the poverty level, such as Medicaid, Temporary Assistance for Needy Families (TANF), Elementary and Secondary Education Act (ESEA) Title I grants, and Individuals with Disabilities Education Act (IDEA) grants. Other Federal resources are directed at infrastructure and public protection. Overall, the Federal resources expected to be utilized in the FY 2022 Budget include:

- Medicaid ($48.4 billion). Funding shared by the Federal government helps support health care costs for more than seven million New Yorkers, including more than two million children. Medicaid is the single largest category of Federal funding.

- eFMAP ($1.2 billion - State and Local Share Benefit). In response to the COVID-19 pandemic, the Federal government increased its share of Medicaid funding (eFMAP) by 6.2 percent for each calendar quarter occurring during the public health emergency. The enhanced funding began January 1, 2020 and is currently expected to continue through June 2021, providing a total of $5.4 billion in additional Federal resources that reduce State and Local government costs. State savings total $3.5 billion and $995 million in FY 2021 and FY 2022, respectively. Due to the timing of reconciliations to draw down the eFMAP, savings for the month of March 2021 will be realized in FY 2022.

- Education ($3.9 billion). Funding supports K-12 education and special education. Similar to Medicaid and the human service programs, much of Federal education funding received is directed toward vulnerable New Yorkers, such as students in high poverty schools or those with disabilities.

- Social Services ($3.6 billion). Funding provides assistance for several programs managed by the Office of Temporary and Disability Assistance (OTDA), including TANF-funded public assistance benefits and the Flexible Fund for Family Services, Home Energy Assistance Program (HEAP) benefits, Supplemental Nutrition Assistance Program (SNAP) administrative costs, and Child Support administrative costs.

- Public Health ($8 billion). The Federal government provides support for several health programs administered by DOH, including the EP, which provides health care coverage for low-income individuals who do not qualify for Medicaid or CHP.

- Children and Families ($1 billion). Support from the Federal government provides assistance for programs managed by the Office of Children and Family Services (OCFS), such as the Foster Care program.

- Transportation ($1.6 billion). Federal resources support infrastructure investments in highway and transit systems throughout the state, including funding participation in ongoing transportation capital plans.

- Public Protection ($1.3 billion). Federal funding supports various programs and operations of the State Police, the Department of Corrections and Community Supervision (DOCCS), the Office of Victim Services, the Division of Homeland Security and Emergency Services (DHSES), and the Division of Military and Naval Affairs (DMNA). Federal funds are also passed on to municipalities to support a variety of public safety programs.

- All Other Funding ($1.1 billion). Other programs supported by Federal resources include housing and homeless services, economic development, mental hygiene, parks and environmental conservation, higher education, and general government areas.

- COVID-19 Funding (FY 2021- $9.0 billion; FY 2022- $5.5 billion). In response to the COVID-19 pandemic, the Federal government has authorized various funding to states and other entities including $5.1 billion from the CRF established in the CARES Act to provide funding for states and local governments to respond to the COVID-19 pandemic, and the Lost Wages Assistance (LWA) program that provided funding to grant eligible claimants that are unemployed or partially unemployed due to the pandemic a supplemental payment of $300 per week through December 27, 2020, in addition to their unemployment benefits. In addition, the CARES Act provided grants for the purpose of providing educational agencies with emergency assistance to address the impact of COVID-19. CRRSA Act, 2021 established the Emergency Rental Assistance program to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic and provided additional funding for the Elementary and Secondary School Emergency Relief (ESSER) Fund and the Governor's Emergency Education Relief (GEER) Fund.

Other Matters Affecting the Financial Plan

Federal Funding Trends

Federal Funds spending is expected to total $75.6 billion in FY 2022, a decrease of $2.7 billion (3 percent) compared to FY 2021. This reduction is driven primarily by COVID-19 related funding received in FY 2021 that is not enacted at the Federal level for FY 2022.

FEDERAL FUNDS DISBURSEMENTS
(millions of dollars)

	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
DISBURSEMENTS					
Medicaid	44,976	48,357	47,422	47,701	47,861
eFMAP, including local passthrough	4,236	1,210	0	0	0
Health	7,155	8,027	8,173	8,083	8,030
Social Welfare	4,680	4,686	4,687	4,689	4,691
Education	3,862	3,873	3,857	3,857	3,857
Transportation	1,645	1,573	1,573	1,573	1,573
Public Protection	1,732	1,333	1,335	1,306	1,298
Coronavirus Relief Fund	3,947	1,193	0	0	0
Lost Wages Assistance	4,200	0	0	0	0
Education CARES Act Funds	842	360	0	0	0
Education Supplemental Appropriations Act	0	3,104	1,221	0	0
Emergency Rental Assistance Program	0	801	0	0	0
All Other[1]	1,087	1,122	1,116	1,110	1,097
Total Disbursements	**78,363**	**75,640**	**69,385**	**68,319**	**68,407**

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

Federal Coronavirus Response Legislation

To date, the Federal government has taken legislative, administrative, and Federal Reserve actions intended to stabilize financial markets; extend aid to large and small businesses, health care providers, and individuals; and reimburse governments for the direct costs of pandemic response. An approximate total of $27.1 billion of funding from five Federal bills for expenses related to COVID-19 has been awarded to the State (not including the latest legislation, the American Rescue Plan Act, which has not been enacted into law as of the date of this AIS Update). For a majority of the enacted legislation, the economic benefits do not flow to or through the State's Financial Plan, but instead flow directly to individuals in the form of tax rebates, and to large and small businesses in the form of loans or grants. Specifically, the Federal government enacted five pieces of legislation in response to the ongoing COVID-19 pandemic:

(i) The Coronavirus Preparedness and Response Supplemental Appropriations Act which provides an initial $8 billion in emergency funding to respond to the COVID-19 pandemic, including support for vaccine development, the Public Health Emergency Preparedness program, and small businesses ($40 million).

(ii) FFCRA which provides $192 billion in aid, and includes paid sick leave, free testing, expanded food assistance and unemployment benefits, protections for health care workers, and increased Medicaid funding in response to the COVID-19 pandemic ($9.8 billion).

(iii) The CARES Act which provides approximately $1.8 trillion in overall aid for Federal agencies, individuals, businesses, states and localities, as well as $100 billion in Provider Relief Funds for hospitals and health care providers, to respond to the COVID-19 pandemic. The law also authorized the Federal Reserve Bank to purchase revenue and bond anticipation notes of states and certain local governments through the Municipal Liquidity Facility (MLF) (CRF $5.1 billion, Other $3.5 billion).

(iv) The Paycheck Protection Program and Health Care Enhancement Act which provides $484 billion in overall funding for small business programs, and healthcare programs, including $75 billion for hospitals, health care providers, and testing and tracing activities ($704 million).

(v) CRRSA Act 2021 which provides $935 billion in funding for education, testing, tracing and vaccine distribution, unemployment assistance, small business programs, and housing ($7.9 billion).

Assistance to states through the CARES Act is generally restricted to specific purposes and includes the CRF ($5.1 billion State allocation) and the Education Stabilization Fund ($1.2 billion State allocation). The FFCRA includes an emergency 6.2 percent increase to the Medicaid FMAP during the public health emergency. This increase is estimated to provide the State with roughly $3.5 billion in savings in FY 2021 and $995 million in FY 2022; however, projected Medicaid enrollment growth as a result of the recession erodes the value of the FMAP benefit. The majority of additional funds for the State included in CRRSA Act will be additional education funding.

In response to former President Trump's major disaster declaration for the State in 2020, FEMA is also expected to provide funding for costs related to emergency protective measures conducted as a result of the COVID-19 pandemic. However, there can be no assurance that FEMA will approve claims in time for the State to receive reimbursement within the same year the costs are incurred. The State also received additional Federal aid in the form of enhanced Unemployment Insurance funding.

Other Matters Affecting the Financial Plan

It is expected that State agencies will continue to incur costs to respond to the COVID-19 pandemic in FY 2022. The Financial Plan continues to assume that nearly all direct COVID-19 costs incurred by agencies will be fully covered with Federal aid. In addition, the Financial Plan reflects reclassifications of eligible expenses incurred in FY 2020 and payroll expenses for public health and safety employees through December 31, 2020 to the Federal CRF pursuant to U.S. Treasury eligibility guidelines.

The Federal legislation to date, however, provides only limited unrestricted aid to replace the expected severe loss in State receipts -- nearly $33 billion over four years. A modest increase in tax receipts estimates since the Mid-Year Update to the Financial Plan in October 2020 has not fundamentally altered the State's fiscal challenges. The projected aggregate two-year budget gap (FY 2021 and FY 2022) that must be closed in the FY 2022 Executive Budget is projected to total $12.7 billion. The timing and amount of new Federal aid, if any, will ultimately determine the level of spending cuts and tax increases that must be enacted by the State in FY 2022. The Governor has asked Congress for $15 billion in COVID-19 relief aid to maintain State services. About 90 percent of State funding supports schools, healthcare, local grants and services for the most vulnerable populations. The FY 2022 Executive Budget recommends difficult spending cuts in local aid and agency operations. It also proposes tax increases. Both would slow the State's economic and fiscal recovery. If the Governor's full $15 billion aid request is approved, the State would be able to reverse or modify many of these proposals. The Executive Budget includes a contingency appropriation to enable these restorations in the event that the Federal government provides the full amount of aid requested by the Governor.

Federal Risks

The amount and composition of Federal funds received by the State has changed over time as a result of legislative and regulatory actions at the Federal level and will likely continue to change in the coming year. Notable areas with potential for change include health care, human services and infrastructure policy. Any reductions in Federal aid could have a materially adverse impact on the Financial Plan.

Notable Federal risks include:

- Additional COVID-19 Relief. New York State needs an estimated $15 billion, in addition to funds for local governments to close its deficit caused by revenue losses resulting from the pandemic. Without these funds necessary State and local services will be in jeopardy.

- Vaccine Distribution. The Federal government must increase the pace of vaccine distribution to bring the pandemic to an end. The State's economy and revenues cannot completely recover until the pandemic is abated.

- MTA Congestion Pricing. The Federal Highway Administration has delayed approval of the MTA's Congestion Pricing plan by over 18 months. Continued delay of this approval would cost the MTA an estimated $1 billion in annual revenues.

- Surface Transportation Reauthorization. The Fixing America's Surface Transportation (FAST) Act, which funds Federal highway, transit, intercity rail, freight, highway traffic safety, and motor carrier safety programs is set to expire on September 30, 2021. In Federal Fiscal Year (FFY) 2021, the State and State transit authorities are expected to receive $3.3 billion in highway and transit funding alone. This funding will be at risk if the Federal government does not act to capitalize the Federal Highway Trust Fund and ensure that an extension of current law or enact a new authorization prior to October 1, 2021.

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

Current Federal Aid

Former President Trump proposed significant cuts to mandatory and discretionary domestic programs in recent FFYs, including the current FFY 2021, which were largely rejected in the final appropriations bills approved for each of those years. FFY 2021 appropriations were enacted on December 27, 2020.

President Biden, who took office on January 20, 2021, has yet to release a FFY 2022 budget proposal (which was expected to be released on February 1, 2021, but often is delayed during transition years). While the Biden Administration is expected to have its own priorities for the Federal partnership with the states, there can be no assurance of levels of Federal aid or other changes affecting the State. However, to date, the Administration has submitted a $1.9 trillion plan to stimulate economic recovery and control the COVID-19 pandemic to Congress. The Biden plan includes $350 billion in direct aid to states and localities to maintain essential services that are at risk as governments contend with dramatic losses in tax receipts.

Federal Debt Limit

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

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

Federal Tax Law Changes

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

The State's income tax system interacts with the Federal system in numerous ways. Changes to the Federal tax code have significant flow-through effects on State tax burdens and State tax receipts. From the standpoint of certain individual New York State taxpayers, the $10,000 limit on the deductibility of SALT payments, effective beginning in Tax Year 2018, is substantial.

The SALT deduction originated with the first Federal income tax implemented to fund the Civil War and has been in place continuously since 1913. The TCJA's SALT deduction limit represents a large increase in the State's effective tax rate relative to historical experience and may adversely affect New York State's economic competitiveness.

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

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

Other Matters Affecting the Financial Plan

State Response to Federal Tax Law Changes

As part of the State's continuing response to Federal tax law changes, legislation is being proposed for adoption by the State Legislature in support of the Executive Budget that provides for an optional pass-through entity tax (PTET) on the New York sourced income of (i) partnerships and (ii) S corporations that are comprised solely of individual partners or shareholders. Qualifying entities that elect to pay PTET will pay a 6.85 percent tax on their New York sourced ordinary income (and guaranteed payments for partnerships) at the partnership or corporation level and their individual partners, members and shareholders will receive a refundable tax credit equal to 92 percent of the proportionate or pro rata share of taxes paid by the electing entity. Additionally, the proposal includes a resident tax credit that allows reciprocity with other states that have implemented substantially similar taxes, which currently includes Connecticut and New Jersey.

DOB expects that the PTET legislation, if adopted as proposed, would be revenue neutral for the State, although personal income tax receipts (PIT receipts) would decrease to the extent that qualifying entities elected to pay PTET. However, to hold harmless the Revenue Bond Tax Fund (RBTF) and to maintain comparable security for PIT Bondholders, the State is also proposing legislation that would cause 50 percent of receipts from PTET to be deposited into the RBTF. Accordingly, aggregate contributions to the RBTF are expected to be unaffected because 50 percent of net revenues from both PIT and the proposed PTET, as well as 50 percent of the net revenues from the Employer Compensation Expense Program (ECEP), will be deposited into the RBTF.

The Financial Plan does not currently include an estimate for PTET receipts or the corresponding decrease in PIT receipts as the opt-in rates for electing entities will not be known until December 2021. DOB expects to include estimates as opt-in rates and other information becomes known. In November 2020, the IRS released Notice 2020-75 which announced that the Treasury and IRS intend to issue proposed regulations to clarify 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, which may increase participation in the program.

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

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

On July 17, 2018, the State, joined by Connecticut, Maryland, and New Jersey, filed a lawsuit to protect New York taxpayers from the new Federal limit on the SALT deduction. The lawsuit claimed the new SALT limit was enacted to target New York and similarly situated states, interfered with states' rights to make their own fiscal decisions, and disproportionately harmed taxpayers in these states. On September 30, 2019, U.S. District Court for the Southern District of New York found that the states failed to allege a valid legal claim that the SALT limit unconstitutionally encroaches on states' sovereign authority to determine their own taxation and fiscal policies. The State, along with Connecticut, Maryland, and New Jersey, filed a notice of appeal to the U.S. Court of Appeals for the Second Circuit on November 26, 2019, and briefing for the appeal was completed as of June 29, 2020. Oral argument was held on December 3, 2020, and a decision is pending.

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

On July 17, 2019, New York State, joined by Connecticut and New Jersey, filed a Federal lawsuit challenging Treasury Decision 9864. Among other things, the lawsuit seeks to restore the full Federal income tax deduction for charitable contributions, regardless of the amount of any State tax credit provided to taxpayers as a result of contributions made to the Charitable Gifts Trust Fund, in accordance with precedent since 1917. The Federal defendants moved to dismiss the complaint, in the alternative for summary judgment, on December 23, 2019, and the states responded and filed their own motion for summary judgment on February 28, 2020. Briefing on the motions was completed in July 2020 and the states' request for oral argument remains pending. If the lawsuit is successful it is expected that donations to the Charitable Gifts Trust Fund in future years could be higher than the $93 million in donations made in 2018. See "Impact of State Tax Law Changes on PIT Revenue Bonds" below.

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

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

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

Essential Plan (EP)

Due to the economic downturn caused by the COVID-19 pandemic, the number of eligible recipients for EP coverage increased as unemployment increased, employer sponsored coverage ended, and incomes fell below the eligibility threshold. New costs associated with increased EP coverage are expected to continue in the outyears as the economy recovers. Since the EP is fully Federally funded, additional enrollment costs will draw in additional Federal revenues and is not anticipated to increase State support in FY 2021 and beyond.

Although the EP is not a Medicaid program, EP resources are managed within the Medicaid Global Cap. Accordingly, State savings associated with the EP local assistance program are realized within the Global Cap.

Medicaid Redesign Team (MRT) Medicaid Waiver

The CMS and the State have an existing agreement authorizing up to $8 billion in Federal funding through March 31, 2021 to transform New York's health care system and ensure access to quality care for all Medicaid beneficiaries. This funding was provided through an amendment to the State's Partnership Plan 1115 Medicaid waiver. Since January 1, 2014, in accordance with provisions of the ACA, the State has been eligible for eFMAP funding associated with childless adults.

Due to the demonstrated success of the Delivery System Reform Incentive Payment (DSRIP) waiver, the State submitted a waiver request to CMS on November 25, 2019, seeking an extension of the original waiver to authorize the remaining $625 million of spending in FY 2021 for an additional period of four years (through FY 2024) and up to $8 billion in additional Federal funding for continued health care beginning in FY 2022.

However, CMS denied the State's request on February 21, 2020. CMS' denial was on the basis that the original DSRIP award was time-limited and meant to be a one-time investment, and that it was not in a position to authorize a conceptual agreement beyond the current demonstration program. While the State's requested amendment was denied, the State submitted a subsequent 1115 Medicaid waiver request that aligns with the expiration of the MRT Waiver on March 31, 2021. The COVID-19 1115 Waiver was submitted to CMS on May 11, 2020 and, if approved, would provide the State with $1.9 billion and new flexibilities to respond to the public health emergency.

As a result of the Governor's MRT II initiatives, DOH is building on prior successes in transforming the State's ability to provide Medicaid services by preparing a waiver extension of the Medicaid Redesign Team 1115 waiver. DOH is preparing to file a three-year extension to the existing MRT 1115 Waiver by March 2021.

Once the MRT Waiver is extended, additional funding requests can be pursued. New York will explore new initiatives through amendments to the approved waiver on Medicaid policy priorities including telehealth, alternative payment methodologies, workforce and Health Equity and Social Determinants of Health, and to address the COVID-19 pandemic impact on the State's health care delivery system.

Employer Compensation Expense Program

Employers that elect to participate in the ECEP will be subject to a 5 percent State tax on all annual payroll expenses in excess of $40,000 per employee, phased in over three years beginning on January 1, 2019 as follows: 1.5 percent in Tax Year 2019, 3 percent in Tax Year 2020, and 5 percent in Tax Year 2021. Employers must elect to participate in the ECEP for the upcoming tax year by December 1 of the preceding calendar year. For Tax Year 2019, 262 employers elected to participate in the ECEP and remitted $1.5 million, with the number of participating employers increasing to 299 for Tax Year 2020.

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

Charitable Gifts Trust Fund

Starting in Tax Year 2018, the Charitable Gifts Trust Fund was established to accept gifts for the purposes of funding health care and education in New York State. Taxpayers who itemize deductions may claim these charitable contributions as deductions on their Federal and State income tax returns. Any taxpayer who donates may also claim a State tax credit equal to 85 percent of the donation amount for the tax year after the donation is made. State PIT receipts will be reduced by the State tax deduction and 85 percent tax credit.[6]

Through FY 2020, the State received $93 million in charitable gifts deposited to the Charitable Gifts Trust Fund for healthcare and education ($58 million and $35 million, respectively). Charitable gifts are appropriated for the authorized purposes.

[6] SUNY Research Foundation, CUNY Research Foundation, and HRI are allowed to accept up to $10 million each in charitable gifts on an annual basis. State PIT receipts will also be reduced by the State tax deduction and 85 percent credit for these donations.

Impact of State Tax Law Changes on PIT Revenue Bonds

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

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

Donations to the Charitable Gifts Trust Fund could reduce State PIT receipts by nearly one dollar for every dollar donated. If Treasury Decision 9864 is upheld in Federal court, taxpayer participation in the future will likely be reduced. However, if the legal challenge is successful in restoring the full Federal tax deduction for charitable contributions, donations to the Charitable Gifts Trust Fund in future years could be higher than in 2018, when donations totaled $93 million. In such event, the amount of donations to the Charitable Gifts Trust Fund would pose a risk to the amount of New York State PIT receipts deposited to the RBTF in future years. To address this risk, the State increased the amount of PIT receipts deposited to the RBTF from 25 percent to 50 percent as part of the State tax reforms enacted in 2018.

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

The calculation of the maximum amount of potential donations from Tax Year 2020 through 2024 is on average in the range of $22 billion annually. The calculation assumes that every resident taxpayer who has an incentive to donate will do so, and such donations will be equal to the total value of each resident taxpayer's SALT payments, less the value of the $10,000 Federal SALT deduction limit, up to the value of the taxpayer's total State tax liability. The calculation is dependent on several assumptions concerning the number of itemized filers. It relies on the most recent PIT population study file, as trended forward, as well as the impact of the TCJA and State law changes on the number and distribution of itemized and standardized filers. The calculation also assumes that (a) no further changes in Federal tax law occur, and (b) DOB projections of the level of State taxpayer liability for the forecast period as set forth in the Financial Plan are materially accurate.

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

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

Climate Change Adaptation

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

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

Financial market participants are increasingly acknowledging climate change risks. In June 2017, an industry-led Task Force on Climate-Related Financial Disclosure convened by the Financial Stability Board (an international body which monitors the global financial system), published recommendations stating that climate change risks affect most market sectors and that climate-related risks should be publicly disclosed to investors in annual financial filings.[7] In November 2017, Moody's Investors Service issued guidance to state and local governments that climate change is forecast to heighten exposure to economic losses, placing potential pressure on credit ratings. The Moody's report identified rising sea levels and their effect on coastal infrastructure as the primary climate risks for the northeastern United States, including New York State. These risks are heightened by population and critical infrastructure concentration in coastal counties.

An October 2018 special report released by the Intergovernmental Panel on Climate Change of the United Nations (IPCC) found that human activity has already caused approximately 1.0°C of warming and is continuing to increase average global temperatures at 0.2°C per decade due to past and ongoing emissions. The IPCC states that global warming is likely to reach 1.5°C of warming between 2030 and 2052 if temperatures continue to increase at the current rate. This increase is expected to produce a range of adverse outcomes ("reasons for concern"). For example, the IPCC rates global risks of extreme weather events and coastal flooding as increasing from moderate ("detectable") today, to high ("severe and widespread") at 1.5°C of warming. The risk of severe impacts increases further at higher temperatures. Using current trends, climate change risks increasingly fall within the term of current outstanding bonds of the State, its public authorities and municipalities. State bonds may be issued with a term of up to 30 years under State statute.

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

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

Extraordinary Monetary Settlements

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

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

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Total
Extraordinary Monetary Settlements	**4,942**	**3,605**	**1,317**	**805**	**1,186**	**895**	**600**	**13,350**
Aetna Insurance Company	0	0	0	0	2	0	0	2
Agricultural Bank of China	0	0	215	0	0	0	0	215
American International Group, Inc.	35	0	0	0	0	0	0	35
Athene Life Insurance	0	0	0	0	15	0	45	60
AXA Equitable Life Insurance Company	20	0	0	0	0	0	0	20
Bank Hapoalim	0	0	0	0	0	0	220	220
Bank Leumi	130	0	0	0	0	0	0	130
Bank of America	300	0	0	0	0	0	0	300
Bank of America Merrill Lynch	0	0	0	0	42	0	0	42
Bank of Korea	0	0	0	0	0	0	35	35
Bank of Tokyo Mitsubishi	315	0	0	0	0	0	0	315
Barclays	0	670	0	0	15	0	0	685
BNP Paribas	2,243	1,348	0	350	0	0	0	3,941
Chubb	0	0	0	0	1	0	0	1
Cigna	0	0	0	2	0	0	0	2
Citigroup (State Share)	92	0	0	0	0	0	0	92
Commerzbank	610	82	0	0	0	0	0	692
Conduent Education Services	0	0	0	0	1	0	0	1
Credit Agricole	0	459	0	0	0	0	0	459
Credit Suisse AG	715	30	0	135	0	0	0	880
Deutsche Bank	0	800	444	0	205	0	150	1,599
FedEx	0	0	0	0	26	0	0	26
Goldman Sachs	0	50	190	0	55	0	150	445
Google/YouTube	0	0	0	0	0	34	0	34
Habib Bank	0	0	0	225	0	0	0	225
Intesa SanPaolo	0	0	235	0	0	0	0	235
Lockton Affinity	0	0	0	0	7	0	0	7
Mashreqbank	0	0	0	0	40	0	0	40
Mega Bank	0	0	180	0	0	0	0	180
MetLife Parties	50	0	0	0	20	0	0	70
Morgan Stanley	0	150	0	0	0	0	0	150
MUFG Bank	0	0	0	0	0	33	0	33
Nationstar Mortgage	0	0	0	0	5	0	0	5
New Day	0	1	0	0	0	0	0	1
Ocwen Financial	100	0	0	0	0	0	0	100
Oscar Insurance Company	0	0	0	0	1	0	0	1
PHH Mortgage	0	0	28	0	0	0	0	28
PricewaterhouseCoopers LLP	25	0	0	0	0	0	0	25
Promontory	0	15	0	0	0	0	0	15
RBS Financial Products Inc.	0	0	0	0	100	0	0	100
Société Générale SA	0	0	0	0	498	0	0	498
Standard Chartered Bank	300	0	0	0	40	322	0	662
Unicredit	0	0	0	0	0	506	0	506
UBS	0	0	0	0	41	0	0	41
Volkswagen	0	0	32	33	0	0	0	65
Wells Fargo	0	0	0	0	65	0	0	65
Western Union	0	0	0	60	0	0	0	60
William Penn	0	0	0	0	6	0	0	6
Other Settlements	7	0	(7)	0	1	0	0	1

Other Matters Affecting the Financial Plan

The table below summarizes the past and planned uses of Extraordinary Monetary Settlements received. The planned use of settlements will be evaluated in light of economic conditions and fiscal needs arising from the COVID-19 pandemic.

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

	FYs 2015 - 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Total
Opening Settlement Balance in General Fund	**0**	**4,194**	**2,610**	**2,185**	**1,226**	**479**	**134**	**0**
Receipt of Extraordinary Monetary Settlements	**11,855**	**895**	**600**	0	0	0	0	**13,350**
Use/Transfer of Funds	**7,661**	**2,479**	**1,025**	**959**	**747**	**345**	**134**	**13,350**
Capital Purposes:	**4,134**	**1,345**	**425**	**959**	**747**	**345**	**134**	**8,089**
Dedicated Infrastructure Investment Fund	3,374	939	1,130	877	525	330	134	7,309
Environmental Protection Fund	120	0	0	0	0	0	0	120
Mass Transit	70	3	7	2	2	1	0	85
Healthcare	24	132	80	30	45	14	0	325
Clean Water Grants	0	0	25	50	175	0	0	250
Javits Center Expansion	546	271	183	0	0	0	0	1,000
Bond Proceed Receipts for Javits Center Expansion	0	0	(1,000)	0	0	0	0	(1,000)
Other Purposes:	**3,122**	**6**	**0**	**0**	**0**	**0**	**0**	**3,128**
Audit Disallowance - Federal Settlement	850	0	0	0	0	0	0	850
CSX Litigation Payment	76	0	0	0	0	0	0	76
Financial Plan - General Fund Operating Purposes	1,807	0	0	0	0	0	0	1,807
Mass Transit Operating	10	0	0	0	0	0	0	10
MTA Operating Aid	194	0	0	0	0	0	0	194
Department of Law - Litigation Services Operations	180	6	0	0	0	0	0	186
OASAS Chemical Dependence Program	5	0	0	0	0	0	0	5
Reservation of Funds:	**405**	**1,128**	**600**	**0**	**0**	**0**	**0**	**2,133**
Rainy Day Reserves	250	238	0	0	0	0	0	488
Reserve for Economic Uncertainties	0	890	600	0	0	0	0	1,490
Reserve for Retroactive Labor Agreements	155	0	0	0	0	0	0	155
Closing Settlement Balance in General Fund	**4,194**	**2,610**	**2,185**	**1,226**	**479**	**134**	**0**	**0**

Current Labor Negotiations and Agreements (Current Contract Period)

The State has multi-year labor agreements in place with most of the unionized workforce and continues to negotiate new agreements with unions whose contracts are expiring or have expired. The State continues to withhold the general salary increases that were scheduled to go into effect on April 1, 2020 and plans to withhold the April 1, 2021 general salary increases.

The following table provides an overview of union labor contract dates:

Union Labor Contracts

Union	Contract Period
GSEU	7/2/2019 - 7/1/2023
NYSTPBA	4/1/2018 - 3/31/2023
NYSPIA	4/1/2018 - 3/31/2023
CUNY PSC	12/1/2017 - 7/1/2023
UUP	7/2/2016 - 7/2/2022
NYSCOPBA	4/1/2016 - 3/31/2023
CSEA	4/2/2016 - 4/1/2021
DC-37 Housing	4/2/2016 - 4/1/2021
PEF	4/2/2016 - 4/1/2019
PBANYS	4/1/2015 - 3/31/2019
Council-82	4/1/2009 - 3/31/2016

The Judiciary also has contracts in place with all 12 unions represented within its workforce through FY 2021, which include the Civil Service Employees Association (CSEA) (FY 2018 to FY 2021); the New York State Supreme Court Officers Association, the New York State Court Officers Association and the Court Clerks Association (FY 2012 to FY 2021); and eight other unions (FY 2020 to FY 2021).

Pension Contributions[8]

Overview

The State makes annual contributions to the New York State and Local Retirement System (NYSLRS) for employees in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). This section discusses contributions from the State, including the Judiciary, to the NYSLRS, which account for the majority of the State's pension costs.[9] All projections are based on estimated market returns and numerous actuarial assumptions which, if unrealized, could change these projections materially.

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

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

The FY 2022 ERS/PFRS pension estimate of $2.7 billion relied upon the December 2020 estimate from the State Comptroller, which reflects a negative 2.68 percent return in the Common Retirement Fund in FY 2020. This was partially offset by the lower cost of Tier 6 entrants and the use of a new mortality improvement scale. The State will continue to pay $400 million towards the balance outstanding on prior-year deferrals. OSC does not forecast pension liability estimates beyond the budget year, thus estimates for FY 2023 and beyond are developed by DOB. DOB's forecast assumes growth in the salary base consistent with collective bargaining agreements and a conservative rate of return compared to the assumed rate of return by NYSLRS. The current

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

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

Financial Plan forecast does not reflect the potential losses in asset value as a result of the COVID-19 outbreak and recession.

The pension liability also reflects changes to military service credit provisions found in Section 1000 of the RSSL enacted during the 2016 legislative session (Chapter 41 of the Laws of 2016). All veterans who are members of NYSLRS may, upon application, receive extra service credit for up to three years of military duty if such veterans (a) were honorably discharged, (b) have achieved five years of credited service in a public retirement system, and (c) have agreed to pay the employee share of such additional pension credit. Costs to the State for employees in the ERS will be incurred at the time each member purchases credit, as documented by OSC at the end of each calendar year. Costs for employees in PFRS will be distributed across PFRS employers and billed on a two-year lag (e.g., FY 2017 costs were first billed in FY 2019). Additionally, Section 25 of the RSSL requires the State to pay the ERS employer contributions associated with this credit on behalf of local governments. The State is also permitted to amortize the cost of past service credits that are newly incurred in a given fiscal year. The ERS cost to the State (including costs covered for local ERS) was $20.7 million in FY 2021 based on actual credit purchased through December 31, 2020. DOB has revised estimates to reflect stronger participation in the program. ERS costs are estimated to be $25 million in FY 2022 and $15 million annually in the outyears.

Pension Amortization

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

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

The portion of an employer's annual pension costs that may be amortized is determined by comparing the employer's amortization-eligible contributions as a percentage of employee salaries (i.e., the normal rate[10]) to a system-wide amortization threshold (i.e., the graded rate). Graded rates are determined for ERS and PFRS according to a statutory formula, and generally move toward their system's average normal rate by up to one percentage point per year. When an employer's normal rate is greater than the system-wide graded rate, the employer can elect to amortize the difference. However, when the normal rate of an employer that previously amortized is less than the system-wide graded rate, the employer is required to pay the graded rate. Additional

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

contributions are first used to pay off existing amortizations and are then deposited into a reserve account to offset future increases in contribution rates. Chapter 48 of the Laws of 2017 changed the graded rate computation to provide an employer-specific graded rate based on the employer's own tier and plan demographics.

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

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

EMPLOYEE RETIREMENT SYSTEM AND POLICE AND FIRE RETIREMENT SYSTEM
IMPACTS OF AMORTIZATION ON PENSION CONTRIBUTIONS

(millions of dollars)

	Statewide Pension Payments[1]					Rates for Determining (Amortization Amount) / Excess Contributions			
Fiscal Year	Normal Costs[2]	(Amortization Amount) / Excess Contributions	Repayment of Amortization	Total Statewide Pension Payments	Interest Rate on Amortization Amount (%)[3]	System Average Normal Rate[4]		Amortization Threshold (Graded Rate)	
						ERS (%)	PFRS (%)	ERS (%)	PFRS (%)
2011	1,543.2	(249.6)	0.0	1,293.6	5.00	11.5	18.1	9.5	17.5
2012	2,037.5	(562.8)	32.3	1,507.0	3.75	15.9	21.6	10.5	18.5
2013	2,077.9	(778.5)	100.9	1,400.3	3.00	18.5	25.7	11.5	19.5
2014	2,633.6	(937.0)	192.1	1,888.7	3.67	20.5	28.9	12.5	20.5
2015	2,328.8	(713.1)	305.7	1,921.4	3.15	19.7	27.5	13.5	21.5
2016	1,972.1	(356.2)	390.0	2,005.9	3.21	17.7	24.7	14.5	22.5
2017	1,789.0	0.0	432.2	2,221.2	2.33	15.1	24.3	15.1	23.5
2018	1,788.7	0.0	432.2	2,220.9	2.84	14.9	24.3	14.9	24.3
2019	1,770.2	0.0	432.2	2,202.4	3.64	14.4	23.5	14.4	23.5
2020	1,782.2	0.0	432.2	2,214.4	2.55	14.2	23.5	14.2	23.5
2021 Est.	1,853.4	0.0	432.2	2,285.6	1.33	14.1	24.4	14.1	24.4
2022 Est.	2,185.2	0.0	399.9	2,585.1	TBD	15.8	28.3	15.1	25.4
Projected by DOB[5]									
2023	2,403.5	0.0	331.3	2,734.8	TBD	17.4	30.7	16.1	26.4
2024	2,805.7	0.0	240.0	3,045.7	TBD	20.9	34.6	17.1	27.4
2025	3,527.6	0.0	126.4	3,654.0	TBD	26.2	40.5	18.1	28.4

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

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

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

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

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

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

Social Security

The CARES Act, in response to impacts caused by the COVID-19 pandemic, allows employers, including the State, to defer the deposit and payment of the employer’s share of Social Security taxes through December 2020, and for the deferral to be repaid, interest free, in two equal installments in December 2021 and December 2022. The Executive and the Judiciary have elected to defer the allowable Social Security payments for savings of $556 million and $69 million, respectively.

Other Post-Employment Benefits (OPEB)

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

The State Comptroller adopted Governmental Accounting Standards Board (GASB) Statement (GASBS) 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, for the State’s Basic Financial Statements for FY 2019. GASBS 75, which replaces GASBS 45 and GASBS 57, addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. GASBS 75 establishes standards for recognizing and measuring liabilities and expenses/expenditures, as well as identifying the methods and assumptions required to be used to project benefit payments, discount projected benefit payments to their actuarial determined present value, and attribute that present value to periods of employee service. Specifically, GASBS 75 now requires that the full liability be recognized.

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

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

The contribution requirements of NYSHIP members and the State are established by, and may be amended by, the Legislature. The State is not required to provide funding above the PAYGO amount necessary to provide current benefits to retirees and has not funded a qualified trust or its equivalent as defined in GASBS 75. The State continues to fund these costs, along with all other employee health care expenses, on a PAYGO basis, meaning the State pays these costs as they become due.

The FY 2018 Enacted Budget included legislation creating a Retiree Health Benefit Trust Fund (the "Trust Fund"), a qualified trust under GASBS 75 that authorizes the State to reserve money for the payment of health benefits of retired employees and their dependents. Under the legislation, the State may deposit into the Trust Fund, in any given fiscal year, up to 0.5 percent of total then-current unfunded actuarial accrued OPEB liability. The Financial Plan does not currently include any deposits to the Trust Fund.

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

Litigation

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

Cybersecurity

New York State government, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the State and its public corporations and municipalities face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the State's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the State invests in multiple forms of cybersecurity and operational controls. The State's Chief Information Security Office (CISO) within the State's Office of Information Technology Services (ITS) maintains comprehensive policies and standards, programs, and services relating to the security of State government networks and annually assesses the maturity of state agencies cyber posture through the Nationwide Cyber Security Review. In addition, the CISO maintains the New York State Cyber Command Center team, which provides a security operations center, digital forensics capabilities, and cyber incident reporting and response. CISO distributes real-time advisories and alerts, provides managed security services, and implements statewide information security awareness and training. While controls are routinely reviewed and tested, no assurances can be given that such security and operational control measures will be completely successful at guarding against cyber threats and attacks. The results of any such attack could impact business operations and/or damage State digital networks and systems, State and local infrastructure, and the costs of remedying any such damage could be substantial.

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

Other Matters Affecting the Financial Plan

Financial Condition of New York State Localities

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

The wide-ranging economic, health, and social disruptions caused by the COVID-19 outbreak are having an adverse impact on State authorities and localities, including the MTA and the City of New York. The aid-to-localities reductions that are expected to be taken as set forth in the Financial Plan may materially and adversely affect the financial position of the MTA, the City of New York, and other localities.

Bond Market and Credit Ratings

Successful implementation of the Financial Plan is dependent on the State's ability to market bonds. The State finances much of its capital spending, in the first instance, from the General Fund or STIP, which it then reimburses with proceeds from the sale of bonds. An inability of the State to sell bonds or notes at the level or on the timetable it expects could have a material and adverse impact on the State's financial position and the implementation of its Capital Plan. The success of projected public sales of municipal bonds is subject to prevailing market conditions and related ratings issued by national credit rating agencies, among other factors. The outbreak of COVID-19 in the United States significantly disrupted the municipal bond market. In response, the Federal CARES Act created the MLF, which authorizes the Federal Reserve Bank to purchase revenue and bond anticipation notes of states and certain other municipal issuers. The facility was authorized to purchase up to $500 billion of short-term notes through December 31, 2020. DOB will continue to monitor any further Federal Reserve actions that impact municipal markets. Future developments in the financial markets, including possible changes in Federal tax law relating to the taxation of interest on municipal bonds, as well as future developments concerning the State and public discussion of such developments generally, may affect the market for outstanding State-supported and State-related debt.

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

The State, through its public authorities and general obligation issuances, is one of the largest issuers of municipal bonds in the United States. The State relies on regular bond sales to fund its capital program. In addition, in FY 2021, the State was authorized to sell short-term notes to meet temporary liquidity needs caused by the pandemic. The Executive Budget proposes continuing this authorization in FY 2022 as the State continues to respond to the pandemic.

Debt Reform Act Limit

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

State legislation enacted in connection with the adoption of the FY 2021 Enacted Budget suspended the Debt Reform Act for FY 2021 bond issuances as part of the State response to the COVID-19 pandemic. The Executive Budget proposes continuing the suspension for FY 2022 issuances. Accordingly, any State-supported debt issued in FY 2021 and FY 2022 is not limited to capital purposes and is not counted towards the statutory caps on debt outstanding and debt service. In addition, FY 2022 issuances would not be limited by a maximum maturity (currently capped at 30 years by the Debt Reform Act). Bonds would still be subject to Federal tax law limitations, but this change allows bonds to be issued over the full useful life of the assets being financed, which may be over 30 years in limited circumstances (i.e., MTA capital projects). The suspension of the Debt Reform Act also includes up to $8 billion of PIT notes and up to $3.0 billion of line of credit facilities that were authorized in FY 2021 and which the Executive Budget proposes reauthorizing in FY 2022, as well as any short or long-term refinancing of such borrowings in future years. Current projections anticipate that debt outstanding and debt service will continue to remain below limits imposed by the Debt Reform Act, due to the suspension of the debt cap during FY 2021 and FY 2022.

Based on the most recent personal income and debt outstanding forecasts, the available debt capacity under the debt outstanding cap is expected to fluctuate from $12.2 billion in FY 2021 to a low point of $5.8 billion in FY 2026. This calculation excludes all State-supported debt issuances in FY 2021 and FY 2022 but includes the estimated impact of the COVID-19 pandemic on personal income calculations and of funding increased capital commitment levels with State bonds after FY 2022. The debt service on State-supported debt issued after April 1, 2000 and subject to the statutory cap is projected at $5.1 billion in FY 2021, or roughly $4.6 billion below the statutory debt service limit.

DEBT OUTSTANDING SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT (millions of dollars)	
Year	Personal Income	Cap %	Cap $	Debt Outstanding Included in Cap [1]	$ Remaining Capacity	Debt as a % of PI	% Remaining Capacity	Debt Outstanding Excluded from Cap	Total State-Supported Debt Outstanding
FY 2021	$1,472,286	4.00%	58,891	46,651	12,240	3.17%	0.83%	13,029	59,680
FY 2022	$1,479,583	4.00%	59,183	43,783	15,400	2.96%	1.04%	23,915	67,698
FY 2023	$1,526,830	4.00%	61,073	49,523	11,550	3.24%	0.76%	22,764	72,287
FY 2024	$1,592,389	4.00%	63,696	54,943	8,753	3.45%	0.55%	21,602	76,545
FY 2025	$1,660,077	4.00%	66,403	59,490	6,913	3.58%	0.42%	20,353	79,843
FY 2026	$1,730,084	4.00%	69,203	63,410	5,793	3.67%	0.33%	19,144	82,554

DEBT SERVICE SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT SERVICE (millions of dollars)	
Year	All Funds Receipts	Cap %	Cap $	Debt Service Included in Cap [1]	$ Remaining Capacity	DS as a % of Revenue	% Remaining Capacity	Debt Service Excluded from Cap [2]	Total State-Supported Debt Service [3]
FY 2021	$195,145	5.00%	9,757	5,116	4,641	2.62%	2.38%	5,640	10,756
FY 2022	$192,814	5.00%	9,641	4,935	4,706	2.56%	2.44%	1,441	6,376
FY 2023	$191,147	5.00%	9,557	5,059	4,498	2.65%	2.35%	2,309	7,368
FY 2024	$190,476	5.00%	9,524	5,617	3,907	2.95%	2.05%	2,488	8,105
FY 2025	$192,037	5.00%	9,602	6,230	3,372	3.24%	1.76%	2,188	8,418
FY 2026	$192,019	5.00%	9,601	6,770	2,831	3.53%	1.47%	1,991	8,761

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

[2] Includes liquidity financings expected to be repaid within FY 2021, consisting of $4.5 billion of short-term notes.

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

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

Executive Budget - Debt Cap Changes

In the FY 2022 Executive Budget, the State added new bond-financed capital commitments that add $2.7 billion in new debt over the five-year Capital Plan period. To help MTA, the State also converted its $10.3 billion contribution for the MTA's 2015-19 and 2020-24 Capital Plans to bond-financed capital in the Executive Budget; prior to the pandemic, the State had expected to offset debt service on MTA bonds through additional local aid payments to the MTA.

Changes in the State's available debt capacity reflect personal income forecast adjustments, debt amortizations, and bond sale results. The debt capacity reflects the suspension of the Debt Reform Act for FY 2021 and FY 2022 issuances in response to the COVID-19 pandemic, as discussed previously. The State may adjust capital spending priorities and debt financing practices from time to time to preserve available debt capacity and stay within the statutory limits, as events warrant.

DEBT OUTSTANDING SUBJECT TO CAP [1, 2] REMAINING CAPACITY SUMMARY (millions of dollars)	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Mid-Year Update	**11,536**	**6,233**	**5,432**	**4,830**	**5,195**
Personal Income Forecast Update	704	1,882	1,100	1,200	1,327
Capital / Bond Sales	0	(2,392)	(4,298)	(6,213)	(8,144)
Exempt FY 2022 Issuances	0	9,677	9,316	8,936	8,535
FY 2022 Executive Budget as Amended	**12,240**	**15,400**	**11,550**	**8,753**	**6,913**

[1] Does not include liquidity financings expected to be repaid within FY 2021, consisting of $4.5 billion of short-term notes.
[2] Debt issued during FY 2021 is not subject to cap pursuant to Chapter 56 of the Laws of 2020.

Secured Hospital Program

Under the Secured Hospital Program, the State entered into service contracts to enable certain financially distressed not-for-profit hospitals to have tax-exempt debt issued on their behalf, to pay for upgrading their primary health care facilities. Revenues pledged to pay debt service on the bonds include hospital payments made under loan agreements between the Dormitory Authority of the State of New York (DASNY) and the hospitals, and certain reserve funds held by the applicable trustees for the bonds. In the event of revenue shortfalls to pay debt service on the Secured Hospital bonds, the service contracts obligate the State to pay debt service, subject to annual appropriations by the Legislature, on bonds issued by DASNY through the Secured Hospital Program. As of March 31, 2020, approximately $135 million of bonds were outstanding under this program.

Three of the four remaining hospitals in the State's Secured Hospital Program are in poor financial condition. In relation to the Secured Hospital Program, the State's contingent contractual obligation was invoked to pay debt service for the first time in FY 2014. Since then the State has paid $182 million for debt service costs. DASNY estimates that the State will pay debt service costs of approximately $29 million in FY 2022, $22 million in both FY 2023 and FY 2024, $13 million in FY 2025, and $11 million in FY 2026. These amounts are based on the actual experience to date of the participants in the program and would cover debt service costs for one hospital whose debt service obligation was discharged in bankruptcy, a second hospital which closed in 2010, and a third hospital that is currently delinquent in its payments. The State has estimated additional exposure of up to $6 million in FY 2021 and FY 2022, if all hospitals in the program failed to meet the terms of their agreements with DASNY, and if available reserve funds were depleted.

The Executive Budget includes authorization to issue PIT or Sales Tax bonds to refund bonds issued under the Secured Hospital Program. Therefore, the State plans to refund the remaining hospital debt where the State is responsible for the entirety of the debt service payments, which will provide savings to the State.

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

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

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

In accordance with the settlement, Holdings has entered into a purchase and sale agreement with (a) the Fortis Property Group (FPG) Cobble Hill Acquisitions, LLC (the "Purchaser"), an affiliate of Fortis Property Group, LLC ("Fortis") (also party to the agreement), which proposes to purchase the LICH property, and (b) New York University (NYU) Hospitals Center (now "NYU Langone"), which proposes to provide both interim and long-term health care services. The Fortis affiliate plans to develop a mixed-use project. The agreement was approved by the Offices of the Attorney General and the State Comptroller, and the sale of all or substantially all of the assets of Holdings was approved by the State Supreme Court in Kings County. The initial closing was held as of September 1, 2015, and on September 3, 2015 sale proceeds of approximately $120 million were transferred to the trustee for the PIT Bonds, which were paid and legally defeased from such proceeds. Titles to 17 of the 20 properties were conveyed to the special purpose entities formed by the Purchaser to hold title.

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

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

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

State Financial Plan
Multi-Year Projections

Introduction

This section presents the State's multi-year Financial Plan projections for receipts and disbursements, reflecting the impact of forecast revisions in FY 2021 through FY 2025, with an emphasis on FY 2022 projections, which reflect the impact of the Financial Plan.

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

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

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

In evaluating the State's multi-year operating forecast, it should be noted that the reliability of the estimates and projections as a predictor of the State's future financial position is likely to diminish, the further removed such estimates and projections are from the Financial Plan. Accordingly, in terms of outyear projections, the first "outyear," FY 2023, is the most relevant from a planning perspective. In addition, the reliability of all projections is further complicated by the impacts of the COVID-19 pandemic, given the uncertainty as to its duration and the pace of a sustained recovery.

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

State Financial Plan Multi-Year Projections

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

General Fund Projections

GENERAL FUND PROJECTIONS
(millions of dollars)

	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
RECEIPTS					
Taxes (After Debt Service)	62,968	73,139	78,098	80,528	81,480
Miscellaneous Receipts	6,913	1,767	1,760	1,798	1,860
Federal Receipts	0	3,000	3,000	0	0
Other Transfers	3,159	3,470	3,228	3,450	3,551
Total Receipts	**73,040**	**81,376**	**86,086**	**85,776**	**86,891**
DISBURSEMENTS					
Local Assistance	52,011	55,494	58,733	61,351	63,552
School Aid (SFY)	23,877	23,301	24,119	24,978	26,058
Medicaid	13,761	17,010	19,039	19,930	20,644
All Other	14,373	15,183	15,575	16,443	16,850
State Operations	10,615	11,581	12,779	12,418	12,675
Personal Service	7,372	9,131	9,863	9,422	9,454
Non-Personal Service	3,243	2,450	2,916	2,996	3,221
General State Charges	6,084	8,689	9,272	9,708	10,774
Transfers to Other Funds	6,037	7,119	6,951	6,278	6,266
Debt Service	309	424	450	520	562
Capital Projects	2,983	4,222	3,991	3,244	3,188
SUNY Operations	1,239	1,226	1,221	1,221	1,221
All Other	1,506	1,247	1,289	1,293	1,295
Total Disbursements	**74,747**	**82,883**	**87,735**	**89,755**	**93,267**
Use (Reservation) of Fund Balance:	**1,707**	**1,507**	**747**	**345**	**134**
Community Projects	16	0	0	0	0
Timing of Payments	1,313	0	0	0	0
Undesignated Fund Balance	553	548	0	0	0
Economic Uncertainties	(600)	0	0	0	0
Extraordinary Monetary Settlements [1]	425	959	747	345	134
BUDGET SURPLUS/(GAP) PROJECTIONS	**0**	**0**	**(902)**	**(3,634)**	**(6,242)**

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

State Operating Funds Projections

STATE OPERATING FUNDS DISBURSEMENTS (millions of dollars)

	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
RECEIPTS					
Taxes	78,164	83,787	88,399	91,498	92,773
Miscellaneous Receipts/Federal Grants	23,039	20,524	20,646	17,676	18,006
Total Receipts	**101,203**	**104,311**	**109,045**	**109,174**	**110,779**
DISBURSEMENTS					
Local Assistance	66,672	69,370	72,726	75,217	77,474
School Aid (School Year Basis)[1]	26,451	27,289	28,424	29,520	30,629
DOH Medicaid[2]	19,662	23,231	25,312	26,307	27,127
Transportation	3,649	3,503	3,617	3,703	3,699
STAR	2,030	587	538	450	362
Higher Education	3,467	2,763	2,814	2,864	2,917
Social Services	3,195	2,769	2,981	3,009	2,994
Mental Hygiene[3]	2,074	4,278	3,773	3,988	4,262
All Other[4]	6,144	4,950	5,267	5,376	5,484
State Operations	18,077	18,813	19,930	19,447	19,765
Personal Service	12,393	13,914	14,638	14,146	14,217
Non-Personal Service	5,684	4,899	5,292	5,301	5,548
General State Charges	7,146	9,769	10,381	10,831	11,911
Pension Contribution	2,521	2,833	2,989	3,306	3,915
Health Insurance	4,443	4,708	5,076	5,444	5,837
All Other	182	2,228	2,316	2,081	2,159
Debt Service	7,391	7,053	6,609	7,346	7,660
Capital Projects	0	0	0	0	0
Total Disbursements (Excluding Liquidity Financing)	**99,286**	**105,005**	**109,646**	**112,841**	**116,810**
Liquidity Financing	**4,500**	**0**	**0**	**0**	**0**
Total Disbursements (Including Liquidity Financing)	**103,786**	**105,005**	**109,646**	**112,841**	**116,810**
Net Other Financing Sources/(Uses)	358	(1,089)	(1,067)	(261)	(63)
RECONCILIATION TO GENERAL FUND GAP					
Designated Fund Balances:	2,225	1,783	766	294	(148)
General Fund	1,707	1,507	747	345	134
Special Revenue Funds	513	282	22	(33)	(265)
Debt Service Funds	5	(6)	(3)	(18)	(17)
GENERAL FUND BUDGET SURPLUS/(GAP)	**0**	**0**	**(902)**	**(3,634)**	**(6,242)**

[1] SY 2021 and SY 2022 do not reflect federal funding to school districts of $1.1 billion from the CARES Act and $3.9 billion from the CRRSA Act, respectively.

[2] Total State share Medicaid funding is reported prior to the spending offset from the application of Master Settlement Agreement (MSA) payments, which are deposited directly to a Medicaid Escrow Fund to cover a portion of the State's takeover of Medicaid costs for counties and New York City. The value of the offset is reported in "All Other" local assistance disbursements. Spending is offset by the benefit of enhanced FMAP of 6.2 percent for 12 months.

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

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

Economic Backdrop

The U.S. and Global Economy

The International Monetary Fund (IMF) revised upward its forecast for 2021 global economic growth and growth in several key economies in its January 2021 outlook, compared to the October 2020 outlook.[11] As COVID-19 infections continue to persist in various nations across the globe, bringing about new waves of preventive lockdown measures, the timing of the global economy's return to pre-pandemic normalcy remains uncertain. There is considerable downside risk to the Eurozone's economic growth in the first half of calendar year 2021 and therefore to global growth and trade.

The second estimate of U.S. real Gross Domestic Product (GDP) growth in the fourth quarter of calendar year 2020 was 4.1 percent, after surging a record-breaking 33.4 percent in the third quarter. Real GDP fell a record-breaking 31.4 percent in the second quarter of 2020, as economic activity reached a trough in April 2020 and then began to recover in May and June 2020. The level of real GDP in the fourth quarter of 2020 was 2.4 percent below the peak level reached in the fourth quarter of 2019. Overall real GDP growth for 2020 fell 3.5 percent, the weakest annual growth rate since 1946.

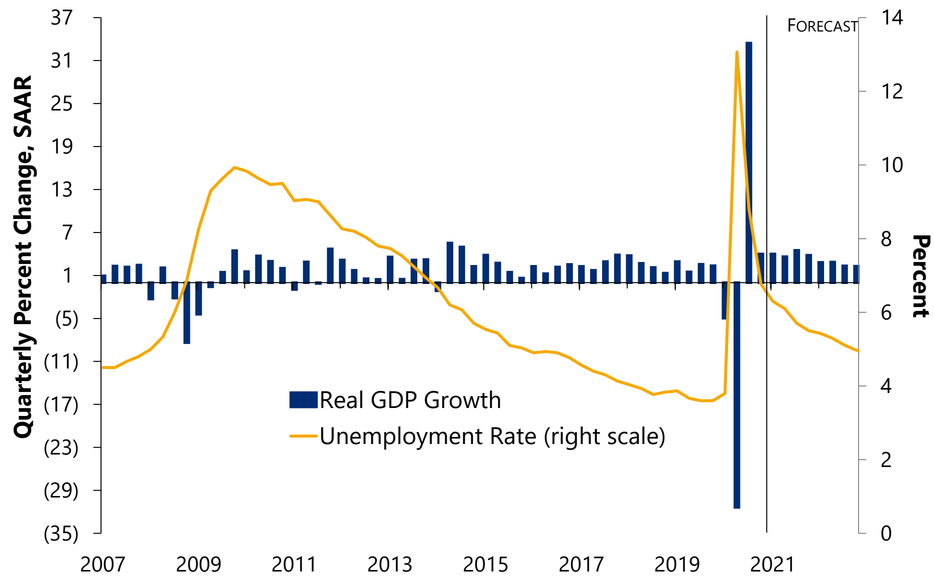
U.S. Economic Forecast

DOB's U.S. economic forecast incorporates the first estimate of 2020 fourth-quarter GDP, the December 2020 personal income and outlays estimates, the December 2020 CPI report, and the initial estimate of January 2021 employment. Real GDP growth is projected at 4.5 percent for 2021, aided by strong growth in real consumption, investment and exports.

The COVID-19 pandemic's damaging effects on labor markets are still mounting and will be a major obstacle to a balanced economic recovery. Real GDP is expected to recover to its previous peak (reached in the fourth quarter of 2019) by the second half of 2021, but employment is not expected to reach a full recovery until the first quarter of 2023. Employment registered a 5.7 percent decline in 2020, with monthly employment decreases occurring in March, April, and December 2020. The employment recovery is continuing to lose momentum, with the level of employment still well below the February 2020 peak. The payroll count in January 2021 was approximately 9.9 million below the level of February 2020. Total nonfarm employment growth of 2.7 percent is projected for 2021. Meanwhile nonfarm employment growth of 3.2 percent is projected for 2022. The unemployment rate went down to 6.3 percent in January 2021, compared to a peak of 14.8 percent in April 2020. The unemployment rate is projected to edge lower in 2021, reaching an estimated 5.5 percent in the fourth quarter of 2021 and 5.0 percent in the fourth quarter of 2022. Growth in wages and salaries for 2021 is estimated to be 6.4 percent, and personal income growth for 2021 is estimated to be 2.4 percent.

[11] International Monetary Fund: https://www.imf.org/en/publications/weo.

Real GDP Growth and Unemployment Rate



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

The main transmission channel for the unprecedented swings in real GDP that occurred in 2020 was consumer spending. Fluctuations were driven by the COVID-19 pandemic as business restrictions and pandemic fears caused consumers to pull back on spending. As a consequence, consumer spending is expected to dictate the path of the recovery, and in turn will be primarily influenced by the future timing and severity of the pandemic. Additional income support due to a second round of Federal fiscal stimulus (as a part of the Consolidated Appropriation Act of 2021 enacted at the end of 2020) is likely to keep consumption growth from entering negative territory in the first quarter of 2021. After a 3.9 percent decline in 2020, real consumption is forecast to grow 4.9 percent in 2021, surpassing its previous peak in the third quarter of that year, and to grow 3.8 percent in 2022.

Consumer price inflation is expected to reach 2.3 percent in 2021, following 1.2 percent price growth in 2020. Acceleration in inflation is expected due to higher oil prices, a weaker dollar and higher inflation expectations.

The outlook for monetary policy is premised on the Federal Reserve’s responses to the coronavirus pandemic, and the Federal Open Market Committee’s (FOMC) formal adoption of a revised framework for monetary policy at the end of August 2020. The FOMC is expected to remain on hold with respect to monetary policy for the foreseeable future.

U.S. ECONOMIC INDICATORS (Calendar Year Growth)	CY 2020 Actual	CY 2021 Forecast	CY 2022 Forecast
Real U.S. Gross Domestic Product	(3.5)	4.5	3.2
Consumer Price Index (CPI)	1.2	2.3	2.3
Personal Income	6.1	2.4	2.6
Nonfarm Employment	(5.7)	2.7	3.2
Civilian Unemployment Rate	8.1	5.9	5.2
Source: Haver Analytics; DOB staff estimates.			

The residential housing market evolved into an economic bright spot as the COVID-19 pandemic appears to have increased demand for spacious houses in suburban areas. New and existing home sales have recovered rapidly. Residential building activities were among the first that resumed in the summer of 2020 after the pandemic lockdowns since social distancing is relatively easy to implement among construction workers. Real residential investment is forecast to surge from a 6.0 percent gain in 2020 to an 11.0 percent growth rate in 2021, followed by 0.2 percent growth in 2022.

Real nonresidential fixed investment declined 4.0 percent in 2020. DOB projects real nonresidential investment growth for 2021 of 6.5 percent.

Upside risks include an effective containment of COVID-19 through wide distribution and implementation of vaccinations, fast recovery of the worst-affected service sectors, a housing market boom due to remote-work policies, additional fiscal stimulus such as the Biden Administration's American Rescue Plan, and better global economic conditions. Downside risks to the forecast include a worsening of the COVID-19 pandemic, prolonged business and labor market disruptions, anemic global economic growth, commodity and oil price instability, a stock market correction, and the elevated Federal budget deficit and mounting debt burden.

The New York State Economy

After unprecedented employment declines during March and April of 2020, New York State's steady job recovery came to a halt in December 2020. Employment declined by 37,200 month-over-month due largely to the seasonal surge in confirmed COVID-19 cases. This most recent wave resulted in a tightening of restrictions on restaurants, bars, and other industries where social distancing remains a challenge. Weak U.S. payroll growth in January 2021 and rising unemployment insurance claims for New York State indicate a fragile labor market. On a positive note, increases in vaccine availability and restrictions imposed during January 2021 led to noticeable declines in confirmed COVID-19 cases during February 2021. This progress will allow State and local governments to judiciously roll back some of the restrictions.

Based on the above economic information, DOB's overall 2021 employment forecast is 4.7 percent growth. However, the long-term implications of vaccinations are expected to speed up the recovery in 2022. DOB's overall 2022 employment forecast is 3.5 percent growth.

NEW YORK STATE ECONOMIC INDICATORS (State Fiscal Year Growth)			
	FY 2020 Actual	FY 2021 Estimated	FY 2022 Forecast
Personal Income*	4.2	6.0	-1.0
Wages	4.5	-2.5	5.2
Nonfarm Employment	1.0	-12.2	8.7

Source: Moody's Analytics; New York State Department of Labor; DOB staff estimates.
* Personal income is constructed by using QCEW wages and BEA non-wage income.

Current projections for finance and insurance sector bonuses show a narrow increase for FY 2021. DOB projects a 2.5 percent decline in wage growth for FY 2021As economic and financial conditions continue to improve, total wages are projected to increase 5.2 percent in FY 2022.

The most recent forecast shows a 2.4 percent decline in New York State property income and a 3.1 percent decline in proprietor's income for FY 2021.[12] Aided by the CARES Act and Emergency Coronavirus Relief Act, State transfer income is projected to increase by 49.3 percent in FY 2021. Current projections for personal income growth show a 6.0 percent increase for FY 2021. As the COVID-19 relief payments come to an end, transfer income is projected to decline by 20.4 percent for FY 2022, leading to a decline of 1.0 percent in personal income for the year.[13]

New York State faces many of the same forecasting risks as the U.S. As the nation's financial capital, the volume of financial market activity and volatility in equity markets pose a significant degree of exposure to the New York State economy. The State successfully curbed the number of confirmed COVID-19 cases from the most recent seasonal wave and made advances in vaccine distribution and availability, but the virus' potential resurgence continues to pose a significant downside risk. Furthermore, the threat posed by new variants of the virus, including vaccine-resistant strains, represents a further risk to the State's economy. The American Rescue Plan, if enacted, could provide a substantial boost to incomes and provide aid to state and local governments, all of which would contribute to higher economic growth in the short run.

[12] DOB's New York State economic forecast incorporates the 2020 third quarter BEA State personal income report released on December 17, 2020.
[13] The current forecast does not incorporate the Biden Administration's American Rescue Plan. This plan is still in the process of being negotiated in the U.S. Congress.

Receipts

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

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

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

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

Overview of the Receipts Forecast

All Funds receipts in FY 2021 are projected to total $195.1 billion, a 10.0 percent ($17.7 billion) increase from FY 2020 results. FY 2021 State tax receipts are projected to decrease $3.5 billion (4.3 percent) from FY 2020 results.

ALL FUNDS RECEIPTS
(millions of dollars)

	FY 2020 Results	FY 2021 Current	Change	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
Personal Income Tax	53,660	53,042	-1.2%	57,510	8.4%	60,720	5.6%	63,006	3.8%	63,406	0.6%
Consumption/Use Taxes	18,021	16,001	-11.2%	17,085	6.8%	17,954	5.1%	18,406	2.5%	18,899	2.7%
Business Taxes	8,996	8,178	-9.1%	8,438	3.2%	8,838	4.7%	9,095	2.9%	9,372	3.0%
Other Taxes	2,212	2,125	-3.9%	2,073	-2.4%	2,182	5.3%	2,282	4.6%	2,386	4.6%
Total State Taxes	**82,889**	**79,346**	**-4.3%**	**85,106**	**7.3%**	**89,694**	**5.4%**	**92,789**	**3.5%**	**94,063**	**1.4%**
Miscellaneous Receipts	29,466	31,707	7.6%	27,583	-13.0%	25,628	-7.1%	25,682	0.2%	25,627	-0.2%
Federal Receipts	65,080	84,096	29.2%	80,125	-4.7%	75,824	-5.4%	72,005	-5.0%	72,347	0.5%
Total All Funds Receipts	**177,435**	**195,149**	**10.0%**	**192,814**	**-1.2%**	**191,146**	**-0.9%**	**190,476**	**-0.4%**	**192,037**	**0.8%**

The COVID-19 pandemic is projected to continue to have a significant negative impact on tax receipts. The FY 2021 Enacted Budget Financial Plan anticipated reductions to FY 2021 All Funds tax receipts of over $10 billion. These estimates were adjusted further, consistent with the economic analysis outlined in the First Quarterly Update Financial Plan, and finally adjusted once again for the FY 2022 Executive Budget Financial Plan. Total tax receipts are nearly $9 billion below the levels projected in the FY 2021 Executive Budget Financial Plan (February 2020) before factoring in the pandemic.

- Personal income taxes are reduced significantly in FY 2021 with an estimated loss of nearly $3.8 billion.
- Consumption/Use taxes and fees are reduced by nearly $3 billion with the majority of the decline in sales and use taxes.
- Business taxes are reduced by over $1.7 billion in FY 2021 with the largest portion of the decline in corporate franchise tax.
- Other taxes are reduced by over $200 million in FY 2021.

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

Personal Income Tax

PERSONAL INCOME TAX (millions of dollars)											
	FY 2020 Results	FY 2021 Current	Change	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
STATE/ALL FUNDS	**53,660**	**53,042**	**-1.2%**	**57,510**	**8.4%**	**60,720**	**5.6%**	**63,006**	**3.8%**	**63,406**	**0.6%**
Gross Collections	64,985	63,124	-2.9%	68,039	7.8%	71,780	5.5%	75,000	4.5%	76,412	1.9%
Refunds (Incl. State/City Offset)	(11,325)	(10,082)	11.0%	(10,529)	-4.4%	(11,060)	-5.0%	(11,994)	-8.4%	(13,006)	-8.4%
GENERAL FUND[1]	**24,646**	**24,491**	**-0.6%**	**28,168**	**15.0%**	**29,822**	**5.9%**	**31,053**	**4.1%**	**31,341**	**0.9%**
Gross Collections	64,985	63,124	-2.9%	68,039	7.8%	71,780	5.5%	75,000	4.5%	76,412	1.9%
Refunds (Incl. State/City Offset)	(11,325)	(10,082)	11.0%	(10,529)	-4.4%	(11,060)	-5.0%	(11,994)	-8.4%	(13,006)	-8.4%
STAR	(2,184)	(2,030)	7.1%	(587)	71.1%	(538)	8.3%	(450)	16.4%	(362)	19.6%
RBTF	(26,830)	(26,521)	1.2%	(28,755)	-8.4%	(30,360)	-5.6%	(31,503)	-3.8%	(31,703)	-0.6%

[1] Excludes Transfers.

All Funds PIT receipts for FY 2021 are estimated to decrease, primarily reflecting declines in withholding and total estimated payments, partially offset by a decline in total refunds.

The following table summarizes, by component, actual receipts for FY 2020 and forecast amounts through FY 2025.

ALL FUNDS PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS (millions of dollars)	FY 2020 Results	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Receipts						
Withholding	43,118	41,881	44,617	46,287	48,123	48,751
Estimated Payments	17,025	16,349	17,942	20,031	21,296	21,890
Current Year	10,996	10,829	12,905	13,262	13,883	13,913
Prior Year[1]	6,029	5,520	5,037	6,769	7,413	7,977
Final Returns	3,454	3,483	3,982	3,914	3,981	4,117
Current Year	340	313	331	346	367	385
Prior Year[1]	3,114	3,170	3,651	3,568	3,614	3,732
Delinquent	1,388	1,411	1,498	1,548	1,600	1,654
Gross Receipts	64,985	63,124	68,039	71,780	75,000	76,412
Refunds						
Prior Year[1]	5,928	6,121	6,224	6,393	6,976	7,629
Previous Years	531	463	494	525	557	596
Current Year[1]	2,244	1,750	1,750	1,749	1,751	1,751
Advanced Credit Payment	1,505	599	787	994	1,186	1,379
State/City Offset[1]	1,117	1,149	1,274	1,399	1,524	1,651
Total Refunds	11,325	10,082	10,529	11,060	11,994	13,006
Net Receipts	**53,660**	**53,042**	**57,510**	**60,720**	**63,006**	**63,406**

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

FY 2021 withholding is estimated to be lower compared to the prior year, reflecting a moderate decline in wages. The negative impact of the COVID-19 pandemic on NYS employment and wages was mitigated by an unprecedented increase in unemployment insurance income. Estimated payments for Tax Year 2020 are estimated to decrease slightly, driven by a decline in nonwage, non-unemployment insurance income growth. Extension payments (i.e., prior year estimated) for Tax Year 2019 will also decrease. Delinquent collections and final return payments are projected to increase slightly.

The decrease in total refunds reflects a steep decline in advanced credit payments attributable to Tax Year 2020, coupled with declines in the administrative January-March refund cap and refunds related to tax years prior to 2019. These decreases are partially offset by increases in prior-year refunds related to Tax Year 2019 and the State-City offset. The large decline in advanced credit payments attributable to Tax Year 2020 reflects the expiration of the Property Tax Relief Credit. General Fund PIT receipts are net of deposits to the STAR Fund, which provides property tax relief, and the RBTF, which supports debt service payments on State PIT revenue bonds. The FY 2021 STAR transfer is expected to decline. PIT RBTF receipts are statutorily set to 50 percent of net PIT receipts, and FY 2021 RBTF receipts therefore reflect the decrease in All Funds receipts noted above. FY 2021 General Fund PIT receipts are expected to decrease due to these changes.

The FY 2022 All Funds PIT receipts are projected to increase reflecting strong growth in withholding and Tax Year 2021 current estimated payments, as well as increases in final returns and delinquencies. Receipts include revenue attributable to multiple FY 2022 Executive Budget proposals, most notably the delay of the Middle Class Tax Cut by one year and the enactment of a high income PIT surcharge. Strong growth in final returns is expected due to elevated unemployment insurance income received in Tax Year 2020. These increases are offset by a decline in Tax Year 2020 extension payments and a moderate increase in total refunds.

The FY 2022 STAR transfer is expected to decline significantly, reflecting necessary reductions in State funding. The Executive Budget proposes reducing reimbursement to school districts by approximately 75 percent in FY 2022, but this would have no impact on the property tax exemptions to eligible homeowners. Over 90 percent of this reduction is expected to be fully offset by school districts' allocations under the Federal CRRSA Act. The FY 2022 RBTF is projected to increase based on the increase in FY 2022 All Funds receipts. General Fund PIT receipts for FY 2022 are also expected to increase, driven by the aforementioned changes to All Funds receipts, the STAR transfer, and RBTF receipts.

All Funds PIT receipts for FY 2023 are projected to increase from FY 2022 projections. Gross PIT receipts are projected to increase as well, reflecting projected increases in withholding and total estimated payments, partially offset by a projected increase in total refunds.

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

All Funds PIT receipts and General Fund PIT receipts are both expected to increase in FY 2024 reflecting normal baseline growth in income and associated tax liability.

Consumption/Use Taxes

CONSUMPTION/USE TAXES (millions of dollars)	FY 2020 Results	FY 2021 Current	Change	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
STATE/ALL FUNDS	**18,021**	**16,001**	**-11.2%**	**17,085**	**6.8%**	**17,954**	**5.1%**	**18,406**	**2.5%**	**18,899**	**2.7%**
Sales Tax	15,932	14,030	-11.9%	15,037	7.2%	15,853	5.4%	16,305	2.9%	16,754	2.8%
Cigarette and Tobacco Taxes	1,035	1,019	-1.5%	982	-3.6%	939	-4.4%	898	-4.4%	859	-4.3%
Vapor Excise Tax	10	27	170.0%	16	-40.7%	16	0.0%	16	0.0%	16	0.0%
Motor Fuel Tax	512	426	-16.8%	501	17.6%	498	-0.6%	494	-0.8%	492	-0.4%
Highway Use Tax	142	131	-7.7%	138	5.3%	139	0.7%	140	0.7%	142	1.4%
Alcoholic Beverage Taxes	259	273	5.4%	271	-0.7%	274	1.1%	278	1.5%	281	1.1%
Opioid Excise Tax	19	30	57.9%	34	13.3%	34	0.0%	34	0.0%	34	0.0%
Medical Cannabis Excise Tax	6	8	33.3%	8	0.0%	8	0.0%	8	0.0%	8	0.0%
Adult Use Cannabis Tax	0	0	0.0%	20	0.0%	104	420.0%	140	34.6%	217	55.0%
Auto Rental Tax[1]	106	57	-46.2%	78	36.8%	89	14.1%	93	4.5%	96	3.2%
GENERAL FUND[2]	**8,038**	**7,196**	**-10.5%**	**7,666**	**6.5%**	**8,042**	**4.9%**	**8,248**	**2.6%**	**8,452**	**2.5%**
Sales Tax	7,447	6,579	-11.7%	7,049	7.1%	7,432	5.4%	7,644	2.9%	7,854	2.7%
Cigarette and Tobacco Taxes	313	314	0.3%	312	-0.6%	302	-3.2%	292	-3.3%	283	-3.1%
Alcoholic Beverage Taxes	259	273	5.4%	271	-0.7%	274	1.1%	278	1.5%	281	1.1%
Opioid Excise Tax	19	30	57.9%	34	13.3%	34	0.0%	34	0.0%	34	0.0%

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

[2] Excludes Transfers.

All Funds consumption/use tax receipts for FY 2021 are estimated to decrease significantly from FY 2020 results due to the impacts of the COVID-19 pandemic. Sales tax receipts are estimated to decrease due to a significant decline in taxable consumption (i.e., estimated sales tax base decline of 13.1 percent). The excise taxes on opioids and vapor products are both fully implemented in FY 2021. Vapor products tax receipts are projected to moderately increase from FY 2020 results due to the first full year impact of the tax, partially offset by legislation in the Enacted Budget banning all flavored vapor products other than tobacco flavored products. Cigarette and tobacco tax collections are projected to decrease, reflecting a continued, albeit less than recent trends, decline in taxable cigarette consumption. Highway use tax (HUT) collections are estimated to decrease, reflecting a decline in demand from the trucking sector related to the economic slowdown and limited travel activities. Motor fuel tax receipts are estimated to decrease due to declines in both gasoline and diesel consumption. Auto rental tax receipts are estimated to decrease, mainly due to the significant and ongoing negative impact of the COVID-19 pandemic on the travel industry.

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

General Fund consumption/use tax receipts for FY 2021 are estimated to decrease, largely due to the SUT trends noted above.

All Funds consumption/use tax receipts for FY 2022 are projected to increase primarily due to a projected increase in sales tax receipts reflecting a rebound in taxable consumption with projected base growth of 7.6 percent and an additional $9 million in projected revenue related to legislation proposed in the Executive Budget. The excise tax on opioids is projected to moderately increase. Motor fuel tax, auto rental tax, and HUT receipts are all estimated to increase from FY 2021 estimates as the economy and travel activity are expected to improve compared to the prior year. Legislation proposed in the Budget to regulate and tax adult use cannabis products is projected to generate $20 million in license fees within the first year. These increases are partially offset by a continued decline in taxable cigarette consumption.

FY 2022 General Fund consumption/use tax receipts are projected to increase, mainly due to the SUT trend noted above.

All Funds consumption/use tax receipts for FY 2023 are projected to increase reflecting a projected increase in sales tax receipts due to projected base growth of 5.3 percent and an additional $32 million in projected revenue related to legislation proposed in the FY 2022 Executive Budget. Along with the second year of license fees, the State's THC-based and retail excise taxes on adult-use cannabis products are projected to generate $104 million combined. Auto rental tax receipts are projected to moderately increase from FY 2022.

FY 2023 General Fund consumption/use tax receipts are projected to increase, mainly due to the SUT trend noted above.

FY 2024 and FY 2025 All Funds consumption/use tax receipts are projected to increase compared to the prior year, largely reflecting moderate growth in the sales tax base, which is slightly offset by a continued decline in taxable cigarette consumption. Similarly, General Fund consumption/use tax receipts are projected to increase in both FY 2024 and FY 2025 primarily due to the All Funds SUT and cigarette tax trends noted above.

Business Taxes

BUSINESS TAXES (millions of dollars)											
	FY 2020 Results	FY 2021 Current	Change	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
STATE/ALL FUNDS	**8,996**	**8,178**	**-9.1%**	**8,438**	**3.2%**	**8,838**	**4.7%**	**9,095**	**2.9%**	**9,372**	**3.0%**
Corporate Franchise Tax	4,824	4,303	-10.8%	4,454	3.5%	4,919	10.4%	5,117	4.0%	5,326	4.1%
Corporation and Utilities Tax	705	605	-14.2%	608	0.5%	629	3.5%	635	1.0%	640	0.8%
Insurance Tax	2,306	2,143	-7.1%	2,210	3.1%	2,278	3.1%	2,340	2.7%	2,407	2.9%
Bank Tax	0	160	0.0%	107	-33.1%	0	-100.0%	0	0.0%	0	0.0%
Pass-Through-Entity Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Petroleum Business Tax	1,161	967	-16.7%	1,059	9.5%	1,012	-4.4%	1,003	-0.9%	999	-0.4%
GENERAL FUND	**6,370**	**5,921**	**-7.0%**	**6,019**	**1.7%**	**6,368**	**5.8%**	**6,578**	**3.3%**	**6,801**	**3.4%**
Corporate Franchise Tax	3,791	3,402	-10.3%	3,512	3.2%	3,866	10.1%	4,016	3.9%	4,176	4.0%
Corporation and Utilities Tax	518	460	-11.2%	449	-2.4%	467	4.0%	472	1.1%	476	0.8%
Insurance Tax	2,053	1,919	-6.5%	1,973	2.8%	2,035	3.1%	2,090	2.7%	2,149	2.8%
Bank Tax	8	140	1650.0%	85	-39.3%	0	-100.0%	0	0.0%	0	0.0%
Pass-Through-Entity Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%

FY 2021 All Funds business tax receipts are estimated to decline moderately, driven primarily by a decrease in gross receipts from CFT, insurance taxes, and petroleum business taxes (PBT). These declines are partially offset by lower refunds.

CFT receipts are estimated to decrease in FY 2021, reflecting lower gross receipts due to estimated large declines in corporate profits and investment in equipment and software and the continued phase-out of the capital base that will be complete in 2021. Audit receipts also contribute to the year-over-year decrease as less large cases are expected to materialize compared to FY 2020. Refunds are estimated to return to recent historical levels after the previous year included a large refund that was originally anticipated to be paid in FY 2019.

Corporation and utilities tax (CUT) receipts for FY 2021 are estimated to decrease over the prior fiscal year, largely driven by decreases in gross receipts from both the telecommunication and utilities sectors and a decrease in audits. FY 2020 audit receipts more than doubled over the prior year and are expected to return to trend level in FY 2021 while refunds are estimated to increase.

Insurance tax receipts for FY 2021 are estimated to decrease due to a decline in gross receipts. FY 2020 gross receipts increased sharply due to payments covering two liability periods from the conversion of a not-for-profit insurer to a for-profit insurer. Projected declines in corporate profits also contribute to the drop in gross receipts. Audits are estimated to be slightly lower than the prior year while refunds paid are expected to decline compared to historically high refunds paid last fiscal year.

The Executive Budget proposes an optional PTET on the New York sourced income of partnerships and S corporations that are comprised solely of individual partners or shareholders. Electing entities will pay a 6.85 percent tax on their New York sourced ordinary income (and guaranteed payments for partnerships). The proposal provides partners, members and shareholders of electing entities with a refundable tax credit equal to 92 percent of the proportionate or pro rata share of taxes paid by an electing entity. Additionally, the proposal includes a resident tax credit that allows reciprocity with other states that have implemented substantially similar taxes, which currently includes Connecticut and New Jersey. Finally, the proposed amendments provide that 50 percent of receipts from the new tax will be deposited into the RBTF. The Financial Plan does not currently include an estimate for PTET receipts or the corresponding decrease in PIT receipts as the opt-in rates for electing entities will not be known until December 2021, but the PTET proposal is expected to be revenue neutral for the State. DOB expects to include estimates as opt-in rates and other information becomes know.

Receipts from the repealed bank tax (all from prior liability periods) in FY 2021 are estimated to increase, primarily due to an estimated increase in audits based on large cases expected to close this fiscal year. PBT receipts are estimated to decrease from FY 2020 results, primarily due to a decline in both gasoline and diesel consumption coupled with the impact of a 2 percent decline in the PBT rate index effective January 1, 2020, paired with a 5 percent decline in the PBT rate index effective January 1, 2021.

General Fund business tax receipts for FY 2021 are estimated to decrease due to the trends in CFT, CUT, insurance taxes, and bank tax receipts described above.

General Fund and All Funds business tax receipts for FY 2022 are projected to increase slightly, primarily reflecting an increase in audit receipts from CFT which are expected to return to historical trend levels. A projected decline in bank tax receipts is offset by increases in CUT, CFT, insurance tax, and PBT receipts.

All Funds business tax receipts for FY 2023 are projected to decline in the bank tax and PBT receipts, offset by increases in CFT, CUT, and insurance tax receipts.

General Fund and All Funds business tax receipts for FY 2024 reflect projected trends in corporate profits, taxable insurance premiums, electric utility consumption and prices, consumption of taxable telecommunications services, and automobile fuel consumption and fuel prices.

Other Taxes

OTHER TAXES (millions of dollars)	FY 2020 Results	FY 2021 Current	Change	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
STATE/ALL FUNDS	**2,212**	**2,125**	**-3.9%**	**2,073**	**-2.4%**	**2,182**	**5.3%**	**2,282**	**4.6%**	**2,386**	**4.6%**
Estate Tax	1,070	1,213	13.4%	1,058	-12.8%	1,112	5.1%	1,168	5.0%	1,223	4.7%
Real Estate Transfer Tax	1,124	898	-20.1%	993	10.6%	1,048	5.5%	1,091	4.1%	1,139	4.4%
Employer Compensation Expense Program	2	3	50.0%	6	100.0%	7	16.7%	7	0.0%	8	14.3%
Pari-Mutuel Taxes	14	11	-21.4%	14	27.3%	14	0.0%	14	0.0%	14	0.0%
All Other Taxes	2	0	-100.0%	2	0.0%	1	-50.0%	2	100.0%	2	0.0%
GENERAL FUND[1]	**1,087**	**1,225**	**12.7%**	**1,077**	**-12.1%**	**1,131**	**5.0%**	**1,187**	**5.0%**	**1,243**	**4.7%**
Estate Tax	1,070	1,213	13.4%	1,058	-12.8%	1,112	5.1%	1,168	5.0%	1,223	4.7%
Employer Compensation Expense Program	1	1	0.0%	3	200.0%	4	33.3%	3	-25.0%	4	33.3%
Pari-Mutuel Taxes	14	11	-21.4%	14	27.3%	14	0.0%	14	0.0%	14	0.0%
All Other Taxes	2	0	-100.0%	2	0.0%	1	-50.0%	2	100.0%	2	0.0%

[1]Excludes Transfers.

All Funds other tax receipts for FY 2021 are estimated to decrease from FY 2020 results, primarily due to an estimated decrease in real estate transfer tax receipts resulting from a large estimated decline in housing starts statewide and the devastating impact of COVID-19 early in the fiscal year, especially in New York City. The real estate transfer tax receipts estimated decrease is partially offset by an increase in estate tax receipts, primarily due to the receipt of seven extraordinary payments to date.

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

All Funds other tax receipts for FY 2022 are projected to decrease, primarily reflecting a projected year-over-year decline in extraordinary estate tax payments as a more historical amount of payments and average payment value are expected. This is partially offset by a projected increase in real estate transfer tax receipts, which is primarily due to projected growth in housing starts and housing prices as activity rebounds compared to the prior year when COVID-19 severely impacted the real estate market.

General Fund other tax receipts for FY 2022 are projected to decrease, due to the decline in estate tax receipts noted above.

All Funds other tax receipts for FY 2023, FY 2024, and FY 2025 are projected to increase, largely due to increases in both estate tax and real estate transfer tax receipts, reflecting projected growth in household net worth, housing starts, and housing prices.

General Fund other tax receipts for FY 2023, FY 2024, and FY 2025 are projected to increase, resulting from the projected increases in estate tax receipts noted above.

Miscellaneous Receipts

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

MISCELLANEOUS RECEIPTS
(millions of dollars)

	FY 2020 Results	FY 2021 Current	Change	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
ALL FUNDS	**29,466**	**31,707**	**7.6%**	**27,583**	**-13.0%**	**25,628**	**-7.1%**	**25,682**	**0.2%**	**25,627**	**-0.2%**
General Fund	3,159	6,913	118.8%	1,767	-74.4%	1,760	-0.4%	1,798	2.2%	1,860	3.4%
Special Revenue Funds	19,279	15,921	-17.4%	15,529	-2.5%	15,656	0.8%	15,650	0.0%	15,922	1.7%
Capital Projects Funds	6,551	8,499	29.7%	9,903	16.5%	7,825	-21.0%	7,847	0.3%	7,458	-5.0%
Debt Service Funds	477	374	-21.6%	384	2.7%	387	0.8%	387	0.0%	387	0.0%

All Funds miscellaneous receipts are projected to total $31.7 billion in FY 2021, an increase of 7.6 percent from FY 2020 results, driven by the issuance of $4.5 billion in PIT notes in response to the COVID-19 pandemic and increasing bond proceeds.

All Funds miscellaneous receipts are projected to decline annually after FY 2021, reflecting the nonrecurring short-term financing, continued impact of the COVID-19 pandemic and a decrease in bond proceed reimbursements in later years, which corresponds to prior-year capital expenses. In later years of the Financial Plan Period, receipts begin to recover and increase slowly again.

Federal Grants

FEDERAL GRANTS (millions of dollars)	FY 2020 Results	FY 2021 Current	Change	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
ALL FUNDS	**65,080**	**84,096**	**29.2%**	**80,125**	**-4.7%**	**75,824**	**-5.4%**	**72,005**	**-5.0%**	**72,347**	**0.5%**
General Fund	0	0	0.0%	3,000	0.0%	3,000	0.0%	0	-100.0%	0	0.0%
Special Revenue Funds	62,897	81,840	30.1%	74,840	-8.6%	70,541	-5.7%	69,753	-1.1%	70,108	0.5%
Capital Projects Funds	2,109	2,182	3.5%	2,213	1.4%	2,214	0.0%	2,186	-1.3%	2,177	-0.4%
Debt Service Funds	74	74	0.0%	72	-2.7%	69	-4.2%	66	-4.3%	62	-6.1%

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 grants generally correspond to changes in Federally-reimbursed spending. Accordingly, DOB typically projects Federal reimbursements will be received in the State fiscal year in which spending occurs, but due to the variable timing of Federal grant receipts, actual results often differ from projections.

All Funds Federal grants projections primarily reflect the continuation of growth in Federal Medicaid spending related to Federal health care transformation initiatives, a temporary increase in the FMAP, funding from the CRF, and funding for the LWA program partly offset by the projected phase-down of Federal disaster assistance. All Federal receipts are subject to Congressional authorization, appropriations and budget action.

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

Disbursements

In FY 2022, disbursements from the State's General Fund, including transfers, are expected to total $82.9 billion, and disbursements from State Operating Funds are expected to total $105 billion. School Aid, Medicaid, transportation, debt service, and health benefits are significant drivers of annual spending growth, as further described in this section.

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

Local Assistance Grants

Local assistance spending includes payments to local governments, school districts, health care providers, and other entities, as well as financial assistance to, or on behalf of, individuals, families and not-for-profit organizations. Local assistance spending in State Operating Funds is estimated at $68.4 billion in FY 2022, which is approximately two-thirds of total State Operating Funds spending. School Aid and health care spending account for approximately three-quarters of State Operating Funds local assistance spending.

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

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

		Forecast			
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
HEALTH CARE[1]					
Medicaid - Individuals Covered	7,141,716	6,995,082	6,150,548	6,110,194	6,062,671
Essential Plan - Individuals Covered	871,304	962,915	924,779	906,702	896,464
Child Health Plus - Individuals Covered	418,013	436,838	429,943	431,588	434,168
State Takeover of County/NYC Costs[2]	$4,468	$4,818	$5,179	$5,551	$5,933
CY 2005 Local Medicaid Cap	$3,185	$3,353	$3,531	$3,720	$3,919
FY 2013 Local Takeover Costs	$1,283	$1,465	$1,648	$1,831	$2,014
EDUCATION					
School Aid (School Year-Basis Funding)[3]	$26,451	$27,289	$28,424	$29,520	$30,629
HIGHER EDUCATION					
Public Higher Education Enrollment (FTEs)	509,725	522,468	522,468	522,468	522,468
Tuition Assistance Program (Recipients)	239,592	253,563	253,563	253,563	253,563
PUBLIC ASSISTANCE					
Family Assistance Program (Families)	192,728	209,148	198,646	188,276	181,449
Safety Net Program (Families)	125,229	138,784	130,571	122,396	117,020
Safety Net Program (Singles)	217,838	210,068	207,482	208,728	211,406
MENTAL HYGIENE					
OMH Community Beds	47,306	48,763	50,018	50,618	51,118
OPWDD Community Beds	42,956	43,290	43,516	43,743	43,970
OASAS Community Beds	13,539	13,753	14,075	14,115	14,140
Total	103,801	105,806	107,609	108,476	109,228

1 Enrollment in public health insurance programs is subject to direct/indirect risks related to the COVID-19 pandemic.

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 Excludes STAR and Federal CARES and CRRSA funds.

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 FY 2022 Executive Budget recommends a total of $31.7 billion in school district funding for school year (SY) 2022, including School Aid, STAR reimbursement payments, the Local District Funding Adjustment, and Federal Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act funding. This represents an increase of $2.1 billion, or 7.1 percent, over the statewide 2020-21 funding level, including Federal CARES Act funds, driven by $3.9 billion in CRRSA Act funding to districts.

Formula-based School Aid would increase by $849 million, or 3.3 percent. Foundation Aid would be maintained at its SY 2021 level of $18.4 billion and the Pandemic Adjustment aid reduction taken in SY 2021 ($1.13 billion) would be fully restored. Other formula-based aid categories on the run would experience a net year-to-year decrease of $282 million as part of the Executive proposal to consolidate existing aid categories into a new block grant called Services Aid. This new aid category would replace 11 separate existing aid categories, including Transportation Aid and BOCES Aid, and its SY 2022 funding level would be reduced by $693 million compared to the SY 2022 projections of its components under current law. This Services Aid reduction would not exceed any school district's CRRSA Act funding allocation.

Categorical grant programs within School Aid would decrease by $12 million in SY 2022, due to the net impact of growth in aid under current law ($15 million) and a $27 million decrease from the elimination of funding for certain teacher support programs.

Additionally, the Executive Budget proposes a $1.35 billion reduction to other reimbursements to school districts under current law. Like the Services Aid reduction, this Local District Funding Adjustment would not exceed any school district's CRRSA Act funding allocation.

Outyear growth in School Aid reflects current projections of the ten-year average growth in State personal income (PIGI).

SCHOOL AID - SCHOOL YEAR BASIS (JULY 1 - JUNE 30) (millions of dollars)									
	SY 2021[1]	SY 2022[2]	Change	SY 2023	Change	SY 2024	Change	FY 2025	Change
Total	**26,451**	**27,289**	**838**	**28,424**	**1,135**	**29,520**	**1,096**	**30,629**	**1,109**
			3.2%		4.2%		3.9%		3.8%

[1] Does not reflect $1.13 billion in Federal CARES Act funding or STAR reimbursements to School Districts.

[2] Does not reflect $3.85 billion in Federal CRRSA Act funding or STAR reimbursements to School Districts.

State Fiscal Year

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

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

SCHOOL AID - STATE FISCAL YEAR BASIS (millions of dollars)									
	FY 2021[1] Current	FY 2022[2] Proposed	Change	FY 2023[3] Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**26,860**	**26,693**	**-0.6%**	**27,953**	**4.7%**	**29,045**	**3.9%**	**30,150**	**3.8%**
General Fund Local Assistance	23,737	23,161	-2.4%	23,979	3.5%	24,838	3.6%	25,918	4.3%
Medicaid	140	140	0.0%	140	0.0%	140	0.0%	140	0.0%
Lottery Aid	2,276	2,520	10.7%	2,864	13.7%	2,972	3.8%	3,000	0.9%
VLT Lottery Aid	618	746	20.7%	834	11.8%	943	13.1%	940	-0.3%
Commercial Gaming	89	126	41.6%	136	7.9%	152	11.8%	152	0.0%

[1] Does not reflect $794 million in Federal CARES Act funding or STAR reimbursements to School Districts.

[2] Does not reflect $3.0 billion in Federal CARES Act and CRRSA Act funding or STAR reimbursements to School Districts.

[3] Does not reflect $1.2 billion in Federal CRRSA Act funding or STAR reimbursements to School Districts.

State fiscal year spending for School Aid on a State Operating Funds basis is projected to total $26.7 billion in FY 2022, a $167 million, or 0.6 percent, decrease from FY 2021. The annual decrease is driven by the $693 million Services Aid reduction and reductions in SY 2021 aid under current law, compared to FY 2021 Enacted Budget projections, due to updated data submitted by school districts. In FY 2022, the share of School Aid spending financed by lottery, video lottery and commercial gaming revenues is projected to increase due to the impact of the COVID-19 pandemic on economic activity in FY 2021 and the lifting of capacity limitations at VLT and commercial gaming facilities in FY 2022. If gaming revenues drop below currently projected levels, then the General Fund is expected to transfer the value of the shortfall to the appropriate State Special Revenue Fund. In addition to State aid, school districts currently receive more than $3 billion annually in Federal aid, excluding CARES Act and CRRSA Act funds.

Other Education Funding

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

OTHER EDUCATION FUNDING (millions of dollars)	FY 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,097**	**2,110**	**0.6%**	**2,264**	**7.3%**	**2,339**	**3.3%**	**2,423**	**3.6%**
Special Education	1,312	1,354	3.2%	1,422	5.0%	1,485	4.4%	1,551	4.4%
All Other Education	785	756	-3.7%	842	11.4%	854	1.4%	872	2.1%

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 in FY 2022 and FY 2023 are expected to increase following anticipated one-time cost savings in FY 2021 resulting from 2019-20 school closures, when certain special education services (e.g., transportation) were either not provided or were provided at a reduced level. Out-year growth is attributable to projected enrollment and cost growth for these programs, as services return to normal levels.

The projected decrease for All Other Education programs in FY 2022 is primarily due to FY 2022 Executive Budget proposals to eliminate funding for school districts' prior year claims, New York City's discretionary fiscal stabilization grant, and New York City charter school facilities aid reimbursement, as well as a temporary elimination of Bundy Aid. Additional savings are attributed to a one-time reduction in State supplemental tuition payments, proposed in tandem with a one-time decrease in school districts' 2021-22 charter school basic tuition rates. These reductions are partially offset by a timing-related increase in 2020-21 school year Nonpublic School Aid payments that would typically be paid in March 2021, but now will not be paid until June 2021.

The projected increase for All Other Education programs in FY 2023 is primarily due to anticipated increases in State reimbursement to school districts for charter tuition payments and the restoration of Bundy Aid.

School Tax Relief Program

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

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

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

SCHOOL TAX RELIEF (STAR)
(millions of dollars)

	FY 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,030**	**587**	**-71.1%**	**538**	**-8.3%**	**450**	**-16.4%**	**362**	**-19.6%**
Local District Funding Adjustment[1]	0	(1,352)	0.0%	(1,243)	8.1%	(1,188)	4.4%	(1,135)	4.5%
TOTAL STAR PROGRAM	**2,030**	**1,939**	**-4.5%**	**1,781**	**-8.1%**	**1,638**	**-8.0%**	**1,497**	**-8.6%**
Gross Program Costs	3,322	3,461	4.2%	3,521	1.7%	3,599	2.2%	3,641	1.2%
Personal Income Tax Credit	(1,292)	(1,522)	-17.8%	(1,740)	-14.3%	(1,961)	-12.7%	(2,144)	-9.3%
Basic Exemption	1,188	1,165	-1.9%	1,071	-8.1%	1,002	-6.4%	918	-8.4%
Gross Program Costs	1,686	1,789	6.1%	1,832	2.4%	1,883	2.8%	1,914	1.6%
Personal Income Tax Credit	(498)	(624)	-25.3%	(761)	-22.0%	(881)	-15.8%	(996)	-13.1%
Enhanced (Senior) Exemption	842	774	-8.1%	710	-8.3%	636	-10.4%	579	-9.0%
Gross Program Costs	924	938	1.5%	944	0.6%	942	-0.2%	933	-1.0%
Personal Income Tax Credit	(82)	(164)	-100.0%	(234)	-42.7%	(306)	-30.8%	(354)	-15.7%
New York City PIT	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Gross Program Costs	712	734	3.1%	745	1.5%	774	3.9%	794	2.6%
Personal Income Tax Credit	(712)	(734)	-3.1%	(745)	-1.5%	(774)	-3.9%	(794)	-2.6%

1 The Local District Funding Adjustment shifts a portion of the costs of the STAR exemption program to school districts. In FY 2022, this adjustment to school district costs will be more than offset by the Federal Coronavirus Response and Relief Supplemental Appropriations Act.

The Executive Budget includes a Local District Funding Adjustment that reduces STAR reimbursements to school districts by $1.35 billion in FY 2022. This reduction would not exceed any school district's CRRSA Act allocation. The Adjustment would be made recurring in the outyears.

Other Executive Budget actions include fully closing the Enhanced Exemption program to new applicants and streamlining the administration of STAR for mobile homeowners by transitioning these beneficiaries to the STAR Credit.

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

Higher Education

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

HIGHER EDUCATION (millions of dollars)									
	FY 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**3,467**	**2,763**	**-20.3%**	**2,814**	**1.8%**	**2,864**	**1.8%**	**2,917**	**1.9%**
City University	**2,274**	**1,554**	**-31.7%**	**1,593**	**2.5%**	**1,635**	**2.6%**	**1,675**	**2.4%**
Senior Colleges	1,852	1,321	-28.7%	1,363	3.2%	1,405	3.1%	1,445	2.8%
Community College	422	233	-44.8%	230	-1.3%	230	0.0%	230	0.0%
Higher Education Services	**756**	**783**	**3.6%**	**797**	**1.8%**	**805**	**1.0%**	**818**	**1.6%**
Tuition Assistance Program	621	642	3.4%	657	2.3%	656	-0.2%	656	0.0%
Scholarships/Awards	123	129	4.9%	128	-0.8%	137	7.0%	150	9.5%
Aid for Part-Time Study	12	12	0.0%	12	0.0%	12	0.0%	12	0.0%
State University	**437**	**426**	**-2.5%**	**424**	**-0.5%**	**424**	**0.0%**	**424**	**0.0%**
Community College	433	422	-2.5%	420	-0.5%	420	0.0%	420	0.0%
Other/Cornell	4	4	0.0%	4	0.0%	4	0.0%	4	0.0%

SUNY and CUNY operate 47 four-year colleges and graduate schools with a total enrollment of nearly 400,000 full- and part-time students. SUNY and CUNY also operate 37 community colleges, serving approximately 285,000 students. State funds support a significant portion of SUNY and CUNY operations. In addition to the spending reflected in the above table, the State provides nearly $1 billion annually for SUNY campus operations through a General Fund transfer and approximately $2 billion to fully support fringe benefit costs of SUNY employees at State-operated campuses. The State is also projected to pay $1.4 billion in FY 2022 for debt service on bond financed capital projects at SUNY and CUNY. In FY 2022, an estimated $250 million in student financial aid support will be transferred from HESC to SUNY. This is the result of an accounting change implemented in FY 2020 to reflect certain financial aid payments from HESC to SUNY as transfers instead of disbursements.

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

The Executive Budget proposes savings necessary to balance the Executive Budget in an equitable way that protects New Yorkers' access to an affordable college education. Beginning in academic year (AY) 2021, general operating support to colleges is reduced by 5 percent as part of the statewide targeted reductions in aid-to-localities payments. On an academic year basis, the reductions will total $46 million for SUNY State-Operated campuses and $26 million for CUNY senior colleges. For community colleges, the AY reduction will total $35 million from funding levels provided for in the FY 2021 Enacted Budget. Funding in FY 2022 will be based on the community college aid formula with no additional 5 percent reduction – an $11 million AY decrease from funding levels in the FY 2021 Enacted Budget due to enrollment declines reflected in the aid formula. These reductions are more than offset by an estimated $1.5 billion in direct Federal aid provided by the CARES Act and the CRRSA Act approved in December 2020.

Total FY 2022 local assistance disbursements for higher education is projected to decrease by $704 million, or 20.3 percent, from FY 2021 to FY 2022, and increase by $51 million, or 1.8 percent, from FY 2022 to FY 2023. The spending decrease in FY 2022 is primarily due to the timing of academic year 2020 payments for CUNY that were made in FY 2021 instead of FY 2020.

Health Care

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

In addition to State funding, DOH also engages in Federal supported initiatives, such as the DSRIP program, with the goal of transforming New York's health care system. For more information on the MRT Medicaid Waiver and DSRIP program please see "Other Matters Affecting the Financial Plan" herein.

Medicaid

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

Historically, the State has observed significant fluctuations in program eligibility and enrollment in the Medicaid program during economic downswings. In FY 2021, unemployment growth attributable to the COVID-19 pandemic has driven an increase of over 1,061,000 individuals covered as compared to FY 2020. The Executive Budget Financial Plan assumes approximately 147,000 fewer individuals will be enrolled in Medicaid in FY 2022, reflecting persistent eligibility through most of the budget year. Costs associated with individuals temporarily enrolled but with continuous twelve-month coverage are expected to decline beginning in FY 2023 as the economy recovers and unemployment trends towards pre-pandemic levels.

Despite an expected decline in total enrollment, populations associated with higher service utilization and costs are expected to augment growth in the State share of Medicaid spending. Enhanced Federal resources, provided through an FMAP increase of 6.2 percent, will be used to offset increased costs associated with robust Medicaid enrollment caused by the COVID-19 pandemic.

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

Financing of Medicaid Spending

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

DEPARTMENT OF HEALTH MEDICAID (millions of dollars)

	FY 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
STATE OPERATING FUNDS	**22,374**	**28,247**	**26.2%**	**29,766**	**5.4%**	**30,926**	**3.9%**	**31,969**	**3.4%**
Department of Health Medicaid	**19,574**	**23,170**	**18.4%**	**25,225**	**8.9%**	**26,225**	**4.0%**	**27,048**	**3.1%**
General Fund - DOH Medicaid Local	13,761	17,010	23.6%	19,039	11.9%	19,930	4.7%	20,644	3.6%
DOH Medicaid	12,573	14,892	18.4%	14,729	-1.1%	15,247	3.5%	15,886	4.2%
Non-DOH Medicaid[1]	2,157	49	-97.7%	801	1534.7%	806	0.6%	698	-13.4%
Minimum Wage	1,591	1,961	23.3%	2,223	13.4%	2,408	8.3%	2,408	0.0%
Local Takeover Cost[2]	1,283	1,465	14.2%	1,648	12.5%	1,831	11.1%	2,014	10.0%
MSA Payments (Share of Local Growth)[3]	(362)	(362)	0.0%	(362)	0.0%	(362)	0.0%	(362)	0.0%
Enhanced FMAP[4]	(3,481)	(995)	71.4%	0	100.0%	0	0.0%	0	0.0%
General Fund - DOH Medicaid State Ops	207	236	14.0%	213	-9.7%	218	2.3%	221	1.4%
General Fund - Essential Plan	67	65	-3.0%	62	-4.6%	62	0.0%	62	0.0%
Local Assistance	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	67	65	-3.0%	62	-4.6%	62	0.0%	62	0.0%
Other State Funds - DOH Medicaid Local	5,539	5,859	5.8%	5,911	0.9%	6,015	1.8%	6,121	1.8%
HCRA Financing	3,945	4,330	9.8%	4,342	0.3%	4,420	1.8%	4,499	1.8%
Indigent Care Support	717	586	-18.3%	586	0.0%	586	0.0%	586	0.0%
Provider Assessment Revenue	876	941	7.4%	981	4.3%	1,007	2.7%	1,034	2.7%
Medical Indemnity Fund	1	2	100.0%	2	0.0%	2	0.0%	2	0.0%
Other State Agency Medicaid Spending	**2,800**	**5,077**	**81.3%**	**4,541**	**-10.6%**	**4,701**	**3.5%**	**4,921**	**4.7%**
Use of MSA Payments (Share of Local Growth)[3]	**362**	**362**	**0.0%**	**362**	**0.0%**	**362**	**0.0%**	**362**	**0.0%**
LOCAL SHARE OF MEDICAID[5,6]	**7,660**	**7,998**	**4.4%**	**8,214**	**2.7%**	**8,129**	**-1.0%**	**8,064**	**-0.8%**
FEDERAL SHARE OF MEDICAID	**53,605**	**55,028**	**2.7%**	**53,036**	**-3.6%**	**53,211**	**0.3%**	**53,302**	**0.2%**
DOH Medicaid	49,212	49,567	0.7%	47,422	-4.3%	47,700	0.6%	47,860	0.3%
Essential Plan	4,393	5,461	24.3%	5,614	2.8%	5,511	-1.8%	5,442	-1.3%
ALL FUNDING SOURCES	**84,001**	**91,635**	**9.1%**	**91,378**	**-0.3%**	**92,628**	**1.4%**	**93,697**	**1.2%**

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

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

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

4 Enhanced FMAP of 6.2 percent for eighteen months retroactive to January 2020.

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

6 Reflects the extension of the delay in the reduction to Federal DSH until October 1,2023.

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

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

	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Department of Health Medicaid	19,507	23,105	25,163	26,163	26,986
Local Assistance	23,143	24,226	25,312	26,307	27,127
State Operations	207	236	213	218	221
MSA Payments (Share of Local Growth)[2]	(362)	(362)	(362)	(362)	(362)
Enhanced FMAP[3]	(3,481)	(995)	0	0	0
Other State Agency Medicaid Spending	2,800	5,077	4,541	4,701	4,921
Mental Hygiene[4]	2,587	4,863	4,327	4,487	4,707
Foster Care	71	74	74	74	74
Education	140	140	140	140	140
Corrections	2	0	0	0	0
Total State Share Medicaid (All Agencies)	**22,307**	**28,182**	**29,704**	**30,864**	**31,907**
Annual $ Change		5,875	1,522	1,160	1,043
Annual % Change		26.3%	5.4%	3.9%	3.4%
Essential Plan[5]	**67**	**65**	**62**	**62**	**62**
Local Assistance	0	0	0	0	0
State Operations	67	65	62	62	62

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

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

3 Enhanced FMAP of 6.2 percent for eighteen months retroactive to January 2020.

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

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

Global Cap

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

Medicaid Redesign Team (MRT) II

In FY 2020, DOB recognized that a structural imbalance existed in the Medicaid program. Absent actions to rein in spending growth, State Medicaid spending levels would have exceeded the allowable indexed growth as set by the Global Cap statute. In response to the imbalance, the Governor formed the MRT II with the objective of restoring financial sustainability to the Medicaid program while connecting other programmatic initiatives that would advance the Governor's core healthcare strategies.

The Financial Plan includes $2.2 billion in recommendations, including the recurring value of savings that began in FY 2020, put forward by the MRT II to create efficiencies within the Medicaid program and address the Medicaid imbalance, including identifying efficiencies in Managed Care and Managed Long-Term Care. Additionally, policy initiatives, including the carve out of services from Managed Care within pharmacy and the centralization of a transportation broker will lead to better transparency and greater efficiencies within these areas. MRT II also focused on greater program integrity within Medicaid and included reforms to modernize regulations to eliminate fraud, waste and abuse.

Building on the successes of MRT II, the FY 2022 Executive Budget continues programmatic reforms and targeted support that will expand access to cost effective models and transform care delivery. This includes efforts to limit the rising cost of prescription drugs by extending the Medicaid drug cap through FY 2022 and advancing a comprehensive reform package for telehealth. The Executive Budget reflects savings from reducing rates paid to managed care and long-term care insurance carriers based on lower health care utilization due to the pandemic.

Global Cap spending growth is projected to adhere to statutorily allowable levels due to the MRT II and the identification of additional savings in the Executive Budget. Similarly, the Financial Plan reflects the continuation of the "Global Cap" through FY 2025 and assumes that statutory authority will be extended in subsequent years.

MEDICAID GLOBAL CAP FORECAST
(millions of dollars)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Global Medicaid Cap[1]	**19,992**	**20,572**	**21,188**	**21,820**	**22,461**
Annual $ Change		580	616	632	641
Annual % Change		2.9%	3.0%	3.0%	2.9%

[1] Under the Global Cap, forecasted Medicaid services growth is indexed to the 10-year average of the medical component of the CPI. The Financial Plan assumes spending under the Global Cap to adhere to statutorily allowable growth in all years, which may require the implementation of certain cost controls and savings actions.

Temporary Enhanced FMAP

In response to the COVID-19 pandemic, former President Trump signed into law the FFCRA in March 2020 which included supplemental Federal funding for various programs, including an eFMAP for unexpected costs attributable to the pandemic.

The FFCRA includes a 6.2 percent base increase to the FMAP rate for each calendar quarter occurring during the public health emergency, with exemptions placed on spending already eligible for enhanced Federal support, including portions of the ACA expansion. The public health emergency declared by the Secretary of Health and Human Services was set to expire on January 21, 2021. However, on January 7, 2021, the Secretary of Health and Human Services issued an extension to the public health emergency declaration through April 21, which would span two additional quarters through June 2021. The enhanced rate can be revoked any time prior to the start of a new quarter (i.e., prior to April 1, 2021). The Executive Budget includes the assured extension through March 30, 2021, as well as the likely additional quarter from April 1 through June 30, 2021. In total, the multi-year Financial Plan assumes an eighteen-month State benefit of approximately $4.5 billion ($3.5 billion in FY 2021 and $1 billion in FY 2022) that will be used to offset unanticipated General Fund expenses directly or indirectly related to the pandemic, including costs associated with increased Medicaid enrollment, in FY's 2021 and 2022.

Master Settlement Agreement (MSA)

In FY 2018, all outstanding bonds secured by annual payments from tobacco manufacturers under the MSA were retired, and with no remaining debt service requirements to be paid on these bonds, DOB expects to receive MSA payments of approximately $362 million in FY 2021 and in each subsequent year. Existing statutes direct these payments be used to help defray costs of the State's takeover of Medicaid costs for counties and New York City. The State takeover, which capped local districts' Medicaid costs at calendar year 2015 levels, is expected to cost the State $1.5 billion in FY 2022, growing to $2 billion in FY 2025. Consistent with State law, DOB expects MSA payments to be deposited directly to a Medicaid Payment Escrow Fund to offset the non-Federal share of annual Medicaid growth, formerly borne by local governments, which the State now pays on behalf of local governments. The deposit mechanism has no impact on overall Medicaid spending funded with State resources but reduces reported State-supported Medicaid spending accounted for in State Operating Funds.

The table below shows total State spending adjusted for MSA payments.

FUNDING SOURCES FOR STATE MEDICAID CONTRIBUTIONS
(millions of dollars)

	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
State Share Support	**22,736**	**28,609**	**30,128**	**31,288**	**32,331**
State Funds Medicaid Disbursements	22,374	28,247	29,766	30,926	31,969
MSA Payments (Local Growth)	362	362	362	362	362

Minimum Wage

Medicaid spending includes the cost of increases in the minimum wage for employees in the health care sector. These costs are not subject to the Global Cap indexed spending limit. The State costs of minimum wage increases in the health care sector are projected to grow roughly $370 million to $2.0 billion in FY 2022. Per State statute, home health care workers in New York City and certain counties receive supplemental benefits in addition to their base wage. These benefits include paid leave, differential wages, premiums for certain shifts, education and fringe benefits. The supplemental benefits typically can be satisfied by increasing the base cash wage by a corresponding amount. As a result, wages for home health care workers in these regions exceed minimum wage levels by $4.09 for New York City and $3.22 for Westchester, Nassau, and Suffolk counties. However, State statute exempts the supplemental wages portion of total compensation from the minimum wage calculation to ensure home health care workers in these counties receive incremental growth in wage compensation commensurate with the new minimum wage schedule.

Local Medicaid Cap

The local Medicaid Cap was designed to relieve pressure on county property taxes and the New York City budget by capping local costs and having the State absorb all local program growth above a fixed statutory inflation rate. Beginning in January 2006, counties' Medicaid cost contributions were capped based on 2005 expenditures that were indexed at a growth rate of 3.5 percent in 2006, 3.25 percent in 2007, and 3 percent per year thereafter. In FY 2013, the State committed to phasing out over a three-year period all growth in the local share of Medicaid costs. The takeover of local Medicaid costs by the State is projected to save local districts a total of $4.8 billion in FY 2022, roughly $2.4 billion for counties outside New York City and $2.4 billion for New York City.

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

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

Health Care Transformation Fund (HCTF)

Pursuant to Part FFF of Chapter 59 of the Laws of 2018, the Health Care Transformation Fund (HCTF) was created to account for receipts associated with health care asset sales and conversions. Moneys in the HCTF are to be made available for transfer to any other fund of the State, as directed by the Director of the Budget, to support health care delivery, including for capital investment, debt retirement or restructuring, housing and other social determinants of health, or transitional operating support to health care providers. Future proceeds related to asset sales and conversions may be directed to flow through the HCTF, subject to regulatory approvals.

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

	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Opening Balance	**315**	**0**	**0**	**0**	**0**
Receipts	**138**	**248**	**68**	**0**	**0**
Fidelis Payment	50	50	0	0	0
Centene Payment	68	68	68	0	0
CVS Payment	13	13	0	0	0
Cigna Payment	7	7	0	0	0
Affinity Payment	0	110	0	0	0
Planned Uses	**(453)**	**(248)**	**(68)**	**0**	**0**
Housing Rental Subsidies	(272)	(118)	(68)	0	0
State-Only Payments	(160)	(110)	0	0	0
Capital Projects	(21)	(20)	0	0	0
Closing Balance	**0**	**0**	**0**	**0**	**0**

Fidelis - Centene Asset Sale

In September 2017, Fidelis Care (a nonprofit insurer associated with the Catholic Diocese of New York) agreed to sell a substantial portion of its assets to Centene Corporation, a for-profit health insurer based in St. Louis, Missouri, in order to facilitate Centene's entry into the New York's health insurance marketplace. Consistent with previous transactions of similar nature in New York, the transaction was subject to regulatory approval by DOH, DFS and the Office of the Attorney General (OAG). The transaction included an agreement that the companies would contribute an estimated $2 billion over five years beginning in FY 2019.

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

Following completion of all regulatory approvals, the initial $1 billion direct payment from Fidelis Care was deposited into the HCTF in July 2018, followed by a second round of payments totaling $468 million at the end of FY 2020.

In December 2020, the State received Centene's $68 million contribution for FY 2021, with the remaining $50 million contribution from Fidelis expected to be received prior to FY 2022. Future deposits into the HCTF from Centene and Fidelis include a total of $118 million in FY 2022, $68 million and $50 million, respectively, and $68 million in FY 2023 from Centene, at which time the conversion will be complete, and all State commitments fulfilled. The HCTF does not include increased insurance tax receipts from Centene or higher Medicaid provider rates paid to Centene, which are reflected in the General Fund and represent a component of the estimated $2 billion contribution over five years.

CVS – Aetna Acquisition

In November 2018, DFS approved an application by CVS Health Corp. and CVS Pharmacy Inc. to acquire Aetna Health Insurance Company, a New York domestic stock accident and health insurance company. The acquisition was subject to several conditions, including enhanced consumer and health insurance rate protections, privacy controls, cybersecurity compliance, and a $40 million obligation to New York State over three years. In December 2020, the State received the second of three planned installments, which totaled approximately $13 million. One remaining installment, commensurate with amounts collected in FY 2020 and FY 2021, is planned for collection in FY 2022, at which time the obligations will be paid in full.

Cigna Health and Life Insurance Company (Cigna) – Express Scripts

In December 2018, DFS approved the request by Cigna Corporation, a health services organization, to acquire Express Scripts, a subsidiary pharmacy benefit management organization of Medco Containment Insurance Company of New York. Pursuant to the DFS approved terms, the combined entity is expected to contribute a total of $20 million to New York through FY 2022 and will implement an enhanced care model that will reduce the cost of care and coverage gaps related to diabetes care, cardiology care and opioid abuse. Additional conditions include adherence to New York's cyber-security regulations and consumer protections related to insurance premiums and drug prices. In February 2020, the State received the first of three annual installments totaling approximately $7 million.

Affinity - Molina Healthcare

In late September 2020, Affinity Health, a not for profit health plan providing Medicaid, EP and CHP services, finalized agreements on the sale of its assets to Molina Healthcare. In the terms of the agreement, Affinity will make a voluntary commitment to the State from the proceeds of liquidation. At the completion of the acquisition, the State estimates a one-time collection estimated at $110 million, which will be used in FY 2022 to offset the cost of State-only payments funded from the Global Cap.

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

Essential Plan (EP)

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

ESSENTIAL PLAN (millions of dollars)									
	FY 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL ALL FUNDS SPENDING	**4,460**	**5,526**	**23.9%**	**5,676**	**2.7%**	**5,573**	**-1.8%**	**5,504**	**-1.2%**
State Operating Funds	**67**	**65**	**-3.0%**	**62**	**-4.6%**	**62**	**0.0%**	**62**	**0.0%**
Local Assistance[1]	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	67	65	-3.0%	62	-4.6%	62	0.0%	62	0.0%
Federal Operating Funds	**4,393**	**5,461**	**24.3%**	**5,614**	**2.8%**	**5,511**	**-1.8%**	**5,442**	**-1.3%**

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

On an All Funds basis, Essential Plan spending is anticipated to fluctuate over the Financial Plan, reflecting a mix of factors, including the Executive proposal to eliminate EP premiums for over 400,000 enrollees, as well as the establishment of a $200 million Essential Plan Quality Pool.

Additionally, the Executive Budget reflects a $420 million increase to premiums that will result in increased payments to providers, which drive additional costs in FY 2022 and beyond. Due to a high Federal reimbursement rate for the EP under current methodology, local assistance spending for the EP is not anticipated to drive a commensurate increase in State support for the EP. Spending growth attributable to premium eliminations and increased provider reimbursement rates tapers in the outyears. The Financial Plan assumes the local assistance share of the EP will continue to be fully Federally funded.

Public Health/Aging Programs

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

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

PUBLIC HEALTH AND AGING
(millions of dollars)

	FY 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,847**	**1,729**	**-6.4%**	**1,735**	**0.3%**	**1,721**	**-0.8%**	**1,738**	**1.0%**
Public Health	**1,713**	**1,592**	**-7.1%**	**1,593**	**0.1%**	**1,574**	**-1.2%**	**1,586**	**0.8%**
Child Health Plus[1]	666	764	14.7%	753	-1.4%	761	1.1%	773	1.6%
Enhanced FMAP[2]	(89)	(31)	65.2%	0	100.0%	0	0.0%	0	0.0%
General Public Health Work	272	143	-47.4%	124	-13.3%	124	0.0%	124	0.0%
EPIC	104	103	-1.0%	103	0.0%	103	0.0%	103	0.0%
Early Intervention	254	151	-40.6%	115	-23.8%	115	0.0%	115	0.0%
HCRA Program	280	251	-10.4%	292	16.3%	266	-8.9%	266	0.0%
All Other	226	211	-6.6%	206	-2.4%	205	-0.5%	205	0.0%
Aging	**134**	**137**	**2.2%**	**142**	**3.6%**	**147**	**3.5%**	**152**	**3.4%**

[1] Increased spending for Child Health Plus in FY 2022 and beyond is attributable to the expiration of enhanced Federal resources.

[2] CHP Enhanced FMAP of 4.34 percent for eighteen months retroactive to January 2020.

The projected spending decrease in Public Health for FY 2022 is primarily attributable to the timing of payment processing at the end of FY 2021, which resulted in higher local assistance grant payments for GPHW and EI.

Public Health spending over the multi-year Financial Plan reflects several factors, including growth attributable to the CHP program from increased enrollment, the scheduled phase down of enhanced resources provided in the ACA and the expiration of enhanced FMAP as provided in the FFCRA. Increased base CHP spending is partially offset by reducing GPHW non-emergency program rates to New York City, program modifications to EI Individualized Service plans, restructuring of the Excess Medical Malpractice program, and shifting the Enough is Enough Sexual Violence Prevention Program to the Office for the Prevention of Domestic Violence. Combined, these actions are projected to generate roughly $118 million in FY 2022 savings and $137 million annually thereafter.

In addition to ongoing program support, the Financial Plan leverages $73 million in new Federal funding to support public health programs that improve the health of children. The Health Services Initiatives option, available under CHP, will be used to offset State costs in programs such as GPHW, Healthy Neighborhoods, Genetic Disease, Public Health Campaign regarding sexually transmitted diseases, and SNAP.

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

HCRA Financial Plan

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

HCRA FINANCIAL PLAN
(millions of dollars)

	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
OPENING BALANCE	**16**	**0**	**0**	**0**	**0**
TOTAL RECEIPTS	**5,878**	**6,202**	**6,261**	**6,324**	**6,373**
Surcharges	3,523	3,831	3,906	3,983	4,062
Covered Lives Assessment	1,049	1,110	1,110	1,110	1,110
Cigarette Tax Revenue	705	670	637	606	576
Hospital Assessments	487	487	502	518	518
Excise Tax on Vapor Products	27	16	16	16	16
NYC Cigarette Tax Transfer	21	21	21	21	21
EPIC Receipts/ICR Audit Fees	66	67	69	70	70
TOTAL DISBURSEMENTS AND TRANSFERS	**5,894**	**6,202**	**6,261**	**6,324**	**6,373**
Medicaid Assistance Account	3,945	4,330	4,342	4,420	4,499
Medicaid Costs	*3,770*	*4,178*	*4,190*	*4,268*	*4,347*
Workforce Recruitment & Retention	*175*	*152*	*152*	*152*	*152*
Hospital Indigent Care	717	586	586	586	586
HCRA Program Account	289	257	298	272	272
Child Health Plus[1]	589	744	763	774	786
Elderly Pharmaceutical Insurance Coverage	116	114	114	114	114
Qualified Health Plan Administration	37	36	35	36	36
SHIN-NY/APCD	40	40	40	40	40
All Other	161	95	83	82	40
ANNUAL OPERATING SURPLUS/(DEFICIT)	**(16)**	**0**	**0**	**0**	**0**
CLOSING BALANCE	**0**	**0**	**0**	**0**	**0**

[1] The fluctuation in Child Health Plus expenditures from FY 2021 to FY 2022 reflects the impact of transitioning certain funding from the Medicaid Assistance account to Child Health Plus, as well as an increase in State share CHP costs due to reduced.

HCRA receipts are anticipated to increase over the multi-year Financial Plan, mostly reflecting the return to pre-pandemic receipts collections. Additionally, the FY 2021 Covered Lives Assessments (CLA) has been adjusted to levels consistent with prior year collection levels to reflect the impact of shifting enrollment trends from commercial to public health insurance plans, which are not subject to the CLA. Anticipated base declines in cigarette tax revenue, attributable to reduced consumption, and further impacted by the full year impact of FY 2020 enacted legislation that raised the purchasing age for tobacco products to 21, also contributes to reduced HCRA resource availability in FY 2022 and beyond.

Tax receipts in the State's HCRA fund are influenced by the consumption of nicotine-based products. Continued declines in the consumption of cigarettes, paired with the full year impact of raising the purchasing age for tobacco products to 21 years, drives the projected outyear decrease in HCRA tax receipts.

Effective December 1, 2019, a 20 percent excise tax on the sale of vapor products went into effect in New York. The FY 2021 Enacted Budget included legislation that bans the sale of most flavored vapor products, which represent a significant portion of the market. As such, the ban is expected to significantly reduce consumption, and subsequently, HCRA tax receipts. Projected outyear declines in Vapor Tax receipts reflect the full annual impact of the vapor flavor ban.

HCRA spending in FY 2022 is expected to increase in line with projected growth in receipts collections. The financial plan reflects roughly $4 billion in continued support for Medicaid spending, as well as over $700 million annually for the CHP program, in addition to several other programs and initiatives, including; the Statewide Health Information Network for New York (SHIN-NY)/ APCD infrastructure development initiative, which aims to enhance data and informational capabilities associated with claiming records; the continuation of Hospital Indigent Care, a program that provides resources to providers that provide uncompensated services to individuals without health insurance; and supplemental funding for income-eligible seniors in the EPIC program to reduce out-of-pocket costs for prescription drugs.

Increased CHP spending in FY 2022 through FY 2025 is attributable to the expiration of enhanced Federal resources provided through the ACA and expected growth in enrollees' utilization of services, driven by increased eligibility.

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

Mental Hygiene

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

MENTAL HYGIENE (millions of dollars)

	FY 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,074**	**4,279**	**106.3%**	**3,774**	**-11.8%**	**3,989**	**5.7%**	**4,263**	**6.9%**
People with Developmental Disabilities	**2,421**	**2,511**	**3.7%**	**2,651**	**5.6%**	**2,809**	**6.0%**	**2,908**	**3.5%**
Residential Services	1,426	1,454	2.0%	1,537	5.7%	1,628	5.9%	1,668	2.5%
Day Programs	725	739	1.9%	781	5.7%	828	6.0%	848	2.4%
Clinic	18	18	0.0%	19	5.6%	20	5.3%	21	5.0%
All Other Services (Net of Offsets)	252	300	19.0%	314	4.7%	333	6.1%	371	11.4%
Mental Health	**1,452**	**1,460**	**0.6%**	**1,537**	**5.3%**	**1,581**	**2.9%**	**1,634**	**3.4%**
Adult Local Services	1,200	1,207	0.6%	1,273	5.5%	1,311	3.0%	1,356	3.4%
Children Local Services	252	253	0.4%	264	4.3%	270	2.3%	278	3.0%
Addiction Services and Supports	**357**	**356**	**-0.3%**	**386**	**8.4%**	**404**	**4.7%**	**418**	**3.5%**
Residential	89	86	-3.4%	99	15.1%	103	4.0%	107	3.9%
Other Treatment	184	186	1.1%	190	2.2%	199	4.7%	205	3.0%
Prevention	51	49	-3.9%	56	14.3%	59	5.4%	61	3.4%
Recovery	33	35	6.1%	41	17.1%	43	4.9%	45	4.7%
Justice Center	**1**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**
Total Spending Funded by DOH Medicaid Global Cap [1]	**(2,157)**	**(49)**	**97.7%**	**(801)**	**-1534.7%**	**(806)**	**-0.6%**	**(698)**	**13.4%**
People with Developmental Disabilities	(1,957)	(49)	97.5%	(801)	-1534.7%	(806)	-0.6%	(698)	13.4%
Mental Health	(200)	0	100.0%	0	0.0%	0	0.0%	0	0.0%
TOTAL MENTAL HYGIENE SPENDING	**4,231**	**4,328**	**2.3%**	**4,575**	**5.7%**	**4,795**	**4.8%**	**4,961**	**3.5%**

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

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

To better serve people with addiction and mental illness, the Executive Budget integrates OASAS and OMH into a new Office of Addiction and Mental Health Services (OAMHS). This continues the collaborative work OASAS and OMH have undertaken to enhance coordination and ensure access to care, including establishing integrated outpatient programs; establishing Delivery System Reform Incentive Payment (DSRIP) projects focused on integrating care; and including screening requirements in all settings to ensure addiction and mental health needs are identified and treated.

The FY 2022 Executive Budget maintains continued support to ensure individuals with developmental disabilities have appropriate access to care. Additional funding will be used to develop new certified housing supports, expand independent living and increase respite availability.

.

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

Funding for OASAS addiction service programs is continued across the multi-year Financial Plan. Growth in FY 2023 and beyond primarily reflects increased residential service opportunities and other investments in addiction prevention, treatment, and recovery programs operated by voluntary providers.

Spending revisions reflect updated assumptions and revised timelines for ongoing transformation efforts to ensure efficient use of State resources. Targeted investments to expand access to care and improve health outcomes are supported in part by continued efficiencies in program operations and reductions in residual institutional capacity.

Mental hygiene spending reported under the DOH Medicaid Global Cap is estimated to decrease by roughly $2.1 billion from FY 2021. This reduction is due to the FY 2021 Medicaid gap closing plan and has no impact on mental hygiene service delivery or operations.

Social Services

Office of Temporary and Disability Assistance (OTDA)

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

TEMPORARY AND DISABILITY ASSISTANCE (millions of dollars)

	FY 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,412**	**1,288**	**-8.8%**	**1,501**	**16.5%**	**1,529**	**1.9%**	**1,514**	**-1.0%**
SSI	666	667	0.2%	667	0.0%	667	0.0%	667	0.0%
Public Assistance Benefits	647	599	-7.4%	583	-2.7%	574	-1.5%	541	-5.7%
Public Assistance Initiatives	9	9	0.0%	9	0.0%	9	0.0%	9	0.0%
Homeless Housing and Services	90	10	-88.9%	239	2290.0%	277	15.9%	295	6.5%
All Other	0	3	0.0%	3	0.0%	2	-33.3%	2	0.0%

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

As the economic downturn and associated unemployment related to COVID-19 persist, the public assistance caseload is projected to increase, particularly in New York City. However, Federal aid for rental assistance coupled with the extension of eviction moratoriums will help mitigate sharp increases. The Executive Budget reflects a corresponding increase in funding for Safety Net assistance through FY 2024.

Budget actions include shifting the cost of Consolidated Homeless Programs and Adult Shelter reimbursement to NYC to off-budget resources.

SSI spending remains steady over the course of the multi-year Financial Plan as caseloads are expected to level off. Spending increases for homeless housing and services in the outyears reflect a transition from State settlement funds to the General Fund for the Empire State Supportive Housing Initiative (ESSHI), which funds supportive housing constructed for vulnerable homeless populations under the Governor's Affordable Housing and Homelessness Plan. This transition from settlement funds reflects all costs of the ESSHI program that are shared by multiple agencies and will be allocated to those agencies in a future update to the Financial Plan.

Office of Children and Family Services (OCFS)

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

CHILDREN AND FAMILY SERVICES
(millions of dollars)

	FY 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,783**	**1,481**	**-16.9%**	**1,480**	**-0.1%**	**1,480**	**0.0%**	**1,480**	**0.0%**
Child Welfare Service	661	452	-31.6%	452	0.0%	452	0.0%	452	0.0%
Foster Care Block Grant	461	371	-19.5%	371	0.0%	371	0.0%	371	0.0%
Child Care	182	237	30.2%	237	0.0%	237	0.0%	237	0.0%
Adoption	154	138	-10.4%	138	0.0%	138	0.0%	138	0.0%
Youth Programs	97	88	-9.3%	88	0.0%	88	0.0%	88	0.0%
Medicaid	71	75	5.6%	74	-1.3%	74	0.0%	74	0.0%
Adult Protective/Domestic Violence	78	51	-34.6%	51	0.0%	51	0.0%	51	0.0%
Committees on Special Education	19	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
All Other	60	69	15.0%	69	0.0%	69	0.0%	69	0.0%

The Executive Budget proposes making permanent the restructured financing approach for residential school placements of children with special needs outside New York City that was included in the FY 2021 Enacted Budget, thereby aligning the fiscal responsibility with the school district responsible for the placement. Additional Executive Budget savings actions include reducing Human Services local assistance payments by five percent, and consolidating the Community Optional Preventive Services (COPS) and Supervision and Treatment Services for Juveniles Program (STSJP) Programs. Savings are offset by increased State costs for child care subsidies resulting from reduced funding from TANF to the Child Care Development Block Grant (CCDBG) due to the projected caseload increases in Public Assistance.

Transportation

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

In FY 2022, the State expects to provide over $5.7 billion in operating aid to mass transit systems, including $2.2 billion from the direct remittance of various dedicated taxes and fees to the MTA (not included in the table below) and $232 million annually from a State supplement to the Payroll Mobility Tax (PMT) tax collections. The MTA, the nation's largest transit and commuter rail system, receives approximately 90 percent of the State's mass transit aid.

TRANSPORTATION (millions of dollars)

	FY 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
STATE OPERATING FUNDS SUPPORT	**3,649**	**3,503**	**-4.0%**	**3,617**	**3.3%**	**3,703**	**2.4%**	**3,699**	**-0.1%**
Mass Transit Operating Aid:	2,627	2,431	-7.5%	2,555	5.1%	2,643	3.4%	2,639	-0.2%
Metro Mass Transit Aid	2,493	2,283	-8.4%	2,408	5.5%	2,496	3.7%	2,492	-0.2%
Public Transit Aid	91	104	14.3%	103	-1.0%	103	0.0%	103	0.0%
18-b General Fund Aid	18	19	5.6%	19	0.0%	19	0.0%	19	0.0%
School Fare	25	25	0.0%	25	0.0%	25	0.0%	25	0.0%
Mobility Tax	237	232	-2.1%	232	0.0%	232	0.0%	232	0.0%
MTA Aid Trust	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
NY Central Business District Trust	145	145	0.0%	146	0.7%	148	1.4%	148	0.0%
Dedicated Mass Transit	576	632	9.7%	621	-1.7%	617	-0.6%	617	0.0%
AMTAP	64	63	-1.6%	63	0.0%	63	0.0%	63	0.0%
All Other	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%

Projected operating aid to the MTA and other transit systems mainly reflects the current receipts forecast. A substantial amount of new funding to the MTA was authorized in the FY 2020 Enacted Budget as part of a comprehensive reform plan expected to generate an estimated $25 billion in financing for the MTA's 2020-2024 Capital Plan. This includes sales tax receipts from online marketplace provider sales tax collections on all sales facilitated through their platforms, and implementation and enforcement of regulations associated with the Wayfair decision, which is projected to provide the MTA with $145 million in dedicated revenues in FY 2022.

The MTA, and its operating agencies, have suffered drastic reductions in ridership and traffic as a result of the COVID-19 pandemic, which together with the loss in dedicated tax revenue have devastated MTA's finances. The MTA expects to balance its 2021 budget through a combination of actions, including, the receipt of approximately $4billion in Federal aid from the CRRSA Act and using a portion of the $2.9 billion in proceeds borrowed through the Federal Reserve's Municipal Liquidity Facility.

The MTA has requested $8 billion in additional Federal aid to address projected budget deficits beyond 2021 resulting from the estimated fare, toll and dedicated tax revenue loss attributable to COVID-19 impacts. The American Rescue Plan, if enacted, could provide additional aid to the MTA.

The adverse impact of the pandemic on the operating budget has affected credit ratings on MTA Transportation Revenue Bonds. Due to the increased cost of borrowing for the MTA, the State issued PIT Revenue Bonds in FY 2021 to fund $2.8 billion of the State's portion of the MTA's 2015-19 Capital Plan. The FY 2021 Enacted Budget assumed that the projects would be bonded by the MTA, but funded by the State through additional operating aid to the MTA. The Financial Plan now assumes that the State will fund its contributions to the MTA 2015-19 and 2020-24 Capital Plans through PIT and Sales Tax Revenue Bonds. Accordingly, the Financial Plan reflects a decrease in local aid disbursements from the FY 2021 Enacted Budget Financial Plan of $31 million in FY 2021, $125 million in FY 2022, $204 million in FY 2023, and $308 million in FY 2024, and an accompanying increase in PIT Bond debt service.

Local Government Assistance

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

LOCAL GOVERNMENT ASSISTANCE - AIM PROGRAM
(millions of dollars)

	FY 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**630**	**630**	**0.0%**	**660**	**4.8%**	**660**	**0.0%**	**660**	**0.0%**
Big Four Cities	419	419	0.0%	419	0.0%	419	0.0%	419	0.0%
Other Cities	194	194	0.0%	194	0.0%	194	0.0%	194	0.0%
Towns and Villages	8	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
Restructuring/Efficiency	9	17	88.9%	47	176.5%	47	0.0%	47	0.0%

Executive Budget savings actions include replacing AIM to the remaining 86 towns and 51 villages receiving AIM payments with additional local sales tax revenue in an equal amount, resulting in no loss of revenue to towns and villages; as well as equitably reducing the amount of AIM for cities in New York State based on their reliance, calculated as a percentage of the total city budget, from a minimum of 2.5 percent to a maximum of 20 percent, with more reliant cities receiving a lower percentage reduction, and less reliant cities receiving a higher percentage reduction. The Executive Budget also proposes eliminating VLT Aid outside of Yonkers, which is the only municipality receiving this aid, to direct the funds to educational purposes, reduce local government assistance payments by 5 percent, and shift certain General Fund spending to capital funds. In addition, the estimate of the State match of first-year savings from county-wide shared services plans submitted pursuant to the Continue County-Wide Shared Services Initiative has been reduced commensurate with certified savings plans received.

State Operating Funds spending for the various efficiency and restructuring grants within the AIM program is projected to increase in FY 2023 due to potential awards from the Financial Restructuring Board for Local Governments.

Agency Operations

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

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

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

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING PERSONAL SERVICE AND FRINGE BENEFITS					
		Forecast			
	FY 2021 Current	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Negotiated Base Salary Increases [1]					
NYSTPBA /NYSPIA/NYSCOPBA/GSEU	2%	2%	2%	TBD	TBD
UUP	2%	2%	TBD	TBD	TBD
CSEA/DC-37 (Rent Regulation Unit)/MC	2%	TBD	TBD	TBD	TBD
Council 82/PEF/PBANYS	TBD	TBD	TBD	TBD	TBD
State Workforce [2]	115,551	114,721	TBD	TBD	TBD
ERS Contribution Rate					
Before Amortization [3]	15.2%	16.9%	18.3%	21.8%	27.1%
After Amortization [4]	18.7%	20.1%	20.9%	23.6%	28.1%
PFRS Contribution Rate					
Before Amortization [3]	25.0%	28.6%	30.7%	34.6%	40.5%
After Amortization [4]	27.6%	31.0%	32.8%	36.1%	41.3%
Employee/Retiree Health Insurance Growth Rates	3.2%	5.6%	6.5%	6.0%	6.1%
PS/Fringe as % of Receipts (All Funds Basis)	12.0%	12.8%	13.6%	13.5%	14.0%

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

2 Reflects workforce that is subject to direct Executive control (before hiring freeze savings).

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

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

After adjustment for COVID-19 related expenses, agency operational costs are projected to remain stable over the Financial Plan period. In general, spending is held flat through a combination of a hiring freeze and controls on non-personal service expenditures.

STATE OPERATING FUNDS - PERSONAL SERVICE / NON-PERSONAL SERVICE COSTS (millions of dollars)	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
SUBJECT TO DIRECT EXECUTIVE CONTROL[1]	**10,362**	**10,276**	**10,901**	**10,340**	**10,398**
Mental Hygiene	2,808	2,812	2,890	2,935	2,982
Corrections and Community Supervision	2,665	2,599	2,618	2,615	2,615
State Police	786	791	810	810	810
Department of Health	710	709	671	679	679
Information Technology Services	528	536	547	547	547
Children and Family Services	343	302	282	287	292
Tax and Finance	318	315	309	309	309
Transportation	341	340	340	340	340
Environmental Conservation	228	221	216	215	215
All Other	1,635	1,651	2,218	1,603	1,609
PANDEMIC EXPENSES FUNDED BY CRF	**2,266**	**0**	**0**	**0**	**0**
Mental Hygiene	44	0	0	0	0
Corrections and Community Supervision	1,441	0	0	0	0
State Police	320	0	0	0	0
Department of Health	391	0	0	0	0
Information Technology Services	13	0	0	0	0
Children and Family Services	3	0	0	0	0
Tax and Finance	5	0	0	0	0
Transportation	10	0	0	0	0
Environmental Conservation	10	0	0	0	0
All Other	29	0	0	0	0
PANDEMIC COSTS/(REIMBURSEMENTS)	868	(400)	0	0	200
COVID-19 Pandemic Expenses	(132)	200	200	200	200
COVID-19 Pandemic Expenses/FEMA Reimbursement	1,000	(600)	(200)	(200)	0
UNIVERSITY SYSTEMS	**6,460**	**6,309**	**6,405**	**6,483**	**6,543**
State University	6,328	6,309	6,405	6,483	6,543
City University	132	0	0	0	0
INDEPENDENT AGENCIES	**326**	**319**	**319**	**319**	**319**
Law	176	172	172	172	172
Audit & Control (OSC)	150	147	147	147	147
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	**14,882**	**16,904**	**17,625**	**17,142**	**17,260**
Judiciary	**2,099**	**2,074**	**2,074**	**2,074**	**2,074**
Legislature	**228**	**235**	**231**	**231**	**231**
Statewide Total	**18,077**	**18,813**	**19,930**	**19,447**	**19,765**
Personal Service	12,393	13,914	14,638	14,146	14,217
Non-Personal Service	5,684	4,899	5,292	5,301	5,548

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

Operational spending for executive agencies is affected by both direct and indirect costs related to the COVID-19 pandemic response and recovery, timing of Federal reimbursement of expenses, and payment of a 27th payroll. Pursuant to guidelines established by the U.S. Treasury, the State has or expects to move a total of total of roughly $2.3 billion in eligible costs to the Federal CRF. This includes approximately $1.9 billion in payroll costs for public health and safety employees through December 31, 2020 and certain pandemic response costs incurred by the State in FY 2020 totaling $369 million. Another $132 million in expenditures that were incurred in FY 2020 were subsequently cancelled and refunded in FY 2021. In addition, actual and projected pandemic response expenses, including PPE, costs to build out field hospital facilities, and testing activities, for FY 2021 which are expected to be offset by FEMA disaster assistance grants are estimated at $1 billion. However, due to the nature of the claiming process and timetable for Federal approval of RPAs and reimbursement of costs, DOB does not expect reimbursement until FY 2022 and beyond. It is expected that State agencies will continue to incur costs to respond to the COVID-19 pandemic in FY 2022. The Updated Financial Plan continues to assume that all direct COVID-19 costs incurred by agencies will be fully covered with Federal aid.

Executive agency budgets, with exceptions for facility operations and public health and safety, are expected to reduce costs by 10 percent from budgeted levels beginning in FY 2021. These savings were allocated to agencies in the Mid-Year Financial Plan Update and are expected to be achieved through adherence to a strict freeze on hiring and transfers; and limiting new contracts or purchase orders for non-personal service expenditures to those needed to protect the health, safety and security of employees and citizens and to ensure the continuation of high priority operations and services. Savings are also expected to be achieved in part from the deferral of general salary increases scheduled to go into effect on April 1, 2020 and April 1, 2021. Other notable spending changes include:

- Mental Hygiene. Actions include closing vacant State-operated mental health inpatient beds across the State that have been vacant for at least 90 days, which will not have a negative impact on the availability of services.

- Corrections and Community Supervision. Lower spending reflects savings from the planned reduction in in excess prison capacity due to declines in prison population.

- DOH. Spending reductions are associated with the identification of program efficiencies and the gradual discontinuation of certain research programs upon expiration of contract commitments.

- Children and Family Services. The Executive Budget proposes limiting support to Voluntary Agency Not-for-Profit providers operating residential programs for 16- and 17-year old youth in the juvenile justice system to actual placements, as well as reducing bed capacity and closing four youth facilities with under-filled beds, to right-size the State juvenile justice facility system and eliminate excess bed capacity.

- State University. Spending for SUNY hospitals has been revised upward to adjust for an increase in COVID-19 related costs, partially offset by five-percent spending reductions at SUNY campuses that reflects enrollment trends and implementation of spending controls.

- City University. Spending associated with CUNY Senior College operations is being reclassified from a special revenue fund and agency trust combination to an enterprise fund, resulting in a reduction in CUNY spending.

- All Other Agencies. Agriculture and Markets has been working with Empire State Development (ESD) on the administration of seven marketing orders. The Executive Budget proposes making ESD's existing authority to promulgate market orders permanent.

Workforce

In FY 2022, $13.9 billion, or 13.3 percent, of the State Operating Funds budget is dedicated to supporting Full-Time Equivalent (FTE) employees under direct Executive control; individuals employed by SUNY and Independent Agencies; employees paid on a nonannual salaried basis; and overtime pay. Roughly two-thirds of Executive agency workforce is in the mental hygiene agencies and DOCCS.

STATE OPERATING FUNDS
FY 2022 FTEs[1] AND PERSONAL SERVICE SPENDING BY AGENCY
(millions of dollars)

	Dollars	FTEs
SUBJECT TO DIRECT EXECUTIVE CONTROL	**7,617**	**93,267**
Mental Hygiene	2,313	31,846
Corrections and Community Supervision	2,142	24,902
State Police	719	5,527
Department of Health	284	3,940
Information Technology Services	297	3,275
Tax and Finance	245	3,785
Children and Family Services	210	1,955
Environmental Conservation	184	2,124
Transportation	161	2,590
Financial Services	154	1,296
All Other	908	12,027
Hiring Freeze Savings[2]	**0**	**(2,551)**
UNIVERSITY SYSTEMS	**4,174**	**46,708**
State University	4,174	46,708
INDEPENDENT AGENCIES	**2,123**	**18,348**
Law	122	1,490
Audit & Control (OSC)	117	1,582
Judiciary	1,696	15,273
Legislature[3]	188	3
Budget Balance Reduction	0	0
Statewide Total	**13,914**	**155,772**

[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] The hiring freeze control adjustment will be allocated to the agencies over the remainder of FY 2021.

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

General State Charges

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

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

GSC spending is projected to increase by an average of 13.6 percent over the multi-year Financial Plan period mostly due to the deferment of payroll tax payments in the current year. In response to the COVID-19 pandemic, the Federal CARES Act authorized employers to defer payment of non-Medicare payroll taxes from April – December 2020, and for the deferral to be repaid without interest in two equal payments on December 31, 2021 and December 31, 2022. Payroll taxes are 7.65 percent of personal service costs (6.2 percent for Social Security and 1.45 percent for Medicare). The Executive and the Judiciary elected to defer the allowable non-Medicare payment through December for a total of $556 million for the Executive, $69 million for the Judiciary and $49 million for SUNY.

Growth in the health insurance program reflects medical inflation and the potential for more spending resulting from increased utilization following delayed medical visits and procedures during the pandemic. The pension increase reflects an increase in the State's employer contribution rates following updated actuarial demographic assumptions and a valuation date during a bear market. Approximately $51 million in pension interest savings is expected to be achieved by paying the entirety of the State's FY 2022 ERS/PFRS bill in June 2021. Increases in workers' compensation, other fringe benefits, and fixed costs are reflective of current spending trends.

GENERAL STATE CHARGES (millions of dollars)	FY 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
TOTAL STATE OPERATING FUNDS	**7,146**	**9,769**	**36.7%**	**10,381**	**6.3%**	**10,831**	**4.3%**	**11,911**	**10.0%**
Fringe Benefits	**6,735**	**9,314**	**38.3%**	**9,913**	**6.4%**	**10,363**	**4.5%**	**11,443**	**10.4%**
Health Insurance	4,443	4,708	6.0%	5,076	7.8%	5,444	7.2%	5,837	7.2%
Pensions	2,521	2,833	12.4%	2,989	5.5%	3,306	10.6%	3,915	18.4%
Social Security (Gross)	1,179	1,114	-5.5%	1,132	1.6%	1,175	3.8%	1,175	0.0%
Social Security (CRF)	(674)	337	150.0%	337	0.0%	0	-100.0%	0	0.0%
Workers' Compensation	479	520	8.6%	580	11.5%	638	10.0%	702	10.0%
Employee Benefits	106	111	4.7%	121	9.0%	121	0.0%	121	0.0%
Dental Insurance	57	65	14.0%	66	1.5%	66	0.0%	66	0.0%
Unemployment Insurance	30	25	-16.7%	13	-48.0%	13	0.0%	13	0.0%
All Other/Non-State Escrow	(327)	(399)	-22.0%	(401)	-0.5%	(400)	0.2%	(386)	3.5%
Non-State Escrow (CRF)	(1,079)	0	100.0%	0	0.0%	0	0.0%	0	0.0%
Fixed Costs	**411**	**455**	**10.7%**	**468**	**2.9%**	**468**	**0.0%**	**468**	**0.0%**
Public Land Taxes/PILOTS	275	289	5.1%	302	4.5%	302	0.0%	302	0.0%
Litigation	136	166	22.1%	166	0.0%	166	0.0%	166	0.0%

Over the past three fiscal years, employee and retiree health care costs have increased by approximately 8.6 percent. The Executive Budget includes the following proposals to contain spending.

The first proposal would eliminate the taxpayer subsidy for high-income state retirees who pay Medicare Part B IRMAA. This regressive subsidy provides retirees earning over $88,000 per year greater State taxpayer subsidies than lower income retirees. The reimbursement of these costs, which were originally intended by the Federal government to have wealthier retirees pay a fairer share of Medicare costs, would no longer be provided. Eliminating this subsidy is estimated to save $17.1 million in FY 2023 ($4.0 million in FY 2022 due to the lag in reimbursement).

The second proposal would cap reimbursement of the standard Medicare Part B premium provided to New York State retirees. This proposal maintains reimbursement at $148.50 per month, consistent with CY 2021 Federal program costs. Any future increases in reimbursement above this level would be subject to the annual budget process. This proposal provides savings of $1.8 million in FY 2022 and $9.3 million fully annualized in FY 2023. Only five other states reimburse the Standard Part B premium at all (California, Connecticut, Hawaii, Nevada, and New Jersey) and two of these do not reimburse the full amount, or all employees (CA and NJ).

The third proposal creates a sliding scale for retiree health insurance coverage. Currently, taxpayers support lifetime health coverage for State retirees with more than 10 years of service. This proposal creates a sliding scale of subsidies that begins at ten years of service, and gradually increases until the subsidies are no different than current levels once an individual reaches 30 years of service. This would be effective for new employees who begin State service on or after September 30, 2021.

The fourth proposal would require the Department of Civil Service to conduct a Dependent Eligibility Verification Audit to strengthen program integrity by removing ineligible dependents from coverage. The audit was last conducted in FY 2016 and the best practice is to perform this function every five years.

The Executive Budget also includes a proposal to establish interest rates paid on court judgements by public and private entities at a variable market-based interest rate equal to the average one-year constant maturity treasury yield. This is the same rate utilized by the Federal Court System. The current fixed rate of as much as 9 percent annually was established in 1982 when interest rates were at 12 percent. Payment of a prevailing market rate will help ensure that neither side in a lawsuit will be disadvantaged by an interest rate that is above or below what otherwise could be earned while cases are being adjudicated. This proposal will provide mandate relief for local governments and lower State taxpayer costs by an estimated $6 million.

Transfers to Other Funds (General Fund Basis)

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

GENERAL FUND TRANSFERS TO OTHER FUNDS
(millions of dollars)

	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
TOTAL TRANSFERS TO OTHER FUNDS	**6,037**	**7,119**	**6,951**	**6,278**	**6,266**
Debt Service	309	424	450	520	562
SUNY University Operations	1,239	1,226	1,221	1,221	1,221
Capital Projects	2,983	4,222	3,991	3,244	3,188
Extraordinary Monetary Settlements:	**425**	**959**	**747**	**345**	**134**
Dedicated Infrastructure Investment Fund	1,130	877	525	330	134
Javits Center Expansion	183	0	0	0	0
Bond Proceeds Receipts for Javits Center Expansion	(1,000)	0	0	0	0
Clean Water Grants	25	50	175	0	0
Mass Transit Capital	7	2	2	1	0
Health Care	80	30	45	14	0
Dedicated Highway and Bridge Trust Fund	712	363	551	613	729
Environmental Protection Fund	28	28	96	96	96
All Other Capital	1,818	2,872	2,597	2,190	2,229
ALL OTHER TRANSFERS	**1,506**	**1,247**	**1,289**	**1,293**	**1,295**
Department of Transportation (MTA Payroll Tax)	244	244	244	244	244
SUNY - Medicaid Reimbursement	243	243	243	243	243
NY Central Business District Trust	150	152	153	155	155
Judiciary Funds	89	110	110	110	110
Dedicated Mass Transportation Trust Fund	65	65	65	65	65
Banking Services	44	44	44	44	44
Indigent Legal Services	28	28	75	75	75
Business Services Center	27	30	30	30	30
Mass Transportation Operating Assistance	21	21	21	21	21
Correctional Industries	21	23	21	21	21
General Services	20	13	10	10	10
Public Transportation Systems	16	16	16	16	16
Health Income Fund	16	16	16	16	16
Health Insurance Internal Services Account	12	12	12	12	12
Centralized Technology Services	11	11	11	11	11
Spinal Cord Injury Fund	9	9	9	9	9
Commercial Gaming Revenue (School Aid Support)	44	0	0	0	0
Video Lottery Terminal (School Aid Support)	244	0	0	0	0
All Other	202	210	209	211	213

General Fund transfers to other funds are expected to total $7.1 billion in FY 2022, a $1.1 billion increase from FY 2021. Capital projects transfers are expected to increase by $1.2 billion in FY 2022. This increase is primarily due to the continued transfer of monetary settlement monies, held in the General Fund, to the DIIF; the timing of bond proceed reimbursements to capital projects fund; and increased capital spending for expenses that are supported with hard dollar resources. Debt service transfers were higher in FY 2022 as the State prepaid FY 2021 General Fund supported debt at the end of FY 2020. The decline in all other transfers primarily reflects non-recurring support for School Aid in lieu of lower video lottery and commercial gaming revenues. All other transfers in FY 2022 and beyond reflect a conservative estimate of General Fund resources needed to support various programs outside the General Fund.

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

Debt Service

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

DEBT SERVICE SPENDING PROJECTIONS (millions of dollars)

	FY 2021 Current	FY 2022 Proposed	Change	FY 2023 Projected	Change	FY 2024 Projected	Change	FY 2025 Projected	Change
General Fund	309	424	37.2%	450	6.1%	520	15.6%	562	8.1%
Other State Support	7,200	6,629	-7.9%	6,159	-7.1%	6,826	10.8%	7,098	4.0%
Liquidity Financing[1]	4,382	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
State Operating/All Funds Total	**11,891**	**7,053**	**-40.7%**	**6,609**	**-6.3%**	**7,346**	**11.2%**	**7,660**	**4.3%**

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

Total State Operating/All Funds debt service is projected to be $11.9 billion in FY 2021, of which $309 million is paid from the General Fund via transfers, $7.2 billion is paid from other State funds supported by dedicated tax receipts, and $4.4 billion is for repayment of short-term liquidity financings, which represents the short-term PIT notes issued at a premium in order to generate $4.5 billion of proceeds for cashflow relief. The General Fund finances debt service payments on General Obligation and service contract bonds. Debt service for other State-supported bonds is paid directly from other dedicated State funds, subject to appropriation, including PIT and Sales Tax Revenue bonds, DHBTF bonds, and mental health facilities bonds.

Legislation enacted in support of the Enacted Budget authorized liquidity financing in the form of up to $8 billion of PIT notes and $3.0 billion of line of credit facilities. The debt service decline from FY 2021 to FY 2022 is due to the repayment in FY 2021 of $4.4 billion of PIT notes, which were issued to help manage the adverse impact on cash flow that resulted from the extension of the Federal tax filing deadline due to the COVID-19 pandemic. The interest expense on the notes and the commitment fee on the credit facility were reimbursed with Federal aid from the CRF, as the financings are due solely to the Federal decision to extend tax filing deadlines in response to the pandemic, and therefore, are not reflected in the debt service estimates. A $3.0 billion line of credit facility secured by a State service contract is currently in place, for which there have been no draws. The Financial Plan continues to assume no draws.

The Executive Budget proposes continuing these authorizations in FY 2022, but does not assume any PIT note sales or use of the line of credit. DOB will evaluate cash results regularly and may adjust the size and use of note sales and/or the line of credit based on liquidity needs, market considerations, and other factors.

The Financial Plan estimates for debt service spending have been revised to reflect bond sale results to date, refunding savings, and the adjustment of debt issuances to align with projected bond-financed capital spending. Previously the Financial Plan had assumed that the projects would be bonded by the MTA, but funded by the State through additional operating aid to the MTA. The adverse impact of the pandemic on the MTA has affected the credit ratings on MTA Transportation Revenue Bonds and their ability to issue bonds at attractive interest rates. Due to the increased cost of borrowing for the MTA, the State issued PIT Revenue Bonds in FY 2021 to fund $2.8 billion of the State's portion of the MTA's 2015-19 Capital Plan. The Financial Plan now assumes that the State will issue PIT or Sales Tax bonds for the remainder of the State contribution to the MTA Capital Plans. Accordingly, the Financial Plan reflects a decrease in local aid disbursements from the FY 2021 Enacted Budget Financial Plan of $31 million in FY 2021, $125 million in FY 2022, $204 million in FY 2023, and $308 million in FY 2024, and an accompanying increase in PIT Bond debt service.

The Updated Financial Plan reflects debt service prepayments of $1.6 billion in FY 2021 and $676 million in FY 2022 of debt service that comes due in FY 2023 through FY 2025 ($759 annually).

Certain information contained in the Capital Program and Financing Plan Overview section of the State's AIS published June 3, 2020 is updated below.

State-Supported Debt Outstanding

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

In response to the COVID-19 pandemic, legislation enacted in support of the FY 2021 Enacted Budget authorized the State to access external liquidity during FY 2021, in the form of short-term notes and a line of credit. The Executive Budget proposes continuing these authorizations in FY 2022 as the State continues to respond to the pandemic.

Accordingly, the Executive Budget includes authorization to issue up to $8 billion of short-term borrowing in the form of personal income tax revenue notes (or bond anticipation notes) during FY 2022. The statutory authorization requires any such notes to be issued on a subordinated basis by December 31, 2021, with an initial maturity no later than March 31, 2022. The notes can be renewed once for up to a year and, as a contingency option, may be refinanced on a long-term basis.

Second, the Executive Budget includes continuing authorization for up to $3 billion of credit facilities in the form of a line of credit at one or more banks. The line of credit would be authorized for a 3-year period, through FY 2024, and would allow draws in any year, subject to annual appropriation. The FY 2021 authorization was for a one-year facility that could be extended, but only allowed draws in the first year. As a contingency option, any balance outstanding at the end of FY 2021 may be refinanced on a long-term basis.

The Executive Budget does not currently assume any PIT note sales or use of the line of credit in FY 2022. DOB will evaluate cash results regularly and may adjust the size and use of note sales and/or the line of credit based on liquidity needs, market considerations, and other factors.

In FY 2021, the State issued $4.5 billion of PIT notes to manage a delay in State personal income tax receipts after the Federal government extended the personal income tax deadline. As of the Executive Budget, $3.5 billion of PIT notes remain outstanding. The budget reflects full repayment of the remaining notes when they mature in March 2021. In FY 2021, the interest expense on the notes and the commitment fee on the credit facility are being reimbursed with Federal aid from the Coronavirus Relief Fund, as the financings are due solely to the Federal decision to extend tax filing deadlines in response to the pandemic.

Lastly, the Executive Budget proposes a continuation of the suspension of the Debt Reform Act for FY 2022 issuances. State legislation enacted in connection with the adoption of the FY 2021 Enacted Budget suspended the Debt Reform Act for FY 2021 bond issuances, as part of the State response to the COVID-19 pandemic. Accordingly, any State-supported debt issued in FY 2021 and FY 2022 is not limited to capital purposes and is not counted towards the statutory caps on debt outstanding and debt service. In addition, FY 2022 issuances would not be limited by a maximum maturity (currently capped at 30 years by the Debt Reform Act). Bonds would still be subject to Federal tax law limitations, but this change allows bonds to be issued over the full useful life of the assets being financed, which may be over 30 years in limited circumstances (e.g., certain longer-lived MTA projects).

State PIT Revenue Bond Program

Since 2002, the PIT Revenue Bond Program has been the primary financing vehicle used to fund the State's capital program. Legislation enacted in 2001 provided for the issuance of State PIT Revenue Bonds by the State's Authorized Issuers. The legislation required 25 percent of State PIT receipts (excluding refunds owed to taxpayers) to be deposited into the RBTF for purposes of making debt service payments on these bonds, with the excess amounts returned to the General Fund. The FY 2019 Enacted Budget included legislation to create the ECEP and Charitable Gifts Trust Fund and also included legislation that increased the percentage of PIT receipts dedicated to the payment of PIT bonds from 25 to 50 percent, and dedicated 50 percent of ECEP receipts to the payment of PIT bonds in order to preserve the coverage of the PIT Revenue Bond program.

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 PIT receipts continue to be deposited to the RBTF until amounts on deposit in the Fund equal the greater of

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

As described under the heading "Financial Plan Overview – Other Matters Affecting the Financial Plan – Federal Tax Law Changes", the FY 2019 Enacted Budget included State tax reforms intended to mitigate issues arising from the Federal law, including the impact of tax law changes on PIT Revenue Bonds. In addition, the State has proposed legislation as part of the Executive Budget that provides PTET on the New York sourced income of partnerships and S corporations that are comprised solely of individual partners or shareholders. Qualifying entities that elect to pay PTET will pay a 6.85 percent tax on their New York sourced ordinary income (and guaranteed payments for partnerships) at the partnership or corporation level and their individual partners, members and shareholders will receive a refundable tax credit equal to 92 percent of the proportionate or pro rata share of taxes paid by the electing entity.

DOB expects that the PTET legislation, if adopted as proposed, would be revenue neutral for the State, although PIT receipts would decrease to the extent that qualifying entities elected to pay PTET. However, to hold harmless the RBTF and to maintain comparable security for PIT Bondholders, the State is also proposing legislation that would cause 50 percent of receipts from PTET to be deposited into the RBTF.

Donations to the Charitable Gifts Trust Fund could reduce State PIT receipts by nearly one dollar for every dollar donated. Accordingly, the amount of donations to the State Charitable Gifts Trust Fund is the principal direct risk to the amount of New York State PIT receipts deposited to the Revenue Bond Tax Fund under the tax law changes enacted by the State as part of the FY 2019 Enacted Budget. To address this risk, the State increased the amount of PIT receipts deposited into the Revenue Bond Tax Fund from 25 percent to 50 percent.

The factors that may influence donation activity are complex and include, but are not limited to, possible statements, actions, or interpretive guidance by the IRS or other governmental actors relating to the deductibility of such donations; the liquidity position, risk tolerance, and knowledge of individual taxpayers; advice or guidance of tax advisors or other professionals; changes in general economic conditions; adoption of similar trusts in other states; and tax reciprocity agreements among states. While DOB believes that these factors can be expected to constrain donation activity, there can be no assurance that, under conditions of maximum participation, the amount of annual charitable gifts will not reduce the level of PIT receipts deposited into the Revenue Bond Tax Fund below the levels projected in February 2018. If that were to occur, it is DOB's expectation that changes to the tax law would be recommended to further increase the percentage of PIT receipts deposited into the Revenue Bond Tax Fund.

As of March 31, 2020, approximately $37.1 billion of State PIT Revenue Bonds were outstanding. The projected PIT Revenue Bond coverage ratios, noted below, are based upon estimates of PIT and ECEP receipts deposited into the RBTF and include projected debt issuances.

The projected PIT Revenue Bond coverage ratios assume that projects previously financed through the Mental Health Revenue Bond program and the DHBTF Revenue Bond program will be issued under the PIT Revenue Bond program. Revenues that would have been dedicated to bonds issued under the old programs are transferred to the RBTF to offset debt service costs for projects financed with PIT Revenue Bonds, but are not counted towards debt service coverage. While DOB routinely monitors the State's debt portfolio across all State-supported credits for refunding opportunities, no future refunding transactions are reflected in the following projected coverage ratios.

The following table entitled, "Projected PIT Revenue Bond Coverage Ratios – FY 2021 through FY 2026," does not reflect any estimate of charitable donations or the impact of such charitable donations on the amount of PIT receipts deposited into the Revenue Bond Tax Fund. As a result, the coverage ratios shown in the table may be materially and adversely affected by such donations. Debt service on short-term PIT notes were issued on a subordinated basis and therefore is not reflected in the chart below.

PROJECTED PIT REVENUE BOND COVERAGE RATIOS [1]
FY 2021 THROUGH 2026
(thousands of dollars)

	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
Projected RBTF Receipts	25,721,595	27,957,810	29,563,566	30,706,879	30,906,598	30,861,498
Projected New PIT Bonds Issuances	9,424,277	8,656,408	5,896,688	5,943,267	5,526,616	5,444,606
Projected Total PIT Bonds Outstanding	44,439,142	50,741,446	53,853,416	56,732,527	58,893,142	60,684,943
Projected Maximum Annual Debt Service	4,260,030	5,017,890	5,545,157	5,917,216	6,315,345	6,336,414
Projected PIT Coverage Ratio	6.0	5.6	5.3	5.2	4.9	4.9

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

Sales Tax Revenue Bond Program

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

The legislation created the Sales Tax Revenue Bond Tax Fund, a sub-fund within the General Debt Service Fund, that will provide for the payment of these bonds. The Sales Tax Revenue Bonds are secured by dedicated revenues consisting of one cent of the State's four cent sales and use tax. With a limited exception, upon the satisfaction of all the obligations and liabilities of LGAC, expected to occur on April 1, 2021, dedicated revenues will increase to 2 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 and LGAC bonds. A "lock box" feature restricts transfers back to the General Fund in the event of non-appropriation or non-payment. In addition, in the event that sales tax revenues are insufficient to pay debt service, a "reach back" mechanism requires the State Comptroller to transfer moneys from the General Fund to meet debt service requirements.

The legislation also authorized the use of State Sales Tax Revenue Bonds and PIT Revenue Bonds to finance any capital purpose, including projects that were previously financed through the State's Mental Health Facilities Improvement Revenue Bond program and the DHBTF program. This allowed the State to transition to the use of three primary credits – PIT Revenue Bonds, Sales Tax Revenue Bonds and General Obligation bonds to finance the State's capital needs. Sales Tax Revenue Bonds are used interchangeably with PIT Revenue Bonds to finance State capital needs. As of March 31, 2020, $11.5 billion of Sales Tax Revenue Bonds were outstanding.

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

PROJECTED SALES TAX REVENUE BOND COVERAGE RATIOS
FY 2021 THROUGH 2026
(thousands of dollars)

	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
Projected Sales Tax Receipts [1]	3,289,250	7,049,250	7,432,250	7,643,750	7,854,750	8,089,250
Projected New Sales Tax Bonds Issuances	-	2,285,469	1,965,563	1,981,089	1,842,205	1,814,869
Projected Total Sales Tax Bonds Outstanding	10,716,360	12,286,621	13,517,959	14,793,972	15,886,495	16,900,612
Projected Maximum Annual Debt Service	1,356,149	1,375,640	1,461,731	1,504,063	1,527,176	1,556,075
Projected Sales Tax Coverage Ratio	2.4	5.1	5.1	5.1	5.1	5.2

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

Borrowing Plan

STATE DEBT ISSUANCES BY FINANCING PROGRAM (millions of dollars)	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
Personal Income Tax Revenue Bonds	9,424	8,656	5,897	5,943	5,527	5,445
Sales Tax Revenue Bonds	0	2,285	1,966	1,981	1,842	1,815
General Obligation Bonds	248	638	663	563	540	390
Personal Income Tax Notes [1]	4,382	0	0	0	0	0
Service Contract Line of Credit	0	0	0	0	0	0
Total Issuances	14,055	11,579	8,525	8,487	7,909	7,649

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

Debt issuances totaling $11.6 billion are planned to finance new capital spending and the proposed refinancing of New York City's Sales Tax Asset Receivable Corporation's (STARC) bonds in FY 2022, an increase of $1.9 billion (20 percent) from FY 2021, excluding PIT notes for liquidity. The growth is mainly attributable to the issuance of State bonds for the STARC refinancing. The Financial Plan assumes that the State's contributions to the MTA Capital Plans will be funded by the State bonds on an ongoing basis, which is consistent with the approach used in FY 2021. Previously, the Enacted Budget Financial Plan assumed that the projects would be bonded by the MTA but funded by the State through additional operating aid to the MTA. In addition, $4.4 billion of PIT short-term notes were issued in FY 2021 at a premium to generate $4.5 billion of proceeds for State cashflow relief. A $3.0 billion line of credit is in place, but there is no current expectation to draw on the facility. The Financial Plan does not currently assume any PIT note sales or use of the line of credit in FY 2022.

The new money bond issuances are expected to finance capital commitments for education ($1.5 billion), transportation ($3.7 billion), economic development and housing ($2.3 billion), health and mental hygiene ($839 million), State facilities and equipment ($479 million), and the environment ($927 million).

Over the period of the Capital Plan, new debt issuances are projected to total $44.1 billion, excluding liquidity financings. New issuances are expected for education facilities ($6.8 billion), transportation infrastructure ($16.1 billion), economic development and housing ($10.0 billion), mental hygiene and health care facilities ($3.6 billion), State facilities and equipment ($2.1 billion), the environment ($4.0 billion). In addition, the STARC refinancing is expected to total approximately $1.8 billion in taxable refunding bonds. Assuming an issuance plan consistent with the prior table, and excluding liquidity financings which are expected to be repaid by the end of FY 2021, the State projects debt outstanding levels through FY 2026 as reflected in the following table:

PROJECTED DEBT OUTSTANDING BY CREDIT (millions of dollars)	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
Personal Income Tax Revenue Bonds	44,439	50,741	53,853	56,733	58,893	60,685
Sales Tax Revenue Bonds	10,716	12,287	13,518	14,794	15,886	16,901
General Obligation Bonds	2,215	2,683	3,165	3,534	3,832	3,961
Local Government Assistance Corp.	90	0	0	0	0	0
Other Revenue Bonds	1,109	1,011	906	801	693	582
Service Contract & Lease Purchase	1,111	975	844	684	539	426
TOTAL STATE-SUPPORTED [1]	59,680	67,698	72,287	76,545	79,843	82,554

[1] Does not include liquidity financings expected to be repaid within FY 2021.

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 $6.4 billion in FY 2022, a decrease of $3.9 billion (38 percent) from FY 2021. This is due, in large part, to the FY 2021 liquidity financings and prepayment of FY 2021 debt in FY 2020. The State is contractually required to make debt service payments prior to bondholder payment dates in most instances and may also elect to make payments earlier than contractually required. The State expects to use three principal bonding programs -- Personal Income Tax Revenue Bonds, Sales Tax Revenue Bonds, and General Obligation Bonds -- to fund all bond-financed capital spending.

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

	FY 2021 Current	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	Total
Personal Income Tax Revenue Bonds	4,169	4,519	5,377	6,007	6,169	6,452	32,693
Sales Tax Revenue Bonds	1,158	1,273	1,374	1,415	1,527	1,637	8,386
General Obligation Bonds	241	252	291	333	403	439	1,959
Local Government Assistance Corporation	82	0	0	0	0	0	82
Other State-Supported Bonds [2,3]	258	331	325	350	319	233	1,817
All Other State-Related Bonds [3,4]	46	46	31	0	0	0	123
Personal Income Tax Notes [4,5]	4,382	0	0	0	0	0	4,382
Service Contract Line of Credit [5]	0	0	0	0	0	0	0
Total Debt Service	10,337	6,422	7,399	8,105	8,418	8,761	49,442

[1] Reflects existing debt service on debt issued as of March 31, 2020 and projected debt service on assumed new debt issuances. Estimated debt service requirements are calculated based on swap rates in effect for all bonds that were synthetically fixed under an interest rate exchange agreement. Debt service requirements for variable rate bonds for which there are no related interest rate exchange agreements were calculated at assumed rates, which average 2.80%.

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

[3] Excludes Mortgage Loan Commitments and Capital Leases

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

[5] Interest on liquidity financings is expected to be reimbursed by Federal aid from the Coronavirus Relief Fund.

Adjusting for prepayments and excluding the liquidity borrowings, State-related debt service is projected at $6.4 billion in FY 2022 an increase of $2 million from FY 2021. Adjusted State-related debt service is projected to increase from $6.4 billion in FY 2021 to $8.8 billion in FY 2026, an average rate of 6.4 percent annually.

Year-To-Date
Operating Results

April - December 2020 Operating Results

This section provides a summary of preliminary operating results for FY 2021 compared to: (1) the projections set forth in the FY 2021 Enacted Budget Financial Plan ("initial estimates"), (2) the projections set forth in the FY 2021 Mid-Year Financial Plan Update ("revised estimates") and (3) prior year FY 2020 results for the same period (April 2019 through December 2019). The following discussions of variances are focused on comparisons to the initial plan.

Spending results to date are below initial estimates because of the continued withholding of a minimum of 20 percent of most local aid payments and withholding of certain other payments. Payments which were initially planned through December 31, 2020 that were subsequently withheld or not paid totaled $2.9 billion in local assistance and $151 million in agency operations. Spending on agency operations reflects the withholding of general salary increases that were originally planned. In addition, reclassification of eligible payroll expenses to the Federal CRF reduced spending by nearly $2 billion.

State Operating Funds spending was also impacted by unbudgeted COVID-19 expenses that were incurred by the State in the first instance and are expected to be reclassified to the CRF or reimbursed by FEMA.

Summary of General Fund Operating Results

GENERAL FUND OPERATING RESULTS COMPARED TO PLANS FY 2021 April to December (millions of dollars)							
				Variance Above/ (Below)			
				Initial Estimate		Revised Estimate	
	Initial Estimate	Revised Estimate	Results	$	%	$	%
OPENING BALANCE	**8,944**	**8,944**	**8,944**	**0**	**0.0%**	**0**	**0.0%**
Total Receipts	**51,860**	**54,592**	**55,733**	**3,873**	**7.5%**	**1,141**	**2.1%**
Taxes:	44,991	46,656	47,922	2,931	6.5%	1,266	2.7%
Personal Income Tax[1]	30,206	31,812	32,584	2,378	7.9%	772	2.4%
Consumption / Use Taxes[1]	8,864	8,643	9,376	512	5.8%	733	8.5%
Business Taxes	4,487	4,777	4,470	(17)	-0.4%	(307)	-6.4%
Other Taxes[1]	1,434	1,424	1,492	58	4.0%	68	4.8%
Receipts and Grants	5,847	6,392	6,580	733	12.5%	188	2.9%
Transfers From Other Funds	1,022	1,544	1,231	209	20.5%	(313)	-20.3%
Total Spending	**52,350**	**49,004**	**48,125**	**(4,225)**	**-8.1%**	**(879)**	**-1.8%**
Local Assistance	33,516	32,391	32,175	(1,341)	-4.0%	(216)	-0.7%
Agency Operations (including GSCs)	14,449	12,964	11,760	(2,689)	-18.6%	(1,204)	-9.3%
Transfers to Other Funds	4,385	3,649	4,190	(195)	-4.4%	541	14.8%
Debt Service Transfer	151	163	154	3	2.0%	(9)	-5.5%
Capital Projects Transfer	2,172	1,590	2,184	12	0.6%	594	37.4%
SUNY Operations Transfer	1,214	1,002	987	(227)	-18.7%	(15)	-1.5%
All Other Transfers	848	894	865	17	2.0%	(29)	-3.2%
Change in Operations	**(490)**	**5,588**	**7,608**	**8,098**	**1652.7%**	**2,020**	**36.1%**
CLOSING BALANCE	**8,454**	**14,532**	**16,552**	**8,098**	**95.8%**	**2,020**	**13.9%**

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

Results Compared to Initial Estimates

At the end of December 2020, the State had a General Fund balance of $16.6 billion, which was nearly $8.1 billion higher than the initial estimate. Tax receipts were higher than initially expected by $2.9 billion (6.5 percent) and are now expected to exceed the revised estimates in the Mid-Year Financial Plan Update forecast by $1.3 billion. The receipt of unplanned monetary settlement payments also contributed $520 million to the General Fund balance. Lower spending contributed a total of $4.2 billion to the higher closing balance. This reduced spending is primarily due to ongoing withholding of payments, budget balance reductions, and the reclassification of eligible payroll costs to the Federal CRF; as well as a strict hiring freeze and agency spending controls.

Through December 2020, General Fund receipts, including transfers from other funds, totaled $55.7 billion, $3.9 billion (7.5 percent) above the initial estimate. PIT collections were $2.4 billion (7.9 percent) higher than expected and reflect a combination of stronger than expected growth in withholding and current year estimated payments, as well as weaker than expected growth in total refunds; both of which were offset by weaker than expected growth in extensions, final returns, and delinquencies.

Higher consumption tax receipts are primarily due to stronger than projected sales tax collections during the second and third quarters, which offset weaker than projected first quarter sales tax receipts driven by the State's "Stay-at-Home" order and retail closures in response to the COVID-19 pandemic.

Miscellaneous receipts through December 2020 include the receipt of an unplanned $220 million Extraordinary Monetary Settlement from Bank Hapoalim for a penalty issued by DFS in relation to assisting U.S. clients to evade state and Federal taxes by conducting illegal cross-border banking business; $150 million from Deutsche Bank for significant compliance failures in connection with its relationships with Jeffrey Epstein, Dankse Bank Estonia, and FBME Bank; and $150 million from Goldman Sachs for its role in the fraudulent misappropriation of funds related to a strategic investment development fund. In addition, higher receipts collections also occurred for abandoned property ($96 million) and licenses/fees ($40 million).

General Fund disbursements, including transfers to other funds, totaled $48.1 billion, $4.2 billion (8.1 percent) below the initial estimate. Most of the variances in local assistance disbursements are due to payment withholding previously noted. Agency operations spending, including fringe benefits, was $2.7 billion below the initial estimates and includes the reclassification of $2 billion in certain eligible expenses to the CRF, savings from cost controls put in place to limit spending to health, safety and essential services, and the held general salary increases. Lower spending is partly offset by expenses related to the COVID-19 pandemic that were incurred by the State in the first instance that are expected to be moved to the CRF or reimbursed under FEMA. Transfers supporting SUNY Operations have also been withheld, consistent with the withholding of CUNY payments.

The table below summarizes the variances from initial estimates, excluding variances in Extraordinary Monetary Settlements.

FY 2021 GENERAL FUND OPERATING RESULTS COMPARED TO PLAN
FY 2021 April to December
(millions of dollars)

	Initial Estimate	Revised Estimate	Results	Variance Above/ (Below) Initial Estimate	Variance Above/ (Below) Revised Estimate
Opening Fund Balance (Excl. Extr. Monetary Settlements)	**6,334**	**6,334**	**6,334**	**0**	**0**
Total Receipts	**51,780**	**53,992**	**55,133**	**3,353**	**1,141**
Taxes[1]	44,991	46,656	47,922	2,931	1,266
Non-Tax Receipts/Transfers[2]	6,789	7,336	7,211	422	(125)
Total Disbursements	**52,296**	**48,737**	**47,800**	**(4,496)**	**(937)**
Local Assistance	33,516	32,391	32,175	(1,341)	(216)
Agency Operations	14,449	12,964	11,760	(2,689)	(1,204)
Transfers to Other Funds[3]	4,331	3,382	3,865	(466)	483
Net Change in Operations	**(516)**	**5,255**	**7,333**	**7,849**	**2,078**
Closing Fund Balance (Excl. Extr. Monetary Settlements)	**5,818**	**11,589**	**13,667**	**7,849**	**2,078**
Extraordinary Monetary Settlements					
Opening Balance	2,610	2,610	2,610	0	0
Settlements Received/Expected[4]	80	600	600	520	0
Transfers/Uses	(54)	(267)	(325)	(271)	(58)
Closing Balance	**2,636**	**2,943**	**2,885**	**249**	**(58)**
Closing Fund Balance (Incl. Extr. Monetary Settlements)	**8,454**	**14,532**	**16,552**	**8,098**	**2,020**

1 Includes transfers from other funds after debt service.

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

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

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

All Governmental Funds Results Compared to Prior Year

At the end of December 2020, the State's All Funds balance was $29.6 billion, $14.7 billion above the prior year balance at the end of December 2019. The positive variance is due mainly to a combination of a higher opening balance and a substantial increase in Federal resources due to pandemic-related emergency measures, compared to the prior year.

Tax receipts were $2.5 billion (4.3 percent) lower than in the prior year due to a combination of losses from the economic impact of the pandemic. Growth in miscellaneous receipts reflects the receipt of $4.5 billion in proceeds from the sale of short-term notes, which were issued to offset the impact of the Federal PIT extension from April to July 2020. Other miscellaneous receipts declined in total by over $1 billion (-5.3 percent) from the prior year. The largest declines in receipts occurred in lottery and gaming, health care, and fines/fees. Higher Federal grant receipts are attributable to the advance receipt of $5.1 billion from the Federal government under the CARES Act that is intended to reimburse certain COVID-19 response costs, $4.2 billion from the FEMA Disaster Relief Fund for lost wage payments, and $2.7 billion for eFMAP.

Lower State Operating Funds spending is mainly attributable to the payment withholdings noted above, an increase in the Federal share of Medicaid (eFMAP) that lowered State-share Medicaid costs, the reclassification of $2 billion of certain eligible expenses to the CRF, the repayment of $1 billion of short-term notes, and one-time NYSCOPBA collective bargaining retroactive payments during FY 2020. Higher Federal spending is consistent with the increase in Federal resources.

April - December 2020 Operating Results

ALL GOVERNMENTAL FUNDS - RESULTS COMPARED TO PRIOR YEAR FY 2021 April to December (millions of dollars)	Results		Increase/(Decrease)	
	FY 2020	FY 2021	$	%
OPENING BALANCE	**9,975**	**14,284**	**4,309**	**43.2%**
ALL FUNDS RECEIPTS:	**129,394**	**142,732**	**13,338**	**10.3%**
Total Taxes	**59,115**	**56,586**	**(2,529)**	**-4.3%**
Personal Income Tax	37,317	36,798	(519)	-1.4%
All Other Taxes	21,798	19,788	(2,010)	-9.2%
Miscellaneous Receipts	**20,544**	**23,980**	**3,436**	**16.7%**
Federal Grants	**49,735**	**62,166**	**12,431**	**25.0%**
Bond & Note Proceeds	**0**	**0**	**0**	**0.0%**
ALL FUNDS DISBURSEMENTS:	**124,359**	**127,196**	**2,837**	**2.3%**
STATE OPERATING FUNDS	**71,654**	**63,893**	**(7,761)**	**-10.8%**
Local Assistance	**48,513**	**43,168**	**(5,345)**	**-11.0%**
School Aid	16,643	16,052	(591)	-3.6%
DOH Medicaid (incl. admin and EP)	19,338	15,576	(3,762)	-19.5%
All Other	12,532	11,540	(992)	-7.9%
State Operations	**21,629**	**18,146**	**(3,483)**	**-16.1%**
Agency Operations	**14,756**	**12,090**	**(2,666)**	**-18.1%**
Executive Agencies	7,816	5,531	(2,285)	-29.2%
University Systems	4,890	4,610	(280)	-5.7%
Elected Officials	2,050	1,949	(101)	-4.9%
Fringe Benefits/Fixed Costs	**6,873**	**6,056**	**(817)**	**-11.9%**
Pension Contribution	2,386	2,355	(31)	-1.3%
Health Insurance	3,172	3,292	120	3.8%
Other Fringe Benefits/Fixed Costs	1,315	409	(906)	-68.9%
Debt Service	**1,512**	**2,579**	**1,067**	**70.6%**
CAPITAL PROJECTS (State and Federal Funds)	**9,133**	**9,228**	**95**	**1.0%**
FEDERAL OPERATING AID	**43,572**	**54,075**	**10,503**	**24.1%**
NET OTHER FINANCING SOURCES	**(110)**	**(210)**	**(100)**	**-90.9%**
CHANGE IN OPERATIONS	**4,925**	**15,326**	**10,401**	**211.2%**
CLOSING BALANCE	**14,900**	**29,610**	**14,710**	**98.7%**

Receipts

At the end of December 2020, PIT collections were $519 million (1.4 percent) lower than the end of December 2019, primarily due to a significant decline in current year estimated payments, extension payments, delinquencies, and increased current year refunds, offset by declines in advanced credit payments and increased withholding. Consumption/use tax collections were significantly lower ($1.7 billion) than the prior year level due to substantial declines in sales tax and motor fuel tax receipts related to the effects of the COVID-19 pandemic on taxpayer behavior. Lower business tax collections ($213 million) are due to reduced gross Insurance Taxes and CFT, partially offset by lower CFT refunds.

The receipt of $4.5 billion in proceeds from the sale of short-term notes contributed to the growth in miscellaneous receipts ($3.4 billion). Higher receipts also reflect an increase in bond reimbursements ($868 million) of capital projects due to the timing of SUNY reimbursements from FY 2020 to FY 2021 ($734 million) and overall management of State liquidity needs, and increased SUNY income ($301 million). Significant declines in receipts were observed for lottery receipts ($715 million), HCRA receipts ($299 million), other licenses/fees ($188 million), and motor vehicle fees ($115 million), all of which were all negatively impacted by the COVID-19 pandemic. In addition, receipts from extraordinary monetary settlements ($187 million) were lower.

Federal grants were $12.4 billion higher in FY 2021 than in FY 2020, largely due to the receipt of Federal CARES Act funding, funding for the LWA program and eFMAP.

Spending

State Operating Funds spending totaled $63.9 billion in FY 2021, a decrease of $7.8 billion (10.8 percent) from FY 2020.

Lower executive agency operational spending is driven by the reclassification of certain eligible FY 2021 expenses to the Federal CRF, FY 2020 NYSCOPBA collective bargaining retroactive payments, held general salary increases, and limiting spending aside from health, safety and essential services. Fringe benefits spending declined mostly due to the deferment of Social Security payments as permitted under the CARES Act, partially offset by higher Health Insurance payments ($120 million).

Higher debt service spending is largely due to the repayment of $1 billion of short-term PIT notes in December 2020. Capital Projects spending through December is consistent with prior year spending.

Federal operating spending growth ($10.5 billion) mainly reflects the LWA payments, temporary eFMAP, and public health and safety costs charged to the Federal CRF.

All Governmental Funds Results Compared to Estimates

ALL GOVERNMENTAL FUNDS COMPARED TO PLANS
FY 2021 April to December
(millions of dollars)

	Initial Estimate	Revised Estimate	Results	Variance Above/ (Below) Initial Estimate $	Initial Estimate %	Revised Estimate $	Revised Estimate %
OPENING BALANCE	**14,284**	**14,283**	**14,284**	**0**	**0.0%**	**1**	**0.0%**
ALL FUNDS RECEIPTS:	**130,561**	**141,055**	**142,732**	**12,171**	**9.3%**	**1,677**	**1.2%**
Total Taxes	**53,850**	**54,795**	**56,586**	**2,736**	**5.1%**	**1,791**	**3.3%**
Personal Income Tax	34,547	35,457	36,798	2,251	6.5%	1,341	3.8%
Consumption / Use Tax	11,534	11,254	12,044	510	4.4%	790	7.0%
Business Taxes	6,215	6,539	6,131	(84)	-1.4%	(408)	-6.2%
Other Taxes	1,554	1,545	1,613	59	3.8%	68	4.4%
Miscellaneous Receipts	**24,156**	**24,959**	**23,980**	**(176)**	**-0.7%**	**(979)**	**-3.9%**
Federal Grants	**52,555**	**61,301**	**62,166**	**9,611**	**18.3%**	**865**	**1.4%**
ALL FUNDS DISBURSEMENTS:	**125,045**	**132,656**	**127,196**	**2,151**	**1.7%**	**(5,460)**	**-4.1%**
STATE OPERATING FUNDS	**67,054**	**65,703**	**63,893**	**(3,161)**	**-4.7%**	**(1,810)**	**-2.8%**
Local Assistance	**44,572**	**43,526**	**43,168**	**(1,404)**	**-3.1%**	**(358)**	**-0.8%**
School Aid	16,765	16,326	16,052	(713)	-4.3%	(274)	-1.7%
DOH Medicaid[1]	16,995	15,724	15,576	(1,419)	-8.3%	(148)	-0.9%
Higher Education	2,694	2,028	1,920	(774)	-28.7%	(108)	-5.3%
Transportation	3,671	3,064	2,933	(738)	-20.1%	(131)	-4.3%
Social Services	2,407	2,220	1,859	(548)	-22.8%	(361)	-16.3%
Mental Hygiene	1,571	1,959	1,775	204	13.0%	(184)	-9.4%
All Other	4,569	3,705	3,053	(1,516)	-33.2%	(652)	-17.6%
Budget Balance Reduction	(4,100)	(1,500)	0	4,100	0.0%	1,500	0.0%
State Operations	**20,884**	**19,597**	**18,146**	**(2,738)**	**-13.1%**	**(1,451)**	**-7.4%**
Agency Operations	**14,388**	**13,340**	**12,090**	**(2,298)**	**-16.0%**	**(1,250)**	**-9.4%**
Personal Service:	11,024	10,300	8,948	(2,076)	-18.8%	(1,352)	-13.1%
Executive Agencies	5,876	5,480	4,169	(1,707)	-29.1%	(1,311)	-23.9%
University Systems	3,309	3,217	3,118	(191)	-5.8%	(99)	-3.1%
Elected Officials	1,839	1,603	1,661	(178)	-9.7%	58	3.6%
Non-Personal Service:	4,050	3,040	3,142	(908)	-22.4%	102	3.4%
Executive Agencies	1,999	1,200	1,362	(637)	-31.9%	162	13.5%
University Systems	1,580	1,500	1,492	(88)	-5.6%	(8)	-0.5%
Elected Officials	471	340	288	(183)	-38.9%	(52)	-15.3%
Budget Balance Reduction	(686)	0	0	686	0.0%	0	0.0%
Fringe Benefits/Fixed Costs	**6,496**	**6,257**	**6,056**	**(440)**	**-6.8%**	**(201)**	**-3.2%**
Pension Contribution	2,382	2,363	2,355	(27)	-1.1%	(8)	-0.3%
Health Insurance	3,393	3,316	3,292	(101)	-3.0%	(24)	-0.7%
Other Fringe Benefits/Fixed Costs	721	578	409	(312)	-43.3%	(169)	-29.2%
Debt Service	**1,598**	**2,580**	**2,579**	**981**	**61.4%**	**(1)**	**0.0%**
CAPITAL PROJECTS (State and Federal Funds)	**11,137**	**9,309**	**9,228**	**(1,909)**	**-17.1%**	**(81)**	**-0.9%**
FEDERAL OPERATING AID	**46,854**	**57,644**	**54,075**	**7,221**	**15.4%**	**(3,569)**	**-6.2%**
NET OTHER FINANCING SOURCES	**(96)**	**(220)**	**(210)**	**(114)**	**-118.8%**	**10**	**4.5%**
CHANGE IN OPERATIONS	**5,420**	**8,179**	**15,326**	**9,906**	**182.8%**	**7,147**	**87.4%**
CLOSING BALANCE	**19,704**	**22,462**	**29,610**	**9,906**	**50.3%**	**7,148**	**31.8%**

1. Includes the Essential Plan

Receipts

Compared to the initial estimates, PIT collections ($2.3 billion) and consumption/use tax collections ($510 million) were higher than projected, consistent with the General Fund variances above.

Lower miscellaneous receipts ($176 million) were mostly due to HCRA receipts ($354 million), due to a decline in patient volume and fewer general elective surgeries during the COVID-19 pandemic, lottery receipts ($154 million), and lower bond reimbursements to capital projects; offset by higher receipts from unplanned Extraordinary Monetary Settlements ($520 million), SUNY income ($245 million) and abandoned property ($96 million).

Federal grants reflect Federal operating aid disbursements, as well as the receipt of Federal CARES Act funding ($5.1 billion) and FEMA Disaster Relief Funding for LWA payments ($4.2 billion).

Compared to the revised estimates, the change in tax collections is primarily attributable to PIT collections ($1.3 billion) and consumption/use taxes (790 million). Tax receipts reflect stronger than projected collections from sales tax during November and December, as well as lower CFT gross and audit receipts and bank audits. Miscellaneous receipts were lower than projected ($979 million) due to lower bond reimbursements to capital projects ($738 million) and SUNY income ($319 million) due to a decline in SUNY Hospital revenues and refunds to students for dorm costs, tuition and fees. Federal grants were higher than planned ($865 million).

Spending

In comparison to the initial estimates, State Operating Funds spending was $3.2 billion under projections. Lower local assistance spending contributed $1.4 billion mainly due to the withholding of payments as discussed above and Medicaid due to the extension of eFMAP ($1.6 billion) from July through December, authorized by the Secretary of Health and Human Services, but not reflected in initial estimates, and the timing of offline payments ($122 million). Lower spending was partially offset by higher than anticipated Medicaid claims ($176 million) and lower collections of credits and rebates ($324 million).

State operations spending, including GSCs, was $2.7 billion lower than initial projections mainly due to the reclassification of certain eligible expenses to the CRF, as well as cost controls put in place to limit spending to health, safety and essential services. Lower than projected spending for University systems is mainly attributable to spending declines at State-operated SUNY campuses associated with the delay in general salary increases and reduced spending on non-essential items. Judiciary spending was affected by court closures during the COVID-19 pandemic.

Capital Projects spending was $1.9 billion lower than initial projections, which is primarily attributable to lower spending for economic development ($1.3 billion), education ($486 million), parks and environment ($376 million), and health and social welfare ($340 million). Lower spending on capital projects is primarily due to disruptions to the construction industry from the COVID-19 pandemic. The pandemic has caused many State capital projects, as well as projects funded with State capital grants, to be delayed or postponed. Additionally, review and prioritization of new capital contracts has led to lower than anticipated spending through December. MTA capital spending was higher than projected ($1.1 billion) because the State directly funded the State's portion of the MTA's FY 2015-2019 Capital Plan through capital appropriations, which was not reflected in initial estimates.

Federal operating aid spending was $7.2 billion (15.4 percent) higher than initial projections and is largely attributable to emergency Federal funding enacted in response to the ongoing COVID-19 pandemic including the CARES Act, which provides funding for COVID-19 related expenses through the CRF, and the LWA program which provided a time-limited $300 benefit to unemployed New Yorkers.

In addition, underspending was attributable to:

- Medicaid ($54 million lower) excluding spending attributable to eFMAP for July through December of $1.5 billion, attributable to lower spending for Medicaid claims ($1.1 billion), offset by higher than anticipated DSRIP funding ($298 million), public UPL payments ($261 million), lower rebates collection ($376 million), and the timing of offline payments including Supplemental Medical Insurance ($48 million) and SUNY IGT ($24 million).

- School Aid ($767 million lower) mainly due to underspending on ESEA Title grants.

- Social Services ($693 million lower) driven by underspending in Flexible Fund for Family Services ($234 million), public assistance payments ($188 million), SNAP ($109 million) and Child Support ($53 million) programs. The variances are largely due to the enhanced payment review process.

- Medicaid Administration ($212 million lower) attributable to the timing of payments to certain districts as a result of spending controls and the timing of contract payments.

- All Other Education ($156 million lower) primarily due to lower than anticipated spending on IDEA grants.

Compared to the revised estimates, Federal operating aid spending was $3.6 billion (6.2 percent) lower. This variance is primarily attributable to the timing of when COVID-19 eligible costs are shifted from State resources to the CRF in response to the Federal extension of eligibility claiming to December 31, 2021. Public health spending was below projections due to a reduced Federal share of CHP costs that relates to the scheduled phase-down of the program. Net Medicaid spending was lower than expected ($593 million), primarily due to the timing of offline payments ($473 million) and administrative payments to certain districts ($133 million).

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 2020 on July 28, 2020. The Comptroller also prepares and issues a Comprehensive Annual Financial Report (CAFR), which, in addition to the components referred to above, also includes an introductory section and a statistical section. The CAFR for the fiscal year ended March 31, 2020 was issued on November 6, 2020.

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

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

Fiscal Year Ended	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	All Governmental Funds	Accumulated General Fund Surplus/(Deficit)
March 31, 2020	355	(296)	(900)	(79)	(920)	3,736
March 31, 2019	(1,291)	1,873	594	(1,079)	97	3,381
March 31, 2018	2,386	1,095	(877)	(86)	2,518	4,672

SUMMARY OF NET POSITION (millions of dollars)

Fiscal Year Ended	Governmental Activities	Business-Type Activities	Total Primary Government
March 31, 2020	(5,240)	(8,375)	(13,615)
March 31, 2019	(4,127)	(8,334)	(12,461)
March 31, 2018	28,608	69	28,677

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

Authorities and Localities

Public Authorities

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

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

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

As of December 31, 2019, (with respect to Job Development Authority or "JDA" as of March 31, 2020) each of the 17 authorities listed in the following table had outstanding debt of $100 million or more, and the aggregate outstanding debt, including refunding bonds, was approximately $200 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 17 authorities in the following table at the time of this AIS Update.

OUTSTANDING DEBT OF CERTAIN AUTHORITIES[(1)]
AS OF DECEMBER 31, 2019[(2)]
(millions of dollars)

Authority	State-Related Debt	Authority and Conduit	Total
Dormitory Authority	34,371	21,698	56,069
Metropolitan Transportation Authority	0	34,860	34,860
Port Authority of NY & NJ	0	26,279	26,279
Housing Finance Agency	35	17,629	17,664
UDC/ESD	14,790	1,067	15,857
Job Development Authority[(2)]	0	10,590	10,590
Triborough Bridge and Tunnel Authority	0	8,684	8,684
Long Island Power Authority[(3)]	0	8,091	8,091
Thruway Authority	2,403	5,532	7,935
Environmental Facilities Corporation	16	5,891	5,907
State of New York Mortgage Agency	0	2,825	2,825
Energy Research and Development Authority	0	1,631	1,631
Power Authority	0	1,230	1,230
Battery Park City Authority	0	905	905
Local Government Assistance Corporation	822	0	822
Municipal Bond Bank Agency	104	142	246
Niagara Frontier Transportation Authority	0	152	152
TOTAL OUTSTANDING	52,541	147,206	199,747

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

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

(2) All Job Development Authority (JDA) debt outstanding reported as of March 31, 2020. This includes $10.6 billion in conduit debt issued by JDA's blended component units consisting of $5.5 billion issued by New York Liberty Development Corporation ($1.2 billion of which is also included in the amount reported for Port Authority of NY and NJ), $520 million issued by the Brooklyn Arena Local Development Corporation, and $4.6 billion issued by the New York Transportation Development Corporation.

(3) Includes $4.01 billion of Utility Debt Securitization Authority (UDSA) bonds. Chapter 173 of the Laws of 2013 established UDSA for the sole purpose of retiring certain outstanding indebtedness of the Long Island Power Authority (LIPA) through the issuance of restructuring bonds. UDSA is reported as a blended component unit of LIPA in LIPA's audited financial statements.

Localities

There have been severe financial and other adverse impacts on localities throughout the State, but particularly on New York City and the surrounding counties as the initial epicenter of the COVID-19 pandemic. No attempt is made in this AIS 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 STAR Corp. [2]	Obligations of TSASC, Inc.	Hudson Yards Infrastructure Corporation	Other [3] Obligations	Total
2011	41,785	23,820	2,117	1,260	2,000	2,590	73,572
2012	42,286	26,268	2,054	1,253	3,000	2,493	77,354
2013	41,592	29,202	1,985	1,245	3,000	2,394	79,418
2014	41,665	31,038	1,975	1,228	3,000	2,334	81,240
2015	40,460	33,850	2,035	1,222	3,000	2,222	82,789
2016	38,073	37,358	1,961	1,145	3,000	2,102	83,639
2017	37,891	40,696	1,884	1,089	2,751	2,034	86,345
2018	38,628	43,355	1,805	1,071	2,724	2,085	89,668
2019	37,519	46,624	1,721	1,053	2,724	1,901	91,542
2020	38,784	48,978	1,634	1,023	2,724	1,882	95,025

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

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

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

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

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

Other Localities

Certain localities other than New York City have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. While a relatively infrequent practice, deficit financing by local governments has become more common in recent years. State legislation enacted post-2004 includes 29 special acts authorizing bond issuances to finance local government operating deficits. Included in this figure are special acts that extended the period of time related to prior authorizations and modifications to issuance amounts previously authorized. When a local government is authorized to issue bonds to finance operating deficits, the local government is subject to certain additional fiscal oversight during the time the bonds are outstanding as required by the State's Local Finance Law, including an annual budget review by OSC.

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

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

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

A total of 31 local governments (7 counties, 6 cities, 11 towns and 7 villages) and 33 school districts have been placed in a stress category by OSC based on financial data for their fiscal years ending in 2019. The vast majority of entities scored by OSC (97 percent) are classified in the "No Designation" category.

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

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

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

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

DEBT OF NEW YORK LOCALITIES(1)
(millions of dollars)

Locality Fiscal Year Ending	Combined New York City Debt(2)		Other Localities Debt(3)		Total Locality Debt(3)	
	Bonds	Notes	Bonds(4)	Notes(4)	Bonds(3)(4)	Notes(4)
1980	12,995	0	6,835	1,793	19,830	1,793
1990	20,027	0	10,253	3,082	30,280	3,082
2000	39,244	515	19,093	4,470	58,337	4,985
2010	69,536	0	36,110	7,369	105,646	7,369
2015	82,789	0	34,346	6,981	117,135	6,981
2016	83,639	0	35,006	6,952	118,645	6,952
2017	86,345	0	34,788	5,617	121,133	5,617
2018	89,668	0	35,855	5,737	125,523	5,737
2019	91,542	0	36,125	5,751	127,667	5,751

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

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

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

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

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

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

State Retirement System

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

General

This section summarizes key information regarding the New York State and Local Retirement System ("NYSLRS" or the "System") and the Common Retirement Fund ("CRF"). The System was established as a means to pay benefits to the System's participants. The CRF comprises a pooled investment vehicle designed to protect and enhance the long-term value of the System's assets.

Greater detail, including the independent auditor's report for the fiscal year ending March 31, 2020, is included in NYSLRS' Comprehensive Annual Financial Report ("NYSLRS' CAFR") for the fiscal year ended March 31, 2020 and is available on the OSC website at the following address:

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

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

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

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

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

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

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

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

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

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

The System

The System provides pension benefits to public employees of the State and its localities (except employees of New York City, and public school teachers and administrators, who are covered by separate public retirement systems). State employees made up about 32 percent of the System's membership as of March 31, 2020. There were 2,962 public employers participating in the System, including the State, all cities and counties (except New York City), most towns, villages and school districts (with respect to non-teaching employees), and many public authorities.

As of March 31, 2020, 673,336 persons were members of the System and 487,407 pensioners or beneficiaries were receiving pension benefits. Article 5, section 7 of the State Constitution considers membership in any State pension or retirement system to be "a contractual relationship, the benefits of which shall not be diminished or impaired."

Comparison of Benefits by Tier

The System's members are categorized into six tiers depending on date of membership. As of March 31, 2020, approximately 49 percent of ERS members were in Tiers 3 and 4 and approximately 58 percent of PFRS members were in Tier 2. Tier 5 was enacted in 2009 and included significant changes to the benefit structure for ERS members who joined on or after January 1, 2010 and PFRS members who joined on or after January 9, 2010. Tier 6 was enacted in 2012 and included further changes to the benefit structure for ERS and PFRS members who joined on or after April 1, 2012.

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

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

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

Contributions and Funding

Contributions to the System are provided by employers and employees. Employers contribute on the basis of the plan or plans they provide for members. All ERS members joining from mid-1976 through 2009 were required to contribute 3 percent of their salaries. A statutory change in 2000, however, limited the contributions to the first 10 years of membership, but did not authorize refunds where contributions had already exceeded 10 years. All ERS members joining after 2009 and prior to April 1, 2012, and all PFRS members joining after January 9, 2010 and prior to April 1, 2012, are members of Tier 5. All Tier 5 ERS members and 86 percent of the Tier 5 PFRS members are required to contribute 3 percent of their salaries for their career. Members joining on or after April 1, 2012 are in Tier 6, and are required to pay contributions throughout their career on a stepped basis relative to each respective member's wages.[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.

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

In order to protect employers from potentially volatile contributions tied directly to the value of the System's assets held by the CRF, the System utilizes a multi-year smoothing procedure. One of the factors used by the System's Actuary to calculate employer contribution requirements is the assumed investment rate of return, which is currently 6.8 percent.[15]

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

The amount of future annual employer contribution rates will depend, in part, on the value of the assets held by the CRF as of each April 1, as well as on the present value of the anticipated benefits to be paid by the System as of each April 1. Contribution rates for FY 2022 were released in August 2020. The average ERS rate increased by 1.6 percent from 14.6 percent of salary in FY 2021 to 16.2 percent of salary in FY 2022, while the average PFRS rate increased by 3.9 percent from 24.4 percent of salary in FY 2021 to 28.3 percent of salary in FY 2022. Information regarding average rates for FY 2022 may be found in the 2020 Annual Report to the Comptroller on Actuarial Assumptions which is accessible at:

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

Legislation enacted in 2010 authorized the State and participating employers to amortize a portion of their annual pension costs during periods when actuarial contribution rates exceed thresholds established by the statute. The legislation provided employers with an optional mechanism intended to reduce the budgetary volatility of employer contributions. Amortized amounts must be paid by the State and participating employers in equal annual installments over a ten-year period, and employers may prepay these amounts at any time without penalty. Employers are required to pay interest on the amortized amounts at a rate determined annually by the State Comptroller that is comparable to taxable fixed income investments of a comparable duration. The interest rate on the amount an employer chooses to amortize in a particular rate year is fixed for the duration of the ten-year repayment period. Should the employer choose to amortize in the next rate year, the interest rate on that amortization will be the rate set for that year. For amounts amortized in FY 2011, FY 2012, FY 2013, FY 2014, FY 2015, FY 2016, FY 2017, FY 2018, FY 2019, FY 2020, and FY 2021, the interest rates are 5 percent, 3.75 percent, 3 percent, 3.67 percent, 3.15 percent, 3.21 percent, 2.33 percent, 2.84 percent, 3.64 percent, 2.55 percent and 1.33 percent respectively. The first payment is due in the fiscal year following the decision to amortize pension costs. When contribution rates fall below legally specified levels and all outstanding amortizations have been paid, employers that elected to amortize will be required to pay additional monies into reserve funds, specific to each employer, which will be used to offset their contributions in the future. These reserve funds will be invested separately from pension assets. Over time, OSC expects that this will reduce the budgetary volatility of employer contributions. As of March 31, 2020, the amortized amount receivable, including accrued interest, for the 2011 amortization is $0 from the State and $3.7 million from 20 participating employers; the amortized amount receivable, including accrued interest, for the 2012 amortization is $121.7 million from the

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

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

The FY 2014 Enacted Budget included an alternate contribution program (the "Alternate Contribution Stabilization Program") that provides certain participating employers with a one-time election to amortize slightly more of their required contributions than would have been available for amortization under the 2010 legislation. In addition, the maximum payment period was increased from ten years to twelve years. The election is available to counties, cities, towns, villages, BOCES, school districts and the four public health care centers operated in the counties of Nassau, Westchester and Erie. The State is not eligible to participate in the Alternate Contribution Stabilization Program. There are 41 employers that are currently enrolled in the program. Employers are not required to amortize every year. As of March 31, 2020, the amortized amount receivable, including interest, from 24 participating employers for the 2014 amortization is $124.6 million. The amortized amount receivable, including interest, from 26 participating employers for the 2015 amortization is $120.3 million. The amortized amount receivable, including interest, from 23 participating employers for the 2016 amortization is $95.1 million. The amortized amount receivable, including interest, from 19 participating employers for the 2017 amortization is $72.3 million. The amortized amount receivable, including interest, from 13 participating employers for the 2018 amortization is $64.4 million. The amortized amount receivable, including interest, from 11 participating employers for the 2019 amortization is $23.6 million. The amortized amount receivable, including interest, from 4 participating employers for the 2020 amortization is $33.6 million.

For those eligible employers electing to participate in the Alternate Contribution Stabilization Program, the graded contribution rate for fiscal years ending 2014 and 2015 is 12 percent of salary for ERS and 20 percent of salary for PFRS. Thereafter, the graded contribution rate will increase one half of one percent per year towards the actuarially required rate. The FY 2020 amounts are 14.2 percent for ERS and 22.5 percent for PFRS. Electing employers may amortize the difference between the graded rate and the actuarially required rate over a twelve-year period at an interpolated twelve-year U.S. Treasury Security rate (3.76 percent for FY 2014, 3.50 percent for FY 2015, 3.31 percent for FY 2016, 2.63 percent for FY 2017, 3.31 percent for FY 2018, 3.99 percent for FY 2019, 2.87 percent for FY 2020, and 1.60 percent for FY 2021). As with the original Contribution Stabilization Program, when contribution rates fall below legally specified levels and all outstanding amortizations have been paid, employers that elect to amortize under the alternate program will be required to pay additional monies into reserve funds, specific to each employer, which will be used to offset their contributions in the future.

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

The total State payment (including Judiciary) due to NYSLRS for FY 2021 was approximately $2.390 billion. The State opted to not amortize under the Contribution Stabilization Program, and paid the bill in full as of March 1, 2021.

The estimated total State payment (including Judiciary) due to NYSLRS for FY 2022 is approximately $2.665 billion.

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

Pension Assets and Liabilities

The System's assets are held by the CRF for the exclusive benefit of members, retirees and beneficiaries. Investments for the System are made by the State Comptroller as trustee of the CRF. The System reports that the net position restricted for pension benefits as of March 31, 2020 was $198.1 billion (including $5.0 billion in receivables, which consist of employer contributions, amortized amounts, member contributions, member loans, accrued interest and dividends, investment sales and other miscellaneous receivables), a decrease of $17.1 billion or 7.9 percent from the FY 2019 level of $215.2 billion. The decrease in net position restricted for pension benefits from FY 2019 to FY 2020 is primarily the result of the net depreciation of the fair value of the investment portfolio.[16] The System's audited Financial Statement reports a time-weighted investment rate of return of negative 2.7 percent (gross rate of return before the deduction of certain fees) for FY 2020.

Consistent with statutory limitations affecting categories of investment, the State Comptroller, as trustee of the CRF, establishes a target asset allocation and approves policies and procedures to guide and direct the investment activities of the Division of Pension Investment and Cash Management. The purpose of this asset allocation strategy is to identify the optimal diversified mix of assets to meet the requirements of pension payment obligations to members. In the fiscal year ended March 31, 2015, an asset liability analysis was completed and a long-term policy allocation was adopted. The current long-term policy allocation seeks a mix that includes 50 percent public

[16] On February 8, 2021, the State Comptroller announced that the New York State Common Retirement Fund's ("Fund") estimated time-weighted return (gross of certain investment fees) for the third quarter of FY 2021 was 10.01 percent for the three-month period ended December 31, 2020, and the Fund ended the quarter with an estimated value of $247.7 billion. These quarterly returns reflect unaudited data for the invested assets of the System. The value of the invested assets changes daily.

equities (36 percent domestic and 14 percent international); 18 percent bonds, cash and mortgages; 4 percent inflation indexed bonds and 28 percent alternative investments (10 percent private equity, 10 percent real estate, 2 percent absolute return or hedge funds, 3 percent opportunistic and 3 percent real assets). Since the implementation of the long-term policy allocation will take several years, transition targets have been established to aid in the asset rebalancing process. [17]

The System reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased to $268.9 billion (including $139.7 billion for retirees and beneficiaries) as of April 1, 2020, up from $260.3 billion as of April 1, 2019. The funding method used by the System anticipates that the plan net position, plus future actuarially determined contributions, will be sufficient to pay for the anticipated benefits of current members, retirees and beneficiaries. The valuation used by the Retirement Systems Actuary was based on audited net position restricted for pension benefits as of March 31, 2020. Actuarially determined contributions are calculated using actuarial assets and the present value of anticipated benefits. Actuarial assets differed from plan net position on April 1, 2020 in that the determination of actuarial assets utilized a smoothing method that recognized 20 percent of the unexpected loss for FY 2020, 40 percent of the unexpected loss for FY 2019, 60 percent of the unexpected gain for FY 2018, and 80 percent of the unexpected gain for FY 2017. The asset valuation method smooths gains and losses based on the market value of all investments. Actuarial assets increased from $213.0 billion on April 1, 2019 to $214.1 billion on April 1, 2020.

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

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

---

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

The ratio of fiduciary net position to the total pension liability for ERS, as of March 31, 2020, calculated by the System's Actuary, was 86.4 percent. The ratio of the fiduciary net position to the total pension liability for PFRS, as of March 31, 2020, calculated by the System's Actuary, was 84.9 percent.[18]

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

As noted above, Statement No. 68 impacts neither the actuarial funding method nor the calculation of rates. The System provided employers with the information required to comply with Statement No. 68 in August 2020, based on the System's measurement date of March 31, 2020. The Net Pension liability is allocated to participating employers and reported pursuant to both Statements 67 and 68.

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

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

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

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

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

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

Fiscal Year Ended March 31	Contributions Recorded: All Participating Employers[1][2]	Local Employers[1][2]	State[1][2]	Employees	Total Benefits Paid[3]
2011	4,165	2,406	1,759	286	8,520
2012	4,585	2,799	1,786	273	8,938
2013	5,336	3,386	1,950	269	9,521
2014	6,064	3,691	2,373	281	9,978
2015	5,797	3,534	2,263	285	10,514
2016	5,140	3,182	1,958	307	11,060
2017	4,787	2,973	1,814	329	11,508
2018	4,823	3,021	1,802	349	12,129
2019	4,744	2,973	1,771	387	12,834
2020	4,783	3,023	1,760	454	13,311

Sources: State and Local Retirement System.

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

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

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

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

Fiscal Year Ended March 31	Net Assets	Percent Increase/ (Decrease) From Prior Year
2011	149,549	11.4%
2012	153,394	2.6%
2013	164,222	7.1%
2014	181,275	10.4%
2015	189,412	4.5%
2016	183,640	-3.0%
2017	197,602	7.6%
2018	212,077	7.3%
2019	215,169	1.5%
2020	198,080	-7.9%

Sources: State and Local Retirement System.
(1) Includes relatively small amounts held under Group Life Insurance Plan. Includes some employer contribution receivables. Fiscal year ending March 31, 2020 includes approximately $5.0 billion of receivables.

Additional Information Regarding the System

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

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

1) Information on the number of members and retirees, including the change in the number of members and retirees and beneficiaries since 2010 can be found on page 29 of the NYSLRS CAFR at the link noted above. More information on this topic is available in the "Statistical" section of the NYSLRS CAFR.

2) A combined basic statement of changes in fiduciary net position can be found on page 43 of the NYSLRS CAFR at the link noted above.

3) Schedule of Changes in the Employers' Net Pension Liability and Related Ratios (unaudited) can be found on pages 72-73 at the link noted above.

4) Information on contributions can be found on pages 143-151 of the NYSLRS CAFR at the link noted above.

5) A table with the market value of assets, actuarial value of assets and actuarial accrued liability of the CRF since 2010 can be found on page 152 of the NYSLRS CAFR at the link noted above.

6) Information related to the salaries of members can be found on pages 186-189 of the NYSLRS CAFR at the link noted above.

Litigation

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

Real Property Claims

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

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

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

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

Discovery in this matter was stayed for several years while the parties continued their settlement discussions. On January 11, 2021, the Court issued a Text Order lifting the stay of discovery. The Court directed that the parties serve updated initial disclosures on or before March 2, 2021, which the parties did. The Court also set a deadline of May 17, 2021 for the parties to submit dispositive motions on any issues of law that are to be resolved before further discovery can occur. Settlement negotiations remain ongoing.

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

School Aid

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

The trial commenced on January 21, 2015 and was completed on March 12, 2015. On September 19, 2016, the trial court ruled in favor of the State and dismissed the action. On appeal, by decision and order dated October 26, 2017, the Appellate Division reversed the judgment of the trial court and remanded the case for the trial court to make specific findings as to the adequacy of inputs and causation. In a decision and order dated January 10, 2019, Supreme Court, Albany County, found that the State's system of financing public education is adequate to provide the opportunity for a sound basic education. Plaintiffs are appealing and filed their appellate brief on August 31, 2020. The State filed its brief on October 29, 2020, and oral argument was held February 11, 2021. The parties are awaiting a decision.

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

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

On May 30, 2014, the State filed a motion to dismiss all claims. On June 27, 2017, the Court of Appeals held that plaintiffs could proceed on their claims that the State was failing in its constitutional obligation to ensure the provision of minimally adequate educational services in the New York City and Syracuse school districts and remanded for further proceedings as to those two districts only. All other claims were dismissed.

Plaintiffs filed their third Amended Complaint on May 4, 2018. The first cause of action alleges that the State has failed to provide a sound basic education in five school districts: New York City, Syracuse, Schenectady, Central Islip, and Gouverneur. The second cause of action alleges that the State has failed to maintain a system of accountability to ensure that a sound basic education is being provided in those five districts. Defendants' Answer to the Third Amended Complaint was filed on July 10, 2018. The current schedule is as follows: 1) fact discovery completed by February 26, 2021; 2) expert discovery to be completed by May 28, 2021; 3) note of issue due by July 30, 2021; and 4) summary judgment motions due 90 days after note of issue.

On May 4, 2018, the case was reassigned from Hon. Manuel J. Mendez to Hon. Lucy Billings. On August 12, 2019, the individual plaintiffs from Central Islip voluntarily discontinued their claims. On October 17, 2019, the individual plaintiff from Gouverneur voluntarily discontinued his claim. Central Islip and Gouverneur are no longer subjects of the litigation. On March 1, 2021, plaintiffs indicated that they will also discontinue their claims on behalf of the Syracuse individual plaintiffs.

In New York State United Teachers, et al. v. The State of New York, et al. (Sup. Ct., Albany Co.), commenced September 15, 2020, plaintiffs seek a judgment declaring that the inclusion of authority to withhold State aid to public schools that was appropriated under the FY 2021 Enacted Budget, and the exercise of that authority by the Director of the Budget, are unconstitutional as violations of the separation of powers doctrine, Article VII of the State Constitution, and Chapter 53 of the Laws of 2020 (i.e., the 2020-2021 budget bill). Plaintiffs also seek an order requiring the Director of the Budget to release withheld funds and injunctive relief barring any future withholding or delayed payment of monies appropriated to public schools in the FY 2021 Enacted Budget. An Amended Complaint/Petition (hybrid) was filed March 1, 2021. The Article 78 portion of the matter has a return date of March 26, 2021. Accordingly, the new response deadline (for both the Article 78 and declaratory portions) is March 22, 2021. Defendants/Respondents are reviewing the new pleading, including the potential need for any extensions of time.

Health Insurance Premiums

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

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

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

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

On September 24, 2018, the District Court granted defendants' motions for summary judgment in all respects. Between October 13, 2018 and November 2, 2018, notices of appeal were filed in all eleven cases. The U.S. Court of Appeals for the Second Circuit thereafter approved a coordinated briefing schedule and heard oral argument.

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

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

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

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

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

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 2020 and projected receipts and disbursements for fiscal years 2021 through 2024 on a General Fund, State Operating Funds and All Governmental Funds basis.[19]

[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 2020 Results	FY 2021 Current	Annual $ Change	Annual % Change
Opening Fund Balance	**7,206**	**8,944**	**1,738**	**24.1%**
Receipts:				
Taxes:				
Personal Income Tax	24,646	24,491	(155)	-0.6%
Consumption/Use Taxes	8,038	7,196	(842)	-10.5%
Business Taxes	6,370	5,921	(449)	-7.0%
Other Taxes	1,087	1,225	138	12.7%
Miscellaneous Receipts	3,159	6,913	3,754	118.8%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	25,862	18,066	(7,796)	-30.1%
ECEP in Excess of Revenue Bond Debt Service	0	2	2	0.0%
Sales Tax in Excess of LGAC Bond Debt Service	3,417	3,206	(211)	-6.2%
Sales Tax in Excess of Revenue Bond Debt Service	2,762	2,131	(631)	-22.8%
Real Estate Taxes in Excess of CW/CA Debt Service	951	730	(221)	-23.2%
All Other	2,915	3,159	244	8.4%
Total Receipts	**79,207**	**73,040**	**(6,167)**	**-7.8%**
Disbursements:				
Local Assistance	51,863	52,011	148	0.3%
State Operations:				
Personal Service	8,940	7,372	(1,568)	-17.5%
Non-Personal Service	3,114	3,243	129	4.1%
General State Charges	7,454	6,084	(1,370)	-18.4%
Transfers to Other Funds:				
Debt Service	736	309	(427)	-58.0%
Capital Projects	3,128	2,983	(145)	-4.6%
SUNY Operations	1,179	1,239	60	5.1%
Other Purposes	1,055	1,506	451	42.7%
Total Disbursements	**77,469**	**74,747**	**(2,722)**	**-3.5%**
Excess (Deficiency) of Receipts Over Disbursements	**1,738**	**(1,707)**	**(3,445)**	**-198.2%**
Closing Fund Balance	**8,944**	**7,237**	**(1,707)**	**-19.1%**
Statutory Reserves				
Tax Stabilization Reserve	1,258	1,258	0	
Rainy Day Reserves	1,218	1,218	0	
Contingency Reserve	21	21	0	
Community Projects	31	15	(16)	
Reserved For				
Timing of Payments	1,313	0	(1,313)	
Undesignated Fund Balance	1,103	550	(553)	
Debt Management	500	500	0	
Economic Uncertainties	890	1,490	600	
Extraordinary Monetary Settlements	2,610	2,185	(425)	

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2021 Current	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Receipts:				
Taxes:				
Personal Income Tax	24,491	28,168	29,822	31,053
Consumption/Use Taxes	7,196	7,666	8,042	8,248
Business Taxes	5,921	6,019	6,368	6,578
Other Taxes	1,225	1,077	1,131	1,187
Miscellaneous Receipts	6,913	1,767	1,760	1,798
Federal Receipts	0	3,000	3,000	0
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	18,066	23,599	25,781	26,291
ECEP in Excess of Revenue Bond Debt Service	2	3	3	4
Sales Tax in Excess of LGAC Bond Debt Service	3,206	3,525	3,717	3,822
Sales Tax in Excess of Revenue Bond Debt Service	2,131	2,251	2,342	2,406
Real Estate Taxes in Excess of CW/CA Debt Service	730	831	892	939
All Other	3,159	3,470	3,228	3,450
Total Receipts	**73,040**	**81,376**	**86,086**	**85,776**
Disbursements:				
Local Assistance	52,011	55,494	58,733	61,351
State Operations:				
Personal Service	7,372	9,131	9,863	9,422
Non-Personal Service	3,243	2,450	2,916	2,996
General State Charges	6,084	8,689	9,272	9,708
Transfers to Other Funds:				
Debt Service	309	424	450	520
Capital Projects	2,983	4,222	3,991	3,244
SUNY Operations	1,239	1,226	1,221	1,221
Other Purposes	1,506	1,247	1,289	1,293
Total Disbursements	**74,747**	**82,883**	**87,735**	**89,755**
Use (Reservation) of Fund Balance:				
Community Projects	16	0	0	0
Timing of Payments	1,313	0	0	0
Undesignated Fund Balance	553	548	0	0
Reserve for Economic Uncertainties	(600)	0	0	0
Extraordinary Monetary Settlements	425	959	747	345
Total Use (Reservation) of Fund Balance	**1,707**	**1,507**	**747**	**345**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**0**	**(902)**	**(3,634)**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2021 Enacted	Change	FY 2021 Mid-Year	Change	FY 2021 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	22,450	0	22,450	2,041	24,491
Consumption/Use Taxes	6,934	(488)	6,446	750	7,196
Business Taxes	6,506	0	6,506	(585)	5,921
Other Taxes	1,115	0	1,115	110	1,225
Miscellaneous Receipts	6,373	523	6,896	17	6,913
Transfers from Other Funds:		0			
PIT in Excess of Revenue Bond Debt Service	19,152	(1,545)	17,607	459	18,066
ECEP in Excess of Revenue Bond Debt Service	2	0	2	0	2
Sales Tax in Excess of LGAC Bond Debt Service	3,063	(222)	2,841	365	3,206
Sales Tax in Excess of Revenue Bond Debt Service	1,987	(221)	1,766	365	2,131
Real Estate Taxes in Excess of CW/CA Debt Service	781	0	781	(51)	730
All Other	2,579	181	2,760	399	3,159
Total Receipts	**70,942**	**(1,772)**	**69,170**	**3,870**	**73,040**
Disbursements:					
Local Assistance	46,400	(188)	46,212	5,799	52,011
State Operations:		0			
Personal Service	9,058	(135)	8,923	(1,551)	7,372
Non-Personal Service	2,597	(300)	2,297	946	3,243
General State Charges	7,249	(250)	6,999	(915)	6,084
Transfers to Other Funds:		0			
Debt Service	1,810	(1,502)	308	1	309
Capital Projects	3,512	(178)	3,334	(351)	2,983
SUNY Operations	1,273	0	1,273	(34)	1,239
Other Purposes	1,270	261	1,531	(25)	1,506
Total Disbursements	**73,169**	**(2,292)**	**70,877**	**3,870**	**74,747**
Use (Reservation) of Fund Balance:					
Community Projects	16	0	16	0	16
Timing of Payments	1,313	0	1,313	0	1,313
Undesignated Fund Balance	553	0	553	0	553
Reserve for Economic Uncertainties	(80)	(520)	(600)	0	(600)
Extraordinary Monetary Settlements	425	0	425	0	425
Total Use (Reservation) of Fund Balance	**2,227**	**(520)**	**1,707**	**0**	**1,707**
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 2022 Enacted	Change	FY 2022 Mid-Year	Change	FY 2022 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	22,008	0	22,008	6,160	28,168
Consumption/Use Taxes	7,462	(82)	7,380	286	7,666
Business Taxes	6,337	0	6,337	(318)	6,019
Other Taxes	1,047	0	1,047	30	1,077
Miscellaneous Receipts	1,750	3	1,753	14	1,767
Federal Receipts	0	0	0	3,000	3,000
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	20,560	(73)	20,487	3,112	23,599
ECEP in Excess of Revenue Bond Debt Service	3	0	3	0	3
Sales Tax in Excess of LGAC Bond Debt Service	3,414	(25)	3,389	136	3,525
Sales Tax in Excess of Revenue Bond Debt Service	2,177	(37)	2,140	111	2,251
Real Estate Taxes in Excess of CW/CA Debt Service	841	0	841	(10)	831
All Other	1,855	245	2,100	1,370	3,470
Total Receipts	**67,454**	**31**	**67,485**	**13,891**	**81,376**
Disbursements:					
Local Assistance	48,967	987	49,954	5,540	55,494
State Operations:					
Personal Service	8,996	196	9,192	(61)	9,131
Non-Personal Service	2,543	412	2,955	(505)	2,450
General State Charges	9,013	(180)	8,833	(144)	8,689
Transfers to Other Funds:					
Debt Service	488	(17)	471	(47)	424
Capital Projects	3,747	(32)	3,715	507	4,222
SUNY Operations	1,273	0	1,273	(47)	1,226
Other Purposes	1,407	(83)	1,324	(77)	1,247
Total Disbursements	**76,434**	**1,283**	**77,717**	**5,166**	**82,883**
Use (Reservation) of Fund Balance:					
Undesignated Fund Balance	548	0	548	0	548
Extraordinary Monetary Settlements	959	0	959	0	959
Total Use (Reservation) of Fund Balance	**1,507**	**0**	**1,507**	**0**	**1,507**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(7,473)**	**(1,252)**	**(8,725)**	**8,725**	**0**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2023 Enacted	Change	FY 2023 Mid-Year	Change	FY 2023 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	23,508	0	23,508	6,314	29,822
Consumption/Use Taxes	7,686	5	7,691	351	8,042
Business Taxes	6,778	0	6,778	(410)	6,368
Other Taxes	1,097	0	1,097	34	1,131
Miscellaneous Receipts	1,773	3	1,776	(16)	1,760
Federal Receipts	0	0	0	3,000	3,000
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	21,644	(53)	21,591	4,190	25,781
ECEP in Excess of Revenue Bond Debt Service	3	0	3	0	3
Sales Tax in Excess of LGAC Bond Debt Service	3,530	19	3,549	168	3,717
Sales Tax in Excess of Revenue Bond Debt Service	2,251	(6)	2,245	97	2,342
Real Estate Taxes in Excess of CW/CA Debt Service	905	0	905	(13)	892
All Other	1,532	185	1,717	1,511	3,228
Total Receipts	**70,707**	**153**	**70,860**	**15,226**	**86,086**
Disbursements:					
Local Assistance	52,444	194	52,638	6,095	58,733
State Operations:		0			
Personal Service	9,059	240	9,299	564	9,863
Non-Personal Service	2,494	533	3,027	(111)	2,916
General State Charges	9,559	(225)	9,334	(62)	9,272
Transfers to Other Funds:		0			
Debt Service	501	(12)	489	(39)	450
Capital Projects	3,917	(22)	3,895	96	3,991
SUNY Operations	1,267	0	1,267	(46)	1,221
Other Purposes	1,484	(83)	1,401	(112)	1,289
Total Disbursements	**80,725**	**625**	**81,350**	**6,385**	**87,735**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	747	0	747	0	747
Total Use (Reservation) of Fund Balance	**747**	**0**	**747**	**0**	**747**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(9,271)**	**(472)**	**(9,743)**	**8,841**	**(902)**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2024 Enacted	Change	FY 2024 Mid-Year	Change	FY 2024 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	25,181	0	25,181	5,872	31,053
Consumption/Use Taxes	7,922	(32)	7,890	358	8,248
Business Taxes	6,918	0	6,918	(340)	6,578
Other Taxes	1,148	0	1,148	39	1,187
Miscellaneous Receipts	1,811	3	1,814	(16)	1,798
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	23,145	(15)	23,130	3,161	26,291
ECEP in Excess of Revenue Bond Debt Service	4	0	4	0	4
Sales Tax in Excess of LGAC Bond Debt Service	3,651	0	3,651	171	3,822
Sales Tax in Excess of Revenue Bond Debt Service	2,372	(23)	2,349	57	2,406
Real Estate Taxes in Excess of CW/CA Debt Service	961	0	961	(22)	939
All Other	1,352	212	1,564	1,886	3,450
Total Receipts	**74,465**	**145**	**74,610**	**11,166**	**85,776**
Disbursements:					
Local Assistance	55,585	(21)	55,564	5,787	61,351
State Operations:					
Personal Service	9,199	212	9,411	11	9,422
Non-Personal Service	2,619	561	3,180	(184)	2,996
General State Charges	9,689	72	9,761	(53)	9,708
Transfers to Other Funds:		0			
Debt Service	553	(8)	545	(25)	520
Capital Projects	3,138	1	3,139	105	3,244
SUNY Operations	1,267	0	1,267	(46)	1,221
Other Purposes	1,590	(83)	1,507	(214)	1,293
Total Disbursements	**83,640**	**734**	**84,374**	**5,381**	**89,755**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	345	0	345	0	345
Total Use (Reservation) of Fund Balance	**345**	**0**	**345**	**0**	**345**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(8,830)**	**(589)**	**(9,419)**	**5,785**	**(3,634)**

Source: NYS DOB.

CASH RECEIPTS
GENERAL FUND
(millions of dollars)

	FY 2022 Proposed	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Taxes:				
Withholdings	44,617	46,287	48,123	48,751
Estimated Payments	17,942	20,031	21,296	21,890
Final Payments	3,982	3,914	3,981	4,117
Other Payments	1,498	1,548	1,600	1,654
Gross Collections	**68,039**	**71,780**	**75,000**	**76,412**
State/City Offset	(1,274)	(1,399)	(1,524)	(1,651)
Refunds	(9,255)	(9,661)	(10,470)	(11,355)
Reported Tax Collections	**57,510**	**60,720**	**63,006**	**63,406**
STAR (Dedicated Deposits)	(587)	(538)	(450)	(362)
RBTF (Dedicated Transfers)	(28,755)	(30,360)	(31,503)	(31,703)
Personal Income Tax	**28,168**	**29,822**	**31,053**	**31,341**
Sales and Use Tax	14,098	14,864	15,288	15,710
Cigarette and Tobacco Taxes	312	302	292	283
Vapor Excise Tax	0	0	0	0
Motor Fuel Tax	0	0	0	0
Alcoholic Beverage Taxes	271	274	278	281
Opioid Excise Tax	34	34	34	34
Medical Cannabis Excise Tax	0	0	0	0
Adult Use Cannabis Tax	0	0	0	0
Highway Use Tax	0	0	0	0
Auto Rental Tax	0	0	0	0
Gross Consumption/Use Taxes	**14,715**	**15,474**	**15,892**	**16,308**
LGAC/STBF (Dedicated Transfers)	(7,049)	(7,432)	(7,644)	(7,856)
Consumption/Use Taxes	**7,666**	**8,042**	**8,248**	**8,452**
Corporation Franchise Tax	3,512	3,866	4,016	4,176
Corporation and Utilities Tax	449	467	472	476
Insurance Taxes	1,973	2,035	2,090	2,149
Bank Tax	85	0	0	0
Pass Through Entity Tax	0	0	0	0
Petroleum Business Tax	0	0	0	0
Business Taxes	**6,019**	**6,368**	**6,578**	**6,801**
Estate Tax	1,058	1,112	1,168	1,223
Real Estate Transfer Tax	993	1,048	1,091	1,139
Employer Compensation Expense Program	6	7	7	8
Gift Tax	0	0	0	0
Real Property Gains Tax	0	0	0	0
Pari-Mutuel Taxes	14	14	14	14
Other Taxes	2	1	2	2
Gross Other Taxes	**2,073**	**2,182**	**2,282**	**2,386**
Real Estate Transfer Tax (Dedicated)	(993)	(1,048)	(1,091)	(1,139)
RBTF (Dedicated Transfers)	(3)	(3)	(4)	(4)
Other Taxes	**1,077**	**1,131**	**1,187**	**1,243**
Payroll Tax	**0**	**0**	**0**	**0**
Total Taxes	**42,930**	**45,363**	**47,066**	**47,837**
Licenses, Fees, Etc.	479	529	579	629
Abandoned Property	450	450	450	450
Motor Vehicle Fees	246	238	238	250
ABC License Fee	66	65	64	68
Reimbursements	70	70	66	66
Investment Income	43	27	20	16
Extraordinary Settlements	0	0	0	0
Other Transactions	413	381	381	381
Miscellaneous Receipts	**1,767**	**1,760**	**1,798**	**1,860**
Federal Receipts	**3,000**	**3,000**	**0**	**0**
Total	**47,697**	**50,123**	**48,864**	**49,697**

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	**8,944**	**5,400**	**63**	**14,407**
Receipts:				
Taxes	38,833	5,451	33,880	78,164
Miscellaneous Receipts	6,913	15,701	374	22,988
Federal Receipts	0	(23)	74	51
Total Receipts	**45,746**	**21,129**	**34,328**	**101,203**
Disbursements:				
Local Assistance	52,011	14,661	0	66,672
State Operations:				
Personal Service	7,372	5,021	0	12,393
Non-Personal Service	3,243	2,397	44	5,684
General State Charges	6,084	1,062	0	7,146
Debt Service	0	0	11,891	11,891
Capital Projects	0	0	0	0
Total Disbursements	**68,710**	**23,141**	**11,935**	**103,786**
Other Financing Sources (Uses):				
Transfers from Other Funds	27,294	2,744	3,270	33,308
Transfers to Other Funds	(6,037)	(1,245)	(25,668)	(32,950)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**21,257**	**1,499**	**(22,398)**	**358**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(1,707)**	**(513)**	**(5)**	**(2,225)**
Closing Fund Balance	**7,237**	**4,887**	**58**	**12,182**

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	**7,237**	**4,887**	**58**	**12,182**
Receipts:				
Taxes	42,930	4,176	36,681	83,787
Miscellaneous Receipts	1,767	15,321	384	17,472
Federal Receipts	3,000	(20)	72	3,052
Total Receipts	**47,697**	**19,477**	**37,137**	**104,311**
Disbursements:				
Local Assistance	55,494	13,876	0	69,370
State Operations:				
Personal Service	9,131	4,783	0	13,914
Non-Personal Service	2,450	2,398	51	4,899
General State Charges	8,689	1,080	0	9,769
Debt Service	0	0	7,053	7,053
Capital Projects	0	0	0	0
Total Disbursements	**75,764**	**22,137**	**7,104**	**105,005**
Other Financing Sources (Uses):				
Transfers from Other Funds	33,679	2,463	1,996	38,138
Transfers to Other Funds	(7,119)	(85)	(32,023)	(39,227)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**26,560**	**2,378**	**(30,027)**	**(1,089)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(1,507)**	**(282)**	**6**	**(1,783)**
Closing Fund Balance	**5,730**	**4,605**	**64**	**10,399**

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2023
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	45,363	4,312	38,724	88,399
Miscellaneous Receipts	1,760	15,448	387	17,595
Federal Receipts	3,000	(18)	69	3,051
Total Receipts	**50,123**	**19,742**	**39,180**	**109,045**
Disbursements:				
Local Assistance	58,733	13,993	0	72,726
State Operations:				
Personal Service	9,863	4,775	0	14,638
Non-Personal Service	2,916	2,333	43	5,292
General State Charges	9,272	1,109	0	10,381
Debt Service	0	0	6,609	6,609
Capital Projects	0	0	0	0
Total Disbursements	**80,784**	**22,210**	**6,652**	**109,646**
Other Financing Sources (Uses):				
Transfers from Other Funds	35,963	2,505	1,818	40,286
Transfers to Other Funds	(6,951)	(59)	(34,343)	(41,353)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**29,012**	**2,446**	**(32,525)**	**(1,067)**
Use (Reservation) of Fund Balance:				
Extraordinary Monetary Settlements	747	0	0	747
Total Use (Reservation) of Fund Balance	**747**	**0**	**0**	**747**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(902)**	**(22)**	**3**	**(921)**

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2024
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	47,066	4,309	40,123	91,498
Miscellaneous Receipts	1,798	15,442	387	17,627
Federal Receipts	0	(17)	66	49
Total Receipts	**48,864**	**19,734**	**40,576**	**109,174**
Disbursements:				
Local Assistance	61,351	13,866	0	75,217
State Operations:				
Personal Service	9,422	4,724	0	14,146
Non-Personal Service	2,996	2,262	43	5,301
General State Charges	9,708	1,123	0	10,831
Debt Service	0	0	7,346	7,346
Capital Projects	0	0	0	0
Total Disbursements	**83,477**	**21,975**	**7,389**	**112,841**
Other Financing Sources (Uses):				
Transfers from Other Funds	36,912	2,515	1,885	41,312
Transfers to Other Funds	(6,278)	(241)	(35,054)	(41,573)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**30,634**	**2,274**	**(33,169)**	**(261)**
Use (Reservation) of Fund Balance:				
Extraordinary Monetary Settlements	345	0	0	345
Total Use (Reservation) of Fund Balance	**345**	**0**	**0**	**345**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(3,634)**	**33**	**18**	**(3,583)**

Source: NYS DOB.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	**8,944**	**6,311**	**(1,035)**	**63**	**14,283**
Receipts:					
Taxes	38,833	5,451	1,182	33,880	79,346
Miscellaneous Receipts	6,913	15,921	8,499	374	31,707
Federal Receipts	0	81,840	2,182	74	84,096
Total Receipts	**45,746**	**103,212**	**11,863**	**34,328**	**195,149**
Disbursements:					
Local Assistance	52,011	84,906	5,407	0	142,324
State Operations:					
Personal Service	7,372	7,696	0	0	15,068
Non-Personal Service	3,243	4,452	0	44	7,739
General State Charges	6,084	2,535	0	0	8,619
Debt Service	0	144	0	11,891	12,035
Capital Projects	0	3	8,542	0	8,545
Total Disbursements	**68,710**	**99,736**	**13,949**	**11,935**	**194,330**
Other Financing Sources (Uses):					
Transfers from Other Funds	27,294	2,744	3,363	3,270	36,671
Transfers to Other Funds	(6,037)	(3,422)	(1,495)	(25,668)	(36,622)
Bond and Note Proceeds	0	0	365	0	365
Net Other Financing Sources (Uses)	**21,257**	**(678)**	**2,233**	**(22,398)**	**414**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(1,707)**	**2,798**	**147**	**(5)**	**1,233**
Closing Fund Balance	**7,237**	**9,109**	**(888)**	**58**	**15,516**

Source: NYS DOB.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	**7,237**	**9,109**	**(888)**	**58**	**15,516**
Receipts:					
Taxes	42,930	4,176	1,319	36,681	85,106
Miscellaneous Receipts	1,767	15,529	9,903	384	27,583
Federal Receipts	3,000	74,840	2,213	72	80,125
Total Receipts	**47,697**	**94,545**	**13,435**	**37,137**	**192,814**
Disbursements:					
Local Assistance	55,494	83,986	7,829	0	147,309
State Operations:					
Personal Service	9,131	5,464	0	0	14,595
Non-Personal Service	2,450	5,041	0	51	7,542
General State Charges	8,689	1,455	0	0	10,144
Debt Service	0	0	0	7,053	7,053
Capital Projects	0	0	9,380	0	9,380
Total Disbursements	**75,764**	**95,946**	**17,209**	**7,104**	**196,023**
Other Financing Sources (Uses):					
Transfers from Other Funds	33,679	2,463	4,602	1,996	42,740
Transfers to Other Funds	(7,119)	(2,267)	(1,364)	(32,023)	(42,773)
Bond and Note Proceeds	0	0	413	0	413
Net Other Financing Sources (Uses)	**26,560**	**196**	**3,651**	**(30,027)**	**380**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(1,507)**	**(1,205)**	**(123)**	**6**	**(2,829)**
Closing Fund Balance	**5,730**	**7,904**	**(1,011)**	**64**	**12,687**

Source: NYS DOB.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	45,363	4,312	1,295	38,724	89,694
Miscellaneous Receipts	1,760	15,656	7,825	387	25,628
Federal Receipts	3,000	70,541	2,214	69	75,824
Total Receipts	**50,123**	**90,509**	**11,334**	**39,180**	**191,146**
Disbursements:					
Local Assistance	58,733	79,081	5,889	0	143,703
State Operations:					
Personal Service	9,863	5,457	0	0	15,320
Non-Personal Service	2,916	3,741	0	43	6,700
General State Charges	9,272	1,485	0	0	10,757
Debt Service	0	0	0	6,609	6,609
Capital Projects	0	0	8,868	0	8,868
Total Disbursements	**80,784**	**89,764**	**14,757**	**6,652**	**191,957**
Other Financing Sources (Uses):					
Transfers from Other Funds	35,963	2,505	4,372	1,818	44,658
Transfers to Other Funds	(6,951)	(2,026)	(1,527)	(34,343)	(44,847)
Bond and Note Proceeds	0	0	509	0	509
Net Other Financing Sources (Uses)	**29,012**	**479**	**3,354**	**(32,525)**	**320**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	747	0	0	0	747
Total Use (Reservation) of Fund Balance	**747**	**0**	**0**	**0**	**747**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(902)**	**1,224**	**(69)**	**3**	**256**

Source: NYS DOB.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	47,066	4,309	1,291	40,123	92,789
Miscellaneous Receipts	1,798	15,650	7,847	387	25,682
Federal Receipts	0	69,753	2,186	66	72,005
Total Receipts	**48,864**	**89,712**	**11,324**	**40,576**	**190,476**
Disbursements:					
Local Assistance	61,351	77,913	5,306	0	144,570
State Operations:					
Personal Service	9,422	5,408	0	0	14,830
Non-Personal Service	2,996	3,678	0	43	6,717
General State Charges	9,708	1,500	0	0	11,208
Debt Service	0	0	0	7,346	7,346
Capital Projects	0	0	8,429	0	8,429
Total Disbursements	**83,477**	**88,499**	**13,735**	**7,389**	**193,100**
Other Financing Sources (Uses):					
Transfers from Other Funds	36,912	2,515	3,610	1,885	44,922
Transfers to Other Funds	(6,278)	(2,200)	(1,582)	(35,054)	(45,114)
Bond and Note Proceeds	0	0	379	0	379
Net Other Financing Sources (Uses)	**30,634**	**315**	**2,407**	**(33,169)**	**187**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	345	0	0	0	345
Total Use (Reservation) of Fund Balance	**345**	**0**	**0**	**0**	**345**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(3,634)**	**1,528**	**(4)**	**18**	**(2,092)**

Source: NYS DOB.

CASHFLOW
GENERAL FUND
FY 2021
(dollars in millions)

	2020 April Results	May Results	June Results	July Results	August Results	September Results	October Results	November Results	December Results	2021 January Results	February Projected	March Projected	Total
OPENING BALANCE	8,944	10,082	7,310	6,864	14,383	13,523	15,442	14,932	13,603	16,552	19,333	20,003	8,944
RECEIPTS:													
Personal Income Tax	1,033	1,100	2,184	5,115	1,362	2,635	1,266	1,286	2,381	2,755	2,564	810	24,491
Consumption/Use Taxes	459	414	621	594	586	804	567	595	753	663	510	630	7,196
Business Taxes	280	(125)	925	491	78	1,282	101	74	1,364	(30)	(198)	1,679	5,921
Other Taxes	74	52	148	149	57	92	137	132	125	294	62	(97)	1,225
Total Taxes	1,846	1,441	3,878	6,349	2,083	4,813	2,071	2,087	4,623	3,682	2,938	3,022	38,833
Abandoned Property	0	0	0	0	25	85	11	215	30	5	0	79	450
ABC License Fee	2	3	3	5	5	5	5	4	3	5	6	6	52
Investment Income	16	6	2	1	1	2	2	2	1	2	22	22	79
Licenses, Fees, etc.	24	5	21	54	93	2	28	50	48	75	(10)	(12)	378
Motor Vehicle Fees	(100)	(49)	127	110	13	43	29	19	39	19	30	51	331
Reimbursements	7	66	30	1	24	(83)	76	6	43	(1)	9	(54)	124
Extraordinary Settlements	80	220	0	150	0	0	0	150	0	0	0	0	600
Other Transactions	8	1,003	3,570	21	5	74	40	1	98	22	5	52	4,899
Total Miscellaneous Receipts	37	1,254	3,753	342	166	128	191	447	262	127	62	144	6,913
Federal Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0
PIT in Excess of Revenue Bond Debt Service	1,033	1,099	2,178	4,324	487	1,890	666	519	2,027	1,374	2,225	244	18,066
ECEP in Excess of Revenue Bond Debt Service	0	0	0	0	0	0	0	0	0	0	1	1	2
Tax in Excess of LGAC	197	87	384	265	268	354	275	272	353	299	154	298	3,206
Sales Tax Bond Fund	87	75	176	155	159	302	165	163	244	189	127	289	2,131
Real Estate Taxes in Excess of CW/CA Debt Service	44	48	38	50	52	66	62	75	91	107	48	49	730
All Other	75	194	84	126	196	152	45	133	228	135	386	1,405	3,159
Total Transfers from Other Funds	1,436	1,503	2,860	4,920	1,162	2,764	1,213	1,162	2,943	2,104	2,941	2,286	27,294
TOTAL RECEIPTS	3,319	4,198	10,491	11,611	3,411	7,705	3,475	3,696	7,828	5,913	5,941	5,452	73,040
DISBURSEMENTS:													
School Aid	724	4,024	1,774	53	744	1,465	776	1,235	2,195	407	948	9,532	23,877
Higher Education	5	1	1,333	39	59	22	249	124	89	50	359	1,136	3,466
All Other Education	18	5	18	484	52	83	50	52	124	46	73	1,079	2,084
Medicaid - DOH	288	1,292	2,408	1,188	1,436	1,479	1,086	1,045	1,181	1,003	1,133	222	13,761
Public Health	6	9	100	222	26	40	18	94	19	22	29	132	717
Mental Hygiene	57	37	143	242	45	332	246	81	590	196	(485)	583	2,067
Children and Families	16	2	11	328	4	231	32	170	104	22	366	493	1,779
Temporary & Disability Assistance	63	156	57	249	53	202	52	49	82	133	58	258	1,412
Transportation	0	0	0	25	13	2	3	14	24	0	0	26	107
Unrestricted Aid	0	0	323	0	0	31	6	0	149	1	2	165	677
All Other	(38)	2	211	10	12	46	(122)	27	69	15	116	1,716	2,064
Total Local Assistance	1,139	5,528	6,378	2,840	2,444	3,933	2,396	2,891	4,626	1,895	2,599	15,342	52,011
Personal Service	894	691	565	739	663	836	598	614	(486)	595	629	1,034	7,372
Non-Personal Service	313	195	165	(507)	222	261	184	193	242	219	1,077	679	3,243
Total State Operations	1,207	886	730	232	885	1,097	782	807	(244)	814	1,706	1,713	10,615
General State Charges	460	331	2,512	335	272	476	387	342	263	(278)	347	637	6,084
Debt Service	32	(2)	4	83	(4)	(22)	76	(1)	(11)	185	(23)	(8)	309
Capital Projects	(800)	204	343	510	566	246	91	906	120	481	569	(253)	2,983
SUNY Operations	0	0	759	62	30	14	0	64	58	7	22	223	1,239
Other Purposes	143	23	211	30	78	42	253	16	67	28	51	564	1,506
Total Transfers to Other Funds	(625)	225	1,317	685	670	280	420	985	234	701	619	526	6,037
TOTAL DISBURSEMENTS	2,181	6,970	10,937	4,092	4,271	5,786	3,985	5,025	4,879	3,132	5,271	18,218	74,747
Excess/(Deficiency) of Receipts over Disbursements	1,138	(2,772)	(446)	7,519	(860)	1,919	(510)	(1,329)	2,949	2,781	670	(12,766)	(1,707)
CLOSING BALANCE	10,082	7,310	6,864	14,383	13,523	15,442	14,932	13,603	16,552	19,333	20,003	7,237	7,237

Source: NYS DOB.

(THIS PAGE INTENTIONALLY LEFT BLANK)

New York State
Annual Information Statement

June 3, 2020

Table of Contents

Introduction

This Annual Information Statement (AIS) is dated June 3, 2020, and contains information only through that date. This AIS constitutes the official disclosure regarding the financial position of the State of New York (the "State") and related matters and replaces the AIS dated June 12, 2019 and all updates and supplements issued in connection therewith. This AIS is scheduled to be updated on a quarterly basis and may be supplemented from time to time as developments warrant. This AIS, including the Exhibits attached hereto, should be read in its entirety, together with any updates and supplements that may be issued during the fiscal year.

In this AIS, readers will find:

1. Information on the State's current financial projections, including summaries and extracts from the State's fiscal year 2021 (FY 2021)[1] Enacted Budget Financial Plan (the "Financial Plan") issued by the Division of the Budget (DOB) in April 2020. The Financial Plan sets forth the State's official financial projections for FY 2021 through FY 2024 and reflects current assumptions concerning the financial impact of the COVID-19 pandemic. It includes, among other things, information on the major components of the FY 2021 General Fund gap-closing plan, future potential General Fund budget gaps, multi-year projections of receipts and disbursements in the State's operating funds, the impact on debt measures, and the anticipated debt issuances required to support the planned capital spending. While the disclosure contained in this AIS is derived from the Financial Plan, this AIS contains certain updates to information set forth in the Financial Plan which are not deemed by DOB to materially change the projections contained in the Financial Plan. DOB next expects to update the State's multi-year financial projections in July 2020 with the first quarterly update to the Financial Plan.

2. A discussion of issues and risks that may affect the State's financial projections during FY 2021 or in future fiscal years is provided under the heading "Financial Plan Overview — Other Matters Affecting the Financial Plan".

3. Information on other subjects relevant to the State's finances, including summaries of: (a) operating results for the three prior fiscal years (presented on a cash basis of accounting), (b) the State's revised economic forecast and a profile of the State economy, (c) the State's debt and other financing activities, (d) the organization of State government, and (e) activities of public authorities and localities.

4. Updated information regarding the State Retirement System.

5. The status of significant litigation that has the potential to adversely affect the State's finances.

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

[1] The State fiscal year is identified by the calendar year in which it ends. For example, FY 2021 is the fiscal year that began on April 1, 2020 and ends on March 31, 2021.

OSC, while information relating to matters described in the section entitled "Litigation" has been furnished by the State Office of the Attorney General. DOB has not undertaken any independent verification of the information contained in these sections of the AIS.

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

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

Note that all FY 2020 financial results contained within this AIS are unaudited and preliminary. The annual independent audit of the State's Basic Financial Statements for the fiscal year ending March 31, 2020 is expected to be completed by July 29, 2020. Both the Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting and the State's Basic Financial Statements are due by July 29, 2020. These reports will contain the final FY 2020 financial results. Copies may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236. The Basic Financial Statements for FY 2019 are available in electronic form at www.osc.state.ny.us and at www.emma.msrb.org.

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

Usage Notice

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

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

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

Budgetary and Accounting Practices

Significant Budgetary/Accounting Practices

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

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

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

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

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

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

---

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

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

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

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

State Operating Funds Spending Adjustments

State Operating Funds disbursements displayed in certain Financial Plan tables and descriptions have been adjusted for the following:

1. The calculation of annual State Operating Funds spending growth from FY 2019 to FY 2020 restates FY 2019 disbursements by adding $1.7 billion in Medicaid payments that were deferred at the close of that fiscal year.

2. The repayment of intra-year borrowings expected to be executed and repaid within the current fiscal year is excluded from the State Operating Funds spending in FY 2021.

The Financial Plan tables are not adjusted. The FY 2019 results reflect the cash-basis results as reported in the Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting, Fiscal Year Ended March 31, 2019.

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

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

Financial Plan Overview

The following table provides certain Financial Plan information for FY 2020 and FY 2021.

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

	FY 2020 Results	FY 2021 Enacted
State Operating Funds Disbursements[1,4]		
Size of Budget	$102,159	$94,901
Annual Growth	0.3%	-7.1%
Other Disbursement Measures		
General Fund (Including Transfers)[2]	$77,469	$73,169
Annual Growth	6.4%	-5.6%
Capital Budget (Federal and State)	$11,999	$14,734
Annual Growth	-2.2%	22.8%
Federal Operating Aid	$58,823	$63,383
Annual Growth	0.6%	7.8%
All Funds	$172,981	$177,518
Annual Growth	1.2%	2.6%
Capital Budget (Including "Off-Budget" Capital)[3]	$12,484	$15,093
Annual Growth	-2.3%	20.9%
All Funds (Including "Off-Budget" Capital)[3]	$173,466	$177,877
Annual Growth	1.2%	2.5%
Inflation (CPI)	1.9%	0.5%
All Funds Receipts		
Taxes	$82,889	$75,543
Annual Growth	9.7%	-8.9%
Miscellaneous Receipts	$29,466	$30,669
Annual Growth	-5.5%	4.1%
Federal Receipts (Operating and Capital)	$65,080	$72,833
Annual Growth	6.1%	11.9%
Total All Funds Receipts	$177,435	$179,045
Annual Growth	5.5%	0.9%
General Fund Cash Balance	$8,944	$6,717
Rainy Day Reserves	$2,476	$2,476
Extraordinary Monetary Settlements	$2,610	$2,185
Economic Uncertainties	$890	$970
All Other Reserves/Fund Balances	$2,968	$1,086
Debt		
Debt Service as % All Funds Receipts[4]	2.8%	3.3%
State-Related Debt Outstanding	$54,447	$59,450
Debt Outstanding as % Personal Income	3.9%	4.2%
State Workforce FTEs (Subject to Direct Executive Control)	118,193	118,850

1 The calculation of annual State Operating Funds spending growth from FY 2019 to FY 2020 is presented herein using restated FY 2019 results that include the $1.7 billion FY 2019 Medicaid payment deferral.

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

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

4 Excludes the repayment of a planned $4.5 billion liquidity financing during FY 2021.

Executive Summary

- New York is currently the epicenter of the novel coronavirus (COVID-19) pandemic in the United States, with more cases of infections and deaths to date than any other state. The spread of the virus has been slowing due to effective social distancing restrictions and closures.

- The pandemic has caused economic activity in the nation and the State to drop abruptly and dramatically. The consensus is that the global and United States economies are now in recession, the severity and duration of which is highly uncertain.

- The State's updated economic outlook for FY 2021 is similarly bleak. Most key measures of economic output are expected to drop sharply in comparison to FY 2020, and unemployment in the State is expected to average over 11 percent in FY 2021.

- The pandemic's impact on economic and other activities has rendered the FY 2021 Executive Budget Financial Plan ("Executive Budget Financial Plan") receipt and disbursement estimates obsolete. In comparison to the Executive Budget Financial Plan, as proposed in January 2020 and amended in February 2020, DOB has reduced the FY 2021 estimate for General Fund receipts by $13.3 billion. All Funds tax receipts alone are projected to be down by $12.4 billion -- a 14 percent reduction in a span of two months. Unlike the Federal government, the State does not routinely borrow for operating expenses.

- The dramatic decline in General Fund receipts is not a one-year problem. DOB expects the reduced receipts to carry through each subsequent year of the Financial Plan, creating a cumulative projected loss of $60.5 billion through FY 2024 compared to the FY 2021 Executive Budget (the "Executive Budget").

- To date, the Federal government has taken legislative, administrative, and Federal Reserve actions intended to stabilize financial markets; extend aid to large and small businesses, health care providers, and individuals; and reimburse State and local governments for the direct costs of pandemic response. The FY 2021 Enacted Budget (the "Enacted Budget") grants the Budget Director the authority to approve an allocation plan prior to any State agency or public authority expenditure of funds (from State appropriation authority) received by the Federal government in response to the COVID-19 pandemic.

  However, the Federal legislation provides only limited unrestricted aid to replace the expected severe loss in State tax receipts. The temporary Federal Medicaid Assistance Percentage (FMAP) increase is estimated to provide $1.45 billion in savings in FY 2021, however Medicaid enrollment growth as a result of the recession may erode the value the FMAP benefit.

- With no assurance of direct Federal aid – and in awareness that FY 2021 collections from taxes and other receipts are likely to fall materially below the level needed to fund authorized disbursements -- the Enacted Budget grants the Budget Director the authority to reduce aid-to-localities appropriations and disbursements by any amount needed to achieve a balanced budget, as estimated by DOB. In addition, the Budget Director is authorized to withhold and reduce specific local aid payments during FY 2021.

- The Enacted Budget is premised on the assumption that (a) the Financial Plan will be deemed out of balance when the April 2020 measurement period is complete, (b) the Budget Director's powers will be activated, and (c) across-the-board (ATB) and targeted reductions to local aid programs will be taken to close a substantial portion of the FY 2021 budget gap caused by the receipts shortfall.

- The Enacted Budget grants the Budget Director the authority to reduce aid-to-localities appropriations and disbursements by any amount needed to achieve a balanced budget, as estimated by DOB. In addition, the Budget Director is authorized to withhold and reduce specific local aid payments during FY 2021. The Financial Plan is deemed out of balance for FY 2021, and the Budget Director's powers are activated, if actual tax receipts are less than 99 percent of estimated tax receipts, or actual disbursements are more than 101 percent of estimated disbursements, as measured at three points during calendar year 2020 (April 1-30, May 1-June 30, and July 1-December 31).

- The first measurement period ended on April 30, 2020. On May 15, 2020, the State Comptroller published the Cash Basis Report to the Legislature on the State Funds Cash Basis of Accounting, prepared in accordance with subdivision 9-a (a) of section 8 of the State Finance Law. The Report showed State Operating Tax Collections of $3.6 billion for the month of April 2020. The Executive Budget Financial Plan, as Updated for Governor's Amendments and Forecast Revisions, estimated State Operating Funds Tax Collections of $11.7 billion for the month of April 2020. Actual tax receipts were 30.5 percent of estimated tax receipts. As a result, the budget has been deemed to be out of balance and the Budget Director's powers, as outlined above, have been activated.

- The Financial Plan reflects $8.2 billion in recurring reductions in aid-to-localities disbursements that are expected to be executed pursuant to the budget-balance and withholding authority granted in the Enacted Budget. DOB is preparing a detailed plan itemizing the specific appropriations and disbursements that will be reduced or withheld, and expects to transmit the plan to both houses of the Legislature in the first quarter of FY 2021. The Financial Plan reflects $300 million in anticipated savings from these reductions by June 30, 2020.

- The magnitude of reductions in the aid-to-localities savings plan will depend on the programs that are included or excluded from reductions, the level of targeted reductions in certain areas that are achievable, and the availability of unrestricted Federal aid.

- Spending for State agency operations will also be significantly reduced, with hiring, salary increases, and purchasing all put on hold.

- State spending, excluding the impact of special liquidity financing, is expected to decline by $7.3 billion in FY 2021, a decrease of 7.1 percent from FY 2020 results. This is the largest annual percent decline in spending since the Great Depression.[3]

- The wide-ranging economic, health, and social disruptions caused by the COVID-19 pandemic are having an adverse impact on State authorities and localities, including the Metropolitan Transportation Authority (MTA) and the City of New York. The aid-to-localities reductions that will need to be taken in the Financial Plan may materially and adversely affect the financial position of the MTA, the City of New York, and other localities.

COVID-19 Pandemic

The Public Health Crisis

The outbreak of COVID-19, a respiratory disease in humans caused by a new strain of coronavirus, was first detected in China in 2019. Since that time, it has spread globally, including to the United States. The World Health Organization classified the outbreak as a pandemic on March 11, 2020, and the President of the United States declared a national state of emergency on March 13, 2020.

New York is currently the epicenter of the outbreak in the United States. From March 1, 2020, when the first case of the new virus was confirmed in the State, through April 18, 2020, the State recorded 236,732 confirmed cases of COVID-19. Confirmed cases in New York on April 18, 2020 accounted for 32 percent of all cases in the United States. President Trump approved a major disaster declaration for the State on March 20, making Federal aid available through the Federal Emergency Management Agency (FEMA) to supplement State, tribal, and local recovery efforts for the period beginning January 20, 2020.

Since the outbreak began, the State has adopted a series of increasingly restrictive measures intended to slow the spread of the virus and expand health care system capacity. On March 3, 2020, the State approved a $40 million special emergency appropriation for pandemic response services and expenses. On March 7, 2020, the Governor issued an executive order declaring a disaster emergency in the State. On March 20, 2020, Governor Cuomo signed the “New York State on PAUSE" executive order that included a new directive requiring all non-essential businesses statewide to close in-office personnel functions, effective March 22, 2020, and banning all non-essential gatherings of individuals of any size for any reason. On April 16, 2020, the restrictions, closures, and other directives in the executive order were extended through May 15, 2020. It is expected that the Governor will continue to modify the executive order as events warrant.

[3] Excluding the annual change in disbursements from FY 1942 to FY 1943 that resulted from a nine-month fiscal year in 1943.

During May 2020, the rate of new infections, hospitalizations, and deaths has trended downward. Before lifting restrictive measures and closures, each region of the State must meet a series of criteria, including declining COVID-19 hospitalizations, declining COVID-19 deaths, adequate hospital and intensive-care bed capacity, and implementation of testing and contact tracing. In the absence of consistent guidance from Federal officials and agencies, the State has worked with other states in the region to implement a unified plan for lifting certain restrictions and closures.

Severe Economic Disruption

The pandemic has caused economic activity in the nation and the State to drop abruptly and dramatically. There is consensus that the global and United States economies are now in recession, the severity and duration of which is highly uncertain. Initial unemployment claims surged in the second half of March 2020 through the first three weeks of April, bringing the five-week total to approximately 26.5 million. This number of initial claims is record breaking for a five-week period and surpasses the nonfarm job gains from October 2010 through February 2020. According to the U.S. Bureau of Economic Analysis (BEA), U.S. real Gross Domestic Product (GDP) is estimated to have declined by 5.0 percent in the first quarter of 2020, and DOB estimates GDP will fall by 24.5 percent in the second quarter. For comparison, the prior DOB forecast (February 2020) estimated quarterly growth of 1.5 percent and 2.5 percent, respectively. On an annual basis, U.S. real GDP growth for 2020 is expected to contract by 5.7 percent.

The State's updated economic outlook for FY 2021 is bleak. Most key measures of economic output are expected to drop sharply in comparison to FY 2020. DOB forecasts that nonfarm employment will fall by 7 percent; total wages will fall by 7.2 percent, and personal income and wages (excluding bonuses) will fall by 2.2 percent. Financial and insurance sector bonuses, an important source of personal income tax collections, are expected to drop by 50 percent. The State's unemployment rate is expected to average 11.4 percent, a level higher than any recorded since the current methodology for calculating the rate was introduced.

At the request of DOB, the Boston Consulting Group (BCG) compiled an in-depth economic impact analysis of COVID-19 on the State economy. The findings in the BCG analysis are consistent with DOB's overall U.S. and State economic outlook and the implied revenue losses in comparison to the Executive Budget Financial Plan. The BCG analysis indicates a downturn that is deeper -- and a recovery that will take longer -- than the “Great Recession” and the recession that followed the terrorist attacks of September 11, 2001.[4]

[4] BCG's analysis included the latest data related to weekly unemployment insurance claims that were not available at the time that DOB's economic and revenue forecasts were completed.

Impact on State Budget Estimates

The Governor proposed the FY 2021 Executive Budget on January 21, 2020, and amendments to it on February 14, 2020. In the Executive Budget Financial Plan[5] dated February 24, 2020, DOB estimated that, if the budget was adopted without modification, the General Fund would be balanced in FY 2021. The outyear budget gaps were projected at $1.9 billion in FY 2022, $3.3 billion in FY 2023, and $3.3 billion in FY 2024. The Executive Budget Financial Plan reflected a proposed $105.8 billion in State Operating Funds spending for FY 2021, an annual increase of $1.9 billion, or 1.9 percent.

The pandemic's impact on economic activity has rendered the Executive Budget Financial Plan estimates obsolete. In the Enacted Budget Financial Plan, DOB has reduced the FY 2021 estimate for General Fund receipts[6] by $13.3 billion in comparison to the Executive Budget Financial Plan. Steep reductions have been made to the estimates for General Fund tax receipts ($12.2 billion), lottery and gaming revenues that support School Aid ($858 million), and dedicated tax receipts to the DHBTF, for which the General Fund is the payor of last resort ($168 million). For context, All Funds tax receipts are expected to decline by 8.9 percent from FY 2020 – and 14.1 percent from the Executive Budget Financial Plan forecast -- and remain at that reduced level in FY 2022. Tax receipts are not expected to return to FY 2020 levels until FY 2024.

The dramatic decline in General Fund receipts is forecast to carry through each subsequent year of the Enacted Budget Financial Plan, for a total loss of $60.5 billion through FY 2024 compared to the Executive Budget Financial Plan. The total budget gap for the four-year Financial Plan period (FY 2021 through FY 2024), prior to the savings measures described below, is now projected to be $69 billion, or more than 8 times higher than the total gap of $8.5 billion projected in the Executive Budget Financial Plan.

[5] Executive Budget Financial Plan as Updated for Governor's Amendments and Forecast Revisions.
[6] Includes receipts in other funds where the General Fund is the payor of last resort.

The following table summarizes the revisions to General Fund receipts as a result of the pandemic.

GENERAL FUND BUDGETARY BASIS SURPLUS/(GAP) PROJECTIONS (millions of dollars)	FY 2021 Enacted	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	Total
EXECUTIVE BUDGET SURPLUS/(GAP)	**0**	**(1,939)**	**(3,313)**	**(3,266)**	**(8,518)**
Receipts (includes Lottery Aid)	(13,089)	(15,858)	(15,756)	(15,547)	(60,250)
Dedicated Tax Receipts (DHBTF)	(168)	(41)	(39)	(42)	(290)
UPDATED BUDGET SURPLUS/(GAP) BEFORE ACTIONS	**(13,257)**	**(17,838)**	**(19,108)**	**(18,855)**	**(69,058)**

Actual receipts losses may be materially higher than this estimate, depending on the severity and duration of the pandemic and the impact on economic activity within the State and nationally.

Federal Assistance to Date

To date, the Federal government has taken legislative, administrative, and Federal Reserve actions intended to stabilize financial markets; extend aid to large and small businesses, health care providers, and individuals; and reimburse governments for the direct costs of pandemic response. From the perspective of the State Financial Plan, the most significant actions to date include the President's approval designating New York as a major disaster area, making it eligible for FEMA grants and aid; establishment of the Coronavirus Relief Fund under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which will provide the State with funding for COVID-related expenses; a temporary increase in FMAP, which is the matching rate that the Federal government pays on eligible Medicaid expenditures; and the creation of a Municipal Liquidity Facility (MLF) that authorizes the Federal Reserve to purchase revenue and bond anticipation notes of states and certain local governments. Each of these actions are described in more detail later in this AIS.

The Federal legislation to date, however, provides only limited unrestricted aid to replace the expected severe loss in State tax receipts. The temporary FMAP increase is estimated to provide $1.45 billion in savings in FY 2021. Medicaid enrollment growth as a result of the recession is likely to further erode the value of the FMAP benefit. As of the date of this AIS, certain congressional leaders have expressed support for legislation to provide such aid to the states and local governments, but no consensus has been reached. Therefore, the State cannot count on additional Federal aid and must move ahead with plans to impose deep, widespread reductions to local aid programs and agency operations to provide for a balanced budget in FY 2021. If unrestricted aid becomes available, or tax receipts rebound unexpectedly, the planned reductions may become less severe.

FY 2021 Enacted Budget Financial Plan

Budget Adoption

The Enacted Budget was adopted on April 2, 2020, at a point in time of rapidly deteriorating economic and public health conditions, and with no clarity on whether additional Federal aid would be enacted to cushion expected revenue losses. In negotiations, the Governor and Legislative leaders agreed that timely budget adoption was essential for pandemic response efforts and continuity of operations, but that rewriting the Executive Budget assumptions to address the evolving situation was neither feasible nor advisable given the uncertainties and the possibility of significant unrestricted Federal aid. The Enacted Budget therefore generally authorizes spending limits near the level proposed in the FY 2021 Executive Budget.

Reductions Authorized if Certain Conditions are Met

Given the likelihood that FY 2021 collections from taxes and other receipts are likely to fall materially below the level needed to fund authorized disbursements, the Enacted Budget grants the Budget Director the authority to reduce aid-to-localities appropriations and disbursements by any amount needed to achieve a balanced budget, as estimated by DOB. In addition, the Budget Director is authorized to withhold and reduce specific local aid payments during the fiscal year. The budget would be deemed out of balance for the fiscal year, and the Budget Director's powers would be activated, if actual tax receipts are less than 99 percent of estimated tax receipts, or actual disbursements are more than 101 percent of estimated disbursements, as measured at three points during 2020 (April 1-30, May 1-June 30, and July 1-December 31).

The Financial Plan is premised on the assumption that (a) the budget will be deemed out of balance when the April measurement period is complete, (b) the Budget Director's powers will be activated, and (c) ATB and targeted reductions to local aid programs will be taken to close a substantial portion of the FY 2021 budget gap caused by the receipts shortfall.

DOB is exploring other options to alleviate the depth of reductions that will be needed. To the maximum extent possible, however, the actions taken in FY 2021 must provide recurring savings or the State will need to close even larger budget gaps in FY 2022 and in the years that follow.

The Enacted Budget Gap-Closing Plan

The following table summarizes the Enacted Budget gap-closing plan. It is followed by a brief summary of the major items shown in the table. More information on these items can be found later in the AIS.

FY 2021 ENACTED BUDGET
GENERAL FUND BUDGETARY BASIS SURPLUS/(GAP) PROJECTIONS
(millions of dollars)

	FY 2021 Enacted	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
UPDATED BUDGET SURPLUS/(GAP) BEFORE ACTIONS	**(13,257)**	**(17,838)**	**(19,108)**	**(18,855)**
Changes to Executive Proposals Adopted in Enacted Budget:	**782**	**911**	**737**	**618**
School Aid - Offset by Federal Funds	1,169	1,791	1,986	2,278
Medicaid	(100)	(778)	(1,160)	(1,543)
Legislative Adds	(180)	(10)	(10)	(10)
Legislative Rejection of Executive Proposals	(107)	(92)	(79)	(107)
Budget Control Actions:	**10,120**	**8,904**	**9,100**	**9,407**
Budget Balance Reductions (Aid to Localities)	8,180	8,010	8,010	8,010
School Aid	*tbd*	*tbd*	*tbd*	*tbd*
Medicaid/Health	*tbd*	*tbd*	*tbd*	*tbd*
Higher Education	*tbd*	*tbd*	*tbd*	*tbd*
Social Services	*tbd*	*tbd*	*tbd*	*tbd*
Mental Hygiene	*tbd*	*tbd*	*tbd*	*tbd*
Transportation	*tbd*	*tbd*	*tbd*	*tbd*
Other	*tbd*	*tbd*	*tbd*	*tbd*
Agency Operations Budget Balance Reductions	1,647	716	967	1,300
Debt Service/Other Revisions	293	178	123	97
Resource Changes:	**2,355**	**550**	**0**	**0**
Federal Medicaid Share Increase (eFMAP)	1,452	0	0	0
Prior Year Balances	553	550	0	0
Other Resources	350	0	0	0
ENACTED BUDGET SURPLUS/(GAP)	**0**	**(7,473)**	**(9,271)**	**(8,830)**

The gap-closing plan for FY 2021 must cover an estimated General Fund receipts shortfall of $13.3 billion. The plan consists of specific savings in the Enacted Budget, budget control actions taken by the Budget Director to reduce authorized spending, and surplus resources. The components of the plan are described below.

1. Changes to the Executive Budget Adopted in the Enacted Budget

The specific alterations to the Executive Budget proposal provide estimated net savings of $782 million in FY 2021. The most important changes include the following:

- **School Aid:** The Executive Budget proposed a School Aid increase of $826 million for School Year (SY) 2021. In negotiations, the Governor and Legislature agreed to eliminate the proposed increase, which results in General Fund savings of $486 million in FY 2021 and $743 million in FY 2022. In addition, Federal funding for schools in the CARES Act will allow the State to realize savings of $795 million in FY 2021 and $341 million in FY 2022 in comparison to the Executive Budget Financial Plan. The net fiscal-year impact also reflects updated information on expense-based aids and other minor adjustments. Lastly, the General Fund cost for School Aid has increased due to the estimated shortfall in lottery and gaming receipts. The impact of this cost is reflected in the receipts shortfall described above.

- **Medicaid:** The Executive Budget Financial Plan included a $2.5 billion savings target for the Medicaid Redesign Team (MRT). The Enacted Budget approved $2.2 billion of the proposals identified by the MRT. In addition, FY 2020 spending for Medicaid was roughly $650 million lower than anticipated in the Executive Budget Financial Plan. This savings was carried into FY 2021 by reducing the planned payment deferral in FY 2020 from $1.7 billion to $1 billion, then increasing it again to $1.7 billion in FY 2021. This change, along with re-estimates to planned disbursements, results in a net General Fund cost of $100 million in FY 2021 in comparison to the Executive Budget Financial Plan (which included a total of $3.3 billion in Medicaid savings: $2.5 billion from the MRT and $850 million from the recurring value of FY 2020 savings actions).

- **Legislative Additions:** The Executive Budget Financial Plan did not continue funding for many aid-to-localities programs at the levels authorized in the FY 2020 Enacted Budget. In negotiations on the FY 2021 Enacted Budget, the Governor and Legislature agreed to add funding for certain programs.

- **Legislative Rejection of Executive Proposals:** The Legislature did not accept certain initiatives and savings measures proposed in the Executive Budget, the most significant of which were rejection of an increase to the fee for Certificate of Need applications that are assessed on health-care facilities construction projects, elimination of video lottery terminal (VLT) aid for cities other than Yonkers, and elimination of certain restrictions on quick draw lottery games.

2. Budget Control Actions

Budget control actions, expected to be authorized when the budget is deemed out of balance, constitute $10.1 billion – or 75 percent -- of the FY 2021 gap-closing plan. The actions consist of reductions to aid-to-localities programs ($8.2 billion), State agency operations ($1.6 billion), and a range of other savings, primarily from expected reductions to debt service costs ($293 million).

- **Aid to Localities:** The Financial Plan reflects $8.2 billion in recurring reductions in aid-to-localities disbursements that are expected to be executed pursuant to the budget-balance and withholding authority granted in the Enacted Budget. It is expected that the legislative additions ($180 million), like other local assistance programs, will not be fully funded in FY 2021. DOB is preparing a detailed plan itemizing the specific appropriations and disbursements that will be reduced or withheld. It expects to transmit the plan to both houses of the Legislature in the first quarter of FY 2021. The Comptroller's cash-basis report on April 2020 results was released on May 15, 2020, and demonstrated that total tax receipts met the criteria for instituting budget control actions. Once DOB has submitted its plan, the Assembly and Senate will then have ten days to adopt, by concurrent resolution, their own plan to close the gap. If no legislative plan is adopted, or if the plan is not adequate to provide for a balanced budget, as determined by DOB, the plan prepared by DOB will take effect immediately. The Financial Plan reflects $300 million in anticipated savings from these reductions by June 30, 2020.

  The magnitude of reductions in the aid-to-localities savings plan will depend on the programs that are included or excluded from reductions, the level of targeted reductions in certain areas that are achievable, and the availability of unrestricted Federal aid. For example, if large items of expenditure, such as School Aid and Medicaid, are excluded from reduction in the savings plan, the average reduction that would need to be made to the remaining local aid programs is estimated in the range of 40 percent to 50 percent. If, on the other hand, School Aid and Medicaid are subject to reductions, the average reduction that would need to be made is estimated in the range of 20 percent to 30 percent. It is a zero-sum calculation – smaller reductions in one area will result in correspondingly larger reductions elsewhere.

  The scope and depth of the reductions to local aid programs needed to balance the FY 2021 Enacted Budget have no precedent in modern times. In the absence of Federal aid, nearly every activity funded by state government in the aid to localities budget -- from special education to children's health insurance to residential services for vulnerable populations to substance abuse programs to school property tax relief to direct aid to localities to operating aid to mass transit to higher education – will face steep cuts. Any of these reductions can be mitigated during the fiscal year if additional Federal aid is made available or revenues perform better than forecast.

- **Agency Operations:** Executive agency budgets, with limited exceptions for facility operations and public health and safety, will be reduced by 10 percent from budgeted levels. The Financial Plan assumes that the Judiciary and elected officials will initiate comparable reductions in their budgets for FY 2021. The Federal CARES Act allows employers to defer payment of non-Medicare payroll taxes through December 2020. The Financial Plan takes advantage of this interest-free deferral. Accordingly, the State will make no social security payments from April through December 2020, for a savings of $667 million in FY 2021 -- an estimated $559 million for the Executive and $68 million for the Judiciary, then repay the deferred amounts in equal installments in December 2021 and December 2022, as permitted in the CARES Act. Lastly, the State is withholding, for a minimum of 90 days, the general salary increases that were scheduled to go into effect on April 1, 2020. The Financial Plan reflects only the cash-flow impact of the withholding. If a decision is made to withhold the full amount for the fiscal year, it would provide savings of $260 million in FY 2021 and offset the need for reductions elsewhere in the budget.

  DOB is imposing a comprehensive set of controls on agency operations that are intended to reduce costs and provide for essential operations. The controls include a strict freeze on hiring and transfers, regardless of funding source, unless expressly approved by DOB. All existing waivers and exemptions to hiring controls, except for those related to pandemic response have been revoked. In addition, new contracts or purchase orders for non-personal service expenditures may be initiated only where such expenditures are needed to protect the health, safety and security of employees and citizens, and to ensure the continuation of high priority operations and services. Lastly, all current and planned capital projects will be reviewed and prioritized by DOB and the Governor's office. In the interim, agencies and authorities are barred from entering into new contracts for capital projects except where not initiating a project would pose an imminent threat to public health and safety.

- **Other Savings:** DOB has identified debt portfolio management opportunities and other savings realized in FY 2020 that are expected to recur.

3. Resource Changes

The Enacted Budget includes additional resources from the temporary increase in FMAP, as well as the use of FY 2020 surplus and other balances expected to be available in FY 2021.

DOB estimates that, if all the actions and savings are executed as proposed, it would result in balanced General Fund operations in FY 2021 and projected budget gaps for FY 2022 through FY 2024 would be reduced substantially.

General Fund Balances

The State's liquidity position is dependent on the performance of tax receipts, the management of cash disbursements, the receipt of proceeds from notes and lines of credit, and the execution of reductions in aid-to-localities programs and State agency operations. All of these actions are subject to risks and uncertainties. Accordingly, no reserves are used to help close the FY 2021 budget gap, but instead are held to preserve liquidity and respond to further deterioration in tax receipts.

The Financial Plan estimates that the General Fund will end FY 2021 with a cash balance of $6.7 billion, a decrease of $2.2 billion compared to FY 2020. The change in the balance reflects the use of available cash at the end of FY 2020 to reduce the budget gap in FY 2021 and the timing of payments not made at the close of FY 2020 that are expected to be made in FY 2021. The estimated closing balance is dependent on many factors, including the implementation of the reductions in local aid and State agency operations, the performance of tax receipts, and other assumptions described in the Financial Plan.

State Spending

State Operating Funds spending, excluding the impact of liquidity financing, is expected to total $94.9 billion, a decrease of $7.3 billion (7.1 percent) compared to FY 2020 results. The Federal government extended the deadline for filing PIT returns from April 15 to July 15, 2020, as described below. The Financial Plan assumes that $4.5 billion in PIT notes and credit facilities will be issued in the first quarter of FY 2021 to mitigate the cash-flow impact of the filing extension, with the notes and facilities paid off by March 31, 2021. The repayment adds $4.5 billion to estimated State Operating Funds disbursements, bringing total spending to $99.4 billion in FY 2021, a decrease of $2.8 billion (2.7 percent) compared to FY 2020 results.

At the close of FY 2020, several budgeted payments were not made due to disruptions and uncertainties relating the COVID-19 outbreak. These payments, which mainly affect higher education and social services, had no impact on services or benefits and are expected to be made in the first quarter of FY 2021, which distorts the annual growth in these areas.

The following table summarizes the annual change in spending.

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

	FY 2020 Results	FY 2021 Enacted	Annual Change $	Annual Change %
LOCAL ASSISTANCE	**68,652**	**61,660**	**(6,992)**	**-10.2%**
School Aid (School Year Basis)[1]	27,812	26,780	(1,032)	-3.7%
DOH Medicaid[2]	22,077	23,274	1,197	5.4%
Temporary eFMAP Increase	0	(1,452)	(1,452)	0.0%
Transportation	3,488	3,935	447	12.8%
STAR[3]	2,184	2,073	(111)	-5.1%
Social Services	2,355	3,250	895	38.0%
Higher Education	2,362	3,518	1,156	48.9%
Mental Hygiene[4]	3,427	2,223	(1,204)	-35.1%
All Other[5]	4,947	6,059	1,112	22.5%
Budget Balance Reduction	0	(8,000)	(8,000)	0.0%
STATE OPERATIONS/GENERAL STATE CHARGES	**28,591**	**27,403**	**(1,188)**	**-4.2%**
State Operations	**20,168**	**19,107**	**(1,061)**	**-5.3%**
Personal Service:	14,090	14,641	551	3.9%
Executive Agencies	7,814	7,860	46	0.6%
27th Administrative Payroll	0	107	107	0.0%
University Systems	4,128	4,406	278	6.7%
Elected Officials	2,148	2,268	120	5.6%
Non-Personal Service:	6,078	5,446	(632)	-10.4%
Executive Agencies	3,226	2,788	(438)	-13.6%
University Systems	2,298	2,087	(211)	-9.2%
Elected Officials	554	571	17	3.1%
Budget Balance Reduction - Executive Agencies	0	(700)	(700)	0.0%
Budget Balance Reduction - Elected Officials	0	(280)	(280)	0.0%
General State Charges	**8,423**	**8,296**	**(127)**	**-1.5%**
Pension Contribution	2,456	2,592	136	5.5%
Health Insurance	4,303	4,513	210	4.9%
Other Fringe Benefits/Fixed Costs	1,664	1,191	(473)	-28.4%
DEBT SERVICE	**4,916**	**5,838**	**922**	**18.8%**
TOTAL STATE OPERATING FUNDS (Excluding Liquidity Financing)	**102,159**	**94,901**	**(7,258)**	**-7.1%**
Liquidity Financing	**0**	**4,500**	**4,500**	**0.0%**
TOTAL STATE OPERATING FUNDS (Including Liquidity Financing)	**102,159**	**99,401**	**(2,758)**	**-2.7%**
Capital Projects (State and Federal Funds)	**11,999**	**14,734**	**2,735**	**22.8%**
Federal Operating Aid	**58,823**	**63,383**	**4,560**	**7.8%**
TOTAL ALL GOVERNMENTAL FUNDS	**172,981**	**177,518**	**4,537**	**2.6%**

[1] FY 2021 does not reflect $1.1 billion in Federal CARES Act funding.

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

[3] The conversion of benefit payments to a State PIT credit decreases reported disbursements for STAR and decreases reported PIT receipts by an identical amount. The shift from the basic exemption to the credit program does not reduce the value of the benefit received by homeowners.

[4] Total Mental Hygiene spending is $4.3 billion in FY 2021, an increase of 7 percent from FY 2020, a portion of which is funded by the DOH Medicaid budget.

[5] "All Other" includes spending for various other functions, as well as reclassifications between financial plan categories, a reconciliation between school year and State fiscal year spending for School Aid, and MSA payments deposited directly to a Medicaid Escrow Fund ($321 million in FY 2020 and $362 million in FY 2021), which reduces reported disbursements.

Other Financial Plan Developments

Liquidity

The State must address a temporary cash flow shortfall caused, in substantial part, by the Federal government's decision to extend the personal income tax filing deadline from April 15 to July 15, 2020, in response to the COVID-19 pandemic. With nearly 95 percent of all income tax returns received electronically, both Federal and State returns are filed simultaneously. As a result, it was necessary for the State to change the due date for State tax returns to correspond with the new Federal filing date. The extension is expected to delay the receipt of approximately $9 billion of State personal income tax collections from April to July, creating liquidity pressure for the State. In addition, through the first quarter of FY 2021, the recession's impact on tax receipts is expected to reduce collections by an additional $3.1 billion compared to the Executive Budget Financial Plan forecast.

The Enacted Budget contains several measures to enable the State to address liquidity needs during FY 2021. First, it authorizes up to $8 billion of short-term borrowing in the form of personal income tax revenue or bond anticipation notes. The statutory authorization requires any such notes to be issued on a subordinated basis by December 31, 2020, with an initial maturity no later than March 31, 2021. The notes can be renewed once for up to a year, and may also be refinanced on a long-term basis. The Financial Plan currently includes planned PIT note sales of $3.0 billion in FY 2021 that will be issued on a subordinated basis to other long-term PIT bonds. The cash flow projections include monthly set-asides for the repayment of notes, starting in July 2020. DOB will evaluate cash results regularly and adjust the size and timing of note sales based on liquidity needs, market considerations, and other factors.

Second, the Enacted Budget authorizes up to $3 billion of line of credit facilities with one or more banks. The statute allows draws on these line of credit facilities through March 31, 2021, subject to annual available appropriation. Any outstanding balance on March 31, 2021, may be extended, renewed or refinanced for up to two one-year terms and may also be refinanced on a long-term basis. The Financial Plan includes an estimated $1.5 billion in proceeds from a line of credit in June 2020. The cash flow projections include the full repayment of the line of credit in March 2021. As with the PIT note sales, DOB will adjust size and use of the line of credit based on updated information.

The Financial Plan assumes that the interest expense on both the PIT notes and the line of credit facilities is an eligible expense for Federal aid from the Coronavirus Relief Fund, since the financings are due solely to the Federal decision to extend tax filing deadlines in response to the pandemic.

Lastly, the Enacted Budget provides for a one-year suspension of the Debt Reform Act provisions covering all issuances in FY 2021, including the notes and line of credit, any renewals or long-term refinancing of the notes and line of credit, and all other debt issuances. Accordingly, FY 2021 issuances are not limited to capital purposes and are not counted toward limits on debt outstanding and debt service. In doing so, the Enacted Budget provides the State with certainty that it will continue to have access to capital markets during the pandemic and period of economic recovery, regardless of the degree of any decline in personal income taxes and All Funds receipts.

Pandemic Response Costs

The Financial Plan assumes that the Federal government will fully fund the State's direct cost for pandemic response. Aid is expected through FEMA disaster assistance grants and aid, and the Coronavirus Relief Fund. Accordingly, the Financial Plan reflects no net costs from COVID-related expenses. However, there can be no assurance that Federal funding will be received at the level and on the timetable assumed in the Financial Plan.

Through May 15, 2020, the State had disbursed approximately $730 million to construct hospital facilities, secure critical equipment, and fund other pandemic response activities. A substantial portion of these disbursements, roughly $500 million, occurred in FY 2020 and affected results for that fiscal year.

As of April 24, 2020, the United States Treasury had deposited the State's share of the Coronavirus Relief Fund, $5.1 billion, into the State Treasury. The State intends to charge eligible costs to the Coronavirus Relief Fund during the fiscal year. The funds deposited in the State Treasury will provide budgetary liquidity to the State until they are used to fund or reimburse COVID-eligible expenditures.

Credit Ratings and Bond Market

The major rating agencies, Fitch, Kroll, Moody's, and Standard & Poor's, assign the State general credit ratings of AA+, AA+, Aa1, and AA+, respectively. On April 1, 2020, Moody's changed the State's credit outlook from "stable" to "negative," noting that New York is the epicenter of the COVID-19 outbreak and stating that, in its view, the crisis was "eating into the state's reserves and straining its ability to structurally balance its budget." On April 10, 2020, Fitch changed the State's credit outlook from "stable" to "negative," citing "the considerable economic and fiscal uncertainty faced by the state as it confronts the coronavirus pandemic."

On April 16, 2020, Standard & Poor's confirmed the State's stable outlook, noting the State's "strong track record of fiscal resilience during periods of crisis" but observing that "pressures on the state's finances will mount as a result of the COVID-19-induced recession and prudent actions taken to mitigate related health and safety risks."

The State, through its public authorities and general obligation issuances, is one of the largest issuers of municipal bonds in the United States. The State relies on regular bond sales to fund its capital program. In addition, in FY 2021, it is planning on note sales to meet temporary liquidity needs caused by the pandemic.

Since the outbreak of COVID-19 in the United States, the municipal bond market has experienced significant disruption. From March 4th through April 8th, 2020, net outflows from municipal bond mutual funds and exchange-traded funds totaled over $48 billion. Issuances in March 2020 dropped to $17.2 billion, compared to the five-year March average of $31.1 billion. 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 FY 2021 Enacted Budget Capital Program and Financing Plan (Capital Plan).

In April 2020, the Federal Reserve initiated programs to purchase short-term debt from municipal issuers, as a measure to bolster liquidity and repair the municipal market. Most notably, the Federal Reserve announced that it will purchase short-term municipal notes using funding from the CARES Act, which included $500 billion for loans to eligible businesses and states and local governments. DOB will continue to evaluate Federal Reserve purchase facilities as more information becomes available to determine whether all or a portion of expected PIT note sales could be executed through the new lending facility.

State Authorities and Localities

The wide-ranging economic, health, and social disruptions caused by the COVID-19 outbreak are having an adverse impact on State authorities and localities. The Metropolitan Transportation Authority and the Thruway Authority have disclosed that observed declines in mass transit, commuter rail, and vehicular traffic are having a significant adverse and material impact on their financial condition and operating results. The City of New York has made material reductions to estimated tax receipts for City Fiscal Year (CFY) 2020 and CFY 2021, and other localities have identified similar concerns. The State aid reductions expected to be taken in the Financial Plan may materially and adversely affect the financial position of the MTA, the City of New York, and other localities.

General Fund Cash-Basis Financial Plan

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

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

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

The disbursement estimates by Financial Plan category reflect the impact of the budget balance reductions that DOB expects to execute during FY 2021 as a distinct line below each Financial Plan category. The precise reductions in the aid-to-localities programs will be contained in the reduction plan that DOB expects to submit to the Legislature in May 2020. The cash disbursement estimates to local aid programs and State agency operations are expected to be allocated by agency in the First Quarterly Update to the Financial Plan.

FY 2021 Financial Plan

The General Fund is estimated to be balanced on a cash-basis in FY 2021. The estimate is dependent on many factors, including the accuracy of the tax receipts forecast, which is subject to many uncertainties as a result of the COVID-19 pandemic and recession; the successful implementation of steep and wide-ranging reductions to aid-to-localities disbursements and controls on State agency operating expenses; the reimbursement of first-instance capital expenditures with bond proceeds; and the receipt of Federal funding, through FEMA, the Coronavirus Relief Fund, and other aid, of the full cost of the State's pandemic response efforts in FY 2021.

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

GENERAL FUND FINANCIAL PLAN
(millions of dollars)

	FY 2020 Results	FY 2021 Enacted	Annual Change Dollar	Annual Change Percent
Opening Fund Balance	7,206	8,944	1,738	24.1%
Total Receipts	79,207	70,942	(8,265)	-10.4%
Taxes[1]	73,133	61,990	(11,143)	-15.2%
Miscellaneous Receipts	3,159	6,373	3,214	101.7%
Non-Tax Transfers from Other Funds	2,915	2,579	(336)	-11.5%
Total Disbursements	77,469	73,169	(4,300)	-5.6%
Local Assistance	51,863	46,400	(5,463)	-10.5%
State Operations	19,508	18,904	(604)	-3.1%
Transfers to Other Funds	6,098	7,865	1,767	29.0%
Net Change in Operations	1,738	(2,227)	(3,965)	-228.1%
Closing Fund Balance	8,944	6,717	(2,227)	-24.9%
Rainy Day Reserves	2,476	2,476	0	
Economic Uncertainties	890	970	80	
Reserve for Timing of Payments	1,313	0	(1,313)	
All Other Reserves/Balances	1,655	1,086	(569)	
Extraordinary Monetary Settlements	2,610	2,185	(425)	

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

General Fund tax receipts, miscellaneous receipts, and transfers to other funds in the table above are each affected by the planned use of liquidity financing (PIT notes and lines of credit) to manage the liquidity impact of the extension of income tax filing deadlines. The Financial Plan includes the planned issuance of $3 billion in PIT notes and use of $1.5 billion in expected line of credit draws. The amounts are currently budgeted to be repaid within FY 2021. In FY 2021, General Fund miscellaneous receipts reflect the deposit of $4.5 billion in notes and line of credit proceeds. PIT receipts are expected to be applied in the amount of $3 billion for note repayments and transfers to other funds are expected to be increased by $1.5 billion for line of credit repayment. The Financial Plan assumes that interest expense on the PIT notes and line of credit facilities will be reimbursed from Federal aid as an eligible COVID-19 expense, as the need for liquidity financings was a direct result of the extension of tax filing deadlines as a result of the pandemic.

General Fund receipts and disbursements, as well as fund balances, are affected by the receipt and use of Extraordinary Monetary Settlements. The table below summarizes the General Fund sources and uses of Extraordinary Monetary Settlements and how they impact General Fund miscellaneous receipts and capital projects transfers.[7]

GENERAL FUND FINANCIAL PLAN
EXTRAORDINARY MONETARY SETTLEMENTS
(millions of dollars)

	FY 2020 Results	FY 2021 Enacted	Annual Change: Dollar	Annual Change: Percent
Opening Balance	4,194	2,610	(1,584)	-37.8%
Total Receipts	889	80	(809)	-91.0%
Settlements Received	895	80	(815)	-91.1%
Funds Retained by Dept. of Law	(6)	0	6	-100.0%
Total Uses	2,473	505	(1,968)	-79.6%
Capital Purposes	1,345	425	(920)	-68.4%
Rainy Day Reserves	238	0	(238)	-100.0%
Economic Uncertainties	890	80	(810)	--
Net Change in Operations	(1,584)	(425)	1,159	73.2%
Closing Balance	2,610	2,185	(425)	-16.3%

7 More information on the receipt and use of Extraordinary Monetary Settlements can be found in "Other Matters Affecting the Financial Plan" herein.

***Receipts*[8]**

As noted above, the reporting of General Fund tax receipts and miscellaneous receipts is affected by the planned use of liquidity financings (PIT notes and lines of credit) to manage the impact of the tax filing extensions on monthly cash-flows.

General Fund receipts, including transfers from other funds, are estimated to total $70.9 billion in FY 2021, a decrease of $8.3 billion (10.4 percent) from FY 2020 results due to the shock to the economy brought on by the global pandemic.

PIT receipts, including transfers after payment of debt service on State PIT Revenue Bonds, are estimated to drop from $50.5 billion in FY 2020 to $41.6 billion in FY 2021, a decrease of $8.9 billion (17.6 percent). The decrease reflects extraordinary declines in both bonus and non-bonus wages impacting withholding and estimated payments. In addition, refunds are expected to decline due to a steep decline in advance credit payments related to Tax Year 2020, due to the expired Property Tax Relief Credit program, as well as a decrease in the administrative cap on the amount of refunds paid from January to March 2021. General Fund PIT receipts in FY 2021 also include the impact of a portion of the repayment ($3 billion) of the $4.5 billion in proceeds from the issuance of short-term debt expected to be issued in the first quarter of FY 2021 to address the timing of personal income tax receipts due to filing extensions granted by the IRS.

Consumption/use tax receipts, including transfers after payment of debt service on LGAC and Sales Tax Revenue Bonds, are estimated to total nearly $12 billion in FY 2021, a drop of $2.2 billion (15.7 percent) from FY 2020. The drop reflects a significant decline in the sales tax base of roughly 17 percent. This is partly offset by the full-year impact of the new requirement that online marketplace providers collect Sales and Use Tax (SUT) on sales that they facilitate and Energy Service Companies (ESCOs) be subject to sales tax.

Business tax receipts are estimated at $6.5 billion in FY 2021, an increase of $136 million (2.1 percent) from FY 2020. The increase is primarily attributable to growth in corporation franchise tax receipts, driven by higher gross receipts and lower refunds.

Other tax receipts, including transfers after payment of debt service on Clean Water/Clean Air (CW/CA) Bonds, are expected to total $1.9 billion in FY 2021, a decrease of $142 million (-7.0 percent) from FY 2020, primarily due to an estimated decrease in real estate transfer tax receipts resulting from a large estimated decline in housing starts, housing prices, and bonuses. This decline is partly offset by a slight increase in estate tax receipts, primarily due to a partial-year impact of the estimated growth in household net worth.

Non-tax receipts and transfers are estimated at $9 billion in FY 2021, an increase of $2.9 billion from FY 2020. This increase reflects an expected increase of $4.5 billion in miscellaneous receipts from liquidity financings made for cash flow purposes. This increase is partly offset by a reduction in the level of Extraordinary Monetary Settlements from $889 million in FY 2020 to

[8] Excluding Extraordinary Monetary Settlements.

$80 million in FY 2021, and the use of certain resources available in FY 2020 that either do not recur or recur at a lower amount in FY 2021.

Disbursements

General Fund disbursements, including transfers to other funds, are expected to total $73.2 billion in FY 2021, a decrease of $4.3 billion (-5.6 percent) from FY 2020.

Local assistance spending is estimated at $46.4 billion in FY 2021, a decrease of $5.5 billion (10.5 percent) from FY 2020. The decrease includes an $8 billion recurring reduction in aid-to-localities disbursements that are expected to be executed pursuant to the budget-balance and withholding authority granted in the Enacted Budget. The allocation of the savings plan will depend on what programs are included or excluded from reductions, the level of targeted reductions in certain areas, and the availability of Federal aid. Accordingly, the specific agency and program spending levels described below do not reflect any reductions that may occur as a result of the savings plan.

General Fund School Aid spending, on a State fiscal year basis, grows by $532 million, reflecting in part the expected reduction in lottery and gaming receipts that must be now funded by the General Fund. Medicaid spending is expected to increase $997 million, excluding the impact of a temporary increase in FMAP that is expected to provide $1.45 billion in savings in FY 2021. Medicaid spending subject to Global Cap Index grows by $573 million (3.0 percent) and the cost of minimum wage increases and local takeover, currently outside the Global Cap, is estimated to grow above FY 2020 levels by $314 million and $183 million, respectively.

General Fund personal and non-personal service costs are expected to total $11.7 billion in FY 2021, a decrease of $399 million (3.3 percent) from FY 2020. The decrease reflects $700 million in recurring savings from the planned 10 percent reduction in Executive agency spending compared to the amounts authorized in the Enacted Budget. Limited exceptions are expected to be made for facility operations and public health and safety. In addition, the Financial Plan assumes that the Judiciary and elected officials will initiate comparable reductions in their budgets for FY 2021 ($280 million).

General State Charges (GSCs), which include fringe benefits and certain fixed costs, are projected to decline by $205 million (2.8 percent) from FY 2020. The decrease is mainly due to the interest-free deferral of the employer's share of Social Security taxes through December 2020 ($667 million) that will be repaid in equal installments in December 2021 and December 2022, as permitted in the CARES Act. Health insurance costs for State employees and retirees are projected to increase by $210 million (4.9 percent), due to medical inflation and current enrollment levels. The State's annual pension payment is projected to grow by $136 million (5.5 percent). The State’s costs for Workers’ Compensation are expected to increase by $41 million, due to underlying growth in average weekly wage, benefit and medical costs, as well as a reduction in other resources available to offset costs.

General Fund transfers to other funds are projected to total $7.9 billion in FY 2021, an increase of $1.8 billion from FY 2020. The growth is mainly due to the repayment of a portion ($1.5 billion) of the $4.5 billion in proceeds from the liquidity financings.

FY 2021 Closing Balance

The State's liquidity position is dependent on the performance of tax receipts, the management of cash disbursements, the receipt of proceeds from PIT notes and lines of credit facility draws, and the execution of reductions in aid-to-localities programs and State agency operations. All of these actions are subject to risks and uncertainties. Accordingly, no reserves are used to help close the FY 2021 budget gap, but instead are held to preserve liquidity and respond to further deterioration in tax receipts.

DOB projects the State will end FY 2021 with a General Fund cash balance of $6.7 billion, a decrease of $2.2 billion from FY 2020. The change in the balance reflects the use of available cash at the end of FY 2020 to reduce the budget gap in FY 2021 and the timing of payments not made at the close of FY 2020 that are expected to be made in FY 2021. The estimated closing balance is dependent on many factors, including the implementation of the reductions in local aid and State agency operations, the performance of tax receipts, the level of Federal aid available to the State and other assumptions in the Financial Plan.

In addition, the expected use of Extraordinary Monetary Settlements for initiatives approved in prior budgets will reduce the balance in the General Fund. See "Other Matters Affecting the Financial Plan - Extraordinary Monetary Settlements" herein.

TOTAL BALANCES
(millions of dollars)

	FY 2020 Results	FY 2021 Enacted	Annual Change
TOTAL GENERAL FUND BALANCE	**8,944**	**6,717**	**(2,227)**
Statutory Reserves:			
Rainy Day Reserves	2,476	2,476	0
Community Projects	31	15	(16)
Contingency Reserve	21	21	0
Fund Balance Reserved for:			
Economic Uncertainties	890	970	80
Debt Management	500	500	0
Timing of Payments	1,313	0	(1,313)
Undesignated Fund Balance	1,103	550	(553)
Subtotal Excluding Settlements	**6,334**	**4,532**	**(1,802)**
Extraordinary Monetary Settlements	**2,610**	**2,185**	**(425)**

Cash Flow

State Finance Law authorizes the General Fund to borrow money temporarily from available funds held in the Short-Term Investment Pool (STIP). The FY 2021 Enacted Budget amended the statute to permit the borrowings until the end of the fiscal year, which was previously limited to up to four months. The State last used this authorization in April 2011 when the General Fund needed to borrow funds from STIP for a period of five days. The amount of resources that can be borrowed by the General Fund is limited to available balances in STIP, as determined by the State Comptroller. Available balances include money in the State's governmental funds and a relatively small amount of other money belonging to the State. Several accounts in Debt Service Funds and Capital Projects Funds that are part of All Governmental Funds are excluded from the balances deemed available in STIP. These excluded funds consist of bond proceeds and money obligated for debt service payments.

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

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

				Adjustments		Adjusted
	General Fund	Other Funds	All Funds	Liquidity Financing	Budget Balance	All Funds
April 2020	8,740	9,871	18,611	0	0	18,611
May 2020	6,219	8,810	15,029	(3,000)	0	12,029
June 2020	1,718	9,097	10,815	(1,500)	(398)	5,917
July 2020	9,946	9,621	19,567	425	(398)	14,696
August 2020	8,787	9,339	18,126	350	(498)	13,107
September 2020	9,938	8,958	18,896	625	(1,098)	13,404
October 2020	9,513	9,458	18,971	375	(598)	13,256
November 2020	8,395	9,474	17,869	375	(398)	12,131
December 2020	8,454	11,250	19,704	425	(1,398)	12,993
January 2021	8,564	14,882	23,446	1,925	(398)	18,262
February 2021	9,617	13,479	23,096	0	(898)	17,014
March 2021	6,717	9,989	16,706	0	(2,898)	7,726

Other Matters Affecting the Financial Plan

Other Matters Affecting the Financial Plan

General

The Financial Plan is subject to complex economic, social, financial, political, public health and environmental risks and uncertainties, many of which are outside the ability of the State to predict or control. DOB asserts that the projections of receipts and disbursements in the Financial Plan are based on reasonable assumptions, but there can be no assurance that results will not differ materially and adversely from these projections. For example, in past years, tax receipts collections have varied substantially from the levels forecasted, and entitlement-based programmatic spending has also varied significantly from initial projections. More recently, DOB recognized the need to correct a structural imbalance under the Medicaid Global Cap as spending levels exceeded the indexed levels. Similarly, there are inherent risks with the financial condition of health care providers and enrollment in public health insurance programs driven directly or indirectly by the COVID-19 pandemic. The Financial Plan projections include the recurring savings associated with reductions implemented in FY 2020 and the Medicaid Redesign Team II (MRT II) actions authorized in the Enacted Budget to limit Medicaid spending, which also included increased General Fund support.

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

The Financial Plan is based on numerous assumptions including the condition of the State and national economies, and the concomitant collection of economically sensitive tax receipts in the amounts projected. Other uncertainties and risks concerning the economic and receipts forecasts include impacts of: national and international events; ongoing financial risks in the Eurozone; changes in consumer confidence, price and supply of oil and gas; major terrorist events and hostilities or war; climate change and extreme weather events; severe epidemic or pandemic events; cybersecurity threats; Federal statutory and regulatory changes concerning financial sector activities; Federal tax law; changes to Federal programs; changes concerning financial sector bonus payouts, as well as any future legislation governing the structure of compensation; shifts in monetary policy affecting interest rates and the financial markets; credit rating agency actions; financial and real estate market developments which may adversely affect bonus income and capital gains realizations; technology industry developments and employment; effect of household debt on consumer spending and State tax collections; and outcomes of litigation and other claims affecting the State.

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

Budget Risks and Uncertainties

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

The Enacted Budget grants the Budget Director the authority to reduce aid-to-localities appropriations and disbursements by any amount needed to achieve a balanced budget, as estimated by DOB. The budget would be deemed out of balance for the fiscal year, and the Director's powers would be activated, if actual tax receipts are less than 99 percent of estimated tax receipts, or actual disbursements are more than 101 percent of estimated disbursements, as measured at three points during the year (April 1-30, May 1-June 30, and July 1-December 31). Upon identification of an imbalance, the Budget Director would transmit a plan to the Legislature identifying the specific appropriations and cash disbursements that would be reduced. The Legislature would then have ten days to adopt, by concurrent resolution, its own plan for eliminating the imbalance. If no plan is adopted, the plan submitted by the Budget Director would take effect automatically. The process exempts certain types of local assistance appropriations from uniform reduction, including public assistance and Supplemental Security Income (SSI) payments.

Any reductions made pursuant to this authorization may be paid in full or in part if one or both of the following events occur: (i) Actual State Operating Funds Tax Receipts through February 28, 2021 are not less than 98 percent of Estimated State Operating Funds Tax Receipts through February 28, 2021; or (ii) the Federal government provides aid that the Budget Director deems sufficient to reduce or eliminate the imbalance in the General Fund for FY 2021 and does not adversely impact the projected budget gap in FY 2022.

In addition, if a General Fund imbalance is identified, the Budget Director is authorized to withhold any payments, including amounts that are to be paid on specific dates prescribed in law or regulation if such action is necessary to respond to the direct and indirect economic, financial, and social effects of the COVID-19 pandemic.

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

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

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

In FY 2012, the State enacted legislation intended to limit the year-to-year growth in the State's two largest local assistance programs, School Aid and Medicaid. These limitations on spending growth are described further in the following sections.

School Aid

The School Aid growth cap was previously calculated based on the annual growth in the State Personal Income Growth Index (PIGI). With the exception of the 2013 school year increase (based on a five-year average), the PIGI was based on a one-year growth index. However, in FYs 2014 through 2019, the authorized School Aid increases were above the indexed levels. Beginning in FY 2021, the statutory PIGI for School Aid has been amended to limit school aid increases to no more than the average annual income growth over a ten-year period. This change will reduce volatility in allowable growth and align the School Aid cap with the statutory Medicaid cap. Due to the anticipated impact of the COVID-19 pandemic on State revenues, State support for School Aid for SY 2021 in the Enacted Budget is 3.7 percent lower than in SY 2020, but is offset in part with increased Federal support noted below. This reduction in State Operating Funds support will be offset by approximately $1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, SY 2021 School Aid is expected to total $27.9 billion, an annual increase of approximately $100 million or 0.4 percent.

Medicaid Global Cap

A portion of DOH State Funds Medicaid spending growth is subject to the Global Cap -- the ten-year rolling average of the medical component of the Consumer Price Index (CPI). Thus, the Global Cap allows for growth related to increasing costs but does not account for utilization growth. The statutory provisions of the Global Cap allow for flexibility in adjusting Medicaid projections to meet unanticipated costs resulting from a disaster, and grant the Commissioner of Health certain powers to limit Medicaid disbursements to the level authorized by the Global Cap. The Commissioner's powers are intended to limit the annual growth rate to the levels set by the Global Cap indexed rate for the then current fiscal year, through actions which may include reducing reimbursement rates to providers. These actions may be dependent upon timely Federal approvals and other elements of the program that govern implementation. Major changes to the State share of Medicaid spending, outside of the Global Cap, include State costs for the takeover of Medicaid growth from local governments and reimbursement to providers for increased minimum wage costs. It should be further noted that General Fund spending remains sensitive to revenue performance in the State's HCRA fund that finances approximately one-quarter of DOH State-share costs of Medicaid. Limitations on elective procedures, changes in consumer behavior, and other factors related to the COVID-19 pandemic may have a material and adverse impact on HCRA revenues.

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

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

MRT II Solutions to Global Cap Imbalance

Following the need to defer FY 2019 Medicaid payments, DOB recognized that a structural imbalance existed within the Global Cap based on a review of price and utilization trends, and other factors.[9] A structural imbalance in this case meant that estimated expense growth in State-share Medicaid subject to the Global Cap, absent measures to control costs, was growing faster than allowed under the Global Cap spending growth index.[10]

DOB estimates that, absent actions to control costs, State-share Medicaid spending subject to the Global Cap would have exceeded the indexed growth amount by upwards of $3 to $4 billion annually, inclusive of the FY 2019 deferral of $1.7 billion.

In response to the estimated Global Cap imbalance, the Governor formed the MRT II as part of the FY 2021 Executive Budget with the objective of restoring financial sustainability to the Medicaid program while connecting other programmatic initiatives that would advance the core healthcare strategies he has pursued since taking office in 2011. The Enacted Budget includes $2.2 billion in recommendations put forward by the MRT II to create efficiencies within the Medicaid program and address the Medicaid imbalance, including identifying efficiencies in Managed Care and Managed Long-Term Care, as well as eligibility and administrative reforms.

Additionally, policy initiatives, including the carve out of services from Managed Care within pharmacy and the centralization of a transportation broker will lead to better transparency and greater efficiencies within these areas. The MRT II also focused on greater program integrity within the Medicaid program and included reforms to modernize regulations to eliminate fraud, waste and abuse.

Through a combination of MRT II recommended actions, continued payment restructuring, and use of General Fund resources, the Medicaid program is expected to stay within statutorily allowable levels in FY 2021 and beyond.

[9] Factors that place upward pressure on State-share Medicaid spending include but are not limited to: reimbursement to providers for the cost of the increase in the minimum wage; phase-out of enhanced Federal funding; increased enrollment and costs in managed long-term care; and payments to financially distressed hospitals.

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

The following table summarizes the Medicaid savings actions reflected in the Enacted Budget Financial Plan.

SUMMARY OF MEDICAID SAVINGS ACTIONS SAVINGS/(COSTS) (millions of dollars)	FY 2021	FY 2022	FY 2023	FY 2024
Total Medicaid Savings Actions[1]	**3,251**	**2,737**	**2,754**	**2,772**
Non-MRT II Savings	**1,050**	**0**	**0**	**0**
MRT II Savings	**2,201**	**2,737**	**2,754**	**2,772**
Continue FY 2020 Reductions	**739**	**682**	**682**	**682**
Across the Board (ATB) Rate Reduction (1.0% Annually; Effective 1/1/20)	248	248	248	248
Discontinue Delivery System Reform Incentive Program (DSRIP) Equity Pools	190	190	190	190
Medicaid Managed Care (MMC) Rate Range Reduction	96	96	96	96
Discontinue the Hospital Enhanced Safety Net Program	66	66	66	66
Reduce Mainstream Managed Care (MMC) Quality Pool Payments by 50%	60	60	60	60
Other	79	22	22	22
FY 2021 Budget Year Reductions	**1,462**	**2,056**	**2,073**	**2,091**
Managed Care	**145**	**134**	**134**	**134**
Encounter Data Accountability Penalty/Withhold (2.0% on MMC Plans)	143	115	115	115
Authorize Electronic Notifications	2	5	5	5
Other	0	14	14	14
Hospitals	**297**	**304**	**304**	**304**
H+H Financial Assistance	186	193	193	193
Reduce Indigent Care Pool for Voluntary Hospitals	88	88	88	88
Discontinue Hospital Quality and Sole Community Pools	35	35	35	35
Other	(12)	(12)	(12)	(12)
Long-Term Care	**669**	**1,055**	**1,055**	**1,055**
Cap Statewide Managed Long-Term Care (MLTC) Enrollment Growth at a Target Percentage and Implement a 3% Withhold	215	215	215	215
Modify Benefit Eligibility Criteria for Personal Care Services (PCS) & Consumer Directed Personal Assistance Program (CDPAS) Benefit	119	277	277	277
Encounter Data Accountability Penalty/Withhold (1.5% on MLTC Plans)	102	89	89	89
Administrative Reforms to the PCS and CDPAS Benefit	82	263	263	263
Delay Community First Choice Option (CFCO) Services	47	47	47	47
Other	104	164	164	164
Care Management	**43**	**70**	**70**	**70**
Comprehensive Prevention and Management of Chronic Disease	17	37	37	37
Discontinue Health Home Outreach	16	16	16	16
Achieve Health Home (HH) Rate Efficiencies (HH Admission/Step Down Criteria Revisions)	12	16	16	16
Reform Patient Center Medical Homes (PCMH)	6	18	18	18
Establish Plan of Care Incentive/Penalty Payments	5	5	5	5
Other	(13)	(22)	(22)	(22)
Pharmacy	**35**	**130**	**147**	**165**
Reduce Drug Cap Growth by Enhancing Purchasing Power	46	43	43	43
Transition Pharmacy Benefit to Fee-for-Service (FFS)	(11)	87	104	122
Transportation	**75**	**217**	**217**	**217**
Public Emergency Certified Public Expenditure (CPE)	38	90	90	90
Reduce Taxi/Livery Rates	35	51	51	51
Maximize Public Transit in NYC	2	26	26	26
Other	0	50	50	50
All Other	**198**	**146**	**146**	**146**
Additional ATB Rate Reduction (0.5% Annually; Effective 4/1/20)	125	50	50	50
Other	73	96	96	96

[1] Excludes temporary 6.2 percent enhanced FMAP authorized in the CARES Act.

Public Health Insurance Programs/Public Assistance

DOB is monitoring and evaluating the enrollment trends in the State's public health insurance programs, including Medicaid, the Essential Plan, and Child Health Plus, resulting from the COVID-19 pandemic and the corresponding increase in unemployment. Historically, the State has experienced growth in Medicaid enrollment and public assistance caseloads during economic downturns resulting from increased unemployment. The Financial Plan will be updated as needed during the year as more data becomes available on actual enrollment, caseloads, unemployment, and affected industries.

Federal Issues

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

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

Current Federal Aid

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

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

Federal Coronavirus Response Legislation

The Federal government has approved legislation and taken administrative actions intended to stabilize financial markets, extend aid to businesses and individuals, and reimburse governments for the direct costs of pandemic response. For a majority of the enacted legislation, the economic benefits do not flow to or through the State's Financial Plan, but instead flow directly to individuals in the form of tax rebates, and to large and small businesses in the form of loans or grants. Specifically, the Federal government enacted four pieces of legislation in response to the ongoing COVID-19 pandemic:

(i) The Coronavirus Preparedness and Response Supplemental Appropriations Act which provides an initial $8 billion in emergency funding to respond to the COVID-19 pandemic, including support for vaccine development, the Public Health Emergency Preparedness program, and small businesses;

(ii) The Families First Coronavirus Response Act provides $192 billion in aid, and includes paid sick leave, free testing, expanded food assistance and unemployment benefits, protections for health care workers, and increased Medicaid funding in response to the COVID-19 pandemic;

(iii) Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provides approximately $1.8 trillion in aid for Federal agencies, individuals, businesses, states and localities to respond to the COVID-19 pandemic, and authorized the Federal Reserve Bank to purchase revenue and bond anticipation notes of states and certain local governments through the Municipal Liquidity Facility, and;.

(**iv) The Paycheck Protection Program and Health Care Enhancement Act** provides $484 billion in funding for small business programs, hospitals, and testing activities.

State Fiscal Relief

Together, the new laws are expected to drive approximately $2 trillion in aid to a wide range of recipients in the United States with approximately 90 percent of the total aid included in the CARES Act. Assistance to states through the CARES Act is generally restricted to specific purposes and includes the $150 billion in the Coronavirus Relief Fund ($5.1 billion State allocation) and the $30.75 billion Education Stabilization Fund ($1.1 billion State allocation). In addition, the Families First Coronavirus Response Act includes an emergency 6.2 percent increase to the Medicaid FMAP during the public health emergency. This is estimated to provide the State with $1.45 billion in savings in FY 2021.[11]

In response to the President's major disaster declaration for the State, FEMA is also expected to provide funding for costs related to emergency protective measures conducted as a result of the COVID-19 pandemic. The State will also receive additional Federal aid in the form of enhanced Unemployment Insurance funding.

[11] Financial Plan reflects six months of aid retroactive to January 2020.

The Financial Plan assumes that the Federal aid will fully fund the direct costs of the State's pandemic response efforts. Aid is expected through FEMA disaster assistance grants and aid, and the Coronavirus Relief Fund. Accordingly, the Financial Plan reflects no net costs from COVID-19 related expenses. There can be no assurance that Federal funding will be received at the level and on the timetable assumed in the Financial Plan.

Liquidity Support

The Municipal Liquidity Facility (MLF) was established by the Federal Reserve based on funding provided in the CARES Act to support the financial stability of state and local governments impacted by the COVID-19 pandemic. Subject to change, the MLF is authorized to purchase up to $500 billion in bonds through December 31, 2020 from U.S. states and the District of Columbia, U.S. cities with populations of at least 250,000 residents, and U.S. counties with at least 500,000 residents and multi-state entities, to help state and local governments manage cash flow. The MLF is intended to facilitate the purchase of short-term notes from qualifying states, counties, cities and municipalities, which will in turn provide proceeds that will enable government entities to manage reductions in cash flow and increases in expenses related to the COVID-19 pandemic. DOB will continue to evaluate how to best utilize the MLF as more information becomes available.

Additional Federal Support Needed

The Federal legislation provides almost no unrestricted aid to replace the severe loss in expected State tax receipts. As of the date of this AIS, the U.S. House of Representatives adopted legislation to provide such aid to the states and local governments, but no consensus has been reached. Therefore, the State cannot count on additional Federal aid and must move ahead with imposing deep, widespread reductions to local aid programs and agency operations to provide for a balanced budget in FY 2021. If unrestricted aid becomes available, or tax receipts rebound unexpectedly, the planned reductions may become less severe. The State is actively engaging with Federal representatives to secure the needed aid.

Medicaid Disproportionate Share Hospital (DSH) Payments

Provisions within the Federal Medicaid statute allow for a capped amount of payments to hospitals that treat a disproportionate number of Medicaid recipients. Changes made initially in the Affordable Care Act (ACA) to reduce the aggregate amount of Federal reimbursements for DSH payments are scheduled to take effect in FFY 2021, beginning December 1, 2020, reflecting recent provisions included in the CARES Act. The State estimates that if the changes take effect as scheduled, New York hospitals will lose $5.9 billion when the ACA is fully phased in. This would be the largest reduction in Federal DSH payments among all states.

Essential Plan (EP)

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

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

MRT Medicaid Waiver

The CMS and the State have an existing agreement authorizing up to $8 billion in Federal funding through March 31, 2021 to transform New York's health care system and ensure access to quality care for all Medicaid beneficiaries. This funding was provided through an amendment to the State's Partnership Plan 1115 Medicaid waiver. Since January 1, 2014, in accordance with provisions of the ACA, the State has been eligible for enhanced FMAP funding associated with childless adults.

Due to the demonstrated success of the DSRIP waiver, the State submitted a waiver request to CMS on November 25, 2019, seeking an extension of the original waiver to authorize the remaining $625 million of spending in FY 2021 for an additional period of four years (through FY 2024) and up to $8 billion in additional Federal funding for continued health care beginning in FY 2022.

However, CMS denied the State's request on February 21, 2020. CMS' denial was on the basis that the original DSRIP award was time-limited and meant to be a one-time investment, and that it was not in a position to authorize a conceptual agreement beyond the current demonstration program. While the State's requested amendment was denied, the State submitted a subsequent 1115 Medicaid waiver request that aligns with the expiration of the MRT Waiver on March 31, 2021. The COVID-19 1115 Waiver was submitted to CMS on May 11, 2020 and would provide the State with $1.9 billion and new flexibilities to respond to the public health emergency.

Federal Debt Limit

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

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

Federal Tax Law Changes

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

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

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

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

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

State Response to Federal Tax Law Changes

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

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

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

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

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

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

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

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

Employer Compensation Expense Program

Employers that elect to participate in the ECEP will be subject to a 5 percent State tax on all annual payroll expenses in excess of $40,000 per employee, phased in over three years beginning on January 1, 2019 as follows: 1.5 percent in Tax Year 2019, 3 percent in Tax Year 2020, and 5 percent in Tax Year 2021. Employers must elect to participate in the ECEP for the upcoming tax year by December 1 of the preceding calendar year. For Tax Year 2019, 262 employers elected to participate in the ECEP and remitted $1.5 million, with the number of participating employers increasing to 311 for tax year 2020.

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

Charitable Gifts Trust Fund

Starting in Tax Year 2018, the Charitable Gifts Trust Fund was established to accept gifts for the purposes of funding health care and education in New York State. Taxpayers who itemize deductions may claim these charitable contributions as deductions on their Federal and State income tax returns. Any taxpayer who makes a donation may also claim a State tax credit equal to 85 percent of the donation amount for the tax year after the donation is made. State PIT receipts will be reduced by the State tax deduction and 85 percent tax credit.[12]

Through FY 2020, the State received $93 million in charitable gifts deposited to the Charitable Gifts Trust Fund for healthcare and education ($58 million and $35 million, respectively). Charitable gifts are appropriated for the authorized purposes.

Impact of State Tax Law Changes on PIT Revenue Bonds

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

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

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

Donations to the Charitable Gifts Trust Fund could reduce State PIT receipts by nearly one dollar for every dollar donated. If Treasury Decision 9864 is upheld in Federal court, taxpayer participation in the future will likely be reduced. However, if the legal challenge is successful in restoring the full Federal tax deduction for charitable contributions, donations to the Charitable Gifts Trust Fund in future years could be higher than in 2018, when donations totaled $93 million. In such event, the amount of donations to the Charitable Gifts Trust Fund would pose a risk to the amount of New York State PIT receipts deposited to the RBTF in future years. To address this risk, the State increased the amount of PIT receipts deposited to the RBTF from 25 percent to 50 percent as part of the State tax reforms enacted in 2018.

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

The calculation of the maximum amount of potential donations from Tax Year 2020 through 2023 is on average in the range of $25 billion annually. The calculation assumes that every resident taxpayer who has an incentive to donate will do so, and such donations will be equal to the total value of each resident taxpayer’s SALT payments, less the value of the $10,000 Federal SALT deduction limit, up to the value of the taxpayer’s total State tax liability. The calculation is dependent on several assumptions concerning the number of itemized filers. It relies on the most recent PIT population study file, as trended forward, as well as the impact of the TCJA and State law changes on the number and distribution of itemized and standardized filers. The calculation also assumes that (a) no further changes in Federal tax law occur, and (b) DOB projections of the level of State taxpayer liability for the forecast period as set forth in the Financial Plan are materially accurate.

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

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

Climate Change Adaptation

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

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

Financial market participants are increasingly acknowledging climate change risks. In June 2017, an industry-led Task Force on Climate-Related Financial Disclosure convened by the Financial Stability Board (an international body which monitors the global financial system), published recommendations stating that climate risk affects most market sectors and that climate-related risk should be publicly disclosed to investors in annual financial filings.[13] In November 2017, Moody's Investors Service issued guidance to state and local governments that climate change is forecast to heighten exposure to economic losses, placing potential pressure on credit ratings. The Moody's report identified rising sea levels and their effect on coastal infrastructure as the primary climate risks for the northeastern United States, including New York State. These risks are heightened by population and critical infrastructure concentration in coastal counties.

An October 2018 special report released by the Intergovernmental Panel on Climate Change of the United Nations (IPCC) found that human activity has already caused approximately 1.0°C of warming and is continuing to increase average global temperatures at 0.2°C per decade due to past and ongoing emissions. The IPCC states that global warming is likely to reach 1.5°C of warming between 2030 and 2052 if temperatures continue to increase at the current rate. This increase is expected to produce a range of adverse outcomes (“reasons for concern”). For example, the IPCC rates global risks of extreme weather events and coastal flooding as increasing from moderate ("detectable") today, to high ("severe and widespread") at 1.5°C of warming. The risk of severe impacts increases further at higher temperatures. Using current trends, climate change risks increasingly fall within the term of current outstanding bonds of the State, its public authorities and municipalities. State bonds may be issued with a term of up to 30 years under State statute.

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

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

Extraordinary Monetary Settlements

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

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

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Total
Extraordinary Monetary Settlements	**4,942**	**3,605**	**1,317**	**805**	**1,186**	**895**	**80**	**12,830**
Aetna Insurance Company	0	0	0	0	2	0	0	2
Agricultural Bank of China	0	0	215	0	0	0	0	215
American International Group, Inc.	35	0	0	0	0	0	0	35
Athene Life Insurance	0	0	0	0	15	0	45	60
AXA Equitable Life Insurance Company	20	0	0	0	0	0	0	20
Bank Leumi	130	0	0	0	0	0	0	130
Bank of America	300	0	0	0	0	0	0	300
Bank of America Merrill Lynch	0	0	0	0	42	0	0	42
Bank of Korea	0	0	0	0	0	0	35	35
Bank of Tokyo Mitsubishi	315	0	0	0	0	0	0	315
Barclays	0	670	0	0	15	0	0	685
BNP Paribas	2,243	1,348	0	350	0	0	0	3,941
Chubb	0	0	0	0	1	0	0	1
Cigna	0	0	0	2	0	0	0	2
Citigroup (State Share)	92	0	0	0	0	0	0	92
Commerzbank	610	82	0	0	0	0	0	692
Conduent Education Services	0	0	0	0	1	0	0	1
Credit Agricole	0	459	0	0	0	0	0	459
Credit Suisse AG	715	30	0	135	0	0	0	880
Deutsche Bank	0	800	444	0	205	0	0	1,449
FedEx	0	0	0	0	26	0	0	26
Goldman Sachs	0	50	190	0	55	0	0	295
Google/YouTube	0	0	0	0	0	34	0	34
Habib Bank	0	0	0	225	0	0	0	225
Intesa SanPaolo	0	0	235	0	0	0	0	235
Lockton Affinity	0	0	0	0	7	0	0	7
Mashreqbank	0	0	0	0	40	0	0	40
Mega Bank	0	0	180	0	0	0	0	180
MetLife Parties	50	0	0	0	20	0	0	70
Morgan Stanley	0	150	0	0	0	0	0	150
MUFG Bank	0	0	0	0	0	33	0	33
Nationstar Mortgage	0	0	0	0	5	0	0	5
New Day	0	1	0	0	0	0	0	1
Ocwen Financial	100	0	0	0	0	0	0	100
Oscar Insurance Company	0	0	0	0	1	0	0	1
PHH Mortgage	0	0	28	0	0	0	0	28
PricewaterhouseCoopers LLP	25	0	0	0	0	0	0	25
Promontory	0	15	0	0	0	0	0	15
RBS Financial Products Inc.	0	0	0	0	100	0	0	100
Société Générale SA	0	0	0	0	498	0	0	498
Standard Chartered Bank	300	0	0	0	40	322	0	662
Unicredit	0	0	0	0	0	506	0	506
UBS	0	0	0	0	41	0	0	41
Volkswagen	0	0	32	33	0	0	0	65
Wells Fargo	0	0	0	0	65	0	0	65
Western Union	0	0	0	60	0	0	0	60
William Penn	0	0	0	0	6	0	0	6
Other Settlements	7	0	(7)	0	1	0	0	1

Other Matters Affecting the Financial Plan

The table below summarizes the past and planned uses of Extraordinary Monetary Settlements received. The planned use of settlements will be evaluated in light of economic conditions and fiscal needs arising from the COVID-19 outbreak.

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

	FYs 2015 - 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Total
Opening Settlement Balance in General Fund	0	4,194	2,610	2,185	1,226	479	134	0
Receipt of Extraordinary Monetary Settlements	11,855	895	80	0	0	0	0	12,830
Use/Transfer of Funds	7,661	2,479	505	959	747	345	134	12,830
Capital Purposes:	4,134	1,345	425	959	747	345	134	8,089
Dedicated Infrastructure Investment Fund	3,374	939	1,130	877	525	330	134	7,309
Environmental Protection Fund	120	0	0	0	0	0	0	120
Mass Transit	70	3	7	2	2	1	0	85
Healthcare	24	132	80	30	45	14	0	325
Clean Water Grants	0	0	25	50	175	0	0	250
Javits Center Expansion	546	271	183	0	0	0	0	1,000
Bond Proceed Receipts for Javits Center Expansion	0	0	(1,000)	0	0	0	0	(1,000)
Other Purposes:	3,122	6	0	0	0	0	0	3,128
Audit Disallowance - Federal Settlement	850	0	0	0	0	0	0	850
CSX Litigation Payment	76	0	0	0	0	0	0	76
Financial Plan - General Fund Operating Purposes	1,807	0	0	0	0	0	0	1,807
Mass Transit Operating	10	0	0	0	0	0	0	10
MTA Operating Aid	194	0	0	0	0	0	0	194
Department of Law - Litigation Services Operations	180	6	0	0	0	0	0	186
OASAS Chemical Dependence Program	5	0	0	0	0	0	0	5
Reservation of Funds:	405	1,128	80	0	0	0	0	1,613
Rainy Day Reserves	250	238	0	0	0	0	0	488
Reserve for Economic Uncertainties	0	890	80	0	0	0	0	970
Reserve for Retroactive Labor Agreements	155	0	0	0	0	0	0	155
Closing Settlement Balance in General Fund	4,194	2,610	2,185	1,226	479	134	0	0

Current Labor Negotiations and Agreements (Current Contract Period)

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

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

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

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

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

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

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

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

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

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

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

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

Due to the adverse financial impacts from the COVID-19 pandemic, the State is withholding, for a minimum of 90 days, the general salary increases that were scheduled to go into effect on April 1, 2020. The current Financial Plan reflects only the liquidity benefit of the withholding. If a decision is made to withhold the full amount for the fiscal year, it would provide savings of $260 million in FY 2021 and offset the need for reductions elsewhere in the budget.

Pension Contributions

Overview

The State makes annual contributions to the New York State and Local Retirement System (NYSLRS) for employees in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). This section discusses contributions from the State, including the Judiciary, to the NYSLRS, which account for the majority of the State's pension costs.[14] All projections are based on estimated market returns and numerous actuarial assumptions which, if unrealized, could change these projections materially.

During FY 2016, the NYSLRS updated its actuarial assumptions based on the results of the 2015 five-year experience study. In September 2015, NYSLRS announced that employer contribution rates would decrease beginning in FY 2017 and the assumed rate of return would be lowered from 7.5 percent to 7 percent. The salary scale assumptions were also changed – for ERS the scale was reduced from 4.9 percent to 3.8 percent, and for PFRS the scale was reduced from 6 percent to 4.5 percent. During FY 2019, salary scale assumptions were further changed via a one-time 10 percent increase for both ERS and PFRS, which was reflected in FY 2020 contribution rates.

In August 2019, the actuary for NYSLRS issued the Annual Report to the Comptroller on Actuarial Assumptions, which provided a reduction in the State pension fund's assumed long-term rate of return on investments from 7 percent to 6.8 percent. The estimated average employer contribution rate for the ERS will remain stable at 14.6 percent of payroll due to offsetting gains from a change in the mortality improvement scale and new Tier 6 entrants. However, the estimated average employer contribution rate for the PFRS will increase by 0.9 percent, from 23.5 percent to 24.4 percent of payroll (the assumed rate reduction had more leverage in PFRS due to the maturity of the system).[15]

The FY 2021 ERS/PFRS pension estimate of $2.3 billion relied upon the State Comptroller's February 7, 2020 report, which reflects a reduction in the assumed rate of return and other increases, partially offset by the use of a new mortality improvement scale and lower cost Tier 6 entrants. The State will continue to pay $432 million towards the balance outstanding on prior-year deferrals. OSC does not forecast pension liability estimates beyond the budget year, thus estimates for FY 2022 and beyond are developed by DOB. DOB's forecast assumes growth in the salary base consistent with collective bargaining agreements and a stable rate of return. The current Financial Plan forecast does not reflect the potential losses in asset value as a result of the COVID-19 outbreak and recession.

---

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

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

The pension liability also reflects changes to military service credit provisions found in Section 1000 of the Retirement and Social Security Law (RSSL) enacted during the 2016 legislative session (Chapter 41 of the Laws of 2016). All veterans who are members of NYSLRS may, upon application, receive extra service credit for up to three years of military duty if such veterans (a) were honorably discharged, (b) have achieved five years of credited service in a public retirement system, and (c) have agreed to pay the employee share of such additional pension credit. Costs to the State for employees in the ERS will be incurred at the time each member purchases credit, as documented by OSC at the end of each calendar year. Costs for employees in PFRS will be distributed across PFRS employers and billed on a two-year lag (e.g., FY 2017 costs were first billed in FY 2019). Additionally, Section 25 of the RSSL requires the State to pay the ERS employer contributions associated with this credit on behalf of local governments. The State is also permitted to amortize the cost of past service credits that are newly incurred in a given fiscal year. The ERS cost to the State (including costs covered for local ERS) was $16 million in FY 2020 based on actual credit purchased through December 31, 2019. DOB currently estimates annual ERS costs of $7 million in FY 2021 and beyond, as additional veterans become eligible to purchase the credit.

Pension Amortization

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

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

The portion of an employer's annual pension costs that may be amortized is determined by comparing the employer's amortization-eligible contributions as a percentage of employee salaries (i.e., the normal rate[16]) to a system-wide amortization threshold (i.e., the graded rate). Graded rates are determined for ERS and PFRS according to a statutory formula, and generally move toward their system's average normal rate by up to one percentage point per year. When an employer's normal rate is greater than the system-wide graded rate, the employer can elect to amortize the difference. However, when the normal rate of an employer that previously amortized is less than the system-wide graded rate, the employer is required to pay the graded rate. Additional contributions are first used to pay off existing amortizations and are then deposited into a reserve account to offset future increases in contribution rates. Chapter 48 of the Laws of 2017 changed the graded rate computation to provide an employer-specific graded rate based on the employer's own tier and plan demographics.

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

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

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

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

	Statewide Pension Payments[1]					Rates for Determining (Amortization Amount) / Excess Contributions			
Fiscal Year	Normal Costs[2]	(Amortization Amount) / Excess Contributions	Repayment of Amortization	Total Statewide Pension Payments	Interest Rate on Amortization Amount (%)[3]	System Average Normal Rate[4]		Amortization Threshold (Graded Rate)	
						ERS (%)	PFRS (%)	ERS (%)	PFRS (%)
2011	1,543.2	(249.6)	0.0	1,293.6	5.00	11.5	18.1	9.5	17.5
2012	2,037.5	(562.8)	32.3	1,507.0	3.75	15.9	21.6	10.5	18.5
2013	2,077.9	(778.5)	100.9	1,400.3	3.00	18.5	25.7	11.5	19.5
2014	2,633.6	(937.0)	192.1	1,888.7	3.67	20.5	28.9	12.5	20.5
2015	2,328.8	(713.1)	305.7	1,921.4	3.15	19.7	27.5	13.5	21.5
2016	1,972.1	(356.2)	390.0	2,005.9	3.21	17.7	24.7	14.5	22.5
2017	1,789.0	0.0	432.2	2,221.2	2.33	15.1	24.3	15.1	23.5
2018	1,788.7	0.0	432.2	2,220.9	2.84	14.9	24.3	14.9	24.3
2019	1,770.2	0.0	432.2	2,202.4	3.64	14.4	23.5	14.4	23.5
2020	1,782.2	0.0	432.2	2,214.4	2.55	14.2	23.5	14.2	23.5
2021 Est.	1,908.4	0.0	432.2	2,340.6	TBD	14.1	24.4	14.1	24.4
Projected by DOB[5]									
2022	2,206.3	0.0	399.9	2,606.2	TBD	15.0	25.0	15.0	25.0
2023	2,403.5	0.0	331.3	2,734.8	TBD	15.5	25.5	15.5	25.5
2024	2,494.7	0.0	240.1	2,734.8	TBD	16.5	26.5	16.5	26.5

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

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

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

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

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

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

Social Security

The CARES Act, in response to impacts caused by the COVID-19 pandemic, allows employers to defer the deposit and payment of the employers' share of Social Security taxes through December 2020, to be repaid, interest free, in two equal installments in December 2021 and December 2022. The Executive and the Judiciary have elected to defer the allowable Social Security payments for an estimated savings of $599 million and $68 million, respectively.

Other Post-Employment Benefits (OPEB)

State employees become eligible for post-employment benefits (e.g., health insurance) if they reach retirement while working for the State; are enrolled in either NYSHIP or the NYSHIP opt-out program at the time they reach retirement; and have the required years of eligible service. The cost of providing post-retirement health insurance is shared between the State and the retired employee. Contributions are established by law and may be amended by the Legislature. The State pays its share of costs on a PAYGO basis as required by law.

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

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

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

The contribution requirements of NYSHIP members and the State are established by, and may be amended by, the Legislature. The State is not required to provide funding above the PAYGO amount necessary to provide current benefits to retirees and has not funded a qualified trust or its equivalent as defined in GASBS 75. The State continues to fund these costs, along with all other employee health care expenses, on a PAYGO basis, meaning the State pays these costs as they become due.

The FY 2018 Enacted Budget included legislation creating a Retiree Health Benefit Trust Fund (the "Trust Fund"), a qualified trust under GASBS 75 that authorizes the State to reserve money for the payment of health benefits of retired employees and their dependents. Under the legislation, the State may deposit into the Trust Fund, in any given fiscal year, up to 0.5 percent of total then-current unfunded actuarial accrued OPEB liability. The Financial Plan does not currently include any deposits to the Trust Fund.

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

Litigation

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

Cybersecurity

New York State government, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the State and its public corporations and municipalities face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the State's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the State invests in multiple forms of cybersecurity and operational controls. The State's Chief Information Security Office (CISO) within the State's Office of Information Technology Services (ITS) maintains comprehensive policies and standards, programs, and services relating to the security of State government networks and geographic information systems,[17] and annually assesses the implementation of security policies and standards to ensure compliance through the Nationwide Cyber Security Review. In addition, the CISO maintains the New York State Cyber Command Center team, which provides a security operations center, digital forensics capabilities, and related procedures for cyber incident reporting and response, distributes real-time advisories and alerts, provides managed security services, and implements statewide information security training and exercises. While controls are routinely reviewed and tested, no assurances can be given that such security and operational control measures will be completely successful at guarding against cyber threats and attacks. The results of any such attack could impact business operations and/or damage State digital networks and systems, State and local infrastructure, and the costs of remedying any such damage could be substantial.

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

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

Financial Condition of New York State Localities

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

The wide-ranging economic, health, and social disruptions caused by the COVID-19 outbreak are having an adverse impact on State authorities and localities, including the Metropolitan Transportation Authority (MTA) and the City of New York. The aid-to-localities reductions that will need to be taken as set forth in the Financial Plan may materially and adversely affect the financial position of the MTA, the City of New York, and other localities.

Bond Market

Successful implementation of the Financial Plan is dependent on the State's ability to market bonds. The State finances much of its capital spending, in the first instance, from the General Fund or STIP, which it then reimburses with proceeds from the sale of bonds. If the State or its public authorities cannot sell bonds at the levels (or on the timetable) expected, the State's overall cash position and capital funding plan may be adversely affected. Since the outbreak of the COVID-19 pandemic in the United States, the municipal bond market has experienced significant disruption. The Federal CARES Act created the MLF which authorizes the Federal Reserve Bank to purchase revenue and bond anticipation notes of states and certain local governments. The success of projected public sales of municipal bonds will be subject to prevailing market conditions and related ratings issued by national credit rating agencies, among other factors. Future developments in the financial markets, including possible changes in Federal tax law relating to the taxation of interest on municipal bonds, as well as future developments concerning the State and public discussion of such developments generally, may affect the market for outstanding State-supported and State-related debt. The TCJA adversely impacted the State and its public authorities by removing certain refunding opportunities for Federal tax-exempt financing, including advance refundings for debt service savings when interest rates are favorable.

Debt Reform Act Limit

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

The Enacted Budget suspends the Debt Reform Act for FY 2021 issuances as part of the State response to the COVID-19 pandemic. Accordingly, any borrowing initiated in FY 2021 is not limited to capital purposes and is not counted towards the statutory caps on debt outstanding and debt service. The suspension of the Debt Reform Act also includes up to $8 billion of PIT notes and up to $3 billion of line of credit facilities that were authorized as part of the Enacted Budget, as well as any short or long-term refinancing of such borrowings in future years.

Current projections anticipate that debt outstanding and debt service will continue to remain below limits imposed by the Debt Reform Act, due to the suspension of the debt cap during FY 2021. 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 $6.2 billion in FY 2020 to a low point of $2.3 billion in FY 2024. This calculation excludes all issuances in FY 2021 but includes the estimated impact of funding increased capital commitment levels with State bonds after FY 2021. The cost of debt issued after April 1, 2000 and subject to the statutory cap is projected at $5.1 billion in FY 2021, or roughly $3.8 billion below the statutory debt service limit.

DEBT OUTSTANDING SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT (millions of dollars)	
Year	Personal Income	Cap %	Cap $	Debt Outstanding Included in Cap [1]	$ Remaining Capacity	Debt as a % of PI	% Remaining Capacity	Debt Outstanding Excluded from Cap	Total State-Supported Debt Outstanding
FY 2020	$1,389,760	4.00%	55,590	49,433	6,157	3.56%	0.44%	4,774	54,207
FY 2021	$1,399,112	4.00%	55,964	46,651	9,313	3.33%	0.67%	12,627	59,278
FY 2022	$1,369,712	4.00%	54,788	51,068	3,720	3.73%	0.27%	11,705	62,773
FY 2023	$1,440,600	4.00%	57,624	54,540	3,084	3.79%	0.21%	10,772	65,312
FY 2024	$1,500,334	4.00%	60,013	57,666	2,347	3.84%	0.16%	9,953	67,619
FY 2025	$1,561,865	4.00%	62,475	59,876	2,599	3.83%	0.17%	9,101	68,977

DEBT SERVICE SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT SERVICE (millions of dollars)	
Year	All Funds Receipts	Cap %	Cap $	Debt Service Included in Cap [1]	$ Remaining Capacity	DS as a % of Revenue	% Remaining Capacity	Debt Service Excluded from Cap [2]	Total State-Supported Debt Service [3]
FY 2020	$177,435	5.00%	8,872	4,820	4,052	2.72%	2.28%	1,130	5,950
FY 2021	$179,043	5.00%	8,952	5,116	3,836	2.86%	2.14%	5,686	10,802
FY 2022	$168,826	5.00%	8,441	5,150	3,291	3.05%	1.95%	1,789	6,939
FY 2023	$172,601	5.00%	8,630	5,659	2,971	3.28%	1.72%	1,698	7,357
FY 2024	$178,023	5.00%	8,901	6,034	2,867	3.39%	1.61%	1,516	7,550
FY 2025	$179,395	5.00%	8,970	6,456	2,514	3.60%	1.40%	1,229	7,685

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

[2] Includes liquidity financings expected to be repaid within FY 2021, consisting of $3B of short-term notes and a $1.5B draw on a line of credit facility.

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

The State uses personal income estimates published by the Federal government, specifically the Bureau of Economic Analysis (BEA), to calculate the cap on debt outstanding, as required by statute. The BEA revises these estimates on a quarterly basis and such revisions can be significant. The volatility in New York State personal income estimates has prompted DOB to reexamine the way BEA calculates personal income, in particular the apportionment of income among states. For Federal reporting purposes, BEA reassigns income from the state where it was earned to the state in which a person resides, for situations where a person lives and earns income in different states (the "residency adjustment"). The BEA residency adjustment has the effect of reducing reported New York State personal income because income earned in New York by nonresidents regularly exceeds income earned in other states by New York residents. The State taxes all personal income earned in New York, regardless of place of residency. Therefore, including the BEA personal income residency adjustment in the debt cap calculation reduces alignment with the State tax base and understates the PIT revenues available to support State-supported debt. To date, in administering the debt reform cap, DOB has used State personal income, as reduced by the BEA residency adjustment, in debt outstanding cap calculations and projections, which correspondingly reduces the State's debt capacity under the Debt Reform Act.

Changes in the State's available debt capacity reflect the Enacted Budget's suspension of the Debt Reform Act for FY 2021 issuances in response to the COVID-19 pandemic, as discussed previously. In addition, debt capacity is impacted by personal income forecast adjustments, debt amortizations, and bond sale results. 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 2020 Results	FY 2021 Enacted	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
FY 2021 Executive Budget Financial Plan as Amended	**3,731**	**963**	**204**	**82**	**28**	**855**
Personal Income Forecast Adjustment	41	(1,566)	(5,108)	(4,781)	(5,000)	(5,251)
Capital / Bond Sale Adjustments	2,385	732	(211)	(685)	(763)	(682)
Exempt FY 2021 Issuances[2]	0	9,184	8,835	8,468	8,082	7,677
FY 2021 Enacted Budget Financial Plan	**6,157**	**9,313**	**3,720**	**3,084**	**2,347**	**2,599**

[1] Does not include liquidity financings expected to be repaid within FY 2021, consisting of $3 billion of short-term note issuances and a $1.5 billion draw on a line of credit facility.

[2] Debt issued during FY 2021 is not subject to cap pursuant to Chapter 56 of the Laws of 2020.

Secured Hospital Program

Under the Secured Hospital Program, the State entered into service contracts to enable certain financially distressed not-for-profit hospitals to have tax-exempt debt issued on their behalf, to pay for upgrading their primary health care facilities. Revenues pledged to pay debt service on the bonds include hospital payments made under loan agreements between the Dormitory Authority of the State of New York (DASNY) and the hospitals, and certain reserve funds held by the applicable trustees for the bonds. In the event of revenue shortfalls to pay debt service on the Secured Hospital bonds, the service contracts obligate the State to pay debt service, subject to annual appropriations by the Legislature, on bonds issued by DASNY through the Secured Hospital Program. As of March 31, 2020, approximately $135 million of bonds were outstanding under this program.

Three of the four remaining hospitals in the State's Secured Hospital Program are in poor financial condition. In relation to the Secured Hospital Program, the State's contingent contractual obligation was invoked to pay debt service for the first time in FY 2014. Since then the State has paid $157 million for debt service costs. DASNY estimates that the State will pay debt service costs of approximately $32 million in FY 2021, $27 million in FY 2022, $21 million in both FY 2023 and FY 2024, and $13 million in FY 2025. These amounts are based on the actual experience to date of the participants in the program and would cover debt service costs for one hospital whose debt service obligation was discharged in bankruptcy, a second hospital which closed in 2010, and a third hospital that is currently delinquent in its payments. The State has estimated additional exposure of up to $6 million annually, if all hospitals in the program failed to meet the terms of their agreements with DASNY, and if available reserve funds were depleted.

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

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

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

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

September 1, 2015, and on September 3, 2015 sale proceeds of approximately $120 million were transferred to the trustee for the PIT Bonds, which were paid and legally defeased from such proceeds. Titles to 17 of the 20 properties were conveyed to the special purpose entities formed by the Purchaser to hold title.

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

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

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

State Financial Plan
Multi-Year Projections

Introduction

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

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

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

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

In evaluating the State's multi-year operating forecast, it should be noted that the reliability of the estimates and projections as a predictor of the State's future financial position is likely to diminish, the further removed such estimates and projections are from the date of the Financial Plan. Accordingly, in terms of outyear projections, the first "outyear" of the Budget, FY 2022, is the most relevant from a planning perspective. In addition, the reliability of all projections is further complicated by the COVID-19 pandemic, given the uncertainty as to its duration and the pace of a sustained recovery.

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

State Financial Plan Multi-Year Projections

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

General Fund Projections

GENERAL FUND PROJECTIONS (millions of dollars)	FY 2020 Results	FY 2021 Enacted	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
RECEIPTS					
Taxes (After Debt Service)	73,133	61,990	63,849	67,402	71,302
Miscellaneous Receipts	3,159	6,373	1,750	1,773	1,811
Other Transfers	2,915	2,579	1,855	1,532	1,352
Total Receipts	**79,207**	**70,942**	**67,454**	**70,707**	**74,465**
DISBURSEMENTS					
Local Assistance	51,863	46,400	48,967	52,444	55,585
School Aid	23,522	24,054	24,175	25,210	26,168
Medicaid	16,071	15,616	18,124	19,088	19,993
All Other	12,270	14,730	14,668	16,146	17,424
Budget Balance Reduction	0	(8,000)	(8,000)	(8,000)	(8,000)
State Operations	12,054	11,655	11,539	11,553	11,818
Personal Service	8,940	9,583	9,536	9,699	9,839
Non-Personal Service	3,114	3,052	3,053	3,154	3,279
Budget Balance Reduction	0	(980)	(1,050)	(1,300)	(1,300)
General State Charges	7,454	7,249	9,013	9,559	9,689
Transfers to Other Funds	6,098	7,865	6,915	7,169	6,548
Debt Service	736	1,810	488	501	553
Capital Projects	3,128	3,512	3,747	3,917	3,138
SUNY Operations	1,179	1,273	1,273	1,267	1,267
All Other	1,055	1,270	1,407	1,484	1,590
Total Disbursements	**77,469**	**73,169**	**76,434**	**80,725**	**83,640**
Use (Reservation) of Fund Balance:	**(1,738)**	**2,227**	**1,507**	**747**	**345**
Community Projects	4	16	0	0	0
Labor Agreements	206	0	0	0	0
Business Tax Refund	202	0	0	0	0
Timing of Payments	(1,313)	1,313	0	0	0
Undesignated Fund Balance	(1,103)	553	548	0	0
Rainy Day Reserves	(428)	0	0	0	0
Economic Uncertainties	(890)	(80)	0	0	0
Extraordinary Monetary Settlements[1]	1,584	425	959	747	345
BUDGET SURPLUS/(GAP) PROJECTIONS	**0**	**0**	**(7,473)**	**(9,271)**	**(8,830)**

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

State Operating Funds Projections

STATE OPERATING FUNDS DISBURSEMENTS (millions of dollars)	FY 2020 Results	FY 2021 Enacted	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
RECEIPTS					
Taxes	81,472	74,282	74,187	78,040	81,953
Miscellaneous Receipts/Federal Grants	22,761	22,441	18,359	17,800	17,361
Total Receipts	**104,233**	**96,723**	**92,546**	**95,840**	**99,314**
DISBURSEMENTS					
Local Assistance	68,652	61,660	64,686	67,689	70,521
School Aid (School Year Basis)[1]	27,812	26,780	27,918	28,911	29,854
DOH Medicaid[2]	22,077	21,822	24,246	25,300	26,283
Transportation	3,488	3,935	3,906	4,094	4,288
STAR	2,184	2,073	1,979	1,858	1,750
Higher Education	2,362	3,518	2,924	2,961	2,991
Social Services	2,355	3,250	2,896	3,010	3,047
Mental Hygiene	3,427	2,223	3,162	3,799	4,437
All Other[3]	4,947	6,059	5,655	5,756	5,871
Budget Balance Reduction	0	(8,000)	(8,000)	(8,000)	(8,000)
State Operations	20,168	19,107	19,115	19,170	19,392
Personal Service	14,090	14,641	14,616	14,848	14,999
Non-Personal Service	6,078	5,446	5,549	5,622	5,693
Budget Balance Reduction	0	(980)	(1,050)	(1,300)	(1,300)
General State Charges	8,423	8,296	10,153	10,728	10,843
Pension Contribution	2,456	2,592	2,855	2,990	2,996
Health Insurance	4,303	4,513	4,860	5,219	5,608
All Other	1,664	1,191	2,438	2,519	2,239
Debt Service	4,916	5,838	6,939	7,357	7,550
Capital Projects	0	0	0	0	0
Total Disbursements (Excluding Liquidity Financing)	**102,159**	**94,901**	**100,893**	**104,944**	**108,306**
Liquidity Financing	**0**	**4,500**	**0**	**0**	**0**
Total Disbursements (Including Liquidity Financing)	**102,159**	**99,401**	**100,893**	**104,944**	**108,306**
Net Other Financing Sources/(Uses)	(28)	(291)	(768)	(1,085)	(302)
RECONCILIATION TO GENERAL FUND GAP					
Designated Fund Balances:	(2,046)	2,969	1,642	918	464
General Fund	(1,738)	2,227	1,507	747	345
Special Revenue Funds	(310)	735	140	175	139
Debt Service Funds	2	7	(5)	(4)	(20)
GENERAL FUND BUDGET SURPLUS/(GAP)	**0**	**0**	**(7,473)**	**(9,271)**	**(8,830)**

[1] FY 2021 does not reflect $1.1 billion in Federal CARES Act funding.

[2] Total State share Medicaid funding is reported prior to the spending offset from the application of Master Settlement Agreement (MSA) payments, which are deposited directly to a Medicaid Escrow Fund to cover a portion of the State's takeover of Medicaid costs for counties and New York City. The value of the offset is reported in "All Other" local assistance disbursements. Spending is offset by the benefit of enhanced FMAP for 6.2 percent for 6 months.

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

Receipts

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

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

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

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

Overview of the Receipts Forecast

All Funds receipts in FY 2021 are projected to total $179 billion, a 0.9 percent ($1.6 billion) increase from FY 2020 results. FY 2021 State tax receipts are projected to decrease $7.3 billion (8.9 percent) from prior year results.

ALL FUNDS RECEIPTS
(millions of dollars)

	FY 2020 Results	FY 2021 Enacted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
Personal Income Tax	53,660	49,046	-8.6%	47,976	-2.2%	50,732	5.7%	53,862	6.2%
Consumption/Use Taxes	18,021	15,474	-14.1%	16,643	7.6%	17,101	2.8%	17,585	2.8%
Business Taxes	8,996	8,957	-0.4%	8,874	-0.9%	9,403	6.0%	9,592	2.0%
Other Taxes	2,212	2,066	-6.6%	2,054	-0.6%	2,161	5.2%	2,266	4.9%
Total State Taxes	**82,889**	**75,543**	**-8.9%**	**75,547**	**0.0%**	**79,397**	**5.1%**	**83,305**	**4.9%**
Miscellaneous Receipts	29,466	30,669	4.1%	25,859	-15.7%	24,443	-5.5%	23,972	-1.9%
Federal Receipts	65,080	72,833	11.9%	67,419	-7.4%	68,761	2.0%	70,749	2.9%
Total All Funds Receipts	**177,435**	**179,045**	**0.9%**	**168,825**	**-5.7%**	**172,601**	**2.2%**	**178,026**	**3.1%**

The COVID-19 pandemic is projected to have a significant negative impact on tax receipts. Executive Budget Financial Plan forecasts have been revised sharply downward, consistent with the economic analysis outlined in the previous section. The Financial Plan forecast reduces estimated FY 2021 tax receipts by over $12 billion and projected FY 2022 tax receipts by over $15 billion.

- Personal income taxes are reduced significantly in FY 2021 with an estimated loss of nearly $8 billion and a projected $11 billion annual decline across the financial plan period over the Executive Budget forecasts.

- Consumption/Use taxes and fees are reduced by over $3 billion with a significant decline in sales and use taxes.

- Business taxes are reduced by nearly $1 billion in FY 2021 with the largest portion of the decline in corporate franchise taxes.

- Other taxes are reduced by $274 million in FY 2021 and over $370 million in the outyears.

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

Personal Income Tax

PERSONAL INCOME TAX (millions of dollars)									
	FY 2020 Results	FY 2021 Enacted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
STATE/ALL FUNDS	**53,660**	**49,046**	**-8.6%**	**47,976**	**-2.2%**	**50,732**	**5.7%**	**53,862**	**6.2%**
Gross Collections	64,985	59,640	-8.2%	60,085	0.7%	63,330	5.4%	66,921	5.7%
Refunds (Incl. State/City Offset)	(11,325)	(10,594)	6.5%	(12,109)	-14.3%	(12,598)	-4.0%	(13,059)	-3.7%
GENERAL FUND[1]	**24,646**	**22,450**	**-9.8%**	**22,008**	**-2.0%**	**23,508**	**6.8%**	**25,181**	**7.1%**
Gross Collections	64,985	59,640	-8.2%	60,085	0.7%	63,330	5.4%	66,921	5.7%
Refunds (Incl. State/City Offset)	(11,325)	(10,594)	6.5%	(12,109)	-14.3%	(12,598)	-4.0%	(13,059)	-3.7%
STAR	(2,184)	(2,073)	5.1%	(1,980)	4.5%	(1,858)	6.2%	(1,750)	5.8%
RBTF	(26,830)	(24,523)	8.6%	(23,988)	2.2%	(25,366)	-5.7%	(26,931)	-6.2%

[1]Excludes Transfers.

All Funds PIT receipts for FY 2021 are estimated to decrease significantly, primarily reflecting steep declines in withholding and total estimated payments, partially offset by a decrease in total refunds.

The following table summarizes, by component, actual receipts for FY 2020 and forecast amounts through FY 2024.

ALL FUNDS PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS (millions of dollars)	FY 2020 Results	FY 2021 Enacted	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Receipts					
Withholding	43,118	38,752	42,570	44,344	46,269
Estimated Payments	17,025	15,669	12,951	14,091	15,438
Current Year	10,996	9,129	9,683	10,576	11,254
Prior Year[1]	6,029	6,540	3,268	3,515	4,184
Final Returns	3,454	3,608	2,882	3,164	3,431
Current Year	340	316	331	346	367
Prior Year[1]	3,114	3,292	2,551	2,818	3,064
Delinquent	1,388	1,611	1,682	1,731	1,783
Gross Receipts	64,985	59,640	60,085	63,330	66,921
Refunds					
Prior Year[1]	5,928	6,267	7,475	7,645	7,793
Previous Years	531	638	669	700	732
Current Year[1]	2,244	1,751	1,750	1,750	1,750
Advanced Credit Payment	1,505	664	816	979	1,135
State/City Offset[1]	1,117	1,274	1,399	1,524	1,649
Total Refunds	11,325	10,594	12,109	12,598	13,059
Net Receipts	**53,660**	**49,046**	**47,976**	**50,732**	**53,862**

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

FY 2021 withholding is estimated to be markedly lower than FY 2020 results, driven by extraordinary declines in both bonus and non-bonus wages. Extension payments related to Tax Year 2019 are projected to increase in response to modest growth in nonwage income. Estimated payments attributable to Tax Year 2020 are expected to substantially decrease, driven by a steep decline in nonwage income. FY 2021 final return payments and delinquencies are both expected to increase.

The decrease in total refunds reflects a steep decrease in advanced credit payments attributable to Tax Year 2020, coupled with a decline in the administrative January-March refund cap. These decreases are partially offset by increases in prior-year refunds related to Tax Year 2019, refunds related to tax years prior to 2019, and the State-City offset. The large decline in advanced credit payments attributable to Tax Year 2020 reflects the expiration of the Property Tax Relief Credit. General Fund PIT receipts are net of deposits to the STAR Fund, which provides property tax relief, and the RBTF, which supports debt service payments on State PIT revenue bonds. The FY 2021 STAR transfer is expected to decline. PIT RBTF receipts are statutorily set to 50 percent of net PIT receipts, and FY 2021 RBTF receipts therefore reflect the decrease in All Funds receipts noted above. FY 2021 General Fund PIT is expected to decrease due to these changes.

All Funds FY 2022 receipts are projected to decrease, reflecting sharp declines in Tax Year 2020 extension payments and final returns, coupled with growth in total refunds. These changes are primarily driven by exceptionally weak Tax Year 2020 nonwage income. Revenue declines are partially offset by increases in withholding, Tax Year 2021 current estimated payments, and delinquencies. The FY 2022 STAR transfer is expected to decline. The FY 2022 RBTF is projected to decrease based on the decrease in FY 2022 All Funds receipts. General Fund PIT receipts for FY 2022 are also expected to decrease, driven by the aforementioned changes to All Funds receipts, the STAR transfer, and RBTF receipts.

All Funds PIT receipts for FY 2023 are projected to increase from FY 2022 projections as the State economy recovers. Gross PIT receipts are projected to increase as well, reflecting projected increases in withholding and total estimated payments, partially offset by a projected increase in total refunds.

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

All Funds PIT receipts and General Fund PIT receipts are both expected to increase in FY 2024 reflecting normal baseline growth in income and associated tax liability.

Consumption/Use Taxes

CONSUMPTION/USE TAXES (millions of dollars)	FY 2020 Results	FY 2021 Enacted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
STATE/ALL FUNDS	**18,021**	**15,474**	**-14.1%**	**16,643**	**7.6%**	**17,101**	**2.8%**	**17,585**	**2.8%**
Sales Tax	15,932	13,463	-15.5%	14,608	8.5%	15,105	3.4%	15,626	3.4%
Cigarette and Tobacco Taxes	1,035	971	-6.2%	946	-2.6%	904	-4.4%	864	-4.4%
Vapor Excise Tax	10	14	40.0%	6	-57.1%	6	0.0%	6	0.0%
Motor Fuel Tax	512	454	-11.3%	509	12.1%	507	-0.4%	502	-1.0%
Highway Use Tax	142	131	-7.7%	139	6.1%	139	0.0%	140	0.7%
Alcoholic Beverage Taxes	259	266	2.7%	264	-0.8%	266	0.8%	269	1.1%
Opioid Excise Tax	19	80	321.1%	66	-17.5%	66	0.0%	66	0.0%
Medical Cannabis Excise Tax	6	6	0.0%	6	0.0%	6	0.0%	6	0.0%
Adult Use Cannabis Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Auto Rental Tax[1]	106	89	-16.0%	99	11.2%	102	3.0%	106	3.9%
GENERAL FUND[2]	**8,038**	**6,934**	**-13.7%**	**7,462**	**7.6%**	**7,686**	**3.0%**	**7,922**	**3.1%**
Sales Tax	7,447	6,292	-15.5%	6,827	8.5%	7,059	3.4%	7,302	3.4%
Cigarette and Tobacco Taxes	313	296	-5.4%	305	3.0%	295	-3.3%	285	-3.4%
Alcoholic Beverage Taxes	259	266	2.7%	264	-0.8%	266	0.8%	269	1.1%
Opioid Excise Tax	19	80	321.1%	66	-17.5%	66	0.0%	66	0.0%

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

[2] Excludes Transfers.

All Funds consumption/use tax receipts for FY 2021 are estimated to decrease significantly from FY 2020 results due to the impacts of the COVID-19 pandemic. Sales tax receipts are estimated to decrease due to a significant decline in taxable consumption (i.e., estimated sales tax base decline of 16.9 percent). The excise taxes on opioids and vapor products are both fully implemented in FY 2021. Vapor products tax receipts are projected to moderately increase from FY 2020 results despite legislation enacted in the Budget to ban all flavored vapor products other than tobacco flavored products. Cigarette and tobacco tax collections are projected to decrease, reflecting a continued decline in taxable cigarette consumption. Highway use tax collections are estimated to decrease, reflecting a decline in demand from the trucking sector related to the economic slowdown and limited travel activities. Motor fuel tax receipts are estimated to decrease due to declines in both gasoline and diesel consumption. Auto rental tax receipts are estimated to decrease, mainly due to extremely limited travel expected early in the fiscal year.

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

General Fund consumption/use tax receipts for FY 2021 are estimated to decrease, largely due to the sales and use tax trends noted above.

All Funds consumption/use tax receipts for FY 2022 are projected to increase by more than $1 billion from FY 2021 estimates. The increase in sales tax receipts reflects a bounce back in taxable consumption with projected base growth of 8.4 percent. The excise tax on opioids is projected to slightly decline, reflecting the absence of a rollover in liability generated during the previous fiscal year. Motor fuel tax, auto rental tax, and highway use tax receipts are all estimated to increase from FY 2021 estimates as the economy and travel activity are expected to improve compared to the prior year. These increases are partially offset by a continued decline in taxable cigarette consumption.

FY 2022 General Fund consumption/use tax receipts are projected to increase, mainly due to the sales and use tax trend noted above.

FY 2023 and FY 2024 All Funds consumption/use tax receipts are projected to increase compared to the prior year, largely reflecting base growth in sales tax receipts, which is slightly offset by a continued decline in taxable cigarette consumption. Similarly, General Fund consumption/use tax receipts are projected to increase in both FY 2023 and FY 2024 primarily due to the All Funds sales and use tax and cigarette tax trends noted above.

Business Taxes

BUSINESS TAXES (millions of dollars)	FY 2020 Results	FY 2021 Enacted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
STATE/ALL FUNDS	**8,996**	**8,957**	**-0.4%**	**8,874**	**-0.9%**	**9,403**	**6.0%**	**9,592**	**2.0%**
Corporate Franchise Tax	4,824	4,868	0.9%	4,883	0.3%	5,345	9.5%	5,476	2.5%
Corporation and Utilities Tax	705	640	-9.2%	637	-0.5%	654	2.7%	659	0.8%
Insurance Tax	2,306	2,165	-6.1%	2,269	4.8%	2,327	2.6%	2,389	2.7%
Bank Tax	0	270	0.0%	0	-100.0%	0	0.0%	0	0.0%
Petroleum Business Tax	1,161	1,014	-12.7%	1,085	7.0%	1,077	-0.7%	1,068	-0.8%
GENERAL FUND	**6,370**	**6,506**	**2.1%**	**6,337**	**-2.6%**	**6,778**	**7.0%**	**6,918**	**2.1%**
Corporate Franchise Tax	3,791	3,882	2.4%	3,852	-0.8%	4,228	9.8%	4,309	1.9%
Corporation and Utilities Tax	518	470	-9.3%	463	-1.5%	477	3.0%	481	0.8%
Insurance Tax	2,053	1,929	-6.0%	2,022	4.8%	2,073	2.5%	2,128	2.7%
Bank Tax	8	225	2712.5%	0	-100.0%	0	0.0%	0	0.0%
Petroleum Business Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%

FY 2021 All Funds business tax receipts are estimated to decline slightly, albeit $1 billion below Executive Budget Financial Plan estimates, driven primarily by a decrease in gross receipts from corporation and utilities taxes, insurance taxes, and petroleum business taxes. These declines are partially offset by increases in bank tax audit receipts and a decline in corporation franchise tax refunds paid.

Corporation franchise tax receipts are estimated to increase slightly in FY 2021, reflecting a reduction in refunds paid and an increase in audit receipts. Refunds are estimated to return to recent historical levels after the previous year included a large refund that was originally anticipated to be paid in FY 2019. Audit receipts are estimated to increase based on anticipated large cases expected to close this fiscal year. Gross receipts are estimated to decline due to projected large declines in corporate profits and investment in equipment and software, in addition to the continued phase-out of the capital base that will be complete in 2021.

Corporation and utilities tax receipts for FY 2021 are estimated to decrease over the prior fiscal year, largely driven by decreases in gross receipts from both the telecommunication and utilities sectors and a decrease in audits. FY 2020 audit receipts more than doubled over the prior year and are expected to return to trend level in FY 2021 while refunds are estimated to increase slightly.

Insurance tax receipts for FY 2021 are estimated to decrease significantly due to a decline in gross receipts. FY 2020 gross receipts increased sharply due to payments covering two liability periods from the conversion of a not-for-profit insurer to a for-profit insurer. Projected declines in corporate profits also contribute to the drop in gross receipts. Audits are estimated to increase to trend levels while refunds paid are expected to decline compared to historically high refunds paid last fiscal year.

Receipts from the repealed bank tax (all from prior liability periods) in FY 2021 are estimated to increase, primarily due to an estimated increase in audits based on large cases expected to close this fiscal year. Petroleum business tax (PBT) receipts are estimated to decrease from FY 2020 results, primarily due to a decline in both gasoline and diesel consumption coupled with the impact of a 2 percent decline in the PBT rate index on January 1, 2020, paired with a projected 5 percent decline in the PBT rate index on January 1, 2021.

General Fund business tax receipts for FY 2021 are estimated to increase due to the trends in bank and corporation franchise tax receipts described above.

General Fund and All Funds business tax receipts for FY 2022 are projected to decline, primarily reflecting a decline in audit receipts from bank taxes. A projected decline in bank taxes and corporation and utilities taxes is offset by projected increases in the corporation franchise tax, insurance tax, and PBT receipts.

General Fund and All Funds business tax receipts for FY 2023 are projected to increase, primarily reflecting increases in corporation franchise tax, insurance taxes, and corporation and utilities taxes. This increase is partially offset by a modest decline in PBT receipts.

General Fund and All Funds business tax receipts for FY 2024 reflect projected trends in corporate profits, taxable insurance premiums, electric utility consumption and prices, consumption of taxable telecommunications services, and automobile fuel consumption and fuel prices.

Other Taxes

OTHER TAXES (millions of dollars)	FY 2020 Results	FY 2021 Enacted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
STATE/ALL FUNDS	**2,212**	**2,066**	**-6.6%**	**2,054**	**-0.6%**	**2,161**	**5.2%**	**2,266**	**4.9%**
Estate Tax	1,070	1,100	2.8%	1,028	-6.5%	1,077	4.8%	1,128	4.7%
Real Estate Transfer Tax	1,124	949	-15.6%	1,004	5.8%	1,061	5.7%	1,114	5.0%
Employer Compensation Expense Program	2	4	100.0%	6	50.0%	7	16.7%	7	0.0%
Pari-Mutuel Taxes	14	11	-21.4%	14	27.3%	14	0.0%	14	0.0%
All Other Taxes	2	2	0.0%	2	0.0%	2	0.0%	3	50.0%
GENERAL FUND[1]	**1,087**	**1,115**	**2.6%**	**1,047**	**-6.1%**	**1,097**	**4.8%**	**1,148**	**4.6%**
Estate Tax	1,070	1,100	2.8%	1,028	-6.5%	1,077	4.8%	1,128	4.7%
Employer Compensation Expense Program	1	2	100.0%	3	50.0%	4	33.3%	3	-25.0%
Pari-Mutuel Taxes	14	11	-21.4%	14	27.3%	14	0.0%	14	0.0%
All Other Taxes	2	2	0.0%	2	0.0%	2	0.0%	3	50.0%

[1]Excludes Transfers.

All Funds other tax receipts for FY 2021 are estimated to decrease from FY 2020 results, primarily due to an estimated decrease in real estate transfer tax receipts resulting from large estimated declines in housing starts, housing prices, and bonuses. The real estate transfer tax receipts estimated decrease is partially offset by a slight increase in estate tax receipts, primarily due to the partial-year impact of minor estimated growth in household net worth.

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

All Funds other tax receipts for FY 2022 are projected to decrease slightly, primarily due to a decrease in estate tax receipts, reflecting a projected decline in the Wilshire 5000 equity market Index, which measures the performance of U.S. equity securities. This is largely offset by an increase in real estate transfer tax receipts, which is primarily due to projected growth in housing starts, housing sales and housing prices as activity rebounds compared to the prior year.

General Fund other tax receipts for FY 2022 are projected to decrease, due to the decline in estate tax receipts noted above.

All Funds other tax receipts for FY 2023 and FY 2024 are projected to increase, largely due to increases in both estate tax and real estate transfer tax receipts, reflecting projected growth in household net worth, housing starts, and housing prices.

General Fund other tax receipts for FY 2023 and FY 2024 are projected to increase, resulting from the projected increases in estate tax receipts noted above.

Miscellaneous Receipts

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

MISCELLANEOUS RECEIPTS
(millions of dollars)

	FY 2020 Results	FY 2021 Enacted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
ALL FUNDS	**29,466**	**30,669**	**4.1%**	**25,859**	**-15.7%**	**24,443**	**-5.5%**	**23,972**	**-1.9%**
General Fund	3,159	6,373	101.7%	1,750	-72.5%	1,773	1.3%	1,811	2.1%
Special Revenue Funds	19,279	15,866	-17.7%	16,399	3.4%	15,819	-3.5%	15,344	-3.0%
Capital Projects Funds	6,551	8,049	22.9%	7,325	-9.0%	6,467	-11.7%	6,433	-0.5%
Debt Service Funds	477	381	-20.1%	385	1.0%	384	-0.3%	384	0.0%

All Funds miscellaneous receipts are projected to total $30.7 billion in FY 2021, an increase of 4.1 percent from FY 2020 results, driven by the issuance of PIT notes and line of credit ($3 billion and $1.5 billion, respectively) in response to the COVID-19 pandemic and increasing bond proceeds.

All Funds miscellaneous receipts are projected to decline annually after FY 2021, reflecting the nonrecurring short-term financing, continued impact of the COVID-19 pandemic and a decrease in bond proceed reimbursements in later years, which corresponds to prior-year capital expenses.

Federal Grants

FEDERAL GRANTS (millions of dollars)									
	FY 2020 Results	FY 2021 Enacted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
ALL FUNDS	**65,080**	**72,833**	**11.9%**	**67,419**	**-7.4%**	**68,761**	**2.0%**	**70,749**	**2.9%**
General Fund	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Special Revenue Funds	62,897	70,577	12.2%	65,134	-7.7%	66,478	2.1%	68,497	3.0%
Capital Projects Funds	2,109	2,182	3.5%	2,213	1.4%	2,214	0.0%	2,186	-1.3%
Debt Service Funds	74	74	0.0%	72	-2.7%	69	-4.2%	66	-4.3%

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

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

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

Disbursements

In FY 2021, disbursements from the State's General Fund, including transfers, are expected to total $73.2 billion, and disbursements from State Operating Funds are expected to total $99.4 billion. School Aid, Medicaid, transportation, debt service, and health benefits are significant drivers of annual spending growth, as further described in this section.

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

The Financial Plan estimates include $8.2 billion in recurring reductions in aid-to-localities disbursements that are expected to be executed pursuant to the budget-balance and withholding authority granted in the Enacted Budget. The allocation of the savings plan will depend on what programs are included or excluded from reductions, the level of targeted reductions in certain areas, and the availability of Federal aid. Accordingly, the specific agency and program spending levels described below do not reflect any reductions that may occur as a result of the savings plan. However, such reductions may be significant.

Local Assistance Grants

Local assistance spending includes payments to local governments, school districts, health care providers, and other entities, as well as financial assistance to, or on behalf of, individuals, families and not-for-profit organizations. Local assistance spending in State Operating Funds is estimated at $61.7 billion in FY 2021, including budget balance reductions, which is approximately two-thirds of total State Operating Funds spending. Education and health care spending account for nearly three-quarters of State Operating Funds local assistance spending.

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

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

	FY 2020 Results[1]	FY 2021 Enacted	Forecast FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
HEALTH CARE					
Medicaid - Individuals Covered[2]	6,195,058	6,192,680	6,200,222	6,207,765	6,215,308
Essential Plan - Individuals Covered	775,117	773,639	771,546	769,458	767,375
Child Health Plus - Individuals Covered	424,463	432,215	436,091	438,035	439,979
State Takeover of County/NYC Costs[3]	$4,115	$4,467	$4,818	$5,179	$5,551
CY 2005 Local Medicaid Cap	$3,015	$3,184	$3,353	$3,531	$3,720
FY 2013 Local Takeover Costs	$1,100	$1,283	$1,465	$1,648	$1,831
EDUCATION					
School Aid (School Year-Basis Funding)[4]	$27,812	$26,780	$27,918	$28,911	$29,854
HIGHER EDUCATION					
Public Higher Education Enrollment (FTEs)	549,800	549,800	549,800	549,800	549,800
Tuition Assistance Program (Recipients)	265,936	265,936	265,936	265,936	265,936
PUBLIC ASSISTANCE					
Family Assistance Program (Families)	178,038	171,392	166,404	165,110	165,243
Safety Net Program (Families)	105,016	101,741	99,351	98,373	97,930
Safety Net Program (Singles)	191,424	196,052	201,179	206,590	212,376
MENTAL HYGIENE					
OMH Community Beds	47,040	48,321	49,038	50,069	50,569
OPWDD Community Beds	43,193	43,783	44,081	44,381	44,684
OASAS Community Beds	13,665	13,725	13,955	14,186	14,266
Total	103,898	105,829	107,074	108,636	109,519
PRISON POPULATION	44,500	44,000	44,000	44,000	44,000

1 Reflects preliminary unaudited results.
2 Enrollment in public health insurance programs is subject to direct/indirect risks related to the COVID-19 pandemic.
3 Reflects the total State cost of taking over the local share of Medicaid growth, which was initially capped at approximately 3 percent annually, then fully transferred to the State as of calendar year 2015. A portion of the State takeover costs are funded from Master Settlement Agreement resources.
4 FY 2021 does not reflect $1.1 billion in Federal CARES Act funding.

Education

School Aid

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

School Year (July 1 — June 30)

State Operating Funds support for School Aid is expected to total $26.8 billion in SY 2021, an annual decrease of $1 billion (3.7 percent). This reduction in State Operating Funds support will be offset by approximately $1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, SY 2021 School Aid is expected to total $27.9 billion, an annual increase of approximately $100 million or 0.4 percent.

The Enacted Budget continues prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The Enacted Budget also provides over $200 million in support for competitive grant programs, including $1 million for development of a new Civics Education curriculum and $10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid is continued under existing aid formulas.

Outyear growth in School Aid reflects current projections of the ten-year average growth in State personal income.

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

	SY 2020	SY 2021[1]	Change	SY 2022	Change	SY 2023	Change	SY 2024	Change
Total	27,812	26,780	-1,032	27,918	1,138	28,911	993	29,854	943
			-3.7%		4.2%		3.6%		3.3%

[1] Does not reflect $1.1 billion in Federal CARES Act funding.

State Fiscal Year

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

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

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

	FY 2020 Results	FY 2021[1] Enacted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**27,368**	**26,906**	**-1.7%**	**27,453**	**2.0%**	**28,478**	**3.7%**	**29,435**	**3.4%**
General Fund Local Assistance	23,384	23,913	2.3%	24,035	0.5%	25,071	4.3%	26,028	3.8%
Medicaid	138	140	1.4%	140	0.0%	140	0.0%	140	0.0%
Lottery Aid	2,709	2,206	-18.6%	2,246	1.8%	2,246	0.0%	2,246	0.0%
VLT Lottery Aid	975	558	-42.8%	880	57.7%	875	-0.6%	875	0.0%
Commercial Gaming	162	89	-45.1%	152	70.8%	146	-3.9%	146	0.0%

[1] Does not reflect $1.1 billion in Federal CARES Act funding.

State fiscal year spending for School Aid on a State Operating Funds basis is projected to total $26.9 billion in FY 2021, a 1.7 percent decrease from FY 2020. In FY 2021, the share of School Aid spending financed by lottery, video lottery and commercial gaming revenues is projected to decrease due largely to the impact of the COVID-19 pandemic on economic activity. Pursuant to statute, the projected share of School Aid spending supported by the State's General Fund has increased to offset the projected decrease in lottery and gaming revenues that support School Aid. If casino revenues drop further below currently projected levels, then the General Fund is expected to absorb the shortfall. In addition to State aid, school districts currently receive more than $3 billion annually in existing Federal aid. School districts are also expected to receive approximately $1.1 billion in Federal CARES Act funds.

Other Education Funding

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

OTHER EDUCATION FUNDING (millions of dollars)	FY 2020 Results	FY 2021 Enacted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,319**	**2,303**	**-0.7%**	**2,387**	**3.6%**	**2,473**	**3.6%**	**2,542**	**2.8%**
Special Education	1,331	1,357	2.0%	1,428	5.2%	1,495	4.7%	1,564	4.6%
All Other Education	988	946	-4.3%	959	1.4%	978	2.0%	978	0.0%

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

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

The projected spending increases for All Other Education programs in FYs 2022 – 2023 are largely due to continued growth in charter school supplemental tuition, facilities aid payments for charter schools in New York City, and payments to nonpublic schools.

School Tax Relief Program

The STAR program provides school tax relief to taxpayers by exempting the first $30,000 of every eligible homeowner's property value from the local school tax levy. Lower-income senior citizens will receive a $69,800 exemption in FY 2021.

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

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

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

	FY 2020 Results	FY 2021 Enacted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,184**	**2,073**	**-5.1%**	**1,979**	**-4.5%**	**1,858**	**-6.1%**	**1,750**	**-5.8%**
Gross Program Costs	3,353	3,434	2.4%	3,511	2.2%	3,571	1.7%	3,636	1.8%
Personal Income Tax Credit	(1,169)	(1,361)	-16.4%	(1,532)	-12.6%	(1,713)	-11.8%	(1,886)	-10.1%
Basic Exemption	1,321	1,230	-6.9%	1,171	-4.8%	1,095	-6.5%	1,027	-6.2%
Gross Program Costs	1,737	1,802	3.7%	1,860	3.2%	1,916	3.0%	1,967	2.7%
Personal Income Tax Credit	(416)	(572)	-37.5%	(689)	-20.5%	(821)	-19.2%	(940)	-14.5%
Enhanced (Senior) Exemption	863	843	-2.3%	808	-4.2%	763	-5.6%	723	-5.2%
Gross Program Costs	936	935	-0.1%	936	0.1%	922	-1.5%	918	-0.4%
Personal Income Tax Credit	(73)	(92)	-26.0%	(128)	-39.1%	(159)	-24.2%	(195)	-22.6%
New York City PIT	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Gross Program Costs	680	697	2.5%	715	2.6%	733	2.5%	751	2.5%
Personal Income Tax Credit	(680)	(697)	-2.5%	(715)	-2.6%	(733)	-2.5%	(751)	-2.5%

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

Higher Education

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

HIGHER EDUCATION
(millions of dollars)

	FY 2020 Results	FY 2021 Enacted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,362**	**3,518**	**48.9%**	**2,924**	**-16.9%**	**2,961**	**1.3%**	**2,991**	**1.0%**
City University	**933**	**2,245**	**140.6%**	**1,625**	**-27.6%**	**1,658**	**2.0%**	**1,688**	**1.8%**
Senior Colleges	873	1,812	107.6%	1,381	-23.8%	1,415	2.5%	1,445	2.1%
Community College	60	433	621.7%	244	-43.6%	243	-0.4%	243	0.0%
Higher Education Services	**950**	**814**	**-14.3%**	**838**	**2.9%**	**843**	**0.6%**	**843**	**0.0%**
Tuition Assistance Program	833	664	-20.3%	669	0.8%	665	-0.6%	665	0.0%
Scholarships/Awards	108	138	27.8%	157	13.8%	166	5.7%	166	0.0%
Aid for Part-Time Study	9	12	33.3%	12	0.0%	12	0.0%	12	0.0%
State University	**479**	**459**	**-4.2%**	**461**	**0.4%**	**460**	**-0.2%**	**460**	**0.0%**
Community College	475	455	-4.2%	457	0.4%	456	-0.2%	456	0.0%
Other/Cornell	4	4	0.0%	4	0.0%	4	0.0%	4	0.0%

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

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

Spending on higher education is projected to increase by $1.2 billion, or 48.9 percent, from FY 2020 to FY 2021, and decrease by $594 million, or 16.9 percent, from FY 2021 to FY 2022. The spending increase in FY 2021, and subsequent decrease in FY 2022, is primarily due to the timing of payments for CUNY Senior and Community Colleges falling within the academic year. Additionally, the implementation of accounting changes, which reflect the payment of certain student financial aid from HESC to SUNY as transfers instead of disbursements, will result in lower disbursements in FY 2021. The increase in out-year spending is primarily attributable to increased support for CUNY fringe benefits.

Health Care

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

In addition to State funding, DOH also engages in Federal supported initiatives, such as the DSRIP program, with the goal of transforming New York's health care system. For more information on the MRT Medicaid Waiver and DSRIP program please see "Other Matters Affecting the Financial Plan" herein.

Medicaid

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

The number of State Medicaid recipients is expected to be approximately 6.2 million by the end of FY 2021. Year to year enrollment is relatively stable, however, enrollment in populations associated with higher service utilization and costs is increasing, contributing to growth in State Medicaid spending. Similarly, enrollment in public health insurance plans can fluctuate during economic downswings and have adverse impacts on spending. For example, there is inherent risk with the financial condition of providers and enrollment in public health programs driven directly or indirectly by the current COVID-19 pandemic.

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

Financing of Medicaid Spending

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

DEPARTMENT OF HEALTH MEDICAID
(millions of dollars)

	FY 2020 Results	FY 2021 Enacted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
STATE OPERATING FUNDS	**26,300**	**24,777**	**-5.8%**	**28,130**	**13.5%**	**29,764**	**5.8%**	**31,309**	**5.2%**
Department of Health Medicaid	**22,037**	**21,793**	**-1.1%**	**24,237**	**11.2%**	**25,288**	**4.3%**	**26,279**	**3.9%**
General Fund - DOH Medicaid Local	16,071	15,616	-2.8%	18,124	16.1%	19,088	5.3%	19,993	4.7%
DOH Medicaid	13,228	12,284	-7.1%	13,587	10.6%	14,488	6.6%	15,408	6.4%
Non-DOH Medicaid[1]	611	2,096	243.0%	1,423	-32.1%	1,041	-26.8%	658	-36.8%
Minimum Wage	1,453	1,767	21.6%	2,011	13.8%	2,273	13.0%	2,458	8.1%
Local Takeover Cost[2]	1,100	1,283	16.6%	1,465	14.2%	1,648	12.5%	1,831	11.1%
MSA Payments (Share of Local Growth)[3]	(321)	(362)	-12.8%	(362)	0.0%	(362)	0.0%	(362)	0.0%
Enhanced FMAP[4]	0	(1,452)	0.0%	0	100.0%	0	0.0%	0	0.0%
General Fund - DOH Medicaid State Ops	207	255	23.2%	277	8.6%	276	-0.4%	284	2.9%
General Fund - Essential Plan	74	78	5.4%	76	-2.6%	74	-2.6%	74	0.0%
Local Assistance	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	74	78	5.4%	76	-2.6%	74	-2.6%	74	0.0%
Other State Funds - DOH Medicaid Local	5,685	5,844	2.8%	5,760	-1.4%	5,850	1.6%	5,928	1.3%
HCRA Financing	3,836	4,190	9.2%	4,080	-2.6%	4,142	1.5%	4,194	1.3%
Indigent Care Support	917	717	-21.8%	717	0.0%	717	0.0%	717	0.0%
Provider Assessment Revenue	931	935	0.4%	961	2.8%	989	2.9%	1,015	2.6%
Medical Indemnity Fund	1	2	100.0%	2	0.0%	2	0.0%	2	0.0%
Other State Agency Medicaid Spending	**4,263**	**2,984**	**-30.0%**	**3,893**	**30.5%**	**4,476**	**15.0%**	**5,030**	**12.4%**
Use of MSA Payments (Share of Local Growth)[3]	**321**	**362**	**12.8%**	**362**	**0.0%**	**362**	**0.0%**	**362**	**0.0%**
Use of Enhanced FMAP[4]	**0**	**1,452**	**0.0%**	**0**	**-100.0%**	**0**	**0.0%**	**0**	
LOCAL SHARE OF MEDICAID[5]	**8,353**	**7,501**	**-10.2%**	**7,442**	**-0.8%**	**7,412**	**-0.4%**	**7,412**	**0.0%**
FEDERAL SHARE OF MEDICAID	**44,756**	**48,914**	**9.3%**	**49,134**	**0.4%**	**50,714**	**3.2%**	**52,480**	**3.5%**
DOH Medicaid	40,922	44,408	8.5%	44,619	0.5%	46,190	3.5%	47,947	3.8%
Essential Plan	3,834	4,506	17.5%	4,515	0.2%	4,524	0.2%	4,533	0.2%
ALL FUNDING SOURCES	**79,730**	**83,006**	**4.1%**	**85,068**	**2.5%**	**88,252**	**3.7%**	**91,563**	**3.8%**

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

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

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

4 Enhanced FMAP of 6.2 percent for 6 months retro to January 2020.

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

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

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

	FY 2020 Results	FY 2021 Enacted	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Department of Health Medicaid	21,963	21,715	24,161	25,214	26,205
Local Assistance	22,077	23,274	24,246	25,300	26,283
State Operations	207	255	277	276	284
MSA Payments (Share of Local Growth)[2]	(321)	(362)	(362)	(362)	(362)
Enhanced FMAP[3]	0	(1,452)	0	0	0
Other State Agency Medicaid Spending	4,263	2,984	3,893	4,476	5,030
Mental Hygiene	4,088	2,771	3,678	4,261	4,815
Foster Care	37	71	75	75	75
Education	138	140	140	140	140
Corrections	0	2	0	0	0
Total State Share Medicaid (All Agencies)	**26,226**	**24,699**	**28,054**	**29,690**	**31,235**
Annual $ Change		(1,527)	3,355	1,636	1,545
Annual % Change		-5.8%	13.6%	5.8%	5.2%
Essential Plan[4]	**74**	**78**	**76**	**74**	**74**
Local Assistance	0	0	0	0	0
State Operations	74	78	76	74	74

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

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

[3] Enhanced FMAP of 6.2 percent for 6 months retro to January 2020.

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

Global Cap

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

Medicaid Redesign Team (MRT) II

In FY 2020, DOB recognized that a structural imbalance existed in the Medicaid program. Absent actions to rein in spending growth, State Medicaid spending levels would have exceeded the allowable indexed growth as set by Global Cap statute. In response to the imbalance, the Governor formed the MRT II with the objective of restoring financial sustainability to the Medicaid program while connecting other programmatic initiatives that would advance the Governor's core healthcare strategies.

The Enacted Budget includes $2.2 billion in recommendations, including the recurring value of savings that began in FY 2020, put forward by the MRT to create efficiencies within the Medicaid program and address the Medicaid imbalance, including identifying efficiencies in Managed Care and Managed Long-Term Care, as well as eligibility and administrative reforms. Additionally, policy initiatives, including the carve out of services from Managed Care within pharmacy and the centralization of a transportation broker will lead to better transparency and greater efficiencies within these areas. The MRT also focused on greater Program Integrity within Medicaid and included reforms to modernize regulations to eliminate fraud, waste and abuse.

Through a combination of MRT II actions, the continued FY 2020 savings plan and payment delays and restructuring, spending under the Global Cap has been significantly reduced to ensure Medicaid spending stays within statutory allowable levels in FY 2021 and beyond. In FY 2020, spending was roughly $650 million lower than anticipated, resulting in a temporary reduction to the continued payment deferral previously planned. These savings along with $400 million in recurring lower level of spending partially offsets the required General Fund contribution in FY 2021 by $100 million.

Programmatic and payment reforms to the Medicaid program addressed by the MRT II include, but are not limited to; reductions in Hospital supplemental pool payments ; promoting quality Managed Care Encounter Data by withholding a portion of premiums; modifying criteria for Personal Care Services and the Consumer Directed Personal Assistance Program (CDPAP); delaying new discretionary Community First Choice Option (CFCO) services that are already furnished via Medicaid waivers; reducing drug cap growth by enhancing the purchasing power to lower cost drugs; and an across the board rate reduction. For more information on the MRT II activities please see "Other Matters Affecting the Financial Plan" herein.

As a result of the MRT II and other combined savings actions, Global Cap spending growth are projected to adhere to the indexed rate of 3 percent in FY 2021. Similarly, the Financial Plan reflects the continuation of the "Global Cap" through FY 2024, and the projections assume that statutory authority will be extended in subsequent years.

MEDICAID GLOBAL CAP FORECAST
(millions of dollars)

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

[1] Under the Global Cap, forecasted Medicaid services growth is indexed to the 10-year average of the medical component of the CPI.

Temporary Enhanced FMAP

In response to the COVID-19 pandemic, the President signed into law the Families First Coronavirus Response Act (FFCRA) in March 2020, which included supplemental Federal funding for various programs, including an enhanced FMAP for unexpected costs attributable to the pandemic retroactive to January 2020.

The FFCRA includes a 6.2 percent base increase to the FMAP rate for each calendar quarter occurring during the public health emergency, with exemptions placed on certain expenditures, including expansion spending that already receives enhanced federal support. As of May 2020, the public health emergency has not been lifted and as such, the enhanced funding remains in place. The Financial Plan assumes a six-month State benefit of approximately $1.45 billion that will be used to offset unanticipated General Fund expenses directly or indirectly related to the pandemic.

Master Settlement Agreement (MSA)

In FY 2018, all outstanding bonds secured by annual payments from tobacco manufacturers under the MSA were retired, with no remaining debt service requirements to be paid on these bonds. DOB expects to receive MSA payments of approximately $362 million in FY 2021 and in each subsequent year. Existing statutes direct these payments be used to help defray costs of the State's takeover of Medicaid costs for counties and New York City. The State takeover, which capped local districts' Medicaid costs at calendar year 2015 levels, is expected to cost the State $1.3 billion in FY 2021, growing to $1.5 billion in FY 2022. Consistent with State law, DOB expects MSA payments to be deposited directly to a Medicaid Payment Escrow Fund to offset the non-Federal share of annual Medicaid growth, formerly borne by local governments, which the State now pays on behalf of local governments. The deposit mechanism has no impact on overall Medicaid spending funded with State resources but reduces reported State-supported Medicaid spending accounted for in State Operating Funds.

The table below shows total State spending adjusted for MSA payments.

FUNDING SOURCES FOR STATE MEDICAID CONTRIBUTIONS
(millions of dollars)

	FY 2020 Results	FY 2021 Enacted	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
State Share Support	**26,621**	**25,139**	**28,492**	**30,126**	**31,671**
State Funds Medicaid Disbursements	26,300	24,777	28,130	29,764	31,309
MSA Payments (Local Growth)	321	362	362	362	362

Minimum Wage

Medicaid spending includes the cost of increases in the minimum wage for employees in the health care sector. These costs are not subject to the Global Cap indexed spending limit. The State costs of minimum wage increases in the health care sector are projected to grow roughly $300 million to $1.8 billion in FY 2021. Per State statute, home health care workers in New York City and certain counties receive supplemental benefits in addition to their base wage. These benefits include paid leave, differential wages, premiums for certain shifts, education and fringe benefits. The supplemental benefits typically can be satisfied by increasing the base cash wage by a corresponding amount. As a result, wages for home health care workers in these regions exceed minimum wage levels by $4.09 for New York City and $3.22 for Westchester, Nassau, and Suffolk counties. However, State statute exempts the supplemental wages portion of total compensation from the minimum wage calculation to ensure home health care workers in these counties receive incremental growth in wage compensation commensurate with the new minimum wage schedule.

Local Medicaid Cap

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

LOCAL GOVERNMENT SAVINGS
STATE TAKEOVER OF LOCAL MEDICAID COSTS (2005 CAP AND GROWTH TAKEOVER)
FY 2020 to FY 2024
(in dollars)

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

Health Care Transformation Fund (HCTF)

Pursuant to Part FFF of Chapter 59 of the Laws of 2018, the Health Care Transformation Fund (HCTF) was created to account for receipts associated with health care asset sales and conversions. Moneys in the HCTF are to be made available for transfer to any other fund of the State, as directed by the Director of the Budget, to support health care delivery, including for capital investment, debt retirement or restructuring, housing and other social determinants of health, or transitional operating support to health care providers. Future proceeds related to asset sales and conversions may be directed to flow through the HCTF, subject to regulatory approvals.

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

	FY 2020 Results	FY 2021 Enacted	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Opening Balance	**525**	**315**	**0**	**0**	**0**
Receipts	**501**	**138**	**138**	**68**	**0**
Fidelis Payment	400	50	50	0	0
Centene Payment	68	68	68	68	0
CVS Payment	13	13	13	0	0
Cigna Payment	7	7	7	0	0
STIP Interest	13	0	0	0	0
Planned Uses	**(711)**	**(453)**	**(138)**	**(68)**	**0**
Housing Rental Subsidies	(272)	(272)	(118)	(68)	0
State-Only Medicaid Payments	(228)	(160)	0	0	0
Capital Projects	(211)	(21)	(20)	0	0
Closing Balance	**315**	**0**	**0**	**0**	**0**

Fidelis - Centene Asset Sale

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

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

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

CVS – Aetna Acquisition

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

Cigna Health and Life Insurance Company (Cigna) – Express Scripts

In December 2018, DFS approved the request by Cigna Corporation, a health services organization, to acquire Express Scripts, a subsidiary pharmacy benefit management organization of Medco Containment Insurance Company of New York. Pursuant to the DFS approved terms, the combined entity is expected to contribute a total of $20 million to New York through FY 2022 and will implement an enhanced care model that will reduce the cost of care and coverage gaps related to diabetes care, cardiology care and opioid abuse. Additional conditions include adherence to New York's cyber-security regulations and consumer protections related to insurance premiums and drug prices.

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

Essential Plan (EP)

The FY 2015 Enacted Budget authorized the State to participate in the EP, a health insurance program which receives Federal subsidies authorized through the ACA. The EP includes health insurance coverage for legally residing immigrants in New York not eligible for Medicaid, CHP or other employer-sponsored coverage. Individuals who meet the EP eligibility standards are enrolled through the New York State of Health (NYSOH) insurance exchange, with the cost of insurance premiums subsidized by the State and Federal governments. The Exchange – NYSOH – serves as a centralized marketplace to shop for, compare, and enroll in a health plan. More than 770,000 New Yorkers have enrolled since the EP launched in January 2016.

ESSENTIAL PLAN
(millions of dollars)

	FY 2020 Results	FY 2021 Enacted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL ALL FUNDS SPENDING	3,908	4,584	17.3%	4,591	0.2%	4,598	0.2%	4,607	0.2%
State Operating Funds	74	78	5.4%	76	-2.6%	74	-2.6%	74	0.0%
Local Assistance	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	74	78	5.4%	76	-2.6%	74	-2.6%	74	0.0%
Federal Operating Funds	3,834	4,506	17.5%	4,515	0.2%	4,524	0.2%	4,533	0.2%

The increase from FY 2020 to FY 2021 is partially attributable to the delayed transition of the Value Based Payment Quality Incentive Program to Federal funds. FY 2021 growth is also impacted by increased EP reimbursement rates to providers, with growth attributable to these rates tapering in the outyears. All Funds average growth of 4.4 percent over the multi-year Financial Plan reflects a mix of factors, including stabilizing enrollment trends and continued Federal support. The change in the premium index generates a higher Federal reimbursement rate, eliminating EP program costs for the State and allowing for the local assistance share of the program to be fully Federally funded. The EP is not a Medicaid program, however, State savings associated with the EP local assistance program are realized within the Global Cap, where EP resources are managed.

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

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

Public Health/Aging Programs

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

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

PUBLIC HEALTH AND AGING
(millions of dollars)

	FY 2020 Results	FY 2021 Enacted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,805**	**1,900**	**5.3%**	**1,881**	**-1.0%**	**1,903**	**1.2%**	**1,920**	**0.9%**
Public Health	**1,669**	**1,759**	**5.4%**	**1,735**	**-1.4%**	**1,751**	**0.9%**	**1,763**	**0.7%**
Child Health Plus[1]	735	634	-13.7%	745	17.5%	762	2.3%	774	1.6%
General Public Health Work	75	266	254.7%	163	-38.7%	163	0.0%	163	0.0%
EPIC	101	104	3.0%	103	-1.0%	103	0.0%	103	0.0%
Early Intervention	84	254	202.4%	163	-35.8%	163	0.0%	163	0.0%
HCRA Program	355	276	-22.3%	328	18.8%	328	0.0%	328	0.0%
All Other	319	225	-29.5%	233	3.6%	232	-0.4%	232	0.0%
Aging	**136**	**141**	**3.7%**	**146**	**3.5%**	**152**	**4.1%**	**157**	**3.3%**

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

In addition to ongoing program support, the Enacted Budget leverages $73 million in new Federal funding to support public health programs that improve the health of children. The Health Services Initiatives option, available under CHP, will be used to offset State costs in programs such as GPHW, Healthy Neighborhoods, Genetic Disease, Public Health Campaign STD, and the Supplemental Nutrition Assistance Program (SNAP). The Enacted Budget also rebases the Excess Medical Malpractice program based on program utilization, generating savings of $22 million annually.

The spending increase in FY 2021, and subsequent decrease in FY 2022, is primarily due to the timing of FY 2020 payments. The standard review process for State payments was disrupted by the COVID-19 pandemic, causing a lag in the release of several payments, including GPHW and EI.

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

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

HCRA Financial Plan

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

HCRA FINANCIAL PLAN
(millions of dollars)

	FY 2020 Results	FY 2021 Enacted	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
OPENING BALANCE	**0**	**16**	**0**	**0**	**0**
TOTAL RECEIPTS	**6,261**	**6,191**	**6,239**	**6,300**	**6,364**
Surcharges	3,875	3,823	3,896	3,972	4,049
Covered Lives Assessment	1,050	1,110	1,110	1,110	1,110
Cigarette Tax Revenue	722	675	641	609	579
Hospital Assessments	503	471	487	502	518
Excise Tax on Vapor Products	10	14	6	6	6
NYC Cigarette Tax Transfer	23	32	32	32	32
EPIC Receipts/ICR Audit Fees	78	66	67	69	70
TOTAL DISBURSEMENTS AND TRANSFERS	**6,245**	**6,207**	**6,239**	**6,300**	**6,364**
Medicaid Assistance Account	3,836	4,190	4,080	4,142	4,194
Medicaid Costs	*3,639*	*4,015*	*3,905*	*3,967*	*4,019*
Workforce Recruitment & Retention	*197*	*175*	*175*	*175*	*175*
Hospital Indigent Care	917	717	717	717	717
HCRA Program Account	363	284	336	336	336
Child Health Plus[1]	747	649	760	777	789
Elderly Pharmaceutical Insurance Coverage	112	116	114	114	114
Qualified Health Plan Administration	41	49	48	47	47
SHIN-NY/APCD	40	40	40	40	40
All Other	189	162	144	127	127
ANNUAL OPERATING SURPLUS/(DEFICIT)	**16**	**(16)**	**0**	**0**	**0**
CLOSING BALANCE	**16**	**0**	**0**	**0**	**0**

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

HCRA receipts are anticipated to fluctuate over the multi-year projection period, reflecting the anticipated impacts of the COVID-19 pandemic on hospital volume and activities associated with MRT II. The FY 2021 increase in Covered Lives Assessments (CLA) reflects receipts reverting to the maximum allowable statutory levels. Strong surcharge collections contribute to the year to year increases. Offsetting the aforementioned increases is declining cigarette tax revenue, attributable to reduced consumption, augmented by the full year impact of FY 2020 Enacted Budget legislation that increased the purchasing age for tobacco products to 21 years.

Effective December 1, 2019, a 20 percent excise tax on the sale of vapor products went into effect in New York. The Enacted Budget includes legislation that bans the sale of most flavored vapor products. Flavored products represent a significant portion of the market, and as such the ban is expected to result in a significant reduction in consumption and a concomitant reduction in tax receipts. Projected outyear declines in Vapor Tax receipts reflect the full annual impact of the vapor flavor ban.

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

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

Mental Hygiene

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

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

MENTAL HYGIENE
(millions of dollars)

	FY 2020 Results	FY 2021 Enacted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**3,427**	**2,223**	**-35.1%**	**3,162**	**42.2%**	**3,799**	**20.1%**	**4,437**	**16.8%**
People with Developmental Disabilities	**2,352**	**2,474**	**5.2%**	**2,668**	**7.8%**	**2,836**	**6.3%**	**2,997**	**5.7%**
Residential Services	1,363	1,455	6.7%	1,542	6.0%	1,640	6.4%	1,733	5.7%
Day Programs	693	740	6.8%	784	5.9%	834	6.4%	881	5.6%
Clinic	17	18	5.9%	19	5.6%	21	10.5%	22	4.8%
All Other Services (Net of Offsets)	279	261	-6.5%	323	23.8%	341	5.6%	361	5.9%
Mental Health	**1,322**	**1,477**	**11.7%**	**1,530**	**3.6%**	**1,597**	**4.4%**	**1,673**	**4.8%**
Adult Local Services	1,091	1,223	12.1%	1,268	3.7%	1,325	4.5%	1,391	5.0%
Children Local Services	231	254	10.0%	262	3.1%	272	3.8%	282	3.7%
Addiction Services and Supports	**363**	**367**	**1.1%**	**386**	**5.2%**	**406**	**5.2%**	**424**	**4.4%**
Residential	91	93	2.2%	96	3.2%	101	5.2%	105	4.0%
Other Treatment	190	188	-1.1%	197	4.8%	207	5.1%	216	4.3%
Prevention	50	51	2.0%	55	7.8%	57	3.6%	60	5.3%
Recovery	32	35	9.4%	38	8.6%	41	7.9%	43	4.9%
Justice Center	**1**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**
Total Spending Funded by DOH Medicaid Global Cap [1]	**(611)**	**(2,096)**	**-243.0%**	**(1,423)**	**32.1%**	**(1,041)**	**26.8%**	**(658)**	**36.8%**
People with Developmental Disabilities	(611)	(1,975)	-223.2%	(1,423)	27.9%	(1,041)	26.8%	(658)	36.8%
Mental Health	0	(121)	0.0%	0	100.0%	0	0.0%	0	0.0%
TOTAL MENTAL HYGIENE SPENDING [1]	**4,038**	**4,319**	**7.0%**	**4,585**	**6.2%**	**4,840**	**5.6%**	**5,095**	**5.3%**

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

Local assistance funding for the mental hygiene agencies is expected to grow by an average 6.0 percent over the Financial Plan period. Increased funding reflects reimbursement to not-for-profit providers for increasing employee wages related to salary increases for direct care and clinical workers; compliance with incremental pay standards and related fringe benefit increases associated with the transition to a $15 per hour minimum wage; and community-based employment and residential opportunities for individuals with disabilities.

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

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

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

A $2.1 billion portion of mental hygiene spending is reported under the DOH Medicaid Global Cap in FY 2021 (an increase of $1.5 billion from FY 2020) and this has no impact on mental hygiene service delivery or operations.

Social Services

Office of Temporary and Disability Assistance (OTDA)

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

TEMPORARY AND DISABILITY ASSISTANCE
(millions of dollars)

	FY 2020 Results	FY 2021 Enacted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,161**	**1,416**	**22.0%**	**1,346**	**-4.9%**	**1,459**	**8.4%**	**1,496**	**2.5%**
SSI	635	666	4.9%	667	0.2%	667	0.0%	667	0.0%
Public Assistance Benefits	420	647	54.0%	541	-16.4%	541	0.0%	541	0.0%
Public Assistance Initiatives	10	9	-10.0%	9	0.0%	9	0.0%	9	0.0%
Homeless Housing and Services	92	90	-2.2%	126	40.0%	239	89.7%	277	15.9%
All Other	4	4	0.0%	3	-25.0%	3	0.0%	2	-33.3%

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

SSI spending is projected to increase slightly over the course of the multi-year Financial Plan as caseload is expected to level off. The large increase in Public Assistance payments in FY 2021 is due to interruptions in the payment review process stemming from the COVID-19 pandemic. These payments are now projected in FY 2021. Budget actions include shifting the cost of Consolidated Homeless Programs to off-budget resources and restructuring financing for the Family Assistance and Emergency Assistance for Needy Families programs, to move 5 percent of costs previously financed by Federal Temporary Assistance for Needy Families (TANF) resources to the City of New York. Spending increases in the outyears reflect a transition from State settlement funds to the General Fund for the Empire State Supportive Housing Initiative (ESSHI) supportive housing constructed for vulnerable homeless populations under the Governor's Affordable Housing and Homelessness Plan. This transition from settlement funds reflects all costs of the ESSHI program that are shared by multiple agencies and will be allocated to those agencies in a future update to the Financial Plan.

Office of Children and Family Services (OCFS)

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

CHILDREN AND FAMILY SERVICES
(millions of dollars)

	FY 2020 Results	FY 2021 Enacted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,194**	**1,834**	**53.6%**	**1,550**	**-15.5%**	**1,551**	**0.1%**	**1,551**	**0.0%**
Child Welfare Service	305	685	124.6%	476	-30.5%	476	0.0%	476	0.0%
Foster Care Block Grant	287	480	67.2%	393	-18.1%	393	0.0%	393	0.0%
Child Care	191	192	0.5%	209	8.9%	209	0.0%	209	0.0%
Adoption	127	161	26.8%	148	-8.1%	148	0.0%	148	0.0%
Youth Programs	94	101	7.4%	92	-8.9%	92	0.0%	92	0.0%
Medicaid	37	71	91.9%	75	5.6%	75	0.0%	75	0.0%
Adult Protective/Domestic Violence	19	81	326.3%	54	-33.3%	54	0.0%	54	0.0%
Committees on Special Education	30	0	-100.0%	28	0.0%	29	3.6%	29	0.0%
All Other	104	63	-39.4%	75	19.0%	75	0.0%	75	0.0%

As the State responded to the COVID-19 pandemic, the normal review process for payments was interrupted causing a delay in the release of several payments from FY 2020 to FY 2021, including Child Welfare Services, Foster Care Block Grant, Adoption, Youth and Adult Protective/Domestic Violence programs.

The Enacted Budget includes the use of TANF resources to offset State child care costs, restructuring the financing approach for residential school placements of children with special needs outside New York City, and requiring the increased use of Federal funds for Child Welfare Services. In addition, the Enacted Budget reduces funding for child care union contracts, and eliminates funding for the Public/Private Partnership program.

Transportation

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

In FY 2021, the State expects to provide $6.7 billion in operating aid to mass transit systems, including up to $2.8 billion from the direct remittance of various dedicated taxes and fees to the MTA (not included in the table below) and $244 million annually from a State supplement to the Payroll Mobility Tax (PMT) tax collections. The MTA, the nation's largest transit and commuter rail system, receives 90 percent of the State's mass transit aid -- $6.0 billion in FY 2021.

TRANSPORTATION
(millions of dollars)

	FY 2020 Results	FY 2021 Enacted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
STATE OPERATING FUNDS SUPPORT	**3,488**	**3,935**	**12.8%**	**3,906**	**-0.7%**	**4,094**	**4.8%**	**4,288**	**4.7%**
Mass Transit Operating Aid:	2,448	2,817	15.1%	2,651	-5.9%	2,761	4.1%	2,854	3.4%
Metro Mass Transit Aid	2,292	2,669	16.4%	2,492	-6.6%	2,602	4.4%	2,695	3.6%
Public Transit Aid	112	104	-7.1%	115	10.6%	115	0.0%	115	0.0%
18-b General Fund Aid	19	19	0.0%	19	0.0%	19	0.0%	19	0.0%
School Fare	25	25	0.0%	25	0.0%	25	0.0%	25	0.0%
Mobility Tax	245	275	12.2%	369	34.2%	448	21.4%	552	23.2%
MTA Aid Trust	32	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
NY Central Business District Trust	0	150	0.0%	151	0.7%	153	1.3%	154	0.7%
Dedicated Mass Transit	697	627	-10.0%	669	6.7%	666	-0.4%	662	-0.6%
AMTAP	66	66	0.0%	66	0.0%	66	0.0%	66	0.0%
All Other	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%

Projected operating aid to the MTA and other transit systems reflects the current receipts forecast, certain commitments to MTA capital plans, and a lag in the release of several payments in FY 2020 caused by interruption of the normal payment review process as the State responded to the evolving COVID-19 pandemic. A substantial amount of new funding to the MTA was authorized in the FY 2020 Enacted Budget as part of a comprehensive reform plan expected to generate $25 billion in financing for the MTA's 2020-2024 Capital Plan. This includes sales tax receipts from online marketplace provider sales tax collections on all sales facilitated through their platforms, and implementation and enforcement of regulations associated with the *Wayfair* decision, which is projected to provide the MTA with $150 million in dedicated revenues in FY 2021.

The MTA, and its operating agencies, have suffered devastating reductions in ridership and traffic as a result of the COVID-19 pandemic. Compared to 2019 results, as of May 15, 2020, ridership has declined 90 percent on the subways, 94 percent on MTA Metro-North Railroad, 94 percent on the Long Island Rail Road, and 70 percent on buses. For the period from May 3-17, 2020, crossings at the Triborough Bridge and Tunnel Authority facilities are down by an estimated 53 percent from 2019 figures.

At the request of the MTA, McKinsey & Company (McKinsey) provided a detailed economic analysis to assist MTA in assessing the financial impact of the COVID-19 pandemic on the MTA's operating budget. The McKinsey analysis projects the full calendar year 2020 financial impact of the pandemic on the MTA to be between $7.0 and $8.5 billion, including substantial reductions in revenues from State dedicated taxes and fees. The MTA expects to receive approximately $3.9 billion under the Federal CARES Act, and on April 16, 2020, the MTA requested an additional $3.9 billion in Federal aid for the remainder of calendar year 2020.

Local Government Assistance

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

LOCAL GOVERNMENT ASSISTANCE - AIM PROGRAM
(millions of dollars)

	FY 2020 Results	FY 2021 Enacted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**662**	**671**	**1.4%**	**704**	**4.9%**	**704**	**0.0%**	**704**	**0.0%**
Big Four Cities	429	429	0.0%	429	0.0%	429	0.0%	429	0.0%
Other Cities	218	218	0.0%	218	0.0%	218	0.0%	218	0.0%
Towns and Villages	9	9	0.0%	9	0.0%	9	0.0%	9	0.0%
Restructuring/Efficiency	6	15	150.0%	48	220.0%	48	0.0%	48	0.0%

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

Agency Operations

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

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

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

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING PERSONAL SERVICE AND FRINGE BENEFITS					
			Forecast		
	FY 2020 Results[1]	FY 2021 Enacted	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Negotiated Base Salary Increases[2]					
NYSTPBA /NYSPIA/NYSCOPBA/GSEU	2%	2%	2%	2%	TBD
UUP	2%	2%	2%	TBD	TBD
CSEA/DC-37 (Rent Regulation Unit)/MC	2%	2%	TBD	TBD	TBD
Council 82/PEF/PBANYS	TBD	TBD	TBD	TBD	TBD
State Workforce[3]	118,193	118,850	TBD	TBD	TBD
ERS Contribution Rate					
Before Amortization[4]	15.1%	15.1%	16.0%	16.8%	19.2%
After Amortization[5]	18.7%	18.7%	19.2%	19.4%	21.0%
PFRS Contribution Rate					
Before Amortization[4]	24.0%	24.8%	25.7%	26.2%	28.4%
After Amortization[5]	26.8%	27.7%	28.4%	28.5%	30.0%
Employee/Retiree Health Insurance Growth Rates	2.6%	4.9%	7.7%	7.4%	7.4%
PS/Fringe as % of Receipts (All Funds Basis)	13.0%	12.8%	14.7%	14.8%	14.8%

1 Reflects preliminary unaudited results.

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

3 Reflects workforce that is subject to direct Executive control.

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

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

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

STATE OPERATING FUNDS - PERSONAL SERVICE / NON-PERSONAL SERVICE COSTS (millions of dollars)	FY 2020 Results	FY 2021 Enacted	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
SUBJECT TO DIRECT EXECUTIVE CONTROL[1]	**11,040**	**10,055**	**10,054**	**9,911**	**9,972**
Mental Hygiene	2,882	2,867	2,916	2,961	3,008
Corrections and Community Supervision[2]	2,871	2,704	2,709	2,748	2,745
State Police	774	811	808	828	828
Department of Health[2]	710	785	800	797	805
Information Technology Services	540	546	553	564	564
Children and Family Services	146	380	379	379	384
Tax and Finance	316	357	345	344	345
Transportation	345	342	341	341	341
Environmental Conservation	216	240	234	229	228
COVID-19	503	0	0	0	0
Budget Balance Reduction	0	(700)	(750)	(1,000)	(1,000)
All Other	1,737	1,723	1,719	1,720	1,724
UNIVERSITY SYSTEMS	**6,426**	**6,493**	**6,580**	**6,778**	**6,939**
State University	6,324	6,490	6,577	6,775	6,936
City University	102	3	3	3	3
INDEPENDENT AGENCIES	**337**	**326**	**313**	**313**	**313**
Law	185	192	187	187	187
Audit & Control (OSC)	152	164	161	161	161
Budget Balance Reduction	0	(30)	(35)	(35)	(35)
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	**17,803**	**16,874**	**16,947**	**17,002**	**17,224**
Judiciary	**2,137**	**2,234**	**2,177**	**2,177**	**2,177**
Legislature	**228**	**249**	**256**	**256**	**256**
Budget Balance Reduction	0	(250)	(265)	(265)	(265)
Statewide Total	**20,168**	**19,107**	**19,115**	**19,170**	**19,392**
Personal Service	14,090	14,116	14,076	14,208	14,359
Non-Personal Service	6,078	4,991	5,039	4,962	5,033

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

[2] FY 2020 preliminary actuals exclude costs incurred in response to the COVID-19 pandemic.

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

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

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

- **Tax and Finance.** Higher spending in FY 2021 reflects the timing of certain cost increases, partly offset by savings from the attrition of agency employees.

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

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

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

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

- **COVID-19 Pandemic.** FY 2020 actual spending results reflect non-personal service costs incurred in response to the COVID-19 pandemic. Costs include, but are not limited to, medical equipment and supplies, personal protective equipment, laboratory equipment and supplies and drugs. The Federal government is expected to fund the full cost of State pandemic response costs, including those incurred in FY 2020. Aid is expected through the Coronavirus Relief Fund and FEMA disaster assistance grants and aid. Accordingly, the Enacted Budget reflects no net costs from COVID-19 related expenses.

- **Budget Balance Reduction.** Executive agency budgets, with limited exceptions for facility operations and public health and safety, will be reduced by 10 percent from budgeted levels. The Financial Plan assumes that the Judiciary and elected officials will initiate comparable reductions in their budgets for FY 2021.

Workforce

In FY 2021, $14.1 billion, or 13.4 percent, of the State Operating Funds budget is dedicated to supporting Full-Time Equivalent (FTE) employees under direct Executive control; individuals employed by SUNY (46,834) and Independent Agencies; employees paid on a nonannual salaried basis; and overtime pay. Roughly 60 percent of Executive agency workforce spending occurs in the mental hygiene agencies and DOCCS.

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

	Dollars	FTEs
SUBJECT TO DIRECT EXECUTIVE CONTROL	**7,667**	**96,347**
Mental Hygiene	2,379	32,326
Corrections and Community Supervision	2,208	25,611
State Police	750	5,666
Department of Health	296	4,090
Information Technology Services	302	3,421
Tax and Finance	283	4,085
Children and Family Services	266	2,297
Environmental Conservation	201	2,322
Transportation	169	2,591
Financial Services	160	1,391
Budget Balance Reduction	(300)	0
All Other	953	12,547
UNIVERSITY SYSTEMS	**4,406**	**46,834**
State University	4,403	46,834
City University[2]	3	0
INDEPENDENT AGENCIES	**2,043**	**18,434**
Law	138	1,533
Audit & Control (OSC)	131	1,524
Judiciary	1,806	15,374
Legislature[3]	193	3
Budget Balance Reduction	(225)	0
Statewide Total	**14,116**	**161,615**

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

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

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

General State Charges

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

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

GSC spending is projected to increase by an average of 6.5 percent over the multi-year Financial Plan period. Growth in health insurance reflects medical inflation and current enrollment levels. Workers' Compensation costs are increasing due to reserve funds that are no longer available to offset growth in the average weekly wage used for benefit calculations and medical costs. Increases in other programs such as employee benefits and dental insurance are attributable to collectively negotiated salary increases and benefit enhancements.

In response to the COVID-19 pandemic, the Federal CARES Act authorized employers to defer payment of non-Medicare payroll taxes from April – December 2020 to be repaid without interest in two equal payments on December 31, 2021 and December 31, 2022. Payroll taxes are 7.65 percent of personal service costs (6.2 percent for Social Security and 1.45 percent for Medicare). The Executive and the Judiciary have elected to defer the allowable non-Medicare payment -- an estimated $599 million for the Executive and $68 million for the Judiciary.

Overall pension costs are projected to remain relatively stable based on anticipated investment returns and ongoing savings from Tier 5 and Tier 6 pension reforms. The preliminary FY 2021 pension bill includes a reduction by OSC to the expected rate of return on pension assets from 7 percent to 6.8 percent. This was estimated to increase the State's contribution by roughly $300 million, however, the higher cost is partially offset by the implementation of a new "mortality improvement" scale and other actuarial adjustments. The State Comptroller does not forecast pension liability estimates beyond the budget year, thus estimates for FY 2022 and beyond are developed by DOB. DOB's forecast assumes growth in the salary base consistent with collective bargaining agreements and a stable rate of return.

GENERAL STATE CHARGES (millions of dollars)	FY 2020 Results	FY 2021 Enacted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
TOTAL STATE OPERATING FUNDS	**8,423**	**8,296**	**-1.5%**	**10,153**	**22.4%**	**10,728**	**5.7%**	**10,843**	**1.1%**
Fringe Benefits	**8,063**	**7,864**	**-2.5%**	**9,679**	**23.1%**	**10,254**	**5.9%**	**10,369**	**1.1%**
Health Insurance	4,303	4,513	4.9%	4,860	7.7%	5,219	7.4%	5,608	7.5%
Pensions	2,456	2,592	5.5%	2,855	10.1%	2,990	4.7%	2,996	0.2%
Social Security	1,070	468	-56.3%	1,472	214.5%	1,489	1.2%	1,175	-21.1%
Workers' Compensation	452	493	9.1%	638	29.4%	697	9.2%	762	9.3%
Employee Benefits	103	108	4.9%	117	8.3%	121	3.4%	121	0.0%
Dental Insurance	55	63	14.5%	65	3.2%	66	1.5%	66	0.0%
Unemployment Insurance	11	12	9.1%	12	0.0%	12	0.0%	12	0.0%
All Other/Non-State Escrow	(387)	(385)	0.5%	(340)	11.7%	(340)	0.0%	(371)	-9.1%
Fixed Costs	**360**	**432**	**20.0%**	**474**	**9.7%**	**474**	**0.0%**	**474**	**0.0%**
Public Land Taxes/PILOTS	262	296	13.0%	302	2.0%	302	0.0%	302	0.0%
Litigation	98	136	38.8%	172	26.5%	172	0.0%	172	0.0%

Transfers to Other Funds (General Fund Basis)

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

GENERAL FUND TRANSFERS TO OTHER FUNDS (millions of dollars)					
	FY 2020 Results	FY 2021 Enacted	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
TOTAL TRANSFERS TO OTHER FUNDS	**6,098**	**7,865**	**6,915**	**7,169**	**6,548**
Debt Service	736	1,810	488	501	553
SUNY University Operations	1,179	1,273	1,273	1,267	1,267
Capital Projects	3,128	3,512	3,747	3,917	3,138
Extraordinary Monetary Settlements:	**1,345**	**425**	**959**	**747**	**345**
Dedicated Infrastructure Investment Fund	939	1,130	877	525	330
Javits Center Expansion	271	183	0	0	0
Bond Proceeds Receipts for Javits Center Expansion	0	(1,000)	0	0	0
Clean Water Grants	0	25	50	175	0
Mass Transit Capital	3	7	2	2	1
Health Care	132	80	30	45	14
Dedicated Highway and Bridge Trust Fund	397	591	330	448	463
Environmental Protection Fund	28	28	28	96	96
All Other Capital	1,358	2,468	2,430	2,626	2,234
ALL OTHER TRANSFERS	**1,055**	**1,270**	**1,407**	**1,484**	**1,590**
Department of Transportation (MTA Payroll Tax)	244	275	369	448	552
SUNY - Medicaid Reimbursement	306	243	243	243	243
NY Central Business District Trust	113	150	152	153	155
Judiciary Funds	114	115	115	115	115
Dedicated Mass Transportation Trust Fund	66	65	65	65	65
Banking Services	40	49	49	49	49
Business Services Center	8	30	30	30	30
Indigent Legal Services	22	28	75	75	75
General Services	20	20	13	10	10
Mass Transportation Operating Assistance	23	21	21	21	21
Correctional Industries	21	21	21	21	21
Health Income Fund	10	16	16	16	16
Public Transportation Systems	16	16	16	16	16
Health Insurance Internal Services Account	8	12	12	12	12
Centralized Technology Services	11	11	11	11	11
Spinal Cord Injury Fund	9	9	9	9	9
All Other	24	189	190	190	190

General Fund transfers to other funds are expected to total $7.9 billion in FY 2021, a $1.8 billion increase from FY 2020. The change is largely due to the repayment of the anticipated $1.5 billion line of credit. Debt service transfers were also higher in FY 2020 as the State prepaid FY 2021 debt at the end of FY 2020.

In addition, capital projects transfers are expected to increase by $384 million in FY 2021. The capital increase reflects use of new hard dollar resources, rather than debt to fund capital projects. All other transfers in FY 2021 and beyond reflect a conservative estimate of General Fund resources needed to support various programs outside the General Fund.

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

Debt Service

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

DEBT SERVICE SPENDING PROJECTIONS (millions of dollars)									
	FY 2020 Results	FY 2021 Enacted	Change	FY 2022 Projected	Change	FY 2023 Projected	Change	FY 2024 Projected	Change
General Fund	736	310	-57.9%	488	57.4%	501	2.7%	553	10.4%
Other State Support	4,180	5,528	32.2%	6,451	16.7%	6,856	6.3%	6,997	2.1%
Liquidity Financing	0	4,500	0.0%	0	-100.0%	0	0.0%	0	0.0%
State Operating/All Funds Total	**4,916**	**10,338**	**110.3%**	**6,939**	**-32.9%**	**7,357**	**6.0%**	**7,550**	**2.6%**

Total State Operating/All Funds debt service is projected to be $10.3 billion in FY 2021, of which $310 million is paid from the General Fund via transfers, $5.5 billion is paid from other State funds supported by dedicated tax receipts, and $4.5 billion is for repayment of short-term liquidity financings. The General Fund finances debt service payments on General Obligation and service contract bonds. Debt service for the State's revenue bonds is paid directly from other dedicated State funds, subject to appropriation, including PIT and Sales Tax bonds, DHBTF bonds, and mental health facilities bonds. Debt service growth from FY 2020 to FY 2021 includes the repayment of $4.5 billion of liquidity financings included as part of the Enacted Budget. The Enacted Budget authorizes up to $8 billion of PIT notes and $3 billion of line of credit facilities. The liquidity financings are expected to help the State manage the adverse impact on cash flow that is expected as a result of the extension of the Federal tax filing deadline due to the COVID-19 pandemic impacts. The debt service estimates assume the issuance of $3 billion of PIT notes and $1.5 billion of line of credit facilities and full repayment during FY 2021. The interest costs for these financings are expected to be reimbursed by Federal Funds related to COVID-19 expenses and are not reflected in the debt service estimates.

The Financial Plan estimates for debt service spending have been revised to reflect bond sale results to date, refunding savings, and the adjustment of debt issuances to align with projected bond-financed capital spending. Debt service spending estimates also reflect prepayment of $1.5 billion in FY 2019 for debt service costs due in FY 2020, as well as the prepayment of $465 million in FY 2020 for debt service costs due in FY 2021. See the section on "Other Matters Affecting the Financial Plan – Debt Reform Act Limit" herein for additional information on the status of State compliance with debt limits established in the State Debt Reform Act.

Financial Plan Tables

The following tables present the multi-year projections for State Operating Funds and All Governmental Funds, as well as monthly cashflow detail for the General Fund.[18]

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

CASH RECEIPTS
ALL GOVERNMENTAL FUNDS
FY 2021 THROUGH FY 2024
(millions of dollars)

	FY 2021 Enacted	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Taxes:				
Withholdings	38,752	42,570	44,344	46,269
Estimated Payments	15,669	12,951	14,091	15,438
Final Payments	3,608	2,882	3,164	3,431
Other Payments	1,611	1,682	1,731	1,783
Gross Collections	**59,640**	**60,085**	**63,330**	**66,921**
State/City Offset	(1,274)	(1,399)	(1,524)	(1,649)
Refunds	(9,320)	(10,710)	(11,074)	(11,410)
Reported Tax Collections	**49,046**	**47,976**	**50,732**	**53,862**
STAR (Dedicated Deposits)	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0
Personal Income Tax	**49,046**	**47,976**	**50,732**	**53,862**
Sales and Use Tax	13,463	14,608	15,105	15,626
Cigarette and Tobacco Taxes	971	946	904	864
Vapor Excise Tax	14	6	6	6
Motor Fuel Tax	454	509	507	502
Alcoholic Beverage Taxes	266	264	266	269
Opioid Excise Tax	80	66	66	66
Medical Cannabis Excise Tax	6	6	6	6
Adult Use Cannabis Tax	0	0	0	0
Highway Use Tax	131	139	139	140
Auto Rental Tax	89	99	102	106
Taxicab Surcharge	0	0	0	0
Gross Consumption/Use Taxes	**15,474**	**16,643**	**17,101**	**17,585**
LGAC/STBF (Dedicated Transfers)	0	0	0	0
Consumption/Use Taxes	**15,474**	**16,643**	**17,101**	**17,585**
Corporation Franchise Tax	4,868	4,883	5,345	5,476
Corporation and Utilities Tax	640	637	654	659
Insurance Taxes	2,165	2,269	2,327	2,389
Bank Tax	270	0	0	0
Petroleum Business Tax	1,014	1,085	1,077	1,068
Business Taxes	**8,957**	**8,874**	**9,403**	**9,592**
Estate Tax	1,100	1,028	1,077	1,128
Real Estate Transfer Tax	949	1,004	1,061	1,114
Employer Compensation Expense Program	4	6	7	7
Gift Tax	0	0	0	0
Real Property Gains Tax	0	0	0	0
Pari-Mutuel Taxes	11	14	14	14
Other Taxes	2	2	2	3
Gross Other Taxes	**2,066**	**2,054**	**2,161**	**2,266**
Real Estate Transfer Tax (Dedicated)	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0
Other Taxes	**2,066**	**2,054**	**2,161**	**2,266**
Payroll Tax	**0**	**0**	**0**	**0**
Total Taxes	**75,543**	**75,547**	**79,397**	**83,305**
Licenses, Fees, Etc.	378	478	528	578
Abandoned Property	450	450	450	450
Motor Vehicle Fees	1,357	1,260	1,256	1,252
ABC License Fee	60	68	65	64
Reimbursements	124	70	70	66
Investment Income	78	43	27	20
Extraordinary Settlements	80	0	0	0
Other Transactions	28,142	23,490	22,047	21,542
Miscellaneous Receipts	**30,669**	**25,859**	**24,443**	**23,972**
Federal Receipts	**72,833**	**67,419**	**68,761**	**70,749**
Total	**179,045**	**168,825**	**172,601**	**178,026**

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opending Fund Balance	**8,944**	**5,401**	**63**	**14,408**
Receipts:				
Taxes	37,005	5,630	31,647	74,282
Miscellaneous Receipts	6,373	15,636	381	22,390
Federal Receipts	0	(23)	74	51
Total Receipts	**43,378**	**21,243**	**32,102**	**96,723**
Disbursements:				
Local Assistance	46,400	15,260	0	61,660
State Operations:				
Personal Service	9,058	5,058	0	14,116
Non-Personal Service	2,597	2,350	44	4,991
General State Charges	7,249	1,047	0	8,296
Debt Service	0	0	10,338	10,338
Capital Projects	0	0	0	0
Total Disbursements	**65,304**	**23,715**	**10,382**	**99,401**
Other Financing Sources (Uses):				
Transfers from Other Funds	27,564	2,535	4,686	34,785
Transfers to Other Funds	(7,865)	(798)	(26,413)	(35,076)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**19,699**	**1,737**	**(21,727)**	**(291)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(2,227)**	**(735)**	**(7)**	**(2,969)**
Closing Fund Balance	**6,717**	**4,666**	**56**	**11,439**

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	36,854	5,630	31,703	74,187
Miscellaneous Receipts	1,750	16,172	385	18,307
Federal Receipts	0	(20)	72	52
Total Receipts	**38,604**	**21,782**	**32,160**	**92,546**
Disbursements:				
Local Assistance	48,967	15,719	0	64,686
State Operations:				
Personal Service	8,996	5,080	0	14,076
Non-Personal Service	2,543	2,453	43	5,039
General State Charges	9,013	1,140	0	10,153
Debt Service	0	0	6,939	6,939
Capital Projects	0	0	0	0
Total Disbursements	**69,519**	**24,392**	**6,982**	**100,893**
Other Financing Sources (Uses):				
Transfers from Other Funds	28,850	2,666	3,149	34,665
Transfers to Other Funds	(6,915)	(196)	(28,322)	(35,433)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**21,935**	**2,470**	**(25,173)**	**(768)**
Use (Reservation) of Fund Balance:				
Undesignated Fund Balance	548	0	0	548
Extraordinary Monetary Settlements	959	0	0	959
Total Use (Reservation) of Fund Balance	**1,507**	**0**	**0**	**1,507**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(7,473)**	**(140)**	**5**	**(7,608)**

Source: NYS DOB.

CASH FINANCIAL PLAN STATE OPERATING FUNDS BUDGET FY 2023 (millions of dollars)	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	39,069	5,601	33,370	78,040
Miscellaneous Receipts	1,773	15,592	384	17,749
Federal Receipts	0	(18)	69	51
Total Receipts	**40,842**	**21,175**	**33,823**	**95,840**
Disbursements:				
Local Assistance	52,444	15,245	0	67,689
State Operations:				
Personal Service	9,059	5,149	0	14,208
Non-Personal Service	2,494	2,425	43	4,962
General State Charges	9,559	1,169	0	10,728
Debt Service	0	0	7,357	7,357
Capital Projects	0	0	0	0
Total Disbursements	**73,556**	**23,988**	**7,400**	**104,944**
Other Financing Sources (Uses):				
Transfers from Other Funds	29,865	2,741	3,143	35,749
Transfers to Other Funds	(7,169)	(103)	(29,562)	(36,834)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**22,696**	**2,638**	**(26,419)**	**(1,085)**
Use (Reservation) of Fund Balance:				
Extraordinary Monetary Settlements	747	0	0	747
Total Use (Reservation) of Fund Balance	**747**	**0**	**0**	**747**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(9,271)**	**(175)**	**4**	**(9,442)**

Source: NYS DOB.

CASH FINANCIAL PLAN STATE OPERATING FUNDS BUDGET FY 2024 (millions of dollars)	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	41,169	5,552	35,232	81,953
Miscellaneous Receipts	1,811	15,117	384	17,312
Federal Receipts	0	(17)	66	49
Total Receipts	**42,980**	**20,652**	**35,682**	**99,314**
Disbursements:				
Local Assistance	55,585	14,936	0	70,521
State Operations:				
Personal Service	9,199	5,160	0	14,359
Non-Personal Service	2,619	2,371	43	5,033
General State Charges	9,689	1,154	0	10,843
Debt Service	0	0	7,550	7,550
Capital Projects	0	0	0	0
Total Disbursements	**77,092**	**23,621**	**7,593**	**108,306**
Other Financing Sources (Uses):				
Transfers from Other Funds	31,485	2,854	3,188	37,527
Transfers to Other Funds	(6,548)	(24)	(31,257)	(37,829)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**24,937**	**2,830**	**(28,069)**	**(302)**
Use (Reservation) of Fund Balance:				
Extraordinary Monetary Settlements	345	0	0	345
Total Use (Reservation) of Fund Balance	**345**	**0**	**0**	**345**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(8,830)**	**(139)**	**20**	**(8,949)**

Source: NYS DOB.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	**8,944**	**6,312**	**(1,035)**	**63**	**14,284**
Receipts:					
Taxes	37,005	5,630	1,261	31,647	75,543
Miscellaneous Receipts	6,373	15,866	8,049	381	30,669
Federal Receipts	0	70,577	2,182	74	72,833
Total Receipts	**43,378**	**92,073**	**11,492**	**32,102**	**179,045**
Disbursements:					
Local Assistance	46,400	76,045	4,982	0	127,427
State Operations:					
Personal Service	9,058	5,731	0	0	14,789
Non-Personal Service	2,597	3,792	0	44	6,433
General State Charges	7,249	1,397	0	0	8,646
Debt Service	0	133	0	10,338	10,471
Capital Projects	0	0	9,752	0	9,752
Total Disbursements	**65,304**	**87,098**	**14,734**	**10,382**	**177,518**
Other Financing Sources (Uses):					
Transfers from Other Funds	27,564	2,535	3,904	4,686	38,689
Transfers to Other Funds	(7,865)	(2,852)	(1,514)	(26,413)	(38,644)
Bond and Note Proceeds	0	0	850	0	850
Net Other Financing Sources (Uses)	**19,699**	**(317)**	**3,240**	**(21,727)**	**895**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(2,227)**	**4,658**	**(2)**	**(7)**	**2,422**
Closing Fund Balance	**6,717**	**10,970**	**(1,037)**	**56**	**16,706**

Source: NYS DOB.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	36,854	5,630	1,360	31,703	75,547
Miscellaneous Receipts	1,750	16,399	7,325	385	25,859
Federal Receipts	0	65,134	2,213	72	67,419
Total Receipts	**38,604**	**87,163**	**10,898**	**32,160**	**168,825**
Disbursements:					
Local Assistance	48,967	76,017	4,667	0	129,651
State Operations:					
Personal Service	8,996	5,754	0	0	14,750
Non-Personal Service	2,543	3,919	0	43	6,505
General State Charges	9,013	1,514	0	0	10,527
Debt Service	0	0	0	6,939	6,939
Capital Projects	0	0	9,556	0	9,556
Total Disbursements	**69,519**	**87,204**	**14,223**	**6,982**	**177,928**
Other Financing Sources (Uses):					
Transfers from Other Funds	28,850	2,666	4,121	3,149	38,786
Transfers to Other Funds	(6,915)	(2,178)	(1,415)	(28,322)	(38,830)
Bond and Note Proceeds	0	0	488	0	488
Net Other Financing Sources (Uses)	**21,935**	**488**	**3,194**	**(25,173)**	**444**
Use (Reservation) of Fund Balance:					
Undesignated Fund Balance	548	0	0	0	548
Extraordinary Monetary Settlements	959	0	0	0	959
Total Use (Reservation) of Fund Balance	**1,507**	**0**	**0**	**0**	**1,507**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(7,473)**	**447**	**(131)**	**5**	**(7,152)**

Source: NYS DOB.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	39,069	5,601	1,357	33,370	79,397
Miscellaneous Receipts	1,773	15,819	6,467	384	24,443
Federal Receipts	0	66,478	2,214	69	68,761
Total Receipts	**40,842**	**87,898**	**10,038**	**33,823**	**172,601**
Disbursements:					
Local Assistance	52,444	76,777	4,356	0	133,577
State Operations:					
Personal Service	9,059	5,826	0	0	14,885
Non-Personal Service	2,494	3,892	0	43	6,429
General State Charges	9,559	1,544	0	0	11,103
Debt Service	0	0	0	7,357	7,357
Capital Projects	0	0	9,046	0	9,046
Total Disbursements	**73,556**	**88,039**	**13,402**	**7,400**	**182,397**
Other Financing Sources (Uses):					
Transfers from Other Funds	29,865	2,741	4,308	3,143	40,057
Transfers to Other Funds	(7,169)	(1,975)	(1,542)	(29,562)	(40,248)
Bond and Note Proceeds	0	0	513	0	513
Net Other Financing Sources (Uses)	**22,696**	**766**	**3,279**	**(26,419)**	**322**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	747	0	0	0	747
Total Use (Reservation) of Fund Balance	**747**	**0**	**0**	**0**	**747**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(9,271)**	**625**	**(85)**	**4**	**(8,727)**

Source: NYS DOB.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	41,169	5,552	1,352	35,232	83,305
Miscellaneous Receipts	1,811	15,344	6,433	384	23,972
Federal Receipts	0	68,497	2,186	66	70,749
Total Receipts	**42,980**	**89,393**	**9,971**	**35,682**	**178,026**
Disbursements:					
Local Assistance	55,585	78,237	3,817	0	137,639
State Operations:					
Personal Service	9,199	5,839	0	0	15,038
Non-Personal Service	2,619	3,846	0	43	6,508
General State Charges	9,689	1,530	0	0	11,219
Debt Service	0	0	0	7,550	7,550
Capital Projects	0	0	8,498	0	8,498
Total Disbursements	**77,092**	**89,452**	**12,315**	**7,593**	**186,452**
Other Financing Sources (Uses):					
Transfers from Other Funds	31,485	2,854	3,514	3,188	41,041
Transfers to Other Funds	(6,548)	(1,877)	(1,551)	(31,257)	(41,233)
Bond and Note Proceeds	0	0	413	0	413
Net Other Financing Sources (Uses)	**24,937**	**977**	**2,376**	**(28,069)**	**221**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	345	0	0	0	345
Total Use (Reservation) of Fund Balance	**345**	**0**	**0**	**0**	**345**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(8,830)**	**918**	**32**	**20**	**(7,860)**

Source: NYS DOB.

CASHFLOW
GENERAL FUND
FY 2021
(dollars in millions)

	2020 April Projected	May Projected	June Projected	July Projected	August Projected	September Projected	October Projected	November Projected	December Projected	2021 January Projected	February Projected	March Projected	Total
OPENING BALANCE	8,944	8,740	6,219	1,718	9,946	8,787	9,938	9,513	8,395	8,454	8,564	9,617	8,944
RECEIPTS:													
Personal Income Tax	280	911	2,256	5,918	1,324	2,189	1,123	1,157	2,070	1,986	1,473	1,763	22,450
Consumption/Use Taxes	528	528	688	533	502	635	551	532	653	645	507	632	6,934
Business Taxes	263	104	1,167	247	50	1,271	65	11	1,309	79	17	1,923	6,506
Other Taxes	99	98	98	99	99	99	100	100	98	74	74	77	1,115
Total Taxes	1,170	1,641	4,209	6,797	1,975	4,194	1,839	1,800	4,130	2,784	2,071	4,395	37,005
Abandoned Property	0	0	0	0	0	10	35	225	0	0	30	150	450
ABC License Fee	1	1	1	6	6	6	7	5	7	7	7	6	60
Investment Income	16	5	5	5	5	5	10	5	5	5	8	4	78
Licenses, Fees, etc.	20	20	35	20	45	15	35	55	40	20	35	38	378
Motor Vehicle Fees	22	8	3	52	27	27	36	13	44	31	21	47	331
Reimbursements	6	6	19	6	6	20	6	6	19	6	6	18	124
Extraordinary Settlements	80	0	0	0	0	0	0	0	0	0	0	0	80
Other Transactions	8	3,008	1,539	31	8	90	26	8	67	9	20	58	4,872
Total Miscellaneous Receipts	153	3,048	1,602	120	97	173	155	317	182	78	127	321	6,373
Federal Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0
PIT in Excess of Revenue Bond Debt Service	280	911	2,256	5,176	507	1,808	748	612	680	1,528	1,844	2,802	19,152
ECEP in Excess of Revenue Bond Debt Service	0	0	0	0	0	0	0	0	0	0	0	2	2
Tax in Excess of LGAC	231	72	490	229	227	292	240	242	302	283	157	298	3,063
Sales Tax Bond Fund	121	132	211	120	119	230	131	132	193	173	128	297	1,987
Real Estate Taxes in Excess of CW/CA Debt Service	37	39	34	47	67	67	80	87	86	86	84	67	781
All Other	103	99	104	100	99	183	104	125	105	141	284	1,132	2,579
Total Transfers from Other Funds	772	1,253	3,095	5,672	1,019	2,580	1,303	1,198	1,366	2,211	2,497	4,598	27,564
TOTAL RECEIPTS	2,095	5,942	8,906	12,589	3,091	6,947	3,297	3,315	5,678	5,073	4,695	9,314	70,942
DISBURSEMENTS:													
School Aid	742	4,076	1,929	450	638	1,684	1,022	1,567	2,104	489	744	8,609	24,054
Higher Education	19	27	1,794	194	75	158	198	31	198	34	288	503	3,519
All Other Education	25	92	498	140	116	246	49	52	392	34	165	482	2,291
Medicaid - DOH	240	1,601	2,560	1,036	1,617	1,688	1,212	1,510	1,081	1,419	1,281	371	15,616
Public Health	(4)	191	233	53	31	28	27	27	22	25	63	16	712
Mental Hygiene	76	76	347	139	56	337	111	39	387	131	159	358	2,216
Children and Families	17	67	417	93	79	255	79	79	255	79	130	280	1,830
Temporary & Disability Assistance	66	102	227	161	102	102	102	102	102	102	102	146	1,416
Transportation	0	24	14	0	24	0	0	24	5	0	19	0	110
Unrestricted Aid	2	13	390	2	4	44	13	6	192	3	2	68	739
Budget Balance Reduction	0	0	(300)	(300)	(400)	(1,000)	(500)	(300)	(1,300)	(300)	(800)	(2,800)	(8,000)
All Other	16	24	406	33	26	331	25	21	333	31	54	597	1,897
Total Local Assistance	1,199	6,293	8,515	2,001	2,368	3,873	2,338	3,158	3,771	2,047	2,207	8,630	46,400
Personal Service	859	698	813	844	709	957	710	700	949	692	695	962	9,588
Non-Personal Service	196	222	301	197	210	354	237	210	289	224	207	400	3,047
Budget Balance Reduction	0	0	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(980)
Total State Operations	1,055	920	1,016	943	821	1,213	849	812	1,140	818	804	1,264	11,655
General State Charges	422	338	2,538	403	338	437	480	349	375	467	571	531	7,249
Debt Service	32	0	(2)	79	(3)	(3)	50	0	(2)	1,689	(23)	(7)	1,810
Capital Projects	(513)	541	623	638	625	200	(96)	(81)	235	(115)	22	1,433	3,512
SUNY Operations	6	228	583	261	15	14	9	80	18	9	12	38	1,273
Other Purposes	98	143	134	36	86	62	92	115	82	48	49	325	1,270
Total Transfers to Other Funds	(377)	912	1,338	1,014	723	273	55	114	333	1,631	60	1,789	7,865
TOTAL DISBURSEMENTS	2,299	8,463	13,407	4,361	4,250	5,796	3,722	4,433	5,619	4,963	3,642	12,214	73,169
Excess/(Deficiency) of Receipts over Disbursements	(204)	(2,521)	(4,501)	8,228	(1,159)	1,151	(425)	(1,118)	59	110	1,053	(2,900)	(2,227)
CLOSING BALANCE	8,740	6,219	1,718	9,946	8,787	9,938	9,513	8,395	8,454	8,564	9,617	6,717	6,717
Exclude Budget Balance Reduction	0	0	(398)	(398)	(498)	(1,098)	(598)	(398)	(1,398)	(398)	(898)	(2,898)	(8,980)
Exclude Liquidity Financing	0	(3,000)	(1,500)	425	350	625	375	375	425	1,925	0	0	0
CLOSING BALANCE BEFORE REDUCTIONS/BORROWING	8,740	3,219	(3,180)	5,075	3,768	4,446	3,798	2,657	1,743	3,380	3,535	(2,263)	(2,263)

Source: NYS DOB.

PART III

STATE OF NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED MARCH 31, 2020

PREPARED BY THE OFFICE OF THE STATE COMPTROLLER STATE OF NEW YORK

The Comprehensive Annual Financial Report of the State of New York for the State fiscal year ended March 31, 2020 (FY 2020 CAFR), dated September 1, 2020 and is hereby included in this Official Statement by reference. The Basic Financial Statements and Other Supplementary Information of the State of New York, which are included in the FY 2020 CAFR, were prepared by the Office of the State Comptroller in accordance with accounting principles generally accepted in the United States of America (GAAP) and were independently audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The Basic Financial Statements and Other Supplementary Information for the fiscal year ended March 31, 2020 were filed with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system. An official copy of the Basic Financial Statements and Other Supplementary Information may be obtained by contacting the MSRB, or by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236, Tel: (518) 474-3277. An informational copy of the FY 2020 CAFR is available on the Internet at:

https://www.osc.state.ny.us/files/reports/finance/pdf/cafr-2020.pdf

(THIS PAGE INTENTIONALLY LEFT BLANK)

STATE OF NEW YORK • GENERAL OBLIGATION BONDS, SERIES 2021A TAX-EXEMPT AND SERIES 2021B TAXABLE

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

Printed by: ImageMaster, LLC
www.imagemaster.com