UPDATE TO ANNUAL INFORMATION STATEMENT

STATE OF NEW YORK

WE ARE NY

February 15, 2024

INTRODUCTION

This third quarter update to the Annual Information Statement for FY 2024 (the "AIS Update") is dated February 15, 2024 (the same date as the release date of the Governor's Executive Budget Financial Plan for FY 2025, as amended) and contains information only through that date. The Annual Information Statement for FY 2024 dated June 9, 2023 (the "AIS") and this AIS Update constitute the official disclosure regarding the financial condition of the State of New York (the "State"). This AIS Update, including the Exhibits attached hereto, should be read in its entirety, together with the AIS.

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

In this AIS Update, readers will find:

1. Information on the State's current financial projections, including summaries and extracts from the Governor's Executive Budget Financial Plan for FY 2025, as amended (the "Updated Financial Plan" or "Updated Executive Budget Financial Plan") issued by DOB on February 15, 2024. The Updated Financial Plan (which is available on the DOB website, www.budget.ny.gov) includes a summary of third quarter operating results for FY 2024 (quarter ended December 31, 2023) and updates to the State's official financial projections for FY 2024 through FY 2027 (the "Financial Plan period").[1] Except for the specific revisions described in these extracts, the projections (and the assumptions upon which they are based) in the Updated Financial Plan are consistent with the projections set forth in the FY 2024 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 2025 Enacted Budget Financial Plan.

2. A discussion of issues and risks that may affect the State's financial projections during FY 2024 or in future fiscal years is provided under the heading "Other Matters Affecting the Financial Plan".

3. Information on other subjects relevant to the State's finances, including summaries of: (a) the Generally Accepted Accounting Principles (GAAP) basis results for the prior three fiscal years, (b) the State's debt and other financing activities, and (c) activities of public authorities and localities.

4. Updated information regarding the State Retirement System.

5. The status of significant litigation that has the potential to adversely affect the State's finances.

6. Financial Plan tables that summarize actual General Fund receipts and disbursements for FY 2023 and projected receipts and disbursements for FY 2024 through FY 2027 on a General Fund, State Operating Funds and All Governmental Funds basis.

[1] The State fiscal year is identified by the calendar year in which it ends. For example, fiscal year 2024 ("FY 2024") is the fiscal year that began on April 1, 2023 and will end on March 31, 2024.

After the end of each quarter, DOB publishes an updated Financial Plan containing financial results and any updates to projections. The Financial Plan, as updated, is the source of financial results and projections in the AIS, as updated.

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

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

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

Factors affecting the State’s financial condition are numerous and complex. This AIS Update contains “forward-looking statements” relating to future results and economic performance as defined in the Private Securities Litigation Reform Act of 1995. Since many factors may materially affect fiscal and economic conditions in the State, the forecasts, projections, and estimates should not be regarded as a representation that actual results will not vary. The forward-looking statements contained herein are based on the State's expectations at the time they were prepared and are necessarily dependent upon assumptions, estimates, calculations, and data that it believes are reasonable as of the date made, but that may be incorrect, incomplete or imprecise or not reflective of actual results. Forecasts, projections, and estimates are not intended as representations of fact or guarantees of results. The words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “calculates,” “assumes” and analogous expressions are intended to identify forward-looking statements. Any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially and adversely from projections. Such risks and uncertainties include, but are not limited to, general economic and business conditions; natural calamities; foreign hostilities or wars; domestic or foreign terrorism;

changes in political, social, economic and environmental conditions, including climate change and extreme weather events; epidemics or pandemics; cybersecurity events; impediments to the implementation of gap-closing actions; regulatory initiatives and compliance with governmental regulations; litigation; Federal tax law changes; actions by the Federal government to reduce or disallow expected aid, including Federal aid authorized or appropriated by Congress, but subject to sequestration, administrative actions, or other actions that would reduce aid to the State; and various other events, conditions and circumstances. Many of these risks and uncertainties are beyond the control of the State. These forward-looking statements are based on the State's expectations as of the date of this AIS Update.

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

OSC issued the State’s Basic Financial Statements for FY 2023 and the Comptroller’s Annual Report to the Legislature on State Funds Cash Basis of Accounting on July 27, 2023 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 2023 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 and Accounting Practices

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

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

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

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

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

---

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

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

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

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

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

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

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

The term "actual" or "actuals" is used throughout the Financial Plan and this AIS Update to align with fiscal publications released by OSC. These terms are synonymous with the term "results" also used in the narrative discussion and refer to year-end actual audited data and year-to-date unaudited data.

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

FINANCIAL PLAN OVERVIEW

Summary of Revisions to the Executive Budget Financial Plan

The Updated Executive Budget Financial Plan projections set forth herein reflect the impact of the Governor's amendments submitted on February 15, 2024 and limited forecast revisions. Nearly all the amendments to the FY 2025 Executive Budget included in the Governor's submission have no Financial Plan impact. Two amendments drive additional General Fund costs in FY 2025, which are fully offset by forecast revisions reflected in the Updated Executive Budget Financial Plan. Otherwise, projections of receipts and spending (and the assumptions upon which they are based) are unchanged from the Executive Budget Financial Plan dated January 16, 2024.

- **30-Day Amendments.** General Fund transfers in FY 2025 are increased to reflect up to $100 million in additional State support for operating expenses at the State University Health Sciences Center at Brooklyn and/or the State University of New York (SUNY) Hospital at Brooklyn, pursuant to a transformation plan approved by the Director of the Budget. In addition, a $100 million transfer from the New York Interest on Lawyers Account (IOLA) to the General Fund in FY 2025 is removed.

- **Forecast Revisions.** DOB has made upward forecast revisions in FY 2025 to miscellaneous receipts to reflect an additional $100 million in expected resources from abandoned property and a $100 million increase in expected Federal Emergency Management Agency (FEMA) reimbursements based on continued review and submission of prior-year eligible costs incurred by multiple agencies.

The Economic Outlook section herein includes modest changes to reflect actual 2023 data published after the Executive Budget Financial Plan was released.

On or before March 1, 2024, as required by law, the Executive and Legislature are expected to issue a joint report containing a consensus forecast for the economy and projections of certain receipts for the current and upcoming fiscal years. In the consensus forecast report, the parties are expected to forecast the level of receipts over the two-year period (FY 2024 and FY 2025). Any revisions to the Executive Budget Financial Plan receipts forecast from the consensus forecast process will be reflected in the Enacted Budget Financial Plan.

In addition, the District Council 37 Rent Regulation Services Unit recently ratified a three-year labor agreement which runs until April 1, 2026 and covers roughly 300 employees. The terms of the agreement are consistent with other agreements with settled unions and include 3 percent general salary increases in all years and a one-time $3,000 bonus. The Financial Plan includes reserves for labor agreements, which may be allocated to specific agencies in future updates.

The Updated Financial Plan described in this AIS Update includes the changes described above. The changes have no net impact on General Fund operations, State Operating Funds spending, or the estimated outyear General Fund budget gaps from the Executive Budget Financial Plan.

The following table provides key financial measures for FY 2023 results and estimates for FY 2024 and FY 2025 based on the Executive Budget proposal.

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

	FY 2023 Actuals	FY 2024 Current Estimate	FY 2025 Executive Proposal
State Operating Funds Disbursements (Adjusted)[1]			
Size of Budget	$120,151	$130,248	$136,172
Annual Growth	7.1%	8.4%	4.5%
State Operating Funds Disbursements (Unadjusted)			
Size of Budget	$123,751	$126,610	$129,268
Annual Growth	5.4%	2.3%	2.1%
Other Disbursement Measures			
General Fund (Including Transfers)	$92,799	$103,489	$107,586
Annual Growth	4.4%	11.5%	4.0%
Capital Budget (Federal and State)	$14,024	$15,670	$18,798
Annual Growth	-4.6%	11.7%	20.0%
Federal Operating Aid	$82,687	$89,324	$84,686
Annual Growth	7.1%	8.0%	-5.2%
All Funds	$220,462	$231,604	$232,752
Annual Growth	5.3%	5.1%	0.5%
Inflation (CPI)	7.4%	3.5%	2.6%
All Funds Receipts[2]			
Taxes, excluding PTET	$113,729	$104,864	$107,524
Annual Growth	8.6%	-7.8%	2.5%
Miscellaneous Receipts	$31,842	$31,000	$27,994
Annual Growth	14.0%	-2.6%	-9.7%
Federal Receipts (Operating and Capital)	$89,563	$95,923	$91,894
Annual Growth	-6.0%	7.1%	-4.2%
Total All Funds Receipts, excluding PTET	$235,134	$231,787	$227,412
Annual Growth	3.2%	-1.4%	-1.9%
General Fund Cash Balance	$43,451	$44,968	$43,862
Economic Uncertainties	$13,282	$13,782	$13,782
Extraordinary Monetary Settlements	$1,570	$1,118	$601
Pandemic Assistance	$245	$0	$0
Rainy Day Reserves	$6,256	$6,256	$6,256
Timing of PTET/PIT Credits	$14,358	$13,873	$14,329
All Other	$7,740	$9,939	$8,894
Debt			
Debt Service (excluding prepayments) as % All Funds Receipts	2.4%	2.7%	3.0%
State-Related Debt Outstanding	$55,911	$55,915	$64,367
Debt Outstanding as % Personal Income	3.8%	3.6%	4.0%

1 Spending growth is routinely impacted by planned prepayments, timing-related transactions and reimbursements, as well as extraordinary assistance and grants. Adjusted State Operating Funds spending excludes these large transactions and prepayments, as well as the extraordinary spending and Federal offsets related to the COVID-19 pandemic.

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

Financial Plan Overview

Over the past two years, the State's financial position has strengthened significantly. Reserves have increased to the highest levels in history, debt levels remain nearly flat at less than 1 percent growth over the past decade, historic liquidity levels are delivering high investment returns, and new reserves have been established for future costs. The extraordinary influx of resources during the post-COVID-19 period fueled these financial achievements and allowed the State to make historic investments to adequately fund essential services and programs. These investments include fully funding the Foundation Aid formula; expanding access to mental health services; increasing assistance to hospitals, other health care providers and workers; addressing the solvency of the Metropolitan Transportation Authority (MTA); aiding the City of New York for the provision of care for thousands of asylum seekers; increasing wages; supporting health care delivery improvements; increasing recurring support for SUNY and CUNY; addressing gun crime and violence; and expanding access to child care, housing, school lunches and energy affordability.

Roughly half of the State Operating Funds budget supports the State's two largest program areas – health care and education. Spending for assistance and grants in FY 2025 is projected to be nearly $23 billion (32 percent) higher than the level recorded in FY 2022[4]. Roughly two-thirds of the estimated growth is concentrated in health care and education, reflecting historic, recurring funding increases for schools and the health care system. While the State's investments over the past two years recur, the elevated levels of tax receipts that initially supported the increased funding do not. Following two-years of substantially stronger tax collections, New York began to experience a precipitous drop in tax receipts beginning in FY 2024. The updated projections for tax receipts[5] in the current year are expected to decline by 7.8 percent from FY 2023 levels, followed by growth of 2.5 percent in FY 2025 from this lower base. This decline in tax receipts was also experienced by the Federal government and other states that rely on personal income taxes as a significant share of their revenues.

The long-term, historical average annual growth rate for tax receipts, which support roughly 80 percent of State Operating Funds spending, is roughly 4 percent. Tax receipts are projected to grow on average by 4 percent annually over the Financial Plan period from FY 2024 levels, while spending is projected to grow by just over 5 percent on average through FY 2028, resulting in a structural imbalance. Accordingly, in preparing the FY 2025 Executive Budget, the structural General Fund budget gaps required the State to evaluate multi-year growth assumptions across all programs to ensure long-term sustainability within projected resources.

[4] Excludes roughly $3 billion in one-time COVID-19 pandemic assistance and grants spending.

[5] Tax receipts and General Fund balance are affected by the Pass-Through Entity Tax (PTET); however, DOB expects that the PTET will, on a multi-year basis, be revenue neutral for the State. The discussion of tax receipts throughout the Financial Plan Overview exclude the impact of PTET, unless otherwise noted.

The FY 2025 Executive Budget proposal reduces the multi-year budget gaps and provides for balanced General Fund operations on a cash basis in FY 2025, while preserving existing commitments and funding new investments to address critical needs. Proposed savings initiatives are intended to prudently use resources from New York taxpayers to continue support for investments made over the past two years in education, physical and mental health care, public safety, economic stability, and environmental protection; and continue to ensure assistance is available for individuals and entities with demonstrable need. The Executive Budget also includes new funding for services and initiatives consistent with announcements made by the Governor in her State of the State plan presented on January 9, 2024. In addition, State Medicaid spending is increased, consistent with the recently approved 1115 Medicaid Waiver Amendment, and expanded support to assist the City of New York with aiding asylum seekers.

In the Updated Financial Plan, DOB is increasing the estimate for tax receipts and other resources in all years from the levels forecasted in the Mid-Year Update to the Financial Plan. The projection for General Fund tax receipts, over the multi-year Financial Plan, excluding proposed extensions, is revised upward by $5.9 billion from the forecast included in the Mid-Year Update. In the current year (FY 2024), the upward revision in tax receipts, combined with the reserve for transaction risk that was set aside for FY 2024, and other revisions, leave an estimated General Fund surplus of $2.2 billion. The surplus will be used to prepay $1.7 billion in FY 2025 expenses to reduce the budget year gap, and the remaining $500 million will be set aside in reserves for future one-time costs related to assisting asylum seekers.

The Executive Budget maintains Principal Reserves at 15 percent of State Operating Funds spending to protect essential services in the event of an economic downturn, as well as other reserves for dedicated purposes to manage risks to the Financial Plan and future costs.

DOB expects that the General Fund will have sufficient liquidity in FY 2025 to make all planned payments as they become due, and the General Fund balance will continue to benefit the State by providing high levels of investment income due to elevated market interest rates. DOB continues to reserve money on a quarterly basis for debt service payments that are financed with General Fund resources. Money to pay debt service on bonds secured by dedicated receipts, including PIT bonds and Sales Tax bonds, continues to be set aside as required by law and bond covenants.

FY 2025 Executive Budget Financial Plan Summary

The Updated Financial Plan reflects the Governor's FY 2025 Executive Budget proposal and accompanying legislation introduced on January 16, 2024, as well as revisions to the projections of receipts and spending in all years based on results to date, updated forecasts, and adjustments to programmatic assumptions. DOB estimates that the General Fund is balanced on a cash basis in FY 2025, should the Legislature adopt the Governor's proposal without modification.

DOB expects the General Fund to end FY 2025 with a balance of nearly $44 billion. Approximately half of the balance consists of Principal Reserves to protect essential services in the event of an economic downturn. The remaining balance is comprised of other reserves that were previously pledged to reduce outyear gaps, manage risks and support future costs that include tax refunds and liabilities, capital projects, and potential labor agreements.

The Executive Budget supports the implementation and expansion of various initiatives laid out in the Governor's State of the State plan presented to the Legislature on January 9, 2024, and continues funding for existing commitments, including increased funding for Foundation Aid, support for Medicaid and distressed hospitals, increases in the minimum wage, and expanded access to affordable child care.

The Executive Budget proposal increases FY 2025 State Operating Funds spending by $5.9 billion (4.5 percent) compared to the prior year, adjusted for the routine management of resources, execution of prepayments, and fluctuations in the timing of transactions across fiscal years that impact reported spending growth. Nearly two-thirds of the proposed growth is driven by increased spending on School Aid and Medicaid.

School Aid

The State provides a substantial amount of financial support for public schools through State formula aids and grants. For over a decade, New York has ranked the highest in the nation for per pupil spending. In school year (SY) 2021, New York spent $26,571 per pupil, 85 percent more than the national average of $14,347 per pupil.[6] In SY 2024, approximately 2.4 million kindergarten through 12th grade students are enrolled in the State's public schools, including 182,000 students enrolled in charter schools. Compared to SY 2014 levels, enrollment in the State's public schools has declined by roughly 10 percent (268,000 students). Despite these enrollment declines, State aid has continued to increase each year. From SY 2021 to SY 2024, total School Aid grew by an average of $2.3 billion (7.7 percent) per year (excluding the SY 2022 Pandemic Adjustment restoration), driven primarily by the three-year phase-in of full funding of the Foundation Aid formula. In addition to State aid, school districts have continued to raise revenue through local property tax increases, which when combined with State aid increases and Federal COVID-19 pandemic related assistance, have afforded many districts the ability to amass substantial reserves and surplus balances.

[6] Based on U.S. Census Bureau, *2021 Annual Survey of School System Finances*.

Adding to the historic increases in funding over the past three years, the Executive Budget includes $35.3 billion for School Aid in SY 2025, an increase of approximately $921 million (2.7 percent), inclusive of the State's full takeover of funding for prekindergarten expansion grants previously supported with Federal American Rescue Plan Act of 2021 (ARP) funds. Excluding the State funds needed to support this takeover, the School Aid increase for SY 2025 totals $825 million (2.4 percent). This growth reflects a $507 million (2.1 percent) Foundation Aid increase.

Since SY 2022, State-funded School Aid will have increased by over $6 billion (21 percent), inclusive of the Executive Budget's proposed increase.

Medicaid

The New York State Medicaid Program provides health and long-term care coverage to lower-income children, pregnant women, adults, seniors, and people with disabilities, and is financed jointly by the Federal, State, and Local governments. New York receives the minimum Federal Medicaid matching share of roughly 50 percent. Local districts' costs have been capped at calendar year 2015 levels, shifting the increased costs to the State and saving the City of New York and counties an estimated $7.4 billion in FY 2025. The State offers some of the most comprehensive and extensive Medicaid benefits in the nation, including optional services such as coverage for pharmacy and personal care services, spending $3,582 per capita based on the latest CMS data (Federal Fiscal Year 2021)[7], which was more than any other state. New York's per capita spending was 10 percent higher than the next highest state, New Mexico which spent $3,245 per capita. Nearly 7.6 million (39 percent) New Yorkers are currently covered by Medicaid. When combined with other public insurance coverage, New York has the highest percent of people covered by publicly funded medical insurance (Medicaid, Child Health Plus (CHP) and Essential Plan (EP)) in the nation.

The Medicaid program is also a large contributor of funding to hospitals and nursing homes through various supplemental programs. Medicaid spending growth continues to escalate as utilization of the system, primarily Managed Long Term Care (MLTC), rises with an aging population. In FY 2025, Medicaid spending is projected to total $30.9 billion, an increase of $3 billion (10.9 percent) from the revised FY 2024 levels, including over $1 billion in savings proposals.

State-share Medicaid spending, including administrative costs, is projected to be $8.6 billion (39 percent) higher in FY 2025 than the levels recorded three years prior in FY 2022.

---

[7] Excludes District of Columbia. Based on U.S. Census Bureau data and the 2021 Centers for Medicare and Medicaid Services Financial Report, Expenditure Reports From MBES/CBES.

Other Spending Growth

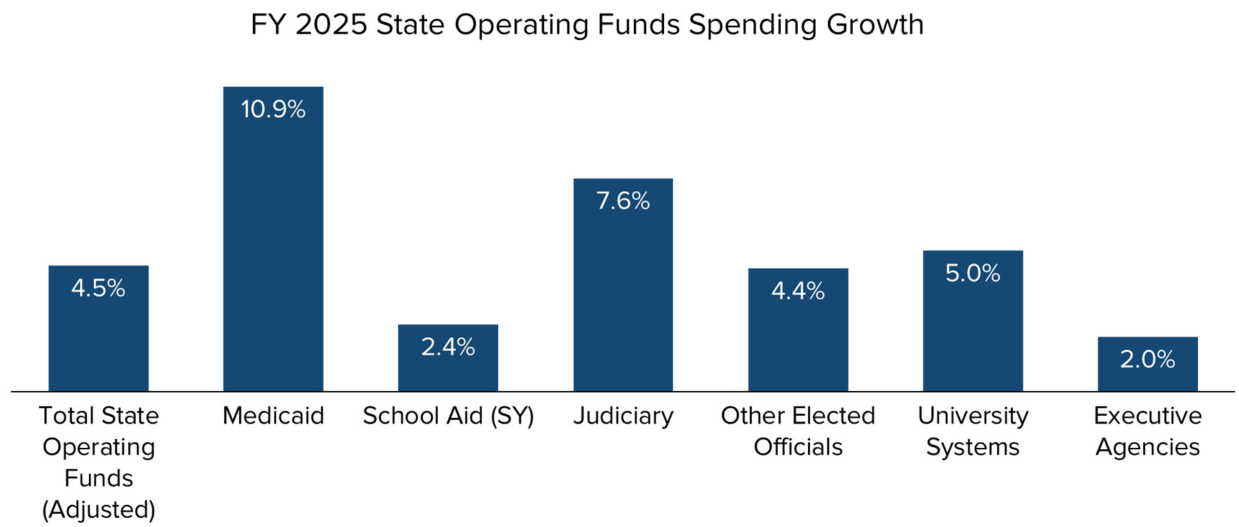
The Executive Budget also proposes spending increases to support agency operations and addresses the State's many continuing challenges, including access to mental health care, public safety, the stability of the State's health care system, and an extension and expansion of extraordinary State funding to continue to assist the City of New York with providing services and assistance to asylum seekers. In addition to significant investments made in the past two years, the FY 2025 Budget provides funding to expand mental health services for children and teens through school and pediatric health care settings; increases pregnant and postpartum services; grants the Department of Financial Services (DFS) authority to hold insurers accountable for mental health coverage; addresses the opioid epidemic; advances a plan consistent with the recent Federal government waiver approval to improve health care delivery; adds funding for law enforcement activities; increases access to swimming and instruction; and funds other program enhancements and initiatives.

The Executive Budget also adds substantial new capital funding for Artificial Intelligence (AI) research and innovation; economic development initiatives; energy affordability improvements; incentives for communities to grow their housing stock; and storm and flood risk remediation and protection.

State Spending

The Executive Budget proposal drives FY 2025 State Operating Funds spending to $136.2 billion, an increase of $5.9 billion (4.5 percent) compared to the current FY 2024 estimate, excluding the routine management of resources, execution of prepayments, and fluctuations in the timing of transactions and reimbursements across fiscal years.

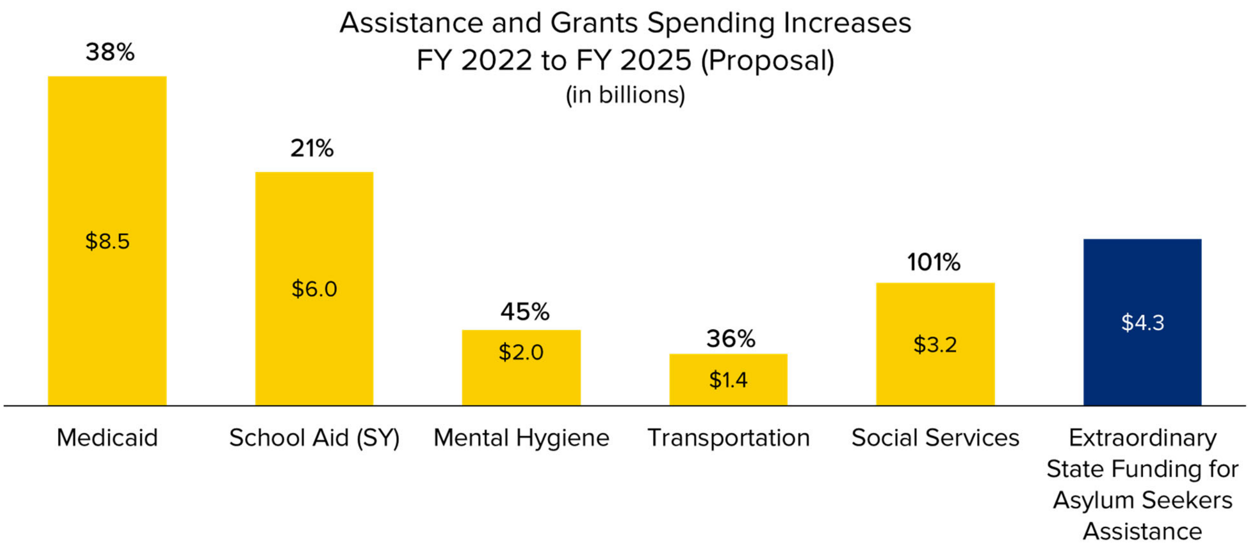
FY 2025 spending growth is largely driven by Medicaid, School Aid and increased operational funding for SUNY and all branches of State government as agencies continue to strive to restore service capacity and workforce levels to pre-COVID-19 pandemic levels.



Executive agencies excludes planned FEMA reimbursement in FY 2024 and FY 2025.

Medicaid spending is driven largely by elevated enrollment relative to pre-COVID-19 pandemic levels; expansion of benefits; increases in reimbursement rates; and growing utilization of the State's MLTC program by the State's aging population.

Spending for assistance and grants has grown from $72 billion in FY 2022, adjusted to exclude COVID-19 pandemic assistance and recovery spending, to nearly $95 billion of projected spending in FY 2025. The $23 billion (32 percent) increase reflects historic investments over the preceding years in education, health care and other assistance and program growth.



State funding for Asylum Seekers Assistance includes total proposed commitment through FY 2026, including operational expenses.

Spending growth is routinely impacted by planned prepayments and timing-related transactions and reimbursements. In FY 2025, spending growth reflects the planned payment of FY 2025 pension expenses in FY 2024; delayed recoupment from providers of excess payments attributable to State-only Medicaid payments that were previously advanced and are now expected in FY 2025; the expiration of the temporary enhanced Federal Medical Assistance Percentage (eFMAP) that lowers Medicaid costs in FY 2024; COVID-19 pandemic related FEMA reimbursements that are expected to lower spending to offset costs accounted for in prior years; and the impact of prior year debt service prepayments. Accounting for these transactions, State Operating Funds spending is projected to total $129.3 billion, an increase of $2.7 billion (2.1 percent).

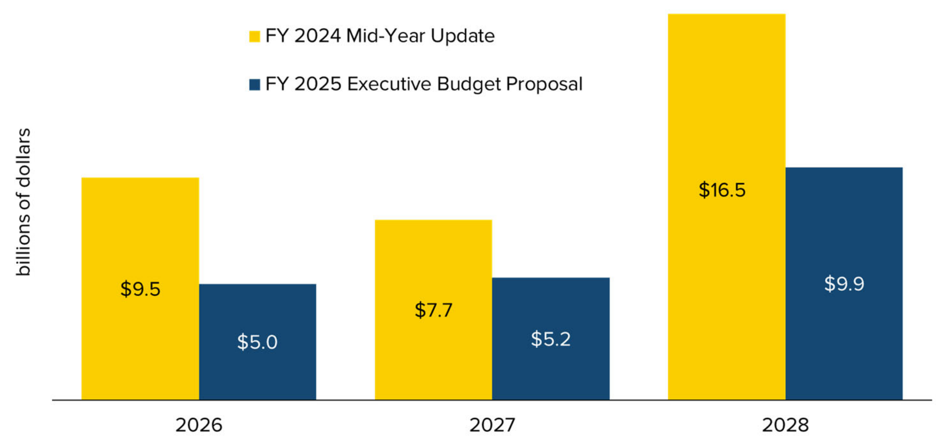
Including spending for capital projects and spending supported by the Federal government, All Funds spending is estimated to total $232.7 billion in FY 2025, an increase of $1 billion (0.5 percent), from the current fiscal year estimate. The increase in All Funds spending is attributable to the end of COVID-19 pandemic related recovery and assistance provided through increased Federal funding and reimbursements, which is partly offset by significant increases in capital projects spending consistent with approved and proposed capital commitments.

FY 2025 EXECUTIVE BUDGET SPENDING ESTIMATES (millions of dollars)				
	FY 2024 Updated	FY 2025 Projected	$ Change	% Change
State Operating Funds	**126,610**	**129,268**	**2,658**	**2.1%**
School Aid (School Year Basis)[1]	34,385	35,306	921	2.7%
Medicaid	27,442	30,431	2,989	10.9%
All Other Assistance and Grants	30,382	30,135	(247)	-0.8%
Agency Operations	31,727	33,583	1,856	5.8%
Debt Service	6,312	6,717	405	6.4%
Resource Management/Timing:				
Planned Pension Prepayment	1,709	(1,709)	(3,418)	-
Medicaid DPT Recoupment	1,100	(1,100)	(2,200)	-
Temporary eFMAP	(1,692)	0	1,692	-
FEMA Reimbursement	(1,050)	(400)	650	-
Prior Year Debt Service Prepayments	(3,705)	(3,695)	10	-
Federal Operating	**89,324**	**84,686**	**(4,638)**	**-5.2%**
Capital Projects	**15,670**	**18,798**	**3,128**	**20.0%**
All Funds	**231,604**	**232,752**	**1,148**	**0.5%**
State Operating Funds (Adjusted)	**130,248**	**136,172**	**5,924**	**4.5%**

[1] The Financial Plan includes a $921 million (2.7 percent) increase for School Aid in SY 2025, inclusive of the State's full takeover of funding for prekindergarten expansion grants previously supported with Federal ARP Act funds. Excluding the State funds needed to support this takeover, the School Aid increase for SY 2025 totals $825 million (2.4 percent).

Outyear Budget Gaps

The Updated Executive Budget Financial Plan provides savings that reduce the outyear budget gaps to $5 billion in FY 2026, $5.2 billion in FY 2027, and $9.9 billion in FY 2028.[8] In comparison, the budget gaps in the Mid-Year Update to the Financial Plan were $9.5 billion in FY 2026, $7.7 billion in FY 2027, and $16.5 billion in FY 2028. If the FY 2026 Budget is balanced with recurring savings, the budget gap for FY 2027 would be nearly eliminated and the FY 2028 gap would be reduced to roughly $5 billion.



The outyear budget gaps are the result of a structural imbalance between the forecasted levels of spending growth and available resources. The gaps include Medicaid spending projections that exceed the Global Cap beginning in FY 2026, which is partly due to $1.7 billion in additional State spending over the multi-year Financial Plan to leverage roughly $6 billion in additional Federal Medicaid funding, as well as upward revisions reflecting sustained enrollment levels and spending for MLTC. The projected budget gaps do not reflect the use of any principal reserves to balance operations but do include the use of prior year surpluses carried forwarded into future years and the one-time use of a portion of the Reserve for Economic Uncertainties to fund additional assistance to the City of New York to alleviate fiscal pressures from asylum seekers in FY 2026.

In addition, the projected budget gap for FY 2027 includes a one-time acceleration of between $3 and $4 billion in estimated PIT tax receipts due to the scheduled expiration of the Federal State and Local Tax (SALT) Cap at the end of 2025 and expectation that taxpayers will seek to benefit from unlimited SALT deductibility beginning in tax year 2026. If the Federal government extends or revises the SALT Cap, the acceleration would likely be substantially less, which would reduce tax receipts and increase the budget gap for FY 2027 by a concomitant amount.

Lastly, the FY 2028 projected budget gap reflects the initial impact of the current law sunset at the end of tax year 2027 of higher tax rates for high income filers, reverting the schedule to a single top rate of 8.82 percent. If the current rate schedule were extended, DOB estimates that PIT withholding receipts would increase by an amount in the range of $750 million to $1 billion in the last quarter of FY 2028.

[8] The FY 2028 budget gap is included for the first time in the Executive Budget Financial Plan.

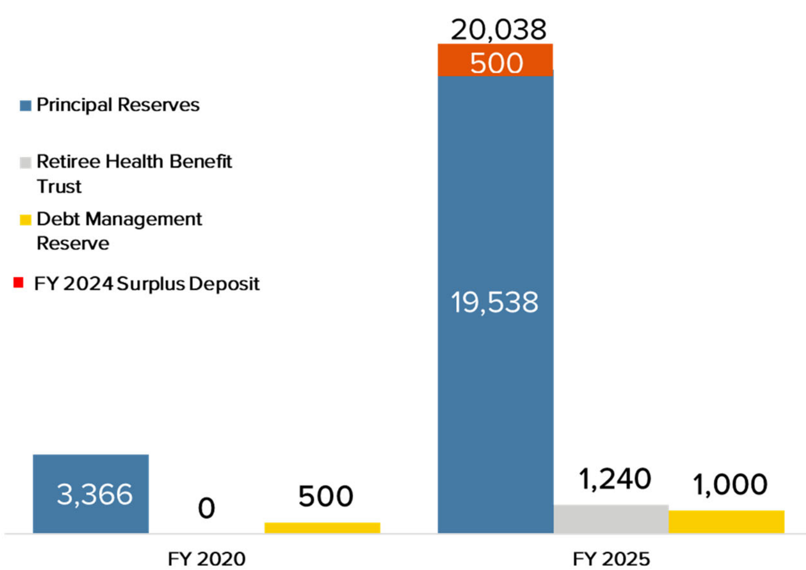
Reserves and Risks

The Updated Financial Plan faces looming economic risks, including: slowing economic growth; continued price inflation; geopolitical uncertainties; programmatic cost pressures; uncertainty about the fiscal conditions of outside entities relying on State assistance; risks due to the State's dependence on Federal funding and approvals; and uncertainty about the timing and feasibility of implementing cost savings actions.

While the DOB forecast of receipts and spending is based on current law and reasonable assumptions as of the time it was prepared, the timing and impact of an economic slowdown or downturn is highly unpredictable, and thus necessitates a prudent level of reserves to hedge against these risks.

In October 2021, the Governor committed to building the State's reserves to 15 percent of State Operating Funds spending by FY 2025 to ensure that it could honor its commitments through good and bad times. This commitment was met two years ahead of schedule in FY 2023 with a nearly $11 billion deposit. The FY 2025 Executive Budget preserves these critical investments and utilizes a portion of the projected current year surplus to add $500 million for future costs.

Reserves Total $22 Billion – 5 Times the Level 5 Years Ago



- **Principal Reserves** include the statutory Rainy Day Reserve Funds and the informal Reserve for Economic Uncertainties.
- The **Retiree Health Benefit Trust Fund** (excluded from the General Fund balance) is for health benefits of retired employees and their dependents.
- **Debt Management Reserve** is an informal reserve that can be used for any debt related purpose.

FY 2025 General Fund Financial Plan Summary

Consistent with statutory requirements, the Governor's FY 2025 Executive Budget provides for balanced operations in the General Fund. The Financial Plan has been updated to reflect the Governor's proposed FY 2025 Budget, inclusive of savings measures to reduce and offset spending growth to levels supportable with anticipated resources and to include support for new targeted investments. Spending restraint proposals are targeted at limiting spending growth to affordable levels, evaluating grants and assistance to ensure State assistance is directed to the neediest individuals, organizations, and institutions, and realigning service delivery.

FY 2025 EXECUTIVE BUDGET FINANCIAL PLAN
GENERAL FUND REVISIONS
SAVINGS/(COSTS)
(millions of dollars)

	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
MID-YEAR UPDATE SURPLUS/(GAP) ESTIMATE	**(4,326)**	**(9,526)**	**(7,722)**	**(16,475)**
Receipts	**3,228**	**1,987**	**(893)**	**289**
Tax Receipts	2,734	1,776	(816)	648
Debt Service	346	(22)	(78)	(112)
Miscellaneous/Federal Receipts	62	(33)	(33)	(33)
Transfers from Other Funds	86	266	34	(214)
Disbursements	**2,686**	**173**	**959**	**2,957**
Assistance and Grants	747	(62)	1,119	2,488
Agency Operations	1,803	232	(222)	140
Transfers to Other Funds	136	3	62	329
Use of/(Deposit to) Reserves	**(1,588)**	**2,392**	**2,427**	**3,286**
Rainy Day Reserve	0	0	0	0
Tax Stabilization Reserve	0	0	0	0
Contingency Reserve	0	0	0	0
Community Projects Reserve	0	0	0	0
Other Reserves[1]	(1,588)	2,392	2,427	3,286
EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE	**0**	**(4,974)**	**(5,229)**	**(9,943)**

[1] Other reserves are comprised of reserves to manage risks and support future costs, including tax refunds and liabilities, capital projects, and potential labor agreements, as well as the carryforward of accumulated resources to reduce the outyear budget gaps.

The Executive Budget proposes initiatives and investments considered essential to addressing mental health and public safety, preserving the stability of the State's health care system, and assisting the City of New York with providing services to asylum seekers. In addition, operational funding for all branches of State government is increased as agencies continue to strive to restore service capacity and workforce levels to pre-COVID-19 pandemic levels. Lastly, new capital commitments proposed in the budget are funded not only with bonds but also with cash resources, to ensure the State's debt burden remains affordable.

The Updated Financial Plan also includes revisions since the Mid-Year Update to the Financial Plan to projections of receipts and spending in all years based on results to date, as well as updated forecasts and programmatic assumptions. The revisions include increased receipts expected from tax collections, lottery revenue and mental hygiene Federal revenue, as well as lowered aggregate spending estimates across numerous program areas and fixed costs. The multi-year Financial Plan also reflects the management of surplus resources generated in prior years and additional resources expected in FY 2024. These management actions include the prepayment of expenses due in future years, use of available resources over the multi-year plan, and adjustments to the timing of transfers and levels of reserves maintained for operational costs that partly offset increased operational spending estimates.

The following table summarizes the impact of the Executive proposals and updated forecast revisions on General Fund operations, by financial plan category, starting with the estimates included in the Mid-Year Update to the Financial Plan. The discussion that follows provides a summary, with an emphasis on the projected fiscal impact for FY 2025.

FY 2025 EXECUTIVE BUDGET FINANCIAL PLAN -- GENERAL FUND REVISIONS AND PROPOSALS SAVINGS/(COSTS) (millions of dollars)	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
MID-YEAR UPDATE SURPLUS/(GAP) ESTIMATE	**(4,326)**	**(9,526)**	**(7,722)**	**(16,475)**
Receipts	**3,228**	**1,987**	**(893)**	**289**
Tax Receipts	2,734	1,776	(816)	648
Tax Receipts (excluding PTET)	1,145	2,218	1,724	948
PTET/PIT Receipts (Financial Plan Neutral)	1,589	(442)	(2,540)	(300)
Debt Service	346	(22)	(78)	(112)
Other Receipts/Transfers	148	233	1	(247)
Disbursements	**2,686**	**173**	**959**	**2,957**
Assistance and Grants	747	(62)	1,119	2,488
School Aid	692	825	1,339	1,870
SY 2025 Foundation Aid Adjustment	294	431	448	465
School Aid Growth Based on CPI	0	355	865	1,380
Lottery/Gaming/Recoveries Resources	438	79	79	79
All Other	(40)	(40)	(53)	(54)
Medicaid	241	(574)	(391)	(211)
Revised Forecast/Enrollment	(993)	(2,396)	(2,341)	(2,252)
1115 Waiver	(451)	(474)	(501)	(385)
Savings Proposals	1,230	1,809	1,959	1,959
HCRA Resources/All Other	455	487	492	467
Mental Hygiene	(30)	(64)	(106)	(106)
Public Health/Aging	(3)	14	13	13
Social Services/Housing	351	217	(50)	(73)
Higher Education	62	55	49	47
Public Safety	(166)	(146)	(146)	(146)
All Other	(399)	(388)	410	1,095
Agency Operations, including GSCs	1,803	232	(222)	140
Agency Operations	145	339	62	420
Legislature/Judiciary (incl. fringe benefits)	(284)	(284)	(284)	(284)
Other Elected Officials	(15)	(15)	(15)	(15)
Fringe Benefits/Fixed Costs	1,957	192	15	19
Transfers to Other Funds	136	3	62	329
Capital Projects	297	68	114	359
SUNY Operating	(8)	(8)	(7)	(7)
All Other	(153)	(57)	(45)	(23)
Use of/(Deposit to) Reserves	**(1,588)**	**2,392**	**2,427**	**3,286**
Timing of PTET/PIT Credits (Financial Plan Neutral)	(1,589)	442	2,540	298
Extraordinary Monetary Settlements	1	(1)	(14)	(10)
Prior Year Resources	0	501	(1,549)	1,548
Labor Settlements/Agency Operations	0	1,450	1,450	1,450
EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE	**0**	**(4,974)**	**(5,229)**	**(9,943)**

Receipts

Tax Receipts

Based on results through December 2023 and the updated economic forecast, DOB has made upward revisions to the tax receipts forecast across all years of the Updated Financial Plan, primarily in PIT and PTET. In FY 2025, the estimate for General Fund tax receipts, excluding PTET, is increased by $1.1 billion. Tax receipts estimates for PTET and related PIT credits are increased by $1.6 billion, which is set aside in the PTET reserve to cover credits claimed in subsequent years. Including these upward revisions, the FY 2025 estimate for tax receipts, excluding PTET, remains roughly $6 billion below the level collected in FY 2023.

The Executive Budget proposes the following tax law changes:

- **Permanently Extend the Itemized Deduction Limit on High Income Filers.** The Executive Budget proposes to permanently extend the itemized deduction limitation on filers with New York Adjusted Gross Income greater than $10 million, which is estimated to provide additional resources beginning in FY 2026.

- **Modernize Tax Law to Include the Vacation Rental Industry.** The Executive Budget recommends the imposition of sales tax on vacation rentals statewide and requires all vacation rental marketplace providers to collect and remit sales taxes on all rentals facilitated by their platforms.

- **Other Tax Actions.** The Executive Budget also proposes to close a loophole related to PIT and business taxes, provide for the filing of amended sales tax returns, and extend other taxes, exemptions and credits, including the sales tax exemption on vending machines for an additional year through May 31, 2025.

Debt Service

Debt service costs are lowered in FY 2025 due to refundings and ongoing debt management, which lowers dedicated tax receipts needed to support debt service and increases dedicated tax receipts to the General Fund. Increased debt service costs in FY 2026 and beyond reflect the financing of the proposed capital adds and initiatives included in the Executive Budget.

Other Receipts/Transfers

Available resources in other funds, including upward revisions to estimated Mental Hygiene Federal revenue, will be transferred to the General Fund to support continued and new spending.

Disbursements

Assistance and Grants

General Fund spending for assistance and grants is projected to total $77.4 billion in FY 2025, an increase of $3.4 billion (4.6 percent). This spending is impacted by the level of resources outside of the General Fund available to support spending, particularly in education and health programs. Compared to the Mid-Year Update to the Financial Plan, assistance and grants spending is lowered over the multi-year Financial Plan reflecting reduced growth rates and savings achieved through various actions, including repurposing and reducing certain programs and grants based on need. In addition, DOB has revised estimates of spending across nearly all functional areas based on programmatic experience and other indicators.

School Aid. The Updated Financial Plan provides $35.3 billion for School Aid in SY 2025, an increase of approximately $921 million (2.7 percent), inclusive of the State's full takeover of funding for prekindergarten expansion grants previously supported with Federal ARP funds. Excluding the State funds needed to support this takeover, the School Aid increase for SY 2025 totals $825 million (2.4 percent). This growth reflects a $507 million (2.1 percent) Foundation Aid increase driven largely by the formula's inflation factor, which the Executive Budget proposes at 2.4 percent, representing the average annual change in the Consumer Price Index (CPI) over the last 10 calendar years (2014-2023), excluding the highest and lowest years. School Aid growth also fully funds the projected $318 million increase under current law for expense-based reimbursement programs. Additionally, this increase reflects the annualization of the historic $3.0 billion SY 2024 School Aid increase, which was driven primarily by the final year of the three-year phase in of the Foundation Aid formula.

Financial Plan projections for SY 2026 and beyond have been updated and are based on estimated growth in Foundation Aid and expense-based aids, reflecting DOB's inflation forecast and recent annual expense-based aid growth, respectively. These revisions result in lower projected outyear spending compared to the Mid-Year Update to the Financial Plan. Previously, outyear Financial Plan estimates assumed growth in School Aid consistent with the estimated ten-year average growth in State personal income. In addition, upward revisions to estimated resources available to finance School Aid spending in the State's Mobile Sports Wagering and Video Lottery Terminals (VLTs) Funds offset General Fund spending for School Aid.

Medicaid. Medicaid spending in the General Fund is projected to increase due to medical cost increases; enrollment remaining elevated above pre-COVID-19 pandemic levels; expansion of benefits; increases to reimbursement rates; and growing aging and high utilization populations. Other factors that continue to place upward pressure on State-share Medicaid costs include, but are not limited to, provider reimbursements to cover home health wage increases; the phase-out of enhanced Federal funding; increased costs and enrollment growth in managed long-term care; and payments to financially distressed hospitals.

The Updated Financial Plan includes significant upward revisions to reflect updated enrollment and cost forecasts consistent with recent experience and updated data, which increase spending by $8.2 billion from FY 2025 through FY 2028. In addition, the State recently received approval from the Centers for Medicare & Medicaid Services (CMS) for $6 billion in new Federal funding over three years to help support social, physical, and behavioral health care services contingent on a New York matching commitment of $1.7 billion over the same period. The Updated Financial Plan includes the additional State resources expected per this agreement.

To control rising Medicaid costs, the Executive Budget includes routine revisions, savings and program management actions, and savings consistent with increasing State Medicaid audit recoveries and efforts to eliminate inappropriate payments. Savings actions total over $1 billion in FY 2025 and include the discontinuation of wage parity for the Consumer Directed Personal Assistance Program; reducing facility capital payments; and removing the 1 percent surplus payments provided to Managed Care Organizations (MCO) attributable to the pharmacy benefit transition from the MCOs premiums back to Fee for Service effective April 2023.

Additionally, $100 million in savings is expected from CDPAP and MLTC reforms introduced in the 30-Day Amendments and $300 million in unallocated actions are expected in FY 2025 to achieve balance under the Medicaid Global Cap. Beginning in FY 2026, Medicaid spending is projected to exceed the allowable amount under the Global Cap Index. The State will work with industry leaders and stakeholders in the coming months to develop actions that will provide recurring savings.

Mental Hygiene. The Updated Financial Plan increases spending for mental hygiene consistent with planned investments and expansions. Increased funding to OPWDD includes new services and expands the Special Olympics in New York State, which provides sports training and competition, free health screenings, and health education to individuals with intellectual and developmental disabilities. The Executive Budget also proposes investments in Office of Mental Health (OMH) including funding for supported housing to account for annual property-related cost increases, and a 1.5 percent Cost of Living Adjustment (COLA), which combined with COLAs provided in the prior two years, delivers $1.3 billion to OPWDD, OMH, and the Office of Addiction Services and Supports (OASAS) voluntary operated providers. These increases are offset by lower spending that reflects revised estimates based on updated information and the timing of implementation of ongoing investments.

Public Health/Aging. The State adds funding for various public health programs including for reducing infant, child, and maternal mortality and improving maternal health. Other investments include providing additional funding to the American Indian Health Program (AIHP); increasing Early Intervention (EI) rates and increasing support for existing school-based health centers. These new investments are partially offset by savings achieved through administrative adjustments to allowable claims under the EI program and the discontinuation of certain health programs administered by DOH that are duplicative and/or outside of the core agency mission.

Social Services/Housing. Social services spending is projected to increase by nearly 32 percent on a State Operating Funds basis consistent with planned child care investments ($863 million) and other expansions. Compared to the Mid-Year Update to the Financial Plan, lower spending reflects the use of available Temporary Assistance for Needy Families (TANF) funding to support increasing child care costs to maintain continuity in the level and eligibility of child care subsidies. The Executive Budget also proposes to extend permanently the local social service districts funding for residential school placements of children with special needs outside the City of New York and utilize $95 million of available Mortgage Insurance Fund (MIF) resources to fund housing and homelessness programs. In addition, the Executive Budget utilizes additional Federal assistance to fund child welfare programs by permanently increasing the amount local districts must spend on child welfare by $75 million; providing a 1.5 percent COLA for human services workers; and continuing investments in youth employment.

Higher Education. Estimated spending for Tuition Assistance Program (TAP) awards has been revised downward consistent with lower than expected enrollment levels relative to prior projections, which is partially offset by increased general operating support for CUNY senior colleges related to higher fringe benefits costs. The Executive Budget also limits eligibility for Unrestricted Aid to Independent Colleges and Universities, also known as Bundy Aid, to institutions with endowment assets of less than $750 million.

Public Safety. The Executive Budget includes $120 million to support victims of crime funding which could be impacted by reductions in the State's Federal Victims of Crime Act (VOCA) award. The Executive Budget also includes $41 million to prevent and prosecute domestic violence cases, including funding to expand a best practice model that supports collection of evidence-building and relationship building with the victim. In addition, the Executive Budget provides $15 million in assistance and grants resources to reduce property crime by providing grants to district attorney offices and local law enforcement. Funding is also included to support a comprehensive resiliency plan, including to reduce fatal fires and improve emergency preparedness and response.

All Other Assistance and Grants. Spending is increased to reflect extraordinary State funding for asylum seeker assistance; a 5.4 percent increase for upstate transit aid; additional funding for various environmental and economic development initiatives and investments, such as the Liberty Defense Project and Office of New Americans; pre-paid postage for absentee and early mail election ballots; Judiciary spending to support court facilities, civil legal aid and technology innovations; and certain accounting reclassifications between financial plan categories. These increases are partly offset by lower spending attributable to the expected repayment of $1.1 billion of State-only payments from distressed providers; planned discontinuation of the County Wide Shared Services program; and revised spending forecasts across many functional areas, reflecting conservative budgeting, particularly in the later years of the Financial Plan.

Agency Operations

Spending for operations, including wages and fringe benefits, is projected to increase in FY 2025, excluding the impact of a planned prepayment of FY 2025 pension expenses in the current year, and additional FEMA reimbursements expected to offset prior year COVID-19 pandemic related costs. The increased costs reflect general salary increases and expansion of services and new initiatives, including mental health access and capacity, and cybersecurity and technology investments. The increased spending is partly offset with savings expected from downsizing prison capacity, ongoing agency efficiencies in delivering services, and reduced consultant spending.

Agency Operations. General Fund operational spending is reduced compared to the Mid-Year Update to the Financial Plan to reflect the planned reduction of excess prison capacity resulting from continued prison population declines; reductions in consulting services; the restructuring of administrative costs applicable to the Environmental Protection Fund (EPF) activities; improvements in procurement efficiencies; and certain accounting reclassifications between financial plan categories. In addition, DOB has increased expected FEMA reimbursements, which lower reported spending, based on continued review and submission of prior-year eligible costs incurred by multiple agencies.

These savings are partly offset by added costs related to contractual general salary increases, particularly in the later years; asylum seeker assistance; investments in cybersecurity and information technology; expanded access to inpatient psychiatric and mental health services; and continued staffing increases across various agencies to address post-COVID-19 pandemic staffing shortages.

Legislature/Judiciary. The Executive Budget must include without modification the appropriations submitted annually by the Legislature and Judiciary. The Updated Financial Plan spending estimates reflect the budget requests submitted by each branch.

The Judiciary Budget increases annual operating spending, including fringe benefits, by $280 million to fund judicial pay raises for State judges, general salary increases for non-judicial staff, a paid parental leave program, staffing increases to return to pre-COVID-19 pandemic workforce levels, new court clerks and attorneys, and costs associated with four court officer academy classes. In addition, the Judicial budget request includes funding to support twenty new judgeships, and twenty-eight family court and five City of New York housing court judges.

Operating spending for the Legislature increases by nearly $4 million annually to fund general salary increases for legislative staff.

Other Elected Officials. Attorney General (AG) operational spending, excluding fringe benefits, is increased by $10 million annually to support increased caseloads driven by recently enacted legislation and general salary increases. Operating spending for OSC, excluding fringe benefits, is increased by $5 million annually to reflect general salary increases.

Fringe Benefit/Fixed Costs. Savings in FY 2025 reflect the planned payment in February 2024 of the estimated $1.7 billion FY 2025 Employees' Retirement System (ERS)/Police and Fire Retirement System (PFRS) pension bill provided by OSC as of December 2023, which includes estimated interest savings totaling $110 million that will accrue to the State. Additional costs have been reflected for the proposed elimination of copays for insulin.

The Executive Budget includes proposed legislation that would provide relief for local governments and lower State taxpayer costs by 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.

Additionally, the Executive Budget proposes the State mirror the federal government's policy decision to have higher-income retirees pay a higher proportion of their health insurance costs by ceasing Income-Related Monthly Adjustment Amount (IRMAA) reimbursement. Eliminating this reimbursement will save the State nearly $24 million annually ($6 million in FY 2025 due to the lag in reimbursement).

Finally, the Executive Budget proposes to allow interest to accrue for late NYSHIP payments from participating employers and provide the ability to withhold funds appropriated by the State from participating employers for any amounts past due. The intent is to mitigate growing payment arrears which result in increased premiums to the State, other NYSHIP employers, and NYSHIP enrollees.

Transfers to Other Funds

General Fund transfers to other funds support capital projects, debt service costs, university operations, transportation aid, and a variety of other programs.

Capital Projects. The Executive Budget reduces transfers from the General Fund to capital projects funds, which is primarily related to the early retirement of bonds that lower the necessary transfer to the DHBTF for debt service. This reduction is partially offset by the addition of new capital initiatives that will be supported by the General Fund, including a new electronic medical health records system for OMH and additional funding for Judicial facilities renovation, safety, and technology upgrades for court rooms.

SUNY Operating Assistance. The State will provide an additional $8 million to support SUNY operating costs related to various State of the State initiatives, including, but not limited to, funding for the Empire State Service Corps and Empire AI, in addition to support for the State Weather Risk Communication Center at the University at Albany and TAP tuition credits.

All Other Transfers to Other Funds. The Executive Budget includes $35 million in additional support for DOH health facilities, and an increased transfer to the Judiciary's Court Facilities Incentive Aid Fund for civil legal aid, court facilities maintenance/cleaning costs, and enterprise-wide technology enhancements. Additionally, up to $100 million of State support is added for operating expenses at the State University Health Sciences Center at Brooklyn and/or the SUNY Hospital at Brooklyn, pursuant to a transformation plan approved by the Director of the Budget.

Use of/(Deposit to) Reserves

Changes to reserves reflect the impact of revised estimates of PTET related tax receipts, updated projections of spending supported by the extraordinary monetary settlements reserve, and management of prior year resources planned to reduce gaps in future years. In addition, the Financial Plan previously planned to continue annual deposits to the reserve for future labor and operational costs, however the Updated Financial Plan reflects the discontinuation of the deposits in the outyears consistent with the recognition of additional operational costs and labor agreements reached to date. The existing $3.2 billion reserve is maintained for similar labor agreements with unsettled labor unions.

Extraordinary State Funding for Asylum Seeker Assistance

Beginning in FY 2024, the State appropriated extraordinary funding and support to assist New York City with the humanitarian crisis that has brought thousands of asylum seekers to the City of New York. New York State continues to request Federal assistance to manage thousands of asylum seekers.

The State management and coordination of the funding and assistance spans multiple agencies. The State has staffed personnel at City emergency response centers and the Division of Military and Affairs (DMNA) has deployed hundreds of National Guard members to aid in the crisis response and provide support. The Office of Temporary and Disability Assistance (OTDA) administers reimbursement for short term shelter services for migrant individuals and families and Safety Net Assistance for asylum seekers who are eligible. DOH is supporting infectious disease testing and vaccination activities, as well as providing coverage to eligible individuals through the State's public health insurance programs.

Other State agencies, including the Division of Homeland Security and Emergency Services (DHSES), the Department of State (DOS) and the Office of General Services (OGS) are assisting nonprofit organizations, providing reimbursement for Floyd Bennett Field, and supporting case management and legal services. In addition, the State is covering the cost of the Humanitarian Emergency Response and Relief Center (HERRC) at Floyd Bennett Field and has made multiple State-owned sites available for use as shelters, such as the former Lincoln Correctional Facility in Manhattan, JFK Building 197, and the Creedmoor Psychiatric Center parking area.

The table below summarizes the extraordinary State Funding for asylum seeker assistance proposed over the multi-year Financial Plan. In addition to the $1.9 billion previously committed as of the Mid-Year Update to the Financial Plan, the FY 2025 Executive Budget proposal commits an additional $2.4 billion over two years (FY 2025 and FY 2026). The Governor has pledged to use $500 million from reserves for additional support.

ASYLUM SEEKER ASSISTANCE
STATE OPERATING FUNDS
(in millions)

	FY 2023	FY 2024	FY 2025	FY 2026	TOTAL
Total State Funding	**27**	**1,295**	**2,211**	**773**	**4,306**
Original NYC Support	0	741	355	0	1,096
Additional NYC Support	0	0	530	530	1,060
Additional Aid to NYC and Costs for Randall's Island, Creedmoor, and Floyd Bennett	0	89	724	146	959
Safety Net Assistance	0	26	67	67	160
National Guard Deployment	27	162	262	0	451
Medicaid/Vaccines/Disease Testing	0	149	162	15	326
Asylum Seeker Resettlement	0	30	5	5	40
All Other[1]	0	98	106	10	214
Use of Economic Uncertainties Reserves		**0**	**0**	**(500)**	**(500)**

[1] All other includes case management, legal services and other uses.

FY 2024 General Fund Current Year Update

In the Updated Financial Plan, DOB revised current-year estimates for receipts and spending in comparison to the Mid-Year Update to the Financial Plan. These revisions, combined with the use of the transaction risk reserve to offset higher Medicaid spending (including delayed provider recoupments) leave a General Fund surplus of $2.2 billion. DOB plans to utilize excess resources to prepay $1.7 billion in FY 2025 pension expenses in February 2024 pursuant to legislation enacted in the FY 2024 Enacted Budget and add $500 million to reserves that is pledged to support future costs related to asylum seeker assistance.

FY 2024 GENERAL FUND FINANCIAL PLAN (millions of dollars)	
MID-YEAR SURPLUS/(GAP)	**0**
Receipts	**4,734**
Tax Receipts (excluding PTET)	890
PTET/PIT Receipts	1,691
All Other	153
Transaction Risk Reserve	2,000
Disbursements	**(2,567)**
DPT Recoupment Delay	(1,100)
Pension Prepay	(1,709)
All Other	242
Use of/(Deposit to) Reserves	**(2,167)**
Economic Uncertainties	(500)
Timing of PTET/PIT Credits	(1,691)
Extraordinary Monetary Settlements	24
THIRD QUARTER SURPLUS/(GAP) ESTIMATE	**0**

Based on the April 2023 tax settlement experience and updated economic indicators and forecasts, DOB lowered the annual estimates for tax receipts[9], by roughly $5 billion from the February 2023 forecast, with the reductions concentrated in PIT. However, through December 2023, General Fund receipts, including transfers from other funds, were $855 million higher than estimated in the Mid-Year Update to the Financial Plan. Collections exceeded the forecast primarily in PIT and non-tax receipts. Considering these results, DOB has increased the estimate for current year General Fund tax receipts by $890 million and other non-tax receipts by $153 million, reflecting higher license and fees collections, lower debt service and STAR costs, and other revisions. With these revisions, total taxes are still projected to decline by $8.9 billion in FY 2024 from the prior year.

[9] Excludes PTET.

In addition, the $2 billion Transaction Risk Reserve has been removed to offset the higher Medicaid spending reflected in the Updated Financial Plan.

General Fund disbursements, including transfers to other funds, were $175 million below the Mid-Year estimate. While aggregate spending was below the cumulative monthly estimates, Medicaid spending has consistently exceeded the forecast due to higher than projected sustained enrollment levels and the timing of planned health care provider recoupments noted above.

In response to initial delays in the Federal approval of planned FY 2022 through FY 2024 State Directed Payments (DPT), the State advanced over $1.7 billion in State-only payments to distressed providers for immediate cash flow relief. Of the total $1.7 billion, $600 million is expected to be reimbursed by providers in FY 2024. The remaining provider reimbursements to the State are expected to be delayed, resulting in $1.1 billion in additional Medicaid spending in FY 2024 that is anticipated to be repaid in FY 2025. The Updated Financial Plan reflects the delay, which drives initial costs in FY 2024 with expected recoupment in FY 2025 via the Mental Hygiene Stabilization Fund (MHSF), which adjusts Office for People with Developmental Disabilities (OPWDD)-related local share expenses outside of the Department of Health (DOH) Global Cap. This adjustment has with no impact on mental hygiene service delivery or operations.

In addition, spending is increased to reflect a planned $1.7 billion pension prepayment. Other savings compared to the Mid-Year Update to the Financial Plan include increased HCRA and other receipts that offset upward revisions to Medicaid spending, and other downward revisions to spending projections based on results to date.

DOB estimates the General Fund will end FY 2024 with a closing balance of $45 billion. Excluding the PTET reserve for the timing of PTET/PIT credits and the reserve for extraordinary monetary settlements to fund existing liabilities, commitments, and projects, DOB projects the State will end FY 2024 with a General Fund cash balance of $30 billion.

General Fund Financial Plan Overview

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

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.

Lastly, beginning in FY 2022, the PTET program began affecting reported General Fund tax collections. The discussion and tables summarizing annual changes below generally exclude the impact of the PTET or show it distinctly. The operation of the PTET program is described under the heading, "PTET Financial Plan Impact" at the end of this section.

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 annually. For example, education and health care programs are affected by the level of financing sources (i.e., HCRA and lottery/gaming receipts) available in other funds. Projected spending also reflects DOB's cautious estimates of disbursements, a practice that provides a cushion for potential receipts shortfalls and unanticipated costs.

For a more comprehensive discussion of the State's projections for tax receipts, miscellaneous receipts, disbursements, and transfers, presented on a State Funds and All Funds basis.

FY 2025 Executive Budget Financial Plan

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

GENERAL FUND FINANCIAL PLAN (millions of dollars)				
			Annual Change	
	FY 2024 Projected	FY 2025 Projected	Dollar	Percent
Opening Fund Balance	**43,451**	**44,968**	**1,517**	**3.5%**
Total Receipts	**105,006**	**106,480**	**1,474**	**1.4%**
Receipts (Excluding PTET)	105,491	106,024	533	0.5%
Taxes	94,787	96,974	2,187	2.3%
Miscellaneous Receipts	4,295	3,634	(661)	-15.4%
Federal Receipts	2,250	3,645	1,395	62.0%
Non-Tax Transfers from Other Funds	4,159	1,771	(2,388)	-57.4%
PTET Receipts	(485)	456	941	194.0%
PIT Credits	(14,367)	(14,024)	343	2.4%
Business Taxes	13,882	14,480	598	4.3%
Total Disbursements	**103,489**	**107,586**	**4,097**	**4.0%**
Assistance and Grants	74,048	77,425	3,377	4.6%
State Operations	22,263	21,273	(990)	-4.4%
Transfers to Other Funds	7,178	8,888	1,710	23.8%
Net Change in Operations	**1,517**	**(1,106)**	**(2,623)**	**-172.9%**
Closing Fund Balance	**44,968**	**43,862**	**(1,106)**	**-2.5%**
Statutory Reserves:				
Community Projects	23	23	0	
Contingency	21	21	0	
Rainy Day[1]	6,256	6,256	0	
Fund Balance Reserved for:				
Debt Management	2,436	1,860	(576)	
Economic Uncertainties	13,782	13,782	0	
Labor Settlements/Agency Operations	1,765	3,215	1,450	
Undesignated Fund Balance	5,694	3,775	(1,919)	
Subtotal Excluding Settlements/PTET	**29,977**	**28,932**	**(1,045)**	
Fund Balance Reserved for:				
Extraordinary Monetary Settlements	1,118	601	(517)	
Timing of PTET/PIT Credits	13,873	14,329	456	

[1] Consists of the Rainy Day Reserve and Tax Stabilization Reserve.

Receipts

General Fund receipts, including transfers from other funds, are estimated to total $106.5 billion in FY 2025, an increase of $1.5 billion (1.4 percent) from FY 2024.

General Fund tax receipts including transfers after payment of debt service are estimated to total $93.3 billion in FY 2025, an increase of $2.2 billion (2.4 percent) from FY 2024 excluding the impact of PTET and debt prepayments. The increase reflects slow economic growth forecasts which will lead to modest growth in PIT receipts, small growth in consumption taxes and a decrease in business taxes.

PIT receipts, excluding PTET and debt prepayments, are estimated to total $63 billion in FY 2025, an increase of $2.8 billion (4.7 percent) from FY 2024. The increase reflects increases in withholding, current estimated payments for tax year 2024, extension payments for tax year 2023, final returns, and delinquencies. These gross receipts increases are slightly offset by an increase in total refunds, primarily driven by the State/City offset and advanced credit payments.

Consumption/use tax receipts, excluding debt prepayments, are estimated to total $18.3 billion in FY 2025, an increase of $253 million (1.4 percent) from FY 2024. This increase reflects small growth in the sales tax base.

Business tax receipts, excluding PTET, are estimated at $9.8 billion in FY 2025, a decrease of $277 million (-2.7 percent) from FY 2024. The decrease primarily reflects an increase in Corporate Franchise Tax (CFT) refunds partially offset by an increase in CFT and bank tax audit receipts.

Other tax receipts, including transfers after payment of debt service on Clean Water/Clean Air (CW/CA) Bonds, are expected to total $2.2 billion in FY 2025, a decrease of $577 million from FY 2024. This is primarily due to the expectation that super-large estate tax payments return to more typical trends in FY 2025.

Miscellaneous receipts are projected to decrease by $761 million from FY 2024 mainly due to a reduction in investment income attributable to lower forecasted interest rates and reserve balances.

Non-tax transfers in FY 2025 includes a transaction risk reserve that offsets total projected transfers from other funds and provides a hedge against risks to receipts that may materialize later in the fiscal year, which totals $2 billion in FY 2025. In addition, debt service prepayments resulted in the early retirement of bonds that lower the debt service costs for the DHBTF by $428 million in FY 2025, which lowers the transfer from DHBTF by a commensurate amount. Excluding the risk reserve and debt prepayments, total non-tax transfers are estimated at $3.8 billion in FY 2025, an increase of $125 million from FY 2024 driven by transfers from various non-general funds, including the Indigent Legal Services fund.

Disbursements

General Fund disbursements, including transfers to other funds, are expected to total $107.6 billion in FY 2025, an increase of $4.1 billion (4.0 percent) from FY 2024. The annual change in spending is in large part due to increased funding for Foundation Aid, Medicaid, and continued time-limited support to the City of New York for asylum seeker assistance.

Assistance and grants spending is estimated to total $77.4 billion in FY 2025, an increase of $3.4 billion from FY 2024. General Fund spending for education and health care represents nearly two-thirds of the assistance and grants spending growth. 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.

General Fund support for School Aid is estimated to increase by $972 million (3.4 percent) on a State fiscal year basis, reflecting a SY 2025 increase in Foundation Aid consistent with the ten-year average annual change in CPI, excluding the highest and lowest years (2.4 percent) and assumed growth in expense-based reimbursement programs. Additionally, this increase reflects the annualization of the historic $3.0 billion SY 2024 School Aid increase, which was driven primarily by the final year of the three-year phase in of the Foundation Aid formula.

Medicaid spending is projected to grow by $3.6 billion, primarily due to the $1.6 billion in additional Global Cap spending allowance to support enrollment and escalating MLTC growth and $1.3 billion in prior investments to support home health and personal care workers that were initially supported by Home and Community-Based (HCBS) eFMAP.

Other assistance and grants growth is primarily the result of continued State support of an expanded level and eligibility of child care subsidies and victim of crime assistance previously funded with Federal resources; added child welfare services funding for local social services districts; increased operating support to SUNY and CUNY senior colleges; and additional one-time funding to support asylum seeker assistance in the City of New York.

General Fund agency operations costs, including fringe benefits, are expected to total $21.4 billion in FY 2025, a decrease of $890 billion from FY 2024, driven primarily by the prepayment of the FY 2025 pension obligation in FY 2024, partially offset by health insurance growth, Judicial staffing and operational increases, and a lowered projection of FEMA reimbursements for prior year COVID-19 pandemic related eligible spending.

Excluding the impact of FEMA reimbursement, State Operations spending growth for executive agencies reflects investments in cybersecurity and information technology (IT), the cost of deploying the National Guard to assist the City of New York with providing care for asylum seekers and continued staffing increases across various agencies to address post-COVID-19 pandemic staffing shortages.

The Judiciary spending plan includes a substantial increase in FY 2025 to support judicial pay raises for State judges, general salary increases for non-judicial staff, implementing a paid parental leave program, staffing increases to return to pre-COVID-19 pandemic workforce levels, new court clerks and attorneys, and costs associated with four court officer academy classes. In addition, the Judicial budget request includes funding for twenty new judgeships, twenty-eight family court and five City of New York housing court judges, including supporting staff for each.

Fringe benefit costs are expected to decrease in FY 2025 primarily due to the prepayment of the FY 2025 pension obligation in FY 2024, partially offset by increased Health Insurance costs.

Excluding the debt service reclassification described above, General Fund transfers to Other Funds are projected to total $8.4 billion in FY 2025, an increase of $1.2 billion from FY 2024. The growth is mainly attributable to transfers supporting capital projects driven by the timing of bond proceed reimbursements, and the continued use of PAYGO capital to avoid the issuance of high-cost taxable debt. Other transfer increases include additional operating aid for SUNY and additional support to DOH facilities.

FY 2025 Closing Balance

Excluding the PTET[10] reserve for the timing of PTET/PIT credits and the reserve for extraordinary monetary settlements to fund existing commitments and projects, DOB projects the State will end FY 2025 with a General Fund cash balance of $28.9 billion, a decrease of $1.1 billion from the FY 2024 closing balance. The decrease is mainly due to the planned use of debt management reserves, and resources made available in the prior year to reduce budget gaps, partially offset by a planned increase for the reserve for labor settlements/agency operations.

[10] Starting in FY 2022, the General Fund balance is affected by the PTET program. Please see the description under the heading "PTET Financial Plan Impact" for more information.

Updated FY 2024 Financial Plan

The following table summarizes the projected annual change in General Fund receipts, disbursements, and fund balances from FY 2023 to FY 2024.

GENERAL FUND FINANCIAL PLAN
(millions of dollars)

	FY 2023 Actuals	FY 2024 Projected	Annual Change: Dollar	Annual Change: Percent
Opening Fund Balance	**33,053**	**43,451**	**10,398**	**31.5%**
Total Receipts	**103,197**	**105,006**	**1,809**	**1.8%**
Receipts (Excluding PTET)	105,269	105,491	222	0.2%
Taxes	96,018	94,787	(1,231)	-1.3%
Miscellaneous Receipts	3,609	4,295	686	19.0%
Federal Receipts	2,351	2,250	(101)	-4.3%
Non-Tax Transfers from Other Funds	3,291	4,159	868	26.4%
PTET Receipts	(2,072)	(485)	1,587	76.6%
PIT Credits	(17,016)	(14,367)	2,649	15.6%
Business Taxes	14,944	13,882	(1,062)	-7.1%
Total Disbursements	**92,799**	**103,489**	**10,690**	**11.5%**
Assistance and Grants	62,852	74,048	11,196	17.8%
State Operations	21,622	22,263	641	3.0%
Transfers to Other Funds	8,325	7,178	(1,147)	-13.8%
Net Change in Operations	**10,398**	**1,517**	**(8,881)**	**-85.4%**
Closing Fund Balance	**43,451**	**44,968**	**1,517**	**3.5%**
Statutory Reserves:				
Community Projects	25	23	(2)	
Contingency	21	21	0	
Rainy Day[1]	6,256	6,256	0	
Fund Balance Reserved for:				
Debt Management	2,355	2,436	81	
Economic Uncertainties	13,282	13,782	500	
Labor Settlements/Agency Operations	765	1,765	1,000	
Pandemic Assistance	245	0	(245)	
Undesignated Fund Balance	4,574	5,694	1,120	
Subtotal Excluding Settlements/PTET	**27,523**	**29,977**	**2,454**	
Fund Balance Reserved for:				
Extraordinary Monetary Settlements	1,570	1,118	(452)	
Timing of PTET/PIT Credits	14,358	13,873	(485)	

[1] Consists of the Rainy Day Reserve and Tax Stabilization Reserve.

Receipts

General Fund receipts, including transfers from other funds, are estimated to total $105 billion in FY 2024, an increase of $1.8 billion (1.8 percent) from FY 2023.

General Fund tax receipts including transfers after payment of debt service are estimated to total $91.1 billion in FY 2024, a decrease of $9.9 billion (-9.8 percent) from FY 2023 excluding the impact of PTET and debt prepayments. The decrease reflects the effects of softening economic conditions on PIT revenues, in addition to declines in CFT receipts and estate tax receipts. The prepayment of debt service due in future years reduces reported PIT receipts in the fiscal year in which the payments are made and increases PIT receipts in the fiscal years in which the debt service was originally scheduled to be paid. Debt prepayments reduce General Fund PIT receipts by $4.1 billion in FY 2023 and increase PIT receipts by $3.2 billion in FY 2024. Including these prepayments, but excluding PTET, tax receipts are estimated to decrease by $1.4 billion from FY 2023.

PIT receipts, excluding PTET and debt prepayments, are estimated to total $60.2 billion in FY 2024, a decrease of $9.5 billion (-13.7 percent) from FY 2023. The decrease reflects reduced extension payments for tax year 2022 driven by a strong decline in nonwage income, coupled with declines in current estimated payments, final returns and delinquencies, offset by a decrease in total refunds primarily attributable to the expiration of the 2022 Homeowner Tax Rebate Credit.

Consumption/use tax receipts, excluding debt prepayments, are estimated to total $18 billion in FY 2024, an increase of $537 million (3.1 percent) from FY 2023. This increase reflects moderate growth in the sales tax base.

Business tax receipts, excluding PTET, are estimated at $10.1 billion in FY 2024, a decrease of $286 million (-2.8 percent) from FY 2023. The decrease primarily reflects a decrease in CFT and bank tax audit receipts to recent trend levels.

Other tax receipts, including transfers after payment of debt service on CW/CA Bonds, are expected to total $2.8 billion in FY 2024, a decrease of $603 million from FY 2023. This is primarily due to fewer super-large estate tax payments being received in FY 2024, as well as a decline in real estate transfer tax receipts as the market continues to cool off.

Miscellaneous receipts are projected to increase by $686 million from FY 2023 mainly due to historically high investment income receipts associated with high interest rates and large fund balances associated with the timing of PTET receipts.

Non-tax transfers are estimated to total $4.2 billion in FY 2024, an increase of $868 million from FY 2023. The change is mainly attributable to higher projected transfers from the Health Care Transformation, Mental Health Services, Tribal State Compact and Indigent Legal Services funds.

Disbursements

General Fund disbursements, including transfers to other funds, are expected to total $103.5 billion in FY 2024, an increase of $10.7 billion (11.5 percent) from FY 2023. The annual change in spending is in large part due to increased funding to fully fund Foundation Aid for schools, provide additional funding to hospitals, support health care providers and workers, assist the City of New York with the influx of asylum seekers, and expand funding for many other programs and services. In addition, eFMAP expired at the end of the third quarter of FY 2024, which has temporarily lowered State-share spending and increased the Federal share of Medicaid costs, driving higher spending in FY 2024. Furthermore, in response to initial delays in the Federal approval of planned FY 2022 through FY 2024 State DPT, the State advanced over $1.7 billion in State-only payments to certain providers to relieve immediate cash flow needs. The provider reimbursements to the State are expected to be delayed, resulting in $1.1 billion in additional Medicaid spending (funded with Financial Plan resources through MHSF) in FY 2024 that is expected to be repaid in FY 2025.

Assistance and grants spending is estimated to total $74 billion in FY 2024, an increase of $11.2 billion from FY 2023. General Fund spending for education and health care represents nearly half of the assistance and grants spending growth. 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.

General Fund support for School Aid is estimated to increase by $3.2 billion (12.6 percent) on a State fiscal year basis, primarily reflecting the final year of the three-year phase-in of full funding of the current Foundation Aid formula, expansion of State-funded full-day prekindergarten programming for four-year-old children and assumed growth in expense-based aids.

Medicaid spending is projected to grow by $1 billion due to investments in health care and provider reimbursement associated with the authorization to increase the State's minimum wage, offset by savings resulting from the transition of the pharmacy benefit from Managed Care to Medicaid Fee-for-Service, the phase down of the eFMAP extension through December 31, 2023, and actions to maintain spending within the Global Cap.

Other assistance and grants growth is primarily the result of additional assistance to the MTA to address operating shortfalls, initiatives and investments to improve mental health care services, expanded access to affordable housing, additional support for public safety initiatives, wage increases, emergency rental and rental arrears assistance and landlord aid programs, including legal services for tenants facing eviction, and a significant level of one-time funding to support asylum seeker assistance in the City of New York.

General Fund agency operations costs, including fringe benefits, are expected to total $22.3 billion in FY 2024, an increase of $641 million from FY 2023, driven primarily by the prepayment of the FY 2025 pension obligation in February 2024, partially offset by FEMA reimbursements for prior year COVID-19 pandemic related eligible spending. State Operations spending growth for executive agencies reflects efforts to modernize health reporting systems, conduct additional State Police recruiting classes, increase inpatient beds in State-operated Psychiatric Centers, and provide additional enforcement to curb the illegal sale of cannabis. Additionally, the cost of deploying the National Guard to assist the City of New York with providing care for asylum seekers. Judiciary spending is projected to increase in FY 2024 driven by increases to the assigned counsel rate for attorneys providing services to indigent persons. Fringe benefit costs are expected to increase in FY 2024 primarily due to the pension prepayment in FY 2024 and increased costs of providing health and pension benefits to current and retired employees. These increases were partially offset by a $920 million payment to the Retiree Health Benefit Trust Fund (RHBTF) and the advancement of certain health insurance payments in FY 2023.

General Fund transfers to Other Funds are projected to total $7.2 billion in FY 2024, a decrease of $1.1 billion from FY 2023. The decline is mainly attributable to routine delays and lower spending for capital projects funded with General Fund resources, as well as the timing of bond proceed reimbursements, and lower Health Care Transformation and Dedicated Mass Transportation Trust Fund transfers. These declines are partially offset by increased transfers to SUNY for transformational initiatives at campuses that support innovation, help meet workforce needs, and provide student support.

FY 2024 Closing Balance

Excluding the PTET[11] reserve for the timing of PTET/PIT credits and the reserve for extraordinary monetary settlements to fund existing commitments and projects, DOB projects the State will end FY 2024 with a General Fund cash balance of $30 billion, an increase of $2.5 billion from the FY 2023 closing balance. The increase is mainly due to resources set aside for asylum seeker assistance, a planned increase for the reserves for labor settlements/agency operations and additional net resources expected to be available at year-end that are carried forward to reduce the budget gaps in subsequent years. The Pandemic Assistance Reserve is expected to be exhausted in FY 2024 to fund planned commitments delayed from prior years.

[11] Starting in FY 2022, the General Fund balance is affected by the PTET program.

Cash Flow

State Finance Law authorizes the General Fund to borrow money temporarily from available funds held in the Short-Term Investment Pool (STIP). Loans to the General Fund are limited to a term not to exceed four months or the end of the fiscal year, whichever is shorter. The resources that can be borrowed by the General Fund are limited to available balances in STIP, as determined by OSC. Available balances include money in the State's governmental funds and a relatively small amount of other money belonging to the State that is held in internal service and enterprise funds, as well as certain agency funds. Several accounts in Debt Service Funds and Capital Projects Funds that are part of All Governmental Funds are excluded from the balances deemed available in STIP. These excluded funds consist of bond proceeds and money obligated for debt service payments.

The Executive Budget continues to authorize short-term financing for liquidity purposes during the fiscal year. In doing so, it provides a tool to help the State manage cashflow, if needed, and more effectively deploy resources. Specifically, the authorization allows for the issuance of up to $4 billion of PIT revenue anticipation notes which mature no later than March 31 of the fiscal year in which they are issued. Borrowed amounts may not be extended or refinanced beyond the initial maturity. The Updated Financial Plan does not assume the use of short-term financing for liquidity purposes during FY 2025. DOB evaluates cash results regularly and may adjust the use of notes based on liquidity needs, market considerations, and other factors.

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

FY 2025 PROJECTED MONTH-END CASH BALANCES (millions of dollars)			
	General Fund	Other Funds	All Funds
April 2024	49,125	24,160	73,285
May 2024	43,272	23,602	66,874
June 2024	45,457	23,008	68,465
July 2024	44,326	31,813	76,139
August 2024	42,864	31,992	74,856
September 2024	47,229	26,874	74,103
October 2024	43,251	27,088	70,339
November 2024	39,929	25,768	65,697
December 2024	45,865	23,422	69,287
January 2025	47,078	23,875	70,953
February 2025	44,303	23,968	68,271
March 2025	43,862	17,327	61,189

PTET Financial Plan Impact

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

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

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

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

FY 2025 EXECUTIVE BUDGET
GENERAL FUND IMPACT OF THE PASS THROUGH ENTITY TAX
SAVINGS/(COSTS)
(millions of dollars)

	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	Total
General Fund Impact	0	0	0	0	0	0	0	0
Tax Receipts[1]	16,430	(2,072)	(485)	456	(2,240)	(11,789)	(300)	0
PIT Credits	0	(17,016)	(14,367)	(14,024)	(14,560)	(10,603)	(300)	(70,870)
PTET Collections (Business Taxes)	16,430	14,944	13,882	14,480	12,320	(1,186)	0	70,870
Use of/(Deposit to) Reserve for PTET Refunds	(16,430)	2,072	485	(456)	2,240	11,789	300	0

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

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

In tax year 2021, taxpayers could not reduce their current estimated PIT payments for PTET, because enrollment in the PTET was not completed until late 2021 and affected taxpayers were not statutorily authorized to do so. PIT credits may be claimed on the tax return in the following fiscal year, or they can be reflected sooner through reductions in estimated payments.

Taxpayers recognized a substantial portion of PTET PIT credits through current estimated payments beginning tax year 2022. The State estimates that similar behavior occurred in tax year 2023 and this behavior is expected to reoccur in future years. FY 2023 PIT collections were reduced by credits for most tax year 2021 PTET collections (through extensions and refunds) and a portion of tax year 2022 PTET collections (through reductions in current estimated PIT payments).

The State estimates that FY 2024 PIT collections will be reduced by credits attributable to PTET collections for tax years 2021 through 2023. In FY 2025, the State expects to continue to collect PTET and pay PIT credits connected with the program for tax years 2022 through 2024.

State Operating Funds Spending Summary

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

Certain financing sources available in other funds support spending that impacts General Fund disbursements as revenues fluctuate. For example, education and health care programs are affected by the level of financing sources (i.e., HCRA and lottery/gaming receipts) available in other funds.

The following table summarizes the projected annual change in State Operating Funds spending from FY 2024 to FY 2025.

STATE OPERATING FUNDS DISBURSEMENTS FY 2024 TO FY 2025 (millions of dollars)				
			Annual Change	
	FY 2024 Projected	FY 2025 Projected	$	%
ASSISTANCE AND GRANTS	**91,617**	**94,772**	**3,155**	**3.4%**
School Aid (School Year Basis)[1]	34,385	35,306	921	2.7%
DOH Medicaid	27,442	30,431	2,989	10.9%
Mental Hygiene (Gross)[2]	5,626	6,321	695	12.4%
Transportation	5,249	5,138	(111)	-2.1%
Social Services	4,789	6,309	1,520	31.7%
Higher Education	3,214	3,331	117	3.6%
Other Education	2,485	2,751	266	10.7%
All Other[3]	8,427	5,185	(3,242)	-38.5%
STATE OPERATIONS/GENERAL STATE CHARGES	**32,386**	**31,474**	**(912)**	**-2.8%**
State Operations	21,796	23,159	1,363	6.3%
Executive Agencies	12,678	12,926	248	2.0%
FEMA Reimbursements	(1,050)	(500)	550	52.4%
University Systems	7,232	7,596	364	5.0%
Judiciary	2,231	2,401	170	7.6%
Other Elected Officials	705	736	31	4.4%
General State Charges	10,590	8,315	(2,275)	-21.5%
Pension Contribution	3,812	671	(3,141)	-82.4%
Health Insurance	4,765	5,467	702	14.7%
Other Fringe Benefits/Fixed Costs	2,013	2,177	164	8.1%
DEBT SERVICE	**2,607**	**3,022**	**415**	**15.9%**
TOTAL STATE OPERATING FUNDS	**126,610**	**129,268**	**2,658**	**2.1%**
Capital Projects (State and Federal Funds)	**15,670**	**18,798**	**3,128**	**20.0%**
Federal Operating Aid	**89,324**	**84,686**	**(4,638)**	**-5.2%**
TOTAL ALL GOVERNMENTAL FUNDS	**231,604**	**232,752**	**1,148**	**0.5%**

1 The Financial Plan includes a $921 million (2.7 percent) increase for School Aid in SY 2025, inclusive of the State's full takeover of funding for prekindergarten expansion grants previously supported with Federal ARP Act funds. Excluding the State funds needed to support this takeover, the School Aid increase for SY 2025 totals $825 million (2.4 percent).

2 Reflects mental hygiene spending with no adjustments for costs reported under the Medicaid Global Cap and/or OPWDD-related local share expenses that will be funded outside of the DOH Global Cap.

3 All Other includes spending for certain recovery initiatives; reclassifications between financial plan categories; a reconciliation between school year and State fiscal year spending for School Aid; reconciliation for the net impact of the Mental Hygiene Stabilization Fund and OPWDD Local Share Adjustments related to the Medicaid Global Cap and DPT payment/recoupment and various other functions.

Assistance and Grants

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

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

School Aid spending for SY 2025 is estimated at $35.3 billion, representing an annual increase of $921 million (2.7 percent), inclusive of the State's full takeover of funding for prekindergarten expansion grants previously supported with Federal ARP funds. This annual growth is primarily driven by increased funding for Foundation Aid ($507 million), reflecting the use of the ten-year average growth rate in the consumer price index (2.4 percent), increased support for expense-based reimbursement programs and additional support for the State takeover of Universal Prekindergarten (UPK) and Statewide Universal Full-Day Prekindergarten (SUFPK) expansion grants that were initially supported with Federal ARP Elementary and Secondary School Emergency Relief (ESSER) funds.

DOH Medicaid assistance and grants spending, excluding the effect of the temporary eFMAP, is estimated at $30.4 billion in FY 2025, an annual increase of 10.9 percent. Medicaid costs reported under the Global Cap are projected to increase by $1.6 billion in FY 2025, consistent with the updated growth index. Higher spending is attributable to increased MLTC enrollment and price growth as well as increased home and personal care utilization and costs, expanded access to health coverage, and higher provider reimbursements. The remaining growth is attributable to costs reported outside of the Global Cap and is mainly driven by home care and minimum wage for health care providers ($1.3 billion) and financial relief to counties and the City of New York associated with full coverage of the local share of spending growth ($183 million). A portion of Medicaid-related expenses of OPWDD will be funded outside of the DOH Global Cap to provide spending room for State DPT payments and concurrent recoupments in FY 2025.

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

Mental Hygiene spending growth provides increased support for targeted investments in services to ensure individuals with developmental disabilities, mental illness, substance use disorders and problem gambling have appropriate access to care. The increases in funding include a 1.5 percent human services COLA, investing in supported housing to account for annual property-related cost increases, new service opportunities for people with intellectual and developmental disabilities, and expanding the Special Olympics in New York State.

Transportation spending is projected to decrease due to one-time funding to the MTA in FY 2024 to address extraordinary financial impacts resulting from the COVID-19 pandemic, partially offset by a projected increase in dedicated transit and General Fund aid.

Social Services spending increases are mainly driven by and funding for services and assistance to the City of New York for asylum seekers. Other investments include increased funding for child care, the Empire State Supportive Housing Initiative (ESSHI), Child Welfare, Public Assistance, Supplemental Security Income, Safety Net Assistance, Rent Supplement, After School Programs and a 1.5 percent COLA for eligible programs. Spending for emergency rental assistance and landlord aid programs are expected to decline in FY 2025 as the programs wind down.

Higher education spending is projected to grow by 3.6 percent in FY 2025, primarily reflecting the continued expansion of TAP for part-time students in degree-granting programs as well as students enrolled in nondegree workforce credentialing programs at public institutions, increased operating support for CUNY senior colleges and the projected disbursement of the State endowment match to SUNY University Centers.

Increased funding for All Other Education Programs in FY 2025 is largely driven by the Executive Budget's inclusion of $100 million for Supplemental Assistance Grants to provide additional aid to school districts for SY 2025. Growth also reflects the continued impact of a 6.25 percent SY 2024 COLA for special education program tuition rates, the return of program enrollments to pre-COVID-19 pandemic levels and continuation of the State-funded initiative to incentivize qualifying low-income public and nonpublic schools to participate in the Community Eligibility Provision (CEP) program, allowing all students in those schools to eat breakfast and lunch at no charge regardless of their families' income.

The decline in other assistance and grants spending is due mainly to the expected delay of provider reimbursements of State DPT to the State, resulting in $1.1 billion in additional spending in FY 2024 that is expected to be repaid in FY 2025; one-time funding for Health care and Direct care workers bonuses (both funded with Financial Plan resources through MHSF); and a non-recurring investment in energy affordability. This decline is partially offset by additional funding for public health, including CHP; State support for victim of crime assistance previously funded with Federal resources; dedicated resources to combat retail theft; domestic violence initiatives; Indigent Legal Services (ILS); and State matching funds provided under the Public Campaign Finance program.

State Operations/GSCs

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

Growth in operational spending for executive agencies is driven primarily by investments in cybersecurity and information technology, the cost of deploying the National Guard to assist the City of New York with providing care for asylum seekers, and modest staffing increases across various agencies. Federal reimbursement for prior year State costs incurred for COVID-19 pandemic response and recovery efforts is projected to decline year over year.

University systems spending growth in FY 2025 reflects projected increases in recurring operating aid support for SUNY State-operated campuses, additional support for operating expenses at the State University Health Sciences Center at Brooklyn and/or the SUNY Hospital at Brooklyn, as well as funding for the Empire State Service Corps, SUNY's share of the NY SWIMS initiative, micro-credential programs, the State Weather Risk Communication Center, and operating costs for SUNY's participation in the Empire AI consortium. In addition to tuition and fee revenue, the State provides direct operating support to SUNY annually via a transfer from the General Fund, totaling approximately $1.4 billion in FY 2025, and pays the fringe benefit costs of employees at SUNY State-operated campuses, which is projected to total $1.9 billion in FY 2025. The State also continues to pay a share of the debt service costs on bond financed capital projects at SUNY which is projected to total approximately $612 million in FY 2025.

Judiciary spending growth of 7.6 percent is driven by staffing requests to fund judicial pay raises for State judges, general salary increases for non-judicial staff, twenty new judgeships, twenty-eight family court judges, five City of New York housing judges, as well as new support staff and other staffing initiatives aimed at returning fills to pre-COVID-19 pandemic levels, including new court clerks and attorneys. The Judiciary also requested funding to hold four court officer academy classes, implement a paid parental leave program, increase support for child and civil legal service providers, expand mental health court services, support several anti-bias and justice initiatives, accommodate court facility cleaning costs, and provide for health insurance and pension cost increases.

The operating costs for the offices of independently elected officials (Attorney General, Comptroller, and Legislature) are projected to grow by 4.4 percent. This growth is driven by payments for salary increases pursuant to existing contracts, increased staffing to support increased caseloads caused by recently enacted legislation and general salary increases for legislative staff.

The decline in General State Charges (GSCs) is due mainly to the planned prepayment of FY 2025 pension obligations in February 2024, partially offset by growth in health insurance costs, attributed to the rising cost of health care and prescription drugs.

OTHER MATTERS AFFECTING THE FINANCIAL PLAN

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

- Federal Risks
- Financial Plan Projections
- Statutory Growth Caps for School Aid and Medicaid
- State Labor Force - Labor Negotiations and Agreements
- Employee Benefits
- State Debt
- Localities and Authorities
- Other Risks and Ongoing Concerns

Federal Risks

The amount and composition of Federal funds received by the State have changed over time because of legislative and regulatory actions at the Federal level and will likely continue to change. Congress has and is expected to continue to need to act to increase or suspend the debt limit to avoid delaying payments and/or defaulting on debt obligations. The Updated Financial Plan may also be adversely affected by other Federal government actions including audits, disallowances, changes to Federal participation rates or other Medicaid rules, and discretionary spending reductions. In addition, the Updated Financial Plan assumes Federal reimbursement of previously incurred pandemic response and recovery costs. However, there can be no assurance that FEMA will approve claims for the State to receive reimbursement in the amounts or State fiscal years projected in the Updated Financial Plan.

Debt Limit. A Federal government default on payments, particularly for a prolonged period, could have a materially adverse effect on national and state economies, financial markets, and intergovernmental aid payments. Specific effects on the Updated Financial Plan resulting from a 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 and its public authorities and localities, could face higher borrowing costs and impaired access to capital markets. This would jeopardize planned capital investments and projects. Additionally, the market for, and market value of, outstanding municipal obligations, including municipal obligations of the State and its public authorities, could be adversely affected.

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

Federal funding for Medicaid is subject to review by CMS every five years and is currently extended through March 31, 2027, which supports the Medicaid Managed Care Programs, Children's HCBS, and self-direction of personal care services.

In September 2022, the State requested $13.5 billion in new Federal Medicaid funding, over a five-year period, to address health disparities exacerbated by the COVID-19 pandemic. On January 9, 2024, CMS approved a $6 billion waiver over a three year term in response to the State's request. The funding will enable New York to help support social, physical, and behavioral health care services throughout the State. However, the anticipated agreement requires a total of $1.7 billion in additional State resources, which have been assumed in the Updated Financial Plan over the same period. Given the time limit on the Federal funding, these services will be discontinued at the end of the term absent an extension by the Federal government. Accordingly, there is no State or Federal funding included in the Updated Financial Plan projections beyond the term period.

Financial Plan Projections

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

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

The Tax Cuts and Jobs Act of 2017 (TCJA) made major changes to the Federal Internal Revenue Code, most of which were effective in tax year 2018. The TCJA made extensive changes to Federal PIT, corporate income taxes, and estate taxes. One key impact of the TCJA on New York State taxpayers is the $10,000 limit on the deductibility of SALT payments, which, until its scheduled expiration after 2025, represents a large increase in the State's effective tax rate relative to historical experience. The Updated Financial Plan estimates of tax receipts assume the SALT deduction cap is not extended or modified after 2025.

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

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

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

Beginning in June of 2023, the State resumed eligibility redeterminations for approximately 9 million public health insurance enrollees to be completed over a fourteen-month period, consistent with CMS requirements. Based on experience to date, disenrollment is expected to be significantly less than initially projected and the State is expected to retain a greater proportion of COVID-19 era enrollees than other states. The State estimates over 600,000 people will remain enrolled relative to pre-COVID-19 pandemic levels of enrollment.

Currently, only non-citizens with certain immigration statuses are eligible for Federal and/or State benefits, including those Permanently Residing Under Color of Law (PRUCOL). While the term PRUCOL is not an immigration status, it is a public benefit category used by the Office of Temporary and Disability Assistance (OTDA) for the purposes of determining eligibility for Safety Net Assistance) and by DOH for determining Medicaid eligibility. Recent administrative actions taken to align the OTDA and DOH definitions of PRUCOL are expected to result in more households becoming eligible for Safety Net Assistance and increase State costs.

Extraordinary Aid to Hospitals. The State provides a substantial amount of supplemental funding to all hospitals beyond traditional Medicaid rates and payments through various programs and grants, including the Vital Access Provider Assurance Program, Value-Based Quality Improvement Program, Graduate Medical Education Incentive Pool, and various other pools. Currently, 75 of 261 New York hospitals (29 percent) are financially distressed -- a 200 percent increase from FY 2017 that has driven a concomitant 432 percent increase in Federal/State fiscal assistance to these entities. Many hospitals responsible for supporting medical needs in underserved communities across the State, including those with higher rates of uninsured individuals and government payor mix, have been further stressed financially due to the pandemic. Despite hospitals in the State receiving roughly $11 billion in COVID-19 pandemic related assistance paid by the Federal government, many continue to struggle. To strengthen the financial position of certain financially distressed providers, the State has provided substantial one-time funding to certain facilities on top of the $984 million in ongoing annual base support provided in aggregate to all hospitals statewide. An additional $800 million was provided in FY 2023 ($100 million recurring) and another $500 million in FY 2024.

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

Opioid Settlement Fund. The Attorney General and DFS have reached significant opioid related settlements with several corporations for their roles in helping fuel the opioid epidemic. As a result of the settlements, the State and its subdivisions are expected to receive payments over multiple years extending through 2040 which total more than $2.7 billion. A portion of this total will be paid directly to localities under the terms of the settlements, with the remainder paid to the State. The Financial Plan will be updated pending confirmation of the timing and value of the share of the settlements that the State will receive.

The State's share of these settlements will be deposited into the Opioid Settlement Fund pursuant to Chapter 190 of the Laws of 2021, as amended by Chapter 171 of the Laws of 2022. Money within the Opioid Settlement Fund will be used to supplement funding for substance use disorder prevention, treatment, recovery, and harm reduction services or programs and/or for payments to local governments pursuant to such settlements or judgments. Detailed descriptions of prior settlements are available in previous Financial Plan publications.

Litigation Risk. The Updated Financial Plan forecast is subject to litigation risk. Litigation against the State may challenge the constitutionality of various actions with fiscal implications. Furthermore, certain adverse decisions may not meet the materiality threshold to warrant a description herein but, in the aggregate, could still negatively affect the forecasts and projections contained in the Updated Financial Plan.

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

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

Statutory Growth Caps for School Aid and Medicaid

In FY 2012, the State began utilizing spending growth caps intended to limit the year-to-year growth in the State's two largest assistance and grants programs, School Aid and Medicaid.

School Aid. The School Aid growth cap is intended to establish a limit on the growth in School Aid so that it will not exceed the annual growth in State Personal Income, as calculated in the Personal Income Growth Index (PIGI). The statutory PIGI for School Aid is based on the average annual income growth over a ten-year period. However, the authorized School Aid increases have generally exceeded the indexed levels in recent years. Over the past three years, School Aid increases have substantially exceeded the PIGI, consistent with the State's commitment to phase in full funding of the Foundation Aid formula. Driven primarily by the final year of this phase-in, the SY 2024 increase of $3.0 billion (9.4 percent) was substantially above the indexed PIGI rate of 4.2 percent. The proposed increase in State-funded School Aid for SY 2025 of $921 million (2.7 percent) is below the indexed PIGI rate of 3.7 percent. Projections for SY 2026 and beyond assume that School Aid growth will be limited to less than the PIGI rate and are based on estimated growth in Foundation Aid and expense-based aids.

Medicaid. Over 80 percent of DOH State Funds Medicaid spending growth is subject to the Global Cap that is intended to establish a limit for Medicaid growth. Additional State-share Medicaid spending, outside of the Global Cap, includes State costs for the takeover of Medicaid growth from local governments and reimbursement to providers for increased minimum wage costs. Prior to FY 2023, the Global Cap was previously calculated using the ten-year rolling average of the medical component of the CPI for all urban consumers and thus allowed for growth attributable to increasing costs, though not increasing utilization. To accommodate growth in factors not indexed under the prior Global Cap, beginning in FY 2023, the allowable spending growth for activities under the Global Cap is set at the five-year rolling average of health care spending, using projections from the CMS Actuary. The CMS Actuary updates the projections annually and DOB incorporates the revisions into the multi-year forecast with the Executive Budget. The new Global Cap index added a substantial amount of allowable Medicaid growth -- over $16 billion covering the six-year period from FY 2023 through FY 2028.

Medicaid spending is largely driven by the aging population's utilization of the State's MLTC program and other programs serving seniors and dual eligibles. This combined population comprises roughly 60 percent of total Medicaid Global Cap spending and is expected to rise to nearly 70 percent by 2028 as the aging of the baby boomer population continues to grow the 65+ age cohort. The 65+ age cohort is projected to move from 9 percent of the overall State population in 2000 to 23 percent by 2030. This is expected to place a substantial amount of pressure on the Global Cap limit. There can be no assurance that costs will not exceed projections in the later years of the Updated Financial Plan absent savings and/or rate reductions.

The statutory provisions of the Global Cap grant the Commissioner of Health (the "Commissioner") certain powers to limit Medicaid disbursements to the level authorized by the Global Cap and allow for flexibility in adjusting Medicaid projections to meet unanticipated costs resulting from a disaster. The Commissioner's powers are intended to limit the annual growth rate to the levels set by the Global Cap for the then-current fiscal year through actions that may include reducing reimbursement rates to providers. These actions may be dependent upon timely Federal approvals and other elements of the program that govern implementation.

Since the enactment of the Global Cap, the portion of actual State Funds Medicaid spending subject to the Global Cap has remained at or below indexed levels. However, in certain fiscal years, DOH has taken management actions, including adjustments to the timing of Medicaid payments consistent with contractual terms, to ensure compliance with the Global Cap. Similarly, in response to initial delays in the Federal approval of planned FY 2022 through FY 2024 State DPT, the State has advanced over $1.7 billion in State-only payments to certain providers to help them cover their immediate cash flow needs. These State payments were expected to be remitted to the State by the providers upon their receipt of Federal DPT funds during FY 2024. While all Federal approvals have been granted with respect to those Federal DPT funds, the provider reimbursements to the State are expected to be delayed beyond the FY 2024. This will result in upwards of $1.1 billion in additional DOH Medicaid spending incurred in FY 2024 that is expected to be received in FY 2025.

State Labor Force - Labor Negotiations and Agreements

The State negotiates multi-year collective bargaining agreements with its unionized workforce that impact personal service (PS) and fringe benefit costs.

The State's agreements with the two largest unions -- the Civil Service Employees Association (CSEA) and the Public Employees Federation (PEF) -- extend through FY 2026. The agreements provide 3 percent across the board salary increases for the remaining years of the contract and a $3,000 bonus in FY 2024. The State has commenced labor negotiations with several unions for successor contracts; however, there can be no assurance that amounts informally reserved in the Updated Financial Plan for labor settlements and agency operations will be sufficient to fund the cost of future labor contracts.

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

Similarly, SUNY reached an agreement with United University Professions (UUP) that runs from FY 2023 to FY 2026 and provides a 2 percent across-the-board salary increase for FY 2023 and 3 percent across-the-board salary increases from FY 2024 to FY 2026. The agreement with UUP will also provide a $1,500 bonus to employees in FY 2025 and FY 2026.

The Judiciary has contracts in place with all 12 unions represented within its workforce, which include CSEA, the New York State Supreme Court Officers Association, the New York State Court Officers Association, the New York State Court Clerks Association, and eight other unions. These contracts cover a five-year period from FY 2022 through FY 2026 with terms consistent with the CSEA agreement.

Employee Benefits

Pension Contributions.[12] The State and the Judiciary make annual contributions to the New York State and Local Retirement System (NYSLRS) for employees in ERS and PFRS. This section discusses contributions to the NYSLRS, which account for most of the State's pension costs.[13] All projections are based on estimated market returns and numerous actuarial assumptions which, if unrealized, could have a materially adverse effect on these projections.

New York State Retirement and Social Security Law (RSSL) Section 11 directs the actuary for NYSLRS to provide regular reports on the System's experience and to propose assumptions and methods for the actuarial valuations. Employer contribution rates for NYSLRS are determined based on investment performance in the Common Retirement Fund and actuarial assumptions recommended by the Retirement System's Actuary and approved by the State Comptroller. Pension estimates are based on the actuarial report issued in August 2023.

On August 31, 2023, the Comptroller announced an increase in employer contribution rates for both ERS and PFRS which will impact expenses in FY 2025. The average employer contribution rate for ERS increased from 13.1 percent to 15.2 percent of payroll, and the average employer contribution rate for PFRS increased from 27.8 percent to 31.2 percent of payroll. The increase in rates was primarily attributed to a -4.14 percent return in the Common Retirement Fund, salary increases for active members, and administrative expenses. In addition, there was a discretionary 0.6 percent increase in the ERS rate and 1.0 percent increase in the PFRS rate due to understating certain liabilities in the previous billing rates.

As a result of the increases in the employer contribution rates, participants in the Contribution Stabilization Program will have the option to amortize a portion of their FY 2025 ERS and PFRS liability over a period of ten years. The amounts eligible for amortization are to be determined by the System's Actuary and will be reflected in the employer's estimate. The Updated Financial Plan does not currently assume the use of amortization.

The Updated Financial Plan reflects the prepayment of the FY 2025 ERS/PFRS pension estimate by the State in February 2024, rather than when it comes due on March 1, 2025. The anticipated $1.7 billion prepayment would achieve approximately $110 million in interest savings.

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

---

[12] 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.

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

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

The following table reflects projected pension contributions and prior 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	(Amortization Amount) / Excess Contributions	Repayment of Amortization	Total Statewide Pension Payments	Interest Rate on Amortization Amount (%)[2]	System Average Normal Rate[3]		Amortization Threshold (Graded Rate)	
						ERS (%)	PFRS (%)	ERS (%)	PFRS (%)
2024[4] Est.	3,508.3	25.4	0.0	3,533.7	4.85	13.1	27.8	13.1	27.4
2025[5]	380.0	0.0	0.0	380.0	TBD	15.2	31.2	14.1	28.4
2026[5]	2,548.7	0.0	0.0	2,548.7	TBD	16.9	32.5	15.1	29.4
2027[5]	3,299.1	0.0	0.0	3,299.1	TBD	19.4	33.7	16.1	30.4
2028[5]	4,154.1	0.0	0.0	4,154.1	TBD	21.9	34.9	17.1	31.4

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 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.

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

4 Reflects the proposed prepayment of the FY 2025 pension estimate by the State (non-judiciary) of approximately $1.7 billion in February 2024.

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

The "Normal Costs" reflects the State's underlying pension cost in each fiscal year before the effects of the Contribution Stabilization Program. The "(Amortization Amount)/Excess Contributions" column shows amounts amortized or the excess contributions paid into the pension reserve account. The "Repayment of Amortization" is the amount paid in principal and interest towards the outstanding balance on prior-year amortizations, as applicable. The "Total Statewide Pension Payments" is the State's actual or planned pension contribution, including amortization and excess contributions. The "Interest Rate on Amortization Amount (%)" reflects the rate repaid on the amortized contribution, as determined by OSC.

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 is not required to provide funding above the Pay-As-You-Go (PAYGO) amount necessary to provide current benefits to retirees. The State continues to fund these costs, along with all other employee health care expenses, on a PAYGO basis, meaning the State pays these costs as they become due.

The State has deposited $1.2 billion to the RHBTF which was created in FY 2018 as a qualified trust under GASBS 75 and is authorized to reserve money for the payment of health benefits of retired employees and their dependents. Under current law, the State may deposit into the RHBTF, in any given fiscal year, up to 1.5 percent of the total then-current unfunded actuarial accrued OPEB liability ($62.5 billion on March 31, 2023). There are no future deposits planned at this time.

State Debt

Bond Market and Credit Ratings. Successful execution of the Updated Financial Plan is dependent on the State's ability to market bonds. The State 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. Future developments in the financial markets, including possible changes in Federal tax law relating to the taxation of interest on municipal bonds, may affect the market for outstanding State-supported and State-related debt.

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

Debt Reform Act Limit. The Debt Reform Act of 2000 ("Debt Reform Act") restricts the issuance of State-supported debt funding to capital purposes only and limits the maximum term of bonds to 30 years. The Debt Reform Act limits the amount of new State-supported debt to 4 percent of State personal income, and new State-supported debt service costs to 5 percent of All Funds receipts. The restrictions apply to State-supported debt issued after April 1, 2000. DOB, as administrator of the Debt Reform Act, determined that the State complied with the statutory caps in the most recent calculation period (FY 2023).

The State enacted legislation that suspended certain provisions of the Debt Reform Act for FY 2021 and FY 2022 bond issuances as part of the State's response to the COVID-19 pandemic. Accordingly, State-supported debt issued in FY 2021 and FY 2022 was not limited to capital purposes and is not counted towards the statutory caps on debt outstanding and debt service.

Following this temporary two-year suspension as a result of the COVID-19 pandemic, the provisions of the Debt Reform Act were reinstated for State-supported debt issued in FY 2023 and beyond. One limited exception to the Debt Reform Act remains for issuances undertaken by the State for MTA capital projects which may be issued with maximum maturities longer than 30 years. This allows bonds to be issued over the full useful life of the assets being financed, subject to Federal tax law limitations, and is consistent with the rules that would have been in effect if the projects had been directly financed by the MTA.

Current projections anticipate that State-supported debt outstanding and State-supported debt service will continue to remain below the limits imposed by the Debt Reform Act, in part reflecting the statutory suspension of the debt caps 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 decline from $23.5 billion in FY 2024 to a low point of $352 million in FY 2029. This calculation includes the estimated impact of funding capital commitments with State bonds. The debt service on State-supported debt subject to the statutory cap is projected at $2.5 billion in FY 2024, or roughly $9.0 billion below the statutory debt service limit.

DEBT OUTSTANDING SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT (millions of dollars)	
Year	Personal Income	Cap %	Cap $	Debt Outstanding Included in Cap [1]	$ Remaining Capacity	Debt as a % of PI	% Remaining Capacity	Debt Outstanding Excluded from Cap	Supported Debt Outstanding
FY 2024	$1,543,374	4.00%	61,735	38,274	23,461	2.48%	1.52%	17,641	55,915
FY 2025	$1,598,414	4.00%	63,937	46,046	17,891	2.88%	1.12%	16,942	62,988
FY 2026	$1,664,740	4.00%	66,590	54,437	12,153	3.27%	0.73%	16,134	70,571
FY 2027	$1,733,572	4.00%	69,343	63,295	6,048	3.65%	0.35%	15,676	78,971
FY 2028	$1,805,018	4.00%	72,201	69,975	2,226	3.88%	0.12%	15,310	85,285
FY 2029	$1,879,164	4.00%	75,167	74,815	352	3.98%	0.02%	14,651	89,466

DEBT SERVICE SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT SERVICE (millions of dollars)	
Year	All Funds Receipts	Cap %	Cap $	Debt Service Included in Cap [1]	$ Remaining Capacity	DS as a % of Revenue	% Remaining Capacity	Debt Service Excluded from Cap	Total State-Debt Service [2]
FY 2024	$231,300	5.00%	11,565	2,549	9,016	1.10%	3.90%	3,763	6,312
FY 2025	$227,867	5.00%	11,393	2,207	9,186	0.97%	4.03%	4,510	6,717
FY 2026	$230,881	5.00%	11,544	3,298	8,246	1.43%	3.57%	3,988	7,286
FY 2027	$229,378	5.00%	11,469	3,698	7,771	1.61%	3.39%	4,108	7,806
FY 2028	$239,467	5.00%	11,973	5,231	6,742	2.18%	2.82%	2,930	8,161
FY 2029	$243,743	5.00%	12,187	7,340	4,847	3.01%	1.99%	1,336	8,676

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

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

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

Executive Budget - Debt Cap Changes. In the FY 2025 Executive Budget, the State proposes new bond-financed capital commitments that would add $3 billion in new debt over the five-year Capital Plan period. The new capital commitments and FY 2025 Executive Budget personal income forecast decrease debt capacity, which is offset by the assumptions that the State will issue bonds on a slower schedule and there will be more underspending on capital projects. Debt capacity also reflects the suspension of the Debt Reform Act for FY 2021 and FY 2022 issuances in response to the COVID-19 pandemic, as discussed previously. The State may adjust capital spending priorities and debt financing practices from time to time to preserve available debt capacity and stay within the statutory limits, as events warrant.

DEBT OUTSTANDING SUBJECT TO CAP [1]
REMAINING CAPACITY SUMMARY
(millions of dollars)

	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Mid-Year Update	**21,717**	**17,222**	**12,615**	**7,423**	**3,979**
Personal Income Forecast Update	178	141	37	(44)	(126)
Capital Adds	0	(674)	(1,498)	(2,272)	(2,667)
Bond Sale Adjustments	1,365	(104)	(104)	(104)	(104)
Capital Re-Estimates	201	1,306	1,103	1,045	1,144
Executive Budget	**23,461**	**17,891**	**12,153**	**6,048**	**2,226**

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

Localities and Authorities

Financial Condition of New York State Localities. The State's localities rely in part on State aid to balance their budgets and meet their commitments and expenses. The largest driver of costs for most counties is Medicaid; however, the State has taken over all the growth in the program since FY 2007 and funds the entire cost of minimum wage and homecare wage increases. Unanticipated financial needs among localities can adversely affect the State's Updated Financial Plan projections. Localities outside the City of New York, including cities and counties, have experienced financial problems, and have been allocated additional State assistance during the last several State fiscal years. The Financial Restructuring Board for Local Governments (the "Restructuring Board") aids distressed local governments by performing comprehensive reviews and providing grants and loans on the condition of implementing recommended efficiency initiatives. For additional details on the Restructuring Board, please visit frb.ny.gov.

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

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

The COVID-19 pandemic caused severe declines in MTA ridership and traffic in 2020, and ridership remains significantly below pre-pandemic levels. To offset operating losses to MTA's Financial Plan from the estimated fare, toll, and dedicated revenue loss attributable to the COVID-19 pandemic, the Federal government provided over $15 billion in operating aid through various acts. In addition, the MTA also borrowed $2.9 billion through the Federal Reserve Bank's (Federal Reserve) Municipal Liquidity Facility.

In the FY 2024 Enacted Budget, the State took substantial action to provide the MTA with additional operating revenues dedicated to help solve the MTA's fiscal crisis. This included an increase in the metropolitan commuter transportation mobility tax (MCTMT) in the City of New York, a one-time State subsidy of $300 million, an increase in the City of New York's contribution to the MTA for the costs of paratransit services and directing a portion of future casino revenues to the MTA.

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

Other Risks and Ongoing Concerns

Climate Change. Climate change poses significant threats to physical, biological, and economic systems in New York and around the world. Hazards and risks related to climate change for the State include, among other things, rising sea levels, increased coastal flooding and related erosion hazards, intensifying storms and wildfires, and more extreme heat. The immediate and long-term effects of climate change could adversely impact the Updated Financial Plan in the current year or in future years. To mitigate and manage these impacts, the Federal government, the State, municipalities, and public utilities continue to undertake a variety of actions to reduce greenhouse gas emissions and adapt existing infrastructure to the changing environment. However, given the size and scope of potential disruptions, there can be no assurance that such efforts will be adequate or timely enough to mitigate the most damaging effects of climate change.

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

Rating agencies are incorporating Environmental, Social, and Governance (ESG) factors into their credit analysis for the State and other issuers. Rising sea levels and their effect on coastal infrastructure have been identified 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 areas. The release of issuer ESG scores by the rating agencies does not cause a change in the State's overall credit ratings, which are based on financial information in addition to the ESG component. Climate change risks increasingly fall within the maximum maturity term of current outstanding bonds of the State, its public authorities, and municipalities. State bonds may generally be issued with a term of up to 30 years under State statute.

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

The CLCPA created the Climate Action Council (CAC), which was tasked with developing a Scoping Plan with recommendations to reduce greenhouse gas emissions, increase renewable energy usage, and promote climate justice. The CAC approved and adopted the final Scoping Plan on December 19, 2022, which recommended, among many other actions, that the State develop an economywide cap-and-invest program to limit greenhouse gas emissions. The State is currently advancing an economywide cap-and-invest program that establishes a declining cap on greenhouse gas emissions, while seeking to limit potential costs to economically vulnerable New

Yorkers, invest proceeds in programs that drive emissions reductions in an equitable manner, and maintain the competitiveness of New York businesses and industries. Pursuant to the CLCPA, the Department of Environmental Conservation (DEC) is required to promulgate rules and regulations to help ensure the State meets the CLCPA's statewide greenhouse gas emission limits.

New York's electricity system is already part of a regional cap-and-invest program, the Regional Greenhouse Gas Initiative (RGGI). Since RGGI began operation in 2008, the program has helped reduce greenhouse gases from power plants by more than half and raised over $7.1 billion to support cleaner energy solutions amongst its 11 participating states.

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

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

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

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

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

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

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

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

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

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

The State has also developed partnerships with local governments to better address cybersecurity threats. In February 2022, the Governor announced the creation of an information-sharing partnership, the Joint Security Operations Center (JSOC). The JSOC is a partnership between the State and the cities of Albany, Buffalo, the City of New York, Rochester, Syracuse, and Yonkers. The JSOC combines local, State, and Federal cyber threat information in order to increase collaboration on threat intelligence, reduce response times, and yield faster and more effective remediation in the event of a major cyber incident. The FY 2024 Enacted Budget provided funding to expand New York's Shared Services Program to help county and local governments and other regional partners acquire and deploy high quality cybersecurity services to bolster their cyber defenses.

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

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

SUNY Downstate Hospital and the Long Island College Hospital (LICH). In May 2011, the real property and other assets of LICH were transferred to a New York State not-for-profit corporation ("Holdings"), the sole member of which is SUNY. Pursuant to a court-approved settlement in 2014, SUNY agreed to sell the assets acquired from LICH to the Fortis Property group and NYU Langone. The initial closing of the purchase agreement with Fortis was held in September 2015, and a second closing with NYU Langone occurred in March 2020. The final closing at which two remaining portions of the LICH properties would have been conveyed to Fortis did not occur as scheduled, and in 2023 Holdings terminated the purchase and sale agreement. Holdings has commenced litigation against Fortis to recover certain contractually required payments, and that litigation is ongoing. However, DOB has determined that the LICH transaction has been sufficiently resolved that it no longer poses a material risk to the Financial Plan and will discontinue reporting on this transaction at the end of the current fiscal year.

STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Introduction

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

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

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

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

The Budget development process includes a comprehensive evaluation of the State's multi-year operating forecast; however, estimates and projections in the later years of the Updated Financial Plan are typically subject to more substantial revision than those in the current year and first "outyear." Accordingly, in terms of outyear projections, the first "outyear," FY 2026, is the most relevant from a planning perspective.

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

General Fund Projections

GENERAL FUND PROJECTIONS (millions of dollars)	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
RECEIPTS					
Taxes (After Debt Service)	94,302	97,430	97,863	96,095	105,774
Miscellaneous Receipts	4,295	3,634	2,928	2,413	2,063
Federal Receipts	2,250	3,645	0	0	0
Other Transfers	4,159	1,771	1,874	1,506	1,567
Total Receipts	**105,006**	**106,480**	**102,665**	**100,014**	**109,404**
DISBURSEMENTS					
Assistance and Grants	74,048	77,425	81,899	84,558	87,203
School Aid (SFY)	28,880	29,852	31,399	32,222	33,163
Medicaid	20,489	24,132	27,124	28,913	30,620
All Other	24,679	23,441	23,376	23,423	23,420
State Operations	12,884	14,214	14,377	14,787	14,597
Personal Service	10,552	11,163	11,111	11,305	11,322
Non-Personal Service	2,332	3,051	3,266	3,482	3,275
General State Charges	9,379	7,059	10,004	11,623	12,901
Transfers to Other Funds	7,178	8,888	6,791	6,336	7,078
Debt Service	227	263	289	338	360
Capital Projects	3,703	5,033	2,990	2,471	3,355
SUNY Operations	1,616	1,709	1,743	1,756	1,756
All Other	1,632	1,883	1,769	1,771	1,607
Total Disbursements	**103,489**	**107,586**	**113,071**	**117,304**	**121,779**
Use (Reservation) of Fund Balance:	**(1,517)**	**1,106**	**5,432**	**12,061**	**2,432**
Community Projects	2	0	0	0	0
Debt Management	(81)	576	860	0	0
Economic Uncertainties	(500)	0	500	0	0
Extraordinary Monetary Settlements[1]	452	517	285	276	42
Labor Settlements/Agency Operations	(1,000)	(1,450)	0	0	0
Pandemic Assistance	245	0	0	0	0
Timing of PTET/PIT Credits	485	(456)	2,240	11,789	300
Undesignated Fund Balance	(1,120)	1,919	1,547	(4)	2,090
BUDGET SURPLUS/(GAP) PROJECTIONS	**0**	**0**	**(4,974)**	**(5,229)**	**(9,943)**

[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 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
RECEIPTS					
Taxes	102,853	106,494	108,891	107,268	118,008
Miscellaneous Receipts/Federal Receipts	25,889	22,857	20,525	20,285	20,527
Total Receipts	**128,742**	**129,351**	**129,416**	**127,553**	**138,535**
DISBURSEMENTS					
Assistance and Grants	91,617	94,772	99,057	101,861	104,654
School Aid (School Year Basis)[1]	34,385	35,306	36,206	37,143	38,095
DOH Medicaid	27,442	30,431	33,390	35,167	36,816
Transportation	5,249	5,138	5,137	5,134	5,136
STAR	1,617	1,575	1,547	1,520	1,447
Higher Education	3,214	3,331	3,417	3,420	3,352
Social Services	4,789	6,309	5,503	5,057	5,093
Mental Hygiene[2]	7,717	4,465	5,687	6,128	6,499
All Other[3]	7,204	8,217	8,170	8,292	8,216
State Operations	21,796	23,159	24,939	25,584	25,716
Personal Service	15,996	16,753	16,995	17,332	17,538
Non-Personal Service	5,800	6,406	7,944	8,252	8,178
General State Charges	10,590	8,315	11,279	12,922	14,224
Pension Contribution	3,812	671	2,852	3,609	4,470
Health Insurance	4,765	5,467	6,035	6,844	7,209
All Other	2,013	2,177	2,392	2,469	2,545
Debt Service	2,607	3,022	4,906	4,946	6,161
Capital Projects	0	0	0	0	0
Total Disbursements	**126,610**	**129,268**	**140,181**	**145,313**	**150,755**
Net Other Financing Sources/(Uses)	(867)	(2,720)	(404)	(215)	(783)
RECONCILIATION TO GENERAL FUND GAP					
Designated Fund Balances:	(1,265)	2,637	6,195	12,746	3,060
General Fund	(1,517)	1,106	5,432	12,061	2,432
Special Revenue Funds	265	1,541	789	719	662
Debt Service Funds	(13)	(10)	(26)	(34)	(34)
GENERAL FUND BUDGET SURPLUS/(GAP)	**0**	**0**	**(4,974)**	**(5,229)**	**(9,943)**

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

[2] 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.

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

Economic Outlook

As signs pointing to a recession receded throughout 2023, the economic downturn expected by many in 2023 appears to have been avoided. Economic forecasts have been revised to reflect a likely “soft landing.” At the onset of 2023, the economic outlook was pessimistic. Elevated inflation, rising interest rates, weak industrial production growth, and consumer and business expectations pointed to a recession in 2023. Despite the warning signs which began mid-2022, U.S. economic growth has been strong, and it continued to create new jobs and expand incomes. The path of the economy in 2024 can be characterized as slow but continuing economic growth at lower inflation without rapidly rising unemployment.

There are still challenges ahead and the potential for upward revisions to economic forecasts will be limited despite better-than-expected data at the end of 2023. While far below its peaks in 2022, inflation is persistent and the impacts of restrictive monetary policy designed to address it are being felt in financial markets, the real estate sector (residential and commercial), and the overall economy, particularly in manufacturing sectors. High interest rates are likely to further curb spending, investment, and employment, and recent gains in wages and personal income are likely to slow in the coming quarters. The global economy is also expected to slow down, reducing overall business activity and international trade in goods and services. A global geopolitical shock, an unexpected pullback in consumer spending or uncertainties in global trade and financial markets could still tip the economy into a downturn.

U.S. real Gross Domestic Product (GDP) growth is expected to slow from an average pace of 2.5 percent in 2023 to 1.3 percent in 2024.[14] The U.S. economy should be able to weather the forces that could inhibit growth in the short term and ultimately avoid a contraction. Currently, DOB does not foresee a sustained downturn in the levels of employment, industrial production, retail and wholesale trade, and personal income, but this year’s economic projections point to an economy growing below its long-term potential. In such an economic environment, an unforeseen economic shock or a policy mistake could still spur an economic downturn in 2024. If that happens, the recession is likely to be relatively short-lived and mild compared to previous recessions in 2001 and 2008-09. The unusually short recession from February to April 2020 was unprecedented and a consequence of the economic lockdowns necessitated by the global COVID-19 pandemic. A repetition of similar events is increasingly unlikely in the near term.

[14] DOB’s U.S. economic forecast incorporates the second estimate of 2023 third-quarter GDP, the October 2023 personal income and outlays estimates, the October 2023 CPI report, and the initial estimate of November 2023 employment. DOB’s New York State forecast incorporates the second quarter of 2023 personal income by state data and the first half of 2023 QCEW data.

Robust economic growth, continued strong labor demand, and high average wage growth drove nearly 2.5 million people into the labor force in 2023. This increase in labor force participation should be interpreted with caution because it could contribute to an increase in the unemployment rate in 2024 while more people look for jobs. At the same time, early signs suggest businesses are scaling back their open positions and reducing hiring, but large-scale layoffs are not expected. Retirements within the baby boomer generation continue to curb labor supply growth and this is likely to constrain the economic growth outlook over the next decade unless there is a substantial increase in immigration and/or a boost to productivity growth resulting from the deployment and widespread adoption of new technologies, such as AI.

MAJOR ECONOMIC INDICATORS

	Calendar Year Growth (%)		
	CY 2022 Actual	CY 2023 Actual**	CY 2024 Forecast***
Real U.S. Gross Domestic Product (GDP)	1.9	2.5	1.3
Nonfarm Employment			
U.S.	4.3	2.3	0.9
New York State	5.1	1.8	0.1
U.S. Consumer Price Index (CPI)	8.0	4.1	2.8
U.S. Civilian Unemployment Rate	3.6	3.6	4.1

	State Fiscal Year Growth (%)		
	FY 2023 Actual	FY 2024 Estimated***	FY 2025 Forecast***
Personal Income			
U.S.	4.4	4.9	4.0
New York State*	0.7	3.5	4.0
Wages			
U.S.	6.8	6.0	3.9
New York State	5.1	3.2	3.8
Nonfarm Employment			
U.S.	3.7	1.9	0.7
New York State	4.3	1.0	0.2

Note: * New York State personal income is constructed by using QCEW wages and BEA non-wage income.
** New York State nonfarm employment growth in CY 2023 is an estimate.
***Estimated and forecast values are based on the DOB forecast as of January 15th, 2023.

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

Real Output Growth

The performance of the U.S. economy defied expectations in 2023. Projections of recession in the U.S. economy have either been scaled back or postponed. U.S. real GDP grew by 4.9 percent in the third quarter of 2023 and 3.3 percent in the fourth quarter, well above the historical trend growth rate which averaged 2.2 percent between 2002 and 2022. Consumer spending, residential investment, international trade, and labor markets pointed to an above-trend expansion in 2023. Real GDP grew by 2.5 percent in 2023.

Looking ahead, the stronger momentum in 2023 also supports a positive output growth outlook in 2024 and real GDP is forecast to increase by 1.3 percent on an annual average basis. However, the economy is likely to slow in 2024 and DOB forecasts real GDP growth around 1 percent in the first half of the year, due to the impact of elevated interest rates on industrial and construction activity and hiring.

To consider these economic growth projections in perspective, note that the Congressional Budget Office (CBO) estimates the long-run potential real GDP growth rate of the U.S. economy is 2.2 percent in the next two years. Thus, the U.S. economy is expected to perform below its potential in 2024. While such slow growth may not be technically a recession which involves negative growth rates and high unemployment, it would still be a growth cycle downturn where growth deviates significantly from its long-run trajectory.

Price Inflation Pressures

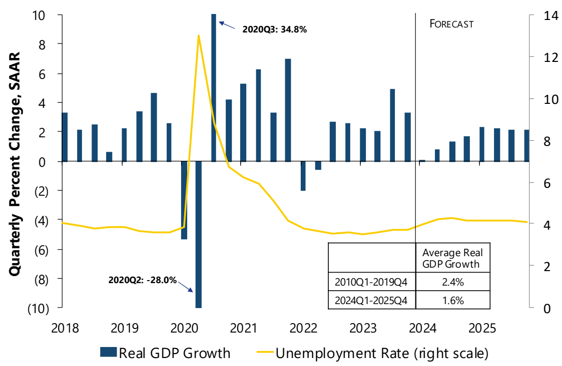
Consumer price inflation slowed markedly from its peak in mid-2022. Year-over-year change in the Consumer Price Index (CPI) dropped to 3.4 percent in December 2023 from 9.1 percent in June 2022. The strength of economic growth over the second half of 2023 and ongoing job growth suggests inflation pressures will remain elevated in 2024. While the trajectory of inflation is likely to remain volatile in the months ahead, DOB forecasts the CPI to grow 2.8 percent in 2024 following 4.1 percent growth in 2023. Overall consumer price inflation is projected to ease to 2.3 percent in 2025, closer to the Federal Reserve's inflation target. Risks related to global geopolitical instability, such as the conflict in the Middle East, could elevate oil prices, adding to the volatility in prices and posing a major risk to the improved outlook.

U.S. Job Gains

Total nonfarm employment grew by 2.3 percent in 2023. Strong job growth in 2023 created further economic momentum for 2024 by lifting consumer spending. Following COVID-19 pandemic relief programs which distributed $3.3 trillion in Federal spending in Federal Fiscal Years (FFYs) 2020 and 2021, fiscal stimulus funded through the Infrastructure Investment and Jobs Act (IIJA) of 2022, and the Inflation Reduction Act (IRA) of 2022 have helped keep overall employment levels growing. Together with the CHIPS and Science Act, over $1 trillion in funds have been allocated over the next 10 years. As of November 22, 2023, a total of $154.4 billion of IIJA and $5.9 billion of IRA funding has been announced. Government spending likely cushioned the economy from the impact of the Federal Reserve's monetary tightening. Monthly job gains averaged 289,000 in the first half of 2023 but slowed to 220,000 per month on average between July and December 2023.

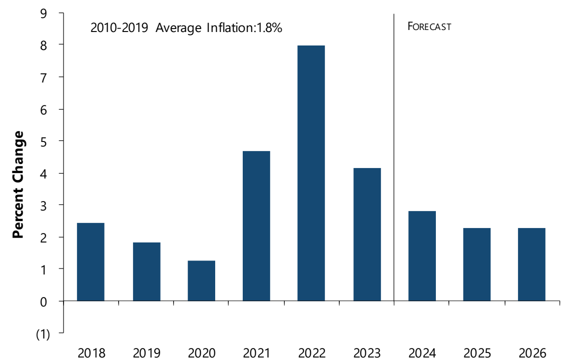
Looking ahead, job gains are expected to slow down significantly in the first half of 2024, but no net job losses are anticipated on a quarterly basis. Overall, employment is forecast to grow by 0.9 percent in 2024. Similarly, the quarterly unemployment rate is projected to peak at 4.3 percent by mid-2024.

Slow Economic Growth but Moderate Rise in Unemployment



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

Consumer Price Inflation Could Fall Faster Than Expected



Source: Haver Analytics/BLS; DOB staff estimates.

New York State Economy and Labor Markets

New York State's economy was substantially affected by the 2020 recession induced by the global COVID-19 pandemic due to New York's position in both national and global economies. Consequently, the State's recovery has lagged the national recovery and has yet to fully recover from the impact of the COVID-19 pandemic. Since the recovery from the COVID-19 pandemic and the subsequent inflationary period, the State was particularly exposed to volatility in global financial markets as well as the effects of the Federal Reserve's contractionary monetary policy. As of December 2023, the State employment was 98.9 percent of its pre-COVID-19 pandemic level, though the nation as a whole had regained all its job losses by June 2022. The State's labor market recovery slowed in 2023 due to labor shortages, high interest rates, and slowing global growth.

New York State employment continued to grow in 2023, but at a slower pace than national employment. State employment growth is projected to decelerate from estimated growth of 1.8 percent in 2023 to only 0.1 percent in 2024 due to the expected slowdown of the national economy and the continued decline of the State population. On average, the State only gained 6,100 jobs per month in 2023, compared to 26,200 average monthly job gains in 2022. State employment is projected to finally surpass its pre-COVID-19 pandemic peak in the second half of 2026.

Both on-going labor shortages and the labor market disruptions such as layoffs and work stoppages recently have been impacting the State's workforce and overall income trends. The COVID-19 pandemic had an asymmetric impact across the State's industrial sectors, with low-wage, high-contact service industries bearing a disproportionately large brunt of the job losses. This may have contributed to a widening of the income disparity in the State. Since 2019, the ratio comparing the median income of the highest earners in the top quintile of the income distribution to that of the bottom quintile has been gradually increasing. The employment recovery since then has been equally uneven. Employment in nine of the State's major industrial sectors is still below their

February 2020 pre-COVID-19 pandemic peaks. The size of the jobs deficit ranges from a gap of 2.7 percent in the transportation, warehousing and utilities sector to a gap of 8.8 percent in the information sector. In contrast, only two major sectors were posting net job gains as of December 2023 relative to February 2020: professional and business services (1.4 percent) and education and health care (6.0 percent).

The COVID-19 pandemic resulted in several structural shifts for which longer term impacts are still unknown. Firms in the high-wage, high-skill, and information-intensive sectors have adapted to remote work in relatively large numbers. According to The Partnership for New York City's survey, on an average weekday, only 52 percent of Manhattan office workers are in the workplace, and only 9 percent of Manhattan office workers are in the office full time.[15] Businesses that rely heavily on commuter traffic, such as leisure and hospitality, transportation, and administrative and support services, have experienced the greatest challenges due to remote work. Along with the rise of remote work, soaring housing costs accelerated population shifts away from coastal cities and toward more affordable areas. New York State has shed population in the post-COVID-19 pandemic years. A recent release of the Census population showed a State population loss of 2.7 percent since 2020. The acceleration of out-migration during the COVID-19 pandemic was more significant in New York City. In July 2022, even though Manhattan regained some of its residents, the other boroughs in the New York City region continued to lose residents. The high cost of living and income inequality in the State may continue to pose a risk of population loss and exacerbate labor shortages.

The State's unemployment rate fell to a low of 3.9 percent in August 2023 before it started to climb due to the softening of the labor market. It reached 4.5 percent in December 2023, the fourth highest in the country; the U.S. unemployment rate was 3.7 percent for the same month. The statewide unemployment rate for December was pulled up by the City of New York, which posted an unemployment rate of 5.4 percent, compared to a rate of 3.8 percent for the remainder of the State.

U.S. and New York State Personal Income Growth

Higher incomes and household saving levels are expected to continue supporting consumer spending. This will help offset any negative impacts of tightening credit standards and a resumption of student loan payments. At the same time, COVID-19 pandemic income assistance policies that bolstered incomes since 2020 have largely been concluded. The 2023 benchmark revision to the Bureau of Economic Analysis's (BEA's) National Income and Product Accounts (NIPAs) revealed that U.S. personal income had been at a much higher level since 2021 than previously estimated.

Consistent with a solid employment outlook and slowly decelerating hourly earnings growth, DOB projects U.S. wages to grow 4.3 percent in 2024 following 6.2 percent growth in 2023. With nonwage income growth also moderating, U.S. personal income growth is projected at 4.1 percent in 2024 following 5.2 percent growth in 2023.

[15] Partnership for New York City, "Survey of Employers" February 2023. https://pfnyc.org/wp-content/uploads/2023/02/2023-02-RTO-Survey.pdf.

U.S. wages and personal income grew robustly in 2023 due to tight labor market conditions which supported increasing labor compensation. Although the effect of COVID-19 pandemic related government transfers on personal income is waning, strong interest income and rental income in 2023 helped bolster personal income growth.

In contrast to the nation, New York State is estimated to have seen weaker personal income and wage growth in 2023. New York State's total wage growth is expected to decelerate from 5.1 percent for FY 2023 to 3.2 percent growth for FY 2024 in tandem with the slowdown of the national economy, the moderation of the labor market, and the continued decline in bonus growth (3.6 percent). Total State wage growth is projected to be 3.8 percent for FY 2025 as the outlook for bonus growth improves. Following weak growth of 0.7 percent for FY 2023 stemming from the unwinding of the many fiscal stimulus programs, State personal income is estimated to grow by 3.5 percent in FY 2024. Looking ahead, New York State personal income growth is projected to pick up somewhat to 4.0 percent in FY 2025.

Interest Rates

Financial market conditions are expected to remain tight in 2024. Since 2022, the Federal Reserve's tightening monetary policy stance appears to have reversed the trajectory of rising inflation, it also made borrowing more costly, reduced demand, and slowed growth (below what it might otherwise have been). High interest rates kept the economy from overheating and high inflation expectations from taking root. The surge in the Treasury bond yields drove up DOB's projections for all other long-term interest rates from mortgage rates to corporate and municipal bond yields. Although these rates headed down toward the end of 2023, they remained well above their levels at the beginning of 2023.

Elevated long-term rates are expected to become a significant drag on residential and business investment in 2024 and they will also have a much larger effect on access to credit than rate hikes by the Federal Reserve alone. Higher interest rates could take a toll on asset prices as well; the stock market held up better than expected so far. The S&P 500 stock price index averaged 4,685 in the fourth quarter of 2023, representing 19.7 percent growth from a year ago. DOB expects equity markets to soften in 2024, providing less support for household spending through the wealth effect.

Given the recent environment for monetary policy and financial markets, DOB anticipates no more rate hikes in 2024 and a partial reversal of the tightening policy after mid-2024. This is consistent with an outlook that reflects the economy's resilience in 2024. If the increase in the long-term Treasury bond yields is sustained, economic momentum could be further curtailed without the Federal Reserve raising its policy rates.

Economic growth, interest rates, and financial conditions influence the finance and insurance sector directly. Bonuses from this sector have a significant impact on New York State's personal income and tax revenue, accounting for 53.2 percent of State total bonuses, and 6.7 percent of State total wages in FY 2023. Following a decline of 15.1 percent in FY 2023, the State's finance and insurance sector bonuses are estimated to fall by another 2.7 percent in FY 2024. The decline is driven by weaker bank profits in 2023, stemming from lower dealmaking activities and high interest costs. Growth in financial activities in 2024 is expected to be modest due to a weak national and global economic environment and geopolitical and presidential election uncertainties. Finance and insurance sector bonuses are projected to grow by 7.7 percent in FY 2025.

There are several economic risks on the horizon that could create a downside for the baseline economic outlook presented here. Moreover, there are additional sources of uncertainties despite more favorable expectations for 2024 than anticipated. One source of uncertainty is whether the economy will experience a recession in early 2024 or not. A recession in overall economic activity would be disruptive, costly, and create even greater uncertainty. However, DOB's economic outlook assesses a much-diminished probability of recession in 2024 than was the case entering 2023. A second source of major uncertainty in the economic outlook is whether inflation remains on a downward trajectory and whether inflation expectations remain anchored in 2024. While prices in general may not fall, falling inflation without rising unemployment has been a positive surprise.

Economic Risks

The U.S. economy surprised economists and analysts with its resilience in the past year. Financial turmoil following the collapse of several regional banks at the beginning of 2023 did not trigger a systemic crisis like the one in 2008. Recession fears diminished over the course of the year. The Federal Reserve's monetary tightening that began in 2022 effectively held inflation expectations in check without dragging the economy into a recession. Rate-sensitive sectors navigated responses to rate hikes and tighter credit conditions well so far.

While DOB's economic growth outlook is relatively lackluster in 2024, it projects that the economy is likely to avoid a recession. Considerable uncertainties about fiscal and monetary policies, interest rate trajectories, and geopolitical tensions could weigh on consumer spending, business investment and hiring, housing and financial markets, as well as global trade. The resiliency of the U.S. economy could be tested if national and global uncertainties rise significantly. The following factors could increase downside risks to the economic outlook:

- Interest rates falling more gradually than anticipated could negatively impact the broader economy. Demand for big-ticket items and home sales could recover more slowly than expected. Firms could find it more challenging to manage their borrowing costs. Broader tightening of credit conditions could wreak havoc on financial markets and cause lingering economic problems beyond the financial sector. Moreover, if interest rates remain elevated for an extended period, the growing level of national debt could create major imbalances that could adversely affect the economy in the medium term.

- A Federal government shutdown in 2024, though unlikely, poses an imminent downside risk to DOB's outlook. The U.S. Congress appears to have reached a spending deal for 2024, but it does not extinguish the shutdown threat as the latest Continuing Resolution extends current Federal appropriations only through March 2024. More generally, the upcoming 2024 presidential election will elevate uncertainty associated with longer-term fiscal policies throughout 2024 and into 2025.

- A Federal Reserve policy error remains a downside risk. DOB anticipates no more rate hikes and three rate cuts in 2024. Due to the highly uncertain length of the lag between the Federal Reserve's actions and economic activity, it is still possible that the Federal Reserve might tighten more than is required to return inflation to its 2 percent target.

- Geopolitical tensions may escalate. A broader conflict in the Middle East could lead to another oil price surge and a resurgence of inflation. More persistent inflation could threaten a de-anchoring of inflation expectations and push the Federal Reserve to continue tightening, driving the economy toward a recession. A tense U.S.-China relationship could give way to intensified export controls of advanced semiconductors to China or even an all-out trade war, disrupting global trade and supply chains.

Risks to New York State Forecast

The forecast for the State economy faces many of the same risks as the national economic outlook. As home to the world's financial capital, New York has significantly greater exposure to monetary policy shifts and the volatility of financial markets. The high interest rates coupled with high vacancy rates due to remote work caused declining commercial real estate property values, and rising delinquencies on commercial real estate loans. These could bring new challenges to the banking industry. Another shock to the banking industry or a weaker equity market performance could result in a broader wave of layoffs, weaker bonuses and wage growth, and significantly lower taxable capital gains realizations than reflected in the current forecast.

More locally, the ongoing persistence of telework, the potential for continued relocation of urban-based workers outside of the State, and a decline in the State's population remain long-run downside risks to total wages and employment. If the recovery of international tourism in New York State is weaker, or if the dollar remains at historically strong levels, job growth within those sectors that rely on tourism spending and exports could be weaker than expected. The declining population poses a threat to economic growth. The State population has declined by 2.7 percent since 2020. Employers, especially those in upstate communities, are facing challenges in finding workers to fill roles.

If growth doesn't fall as much as forecast in the soft-landing scenario, the outcome for the New York State economy could be more favorable than the outlook reflected in this forecast. A more substantial return to an in-office working environment, particularly in densely populated urban areas like the New York City, would likely result in a boost to those industries that serve a substantial commuter customer base, including facilities support services, business support services, office administrative support services, eating and drinking establishments, and other consumer service-based establishments. Additionally, stronger global growth could also bring more tourism spending to the State, resulting in stronger growth in the leisure and hospitality and other tourism-related sectors than is reflected in this forecast.

Receipts

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

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

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

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

Overview of the Receipts Forecast

All Funds receipts in FY 2024 are projected to total $231.3 billion, a 0.8 percent ($1.8 billion) decrease from FY 2023 results. FY 2024 State tax receipts are projected to decrease $7.3 billion (6.5 percent) from FY 2023 results. A summary of the annual changes of each tax category is provided below with the narrative that follows focused on State/All Funds receipts.

ALL FUNDS RECEIPTS (millions of dollars)

	FY 2023 Actuals	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
Personal Income Tax	58,776	52,200	-11.2%	55,504	6.3%	59,566	7.3%	70,492	18.3%	80,082	13.6%
Consumption/Use Taxes	20,585	21,936	6.6%	22,431	2.3%	22,985	2.5%	23,604	2.7%	24,123	2.2%
Business Taxes	28,617	27,167	-5.1%	27,544	1.4%	25,165	-8.6%	11,844	-52.9%	12,290	3.8%
Other Taxes	3,679	3,076	-16.4%	2,501	-18.7%	2,634	5.3%	2,782	5.6%	2,963	6.5%
Total State Taxes	**111,657**	**104,379**	**-6.5%**	**107,980**	**3.4%**	**110,350**	**2.2%**	**108,722**	**-1.5%**	**119,458**	**9.9%**
Net PTET/PIT Receipts[1]	2,072	485	-76.6%	(456)	-194.0%	2,240	591.2%	11,789	426.3%	300	-97.5%
Total State Taxes, excluding PTET	**113,729**	**104,864**	**-7.8%**	**107,524**	**2.5%**	**112,590**	**4.7%**	**120,511**	**7.0%**	**119,758**	**-0.6%**
Miscellaneous Receipts	31,842	31,000	-2.6%	27,994	-9.7%	32,608	16.5%	32,611	0.0%	30,924	-5.2%
Federal Receipts	89,563	95,923	7.1%	91,894	-4.2%	87,922	-4.3%	88,049	0.1%	89,087	1.2%
Total All Funds Receipts	**233,062**	**231,302**	**-0.8%**	**227,868**	**-1.5%**	**230,880**	**1.3%**	**229,382**	**-0.6%**	**239,469**	**4.4%**

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

Personal Income Tax

FY 2024 PIT receipts are estimated to decrease from FY 2023 reflecting declines in extension payments for tax year 2022, current estimated payments for tax year 2023, final returns, and delinquencies. Total refunds are expected to decline, with underlying growth overshadowed by the combined influence of PTET[16], an elective tax paid by NYS partnerships and S-corporations for which a corresponding PIT credit may be received, and the expiration of the Homeowner Tax Rebate Credit after tax year 2022. Despite being revenue neutral to the overall Updated Financial Plan across all fiscal years, it is expected that the PTET will have a significant negative impact on PIT collections for as long as the Federal limit on SALT deductions remains in effect. Net PIT collections over this period will be suppressed by reduced estimated payments and elevated refunds, with cumulative impacts equal to total PTET liability.

PERSONAL INCOME TAX
(millions of dollars)

	FY 2023 Actuals	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
STATE/ALL FUNDS (Excl. PTET)[1]	**75,792**	**66,567**	**-12.2%**	**69,528**	**4.4%**	**74,126**	**6.6%**	**81,095**	**9.4%**	**80,382**	**-0.9%**
PTET/PIT Credits	17,016	14,367	-15.6%	14,024	-2.4%	14,560	3.8%	10,603	-27.2%	300	-97.2%
STATE/ALL FUNDS	**58,776**	**52,200**	**-11.2%**	**55,504**	**6.3%**	**59,566**	**7.3%**	**70,492**	**18.3%**	**80,082**	**13.6%**
Gross Collections	78,151	69,562	-11.0%	73,238	5.3%	77,305	5.6%	89,576	15.9%	94,359	5.3%
Refunds (Incl. State/City Offset)	(19,375)	(17,362)	10.4%	(17,734)	-2.1%	(17,739)	0.0%	(19,084)	-7.6%	(14,277)	25.2%
GENERAL FUND[2]	**27,607**	**24,483**	**-11.3%**	**26,177**	**6.9%**	**28,236**	**7.9%**	**33,726**	**19.4%**	**38,594**	**14.4%**
Gross Collections	78,151	69,562	-11.0%	73,238	5.3%	77,305	5.6%	89,576	15.9%	94,359	5.3%
Refunds (Incl. State/City Offset)	(19,375)	(17,362)	10.4%	(17,734)	-2.1%	(17,739)	0.0%	(19,084)	-7.6%	(14,277)	25.2%
STAR	(1,781)	(1,617)	9.2%	(1,575)	2.6%	(1,547)	1.8%	(1,520)	1.7%	(1,447)	4.8%
RBTF	(29,388)	(26,100)	11.2%	(27,752)	-6.3%	(29,783)	-7.3%	(35,246)	-18.3%	(40,041)	-13.6%

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

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

The following table summarizes, by component, actual PIT receipts for FY 2023 and forecast amounts through FY 2028.

ALL FUNDS PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS (millions of dollars)						
	FY 2023 Actuals	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Receipts						
Withholding	52,477	53,808	56,386	59,282	62,337	64,648
Estimated Payments	18,428	10,264	11,157	12,083	21,049	23,370
Current Year	8,158	5,807	6,047	6,411	14,738	15,938
Prior Year[1]	10,270	4,457	5,110	5,672	6,311	7,432
Final Returns	5,367	3,630	3,781	3,971	4,167	4,262
Current Year	406	383	400	419	439	459
Prior Year[1]	4,961	3,247	3,381	3,552	3,728	3,803
Delinquent	1,879	1,860	1,914	1,969	2,023	2,079
Gross Receipts	78,151	69,562	73,238	77,305	89,576	94,359
Refunds						
Prior Year[1]	9,767	10,054	9,974	9,681	10,677	7,119
Previous Year	1,893	2,277	2,326	2,365	2,400	1,285
Current Year[1]	2,999	3,000	3,000	3,000	3,000	3,000
Advanced Credit Payment	2,707	828	1,002	1,162	1,338	1,482
State/City Offset[1,2]	2,008	1,203	1,432	1,531	1,669	1,391
Total Refunds	19,374	17,362	17,734	17,739	19,084	14,277
Net Receipts[3]	**58,777**	**52,200**	**55,504**	**59,566**	**70,492**	**80,082**
PTET/PIT Credits	17,016	14,367	14,024	14,560	10,603	300
Net Receipts, Excluding PTET[4]	**75,793**	**66,567**	**69,528**	**74,126**	**81,095**	**80,382**

[1] These components, collectively, are known as the "settlement" on the prior year's tax liability.
[2] The State/city offset corrects the distribution of tax payments between the State, NYC, Yonkers, and the Metropolitan Commuter Transportation Mobility Tax.
[3] Net Receipts represents actual (unadjusted) PIT receipts.
[4] Net Receipts, Excluding PTET presents PIT receipts increased by the estimated cost of PTET credit realization.

FY 2024 withholding is estimated to increase compared to the prior year, reflecting moderate growth in non-bonus wages offset by a projected decline in bonus wages. Current estimated payments for tax year 2023 and extension payments (i.e., prior year estimated) for tax year 2022 are both expected to decrease. The decline in extensions is particularly dramatic, representing the steepest year-over-year decline for this component since the decline experienced in tax year 2008, and is attributed to a sharp decline in capital gains income. Delinquent collections and final return payments are projected to decrease as well, the latter in response to an extraordinary decline in overall nonwage income, in part due to the reversion of unemployment insurance income to a pre-pandemic level. The resulting decline in gross PIT receipts is expected to be partly offset by a decline in total refunds.

Total refunds in FY 2024 are projected to decrease, primarily driven by a combination of decreased advanced credit payments attributable to the Homeowner Tax Rebate Credit expiration and PTET-related refund payments for tax year 2022, which are expected to suppress prior year refund growth. The State/city offset is also projected to decrease partly due to the influence of tax year 2022 PTET credits. These declines are offset by projected increases in both refund payments for tax year 2022 (prior year refunds) and refunds for tax years previous to 2022.

FY 2025 PIT receipts are projected to increase due to growth in withholding, total estimated payments, final returns, and delinquencies, partially offset by a modest increase in projected total refunds. The increase in FY 2025 total refunds is primarily driven by a combination of increases in the State/city offset and advanced tax credit payments. The decrease in tax year 2023 (prior year) refunds is partially offset by FY 2024 Enacted Budget legislation that expanded the Empire State Child Credit to include children under the age of four.

PIT receipts for FY 2026 are projected to increase from FY 2025 projections due to growth in gross receipts. FY 2026 total refunds are projected to remain roughly flat relative to FY 2025.

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

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

Consumption/Use Taxes

CONSUMPTION/USE TAXES (millions of dollars)	FY 2023 Actuals	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
STATE/ALL FUNDS	**20,585**	**21,936**	**6.6%**	**22,431**	**2.3%**	**22,985**	**2.5%**	**23,604**	**2.7%**	**24,123**	**2.2%**
Sales Tax	18,933	19,931	5.3%	20,380	2.3%	20,880	2.5%	21,434	2.7%	21,956	2.4%
Cigarette and Tobacco Taxes	859	836	-2.7%	798	-4.5%	764	-4.3%	731	-4.3%	701	-4.1%
Vapor Excise Tax	25	25	0.0%	25	0.0%	25	0.0%	25	0.0%	25	0.0%
Motor Fuel Tax	179	491	174.3%	491	0.0%	486	-1.0%	482	-0.8%	478	-0.8%
Highway Use Tax	143	144	0.7%	143	-0.7%	143	0.0%	144	0.7%	146	1.4%
Alcoholic Beverage Taxes	282	276	-2.1%	278	0.7%	281	1.1%	284	1.1%	286	0.7%
Opioid Excise Tax	27	23	-14.8%	23	0.0%	23	0.0%	23	0.0%	23	0.0%
Medical Cannabis Excise Tax	13	9	-30.8%	9	0.0%	9	0.0%	9	0.0%	9	0.0%
Adult Use Cannabis Tax	0	70	0.0%	158	125.7%	245	55.1%	339	38.4%	363	7.1%
Auto Rental Tax[1]	122	131	7.4%	124	-5.3%	127	2.4%	131	3.1%	134	2.3%
Peer to Peer Car Sharing Tax	2	0	-100.0%	2	0.0%	2	0.0%	2	0.0%	2	0.0%
GENERAL FUND[2]	**7,239**	**9,885**	**36.6%**	**10,094**	**2.1%**	**10,323**	**2.3%**	**10,577**	**2.5%**	**10,816**	**2.3%**
Sales Tax	6,663	9,326	40.0%	9,538	2.3%	9,772	2.5%	10,031	2.7%	10,275	2.4%
Cigarette and Tobacco Taxes	265	260	-1.9%	253	-2.7%	245	-3.2%	237	-3.3%	230	-3.0%
Alcoholic Beverage Taxes	282	276	-2.1%	278	0.7%	281	1.1%	284	1.1%	286	0.7%
Opioid Excise Tax	27	23	-14.8%	23	0.0%	23	0.0%	23	0.0%	23	0.0%
Peer to Peer Car Sharing Tax	2	0	-100.0%	2	0.0%	2	0.0%	2	0.0%	2	0.0%

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

[2] Excludes Transfers.

Pursuant to statute, 25 percent of State sales tax receipts were deposited into the Local Government Assistance Tax Fund until the termination of the Fund on October 1, 2022. In FY 2022, the portion deposited into the Sales Tax Revenue Bond Fund was increased to 50 percent (previously 25 percent). Additionally, the portion deposited to the General Fund was temporarily reduced from 50 to 25 percent through October 1, 2022 (i.e., through the first half of FY 2023). FY 2024 General Fund consumption/use tax receipts are projected to significantly increase, mainly due to the statutory elimination of the Local Government Assistance Tax Fund distribution for an entire fiscal year in comparison to the part-year impact in FY 2023.

Consumption/use tax receipts for FY 2024 are estimated to increase from FY 2023 results. Sales tax receipts are estimated to increase due to moderate growth in taxable consumption. Cigarette and tobacco tax receipts are estimated to decrease reflecting a continuing trend of declining consumption. Motor fuel tax receipts are estimated to significantly increase largely due to the expiration of the temporary fuel taxes suspension on gasoline and diesel motor fuel on December 31, 2022. Opioid excise tax receipts are expected to moderately decline, reflecting the continued trend towards lower priced opioids. Medical cannabis excise tax receipts are estimated to moderately decline, in large part due to an overall decline in registered patients. In addition to $38 million in estimated license and application fees, the State's THC-based and retail excise taxes on the sale of adult-use cannabis products are estimated to generate $32 million during the first full year of receipts. Auto rental tax receipts are estimated to increase as business and leisure travel fully returns to pre-pandemic levels.

FY 2025 consumption/use tax receipts are projected to increase, primarily due to a small projected increase in sales tax receipts. Auto rental tax receipts are projected to decrease from FY 2024, partly due to the impact of an expected shift towards the less expensive peer-to-peer car sharing program. Adult-use cannabis taxes are projected to generate $158 million during the second full year of receipts. The Executive Budget proposes to repeal the THC potency tax and replace it with a wholesale excise tax of 9 percent. The State and local retail excise tax rates are to remain unchanged at 9 and 4 percent, respectively. This would apply to sales starting June 1, 2024 and is estimated to maintain current Financial Plan projections. These increases are partially offset by a continued decline in taxable cigarette consumption.

Consumption/use tax receipts for FYs 2026, 2027, and 2028 are projected to increase, largely reflecting a projected increase in sales tax receipts and the continued maturation of the adult-use cannabis market, partially offset by a continued decline in taxable cigarette consumption.

Business Taxes

BUSINESS TAXES (millions of dollars)											
	FY 2023 Actuals	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
STATE/ALL FUNDS (Excl. PTET)[1]	**13,673**	**13,285**	**-2.8%**	**13,064**	**-1.7%**	**12,845**	**-1.7%**	**13,030**	**1.4%**	**12,290**	**-5.7%**
Pass-Through-Entity Tax	(14,944)	(13,882)	7.1%	(14,480)	-4.3%	(12,320)	14.9%	1,186	109.6%	0	-100.0%
STATE/ALL FUNDS	**28,617**	**27,167**	**-5.1%**	**27,544**	**1.4%**	**25,165**	**-8.6%**	**11,844**	**-52.9%**	**12,290**	**3.8%**
Corporate Franchise Tax	9,017	8,951	-0.7%	8,535	-4.6%	8,501	-0.4%	8,572	0.8%	7,710	-10.1%
Corporation and Utilities Tax	525	518	-1.3%	539	4.1%	536	-0.6%	538	0.4%	545	1.3%
Insurance Tax	2,681	2,710	1.1%	2,710	0.0%	2,787	2.8%	2,908	4.3%	3,031	4.2%
Bank Tax	355	(9)	-102.5%	212	2455.6%	0	-100.0%	0	0.0%	0	0.0%
Pass-Through-Entity Tax	14,944	13,882	-7.1%	14,480	4.3%	12,320	-14.9%	(1,186)	-109.6%	0	100.0%
Petroleum Business Tax	1,095	1,115	1.8%	1,068	-4.2%	1,021	-4.4%	1,012	-0.9%	1,004	-0.8%
GENERAL FUND[2]	**17,856**	**17,039**	**-4.6%**	**17,061**	**0.1%**	**15,796**	**-7.4%**	**9,135**	**-42.2%**	**9,096**	**-0.4%**
Corporate Franchise Tax	7,291	7,291	0.0%	6,791	-6.9%	6,718	-1.1%	6,704	-0.2%	5,957	-11.1%
Corporation and Utilities Tax	408	386	-5.4%	414	7.3%	412	-0.5%	412	0.0%	417	1.2%
Insurance Tax	2,381	2,428	2.0%	2,436	0.3%	2,506	2.9%	2,612	4.2%	2,722	4.2%
Bank Tax	304	(7)	-102.3%	180	2671.4%	0	-100.0%	0	0.0%	0	0.0%
Pass-Through-Entity Tax	7,472	6,941	-7.1%	7,240	4.3%	6,160	-14.9%	(593)	-109.6%	0	100.0%
Petroleum Business Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%

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

Corporate Franchise Tax (CFT) receipts are estimated to decrease slightly in FY 2024, primarily reflecting a reduction in audit receipts. Audit receipts are estimated to decrease sharply as FY 2023 results were exceptionally high with many large cases having materialized within FY 2023. Refunds are estimated to decrease as compared to FY 2023 results while gross receipts are estimated to slightly increase following two years of significant increases.

Corporation and Utilities Tax (CUT) receipts for FY 2024 are estimated to decrease over the prior fiscal year, driven primarily by the first utilization of the COVID-19 Utility Debt Relief Tax credit, resulting in lower gross receipts from the utility sector, partially offset by modest growth in gross receipts from the telecommunication sector. Audit receipts are estimated to slightly decrease from FY 2023 levels while refunds are estimated to decrease from FY 2023 levels which were higher than long-term trend levels.

Insurance tax receipts for FY 2024 are estimated to slightly increase due to projected increases in insurance tax premiums that drive increases in gross receipts, following a significant increase in FY 2023 gross receipts compared to FY 2022. Audits are expected to decrease sharply following an unusually strong FY 2023 while refunds are expected to decrease slightly as compared to FY 2023.

PTET collections for FY 2024 are estimated to decrease due to lower tax year 2023 estimated payments. As noted, DOB expects PTET will be revenue-neutral for the State; however, PTET will not be revenue-neutral within each fiscal year as PTET payments are generally received in the fiscal year prior to PIT credit claims.

Receipts from the repealed bank tax (all from prior liability periods) in FY 2024 are estimated to decrease significantly due to an expectation of lower audit receipts. Petroleum Business Tax (PBT) receipts are estimated to increase from FY 2023 results, primarily due to a small uptick in consumption, coupled with the net impact of a 5 percent increase in the PBT rate index effective January 1, 2023, paired with a 5 percent decline in the PBT rate index effective January 1, 2024.

Business tax receipts for FY 2025 are projected to increase primarily due to PTET. This increase in PTET receipts is primarily driven by higher estimated payments, reflecting a projected increase in tax year 2024 net partnership income. CUT and bank tax receipts are also projected to increase with decreases in CFT and PBT receipts partially offsetting the overall business tax receipt increase and insurance tax receipts remaining flat as compared to FY 2024. The decrease in CFT receipts is driven by an increase in refunds.

Business tax receipts for FY 2026 are projected to increase in the insurance tax while CFT, CUT, bank tax, PTET, and PBT receipts are projected to decline. The projected decline in PTET collections is the result of the scheduled expiration of the SALT deduction cap after tax year 2025 under current Federal law.

Business tax receipts for FY 2027 are projected to increase in CFT, CUT and insurance tax, while PTET and PBT are projected to decline. Insurance tax is projected to have the strongest growth due to increases in premiums and overall base growth. FY 2027 represents the last year of projected PTET receipts due to the scheduled expiration of the SALT deduction previously described and is comprised primarily of refunds, partially offset by final return payments.

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

Other Taxes

OTHER TAXES (millions of dollars)	FY 2023 Actuals	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
STATE/ALL FUNDS	**3,679**	**3,076**	**-16.4%**	**2,501**	**-18.7%**	**2,634**	**5.3%**	**2,782**	**5.6%**	**2,963**	**6.5%**
Estate Tax	2,185	1,882	-13.9%	1,325	-29.6%	1,375	3.8%	1,437	4.5%	1,501	4.5%
Real Estate Transfer Tax	1,472	1,166	-20.8%	1,147	-1.6%	1,230	7.2%	1,331	8.2%	1,448	8.8%
Employer Compensation Expense Program	7	14	100.0%	15	7.1%	15	0.0%	0	-100.0%	0	0.0%
Pari-Mutuel Taxes	13	12	-7.7%	12	0.0%	12	0.0%	12	0.0%	12	0.0%
All Other Taxes	2	2	0.0%	2	0.0%	2	0.0%	2	0.0%	2	0.0%
GENERAL FUND[1]	**2,204**	**1,903**	**-13.7%**	**1,347**	**-29.2%**	**1,397**	**3.7%**	**1,451**	**3.9%**	**1,515**	**4.4%**
Estate Tax	2,185	1,882	-13.9%	1,325	-29.6%	1,375	3.8%	1,437	4.5%	1,501	4.5%
Employer Compensation Expense Program	4	7	75.0%	8	14.3%	8	0.0%	0	-100.0%	0	0.0%
Pari-Mutuel Taxes	13	12	-7.7%	12	0.0%	12	0.0%	12	0.0%	12	0.0%
All Other Taxes	2	2	0.0%	2	0.0%	2	0.0%	2	0.0%	2	0.0%

[1] Excludes Transfers.

Other tax receipts for FY 2024 are estimated to decrease from FY 2023 results, primarily due to the receipt of multiple super-large estate tax payments in excess of $100 million in FY 2023, as well as the expectation that real estate transfer activity continues to slow down from record collections in FY 2022 and FY 2023.

FY 2025 other tax receipts are projected to decrease, primarily due to an expected return to a more typical amount of super-large payments and collections. Real estate transfer tax receipts are projected to decrease slightly as the average housing price is projected to decline marginally compared to the prior year. All Funds other tax receipts in the outyears are projected to increase, largely due to increases in both estate tax and real estate transfer tax receipts, reflecting projected growth in household net worth, housing starts, housing prices and bonuses.

Other tax receipts in the outyears are projected to increase, resulting from projected increases in estate tax receipts, which reflect projected growth in household net worth.

Miscellaneous Receipts

All Funds miscellaneous receipts include moneys received from health care surcharges, SUNY tuition and patient income, lottery and gaming receipts for education, assessments on regulated industries, bond proceeds, Tribal-State Compact receipts, Extraordinary Monetary Settlements, and a variety of fees.

MISCELLANEOUS RECEIPTS (millions of dollars)											
	FY 2023 Actuals	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
ALL FUNDS	**31,842**	**31,000**	**-2.6%**	**27,994**	**-9.7%**	**32,608**	**16.5%**	**32,611**	**0.0%**	**30,924**	**-5.2%**
General Fund	3,609	4,295	19.0%	3,634	-15.4%	2,928	-19.4%	2,413	-17.6%	2,063	-14.5%
Special Revenue Funds	21,414	19,286	-9.9%	15,447	-19.9%	17,418	12.8%	17,676	1.5%	18,260	3.3%
Capital Projects Funds	6,363	7,044	10.7%	8,487	20.5%	11,826	39.3%	12,071	2.1%	10,135	-16.0%
Debt Service Funds	456	375	-17.8%	426	13.6%	436	2.3%	451	3.4%	466	3.3%

General Fund miscellaneous receipts in FY 2024 are projected to increase from FY 2023 results, largely due to investment income growth driven by a combination of rising interest rates and larger state fund balances, partially offset by lower projected abandoned property, license, fee and reimbursement receipts.

All Funds miscellaneous receipts in FY 2024 are projected to decrease from FY 2023 results, driven by the conservative estimation of non-General Fund revenues partially offset by the projected growth of bond proceeds receipts, primarily due to the increase in bond-eligible capital spending in FY 2024, and the General Fund increases noted above.

All Funds miscellaneous receipts in FY 2025 are projected to decrease from FY 2024 estimates, driven by a projected decline in investment income, partially offset by bond proceed income due to higher bond-eligible capital spending and the timing of reimbursements. In addition, the aggregate receipts projections (i.e., the sum of all projected receipts by individual agencies) in State Special Revenue Funds are adjusted downward to reflect aggregate trends and patterns observed between estimated and actual results over time.

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

Federal Receipts

FEDERAL RECEIPTS (millions of dollars)											
	FY 2023 Actuals	FY 2024 Projected	Change	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
ALL FUNDS	**89,563**	**95,923**	**7.1%**	**91,894**	**-4.2%**	**87,922**	**-4.3%**	**88,049**	**0.1%**	**89,087**	**1.2%**
General Fund	2,351	2,250	-4.3%	3,645	62.0%	0	-100.0%	0	0.0%	0	0.0%
Special Revenue Funds	84,618	90,309	6.7%	84,632	-6.3%	84,197	-0.5%	84,493	0.4%	85,522	1.2%
Capital Projects Funds	2,523	3,297	30.7%	3,555	7.8%	3,667	3.2%	3,503	-4.5%	3,520	0.5%
Debt Service Funds	71	67	-5.6%	62	-7.5%	58	-6.5%	53	-8.6%	45	-15.1%

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

The increase in Federal receipts projections correspond with expected increases in Federal spending, which include increases to Medicaid and FEMA reimbursement of eligible pandemic expenses and other pandemic assistance including categorical aid for schools, childcare, housing, infrastructure, and other purposes which are expected to be received over the multi-year period, partially offset by reductions in emergency rental assistance and eFMAP.

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

Disbursements

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

Assistance and Grants

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

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

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

	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
HEALTH CARE					
Medicaid - Individuals Covered	7,094,302	6,766,673	6,766,092	6,764,150	6,763,986
Essential Plan - Individuals Covered	1,359,095	1,443,169	1,436,052	1,457,672	1,479,674
Child Health Plus - Individuals Covered	496,328	547,367	558,314	569,480	580,869
State Takeover of County/NYC Costs[1]	$6,451	$7,400	$8,258	$9,026	$9,712
CY 2005 Local Medicaid Cap	$4,620	$5,386	$6,062	$6,647	$7,151
FY 2013 Local Takeover Costs	$1,831	$2,014	$2,196	$2,379	$2,561
EDUCATION					
School Aid (School Year-Basis Funding)[2]	$34,385	$35,306	$36,206	$37,143	$38,095
HIGHER EDUCATION					
Public Higher Education Enrollment (FTEs)	452,295	TBD	TBD	TBD	TBD
Tuition Assistance Program (FTEs)	213,000	TBD	TBD	TBD	TBD
PUBLIC ASSISTANCE					
Family Assistance Program (Families)	187,583	190,791	190,573	189,199	187,540
Safety Net Program (Families)	129,168	131,836	131,570	130,409	128,998
Safety Net Program (Singles)	270,983	284,342	297,258	310,853	325,332
MENTAL HYGIENE					
OMH Community Beds	51,081	54,679	55,449	56,271	56,529
OPWDD Community Beds	42,401	42,535	42,670	42,806	42,941
OASAS Community Beds	13,804	13,854	13,954	14,004	14,054
Total	107,286	111,068	112,073	113,081	113,524

[1] Reflects the total State cost of taking over the local share of Medicaid growth, which was initially capped at approximately 3 percent annually, then fully transferred to the State as of calendar year 2015. A portion of the State takeover costs are funded from Master Settlement Agreement resources.

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

Education

School Aid

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

School Year (July 1 — June 30)

The Updated Financial Plan includes $35.3 billion for School Aid in SY 2025, representing an annual increase of approximately $921 million (2.7 percent), inclusive of the State's full takeover of funding for prekindergarten expansion grants previously supported with Federal ARP funds. Excluding the State funds needed to support this takeover, the School Aid increase for SY 2025 totals $825 million (2.4 percent) and includes a $507 million (2.1 percent) increase in Foundation Aid. The Foundation Aid increase is driven largely by the formula's inflation factor, which the Executive Budget sets at 2.4 percent, representing the average annual change in CPI over the last ten calendar years (2014-2023), excluding the highest and lowest years. Through a wealth-based "Transition Adjustment," the Executive Budget also allows districts to retain $207 million of Foundation Aid in SY 2025 in excess of their respective full funding targets under the formula, moderating the impact of enrollment declines. School Aid growth also fully funds the projected $318 million increase under current law for expense-based reimbursement programs such as Transportation Aid and Boards of Cooperative Educational Services (BOCES) Aid.

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

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

	SY 2024	SY 2025	Change	SY 2026	Change	SY 2027	Change	SY 2028	Change
Total	34,385	35,306	921	36,206	900	37,143	937	38,095	952
			2.7%		2.5%		2.6%		2.6%

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

State Fiscal Year School Aid

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

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

SCHOOL AID - STATE FISCAL YEAR BASIS[1,2]

(millions of dollars)

	FY 2024 Projected	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
TOTAL STATE OPERATING FUNDS	**33,419**	**34,856**	**4.3%**	**35,854**	**2.9%**	**36,754**	**2.5%**	**37,698**	**2.6%**
General Fund Assistance and Grants	28,739	29,711	3.4%	31,258	5.2%	32,082	2.6%	33,024	2.9%
Medicaid	140	140	0.0%	140	0.0%	140	0.0%	140	0.0%
Lottery Aid	2,303	2,792	21.2%	2,379	-14.8%	2,379	0.0%	2,379	0.0%
VLT Lottery Aid	1,033	1,096	6.1%	1,043	-4.8%	1,043	0.0%	1,045	0.2%
Commercial Gaming	138	122	-11.6%	130	6.6%	167	28.5%	167	0.0%
Mobile Sports Wagering	1,061	995	-6.2%	857	-13.9%	862	0.6%	862	0.0%
Cannabis Revenue	5	0	-100.0%	47	0.0%	81	72.3%	81	0.0%

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

[2] Spending from dedicated revenue sources is capped by appropriation authority as determined at the Enacted Budget and does not necessarily equate to annual revenue collections and/or projections. Gaming details can be found in the Accompanying Notes section (Note 9).

Other Education Funding

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

OTHER EDUCATION FUNDING (millions of dollars)	FY 2024 Projected	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,485**	**2,751**	**10.7%**	**2,940**	**6.9%**	**3,085**	**4.9%**	**3,241**	**5.1%**
Special Education	1,411	1,506	6.7%	1,597	6.0%	1,694	6.1%	1,795	6.0%
All Other Education	1,074	1,245	15.9%	1,343	7.9%	1,391	3.6%	1,446	4.0%

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.

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

Spending for All Other Education Programs in FY 2025 is projected to increase by 15.9 percent, largely driven by the Executive Budget's inclusion of $100 million for Supplemental Assistance Grants to provide additional aid to school districts for SY 2025. The projected spending increase is also attributable to the continuation of a new State-funded initiative to incentivize qualifying low-income public and nonpublic schools to participate in the Federal CEP program, allowing all students in those schools to eat breakfast and lunch at no charge regardless of their families’ income; reimbursement to nonpublic schools for State-mandated activities; reimbursement to nonpublic schools for Science, Technology, Engineering, and Math (STEM) instruction; and payments to the City of New York for charter school facilities aid. These increases are partially offset by the discontinuation of certain one-time aid and grant programs funded in the FY 2024 Enacted Budget. Outyear spending increases are attributable largely to reimbursements for school meals, nonpublic schools, and charter schools.

School Tax Relief Program

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

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

The STAR program also includes a credit for income-eligible taxpayers who are residents of the City of New York. The City of New York PIT rate reduction was converted into a State PIT tax credit starting with tax year 2017. As of FY 2019, the City of New York 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 2024 Projected	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
TOTAL STAR PROGRAM	**1,617**	**1,575**	**-2.6%**	**1,547**	**-1.8%**	**1,520**	**-1.7%**	**1,447**	**-4.8%**
Gross Program Costs	3,192	3,291	3.1%	3,427	4.1%	3,562	3.9%	3,638	2.1%
Personal Income Tax Credit	(1,575)	(1,716)	-9.0%	(1,880)	-9.6%	(2,042)	-8.6%	(2,191)	-7.3%
Basic Exemption	791	747	-5.6%	699	-6.4%	663	-5.2%	580	-12.5%
Gross Program Costs	1,457	1,556	6.8%	1,646	5.8%	1,744	6.0%	1,776	1.8%
Personal Income Tax Credit	(666)	(809)	-21.5%	(947)	-17.1%	(1,081)	-14.1%	(1,196)	-10.6%
Enhanced (Senior) Exemption	826	828	0.2%	848	2.4%	857	1.1%	867	1.2%
Gross Program Costs	989	1,003	1.4%	1,045	4.2%	1,077	3.1%	1,116	3.6%
Personal Income Tax Credit	(163)	(175)	-7.4%	(197)	-12.6%	(220)	-11.7%	(249)	-13.2%
New York City PIT	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Gross Program Costs	746	732	-1.9%	736	0.5%	741	0.7%	746	0.7%
Personal Income Tax Credit	(746)	(732)	1.9%	(736)	-0.5%	(741)	-0.7%	(746)	-0.7%

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, a 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 disbursements on STAR exemptions in FY 2025 through FY 2028 can be attributed to these actions. By moving taxpayers to the credit program, the State can more efficiently administer the program while strengthening its ability to prevent abuse. The move from the basic exemption to the credit program does not reduce the value of the benefit received by homeowners.

Higher Education

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

HIGHER EDUCATION (millions of dollars)	FY 2024 Projected	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
TOTAL STATE OPERATING FUNDS	**3,214**	**3,331**	**3.6%**	**3,417**	**2.6%**	**3,420**	**0.1%**	**3,352**	**-2.0%**
City University	**2,013**	**2,066**	**2.6%**	**2,142**	**3.7%**	**2,189**	**2.2%**	**2,223**	**1.6%**
Senior Colleges	1,774	1,827	3.0%	1,903	4.2%	1,950	2.5%	1,984	1.7%
Community College	239	239	0.0%	239	0.0%	239	0.0%	239	0.0%
Higher Education Services	**631**	**647**	**2.5%**	**657**	**1.5%**	**673**	**2.4%**	**681**	**1.2%**
Tuition Assistance Program	544	574	5.5%	585	1.9%	601	2.7%	616	2.5%
Scholarships/Awards	79	65	-17.7%	64	-1.5%	64	0.0%	57	-10.9%
Aid for Part-Time Study	8	8	0.0%	8	0.0%	8	0.0%	8	0.0%
State University	**570**	**618**	**8.4%**	**618**	**0.0%**	**558**	**-9.7%**	**448**	**-19.7%**
Community College	486	444	-8.6%	444	0.0%	444	0.0%	444	0.0%
Other/Cornell	84	174	107.1%	174	0.0%	114	-34.5%	4	-96.5%

As of Fall 2023 enrollment data, SUNY and CUNY operate 47 four-year colleges and graduate schools with a total enrollment of nearly 364,000 full- and part-time students. SUNY and CUNY also operate 37 community colleges, serving approximately 235,000 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 over $1.9 billion in annual support to pay for the fringe benefit costs of all employees at SUNY State-operated campuses and approximately $1.4 billion for SUNY campus operations through an annual General Fund transfer. The State also pays for debt service on bond financed capital projects at SUNY and CUNY, including nearly $939 million projected in FY 2025. Additionally, an estimated $330 million in student financial aid support will continue to be transferred from HESC to SUNY in FY 2025. This is the result of an accounting change first implemented in FY 2020 to reflect certain financial aid payments from HESC to SUNY as transfers instead of disbursements.

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

Higher education assistance and grants spending is projected to increase by $117 million, or 3.6 percent, from FY 2024 to FY 2025. This spending provides an increase in General Fund operating assistance to CUNY senior colleges. From FY 2024 to FY 2025, assistance and grants spending for the State University is also projected to increase due to the projected disbursement of the State endowment match to SUNY University Centers. State University community college spending will decrease due to the cessation of nonrecurring funding for transformational initiatives in FY 2024. Increased HESC spending is driven by the continued implementation of the expansion of the TAP for part-time students in degree-granting programs, as well as students enrolled in nondegree workforce credentialing programs at public institutions.

Health Care

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

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

Medicaid

Medicaid is a means-tested program that finances health care services for low-income individuals and long-term care services for the elderly and disabled, primarily through monthly premium payments to managed care plans that enroll Medicaid eligible individuals and direct payments to health care providers for services rendered to Medicaid enrollees. According to the most recent Center for Medicare and Medicaid Services Data, New York is the second largest program in terms of spending, behind California, which spends roughly 35 percent more in gross expenditures and covers more than 13 million people. Medicaid services include inpatient hospital care, outpatient hospital services, clinics, nursing homes, managed care, prescription drugs, home care, and services provided in a variety of community-based settings (including personal care, mental health, substance abuse treatment, developmental disabilities services, school-based services, and foster care services). The Medicaid program is financed by the Federal government, the State, and counties, including the City of New York. DOB estimates that spending from all sources, including spending by local governments that is not part of the State's All Funds activity, will total $108 billion in FY 2025. The following table shows the estimated disbursements by level of government.

FY 2025 PROJECTED MEDICAID SPENDING [1]
(millions of dollars)

	Spending	Share
Federal	63,627	59.1%
State (DOH)	30,922	28.7%
State (Other Agencies)	4,529	4.2%
Local	8,638	8.0%
Total	**107,716**	**100.0%**

[1] Includes operational costs and the Essential Plan.

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 General Fund is expected to finance approximately 80 percent of State-share Medicaid costs in FY 2025. In any year, Medicaid costs financed by the General Fund may be affected by several factors, including the Medicaid Global Cap, a statutory annual growth cap that applies to a subset of State-share Medicaid spending, financial resources available in HCRA and, to a lesser extent, other State Special Revenue Funds, and temporary changes to the Federal share of Medicaid (e.g., eFMAP). The following tables summarize the expected financing shares over the multi-year plan.

STATE-SHARE MEDICAID FINANCING SOURCES [1]
(millions of dollars)

	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
General Fund	20,936	24,623	27,583	29,367	31,080
HCRA	5,822	5,288	5,226	5,213	5,155
All Other	1,131	1,011	1,040	1,041	1,041
Total	**27,889**	**30,922**	**33,849**	**35,621**	**37,276**

[1] Includes operational costs and the Essential Plan.

STATE-SHARE MEDICAID FINANCING SOURCES [1]
(percent)

	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
General Fund	75.1%	79.6%	81.5%	82.4%	83.4%
HCRA	20.9%	17.1%	15.4%	14.6%	13.8%
All Other	4.0%	3.3%	3.1%	3.0%	2.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

[1] Includes operational costs and the Essential Plan.

Enrollment

Medicaid eligibility and enrollment fluctuate with economic cycles. Enrollment has increased by nearly 1.6 million since March 2020. This enrollment increase was driven by the steep rise in unemployment triggered by the COVID-19 pandemic, as well as Federal limitations on Medicaid disenrollment activities before the expiration of the public health emergency (PHE) on May 11, 2023.

Beginning in June of 2023, the State resumed eligibility redeterminations for the nearly 9 million enrollees to be completed over a fourteen-month period, consistent with CMS requirements. Based on experience to date, disenrollment is expected to be significantly less than initially projected and the State is expected to retain a greater proportion of COVID-19 era enrollees than other states. The State estimates over 600,000 people will remain enrolled relative to pre-COVID-19 levels of enrollment, driving $1.5 billion in new enrollment costs through FY 2028 as compared to the Mid-Year Update to the Financial Plan.

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

The following table summarizes State-share Medicaid spending by agency.

TOTAL STATE-SHARE MEDICAID DISBURSEMENTS
(millions of dollars)

	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Department of Health Medicaid	**27,889**	**30,922**	**33,849**	**35,621**	**37,276**
Assistance and Grants	29,134	30,431	33,390	35,167	36,816
State Operations	447	491	459	454	460
eFMAP[1]	(1,692)	0	0	0	0
Other State Agency Medicaid Spending	**8,264**	**4,529**	**5,478**	**5,833**	**6,195**
Mental Hygiene[2]	8,059	4,321	5,270	5,625	5,987
Foster Care	57	60	60	60	60
Education	140	140	140	140	140
Corrections	8	8	8	8	8
Total State-Share Medicaid (All Agencies)	**36,153**	**35,451**	**39,327**	**41,454**	**43,471**
Annual $ Change		(702)	3,876	2,127	2,017
Annual % Change		-1.9%	10.9%	5.4%	4.9%

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

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

Factors Affecting Medicaid Funding

Global Cap

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

Consistent with the index, the FY 2025 Executive Budget accounts for the latest projections published by CMS by further increasing allowable Global Cap spending annually between FY 2024 and FY 2028, providing another $528 million over the multi-year plan and nearly $16 billion in aggregate increased spending allowance over the five-year period.

Medicaid spending, subject to the Global Cap Index (GCI), is forecasted to remain within the indexed allowance through FY 2025 but exceed the cap beginning in FY 2026 due to projected utilization and costs trends, particularly within Managed Long Term Care.

MEDICAID GLOBAL CAP INDEX
(millions of dollars)

	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	Five-Year Total
Prior CPI Index (May 2022)	**21,749**	**22,333**	**22,957**	**23,612**	**24,226**	**114,877**
Annual $ Change	577	584	624	655	614	3,054
Annual % Change	2.7%	2.7%	2.8%	2.9%	2.6%	
Increased Spending Under the New Cap[1]	**1,516**	**2,499**	**3,293**	**3,904**	**4,422**	**15,634**
New CMS Index	**23,265**	**24,832**	**26,250**	**27,516**	**28,648**	**130,511**
FY 2025 Executive Budget	23,265	24,832	27,253	28,461	29,498	133,309
Executive Budget Over/(Under) Index[2]	**0**	**0**	**1,003**	**945**	**850**	**2,798**
FY 2025 Executive Budget	**23,265**	**24,832**	**27,253**	**28,461**	**29,498**	**133,309**
Annual $ Change	1,503	1,567	2,421	1,208	1,037	7,736
Annual % Change	6.9%	6.7%	9.7%	4.4%	3.6%	

[1] Effective FY 2023, growth is indexed to the five-year rolling average of Medicaid spending projections within the National Health Expenditure Accounts produced by Office of the Actuary in the Centers for Medicare & Medicaid Services (CMS) as of March 2020 and updated five-year rolling average pursuant to CMS March 2022 and June 2024 reports.

[2] The FY 2025 Executive Budget is projected to spend within the allowable index through FY 2025. Medicaid spending was projected to exceed the cap beginning in FY 2026 due mainly to projected utilization costs and trends.

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

TOTAL DOH MEDICAID SPENDING
(millions of dollars)

	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Medicaid Global Cap[1]	**23,265**	**24,832**	**26,250**	**27,516**	**28,648**
Annual $ Change	1,503	1,567	1,418	1,266	1,132
Annual % Change	6.9%	6.7%	5.7%	4.8%	4.1%
FY 2025 Executive Budget Forecast[2]	**0**	**0**	**1,003**	**945**	**850**
Other Medicaid Not Subject to Global Cap	**4,624**	**6,090**	**6,596**	**7,160**	**7,778**
Minimum Wage	2,413	2,430	2,441	2,451	2,462
Home Care Wages	214	1,480	1,795	2,165	2,590
Local Takeover Cost[3]	1,830	2,013	2,195	2,378	2,561
MSA Payments (Share of Local Growth)[4]	(362)	(362)	(362)	(362)	(362)
All Other	529	529	527	528	527
Total DOH Medicaid	**27,889**	**30,922**	**33,849**	**35,621**	**37,276**
Annual $ Change	2,098	3,033	2,927	1,772	1,655
Annual % Change	8.1%	10.9%	9.5%	5.2%	4.6%
Medicaid DPT Recoupment[5]	1,100	(1,100)	0	0	0
Adjusted DOH Medicaid[5]	**28,989**	**29,822**	**33,849**	**35,621**	**37,276**
Annual $ Change	3,198	833	4,027	1,772	1,655
Annual % Change	12.4%	2.9%	13.5%	5.2%	4.6%

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

[2] The Medicaid forecast is projected to spend within the allowable index through FY 2025. Gap-closing savings will be necessary in FY 2026 through FY 2028 to ensure Medicaid spending in future years adheres to the Global Cap indexed rate.

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

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

[5] In response to initial delays in the Federal approval of planned FY 2022 through FY 2024 State DPT, the State advanced over $1.7 billion in State-only payments to distressed providers for immediate cash flow relief. The provider reimbursements to the State are expected to be delayed, resulting in $1.1 billion in additional Medicaid spending in FY 2024 that is anticipated to be repaid in FY 2025.

FY 2025 Executive State Operating Funds Budget Actions

FY 2025 EXECUTIVE BUDGET
STATE OPERATING FUNDS -- SAVINGS/(COSTS)
DEPARTMENT OF HEALTH - MEDICAID GLOBAL CAP
(millions of dollars)

	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
FY 2025 Base Surplus/(Gap)	**(217)**	**(591)**	**(2,040)**	**(2,060)**	**(2,051)**
Forecasted Enrollment Projections	(323)	(402)	(356)	(281)	(201)
FY 2025 Base Surplus/(Gap) with Enrollment	**(540)**	**(993)**	**(2,396)**	**(2,341)**	**(2,252)**
Newly Signed Legislation	0	(5)	(26)	(26)	(26)
Updated Statutory Global Cap Index	141	263	158	38	(72)
Delay in Recoupment of DPT Advances	(1,100)	1,100	0	0	0
Financial Plan Support of Delayed DPT Recoupments	1,100	(1,100)	0	0	0
Financial Plan Support of Enrollment and Base Deficits	484	0	0	0	0
FY 2025 Revised Surplus/(Gap)	**85**	**(735)**	**(2,264)**	**(2,329)**	**(2,350)**
Executive Budget Actions	**0**	**1,230**	**1,809**	**1,959**	**1,959**
Reduce Hospital Capital Rate Add-on by 10%	0	21	42	42	42
Reduce Nursing Home VAPAP	0	75	75	75	75
Reduce Nursing Home Capital Rate Add-on by 10%	0	29	29	29	29
Discontinue Wage Parity for CDPAP	0	200	401	401	401
Institute Plan Penalty for EVV Non-Compliance	0	0	20	20	20
Discontinue MLTC & MMC Quality Pool Payments	0	112	112	112	112
Require DSNPs to Cover Medicaid Dental Benefits in Medicare	0	3	10	10	10
Unallocated Long-Term Care Savings	0	100	0	0	0
CDPAP & MLTC Reforms*	0	100	200	200	200
Liquidated Damages for Plans Who Fail to Comply w/ Model Contract	0	0	5	5	5
Competitively Procure Managed Care Organizations (MCOs)	0	0	150	300	300
Remove 1 % Across the Board Increase for Health Plans	0	204	204	204	204
IDR MMC Carveout	0	8	8	8	8
Streamline Medicaid Drug Cap	0	5	10	10	10
Discontinue Prescriber Prevails	0	5	20	20	20
Pharmacy Enhancements and Integration Specialty Drug Management	0	9	25	25	25
Reduce Coverage for OTC Pharmaceuticals	0	18	32	32	32
Unallocated Medicaid Savings	0	200	200	200	200
Procurement Savings and Efficiencies	0	5	5	5	5
OHIP Non-Personal Service Reduction	0	25	25	25	25
Increase Audit Target	0	100	100	100	100
Restructure Health Homes	0	0	125	125	125
Modify Early Intervention Billing	0	11	11	11	11
1115 Waiver	**(85)**	**(451)**	**(474)**	**(501)**	**(385)**
Medicaid Hospital Global Budget Initiative	(85)	(275)	(275)	(275)	(275)
Patient Centered (PCMH) Enhancement for Adults/Kids	0	(74)	(74)	(99)	(99)
SUD Amendment	0	22	22	22	22
Continuous Eligibility for Kids (0-6) in Medicaid and CHIP	0	(7)	(30)	(32)	(33)
1115 Additional State Match	0	(117)	(117)	(117)	0
State of the State Investments	**0**	**(44)**	**(74)**	**(74)**	**(74)**
Early Intervention Rate Increases	0	(6)	(7)	(7)	(7)
Increase Reimbursement for Providers Serving Individuals w/Disabilities	0	(5)	(10)	(10)	(10)
Increase Rates for MH Provided in Integrated Settings	0	(21)	(42)	(42)	(42)
Expand Coverage for Adverse Childhood Experience Screening	0	(1)	(1)	(1)	(1)
Mental Hygiene Medicaid	0	(8)	(8)	(8)	(8)
Ensuring Access to Comprehensive Gender-Affirming Treatments (Medicaid)	0	0	(1)	(1)	(1)
End Preventable Epidemics	0	(3)	(5)	(5)	(5)
FY 2025 Executive Budget Surplus/(Gap)	**0**	**0**	**(1,003)**	**(945)**	**(850)**
Non-Global Cap Revisions (Excluded from Above)	**125**	**23**	**23**	**23**	**23**
COVID eFMAP	125	0	0	0	0
FY 2025 1.5% COLA	0	23	23	23	23

*Reflects Article VII revisions included in 30-Day Amendments submitted on February 15, 2024.

Temporary eFMAP

In March 2020, the Federal government signed into law the Families First Coronavirus Response Act (FFCRA) which included a 6.2 percent base increase to the FMAP rate (retroactive to January 1, 2020) for each calendar quarter occurring during the PHE, with exemptions placed on spending already eligible for enhanced Federal support, including portions of the Affordable Care Act (ACA) expansion. The PHE ended on May 11, 2023, with the expiration of the Federal government's increased share of Medicaid spending (phased down to 1.5 percent) through December 2023. In FY 2024, State-share savings of $1.6 billion from eFMAP were used to offset increased costs associated with elevated COVID-19 enrollment and lost MRT II savings due to Federal restrictions regarding program restructuring while the eFMAP remained in place.

Minimum Wage and Home Care Wages

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

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

The State authorized wage increases for home health and personal care workers of $1.55 for Downstate and $1.35 for Rest of State, effective January 1, 2024, with additional Statewide wage increases of $0.55 to come January 1, 2025, and January 1, 2026. The increases are partially funded by HCBS eFMAP in FY 2024 but revert to nearly all General Fund support beginning in FY 2025.

The State also automatically increased the State's minimum wage to keep pace with inflation going forward. After reaching $15 per hour, each region's minimum wage will increase consistent with the year-over-year CPI-W for the Northeast Region. The State cost is expected to be $53 million in FY 2024 growing to over $1.1 billion in FY 2028.

Local Medicaid Cap

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

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

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

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

Master Settlement Agreement (MSA)

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

Health Care Transformation Fund (HCTF)

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

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

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

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

	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Opening Balance	**563**	**375**	**250**	**125**	**0**
Receipts	**145**	**125**	**125**	**125**	**0**
General Fund Transfer	125	125	125	125	
STIP Interest	20	0	0	0	0
Planned Uses	**333**	**250**	**250**	**250**	**0**
Home Care Wages	250	250	250	250	0
Housing Rental Subsidies	83	0	0	0	0
Closing Balance	**375**	**250**	**125**	**0**	**0**

Essential Plan

The FY 2015 Enacted Budget authorized the State to participate in the EP, a health insurance program which receives Federal subsidies authorized through the ACA. The EP includes health insurance coverage for legally residing immigrants in New York not eligible for Medicaid, CHP, or other employer-sponsored coverage. Individuals who meet the EP eligibility standards are enrolled through the New York State of Health (NYSOH) insurance exchange, with the cost of insurance premiums subsidized by the State and Federal governments. The Exchange – NYSOH – serves as a centralized marketplace to shop for, compare, and enroll in a health plan. Nearly 1.2 million New Yorkers are expected to be enrolled in the EP in FY 2025, which represents an increase in enrollment from FY 2024 as the end of the Federal PHE causes individuals to shift out of Medicaid and into EP. Growth in outyear enrollment is also due to expanded eligibility under a Federal Section 1332 State Innovation Waiver (the "Waiver").

ESSENTIAL PLAN
(millions of dollars)

	FY 2024 Projected	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
TOTAL ALL FUNDS SPENDING	**10,093**	**11,695**	**15.9%**	**12,334**	**5.5%**	**12,827**	**4.0%**	**13,460**	**4.9%**
State Operating Funds	**91**	**95**	**4.4%**	**103**	**8.4%**	**104**	**1.0%**	**107**	**2.9%**
Assistance and Grants[1]	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	91	95	4.4%	103	8.4%	104	1.0%	107	2.9%
Federal Operating Funds	**10,002**	**11,600**	**16.0%**	**12,231**	**5.4%**	**12,723**	**4.0%**	**13,353**	**5.0%**

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

The FY 2023 Enacted Budget authorized the State to submit a Section 1332 State Innovation Waiver, which was recently submitted to the U.S. Department of Treasury and the U.S. Department of Health and Human Services. This Waiver, if approved, will enable New York State to extend coverage to more low- and moderate-income individuals. The EP currently provides affordable, comprehensive health insurance to more than 1 million New Yorkers. Under the replacement Waiver program, nearly 100,000 more New Yorkers are estimated to gain access to these same benefits. If approved, this Waiver will allow New York State to broaden access to affordable health insurance coverage and advance health equity among the remaining uninsured in the State.

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

Public Health/Aging Programs

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

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

PUBLIC HEALTH AND AGING
(millions of dollars)

	FY 2024 Projected	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,290**	**2,482**	**8.4%**	**2,513**	**1.2%**	**2,529**	**0.6%**	**2,576**	**1.9%**
Public Health	**2,098**	**2,303**	**9.8%**	**2,328**	**1.1%**	**2,344**	**0.7%**	**2,379**	**1.5%**
Child Health Plus[1]	888	1,107	24.7%	1,140	3.0%	1,175	3.1%	1,210	3.0%
General Public Health Work	225	211	-6.2%	211	0.0%	211	0.0%	211	0.0%
EPIC	63	63	0.0%	63	0.0%	63	0.0%	63	0.0%
Early Intervention	81	71	-12.3%	40	-43.7%	41	2.5%	41	0.0%
Unadjusted	178	168	-5.6%	137	-18.5%	138	0.7%	138	0.0%
Health Services Initiatives Offset	(97)	(97)	0.0%	(97)	0.0%	(97)	0.0%	(97)	0.0%
Workforce Initiatives[2]	102	110	7.8%	110	0.0%	110	0.0%	110	0.0%
General Fund Assistance and Grants	84	92	9.5%	92	0.0%	92	0.0%	92	0.0%
HCRA Program	18	18	0.0%	18	0.0%	18	0.0%	18	0.0%
HCRA Program	252	282	11.9%	301	6.7%	282	-6.3%	282	0.0%
Nourish NY	50	50	0.0%	50	0.0%	50	0.0%	50	0.0%
All Other	437	409	-6.4%	413	1.0%	412	-0.2%	412	0.0%
Aging	**192**	**179**	**-6.8%**	**185**	**3.4%**	**185**	**0.0%**	**197**	**6.5%**

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

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

Public Health spending is projected to grow by 8 percent in FY 2025 but grow by less than 2 percent annually over the remaining Financial Plan period. Growth in FY 2025 is primarily attributable to increased CHP reimbursement rates and support across various programs, including the American Indian Health Program.

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

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

HCRA Financial Plan

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

HCRA FINANCIAL PLAN
(millions of dollars)

	FY 2024 Projected	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
OPENING BALANCE	**91**	**0**		**0**		**0**		**0**	
TOTAL RECEIPTS	**7,164**	**6,997**	**-2.3%**	**6,994**	**0.0%**	**6,992**	**0.0%**	**6,969**	**-0.3%**
Surcharges	4,639	4,558	-1.7%	4,578	0.4%	4,598	0.4%	4,598	0.0%
Covered Lives Assessment[1]	1,150	1,150	0.0%	1,150	0.0%	1,150	0.0%	1,150	0.0%
Cigarette Tax Revenue	576	545	-5.4%	519	-4.8%	494	-4.8%	471	-4.7%
Hospital Assessments	557	507	-9.0%	510	0.6%	512	0.4%	512	0.0%
Excise Tax on Vapor Products	25	25	0.0%	25	0.0%	25	0.0%	25	0.0%
NYC Cigarette Tax Transfer	17	13	-23.5%	13	0.0%	13	0.0%	13	0.0%
EPIC Receipts/ICR Audit Fees	50	49	-2.0%	49	0.0%	50	2.0%	50	0.0%
Distressed Provider Assistance[2]	150	150	0.0%	150	0.0%	150	0.0%	150	0.0%
TOTAL DISBURSEMENTS AND TRANSFERS	**7,255**	**6,997**	**-3.6%**	**6,994**	**0.0%**	**6,992**	**0.0%**	**6,969**	**-0.3%**
Medicaid Assistance Account	5,179	4,657	-10.1%	4,595	-1.3%	4,582	-0.3%	4,524	-1.3%
Medicaid Costs	4,854	4,332	-10.8%	4,270	-1.4%	4,257	-0.3%	4,199	-1.4%
Distressed Provider Assistance[2]	150	150	0.0%	150	0.0%	150	0.0%	150	0.0%
Workforce Recruitment & Retention	175	175	0.0%	175	0.0%	175	0.0%	175	0.0%
Hospital Indigent Care	631	631	0.0%	631	0.0%	631	0.0%	631	0.0%
HCRA Program Account	289	318	10.0%	338	6.3%	318	-5.9%	317	-0.3%
Child Health Plus	906	1,126	24.3%	1,161	3.1%	1,196	3.0%	1,232	3.0%
Elderly Pharmaceutical Insurance Coverage	74	74	0.0%	74	0.0%	74	0.0%	74	0.0%
Qualified Health Plan Administration	44	46	4.5%	48	4.3%	49	2.1%	49	0.0%
Roswell Park Cancer Institute	51	55	7.8%	51	-7.3%	51	0.0%	51	0.0%
SHIN-NY/APCD/Modernization	43	45	4.7%	45	0.0%	40	-11.1%	40	0.0%
All Other	38	45	18.4%	51	13.3%	51	0.0%	51	0.0%
ANNUAL OPERATING SURPLUS/(DEFICIT)	**(91)**	**0**		**0**		**0**		**0**	
CLOSING BALANCE	**0**	**0**		**0**		**0**		**0**	

[1] Pursuant to Chapter 820 of the laws of 2021, the Updated HCRA Financial Plan includes $40 million in additional Covered Lives Assessment for Early Intervention.

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

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

HCRA spending over the same plan period reflects over $4.5 billion in continued support for Medicaid spending, including the $150 million set aside for distressed providers and $1 billion for the CHP program. Estimated growth in CHP spending reflects the expiration of enhanced Federal resources provided through the ACA and expected growth in enrollment, utilization, and reimbursements rates.

As of the FY 2025 Executive Budget, HCRA is expected to remain in balance over the Financial Plan period. Under the current HCRA appropriation structure, spending reductions will occur if resources are insufficient to maintain a balanced fund. Any such spending reductions could affect General Fund Medicaid funding or HCRA programs. Conversely, any unanticipated balances or excess resources in HCRA are expected to fund Medicaid costs that would have otherwise been paid from the General Fund.

Mental Hygiene

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

MENTAL HYGIENE
(millions of dollars)

	FY 2024 Projected	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
TOTAL STATE OPERATING FUNDS	**7,717**	**4,465**	**-42.1%**	**5,687**	**27.4%**	**6,128**	**7.8%**	**6,499**	**6.1%**
People with Developmental Disabilities	**3,062**	**3,306**	**8.0%**	**3,510**	**6.2%**	**3,691**	**5.2%**	**3,883**	**5.2%**
Residential Services	1,553	1,674	7.8%	1,776	6.1%	1,866	5.1%	1,961	5.1%
Day Programs	737	794	7.7%	842	6.0%	885	5.1%	930	5.1%
Clinic	18	19	5.6%	20	5.3%	21	5.0%	23	9.5%
All Other Services (Net of Offsets)	754	819	8.6%	872	6.5%	919	5.4%	969	5.4%
Mental Health	**1,894**	**2,342**	**23.7%**	**2,693**	**15.0%**	**2,881**	**7.0%**	**2,882**	**0.0%**
Adult Local Services	1,517	1,897	25.0%	2,249	18.6%	2,413	7.3%	2,413	0.0%
Children Local Services	323	394	22.0%	444	12.7%	468	5.4%	469	0.2%
MLR/BHET Reinvestment[1]	54	51	-5.6%	0	-100.0%	0	0.0%	0	0.0%
Addiction Services and Supports	**669**	**672**	**0.4%**	**601**	**-10.6%**	**640**	**6.5%**	**609**	**-4.8%**
Residential	129	130	0.8%	139	6.9%	149	7.2%	153	2.7%
Other Treatment	239	242	1.3%	258	6.6%	277	7.4%	284	2.5%
Prevention	69	70	1.4%	74	5.7%	80	8.1%	81	1.3%
Recovery	46	47	2.2%	50	6.4%	54	8.0%	55	1.9%
Opioid Settlement Fund[2]	107	141	31.8%	33	-76.6%	33	0.0%	33	0.0%
Opioid Stewardship Fund[3]	27	41	51.9%	47	14.6%	47	0.0%	3	-93.6%
MLR/BHET Reinvestment[1]	52	1	-98.1%	0	-100.0%	0	0.0%	0	0.0%
Justice Center	**1**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**
Total DOH Medicaid Global Cap Adjustments[4]	**2,091**	**(1,856)**	**-188.8%**	**(1,118)**	**39.8%**	**(1,085)**	**3.0%**	**(876)**	**19.3%**
OPWDD Local Share	1,833	307	-83.3%	0	-100.0%	0	0.0%	0	0.0%
OPWDD Spending Funded by Global Cap	(842)	(1,063)	-26.2%	(1,118)	-5.2%	(1,085)	3.0%	(876)	19.3%
OPWDD Offset for Medicaid DPT Recoupment	1,100	(1,100)	-200.0%	0	100.0%	0	0.0%	0	0.0%
TOTAL MENTAL HYGIENE SPENDING	**5,626**	**6,321**	**12.4%**	**6,805**	**7.7%**	**7,213**	**6.0%**	**7,375**	**2.2%**

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

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

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

4 In response to initial delays in the Federal approval of planned FY 2022 through FY 2024 State DPT, the State advanced over $1.7 billion in State-only payments to distressed providers for immediate cash flow relief. The provider reimbursements to the State are expected to be delayed, resulting in $1.1 billion in additional Medicaid spending in FY 2024 that is anticipated to be repaid in FY 2025.

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

Funding continues to be included to support OMH community services and the transition of individuals to more cost-effective community settings. Additional investments in supported housing account for annual property-related cost increases and help ensure existing housing is maintained as new units are developed. Other additional funding for OMH services includes expanding the Loan Repayment Program, supporting mental health specialists in mental health courts, additional intensive Forensic Assertive Community Treatment (FACT) teams working to facilitate connections with mental health courts and the State coordination team, and expanding Peer to Peer Support Programs.

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

The Updated Financial Plan also maintains funding to: increase the minimum wage index with inflation; establish and operate 3,500 new residential units for New Yorkers with mental illness; significantly expand outpatient mental health services; enhance mental health services in schools; and increase funding for Critical Time Intervention (CTI) teams and specialized programs for children.

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

Social Services

OTDA

OTDA assistance and grants programs provide cash benefits and supportive services to low-income families. The State's three main programs are Family Assistance, Safety Net Assistance, and Supplemental Security Income (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, the visually handicapped, and disabled persons.

TEMPORARY AND DISABILITY ASSISTANCE
(millions of dollars)

	FY 2024 Projected	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,815**	**3,412**	**21.2%**	**2,585**	**-24.2%**	**1,997**	**-22.7%**	**2,020**	**1.2%**
SSI	567	600	5.8%	600	0.0%	600	0.0%	600	0.0%
Public Assistance Benefits	652	774	18.7%	755	-2.5%	777	2.9%	800	3.0%
Public Assistance Initiatives	20	12	-40.0%	12	0.0%	29	141.7%	29	0.0%
Homeless Housing and Services	175	300	71.4%	397	32.3%	445	12.1%	445	0.0%
Rental Assistance	551	115	-79.1%	135	17.4%	135	0.0%	135	0.0%
Asylum Seeker Assistance	836	1,600	91.4%	676	-57.8%	0	-100.0%	0	0.0%
All Other	14	11	-21.4%	10	-9.1%	11	10.0%	11	0.0%

DOB's caseload models project a total of 606,969 public assistance recipients in FY 2025. Approximately 190,791 families are expected to receive benefits through the Family Assistance program and 131,836 through the Safety Net Assistance program in FY 2025, an increase in both programs from FY 2024. The caseload for single adults and childless couples supported through the Safety Net Assistance program is projected to be 284,342 in FY 2025, an increase of 4.9 percent from FY 2024 projections.

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

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

OCFS

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

CHILDREN AND FAMILY SERVICES
(millions of dollars)

	FY 2024 Projected	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,974**	**2,897**	**46.8%**	**2,918**	**0.7%**	**3,060**	**4.9%**	**3,073**	**0.4%**
Child Welfare Service	695	806	16.0%	806	0.0%	806	0.0%	806	0.0%
Foster Care Block Grant	399	397	-0.5%	397	0.0%	397	0.0%	397	0.0%
Child Care	233	1,096	370.4%	1,109	1.2%	1,242	12.0%	1,242	0.0%
Adoption	154	159	3.2%	159	0.0%	159	0.0%	159	0.0%
Youth Programs	102	102	0.0%	102	0.0%	102	0.0%	102	0.0%
Medicaid	57	60	5.3%	60	0.0%	60	0.0%	60	0.0%
Adult Protective/Domestic Violence	54	54	0.0%	54	0.0%	54	0.0%	54	0.0%
Committees on Special Education	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
All Other	280	223	-20.4%	231	3.6%	240	3.9%	253	5.4%

The FY 2025 Executive Budget continues State support to maintain the child care market rate to include 80 percent of providers and expand eligibility for child care subsidies to more families previously funded with Federal resources and provides additional funding to child care providers who meet certain quality standards. In addition, the budget proposes making permanent the restructured financing approach for residential school placements of children with special needs outside the City of New York that was included in the FY 2024 Enacted Budget, thereby aligning the fiscal responsibility with the school district responsible for the placement.

Additional FY 2025 Executive Budget actions include providing a 1.5 percent COLA for eligible programs and increasing the Supervision and Treatment Services for Juveniles Program (STSJP).

Transportation

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

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

TRANSPORTATION
(millions of dollars)

	FY 2024 Projected	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
STATE OPERATING FUNDS SUPPORT	**5,249**	**5,138**	**-2.1%**	**5,137**	**0.0%**	**5,134**	**-0.1%**	**5,136**	**0.0%**
Mass Transit Operating Aid:	3,697	3,889	5.2%	3,889	0.0%	3,889	0.0%	3,889	0.0%
Metro Mass Transit Aid	3,538	3,728	5.4%	3,728	0.0%	3,728	0.0%	3,728	0.0%
Public Transit Aid	115	117	1.7%	117	0.0%	117	0.0%	117	0.0%
18-b General Fund Aid	19	19	0.0%	19	0.0%	19	0.0%	19	0.0%
School Fare	25	25	0.0%	25	0.0%	25	0.0%	25	0.0%
Mobility Tax	244	244	0.0%	244	0.0%	244	0.0%	244	0.0%
NY Central Business District Trust	155	156	0.6%	158	1.3%	159	0.6%	161	1.3%
Dedicated Mass Transit	667	647	-3.0%	647	0.0%	647	0.0%	647	0.0%
MTA Fiscal Relief	305	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
AMTAP	155	171	10.3%	171	0.0%	171	0.0%	171	0.0%
Innovative Mobility	2	4	100.0%	4	0.0%	0	-100.0%	0	0.0%
All Other	24	27	12.5%	24	-11.1%	24	0.0%	24	0.0%

Projected operating aid to the MTA and other transit systems reflects the current receipts forecast. The projected decrease in spending by $111 million is primarily due to the non-recurrence of $305 million in FY 2024 one-time funding to the MTA to address extraordinary financial impacts resulting from the pandemic. The decrease is offset in FY 2025 by a $194 million projected increase in dedicated transit and General Fund aid. This includes an additional $28 million for non-MTA downstate transit systems and a $17 million increase in upstate transit aid, which both represent a 5.4 percent increase over the prior year. Not including one-time aid, MTA assistance grows by $145 million. The Innovative Mobility and All Other categories increase by $5 million.

Agency Operations

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

Over 90 percent of the State workforce is unionized. The largest unions include CSEA, which represents office support staff, administrative personnel, machine operators, skilled trade workers, and therapeutic and custodial care staff; 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 (correctional, safety and security officers).

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

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING PERSONAL SERVICE AND FRINGE BENEFITS

	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
State Workforce[1]	121,653	121,470	TBD	TBD	TBD
ERS Contribution Rate[2]	13.3%	15.3%	17.0%	19.5%	22.0%
PFRS Contribution Rate[2]	27.8%	31.2%	32.5%	33.7%	34.9%
Employee/Retiree Health Insurance Growth Rates[3]	8.7%	9.1%	10.9%	10.0%	10.0%
PS/Fringe as % of Receipts (All Funds Basis)	11.8%	11.3%	12.5%	13.4%	13.5%

1 Reflects workforce that is subject to direct Executive control.

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

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

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

STATE OPERATING FUNDS - PERSONAL SERVICE/NON-PERSONAL SERVICE COSTS (millions of dollars)	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
SUBJECT TO DIRECT EXECUTIVE CONTROL[1]	**11,628**	**12,426**	**13,996**	**14,414**	**14,317**
Corrections and Community Supervision	2,665	2,582	2,530	2,531	2,585
Office of Mental Health	1,750	1,738	1,790	1,874	1,865
Office for People with Developmental Disabilities	1,581	1,593	1,620	1,693	1,662
Department of Health	957	1,020	1,005	996	997
State Police	906	965	987	1,006	1,025
Information Technology Services	650	718	703	718	718
Transportation	362	363	373	384	395
Tax and Finance	342	345	348	350	350
Children and Family Services	287	306	322	337	350
Environmental Conservation	268	282	279	274	275
Office of Parks, Recreation and Historic Preservation	223	237	241	240	240
Department of Financial Services	217	218	218	218	218
Education	183	194	197	198	201
Office of Temporary and Disability Assistance	174	132	132	132	132
Labor	62	62	63	63	63
All Other	1,001	1,671	3,188	3,400	3,241
UNIVERSITY SYSTEMS	**7,232**	**7,596**	**7,800**	**8,022**	**8,242**
State University	7,232	7,596	7,800	8,022	8,242
INDEPENDENT AGENCIES	**421**	**448**	**454**	**459**	**468**
Law	242	260	263	265	270
Audit & Control (OSC)	179	188	191	194	198
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	**19,281**	**20,470**	**22,250**	**22,895**	**23,027**
Judiciary	**2,231**	**2,401**	**2,401**	**2,401**	**2,401**
Legislature	**284**	**288**	**288**	**288**	**288**
Statewide Total	**21,796**	**23,159**	**24,939**	**25,584**	**25,716**
Personal Service	15,996	16,753	16,995	17,332	17,538
Non-Personal Service	5,800	6,406	7,944	8,252	8,178

[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 the timing of Federal reimbursement of State incurred COVID-19 pandemic response and recovery efforts, contractual general salary increases, inflation and new investments. Excluding general salary increases and inflation, agency spending changes include:

- **DOCCS**. The FY 2025 Executive Budget allows the State to act expeditiously to right-size and eliminate excess capacity by allowing for the closure of up to five correctional facilities with 90 days' notice. This will allow for an increase in the operational efficiency of the correctional system.

- **OMH.** The FY 2025 Executive Budget includes funding to open another 125 State-operated inpatient psychiatric beds, (including 15 for children and adolescents, 85 for adults, and 25 forensic), and 75 new Transition to Home Units (THU) that will provide housing and supports to individuals with mental illness experiencing homelessness and/or involved in the criminal justice system, and a new electronic health records system.

- **DOH.** The growth in projected spending from FY 2024 reflects increased funding for costs associated with the public health emergency unwind call center, modernization of health reporting systems, funding for DOH to continue hiring to their Full-Time Equivalent (FTE) target, and additional support to counties for Emergency Medical Services.

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

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

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

- **DEC.** The FY 2025 Executive Budget includes funding for bond act staffing, the migration of the agency into the Statewide Financial System, operating costs for the cap-and-invest and CLCPA programs. These costs are partially offset by a restructuring of administrative costs applicable to the EPF activities.

- **Office of Parks, Recreation, and Historic Preservation.** Funding growth is largely driven by the expansion of swimming lessons to all pool facilities, providing free sunscreen, and increased staffing for park police academies, and site operations. These costs are partially offset by a restructuring of administrative costs applicable to the EPF activities.

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

- **All Other Executive Agencies**. Other spending changes include support for asylum seekers response efforts in the City of New York, including the deployment of National Guard service members to various hotels, homeless shelters, and emergency sites as well as the Port Authority to implement, administer, and effectuate the provision of services at each location. In addition, spending is affected by the timing of Federal reimbursement of State incurred COVID-19 pandemic response and recovery expenses incurred from FY 2021 through FY 2024, including the purchase of COVID-19 test kits for schools and local governments, PPE, durable medical equipment, costs to build out field hospital facilities, testing, and vaccination activities are expected to be reimbursed by FEMA. The Updated Financial Plan assumes reimbursement of $1.1 billion in FY 2024, $500 million in FY 2025, and $200 million in FY 2026. However, there can be no assurance that FEMA will approve claims for the State to receive reimbursement in the amounts or State fiscal years as projected in the Updated Financial Plan.

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

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

Workforce

In FY 2025, $16.8 billion of the State Operating Funds budget is dedicated to supporting FTE employees under direct Executive control; individuals employed by SUNY and Independent Agencies; employees paid on a nonannual salaried basis; and overtime pay. Roughly 60 percent of the Executive agency workforce is in the mental hygiene agencies and DOCCS.

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

	Dollars	FTEs
SUBJECT TO DIRECT EXECUTIVE CONTROL	**9,435**	**98,747**
Corrections and Community Supervision	2,121	23,119
Office for People with Developmental Disabilities	1,344	18,730
Office of Mental Health	1,375	14,520
State Police	867	6,436
Information Technology Services	350	3,707
Department of Health	355	4,502
Tax and Finance	273	3,828
Environmental Conservation	224	2,430
Children and Family Services	209	2,328
Transportation	183	2,590
Office of Parks, Recreation and Historic Preservation	190	1,862
Department of Financial Services	163	1,391
Education	116	1,467
Workers' Compensation Board	92	1,086
Office of Temporary and Disability Assistance	70	1,017
All Other	1,503	9,734
UNIVERSITY SYSTEMS	**4,774**	**46,854**
State University	4,774	46,854
INDEPENDENT AGENCIES	**2,544**	**18,976**
Law	186	1,657
Audit & Control (OSC)	152	1,634
Judiciary	1,985	15,682
Legislature[2]	221	3
Statewide Total	**16,753**	**164,577**

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

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

General State Charges

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

GSC spending is projected to increase over the Financial Plan period mostly due to increases in the health insurance program which reflects increased costs of health care services and prescription drugs. Similarly, the pension program reflects associated costs due to increases in the employer contribution rates and the $1.7 billion prepayment of the FY 2025 ERS/PFRS non-Judiciary pension estimate in FY 2024.

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

GENERAL STATE CHARGES
(millions of dollars)

	FY 2024 Projected	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
TOTAL STATE OPERATING FUNDS	**10,590**	**8,315**	**-21.5%**	**11,279**	**35.6%**	**12,922**	**14.6%**	**14,224**	**10.1%**
Fringe Benefits	**10,141**	**7,828**	**-22.8%**	**10,779**	**37.7%**	**12,413**	**15.2%**	**13,706**	**10.4%**
Health Insurance	4,765	5,467	14.7%	6,035	10.4%	6,844	13.4%	7,209	5.3%
Pensions	3,812	671	-82.4%	2,852	325.0%	3,609	26.5%	4,470	23.9%
Social Security	1,177	1,197	1.7%	1,210	1.1%	1,233	1.9%	1,261	2.3%
Workers' Compensation	603	648	7.5%	710	9.6%	731	3.0%	743	1.6%
Employee Benefits	103	103	0.0%	121	17.5%	121	0.0%	122	0.8%
Dental Insurance	57	62	8.8%	66	6.5%	66	0.0%	66	0.0%
Unemployment Insurance	13	13	0.0%	13	0.0%	13	0.0%	13	0.0%
All Other/Non-State Escrow	(389)	(333)	14.4%	(228)	31.5%	(204)	10.5%	(178)	12.7%
Fixed Costs	**449**	**487**	**8.5%**	**500**	**2.7%**	**509**	**1.8%**	**518**	**1.8%**
Public Land Taxes/PILOTS	308	316	2.6%	324	2.5%	333	2.8%	341	2.4%
Litigation	141	171	21.3%	176	2.9%	176	0.0%	177	0.6%

Transfers to Other Funds (General Fund Basis)

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

GENERAL FUND TRANSFERS TO OTHER FUNDS (millions of dollars)	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
TOTAL TRANSFERS TO OTHER FUNDS	**7,178**	**8,888**	**6,791**	**6,336**	**7,078**
Debt Service	227	263	289	338	360
SUNY University Operations	1,616	1,709	1,743	1,756	1,756
Capital Projects	3,703	5,033	2,990	2,471	3,355
Extraordinary Monetary Settlements:	**453**	**417**	**285**	**276**	**40**
Dedicated Infrastructure Investment Fund	351	345	216	220	40
Clean Water Grants	84	60	60	46	0
Mass Transit Capital	2	2	0	0	0
Health Care	16	10	9	10	0
Dedicated Highway and Bridge Trust Fund	31	25	38	30	318
Environmental Protection Fund	100	107	89	89	89
Other DIIF	50	250	118	0	0
All Other Capital	3,069	4,234	2,460	2,076	2,908
ALL OTHER TRANSFERS	**1,632**	**1,883**	**1,769**	**1,771**	**1,607**
Mobility Tax Trust Account	244	244	244	244	244
State University Hospital IFR Operations Account	302	302	302	302	302
NY Central Business District Trust	155	156	158	159	161
Court Facility Income Account	114	123	123	123	123
Dedicated Mass Transportation Trust Fund	65	65	65	65	65
Health Care Transformation	125	125	125	125	0
All Other	627	868	752	753	712

General Fund transfers to Other Funds are projected to total $8.9 billion in FY 2025, an increase of $1.7 billion from FY 2024 mainly due to capital projects funding.

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

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

Debt Service

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

DEBT SERVICE SPENDING PROJECTIONS (millions of dollars)									
	FY 2024 Projected	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
General Fund	227	263	15.9%	289	9.9%	338	17.0%	360	6.5%
Other State Support	2,380	2,759	15.9%	4,617	67.3%	4,608	-0.2%	5,801	25.9%
Total State Operating Funds	**2,607**	**3,022**	**15.9%**	**4,906**	**62.3%**	**4,946**	**0.8%**	**6,161**	**24.6%**

State Operating Funds debt service is projected to be $3 billion in FY 2025, of which $263 million is paid from the General Fund and $2.8 billion is paid from other State funds supported by dedicated tax receipts. The General Fund finances debt service payments on General Obligation and service contract bonds, including expected payments to the Gateway Development Commission (GDC) relating to the Hudson Tunnel Project. Debt service for other State-supported bonds is paid directly from other dedicated State funds, subject to appropriation, including PIT and Sales Tax Revenue bonds, and DHBTF bonds.

Debt service spending levels are impacted by prepayments. The FY 2024 Enacted Budget Financial Plan reflected prepayments that totaled $6.0 billion in FY 2023. Prior prepayments of $2.2 billion in FY 2021 and $7.6 billion in FY 2022 had a multi-year impact. As shown in the table below, the net impact of these prepayments will decrease debt service costs in FY 2024 through FY 2028 and have no impact on FY 2029.

STATE DEBT SERVICE (millions of dollars)						
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Base Debt Service	**6,312**	**6,717**	**7,286**	**7,806**	**8,161**	**8,676**
Total Prepayment Adjustment	**(3,705)**	**(3,695)**	**(2,380)**	**(2,860)**	**(2,000)**	**0**
Prior Prepayments	(2,255)	(2,395)	(1,630)	(2,360)	0	0
FY 2023 Prepayment	(1,450)	(1,300)	(750)	(500)	(2,000)	0
Executive Budget State Debt Service	**2,607**	**3,022**	**4,906**	**4,946**	**6,161**	**8,676**

The FY 2025 Executive Budget authorizes liquidity financing of $4 billion of PIT notes as a tool to manage unanticipated financial disruptions. The Updated Financial Plan does not assume any PIT note issuances. DOB evaluates cash results regularly and may adjust the use of notes based on liquidity needs, market considerations, and other factors.

The Updated Financial Plan estimates for debt service spending reflect bond sale results, including refundings, projections of future refunding savings, and the adjustment of debt issuances to align with projected bond-financed capital spending. Debt service projections were reduced to reflect the contribution of $9 billion of PAYGO capital resources that was added over the past two budgets.

APRIL - DECEMBER 2023 OPERATING RESULTS

This discussion provides a summary of operating results for April through December 2023 compared to: (1) the projections set forth in the FY 2024 Enacted Budget Financial Plan ("initial estimates"), (2) the FY 2024 Mid-Year Update to the Financial Plan ("revised estimates") and (3) prior fiscal year results for the same period (April through December 2022).

Summary of General Fund Operating Results

The General Fund ended December 2023 with a balance of $51.1 billion, $7.9 billion above the initial estimate. The higher balance was largely driven by higher than projected receipts ($4.6 billion) augmented by lower than projected assistance and grants spending ($4 billion).

GENERAL FUND OPERATING RESULTS
FY 2024 April to December
(millions of dollars)

				Variance Above/ (Below)			
				Initial Estimate		Revised Estimate	
	Initial Estimate	Revised Estimate	Actuals	$	%	$	%
OPENING BALANCE	**43,451**	**43,451**	**43,451**	**0**	**0.0%**	**0**	**0.0%**
Total Receipts	**69,384**	**71,754**	**73,996**	**4,612**	**6.6%**	**2,242**	**3.1%**
Taxes:	64,813	67,263	68,987	4,174	6.4%	1,724	2.6%
Personal Income Tax[1]	34,922	35,202	36,031	1,109	3.2%	829	2.4%
Consumption / Use Taxes[1]	13,936	14,269	14,114	178	1.3%	(155)	-1.1%
Business Taxes	6,446	7,257	7,275	829	12.9%	18	0.2%
Pass Through Entity Tax	7,465	8,341	9,227	1,762	23.6%	886	10.6%
Other Taxes[1]	2,044	2,194	2,340	296	14.5%	146	6.7%
Miscellaneous and Federal Receipts	2,809	3,094	3,183	374	13.3%	89	2.9%
Transfers From Other Funds	1,762	1,397	1,826	64	3.6%	429	30.7%
Total Spending	**69,704**	**66,555**	**66,380**	**(3,324)**	**-4.8%**	**(175)**	**-0.3%**
Assistance and Grants	50,495	45,801	46,512	(3,983)	-7.9%	711	1.6%
Agency Operations (including GSCs)	14,570	14,726	14,669	99	0.7%	(57)	-0.4%
Transfers to Other Funds	4,639	6,028	5,199	560	12.1%	(829)	-13.8%
Debt Service Transfer	61	92	92	31	50.8%	-	0.0%
Capital Projects Transfer	2,128	3,578	2,839	711	33.4%	(739)	-20.7%
SUNY Operations Transfer	1,504	1,432	1,378	(126)	-8.4%	(54)	-3.8%
All Other Transfers	946	926	890	(56)	-5.9%	(36)	-3.9%
Change in Operations	**(320)**	**5,199**	**7,616**	**7,936**	**2480.0%**	**2,417**	**46.5%**
CLOSING BALANCE	**43,131**	**48,650**	**51,067**	**7,936**	**18.4%**	**2,417**	**5.0%**

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

General Fund Receipts

Through December 2023, General Fund Receipts, including transfers from other funds, totaled $74 billion, $4.6 billion (6.6 percent) above the initial estimate.

Personal Income Tax (PIT) receipts were above projections ($1.1 billion) mainly due to stronger than expected withholding, delinquencies, and final returns, coupled with weaker than expected total refunds due to lower than expected State/City offset, prior year refunds, and advanced credit payments.

PTET collections exceeded projections by $1.8 billion due to higher than expected estimated payments and lower refunds, partially offset by a State/City distribution that was more favorable to the City than originally projected. Higher than projected business taxes ($829 million) were attributable to increased gross CFT receipts. Stronger than expected growth in sales tax collections and transfers net of debt service payments drove higher consumption/use tax receipts ($178 million). Other taxes were higher than projected ($296 million) due to the receipt of unanticipated super large estate tax payments. Miscellaneous receipts, which were also higher than projected, were driven predominantly by investment income ($264 million) and refunds and reimbursements ($120 million) and licenses & fees ($63 million).

General Fund Spending

General Fund disbursements, including transfers to other funds, totaled $66.4 billion, $3.3 billion (4.8 percent) below the initial estimate, due primarily to the timing of assistance and grants payments ($4 billion). The largest assistance and grant variances relative to initial projections include the following:

- Medicaid ($1.4 billion lower) primarily attributable to lower claims and the timing of Federal HCBS eFMAP funding which was claimed earlier than initially projected.

- Mental Hygiene ($803 million lower) due to lower than projected OPWDD spending, primarily related to the Mental Hygiene Stabilization Fund offset, and lower OMH spending ($311 million) for Adult Non-Residential, Adult Residential and Children & Youth Non-Residential programs, as well as lower than projected quarterly Medicaid transfers.

- School Aid ($610 million lower) due primarily to lower than projected spending on General Aid ($246 million), Excess Cost Aid payments ($200 million), competitive grants and categorical programs ($167 million) and Universal Prekindergarten ($96 million), partially offset by higher TRS payments ($122 million).

- Temporary & Disability Assistance ($290 million lower) due to delayed timing of spending on asylum seeker assistance efforts ($325 million), Rent Supplement ($64 million), Supplemental Security Income ($55 million) and Emergency Rental Assistance ($49 million), partially offset by higher than projected spending on benefit payments ($209 million).

- Office of Children & Families ($198 million lower) due largely to general programmatic underspending ($118 million), Child Welfare Services ($79 million) and Day Care ($65 million), partially offset by higher than projected spending on Youth Programs ($60 million).

- Public Health ($193 million lower) due to the timing of GPHW reimbursements to counties ($76 million), lower than projected Early Intervention spending resulting from the CHP Health Services Initiatives (HSI) transfer and delayed claims payments ($61 million), and the timing of several Executive adds totaling $90 million included in the FY 2024 budget ($55 million).

- All Other Education ($198 million higher) mainly due to accelerated claims for preschool special education ($255 million), partially offset by lower than projected spending for vocational rehabilitation programs ($21 million) and summer school special education ($19 million) due to the timing of claims.

- Lower spending for all other assistance and grants was driven largely by the timing of payments under the Energy Affordability Program ($200 million), the Division of Criminal Justice Services ($96 million), the Division of Housing and Community Renewal ($27 million), the Judiciary ($55 million) and Indigent Legal Services ($54 million), and by shifts of funding to the Office of the Attorney General from the Division of Housing and Community Renewal ($40 million).

Agency operations spending, including fringe benefits, was $99 million above the initial estimate due to higher than projected NPS spending, driven by the timing of FEMA reimbursement of previously incurred COVID-19 pandemic related expenses, partially offset by higher than projected reimbursement of fringe benefits supported by other funds. Transfers to other funds were $560 million above initial estimates, driven largely by higher than projected transfers for reimbursement of spending on capital projects.

Summary of All Governmental Funds Operating Results

All Governmental Funds ended December 2023 with a balance of $76.3 billion, $11.6 billion above the initial estimate due primarily to higher receipts ($7.2 billion) and lower than projected assistance and grants spending ($4.2 billion).

ALL GOVERNMENTAL FUNDS COMPARED TO PLANS
FY 2024 April to December
(millions of dollars)

				Variance Above/ (Below)			
				Initial Estimate		Revised Estimate	
	Initial Estimate	Revised Estimate	Actuals	$	%	$	%
OPENING BALANCE	**65,955**	**65,955**	**65,955**	**0**	**0.0%**	**0**	**0.0%**
ALL FUNDS RECEIPTS:	**166,731**	**170,656**	**173,902**	**7,171**	**4.3%**	**3,246**	**1.9%**
Total Taxes	**70,864**	**72,708**	**74,461**	**3,597**	**5.1%**	**1,753**	**2.4%**
Personal Income Tax	35,746	35,514	36,336	590	1.7%	822	2.3%
Consumption / Use Tax	16,604	16,740	16,660	56	0.3%	(80)	-0.5%
Business Taxes	8,769	9,715	9,692	923	10.5%	(23)	-0.2%
Pass Through Entity Tax	7,465	8,341	9,227	1,762	23.6%	886	10.6%
Other Taxes	2,280	2,398	2,546	266	11.7%	148	6.2%
Miscellaneous Receipts	**25,075**	**23,677**	**24,146**	**(929)**	**-3.7%**	**469**	**2.0%**
Federal Receipts	**70,792**	**74,271**	**74,790**	**3,998**	**5.6%**	**519**	**0.7%**
Bond & Note Proceeds	**-**	**-**	**505**	**505**	**100%**	**505**	**100%**
ALL FUNDS DISBURSEMENTS:	**167,932**	**163,840**	**163,541**	**(4,391)**	**-2.6%**	**(299)**	**-0.2%**
STATE OPERATING FUNDS	**88,635**	**83,431**	**83,753**	**(4,882)**	**-5.5%**	**322**	**0.4%**
Assistance and Grants	**65,202**	**60,361**	**60,954**	**(4,248)**	**-6.5%**	**593**	**1.0%**
School Aid	20,682	20,247	20,070	(612)	-3.0%	(177)	-0.9%
DOH Medicaid	23,787	20,654	22,327	(1,460)	-6.1%	1,673	8.1%
Higher Education	1,720	1,719	1,681	(39)	-2.3%	(38)	-2.2%
Transportation	4,823	4,846	4,809	(14)	-0.3%	(37)	-0.8%
Social Services	3,346	3,159	2,859	(487)	-14.6%	(300)	-9.5%
Mental Hygiene	5,315	4,418	4,417	(898)	-16.9%	(1)	0.0%
All Other	5,529	5,318	4,791	(738)	-13.3%	(527)	-9.9%
State Operations	**22,320**	**22,484**	**22,214**	**(106)**	**-0.5%**	**(270)**	**-1.2%**
Agency Operations	**15,448**	**15,801**	**15,651**	**203**	**1.3%**	**(150)**	**-0.9%**
Executive Agencies	7,758	8,151	8,195	437	5.6%	44	0.5%
University Systems	5,566	5,561	5,417	(149)	-2.7%	(144)	-2.6%
Elected Officials	2,124	2,089	2,039	(85)	-4.0%	(50)	-2.4%
Fringe Benefits/Fixed Costs	**6,872**	**6,683**	**6,563**	**(309)**	**-4.5%**	**(120)**	**-1.8%**
Pension Contribution	2,030	2,017	2,031	1	0.0%	14	0.7%
Health Insurance	3,633	3,567	3,606	(27)	-0.7%	39	1.1%
Other Fringe Benefits/Fixed Costs	1,209	1,099	926	(283)	-23.4%	(173)	-15.7%
Debt Service	**1,113**	**586**	**585**	**(528)**	**-47.4%**	**(1)**	**-0.2%**
CAPITAL PROJECTS (State and Federal Funds)	**13,047**	**11,772**	**10,981**	**(2,066)**	**-15.8%**	**(791)**	**-6.7%**
FEDERAL OPERATING AID	**66,250**	**68,637**	**68,807**	**2,557**	**3.9%**	**170**	**0.2%**
NET OTHER FINANCING SOURCES	**(85)**	**(26)**	**(23)**	**62**	**72.9%**	**3**	**11.5%**
CHANGE IN OPERATIONS	**(1,286)**	**6,790**	**10,338**	**11,624**	**903.9%**	**3,548**	**52.3%**
CLOSING BALANCE	**64,669**	**72,745**	**76,293**	**11,624**	**18.0%**	**3,548**	**4.9%**

Receipts

All Funds receipts totaled $173.9 billion, exceeding initial estimates by $7.2 billion, due largely to higher than initially projected tax collections ($3.6 billion), consistent with the General Fund operating results described earlier, and Federal receipts ($4 billion), driven by the timing of Federal operating aid spending and reimbursements.

Spending

State Operating Funds spending was $4.9 billion below initial estimates, driven predominantly by lower assistance and grants payments ($4.2 billion), consistent with the General Fund operating results described earlier, and capital projects spending ($2.1 billion), due to routine timing delays of various construction projects, including education, economic development, and housing & community renewal projects.

Federal operating aid spending totaled $68.8 billion, $2.6 billion (3.9 percent) above initial projections. The largest variances occurred in the following areas:

- DHSES ($2 billion higher) due to higher than planned Federal aid to localities pass-through reimbursement for previously incurred eligible COVID-19 expenses.

- EP ($1.7 billion higher) due to higher than initially forecasted program enrollment.

- OCFS ($570 million higher) driven by increased spending for Child Care ($582 million) and Child Welfare Services ($46 million), partially offset by underspending within the Equity Action Plan ($60 million).

- School Aid ($500 million higher) due primarily to the timing of U.S. Department of Agriculture School Lunch Act spending ($382 million) and claims for COVID-19 pandemic related grants ($126 million).

- Medicaid ($2.4 billion lower) primarily attributable to delayed Upper Payment Level (UPL) payments to hospitals and providers due to pending CMS approval of corresponding UPL demonstration years, higher than projected rebate collections, and the timing of offline payments including Hospital IGT and managed long term care supplemental payments which have not disbursed as initially projected.

All Governmental Funds Results Compared to Prior Year

The FY 2024 December All Funds balance, totaling $76.3 billion, was $3.7 billion higher than in the prior year due to a larger opening fund balance relative to FY 2023 ($12.4 billion) and increased receipts ($5.4 billion), largely offset by increased disbursements ($14.2 billion).

ALL GOVERNMENTAL FUNDS - RESULTS COMPARED TO PRIOR YEAR FY 2024 April to December (millions of dollars)	Actuals		Increase/(Decrease)	
	FY 2023	FY 2024	$	%
OPENING BALANCE	**53,549**	**65,955**	**12,406**	**23.2%**
ALL FUNDS RECEIPTS:	**168,476**	**173,902**	**5,426**	**3.2%**
Total Taxes	**79,848**	**74,461**	**(5,387)**	**-6.7%**
Personal Income Tax	42,118	36,336	(5,782)	-13.7%
Pass Through Entity Tax	9,721	9,227	(494)	-5.1%
All Other Taxes	28,009	28,898	889	3.2%
Miscellaneous Receipts	**23,216**	**24,146**	**930**	**4.0%**
Federal Receipts	**65,412**	**74,790**	**9,378**	**14.3%**
Bond & Note Proceeds	**0**	**505**	**505**	**100.0%**
ALL FUNDS DISBURSEMENTS:	**149,322**	**163,541**	**14,219**	**9.5%**
STATE OPERATING FUNDS	**79,284**	**83,753**	**4,469**	**5.6%**
Assistance and Grants	**55,568**	**60,954**	**5,386**	**9.7%**
School Aid	18,227	20,070	1,843	10.1%
DOH Medicaid (incl. admin and EP)	20,263	22,327	2,064	10.2%
All Other	17,078	18,557	1,479	8.7%
State Operations	**22,193**	**22,214**	**21**	**0.1%**
Agency Operations	**15,322**	**15,651**	**329**	**2.1%**
Executive Agencies	8,424	8,195	(229)	-2.7%
University Systems	5,033	5,417	384	7.6%
Elected Officials	1,865	2,039	174	9.3%
Fringe Benefits/Fixed Costs	**6,871**	**6,563**	**(308)**	**-4.5%**
Pension Contribution	1,967	2,031	64	3.3%
Health Insurance	3,573	3,606	33	0.9%
Other Fringe Benefits/Fixed Costs	1,331	926	(405)	-30.4%
Debt Service	**1,523**	**585**	**(938)**	**-61.6%**
CAPITAL PROJECTS (State and Federal Funds)	**9,189**	**10,981**	**1,792**	**19.5%**
FEDERAL OPERATING AID	**60,849**	**68,807**	**7,958**	**13.1%**
NET OTHER FINANCING SOURCES	**(74)**	**(23)**	**51**	**68.9%**
CHANGE IN OPERATIONS	**19,080**	**10,338**	**(8,742)**	**-45.8%**
CLOSING BALANCE	**72,629**	**76,293**	**3,664**	**5.0%**

All Funds Receipts

Tax collections through December were $5.4 billion lower than through the same period in FY 2023. The annual decline in taxes was driven largely by lower PIT receipts, partially offset by year-over-year increases in consumption/use taxes.

PIT receipts declined by $5.8 billion due to a combination of decreased estimated payments and final return payments, coupled with increased current and prior year refunds. The lower payments were partially offset by increased withholding and delinquencies, coupled with decreases in advanced credit payments and the State/City offset. Net PIT decreases were partially offset by growth in consumption/use taxes ($1.2 billion) due largely to higher sales tax receipts and increased motor fuel tax receipts related to the expiration of the temporary fuel tax holiday in December 2022.

Lower PTET collections ($494 million) were due to lower estimated payments and higher refunds, slightly offset by increased business taxes ($133 million) related to an increase in gross insurance tax and CFT receipts and a decrease in CFT refunds.

Miscellaneous receipts were $930 million higher than in FY 2023, driven primarily by investment income ($2.1 billion), HCRA ($639 million), EP ($309 million) and SUNY operations ($154 million), partially offset by lower bond proceeds related to the timing of reimbursements for various capital programs ($1.8 billion). Increased Federal receipts ($9.4 billion) are consistent with the changes in Federal operating aid described below.

All Funds Spending

State Operating Funds spending totaled $83.8 billion through December of FY 2024, an increase of $4.5 billion (5.6 percent) relative to the same period in FY 2023.

Assistance and grants spending through December was $5.4 billion higher than in the prior year. The largest spending changes include the following:

- Medicaid ($2.1 billion higher) attributable primarily to increased claims spending relative to last year related to elevated Fee-for-Service spending, and the disbursement of Patient Centered Medical Homes payments which did not disburse last year. This increased spending was partially offset by the claiming of Community First Choice Option – Managed Long Term Credits and decreased nursing home spending.

- School Aid ($1.8 billion higher) due primarily to the final year of the three-year phase-in of Foundation Aid as reflected in a higher level of appropriated spending in the FY 2024 Enacted Budget, increased spending related to Teachers' Retirement Systems ($186 million), and Universal Prekindergarten payments ($144 million).

- Mental Hygiene ($973 million higher) primarily due to a higher Local Share Adjustment ($589 million), increased OPWDD programmatic spending ($240 million), and increased spending in almost all OMH areas due to new investments in Assistance and Grants in the FY 2024 Enacted Budget ($158 million).

- Transportation ($514 million higher) due to increased Metropolitan Transportation Authority operating assistance ($442 million), increased Non-MTA transit systems' operating assistance ($53 million), and for GDC ($19 million).

- Temporary & Disability Assistance ($246 million higher) due primarily to a $250 million payment to the City of New York for asylum seeker assistance and increased benefit payments ($78 million), partially offset by decreased spending for Emergency Rental Assistance ($74 million).

- All Other Education ($166 million higher) due primarily to an acceleration of claims for preschool special education ($130 million) and increased spending for school meal programs ($35 million).

- All Other Assistance and Grants ($541 million lower) primarily due to lower spending in the Empire State Development Corporation ($278 million) and the Department of Public Service ($250 million), and one-time gaming payments from the State to casino hosting localities in April 2022 ($133 million), partially offset by higher spending for Indigent Legal Services ($133 million).

Executive agency operations spending decreased by $229 million from the prior year due largely to FEMA reimbursement for State costs incurred for COVID-19 pandemic response and recovery efforts in FY 2023 ($949 million). Excluding the FEMA reimbursement, operational spending increased due to salary increases pursuant to existing labor contracts and targeted increases for certain job titles including nurses, psychiatrists, and direct care staff. Annual fringe benefits spending declined by $308 million, primarily because of lower spending on Worker’s Compensation due to the partial prepayment of these obligations in FY 2023.

Debt Service spending was $938 million lower due to prior year prepayments and because the State continues to pay off older credits that traditionally had annual payments early in the fiscal year.

Federal operating spending increased by $8 billion over the prior year due primarily to the following:

- EP ($2.9 billion higher) attributable to higher program participation due to an expansion of program eligibility and increased rates.
- Medicaid ($2.2 billion higher) primarily attributable to claims growth, partially offset by the phaseout of eFMAP in December 2023, and the timing of Disproportionate Share Hospital Payments.
- OCFS ($666 million higher) driven by increased spending on Child Care ($596 million) and Child Welfare Services ($157 million), partially offset by decreased EO 13985 Equity Action Plan spending ($89 million).
- All Other Education ($242 million higher) due to increased spending on IDEA grants.
- Temporary & Disability Assistance ($769 million lower) driven by decreased spending on the Emergency Rental Assistance program ($563 million), HEAP ($185 million) and the Flexible Fund for Family Services ($81 million), partially offset by increased spending on benefit payments ($202 million).
- All Other Federal spending ($2.5 billion higher) increased due to Federal reimbursements of COVID-19 pandemic related costs passed through to local entities ($2.1 billion), FEMA reimbursement of COVID-19 expenses previously incurred ($949 million), and increased spending for the Empire State Development Small Business Credit Assistance Initiative ($151 million). Spending increases were partially offset by the non-recurring, coronavirus local fiscal recovery non-entitlement pass-through payment made in FY 2023 ($387 million) and decreased Housing & Community Renewal disbursements ($261 million) due to one-time Federal infrastructure funding in the prior year.

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 2023 on July 27, 2023. The Comptroller also prepares and issues an Annual Comprehensive Financial Report, which, in addition to the components referred to above, also includes an introductory section and a statistical section. The Annual Comprehensive Financial Report for the fiscal year ended March 31, 2023 was issued on September 29, 2023.

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

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

Fiscal Year Ended	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	All Governmental Funds	Accumulated General Fund Surplus/Deficit
March 31, 2023	15,447	819	(1,334)	(416)	14,516	42,912
March 31, 2022	11,339	1,792	4,352	1,173	18,656	27,465
March 31, 2021	8,600	467	2,596	4,186	15,849	20,312

SUMMARY OF NET POSITION (millions of dollars)

Fiscal Year Ended	Governmental Activities	Business-Type Activities	Total Primary Government
March 31, 2023	46,453	(15,565)	30,888
March 31, 2022	21,168	(18,866)	2,302
March 31, 2021	7,303*	(20,969)**	(13,666)

* The restatement in governmental funds is due to the reclassification of the Tuition Savings account from a General Fund account to a Private Purpose Trust, included within the Fiduciary Funds financial statements.

** The restatement for the business-type activities is a result of a change in accounting policy related to the timing of recording certain asset and debt activity from March 31 to June 30.

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

CAPITAL PROGRAM AND FINANCING PLAN OVERVIEW

State PIT Revenue Bond Program

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

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

DOB expects that the ECEP and PTET will be revenue neutral on a multi-year basis for PIT bondholders, although PIT receipts would decrease and ECEP and PTET receipts would increase to the extent that employers elect to participate in the ECEP and qualifying entities elect to pay PTET. However, because the PTET credits are not necessarily realized by taxpayers within the same fiscal year that PTET revenue is received by the State, the PTET will not be revenue-neutral to the State within each fiscal year. It is expected that the tax benefit accompanying the PTET and ECEP programs will end in 2025 due to the scheduled expiration of the SALT deduction cap after December 31, 2025 under current Federal law. Therefore, the estimates in the Updated Financial Plan reflect the likelihood that entities cease to participate in the later years of the Financial Plan period.

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

As of March 31, 2023, approximately $43.6 billion of State PIT Revenue Bonds were outstanding. The projected PIT Revenue Bond coverage ratios, noted below, are based upon estimates of RBTF Receipts and include projected debt issuances. PIT Revenue Bonds are expected to finance 75 percent of bond issuances annually, excluding GO Bonds, but can be used interchangeably with the Sales Tax Revenue Bond Program as needed.

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

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

	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Projected RBTF Receipts	33,048	35,000	35,951	34,653	40,041	40,341
Projected New PIT Bonds Issuances	2,949	5,010	6,601	7,038	6,413	6,309
Projected Total PIT Bonds Outstanding	41,177	45,654	50,905	57,048	61,808	64,740
Projected Maximum Annual Debt Service	4,059	4,389	4,936	5,530	6,070	6,230
Projected PIT Coverage Ratio	8.1	8.0	7.3	6.3	6.6	6.5

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

Sales Tax Revenue Bond Program

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

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

The Sales Tax Revenue Bond Fund has appropriation-incentive and General Fund "reach back" features comparable to PIT 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, 2023, $10.1 billion of Sales Tax Revenue Bonds were outstanding.

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

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

	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Projected Sales Tax Receipts	9,326	9,539	9,773	10,032	10,276	10,529
Projected New Sales Tax Bonds Issuances	2,209	2,350	2,268	2,346	2,138	2,103
Projected Total Sales Tax Bonds Outstanding	12,323	14,567	16,621	18,673	20,081	21,181
Projected Maximum Annual Debt Service	1,217	1,415	1,606	1,804	1,984	2,072
Projected Sales Tax Coverage Ratio	7.7	6.7	6.1	5.6	5.2	5.1

Borrowing Plan

STATE DEBT ISSUANCES BY FINANCING PROGRAM (millions of dollars)	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Personal Income Tax Revenue Bonds	2,949	5,010	6,601	7,038	6,413	6,309
Sales Tax Revenue Bonds	2,209	2,350	2,268	2,346	2,138	2,103
General Obligation Bonds	468	604	534	444	428	428
Total Issuances	5,626	7,964	9,403	9,828	8,979	8,840

Debt issuances totaling $8.0 billion are planned to finance capital project spending in FY 2025, an increase of $2.3 billion (42 percent) from FY 2024. The year over year growth is largely attributable to increased capital spending which is projected for FY 2025. Bond issuances in FY 2025 will finance capital commitments for economic development and housing ($1.8 billion), education ($1.3 billion), the environment ($720 million), health and mental hygiene ($1.0 billion), State facilities and equipment ($458 million), and transportation ($2.7 billion).

Over the five-year Capital Plan, new debt issuances are projected to total $45.0 billion. This reflects the continued application of $9 billion of PAYGO added in the last two fiscal years, primarily for the reduction of taxable issuances over the Plan period. New issuances are expected for economic development and housing ($10.5 billion), education facilities ($7.3 billion), the environment ($4.1 billion), mental hygiene and health care facilities ($5.5 billion), State facilities and equipment ($2.6 billion), and transportation infrastructure ($15.1 billion). Additionally, debt outstanding reflects the expectation that in FY 2025 the State will execute a service contract with Gateway Development Commission to pay principal and interest costs related to the $1.4 billion Railroad Rehabilitation and Improvement Financing (RRIF) loan for the Hudson Tunnel Project.

PROJECTED DEBT OUTSTANDING BY CREDIT (millions of dollars)	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Personal Income Tax Revenue Bonds	41,177	45,654	50,905	57,048	61,808	64,740
Sales Tax Revenue Bonds	12,323	14,567	16,621	18,673	20,081	21,181
General Obligation Bonds	2,128	2,546	2,875	3,082	3,266	3,455
Other Revenue Bonds	271	221	170	169	130	90
Service Contract [1]	16	1,379	1,379	1,379	1,379	1,379
TOTAL STATE-RELATED	55,915	64,367	71,950	80,350	86,664	90,845

[1] Includes the RRIF Loan related to the State's contribution to the Gateway Hudson Tunnel Project.

State-Related Debt Service Requirements

The following table presents the current and projected debt service (principal and interest) requirements on State-related debt. State-related debt service is projected at $3.0 billion in FY 2025, an increase of $415 million (16 percent) from FY 2024, which is affected by the prepayment of future debt service costs in the amount of $7.6 billion in FY 2022 and $6.0 billion in FY 2023. 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 bond-financed capital spending.

ESTIMATED DEBT SERVICE REQUIREMENTS ON EXISTING STATE-RELATED DEBT BY CREDIT STRUCTURE [1]
(millions of dollars)

	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	Total
Personal Income Tax Revenue Bonds	1,685	1,839	3,548	3,332	4,001	6,318	20,723
Sales Tax Revenue Bonds	616	842	1,038	1,214	1,744	1,937	7,391
General Obligation Bonds	211	260	296	345	365	372	1,849
Other State-Supported Bonds [2 3]	95	77	19	49	48	47	335
All Other State-Related Obligations [2]	0	3	5	6	4	2	20
Total Debt Service	2,607	3,022	4,906	4,946	6,161	8,676	30,318

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

[2] Excludes Mortgage Loan Commitments and Installation commitments

[3] Includes expected transaction costs associated with the Gateway Hudson Tunnel Project. The annual loan payments under the service contract will be captured as State-related obligations when finalized.

Adjusting debt service shown in the previous table for prepayments, State-related debt service is projected at $6.7 billion in FY 2025, an increase of $405 million (6 percent) from FY 2024. Adjusted State-related debt service is projected to increase from $6.3 billion in FY 2024 to $8.7 billion in FY 2029, an average rate of 6.6 percent annually.

AUTHORITIES AND LOCALITIES

Public Authorities

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

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

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

As of December 31, 2022 (with respect to the Job Development Authority (JDA) as of March 31, 2023), each of the 16 authorities listed in the following table had outstanding debt of $100 million or more, and the aggregate outstanding debt, including refunding bonds, was approximately $219 billion, only a portion of which constitutes State-supported or State-related debt. Note that the outstanding debt information contained in the following table is the most current information provided by OSC from data submitted by the 16 authorities as of the date of this AIS Update.

OUTSTANDING DEBT OF CERTAIN AUTHORITIES[(1)]
AS OF DECEMBER 31, 2022[(2)]
(millions of dollars)

Authority	State-Related Debt	Authority and Conduit	Total
Dormitory Authority	32,280	23,184	55,464
Metropolitan Transportation Authority	0	30,429	30,429
Port Authority of NY & NJ	0	27,813	27,813
UDC/ESD	18,840	968	19,808
Triborough Bridge and Tunnel Authority	0	17,974	17,974
Housing Finance Agency	0	17,851	17,851
Job Development Authority[(2)]	0	16,004	16,004
Thruway Authority	5,237	6,093	11,330
Long Island Power Authority[(3)]	0	8,705	8,705
Environmental Facilities Corporation	0	5,593	5,593
State of New York Mortgage Agency	0	2,833	2,833
Power Authority	0	2,387	2,387
Energy Research and Development Authority	0	1,608	1,608
Battery Park City Authority	0	811	811
Bridge Authority	0	114	114
Niagara Frontier Transportation Authority	0	112	112
TOTAL OUTSTANDING	56,357	162,479	218,836

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

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

(2) All Job Development Authority (JDA) debt outstanding reported as of March 31, 2023. This includes $16 billion in conduit debt issued by JDA's blended component units consisting of $6.1 billion issued by New York Liberty Development Corporation ($1.2 billion of which is also included in the amount reported for Port Authority of NY and NJ), $504 million issued by the Brooklyn Arena Local Development Corporation, and $9.4 billion issued by the New York Transportation Development Corporation.

(3) Includes $3.80 billion of Utility Debt Securitization Authority (UDSA) bonds. Chapter 173 of the Laws of 2013, as amended, authorized UDSA to restructure certain outstanding indebtedness of the Long Island Power Authority (LIPA) and UDSA, as well as to finance system resiliency costs. UDSA is reported as a blended component unit of LIPA in LIPA's audited financial statements.

Localities

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

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

The City of New York

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

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

Year	General Obligation Bonds	Obligations of TFA [1]	Obligations of STARC Corp. [2]	Obligations of TSASC, Inc.	Hudson Yards Infrastructure Corporation	Other Obligations [3]	Total
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
2021	38,574	49,957	0	993	2,677	1,983	94,184
2022	38,845	51,820	0	966	2,557	15,043	109,231
2023	40,093	53,506	0	938	2,519	13,902	110,958

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

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

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

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

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

Other Localities

Certain localities other than New York City have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. While a relatively infrequent practice, deficit financing by local governments has become more common in recent years. State legislation enacted from 2004 to date includes 30 special acts authorizing bond issuances to finance local government operating deficits. Included in this figure are special acts that extended the period of time related to prior authorizations and modifications to issuance amounts previously authorized. When a local government is authorized to issue bonds to finance operating deficits, the local government is subject to certain additional fiscal oversight during the time the bonds are outstanding as required by the State's Local Finance Law, including an annual budget review by OSC.

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

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

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

Based on financial data filed with OSC for the local fiscal years ending in 2022, a total of 14 local governments (5 cities, 4 towns, and 5 villages) and 14 school districts have been placed in a stress category by OSC. The vast majority of local governments (99.0 percent) and school districts (97.9 percent) are not classified in a fiscal stress category.

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

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

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

The following table summarizes the debt of New York City and its related issuers, and other New York State localities, from 1980 to 2022.

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
2018	89,668	0	35,855	5,737	125,523	5,737
2019	91,542	0	36,661	7,632	128,203	7,632
2020	95,025	0	36,375	8,741	131,400	8,741
2021	94,184	0	36,881	8,157	131,065	8,157
2022	109,231	0	37,652	7,272	146,883	7,272

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

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

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

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

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

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

STATE RETIREMENT SYSTEM

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

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

General

This section summarizes key information regarding the New York State and Local Retirement System ("NYSLRS" or the "System") and the Common Retirement Fund ("CRF"). The System was established as a means to pay benefits to the System's participants. The CRF comprises a pooled investment vehicle designed to protect and enhance the long-term value of the System's assets. Greater detail, including the independent auditor's report for the fiscal year ending March 31, 2023, is included in NYSLRS' Annual Comprehensive Financial Report ("NYSLRS' Financial Report") for the fiscal year ended March 31, 2023 and is available on the OSC website at the following address: https://www.osc.ny.gov/files/retirement/resources/pdf/annual-comprehensive-financial-report-2023.pdf.

Additionally, available at the OSC website is the System's asset listing for the fiscal year ended March 31, 2023. The audited financial statements with the independent auditor's report for the fiscal year ended March 31, 2023 is available on the OSC website at the following address: https://www.osc.ny.gov/files/retirement/resources/pdf/asset-listing-2023.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 2023 are available at the OSC website at: https://www.osc.ny.gov/retirement/resources/financial-statements-and-supplementary-information.

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

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

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

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

The System

The System provides pension benefits to public employees of the State and its localities (except employees of New York City, and public school teachers and administrators, who are covered by separate public retirement systems). State employees made up about 31 percent of the System's membership as of March 31, 2023. There were 2,979 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, 2023, 695,504 persons were members of the System, and 514,629 retirees and beneficiaries were receiving pension benefits. Article 5, section 7 of the State Constitution considers membership in any State pension or retirement system to be "a contractual relationship, the benefits of which shall not be diminished or impaired."

Comparison of Benefits by Tier

The System's members are categorized into six tiers depending on date of membership. As of March 31, 2023, approximately 37 percent of ERS members were in Tiers 3 and 4 and approximately 43 percent of PFRS members were in Tier 2. Tier 5 was enacted in 2009 and included significant changes to the benefit structure for ERS members who joined on or after January 1, 2010 and PFRS members who joined on or after January 9, 2010. Tier 6 was enacted in 2012 and included further changes to the benefit structure for ERS and PFRS members who joined on or after April 1, 2012. Approximately 59 percent of ERS members and 51 percent of PFRS members are in Tier 6.

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

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

Contributions and Funding

Contributions to the System are provided by employers and employees. Employers contribute on the basis of the plan or plans they provide for members. All ERS members joining from mid-1976 through 2009 were required to contribute 3 percent of their salaries. A statutory change in 2000, however, limited the contributions to the first 10 years of membership, but did not authorize refunds where contributions had already exceeded 10 years. All ERS members joining after 2009 and prior to April 1, 2012, and all PFRS members joining after January 9, 2010 and prior to April 1, 2012, are members of Tier 5. All Tier 5 ERS members and 79 percent of the Tier 5 PFRS members are required to contribute 3 percent of their salaries for their career. Members joining on or after April 1, 2012 are in Tier 6, and are required to pay contributions throughout their career on a stepped basis relative to each respective member's wages.[17] Members in Tier 6 of both ERS and PFRS earning $45,000 or less are required to contribute 3 percent of their gross annual wages; members earning between $45,001 and $55,000 are required to contribute 3.5 percent; members earning between $55,001 and $75,000 are required to contribute 4.5 percent; members earning between $75,001 and $100,000 are required to contribute 5.75 percent; and, those earning in excess of $100,000 are required to contribute 6 percent of their gross annual salary. Legislation enacted in April 2022 temporarily removed overtime earned from April 1, 2020 through March 31, 2022 from the calculation of contribution rates that Tier 6 members pay during FY 2022-23 and FY 2023-24.

In order to protect employers from potentially volatile contributions tied directly to the value of the System's assets held by the CRF, the System utilizes a multi-year smoothing procedure. One of the factors used by the System's Actuary to calculate employer contribution requirements is the assumed investment rate of return, which is currently 5.9 percent.[18]

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

The amount of future annual employer contribution rates will depend, in part, on the value of the assets held by the CRF as of each April 1, as well as on the present value of the anticipated benefits to be paid by the System as of each April 1. Contribution rates for FY 2025 were released on August 31, 2023. The average ERS rate will increase by 2.1 percent from 13.1 percent of salary in FY 2024 to 15.2 percent of salary in FY 2025, while the average PFRS rate will increase by 3.4 percent from 27.8 percent of salary in FY 2024 to 31.2 percent of salary in FY 2025. Information regarding average rates for FY 2025 may be found in the 2023 Annual Report to the Comptroller on Actuarial Assumptions which is accessible at:
https://www.osc.ny.gov/files/retirement/resources/pdf/actuarial-assumptions-2023.pdf.

[17] Less than 0.5 percent of the 18,284 PFRS Tier 6 members are non-contributory.

[18] 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. In August 2021, the Comptroller announced the assumed rate of return for NYSLRS would be lowered from 6.8 percent to 5.9 percent. The 6.8 percent rate of return was used to determine employer contribution rates in FY 2021 and FY 2022. The 5.9 percent rate of return has been used to determine employer contribution rates in FY 2023, FY 2024 and FY 2025.

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

The following represents the amortized receivable balance from local participating employers as of March 31, 2023, including the statutory amortization threshold and interest rate, for each respective fiscal year:

CHAPTER 57, LAWS OF 2010

	% of Payroll			
Year	ERS	PFRS	Interest %	Local (dollars in millions)
2011	9.5	17.5	5.00	$ —
2012	10.5	18.5	3.75	—
2013	11.5	19.5	3.00	—
2014	12.5	2.5	3.67	2.5
2015	13.5	21.5	3.15	8.9
2016	14.5	22.5	3.21	8.8
2017	15.1	23.5	2.33	2.3
2018	14.9	24.3	2.84	2.3
2019	14.4	23.5	3.64	2.7
2020	14.2	23.5	2.55	—
2021	14.1	24.4	1.33	—
2022	15.1	25.4	1.76	0.9
2023	14.1	26.4	3.61	—
				$ 28.4

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

The following represents the amortized receivable balance from local participating employers as of March 31, 2023, including the statutory amortization threshold and interest rate, for each respective fiscal year:

CHAPTER 57, LAWS OF 2013					
	% of Payroll				
Year	ERS	PFRS	Interest %	Local	
				(dollars in millions)	
2014	12.0	20.0	3.76	$	7.3
2015	12.0	20.0	3.50		15.7
2016	12.5	20.5	3.31		15.9
2017	13.0	21.0	2.63		10.7
2018	13.5	21.5	3.31		11.2
2019	14.0	22.0	3.99		7.0
2020	14.2	22.5	2.87		5.6
2021	14.1	23.0	1.60		6.6
2022	14.6	23.5	2.24		18.2
2023	14.1	24.0	3.70		12.8
				$	111.0

The total State payment (including Judiciary) due to NYSLRS for FY 2023 was approximately $1.947 billion. The State opted not to amortize under the Contribution Stabilization Program (eligible to amortize in PFRS only) and paid the March 1, 2023 invoice in full.

Chapter 55 of the Laws of 2023 amended the Contribution Stabilization Program (Program) to provide employers more flexible use of reserve funds while preserving the intent of the Program to smooth out pension contributions when rates increase. The Program also limits the size of the reserve fund assets that employers are required to maintain and allows NYSLRS participating employers to withdraw from the Program, subject to approval by the Comptroller, provided all prior year amortizations are paid in full, including interest.

The estimated total State payment (including Judiciary) for FY 2024 is approximately $1.926 billion. Several prepayments (including interest credit) have reduced the estimated total to approximately $5.196 million, which was paid on February 1, 2024. Therefore, the March 1, 2024 invoice has been paid in full.

The estimated total State payment (including Judiciary) for FY 2025 is approximately $2.083 billion. A prepayment toward the March 1, 2025 invoice, in the amount of $1.283 billion, was made on February 1, 2024.

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, 2023 was $249.5 billion (including $2.1 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 $24.2 billion or 8.8 percent from the FY 2022 level of $273.7 billion. The decrease in net position restricted for pension benefits from FY 2022 to FY 2023 is primarily the result of the net depreciation of the fair value of the investment portfolio.[19] The System's audited Financial Statement reports a time-weighted investment rate of return of negative 4.4 percent (gross rate of return before the deduction of certain fees) for FY 2023.

Consistent with statutory limitations affecting categories of investment, the State Comptroller, as trustee of the CRF, establishes a target asset allocation and approves policies and procedures to guide and direct the investment activities of the Division of Pension Investment and Cash Management. The purpose of this asset allocation strategy is to identify the optimal diversified mix of assets to meet the requirements of pension payment obligations to members. In the fiscal year ended March 31, 2020, an asset liability analysis was completed, and a long-term policy allocation was adopted as of April 1, 2021. The current long-term policy allocation seeks a mix that includes 47 percent public equities (32 percent domestic and 15 percent international); 24 percent fixed income and cash; and 29 percent alternative investments (10 percent private equity, 9 percent real estate, 4 percent credit, 3 percent opportunistic/absolute return or hedge funds, and 3 percent real assets). Since the implementation of the long-term policy allocation will take several years, transition targets have been established to aid in the asset rebalancing process. [20]

The System reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased to $333.1 billion (including $174.5 billion for retirees and beneficiaries) as of April 1, 2023, up from $320.1 billion as of April 1, 2022. 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, 2023. 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, 2023 in that the determination of actuarial assets utilized a smoothing

[19] On February 13, 2024, the State Comptroller announced that the estimated value of the Fund was $259.9 billion at the end of the third quarter of state fiscal year 2023-24. For the three-month period ending December 31, 2023, Fund investments returned an estimated 6.18%. The value of the invested assets changes daily.

[20] More detail on the CRF's asset allocation as of March 31, 2023 and long-term policy allocation can be found on page 110 of the NYSLRS' Financial Report for the fiscal year ending March 31, 2023.

method, with an eight-year smoothing period, that recognized 12.5 percent of the unexpected loss for FY 2023 and 25 percent of the unexpected gain for FY 2022. Actuarial assets increased from $267.2 billion on April 1, 2022 to $269.6 billion on April 1, 2023.
The ratio of fiduciary net position to the total pension liability for ERS, as of March 31, 2023, calculated by the System’s Actuary, was 90.78 percent. The ratio of the fiduciary net position to the total pension liability for PFRS, as of March 31, 2023, calculated by the System’s Actuary, was 87.43 percent.

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

The tables that follow show net assets, benefits paid and the actuarially determined contributions that have been made over the last ten years through March 31, 2023. See also "State Retirement System — Contributions and Funding" above.

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

Fiscal Year Ended March 31	Contributions Recorded: All Participating Employers (1) (2)	Local Employers (1) (2)	State (1) (2)	Employees	Total Benefits Paid (3)
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
2021	5,030	3,160	1,870	492	14,122
2022	5,628	3,578	2,050	578	14,905
2023	4,404	2,847	1,557	657	15,596

Sources: State and Local Retirement System.

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

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

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

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

Fiscal Year Ended March 31	Net Assets	Percent Increase / (Decrease) From Prior Year
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%
2021	260,081	31.3%
2022	273,719	5.2%
2023	249,508	-8.8%

Sources: State and Local Retirement System.

(1) Includes relatively small amounts held under the Group Life Insurance Plan. Includes some employer contribution receivables. Fiscal year ending March 31, 2023 includes approximately $2.1 billion of receivables.

Additional Information Regarding the System

The NYSLRS' Financial Report contains in-depth and audited information about the System. Among other things, the NYSLRS' Financial Report contains information about the number of members and retirees, salaries of members, valuation of assets, changes in fiduciary net position and information related to contributions to the System. The 2023 NYSLRS' Financial Report is available on the OSC website at the following web address:

https://www.osc.ny.gov/files/retirement/resources/pdf/annual-comprehensive-financial-report-2023.pdf.

1) Information on the number of members and retirees, including the change in the number of members and retirees and beneficiaries since 2013 can be found on page 31 of the NYSLRS' Financial Report at the link noted above. More information on this topic is available in the "Statistical" section of the NYSLRS' Financial Report.

2) A combined basic statement of changes in fiduciary net position can be found on pages 46-47 of the NYSLRS' Financial Report at the link noted above.

3) Schedule of Changes in the Employers' Net Pension Liability and Related Ratios (unaudited) can be found on pages 76-79 at the link noted above.

4) Information on contributions can be found on pages 155-163 of the NYSLRS' Financial Report at the link noted above.

5) A table with the market value of assets, actuarial value of assets and actuarial accrued liability of the CRF since 2013 can be found on page 164 of the NYSLRS' Financial Report at the link noted above.

Information related to the salaries of members can be found on pages 197-201 of the NYSLRS' Financial Report at the link noted above.

LITIGATION

General

The legal proceedings listed below involve State finances and programs and other claims in which the State is a defendant and the potential monetary claims against the State are deemed to be material, meaning in excess of $300 million[21] or involving significant challenges to or impacts on the State's financial policies or practices. As explained below, these proceedings could adversely affect the State's finances in FY 2024 or thereafter. The State intends to describe newly initiated proceedings that the State deems to be material and existing proceedings that the State has subsequently deemed to be material, as well as any material and adverse developments in the listed proceedings, in quarterly updates and/or supplements to the AIS.

For the purpose of the Litigation section of this AIS Update, the State defines "material and adverse developments" as rulings or decisions on or directly affecting the merits of a proceeding that have a significant adverse impact upon the State's ultimate legal position, and reversals of rulings or decisions on or directly affecting the merits of a proceeding in a significant manner, whether in favor of or adverse to the State's ultimate legal position, all of which are above the $300 million materiality threshold described above. The State intends to discontinue disclosure with respect to any individual case after a final determination on the merits or upon a determination by the State that the case does not meet the materiality threshold described above.

The State is party to other claims and litigation, with respect to which its legal counsel has advised that it is not probable that the State will suffer adverse court decisions, or which the State has determined do not, considered on a case-by-case basis, meet the materiality threshold described in the first paragraph of this section. Although the amounts of potential losses, if any, resulting from these litigation matters are not presently determinable, it is the State's position that any potential liability in these litigation matters is not expected to have a material and adverse effect on the State's financial position in FY 2024 or thereafter. The Basic Financial Statements for FY 2023, which OSC issued on July 27, 2023, reported possible and probable awards and anticipated unfavorable judgments against the State.

Adverse developments in the proceedings described below; other proceedings for which there are unanticipated, unfavorable and material judgments; or the initiation of new proceedings could affect the ability of the State to maintain a balanced FY 2024 Financial Plan. The State believes that the Financial Plan includes sufficient reserves to offset the costs associated with the payment of judgments that may be required during FY 2024. These reserves include (but are not limited to) amounts appropriated for Court of Claims payments and projected fund balances in the General Fund. In addition, any amounts ultimately required to be paid by the State may be subject to settlement or may be paid over a multi-year period. There can be no assurance, however, that adverse decisions in legal proceedings against the State would not exceed the amount of all potential Enacted Budget resources available for the payment of judgments, and could therefore adversely affect the ability of the State to maintain a balanced Financial Plan.

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

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

Real Property Claims

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), a consolidated action first instituted in 1982 under the federal Non-Intercourse Act, the tribe plaintiffs seek ejectment and monetary damages for their claim that approximately 15,000 acres in Franklin and St. Lawrence Counties were illegally transferred from their predecessors-in-interest. The United States is an intervenor plaintiff due to the underlying claim that New York violated the Non-Intercourse Act when acquiring Mohawk lands.

The defendants' 2006 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.

In 2021, the plaintiffs filed motions for partial summary judgment, which defendants opposed.

On March 14, 2022, the Court issued a Memorandum-Decision and Order granting in part, and denying in part, plaintiffs' partial motions for summary judgment. The Court concluded that plaintiffs had established a *prima facie* case under the Non-Intercourse Act and rejected several of the counterclaims and defenses asserted by the State and County defendants. The issue of whether the Hogansburg Triangle claim is barred by the doctrine of laches, however, remains in the case to be resolved after completion of discovery. As such, the Court has not yet rendered a full decision on the merits.

At the Court's direction, the parties have retained a mediator. The mediator held several joint and individual mediation sessions with the parties through the summer and fall of 2022. The case has not yet settled, but the parties have made substantial progress in their negotiations since retaining the mediator.

On June 30, 2023, the parties filed status reports indicating that there has been significant progress in settlement negotiations and that the Memorandum of Understanding is nearly complete. The State and Franklin County reached agreement on guarantee of annual funds. As of October 2023, the parties remain in negotiations over the language of a final settlement agreement. The mediator held a meeting with counsel on February 7, 2024, to identify the remaining points of contention. The parties are currently working to resolve those issues. If the issues are not fully resolved, the parties must appear at an in-person conference in Syracuse on February 26, 2024, to discuss the status of settlement with the Court.

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 the defendant leave to appeal to the Court of Appeals. On June 26, 2012, the Court of Appeals affirmed the denial of the State's motion to dismiss.

The trial commenced on January 21, 2015 and was completed on March 12, 2015. On September 19, 2016, the trial court ruled in favor of the State and dismissed the action. On appeal, by decision and order dated October 26, 2017, the Appellate Division reversed the judgment of the trial court and remanded the case for the trial court to make specific findings as to the adequacy of inputs and causation. In a decision and order dated January 10, 2019, Supreme Court, Albany County, found that the State's system of financing public education is adequate to provide the opportunity for a sound basic education. On appeal, by opinion and order dated May 27, 2021, the Appellate Division, Third Department, reversed, and granted a declaration that plaintiffs demonstrated a violation of § 1 of Article 11 of the State Constitution in each of the subject school districts as relates to the at-risk student population. The Appellate Division remitted the matter to the Supreme Court for the State to determine the appropriate remedy. The defendant moved in the Appellate Division for leave to appeal to the Court of Appeals, which the court denied.

Plaintiffs submitted a proposed order addressing an appropriate remedy to the State. The State rejected plaintiffs' proposed order because it sought to provide the subject school districts with State funding in excess of the aid to be received under the fully phased-in Foundation Aid formula. Subsequently, the Court permitted the parties to brief how it should proceed in addressing an appropriate remedy. By Letter Order dated April 6, 2022, the Court permitted the State to brief the historical increases in education aid and the current levels of education funding (state and federal) and whether this funding has sufficiently addressed the constitutional violations found by the Appellate Division, Third Department, in its May 27, 2021, Decision. Justice O'Connor found that the Court's standard of review of the State's proposed remedy is "reasonableness," and that the scope of the remedy should be limited to addressing the "at risk students" in the Plaintiffs-Districts in accordance with the Appellate Division, Third Department's Decision. By Notice of Appeal dated April 27, 2022, the plaintiffs appealed Justice O'Connor's Letter Order. Upon the request of the plaintiffs and consent by the State, Justice O'Connor stayed the lower court proceedings pending the plaintiffs' appeal of the Court's April 6, 2022, Letter Order.

By Decision and Order dated November 9, 2023, the Appellate Division, Third Department, affirmed Judge O'Connor's letter order, returning the action to the lower court to continue the remedial phase of the litigation. On December 1, 2023, Judge O'Connor established a briefing schedule with the State's brief due April 30, 2024, and Plaintiffs' reply brief due July 31, 2024. The Court will evaluate the submissions and either determine whether any further proceedings are necessary or issue a decision.

Compensation of Assigned Counsel

New York County Lawyers Ass'n, et al. v. State of New York, et al., 156916/2021 (Sup Ct. N.Y. Cty.) is a plenary action in which plaintiffs challenge the compensation rates paid pursuant to County Law Article 18-B, Section 245 of the Family Court Act, and Section 35 of the Judiciary Law for private counsel assigned to represent children and indigent adults. Plaintiffs assert that the low rates prevent children and indigent adults from receiving their constitutional right to effective and meaningful legal representation and sought declaratory and injunctive relief preventing the continued violation and setting new rates. The summons and complaint were filed on July 26, 2021. The State's answer was filed on November 17, 2021. On February 2, 2022, plaintiffs filed an order to show cause and a motion for a preliminary injunction. On April 21, 2022, Justice Headley held a hearing on the preliminary injunction motion and reserved decision. On July 25, 2022, the Court granted the plaintiffs' requested preliminary injunction and ordered payment of an increased rate by the State and the City of $158 per hour, retroactive to February 2, 2022. The preliminary injunction was silent on the funding structure for payment of the increased rates, as such, the structure shall remain as it is under current law and the State will be responsible for increased costs to the Judiciary as applicable to the representation of children pursuant to Judiciary Law Section 35, while the City will be responsible for the increased costs to represent indigent adults in Family Court, Criminal Court, and other court proceedings in New York City as required by County Law Article 18-B. The notice of entry was filed July 26, 2022. On August 25, 2022, the City Defendants filed an original and amended notice of appeal of the Court's decision and order. On or about August 25, 2022, the City also filed a notice of claim to compel the State to assume the costs of the rate increase. As perfected, the City's appeal was limited to whether Supreme Court erred in ordering the pay increase to be retroactive to February 2, 2022. On June 13, 2023, the First Department affirmed the Court's order and denied the City's appeal.

New York State Bar Association v. State of New York, 16091/2022 (Sup. Ct. N.Y. Cty.): This is a plenary action against the State as sole defendant, seeking the same relief as in the New York County Lawyers Association (NYCLA) litigation, but applicable to all 57 non-New York City counties. The Complaint was filed on November 30, 2022. On the same date, Plaintiff filed a Request for Judicial Intervention and a letter to the Court requesting a conference to determine whether briefing on an anticipated preliminary injunction was necessary in light of the injunction issued in NYCLA and, if so, to set a briefing schedule. On December 20, 2022, the State filed a stipulation signed by both parties extending the State's time to answer until January 31, 2023. On January 25, 2023, Plaintiffs filed an order to show cause and motion for a preliminary injunction seeking a rate increase to $164 per hour, consistent with the current federal rate. The State's answer was filed on January 31, 2023, and its opposition to the preliminary injunction motion was filed on March 6, 2023.

On May 3, 2023, the Governor signed a new budget bill that increased the hourly rate of compensation paid to all assigned counsel statewide to $158 per hour, with a cap of $10,000 per case. The changes are retroactive to April 1, 2023. *See* Part GG, FY 2024 Budget, Article VII, Education, Labor and Family Assistance. On May 12, 2023, Plaintiffs withdrew the preliminary injunction motion without prejudice.

Hurrell-Harring v. State of New York, 909435-2022 (Sup. Ct. Albany Cty.): On December 15, 2022, a new suit was filed on behalf of a plaintiff class certified in Hurrell-Harring v. State of New York, contending, among other things, that the State's failure to raise rates for assigned counsel violated a settlement agreement entered in Hurrell-Harring in 2015. In October 2023, the parties resolved the case via Stipulation of Dismissal. The Stipulation extended the settlement period to March 31, 2023.

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 2023 and projected receipts and disbursements for fiscal years 2024 through 2027 on a General Fund, State Operating Funds and All Governmental Funds basis.[22]

[22] 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 2023 Actuals	FY 2024 Projected	Annual $ Change	Annual % Change
Opening Fund Balance	**33,053**	**43,451**	**10,398**	**31.5%**
Receipts:				
Taxes:				
Personal Income Tax	27,607	24,483	(3,124)	-11.3%
Consumption/Use Taxes	7,239	9,885	2,646	36.6%
Business Taxes	17,856	17,039	(817)	-4.6%
Other Taxes	2,204	1,903	(301)	-13.7%
Miscellaneous Receipts	3,609	4,295	686	19.0%
Federal Receipts	2,351	2,250	(101)	-4.3%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	20,899	24,455	3,556	17.0%
PTET in Excess of Revenue Bond Debt Service	7,472	6,941	(531)	-7.1%
ECEP in Excess of Revenue Bond Debt Service	0	7	7	0.0%
Sales Tax in Excess of LGAC Bond Debt Service	2,198	0	(2,198)	-100.0%
Sales Tax in Excess of Revenue Bond Debt Service	7,291	8,711	1,420	19.5%
Real Estate Taxes in Excess of CW/CA Debt Service	1,180	878	(302)	-25.6%
All Other	3,291	4,159	868	26.4%
Total Receipts	**103,197**	**105,006**	**1,809**	**1.8%**
Disbursements:				
Assistance and Grants	62,852	74,048	11,196	17.8%
State Operations:				
Personal Service	9,464	10,552	1,088	11.5%
Non-Personal Service	3,043	2,332	(711)	-23.4%
General State Charges	9,115	9,379	264	2.9%
Transfers to Other Funds:				
Debt Service	298	227	(71)	-23.8%
Capital Projects	4,649	3,703	(946)	-20.3%
SUNY Operations	1,491	1,616	125	8.4%
Other Purposes	1,887	1,632	(255)	-13.5%
Total Disbursements	**92,799**	**103,489**	**10,690**	**11.5%**
Excess (Deficiency) of Receipts Over Disbursements	**10,398**	**1,517**	**(8,881)**	**-85.4%**
Closing Fund Balance	**43,451**	**44,968**	**1,517**	**3.5%**
Statutory Reserves				
Community Projects	25	23	(2)	
Contingency Reserve	21	21	0	
Rainy Day Reserve	4,638	4,638	0	
Tax Stabilization Reserve	1,618	1,618	0	
Reserved For				
Debt Management	2,355	2,436	81	
Economic Uncertainties	13,282	13,782	500	
Extraordinary Monetary Settlements	1,570	1,118	(452)	
Labor Settlements/Agency Operations	765	1,765	1,000	
Pandemic Assistance	245	0	(245)	
Timing of PTET/PIT Credits	14,358	13,873	(485)	
Undesignated Fund Balance	4,574	5,694	1,120	

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2024 Current	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Receipts:				
Taxes:				
Personal Income Tax	24,483	26,177	28,236	33,726
Consumption/Use Taxes	9,885	10,094	10,323	10,577
Business Taxes	17,039	17,061	15,796	9,135
Other Taxes	1,903	1,347	1,397	1,451
Miscellaneous Receipts	4,295	3,634	2,928	2,413
Federal Receipts	2,250	3,645	0	0
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	24,455	25,950	26,267	31,941
PTET in Excess of Revenue Bond Debt Service	6,941	7,240	6,160	(593)
ECEP in Excess of Revenue Bond Debt Service	7	8	8	0
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	8,711	8,696	8,735	8,817
Real Estate Taxes in Excess of CW/CA Debt Service	878	857	941	1,041
All Other	4,159	1,771	1,874	1,506
Total Receipts	**105,006**	**106,480**	**102,665**	**100,014**
Disbursements:				
Assistance and Grants	74,048	77,425	81,899	84,558
State Operations:				
Personal Service	10,552	11,163	11,111	11,305
Non-Personal Service	2,332	3,051	3,266	3,482
General State Charges	9,379	7,059	10,004	11,623
Transfers to Other Funds:				
Debt Service	227	263	289	338
Capital Projects	3,703	5,033	2,990	2,471
SUNY Operations	1,616	1,709	1,743	1,756
Other Purposes	1,632	1,883	1,769	1,771
Total Disbursements	**103,489**	**107,586**	**113,071**	**117,304**
Use (Reservation) of Fund Balance:				
Community Projects	2	0	0	0
Debt Management	(81)	576	860	0
Economic Uncertainties	(500)	0	500	0
Extraordinary Monetary Settlements	452	517	285	276
Labor Settlements/Agency Operations	(1,000)	(1,450)	0	0
Pandemic Assistance	245	0	0	0
Timing of PTET/PIT Credits	485	(456)	2,240	11,789
Undesignated Fund Balance	(1,120)	1,919	1,547	(4)
Total Use (Reservation) of Fund Balance	**(1,517)**	**1,106**	**5,432**	**12,061**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**0**	**(4,974)**	**(5,229)**

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	24,693	(725)	23,968	515	24,483
Consumption/Use Taxes	9,797	103	9,900	(15)	9,885
Business Taxes	15,836	436	16,272	767	17,039
Other Taxes	1,617	0	1,617	286	1,903
Miscellaneous Receipts	3,801	350	4,151	144	4,295
Federal Receipts	2,250	0	2,250	0	2,250
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	24,496	(558)	23,938	517	24,455
PTET in Excess of Revenue Bond Debt Service	6,520	(140)	6,380	561	6,941
ECEP in Excess of Revenue Bond Debt Service	5	0	5	2	7
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	8,575	156	8,731	(20)	8,711
Real Estate Taxes in Excess of CW/CA Debt Service	970	(60)	910	(32)	878
All Other	1,938	212	2,150	2,009	4,159
Total Receipts	**100,498**	**(226)**	**100,272**	**4,734**	**105,006**
Disbursements:					
Assistance and Grants	75,055	(1,800)	73,255	793	74,048
State Operations:					
Personal Service	10,619	(198)	10,421	131	10,552
Non-Personal Service	2,759	(352)	2,407	(75)	2,332
General State Charges	7,587	74	7,661	1,718	9,379
Transfers to Other Funds:					
Debt Service	217	10	227	0	227
Capital Projects	4,877	(1,175)	3,702	1	3,703
SUNY Operations	1,677	(50)	1,627	(11)	1,616
Other Purposes	1,621	1	1,622	10	1,632
Total Disbursements	**104,412**	**(3,490)**	**100,922**	**2,567**	**103,489**
Use (Reservation) of Fund Balance:					
Community Projects	2	0	2	0	2
Debt Management	(81)	0	(81)	0	(81)
Economic Uncertainties	0	0	0	(500)	(500)
Extraordinary Monetary Settlements	428	0	428	24	452
Labor Settlements/Agency Operations	(1,000)	0	(1,000)	0	(1,000)
Pandemic Assistance	245	0	245	0	245
Timing of PTET/PIT Credits	1,896	280	2,176	(1,691)	485
Undesignated Fund Balance	2,424	(3,544)	(1,120)	0	(1,120)
Total Use (Reservation) of Fund Balance	**3,914**	**(3,264)**	**650**	**(2,167)**	**(1,517)**
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 2025 Enacted	Change	FY 2025 Mid-Year	Change	FY 2025 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	26,060	134	26,194	(17)	26,177
Consumption/Use Taxes	9,895	214	10,109	(15)	10,094
Business Taxes	15,257	462	15,719	1,342	17,061
Other Taxes	1,305	0	1,305	42	1,347
Miscellaneous Receipts	2,772	800	3,572	62	3,634
Federal Receipts	3,645	0	3,645	0	3,645
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	25,396	136	25,532	418	25,950
PTET in Excess of Revenue Bond Debt Service	6,320	(528)	5,792	1,448	7,240
ECEP in Excess of Revenue Bond Debt Service	5	0	5	3	8
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	8,456	329	8,785	(89)	8,696
Real Estate Taxes in Excess of CW/CA Debt Service	1,009	(100)	909	(52)	857
All Other	1,632	53	1,685	86	1,771
Total Receipts	**101,752**	**1,500**	**103,252**	**3,228**	**106,480**
Disbursements:					
Assistance and Grants	78,717	(545)	78,172	(747)	77,425
State Operations:					
Personal Service	10,811	(180)	10,631	532	11,163
Non-Personal Service	3,826	(270)	3,556	(505)	3,051
General State Charges	9,319	(430)	8,889	(1,830)	7,059
Transfers to Other Funds:					
Debt Service	264	1	265	(2)	263
Capital Projects	5,410	(80)	5,330	(297)	5,033
SUNY Operations	1,718	(17)	1,701	8	1,709
Other Purposes	1,727	1	1,728	155	1,883
Total Disbursements	**111,792**	**(1,520)**	**110,272**	**(2,686)**	**107,586**
Use (Reservation) of Fund Balance:					
Debt Management	576	0	576	0	576
Extraordinary Monetary Settlements	516	0	516	1	517
Labor Settlements/Agency Operations	(1,450)	0	(1,450)	0	(1,450)
Timing of PTET/PIT Credits	424	709	1,133	(1,589)	(456)
Undesignated Fund Balance	919	1,000	1,919	0	1,919
				0	
Total Use (Reservation) of Fund Balance	**985**	**1,709**	**2,694**	**(1,588)**	**1,106**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(9,055)**	**4,729**	**(4,326)**	**4,326**	**0**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2026 Enacted	Change	FY 2026 Mid-Year	Change	FY 2026 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	28,041	368	28,409	(173)	28,236
Consumption/Use Taxes	10,100	227	10,327	(4)	10,323
Business Taxes	13,833	956	14,789	1,007	15,796
Other Taxes	1,365	0	1,365	32	1,397
Miscellaneous Receipts	2,261	700	2,961	(33)	2,928
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	25,858	491	26,349	(82)	26,267
PTET in Excess of Revenue Bond Debt Service	4,658	385	5,043	1,117	6,160
ECEP in Excess of Revenue Bond Debt Service	5	0	5	3	8
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	8,469	367	8,836	(101)	8,735
Real Estate Taxes in Excess of CW/CA Debt Service	1,091	(105)	986	(45)	941
All Other	1,555	53	1,608	266	1,874
Total Receipts	**97,236**	**3,442**	**100,678**	**1,987**	**102,665**
Disbursements:					
Assistance and Grants	82,303	(466)	81,837	62	81,899
State Operations:					
Personal Service	10,887	(141)	10,746	365	11,111
Non-Personal Service	3,814	(16)	3,798	(532)	3,266
General State Charges	10,569	(500)	10,069	(65)	10,004
Transfers to Other Funds:					
Debt Service	287	2	289	0	289
Capital Projects	3,049	9	3,058	(68)	2,990
SUNY Operations	1,752	(17)	1,735	8	1,743
Other Purposes	1,713	(1)	1,712	57	1,769
Total Disbursements	**114,374**	**(1,130)**	**113,244**	**(173)**	**113,071**
Use (Reservation) of Fund Balance:					
Debt Management	860	0	860	0	860
Economic Uncertainties	0	0	0	500	500
Extraordinary Monetary Settlements	286	0	286	(1)	285
Labor Settlements/Agency Operations	(1,450)	0	(1,450)	1,450	0
Timing of PTET/PIT Credits	3,023	(1,225)	1,798	442	2,240
Undesignated Fund Balance	546	1,000	1,546	1	1,547
Total Use (Reservation) of Fund Balance	**3,265**	**(225)**	**3,040**	**2,392**	**5,432**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(13,873)**	**4,347**	**(9,526)**	**4,552**	**(4,974)**

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2027 Enacted	Change	FY 2027 Mid-Year	Change	FY 2027 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	33,309	602	33,911	(185)	33,726
Consumption/Use Taxes	10,312	270	10,582	(5)	10,577
Business Taxes	8,692	722	9,414	(279)	9,135
Other Taxes	1,422	0	1,422	29	1,451
Miscellaneous Receipts	1,996	450	2,446	(33)	2,413
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	31,338	754	32,092	(151)	31,941
PTET in Excess of Revenue Bond Debt Service	(584)	145	(439)	(154)	(593)
ECEP in Excess of Revenue Bond Debt Service	0	0	0	0	0
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	8,502	415	8,917	(100)	8,817
Real Estate Taxes in Excess of CW/CA Debt Service	1,175	(85)	1,090	(49)	1,041
All Other	1,417	55	1,472	34	1,506
Total Receipts	**97,579**	**3,328**	**100,907**	**(893)**	**100,014**
Disbursements:					
Assistance and Grants	86,085	(408)	85,677	(1,119)	84,558
State Operations:					
Personal Service	10,988	(65)	10,923	382	11,305
Non-Personal Service	3,826	(72)	3,754	(272)	3,482
General State Charges	12,010	(499)	11,511	112	11,623
Transfers to Other Funds:					
Debt Service	337	1	338	0	338
Capital Projects	2,676	(91)	2,585	(114)	2,471
SUNY Operations	1,766	(17)	1,749	7	1,756
Other Purposes	1,727	(1)	1,726	45	1,771
Total Disbursements	**119,415**	**(1,152)**	**118,263**	**(959)**	**117,304**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	290	0	290	(14)	276
Labor Settlements/Agency Operations	(1,450)	0	(1,450)	1,450	0
Timing of PTET/PIT Credits	9,013	236	9,249	2,540	11,789
Undesignated Fund Balance	545	1,000	1,545	(1,549)	(4)
Total Use (Reservation) of Fund Balance	**8,398**	**1,236**	**9,634**	**2,427**	**12,061**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(13,438)**	**5,716**	**(7,722)**	**2,493**	**(5,229)**

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS
FY 2024
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	**43,451**	**9,113**	**159**	**52,723**
Receipts:				
Taxes	53,310	6,260	43,283	102,853
Miscellaneous Receipts	4,295	18,919	375	23,589
Federal Receipts	2,250	(17)	67	2,300
Total Receipts	**59,855**	**25,162**	**43,725**	**128,742**
Disbursements:				
Assistance and Grants	74,048	17,569	0	91,617
State Operations:				
Personal Service	10,552	5,444	0	15,996
Non-Personal Service	2,332	3,421	47	5,800
General State Charges	9,379	1,211	0	10,590
Debt Service	0	0	2,607	2,607
Capital Projects	0	0	0	0
Total Disbursements	**96,311**	**27,645**	**2,654**	**126,610**
Other Financing Sources (Uses):				
Transfers from Other Funds	45,151	3,182	2,108	50,441
Transfers to Other Funds	(7,178)	(964)	(43,166)	(51,308)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**37,973**	**2,218**	**(41,058)**	**(867)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**1,517**	**(265)**	**13**	**1,265**
Closing Fund Balance	**44,968**	**8,848**	**172**	**53,988**

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS
FY 2025
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	**44,968**	**8,848**	**172**	**53,988**
Receipts:				
Taxes	54,679	6,387	45,428	106,494
Miscellaneous Receipts	3,634	15,107	426	19,167
Federal Receipts	3,645	(17)	62	3,690
Total Receipts	**61,958**	**21,477**	**45,916**	**129,351**
Disbursements:				
Assistance and Grants	77,425	17,347	0	94,772
State Operations:				
Personal Service	11,163	5,590	0	16,753
Non-Personal Service	3,051	3,306	49	6,406
General State Charges	7,059	1,256	0	8,315
Debt Service	0	0	3,022	3,022
Capital Projects	0	0	0	0
Total Disbursements	**98,698**	**27,499**	**3,071**	**129,268**
Other Financing Sources (Uses):				
Transfers from Other Funds	44,522	3,535	1,987	50,044
Transfers to Other Funds	(8,888)	946	(44,822)	(52,764)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**35,634**	**4,481**	**(42,835)**	**(2,720)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(1,106)**	**(1,541)**	**10**	**(2,637)**
Closing Fund Balance	**43,862**	**7,307**	**182**	**51,351**

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS
FY 2026
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	55,752	6,443	46,696	108,891
Miscellaneous Receipts	2,928	17,120	436	20,484
Federal Receipts	0	(17)	58	41
Total Receipts	**58,680**	**23,546**	**47,190**	**129,416**
Disbursements:				
Assistance and Grants	81,899	17,158	0	99,057
State Operations:				
Personal Service	11,111	5,884	0	16,995
Non-Personal Service	3,266	4,629	49	7,944
General State Charges	10,004	1,275	0	11,279
Debt Service	0	0	4,906	4,906
Capital Projects	0	0	0	0
Total Disbursements	**106,280**	**28,946**	**4,955**	**140,181**
Other Financing Sources (Uses):				
Transfers from Other Funds	43,985	3,458	1,966	49,409
Transfers to Other Funds	(6,791)	1,153	(44,175)	(49,813)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**37,194**	**4,611**	**(42,209)**	**(404)**
Use (Reservation) of Fund Balance:				
Debt Management	860	0	0	860
Economic Uncertainties	500	0	0	500
Extraordinary Monetary Settlements	285	0	0	285
Labor Settlements/Agency Operations	0	0	0	0
Timing of PTET/PIT Credits	2,240	0	0	2,240
Undesignated Fund Balance	1,547	0	0	1,547
Total Use (Reservation) of Fund Balance	**5,432**	**0**	**0**	**5,432**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(4,974)**	**(789)**	**26**	**(5,737)**

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	54,889	6,620	45,759	107,268
Miscellaneous Receipts	2,413	17,385	451	20,249
Federal Receipts	0	(17)	53	36
Total Receipts	**57,302**	**23,988**	**46,263**	**127,553**
Disbursements:				
Assistance and Grants	84,558	17,303	0	101,861
State Operations:				
Personal Service	11,305	6,027	0	17,332
Non-Personal Service	3,482	4,721	49	8,252
General State Charges	11,623	1,299	0	12,922
Debt Service	0	0	4,946	4,946
Capital Projects	0	0	0	0
Total Disbursements	**110,968**	**29,350**	**4,995**	**145,313**
Other Financing Sources (Uses):				
Transfers from Other Funds	42,712	3,493	1,845	48,050
Transfers to Other Funds	(6,336)	1,150	(43,079)	(48,265)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**36,376**	**4,643**	**(41,234)**	**(215)**
Use (Reservation) of Fund Balance:				
Extraordinary Monetary Settlements	276	0	0	276
Labor Settlements/Agency Operations	0	0	0	0
Timing of PTET/PIT Credits	11,789	0	0	11,789
Undesignated Fund Balance	(4)	0	0	(4)
Total Use (Reservation) of Fund Balance	**12,061**	**0**	**0**	**12,061**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(5,229)**	**(719)**	**34**	**(5,914)**

Source: NYS DOB.

CASH RECEIPTS
ALL GOVERNMENTAL FUNDS
FY 2024 THROUGH FY 2027
(millions of dollars)

	FY 2024 Current	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Taxes:				
Withholdings	53,808	56,386	59,282	62,337
Estimated Payments	10,264	11,157	12,083	21,049
Final Payments	3,630	3,781	3,971	4,167
Other Payments	1,860	1,914	1,969	2,023
Gross Collections	**69,562**	**73,238**	**77,305**	**89,576**
State/City Offset	(1,203)	(1,432)	(1,531)	(1,669)
Refunds	(16,159)	(16,302)	(16,208)	(17,415)
Reported Tax Collections	**52,200**	**55,504**	**59,566**	**70,492**
STAR (Dedicated Deposits)	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0
Personal Income Tax	**52,200**	**55,504**	**59,566**	**70,492**
Sales and Use Tax	19,931	20,380	20,880	21,434
Cigarette and Tobacco Taxes	836	798	764	731
Vapor Excise Tax	25	25	25	25
Motor Fuel Tax	491	491	486	482
Alcoholic Beverage Taxes	276	278	281	284
Opioid Excise Tax	23	23	23	23
Medical Cannabis Excise Tax	9	9	9	9
Adult Use Cannabis Tax	70	158	245	339
Highway Use Tax	144	143	143	144
Auto Rental Tax	131	124	127	131
Peer to Peer Car Sharing Tax	0	2	2	2
Gross Consumption/Use Taxes	**21,936**	**22,431**	**22,985**	**23,604**
LGAC/STBF (Dedicated Transfers)	0	0	0	0
Consumption/Use Taxes	**21,936**	**22,431**	**22,985**	**23,604**
Corporation Franchise Tax	8,951	8,535	8,501	8,572
Corporation and Utilities Tax	518	539	536	538
Insurance Taxes	2,710	2,710	2,787	2,908
Bank Tax	(9)	212	0	0
Pass Through Entity Tax	13,882	14,480	12,320	(1,186)
Petroleum Business Tax	1,115	1,068	1,021	1,012
Gross Business Taxes	**27,167**	**27,544**	**25,165**	**11,844**
RBTF (Dedicated Transfers)	0	0	0	0
Business Taxes	**27,167**	**27,544**	**25,165**	**11,844**
Estate Tax	1,882	1,325	1,375	1,437
Real Estate Transfer Tax	1,166	1,147	1,230	1,331
Employer Compensation Expense Program	14	15	15	0
Gift Tax	0	0	0	0
Real Property Gains Tax	0	0	0	0
Pari-Mutuel Taxes	12	12	12	12
Other Taxes	2	2	2	2
Gross Other Taxes	**3,076**	**2,501**	**2,634**	**2,782**
Real Estate Transfer Tax (Dedicated)	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0
Other Taxes	**3,076**	**2,501**	**2,634**	**2,782**
Payroll Tax	**0**	**0**	**0**	**0**
Total Taxes	**104,379**	**107,980**	**110,350**	**108,722**
Licenses, Fees, Etc.	730	630	631	629
Abandoned Property	450	550	450	450
Motor Vehicle Fees	1,151	1,216	1,254	1,293
ABC License Fee	65	72	72	70
Reimbursements	66	66	66	66
Investment Income	2,350	1,750	1,100	550
Extraordinary Settlements	33	0	0	0
Other Transactions	26,155	23,710	29,035	29,553
Miscellaneous Receipts	**31,000**	**27,994**	**32,608**	**32,611**
Federal Receipts	**95,923**	**91,894**	**87,922**	**88,049**
Total	**231,302**	**227,868**	**230,880**	**229,382**

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
Opening Fund Balance	**43,451**	**23,939**	**(1,594)**	**159**	**65,955**
Receipts:					
Taxes	53,310	6,260	1,526	43,283	104,379
Miscellaneous Receipts	4,295	19,286	7,044	375	31,000
Federal Receipts	2,250	90,309	3,297	67	95,923
Total Receipts	**59,855**	**115,855**	**11,867**	**43,725**	**231,302**
Disbursements:					
Assistance and Grants	74,048	103,126	4,796	0	181,970
State Operations:					
Personal Service	10,552	6,146	0	0	16,698
Non-Personal Service	2,332	6,095	0	47	8,474
General State Charges	9,379	1,602	0	0	10,981
Debt Service	0	0	0	2,607	2,607
Capital Projects	0	0	10,874	0	10,874
Total Disbursements	**96,311**	**116,969**	**15,670**	**2,654**	**231,604**
Other Financing Sources (Uses):					
Transfers from Other Funds	45,151	3,182	4,103	2,108	54,544
Transfers to Other Funds	(7,178)	(3,554)	(897)	(43,166)	(54,795)
Bond and Note Proceeds	0	0	564	0	564
Net Other Financing Sources (Uses)	**37,973**	**(372)**	**3,770**	**(41,058)**	**313**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**1,517**	**(1,486)**	**(33)**	**13**	**11**
Closing Fund Balance	**44,968**	**22,453**	**(1,627)**	**172**	**65,966**

Source: NYS DOB.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	**44,968**	**22,453**	**(1,627)**	**172**	**65,966**
Receipts:					
Taxes	54,679	6,387	1,486	45,428	107,980
Miscellaneous Receipts	3,634	15,447	8,487	426	27,994
Federal Receipts	3,645	84,632	3,555	62	91,894
Total Receipts	**61,958**	**106,466**	**13,528**	**45,916**	**227,868**
Disbursements:					
Assistance and Grants	77,425	98,773	6,497	0	182,695
State Operations:					
Personal Service	11,163	6,290	0	0	17,453
Non-Personal Service	3,051	5,473	0	49	8,573
General State Charges	7,059	1,649	0	0	8,708
Debt Service	0	0	0	3,022	3,022
Capital Projects	0	0	12,301	0	12,301
Total Disbursements	**98,698**	**112,185**	**18,798**	**3,071**	**232,752**
Other Financing Sources (Uses):					
Transfers from Other Funds	44,522	3,535	5,436	1,987	55,480
Transfers to Other Funds	(8,888)	(1,448)	(574)	(44,822)	(55,732)
Bond and Note Proceeds	0	0	359	0	359
Net Other Financing Sources (Uses)	**35,634**	**2,087**	**5,221**	**(42,835)**	**107**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(1,106)**	**(3,632)**	**(49)**	**10**	**(4,777)**
Closing Fund Balance	**43,862**	**18,821**	**(1,676)**	**182**	**61,189**

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2026
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	55,752	6,443	1,459	46,696	110,350
Miscellaneous Receipts	2,928	17,418	11,826	436	32,608
Federal Receipts	0	84,197	3,667	58	87,922
Total Receipts	**58,680**	**108,058**	**16,952**	**47,190**	**230,880**
Disbursements:					
Assistance and Grants	81,899	95,078	7,990	0	184,967
State Operations:					
Personal Service	11,111	6,586	0	0	17,697
Non-Personal Service	3,266	6,489	0	49	9,804
General State Charges	10,004	1,669	0	0	11,673
Debt Service	0	0	0	4,906	4,906
Capital Projects	0	0	12,014	0	12,014
Total Disbursements	**106,280**	**109,822**	**20,004**	**4,955**	**241,061**
Other Financing Sources (Uses):					
Transfers from Other Funds	43,985	3,458	3,386	1,966	52,795
Transfers to Other Funds	(6,791)	(1,230)	(853)	(44,175)	(53,049)
Bond and Note Proceeds	0	0	352	0	352
Net Other Financing Sources (Uses)	**37,194**	**2,228**	**2,885**	**(42,209)**	**98**
Use (Reservation) of Fund Balance:					
Debt Management	860	0	0	0	860
Economic Uncertainties	500	0	0	0	500
Extraordinary Monetary Settlements	285	0	0	0	285
Labor Settlements/Agency Operations	0	0	0	0	0
Timing of PTET/PIT Credits	2,240	0	0	0	2,240
Undesignated Fund Balance	1,547	0	0	0	1,547
Total Use (Reservation) of Fund Balance	**5,432**	**0**	**0**	**0**	**5,432**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(4,974)**	**464**	**(167)**	**26**	**(4,651)**

Source: NYS DOB.

CASH FINANCIAL PLAN ALL GOVERNMENTAL FUNDS FY 2027 (millions of dollars)	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	54,889	6,620	1,454	45,759	108,722
Miscellaneous Receipts	2,413	17,676	12,071	451	32,611
Federal Receipts	0	84,493	3,503	53	88,049
Total Receipts	**57,302**	**108,789**	**17,028**	**46,263**	**229,382**
Disbursements:					
Assistance and Grants	84,558	96,072	7,981	0	188,611
State Operations:					
Personal Service	11,305	6,732	0	0	18,037
Non-Personal Service	3,482	6,419	0	49	9,950
General State Charges	11,623	1,694	0	0	13,317
Debt Service	0	0	0	4,946	4,946
Capital Projects	0	0	11,380	0	11,380
Total Disbursements	**110,968**	**110,917**	**19,361**	**4,995**	**246,241**
Other Financing Sources (Uses):					
Transfers from Other Funds	42,712	3,493	2,863	1,845	50,913
Transfers to Other Funds	(6,336)	(1,026)	(720)	(43,079)	(51,161)
Bond and Note Proceeds	0	0	262	0	262
Net Other Financing Sources (Uses)	**36,376**	**2,467**	**2,405**	**(41,234)**	**14**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	276	0	0	0	276
Timing of PTET/PIT Credits	11,789	0	0	0	11,789
Undesignated Fund Balance	(4)	0	0	0	(4)
Total Use (Reservation) of Fund Balance	**12,061**	**0**	**0**	**0**	**12,061**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(5,229)**	**339**	**72**	**34**	**(4,784)**

Source: NYS DOB.

CASHFLOW
GENERAL FUND
FY 2024
(millions of dollars)

	2023 April Actuals	May Actuals	June Actuals	July Actuals	August Actuals	September Actuals	October Actuals	November Actuals	December Projected	2024 January Projected	February Projected	March Projected	Total
OPENING BALANCE	43,451	46,939	40,448	44,184	44,319	42,520	47,972	47,425	46,126	51,067	51,725	46,158	43,451
RECEIPTS:													
Personal Income Tax	3,727	1,044	2,498	1,713	1,850	2,158	1,143	1,685	2,347	2,363	1,998	1,957	24,483
Consumption/Use Taxes	730	730	969	794	765	970	773	774	985	872	706	817	9,885
Business Taxes	1,116	214	3,047	201	144	3,398	(321)	98	3,991	364	153	4,634	17,039
Other Taxes	170	407	79	63	178	170	324	144	94	92	91	91	1,903
Total Taxes	5,743	2,395	6,593	2,771	2,937	6,696	1,919	2,701	7,417	3,691	2,948	7,499	53,310
Abandoned Property	1	0	0	0	10	100	30	130	0	30	10	139	450
ABC License Fee	6	7	5	5	6	5	5	4	4	7	6	5	65
Investment Income	204	176	192	183	198	202	206	214	203	215	175	182	2,350
Licenses, Fees, etc.	72	47	56	29	83	77	70	49	39	70	70	68	730
Motor Vehicle Fees	13	44	11	16	36	(6)	25	25	6	12	14	29	225
Reimbursements	39	4	96	45	(52)	28	(8)	(63)	52	(35)	11	(51)	66
Extraordinary Settlements	0	0	0	0	0	0	0	33	0	0	0	0	33
Other Transactions	(4)	5	14	50	16	47	57	(3)	39	19	18	118	376
Total Miscellaneous Receipts	331	283	374	328	297	453	385	389	343	318	304	490	4,295
Federal Receipts	0	0	0	0	0	0	0	0	0	0	0	2,250	2,250
PIT in Excess of Revenue Bond Debt Service	3,731	1,044	2,497	1,560	1,342	2,512	1,143	1,685	2,351	3,735	839	2,016	24,455
PTET in Excess of Revenue Bond Debt Service	49	66	1,269	19	68	1,487	(550)	25	2,182	205	152	1,969	6,941
ECEP in Excess of Revenue Bond Debt Service	0	0	0	0	0	0	0	0	2	1	0	4	7
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	614	623	887	686	665	1,009	648	634	860	657	524	904	8,711
Real Estate Taxes in Excess of CW/CA Debt Service	77	86	82	74	86	88	77	69	69	66	59	45	878
All Other	168	190	121	192	166	120	94	176	598	227	178	1,929	4,159
Total Transfers from Other Funds	4,639	2,009	4,856	2,531	2,327	5,216	1,412	2,589	6,062	4,891	1,752	6,867	45,151
TOTAL RECEIPTS	10,713	4,687	11,823	5,630	5,561	12,365	3,716	5,679	13,822	8,900	5,004	17,106	105,006
DISBURSEMENTS:													
School Aid	1,391	4,484	1,922	346	678	1,829	811	1,988	2,684	1,614	1,147	9,986	28,880
Higher Education	29	24	620	124	71	120	535	50	107	97	515	921	3,213
All Other Education	16	39	270	200	878	62	59	180	190	62	53	463	2,472
Medicaid - DOH	3,477	3,073	1,414	2,512	2,990	1,402	10	1,598	1,207	2,224	692	(109)	20,490
Public Health	37	61	77	51	74	69	31	(48)	91	118	138	155	854
Mental Hygiene	34	94	1,236	196	71	1,267	100	84	1,294	104	1,732	1,354	7,566
Children and Families	39	78	148	129	64	250	49	301	93	106	106	608	1,971
Temporary & Disability Assistance	154	126	216	384	148	148	153	216	165	427	179	499	2,815
Transportation	0	40	19	1	51	0	19	44	165	9	29	153	530
Unrestricted Aid	0	13	390	0	0	117	7	0	187	1	3	72	790
All Other	48	(182)	80	54	63	99	88	80	59	200	1,351	2,527	4,467
Total Assistance and Grants	5,225	7,850	6,392	3,997	5,088	5,363	1,862	4,493	6,242	4,962	5,945	16,629	74,048
Personal Service	785	792	916	746	984	769	761	1,018	797	916	859	1,209	10,552
Non-Personal Service	121	226	(413)	173	283	183	234	261	262	321	354	327	2,332
Total State Operations	906	1,018	503	919	1,267	952	995	1,279	1,059	1,237	1,213	1,536	12,884
General State Charges	657	1,832	481	445	483	489	479	427	478	632	2,272	704	9,379
Debt Service	38	0	1	56	(2)	(1)	0	0	0	158	(10)	(13)	227
Capital Projects	106	(72)	296	(238)	399	39	846	475	988	1,154	1,097	(1,387)	3,703
SUNY Operations	228	235	304	288	56	20	1	230	16	46	31	161	1,616
Other Purposes	65	315	110	28	69	51	80	74	98	53	23	666	1,632
Total Transfers to Other Funds	437	478	711	134	522	109	927	779	1,102	1,411	1,141	(573)	7,178
TOTAL DISBURSEMENTS	7,225	11,178	8,087	5,495	7,360	6,913	4,263	6,978	8,881	8,242	10,571	18,296	103,489
Excess/(Deficiency) of Receipts over Disbursements	3,488	(6,491)	3,736	135	(1,799)	5,452	(547)	(1,299)	4,941	658	(5,567)	(1,190)	1,517
CLOSING BALANCE	46,939	40,448	44,184	44,319	42,520	47,972	47,425	46,126	51,067	51,725	46,158	44,968	44,968

Source: NYS DOB.