UPDATE TO ANNUAL INFORMATION STATEMENT

STATE OF NEW YORK

WE ARE NY

February 20, 2025

INTRODUCTION

This third quarter update to the Annual Information Statement for FY 2025 (the "AIS Update") is dated February 20, 2025 (the same date as the release date of the Governor's Executive Budget for FY 2026, as amended) and contains information only through that date, unless otherwise noted. The Annual Information Statement for FY 2025 dated May 24, 2024 (the "AIS") and this AIS Update constitute the official disclosure regarding the financial condition of the State of New York (the "State"). This AIS Update, including the Exhibits attached hereto, should be read in its entirety, together with the AIS.

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

In this AIS Update, readers will find:

1. Information on the State's current financial projections, including summaries and extracts from the Governor's Executive Budget Financial Plan for FY 2026 (the "Updated Financial Plan" or "Executive Budget Financial Plan") issued by DOB on January 21, 2025 and amended February 20, 2025. 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 2025 (quarter ended December 31, 2024); and updates to the State's official financial projections for FY 2025 through FY 2028, as well as projections for FY 2029 which appear for the first time in this AIS Update (the "Financial Plan period").[1] This AIS Update is dated the same date as the release date of the amendments to the Updated Financial Plan and contains information only through this date, except for certain explanatory information not contained in the Updated Financial Plan which DOB has determined does not materially change the projections contained in the Updated Financial Plan.

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

2. A discussion of issues and risks that may affect the State's financial projections during FY 2025 or in future fiscal years is provided under the heading "Other Matters Affecting the Financial Plan".
3. Information on other subjects relevant to the State's finances, including summaries of: (a) the State's revised economic forecast and a profile of the State economy, (b) the Generally Accepted Accounting Principles (GAAP) basis results for the prior three fiscal years, (c) the State's debt and other financing activities, and (d) activities of public authorities and localities.

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

4. Updated information regarding the State Retirement System.
5. The status of significant litigation that has the potential to adversely affect the State's finances.
6. Financial Plan tables that summarize actual General Fund receipts and disbursements for FY 2024 and projected receipts and disbursements for FY 2025 through FY 2029 on a General Fund, State Operating Funds and All Governmental Funds basis.

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

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

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

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

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

OSC issued the State's Basic Financial Statements for FY 2024 on July 26, 2024, and the Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting on July 24, 2024 in accordance with the annual statutory deadline. Copies of these reports may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 and on its website at www.osc.state.ny.us. The Basic Financial Statements for FY 2024 can also be accessed through EMMA at www.emma.msrb.org.

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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. 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 Updated Financial Plan excludes the impact of PTET, unless otherwise noted. Please see the description under the heading "PTET Financial Plan Impact" for more information.

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

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

and gap-closing discussion in the Updated Financial Plan is generally weighted toward the General Fund.

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

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

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

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

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

The term “actual”, “actuals” or “results” is used throughout the Updated Financial Plan and this AIS Update to mean year-to-date unaudited data and (i) prior to the release of audited financial statements by OSC on or before July 29th of each year, year-end actual but unaudited data, or (ii) after the release of audited financial statements by OSC, year-end actual audited data.

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

FINANCIAL PLAN OVERVIEW

Governor's Amendments to the FY 2026 Executive Budget

New York State Governor Kathy Hochul submitted the Executive Budget for FY 2026 to the Legislature on January 21, 2025. In accordance with the State Constitution, the Governor submitted amendments to the Executive Budget on February 20, 2025. The amendments are summarized in the Governor's Amendments to the FY 2026 Executive Budget, which is available on the DOB website at www.budget.ny.gov.

The amendments to the FY 2026 Executive Budget were generally technical in nature and are not expected to have a materially adverse impact on the Executive Budget Financial Plan. Accordingly, the multi-year (FY 2025 through FY 2029) forecasts of receipts and disbursements remained unchanged. However, the Governor's Amendments to the FY 2026 Executive Budget "Economic Outlook" section did reflect actual FY 2023-24 data which was published after the Executive Budget Financial Plan was released in January 2025. The "Economic Outlook" section in this AIS Update is as of the Executive Budget Financial Plan and does not reflect this updated data.

On or before March 1, 2025, 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 2025 and FY 2026).

Any revisions to the Executive Budget Financial Plan receipts forecast from the consensus forecast process, as well as necessary spending revisions associated with new costs and amendments to the Executive Budget Financial Plan will be reflected in the FY 2026 Enacted Budget.

The following table provides key financial measures for FY 2024 results, revised estimates for FY 2025, and FY 2026 projections based on the Executive Budget proposal.

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

	FY 2024 Actuals	FY 2025 Current Estimate	FY 2026 Executive Proposal
State Operating Funds Disbursements[1]			
Size of Budget	$128,473	$133,336	$143,804
Annual Growth	3.8%	3.8%	7.9%
Other Disbursement Measures			
General Fund (Including Transfers)	$100,117	$108,389	$116,329
Annual Growth	7.9%	8.3%	7.3%
Capital Budget (State and Federal)	$14,708	$17,032	$21,184
Annual Growth	4.9%	15.8%	24.4%
Federal Operating Aid	$91,686	$93,013	$87,037
Annual Growth	10.9%	1.4%	-6.4%
All Funds	$234,867	$243,381	$252,025
Annual Growth	6.5%	3.6%	3.6%
Inflation (CPI)	3.5%	2.7%	2.8%
All Funds Receipts[2]			
Taxes	$106,668	$113,151	$117,809
Annual Growth	-6.2%	6.1%	4.1%
Miscellaneous Receipts	$33,755	$32,755	$38,740
Annual Growth	6.0%	-3.0%	18.3%
Federal Receipts (Operating and Capital)	$94,276	$98,502	$93,091
Annual Growth	5.3%	4.5%	-5.5%
Total All Funds Receipts	$234,699	$244,408	$249,640
Annual Growth	-0.2%	4.1%	2.1%
General Fund Cash Balance	$46,331	$53,456	$45,685
Principal Reserves	$20,068	$21,603	$21,103
Timing of PTET/PIT Credits	$14,137	$16,405	$13,774
Extraordinary Monetary Settlements	$1,110	$690	$413
All Other	$11,016	$14,758	$10,395
Debt			
Debt Service (excluding prepayments) as % All Funds Receipts	2.6%	2.6%	2.7%
State-Related Debt Outstanding	$54,319	$56,552	$65,090
Debt Outstanding as % Personal Income	3.4%	3.3%	3.7%

[1] Spending growth includes $1.2 billion in State share reimbursements related to the Managed Care Organization (MCO) tax transaction that are entirely offset by an increase in receipts and therefore cost neutral. Absent this transaction, spending would increase 6.9 percent from FY 2025 levels.

[2] The Financial Plan impact of the PTET program is expected to be revenue neutral for the State and is excluded from tax receipts herein, unless otherwise noted. In addition, All Funds tax receipts are adjusted to exclude the proposed payment of $3 billion to New Yorkers through inflation tax refund payments to qualified tax filers.

Financial Plan Overview

The State's financial position remains strong, with favorable operating results recorded through the first nine months of FY 2025 and a positive economic outlook. Forecast revisions since the FY 2025 Mid-Year Update have created new projected surpluses, resulting in a favorable baseline forecast. The FY 2026 Executive Budget leverages these resources to include a package of tax reforms and initiatives aimed at addressing affordability issues that continue to impact many New Yorkers while preserving reserves at the highest levels in history. In addition, debt levels remain nearly flat at less than 1 percent growth over the past decade, historic liquidity levels continue to deliver high investment returns, and other reserves are available to manage risks to the Updated Financial Plan. The State continues to manage projected budget gaps in future years with the use of prior year cash management actions and resources, including the prepayment of future obligations (e.g., debt service and pension costs), as well as reserves for transaction risks.

At the same time, uncertainty looms. Risks as varied as policies and plans of the new Federal administration, the potential for a slowdown in economic growth, geopolitical risks, the ongoing risks of climate change, and sustained trends of rising enrollment and costs in public health insurance programs all present the potential for fiscal challenges in the future. While DOB expects economic growth to remain strong in the near term, inflation remains stubbornly high, increasing to 2.7 percent from the previous 2.2 percent forecast for 2025; housing prices and borrowing costs remain elevated; and labor market growth appears to be easing. Potential Federal changes to trade, immigration and tax policies could drive further inflation increases. Likewise, possible reductions in Federal assistance that support vital New York programs, including health care delivery, social services, and public safety, could negatively impact the State and New Yorkers who depend on these programs.

In light of these uncertainties and risks, the Executive Budget maintains the existing level of Principal Reserves[4] to protect essential services in the event of an economic downturn or other future fiscal challenges. To further protect these important reserves, the Governor has directed the transfer of funds held in the reserve for economic uncertainties to the statutory Rainy Day Reserve to increase the balance by $1 billion annually over the next four years, as fiscal conditions permit, starting with FY 2025.

[4] DOB defines "Principal Reserves" as consisting of the two statutory "Rainy Day" reserves (the Tax Stabilization Reserve and the Rainy Day Reserve) and the portion of the General Fund balance informally designated as a reserve for economic uncertainties.

Updated Financial Plan Estimates

Through December 2024, General Fund tax receipts, including transfers from other funds, were $1.1 billion higher than estimated in the Mid-Year Update to the Financial Plan, driven mainly by strength in personal income tax and PTET collections. Consumption and use tax receipts remain on track with projections, however, business tax collections to date continue to fall below expectations. Non-tax receipts exceeded estimates by $3.6 billion, almost entirely due to the earlier than planned transfer of Federal State and Local Fiscal Recovery Fund (SLFRF) moneys to the General Fund. General Fund disbursements, including transfers to other funds, were nearly $3 billion below the most recent cash flow estimate, due to lower spending across many local aid programs and capital projects.

On the strength of collections experienced to date, the baseline forecast for General Fund tax receipts has been increased by an average of over $1.7 billion annually, resulting in an $8.3 billion cumulative increase through FY 2029 compared to the Mid-Year Update to the Financial Plan. In addition, downward revisions to STAR and debt service spending, which are supported by tax receipts, increased General Fund receipts by a cumulative $2.8 billion through FY 2029 compared to the prior forecast. Other non-tax receipts have also been increased, including upward revisions to investment income projections in FY 2027 based on the revised interest rates, and additional mental hygiene Federal revenue related to retroactive rate increases under the Home and Community-Based Services (HCBS) waiver that support continued investments and service expansion.

At the same time, the baseline forecast for spending has been increased by a cumulative $6.1 billion through FY 2029 compared to the Mid-Year Update to the Financial Plan. Medicaid and School Aid spending estimates across the plan have been increased by $6.1 billion and $3.1 billion, respectively. The higher spending reflects costs related to updated Medicaid enrollment and utilization data, particularly for Medicaid long-term care services, and inflationary growth in the Foundation Aid formula. In addition, higher pension costs are expected across all years of the Updated Financial Plan due to workforce and salary increases, benefit expansion, and fund losses that drive higher rates for the State and local governments. These increases are partly offset by downward revisions to spending estimates across nearly all other assistance and grant programs based on results to date, various updated assumptions, and timing-related adjustments. In addition, spending is reduced to reflect lower employee health insurance costs pursuant to a reduction in negotiated health insurance premium rates, and upward revisions to lottery and gaming revenue that support education spending.

The aggregate baseline forecast revisions leave General Fund surpluses of $3.5 billion in FY 2025 and $1.8 billion in FY 2026 prior to the new proposals included in the FY 2026 Executive Budget. Projected baseline gaps for FY 2027 and FY 2028 are lowered compared to the Mid-Year Update to $4 billion and $7.4 billion, respectively. The FY 2029 baseline gap is estimated at $11.8 billion.[5] The annual gaps through FY 2029 include the use of prior year cash management actions and resources, including the prepayment of future obligations (e.g., debt service and pension costs), as well as cautious estimates and reserves for transaction risks.

[5] The FY 2029 budget gap is included for the first time in the Executive Budget Financial Plan.

The table below summarizes the impact of the updated forecast revisions on General Fund operations compared to the Mid-Year Update.

FY 2026 EXECUTIVE BUDGET FINANCIAL PLAN GENERAL FUND REVISIONS SAVINGS/(COSTS) (millions of dollars)	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
MID-YEAR UPDATE SURPLUS/(GAP) ESTIMATE	**0**	**(1,019)**	**(6,191)**	**(7,077)**	**(9,912)**
Receipts	**2,989**	**5,475**	**12,952**	**2,783**	**2,192**
Tax Receipts	2,196	5,556	12,270	2,699	2,192
Tax Receipts, excluding PTET/STAR/Debt Service	1,193	1,636	2,294	1,716	1,413
PTET/PIT Related PTET (Financial Plan Neutral)	441	3,060	12,750	526	320
PIT/SALT Cap Adjustment (Financial Plan Neutral)	0	0	(3,200)	0	0
STAR	271	370	474	504	504
Debt Service	291	490	(48)	(47)	(45)
Miscellaneous/Federal Receipts	(50)	0	500	0	0
Transfers from Other Funds	843	(81)	182	84	0
Disbursements	**955**	**443**	**(1,203)**	**(2,558)**	**(3,782)**
Assistance and Grants	415	(166)	(1,453)	(2,380)	(3,542)
Agency Operations	361	88	(1)	(91)	(199)
Transfers to Other Funds	179	521	251	(87)	(41)
Use of/(Deposit to) Reserves	**(441)**	**(3,060)**	**(9,551)**	**(526)**	**(319)**
Rainy Day Reserve	(1,000)	(1,000)	(1,000)	(862)	0
Tax Stabilization Reserve	0	0	0	0	0
Contingency Reserve	0	0	0	0	0
Community Projects Reserve	0	0	0	0	0
Other Reserves	559	(2,060)	(8,551)	336	(319)
BASELINE SURPLUS/(GAP) ESTIMATE	**3,503**	**1,839**	**(3,993)**	**(7,378)**	**(11,821)**

Other revisions that do not impact General Fund balance include PTET related revisions to receipts estimates and adjustments to reserves, including the planned shift of funds into the statutory Rainy Day Reserve over the next four years, as fiscal conditions permit.

Since the implementation of the PTET program in FY 2022, increases to tax receipts related to PTET have been set aside in the PTET reserve to cover credits claimed in subsequent years. Previously the PTET program was expected to cease to be utilized after tax year 2025, aligning with the expected expiration of the State and Local Tax (SALT) deduction cap under current Federal law. The Executive Budget Financial Plan revises this assumption to reflect the continuation of the PTET program in perpetuity, absent amendments to current State law or Federal actions to end the program. The change reflects the likelihood that the Federal government will extend the SALT deduction cap and the widespread use of the similar taxes on pass-through income, which are utilized in 36 states and the City of New York (NYC). In addition, PIT estimated tax projections have been lowered by $3.2 billion in FY 2027 to reflect the assumed continuation of the SALT cap under the new Federal administration. This downward revision to tax estimates is entirely offset by the reserve previously set aside for this purpose, resulting in no net Financial Plan impact.

FY 2026 Executive Budget Proposal

The current year and budget year surplus, which totals roughly $5.3 billion, is expected to support new investments and proposals included in the FY 2026 Executive Budget and announced by the Governor in her State of the State presentation on January 14, 2025. DOB estimates that the General Fund is balanced on a cash basis in FY 2026, should the Legislature adopt the Governor's proposal without modification.

The Executive Budget also continues support for investments and increases to nearly all program areas made over the past three years, including fully funding Foundation Aid to schools; expanding access to mental health services, child care, and housing; providing assistance to distressed hospitals and other health care providers and workers; supporting health care delivery improvements; increasing support for public universities; addressing gun crime and violence; expanding access to school meals; protecting the environment and natural resources; and increasing wages.

The Executive Budget proposes a tax affordability package that would: deliver $3 billion back to New Yorkers through Inflation Refund payments to qualified tax filers from surplus resources available in FY 2025; lower the personal income tax rates for five of the nine income tax brackets; and significantly enhance the Empire State child tax credit for children under 4 years old in FY 2026 and for all children through the age of 16 in FY 2027 and FY 2028. The Budget also proposes increases or extensions to several other tax credits and expands flexibility for businesses to opt into the PTET program by extending the opt-in deadline, which is cost neutral. To support the long-term cost of these tax cuts, the Executive Budget proposes extending the top tax rates for tax filers with taxable incomes above $2.1 million for joint filers, $1.6 million for heads of households, and $1 million for single filers.

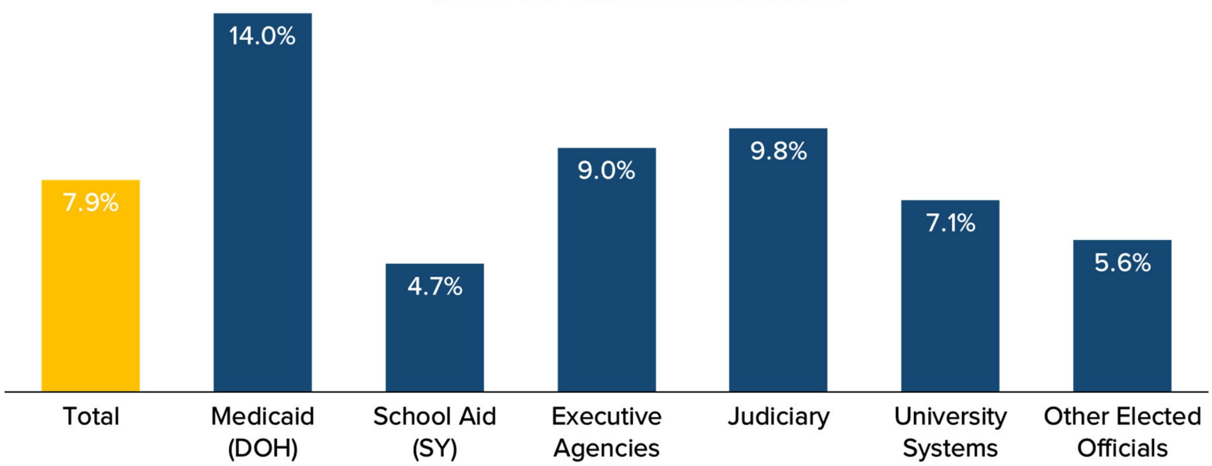
The Executive Budget also includes increased funding to address public safety, mental health care, housing affordability and access, transportation, health care delivery, abortion access, and child care. In addition, it proposes updates to the Foundation Aid formula, increasing aid by 5.9 percent in School Year (SY) 2026. Additional spending is included to support a 2.1 percent targeted inflationary increase for certain eligible programs; free school meals for all students regardless of income; a first-time homebuyers down payment assistance program; free community college for students ages 25 to 55 pursuing certain first-time associate degrees in high-demand occupations, including nursing, teaching, technology, and engineering; hunger prevention and nutrition assistance; operating aid for SUNY and CUNY campuses and the SUNY Downstate Hospital; medication assisted treatment (MAT) for substance abuse disorders; mental health services for justice-involved individuals; law enforcement activities; NYC subway safety initiatives; and payment of interest due on the outstanding Federal unemployment insurance loan that would otherwise be borne by businesses.

New capital funding commitments totaling $8.6 billion are proposed to support transportation, affordable and supportive housing, economic and community development, environmental and clean energy initiatives, increased access to care and housing opportunities for individuals with mental health issues, health care transformation, public safety, and investments in higher education. The 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.

In addition, the Executive Budget includes a multi-year spending plan supported by the Federal government's approval of the Managed Care Organization (MCO) tax that is expected to provide up to $3.7 billion in resources over two years. The Healthcare Stability Fund (HSF) will receive and distribute the new MCO tax resources previously included in the FY 2025 Enacted Budget. The resources will be used to offset existing Global Cap Medicaid spending and support continued funding for the Healthcare Safety Net Transformation Program, as well as new increases for hospitals, nursing homes and other health care providers, outpatient clinics and maternal health. These investments and funding are dependent on successful execution of the MCO tax transaction, which is dependent on continued Federal support. Absent assurance of continued Federal approval to continue the MCO tax, the Updated Financial Plan does not include support for these investments in the later years.

The Executive Budget proposal is projected to drive nearly $144 billion of State Operating Funds spending in FY 2026, an increase of $10.5 billion or 7.9 percent compared to revised FY 2025 estimates. Roughly $6 billion or almost 60 percent of the spending increase supports the State's two largest assistance and grants programs – Medicaid and School Aid. Projected operational cost increases for all branches of State government also drives spending growth in FY 2026.

FY 2026 STATE OPERATING FUNDS SPENDING GROWTH
(EXCLUDES FEMA REIMBURSEMENTS)



FY 2026 Executive Budget Financial Plan Summary

Consistent with statutory requirements, the Governor's FY 2026 Executive Budget proposal provides for balanced operations in the General Fund in FY 2026 due to surplus resources available in FY 2025 and FY 2026. However, the recurring cost of the FY 2026 Executive Budget proposals and upward revisions to baseline forecasts increase budget gaps in FY 2027 and beyond. Outyear budget gaps are projected to total $6.5 billion in FY 2027, $9.8 billion in FY 2028, and $11 billion in FY 2029 – cumulatively the outyear budget gaps are roughly $4 billion higher than the Mid-Year Update projections.

The following table summarizes the impact of the Executive proposals on General Fund operations, by financial plan category, starting with the revised baseline estimates.

FY 2026 EXECUTIVE BUDGET FINANCIAL PLAN
GENERAL FUND REVISIONS
SAVINGS/(COSTS)
(millions of dollars)

	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
BASELINE SURPLUS/(GAP) ESTIMATE	**1,839**	**(3,993)**	**(7,378)**	**(11,821)**
Receipts	**(6,678)**	**(1,783)**	**(1,092)**	**2,139**
Tax Receipts	(4,071)	(2,183)	(1,082)	2,306
PTET Flexibility (Financial Plan Neutral)	(3,045)	0	0	0
Debt Service	(7)	7	(60)	(167)
Miscellaneous/Federal Receipts	0	0	0	0
Transfers from Other Funds	445	393	50	0
Disbursements	**(1,709)**	**(703)**	**(1,305)**	**(1,344)**
Assistance and Grants	(372)	210	(455)	(473)
Agency Operations	(792)	(727)	(729)	(730)
Transfers to Other Funds	(545)	(186)	(121)	(141)
Use of/(Deposit to) Reserves	**6,548**	**0**	**0**	**0**
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	3,045	0	0	0
Carry-Forward FY 2025 Surplus	3,503	0	0	0
EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE	**0**	**(6,479)**	**(9,775)**	**(11,026)**

Receipts. The FY 2026 Executive Budget includes a package of tax reforms and initiatives aimed at addressing affordability issues that continue to impact many New Yorkers. In December 2024, the Governor announced her plan to deliver inflation refund payments to New York tax filers. The rebates are subject to legislative approval and are expected to be issued in FY 2026 at a cost of roughly $3 billion.

In addition, the Executive Budget proposes lowering the personal income tax rates for lower- and middle- income filers, including all joint tax filers making under $323,200, and providing an enhanced Empire State child tax credit for children under 4 years old in FY 2026 and for all children through the age of 16 in both FY 2027 and FY 2028. The Executive Budget also includes proposals to extend, increase, and add various tax credits, and proposes expanding flexibility for businesses to opt into the PTET program by extending the deadline. Proposed extensions include tax credits for low-income housing, musical and theater productions, clean heating fuel, and alternative fuel and electric vehicle recharging property. In addition, new credits are established for living organ donors and to support independent film productions. To offset these changes, the top tax rates for tax filers, such as joint filers making over $2,155,350 annually, which otherwise expire at the end of tax year 2027 are instead extended for five-years through tax year 2032.

The Executive Budget proposal reduces General Fund receipts by a cumulative $1.3 billion through FY 2029 compared to the baseline forecast, excluding the cost neutral proposal to extend the opt-in deadline for businesses to opt into the PTET program and the proposed one-time inflation refund payments supported by projected surplus resources carried forward from FY 2025. Excluding the inflation refund payments, All Funds tax receipts are projected to total $117.8 billion in FY 2026, which results in an annual increase of 4.1 percent compared to revised FY 2025 estimates.

Disbursements. The Executive Budget proposes $5 billion in cumulative General Fund spending increases through FY 2029 to support agency operations increases and addresses the State’s many continuing challenges, including access to mental health care, public safety, and the health care delivery system.

Operational spending is increased to support staffing increases, investments in cybersecurity and information technology, expanded access to mental health services, public safety enhancements, and Judiciary spending increases to support staffing levels to address case backlogs and provide operational support to various courts.

State Spending

All Funds spending is projected to total $252 billion in FY 2026, an increase of $8.6 billion or 3.6 percent from revised FY 2025 estimates.

Spending growth is largely driven by continued high levels of enrollment in the Medicaid program, as well as prior year expansion of benefits, increases in reimbursement rates, and expanded utilization of the State's Managed Long-Term Care (MLTC) program by the State's aging population. The State expects to develop proposals to provide recurring savings in future budgets to ensure long-term Medicaid spending levels are sustainable. The MCO tax transaction also increases Medicaid spending by nearly $1.2 billion through State share tax offsets.

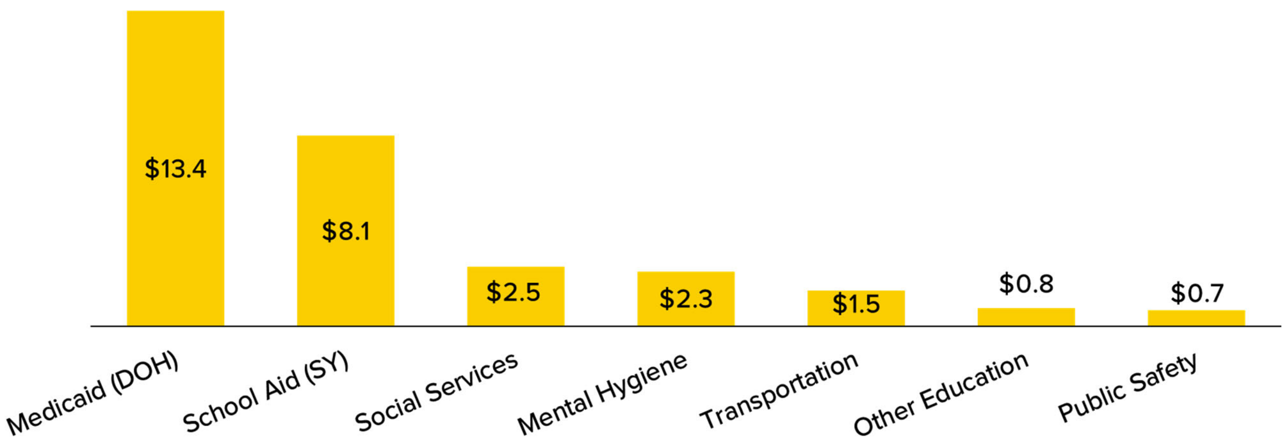
FY 2026 EXECUTIVE BUDGET
SPENDING ESTIMATES
(millions of dollars)

	FY 2025 Updated	FY 2026 Projected	$ Change	% Change
State Operating Funds	**133,336**	**143,804**	**10,468**	**7.9%**
School Aid (School Year Basis)	35,671	37,365	1,694	4.7%
Medicaid	31,021	35,369	4,348	14.0%
All Other Assistance and Grants	30,082	32,238	2,156	7.2%
Agency Operations	33,399	36,514	3,115	9.3%
Debt Service	3,163	2,318	(845)	-26.7%
Federal Operating	**93,013**	**87,037**	**(5,976)**	**-6.4%**
Capital Projects	**17,032**	**21,184**	**4,152**	**24.4%**
All Funds	**243,381**	**252,025**	**8,644**	**3.6%**

Over the past three years, the State has made investments in nearly all program areas, including: fully funding Foundation Aid to schools; expanding access to mental health services, child care, and housing; providing assistance to distressed hospitals, other health care providers and workers; supporting health care delivery improvements; increasing support for higher education; addressing gun crime and violence; expanding access to school meals; protecting the environment; and energy affordability.

These investments have increased projected spending for assistance and grants to nearly $105 billion projected in FY 2026, an increase of nearly $30 billion (40 percent) compared to the $75 billion level recorded in FY 2022. Nearly three-quarters of the estimated $30 billion of growth in assistance and grants programs since FY 2022 is concentrated in School Aid and Medicaid, reflecting historic, recurring funding increases for schools and the health care system. New York continues to spend significantly more on these two programs than any other state in the nation.

ASSISTANCE AND GRANTS SPENDING +40 PERCENT OVER 4 YEARS
(IN BILLIONS)



School Aid. The State provides a substantial amount of financial support for public schools through State formula aids and grants. Currently, approximately 2.5 million kindergarten through 12th grade students are enrolled in the State's public schools, including 186,000 students enrolled in charter schools. For over a decade, New York has ranked the highest in the nation for per pupil spending. In SY 2022, New York spent $29,873 per pupil, almost double the national average of $15,633 per pupil[6] and approximately 19 percent higher than second ranked New Jersey.

Over the past decade, New York's per-pupil spending has increased from roughly $20,000 to $30,000. This increase was driven by the three-year phase-in of full funding of the Foundation Aid formula completed in SY 2024, which aided in adding over $6.6 billion (23 percent) to State-funded School Aid between SY 2022 and SY 2025. 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.

Adding to the historic increases in funding over the past several years, the Executive Budget proposes $37.4 billion for School Aid in SY 2026, an increase of $1.7 billion (4.7 percent), inclusive of a $1.5 billion (5.9 percent) Foundation Aid increase.

[6] Based on U.S. Census Bureau, *2022 Annual Survey of School System Finances*.

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. The Medicaid program also funds a portion of wages for home care workers and caregivers self-directed by consumers under the Consumer Directed Personal Assistance Program (CDPAP) and is a large contributor of funding to public and private hospitals and nursing homes through various supplemental programs. Medicaid spending growth continues to escalate as utilization of the system, primarily MLTC, which includes the CDPAP, rises with an aging population.

Nearly 7 million New Yorkers (36 percent) are currently covered by Medicaid. When combined with other public insurance coverage, such as Child Health Plus (CHP) and Essential Plan (EP), New York has the highest percent of people covered by publicly funded medical insurance in the nation with a total of 9 million enrolled. 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 $4,724 per capita based on the latest Centers for Medicare & Medicaid Services (CMS) data (Federal Fiscal Year 2023)[7]. New York's per capita spending was more than 46 percent above the national average of $2,554 per capita and over 19 percent higher than the next highest spending state -- New Mexico which spent $3,824 per capita.

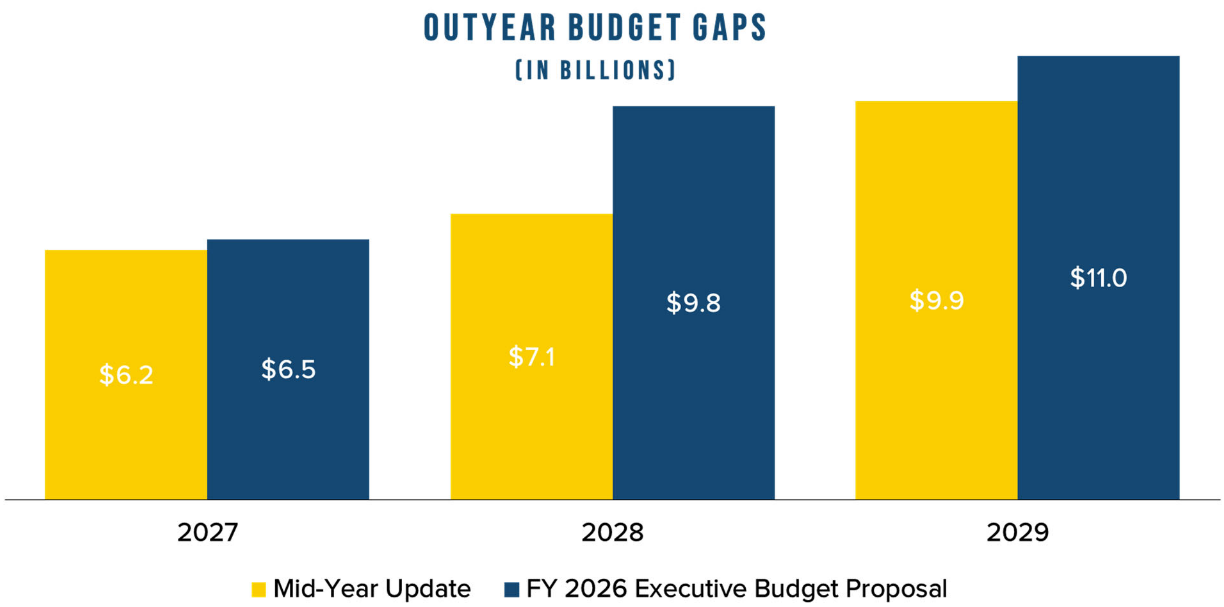
Medicaid costs are financed jointly by the Federal, State, and local governments. New York receives the minimum Federal Medicaid matching share of roughly 50 percent. Local districts' costs have been capped at calendar year 2015 levels, shifting the increased costs of the program to the State and saving the City of New York and counties billions of dollars annually. In FY 2026, local governments will save an estimated $8.3 billion and have saved nearly $54 billion since 2015.

In FY 2026, Medicaid spending (excluding operational costs) is projected to total $35.4 billion, an increase of $4.3 billion (14 percent) from the revised FY 2025 levels. State spending for Medicaid has tripled over the past 15 years. The growth is due to medical cost increases, elevated enrollment levels as more enrollees continue to meet eligibility requirements, expansion of benefits, increases to reimbursement rates, and continued growth in 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 MLTC, and the needs of financially distressed hospitals.

[7] Excludes District of Columbia. Based on U.S. Census Bureau data and the 2023 Centers for Medicare and Medicaid Services Financial Report, Expenditure Reports From MBES/CBES.

Outyear Budget Gaps

The FY 2026 Executive Budget Financial Plan General Fund outyear budget gaps are slightly higher than the gaps projected in the Mid-Year Update[8]. If the FY 2027 Budget is balanced with recurring savings, the budget gaps for FY 2028 and FY 2029 would be in the range of $4 billion annually.



The outyear budget gaps are the result of a structural imbalance between forecasted levels of spending growth and available resources. The estimated gaps include a $2 billion transaction risk reserve in each year. 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 forward into future years and cautious estimates of disbursements, a practice that provides a cushion for potential receipts shortfalls and unanticipated costs that may materialize within a fiscal year.

[8] The FY 2029 budget gap is included for the first time in the Executive Budget Financial Plan.

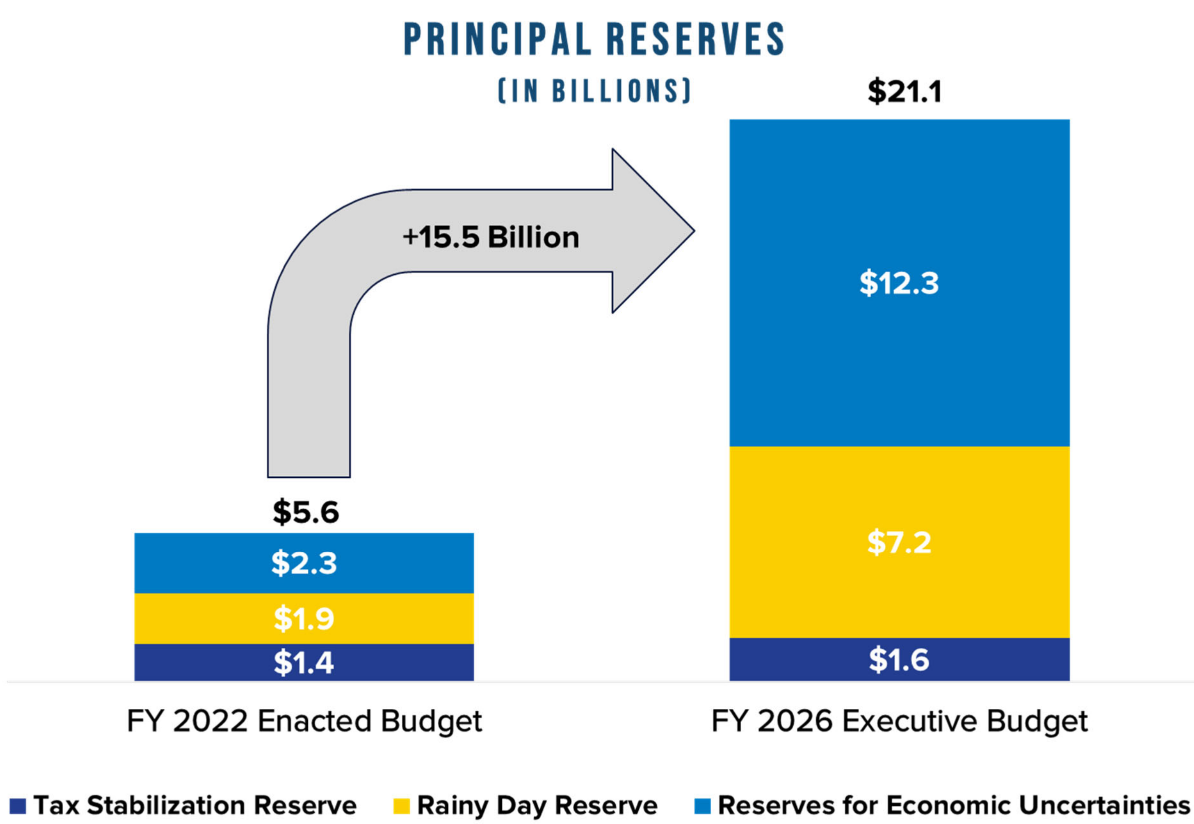
Reserves and Risks

The Updated Financial Plan faces ongoing economic risks, including: slowing economic growth; continued price inflation; geopolitical uncertainties; immigration policy; climate change and natural disasters; 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 possible policy changes under the new Federal administration.

While the DOB forecast of receipts and spending is primarily based on current law and reasonable assumptions as of the time it was prepared, economic uncertainties and the dependence of the State's tax base on the financial sector are embedded risks.

Reserves are the most practical and effective defense against such unpredictable risks. Robust reserves are an essential tool for mitigating service reductions and public employee layoffs during periods of slow or declining growth. During a "typical" recession, declines in receipts could be significant. DOB estimates that tax receipts can be expected to fall between $35 billion and $50 billion over three years in a recession that resembles those experienced after September 11, 2001 and during the Great Recession of 2008.

Over the past several years, the State has significantly increased reserves to ensure that it can honor its commitments through good and bad times. The FY 2026 Executive Budget preserves these critical investments and, financial conditions permitting, plans to shift funds from the Reserve for Economic Uncertainties into the statutory Rainy Day Reserve.



General Fund Financial Plan Summary

The following table summarizes the impact of the Executive Budget proposals on General Fund operations, by financial plan category, starting with the revised base estimates. The discussion that follows provides a summary, with an emphasis on the projected fiscal impact for FY 2026.

FY 2026 EXECUTIVE BUDGET FINANCIAL PLAN -- GENERAL FUND REVISIONS AND PROPOSALS SAVINGS/(COSTS) (millions of dollars)				
	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
BASE SURPLUS/(GAP) ESTIMATE	**1,839**	**(3,993)**	**(7,378)**	**(11,821)**
Receipts	**(6,678)**	**(1,783)**	**(1,092)**	**2,139**
Tax Receipts	(7,116)	(2,183)	(1,082)	2,306
Tax Receipts (excluding PTET)	(4,071)	(2,183)	(1,082)	2,306
Inflation Tax Refund	(3,080)	0	0	0
Middle Class Tax Rate Cut	(458)	(1,115)	(1,024)	(1,054)
Enhanced Empire State Child Tax Credit	(471)	(825)	(825)	0
High-Income PIT Rate Extension	0	0	989	3,614
Film Tax Credit	0	(111)	(115)	(115)
All Other	(62)	(132)	(107)	(139)
PTET/PIT Receipts (Financial Plan Neutral)	(3,045)	0	0	0
Debt Service	(7)	7	(60)	(167)
Other Receipts/Transfers	445	393	50	0
Disbursements	**(1,709)**	**(703)**	**(1,305)**	**(1,344)**
Assistance and Grants	(372)	210	(455)	(473)
School Aid	(25)	(73)	(73)	(45)
Medicaid	129	235	235	235
MCO Tax Offset	500	500	0	0
Mental Hygiene	(251)	(254)	(254)	(254)
Public Health/Aging	(105)	(20)	(19)	(19)
Social Services/Housing	(73)	210	(45)	(98)
Higher Education	(128)	(101)	(76)	(76)
Public Safety	(198)	(96)	(4)	(4)
Education/Arts	(118)	(143)	(168)	(175)
All Other	(103)	(48)	(51)	(37)
Agency Operations, including GSCs	(792)	(727)	(729)	(730)
Executive Operations	(458)	(388)	(392)	(396)
Legislature/Judiciary (incl. fringe benefits)	(307)	(307)	(307)	(307)
Other Elected Officials	(22)	(22)	(22)	(22)
Fringe Benefits/Fixed Costs	(5)	(10)	(8)	(5)
Transfers to Other Funds	(545)	(186)	(121)	(141)
Capital Projects	(173)	(134)	(100)	(119)
SUNY Operating	(108)	(53)	(22)	(22)
All Other	(264)	1	1	0
Use of/(Deposit to) Reserves	**6,548**	**0**	**0**	**0**
Timing of PTET/PIT Credits (Financial Plan Neutral)	3,045	0	0	0
Carry-Forward FY 2025 Surplus	3,503	0	0	0
EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE	**0**	**(6,479)**	**(9,775)**	**(11,026)**

Receipts

Tax Receipts. The Executive Budget proposes the following tax law changes:

- **Inflation Tax Refund.** The Governor proposes an inflation refund to deliver $3 billion in direct payments to approximately 8.6 million New York taxpayers statewide in 2025. Payments will consist of $300 to single taxpayers who make up to $150,000 per year, and $500 for joint tax filers making up to $300,000 per year.

- **Middle Class Tax Cut.** The Executive Budget proposes cutting personal income tax rates for the State's first five tax brackets by 20 basis points each over two years, providing roughly $1 billion in annual relief to taxpayers when fully phased in. For example, the proposal lowers the tax rates by up to 5 percent for joint tax filers with income below $323,200.

- **Enhanced Empire State Child Credit.** The Executive Budget proposes an enhanced Empire State child tax credit for children under age 4 in FY 2026 and for all children through the age of 16 in both FY 2027 and 2028. The maximum credit increases from $330 to $1,000 for children under the age of four and $500 for children ages 4 through 16. Furthermore, the Governor's proposal eliminates the restrictive earned income requirement, allowing low-income New Yorkers to fully benefit from the credit.

- **High-Income PIT Rate Extension.** The Governor proposes a five-year extension to the tax rates for high-income tax filers, such as joint filers making over $2,155,350 annually, that currently expire at the end of tax year 2027.

- **Film Tax Credit.** The Executive Budget proposes to extend and amend the film tax credit program, including removing the tiered payout structure for new applicants when paying out tax credits, extending the program an additional two years through 2036 and providing a $100 million incentive for independent studios.

- **Other Tax Actions.** The Executive Budget also proposes to increase the Article 9A estimated payment threshold from $1,000 to $5,000 and extend various tax credits including for alternate fuels and electric vehicle recharging property, clean heating fuel, musical and theatrical production, low-income housing, and hiring veterans and workers with disabilities.

  In addition, the Governor signed legislation to impose sales tax on short-term rentals statewide, requiring all short-term rental market place providers to collect and remit sales taxes on all rentals facilitated by their platforms, and to expand the tax definition of crops, livestock, and livestock products to include cannabis.

- **PTET Flexibility.** The Executive Budget proposes extending the annual election deadline from March 15 to September 15 (for New York and City of New York PTET) and requiring "catch-up" payments for elections after March 15. This proposal is supported by the PTET reserve and is cost neutral.

Debt Service. Increased debt service costs, particularly in the later years, reflect the costs of bond financing certain proposed capital adds and initiatives included in the Executive Budget.

Other Receipts/Transfers. Available resources in other funds, including interest earned on monies awarded under the SLFRF program, will be transferred to the General Fund to support continued and new spending over several years. In addition, the proposed use of funds in the Indigent Legal Fund will support previously approved increases to the assigned counsel rate for attorneys providing services to indigent persons.

Disbursements

Assistance and Grants. General Fund 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 baseline update, assistance and grants spending is increased in the aggregate over the multi-year Financial Plan mainly due to increasing investments and initiatives.

- **School Aid.** Spending is higher to reflect increases in costs due to proposed changes to the Foundation Aid formula beginning in SY 2026 and the creation of a new College in High School Opportunity Fund.

- **Medicaid.** Medicaid spending in the General Fund is lower in FY 2027 and beyond due to proposed savings actions including authorizing the Department of Health (DOH) to enforce clinical criteria on prescribed prescription drugs and technical adjustments to the Indigent Care Pools for public general hospitals in the City of New York.

  To avoid adverse impacts on the health care industry, and to more accurately reflect DOH Medicaid spending, the Medicaid Global Cap calculation has been updated to exclude the local share of Medicaid spending associated with other State agency (OSA), which had previously been included under the Cap. Beginning in FY 2026, costs that were previously reported in the DOH budget will now be reported in their respective agency budget. Because county contributions have been capped since 2015, the State is liable for all growth in non-Federal Medicaid expenses. An estimated $2 billion of local share spending is related to OSA services and programs that are not managed by DOH. The reclassification of this spending is cost neutral to the overall Updated Financial Plan and more appropriately aligns program activities and costs to agencies responsible for managing such spending.

- **MCO Tax Offset**. A portion of the resources generated from the MCO tax transaction are expected to offset costs in both FY 2026 and FY 2027.

- **Mental Hygiene.** Increased spending will support planned investments, including the expansion and establishment of new Office of Mental Health (OMH) clubhouses to promote recovery and community reintegration; funding to assist counties with oversight and placement of high-risk individuals; resources for vocational services and job placement; and a 2.1 percent targeted inflationary increase to Office for People With Developmental Disabilities (OPWDD), OMH, and Office of Addiction Services and Supports (OASAS) voluntary operated providers.

- **Public Health/Aging.** Funding is included to support additional funding for abortion medication services; programs for the aging population; a 2.1 percent targeted inflationary increase to offset rising costs across existing programs; increased funding for hunger prevention and nutrition, Nourish NY, Emergency Medical Services (EMS), Vital Records; and a swimming lessons voucher program.

- **Social Services/Housing.** The Executive Budget proposes to extend permanently the current funding structure for residential school placements of children with special needs outside the City of New York and utilize available Mortgage Insurance Fund resources to fund housing and homelessness programs. In addition, the Executive Budget provides funding for supporting first-time homeowners with down payment assistance, ensuring stable housing for vulnerable populations, launching Get Offline Get Outside 2.0, providing additional support to eligible families when babies are born, digitizing youth working papers, expanding worker protection resources, supporting investigations to combat discrimination, and a 2.1 percent targeted inflationary increase for eligible programs.

  Lower spending in FY 2027 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.

- **Higher Education.** Increased spending includes additional general operating support for CUNY senior colleges, funding to support free community college for high-demand fields, artificial intelligence investments, student support programs, and expansions to part-time Tuition Assistance Program (TAP) eligibility and the Veteran's Tuition Awards (VTA) program to include non-combat veterans.

- **Public Safety.** The Executive Budget provides funding to support increased police presence in the subway, funding to address crime through community-based violence prevention programs, support for rape crisis and intimate partner violence programs, and funding to create a joint special operations command headquarters for crime prevention.

- **Education/Arts.** The Executive Budget includes funding for the adoption of a universal free school meals program which requires all school districts, charter schools, and nonpublic schools that participate in the national school lunch and breakfast program to provide free breakfast and lunch meals to all students regardless of family income. The Executive Budget also provides additional funding for competitive grants to support the arts in FY 2026, and to reimburse nonpublic schools for State-mandated activities and for the salaries of eligible teachers providing instruction in science, technology, engineering, and math (STEM) subjects.

- **All Other Assistance and Grants.** Additional spending will support increases for the Judiciary's Civil Legal Services and Attorney for Child Programs; funding for upgrades to sliding sports venues in Lake Placid in anticipation of hosting future world-class competitions; support for agricultural programs including local food supply, fiber production, and dairy and maple industries; and upstate transit.

Agency Operations. Spending for operations, including wages and fringe benefits, is increased over the multi-year plan to accommodate growth in the State workforce, general salary increases included in the final year of current labor settlements, and expansion of services and new initiatives.

- **Executive Operations.** General Fund operational spending is increased to reflect added costs across several agencies to support staffing increases; investments in cybersecurity and information technology; and expanded access to inpatient psychiatric and mental health services. In addition, the Executive Budget includes additional funding to strengthen enforcement against criminal activity at the northern border; enhance security measures in correctional facilities; the MAT Program, which provides treatment for incarcerated individuals in state prisons with substance use disorders; and increase the National Guard members assigned to the Joint Task Force Empire Shield Mission, which provides support to deter and prevent terrorist activity in the City of New York area, including transit and commuter hubs.

- **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 budgets submitted by each branch.

  The Judiciary Budget submission increases annual operating spending, including fringe benefits, by roughly $300 million, to support general salary increases and other non-judicial staffing initiatives, including new court clerks and attorneys, costs associated with four court officer academy classes, and increased staffing levels to address case backlogs and provide operational support to various courts. The Judiciary's budget submission includes funding for new judgeships; ten City of New York Family Court support magistrates and ten Criminal Court judges, including non-judicial staff supporting these judges; civil legal services increases; additional funding for various technology initiatives; a cost of living adjustment for contractual providers of the Attorney for Child program; expansion of various programs including Alternative Dispute Resolution and Alternatives to Incarceration; and health insurance and pension cost increases.

  Operating spending for the Legislature increases by nearly $6 million annually to fund general salary increases for legislative staff and operational costs.

- **Other Elected Officials.** The Attorney General (AG) operational spending is increased by nearly $12 million annually to support new operational/legal staff general salary increases and non-personal service inflationary costs.

  Operating spending for OSC is increased by approximately $10 million annually to fund new operational staff, general salary increases and support to the condominium board for the purposes of maintenance and repair at the Albany office location.

- **Fringe Benefit/Fixed Costs.** Savings reflect proposed legislation that would provide relief for local governments and lower State taxpayer costs by lowering the interest rate charge on judgments against the State and local governments 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. The savings achieved through this proposal will be shared between the State and certain State retirees in the form of a premium refund.

Transfers to Other Funds. General Fund transfers to other funds support capital projects, debt service costs, State support for SUNY, and a variety of other programs.

- **Capital Projects.** The Executive Budget increases transfers from the General Fund to capital projects funds to support new capital initiatives, including the safety net transformation program, technology infrastructure, Hudson Valley rail improvement, certain highway redesign studies, and replacement of vehicles utilized to provide transportation services to individuals receiving OPWDD services.

- **SUNY Operating Assistance.** The State will provide additional general operating support for the 2026 academic year, support for SUNY downstate hospital operating costs in FY 2026, funding for artificial intelligence investments, and support for other programs.

- **All Other Transfers to Other Funds.** The Executive Budget includes funding for Office of Victim Services (OVS) initiatives and payment of interest due on the outstanding Federal unemployment insurance loan that would otherwise be borne by businesses.

Use of/(Deposit to) Reserves. Changes to reserves support the PTET flexibility proposal, which is cost neutral to the Updated Financial Plan.

General Fund Financial Plan Overview

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

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

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

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

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

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

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

The following table summarizes the General Fund receipts, disbursements, and fund balances from FY 2024 results to FY 2026 projected. The discussion that follows provides a summary, with an emphasis on the projected annual change from FY 2025 to FY 2026.

GENERAL FUND FINANCIAL PLAN
(millions of dollars)

	FY 2024 Actuals	Change	FY 2025 Projected	Change	FY 2026 Projected	Annual Growth
Opening Fund Balance	**43,451**	**2,880**	**46,331**	**7,125**	**53,456**	**15.4%**
Total Receipts	**102,997**	**12,517**	**115,514**	**(6,956)**	**108,558**	**-6.0%**
Receipts, excluding PTET	103,218	10,028	113,246	(2,057)	111,189	-1.8%
Taxes	92,148	10,268	102,416	2,325	104,741	2.3%
Miscellaneous Receipts	4,878	(245)	4,633	(521)	4,112	-11.2%
Federal Receipts	2,250	1,395	3,645	(3,645)	0	-100.0%
Non-Tax Transfers from Other Funds	3,942	(1,390)	2,552	(216)	2,336	-8.5%
PTET Receipts (Financial Plan Neutral)	(221)	2,489	2,268	(4,899)	(2,631)	-216.0%
PIT Credits	(14,176)	476	(13,700)	(2,398)	(16,098)	-17.5%
Business Taxes	13,955	2,013	15,968	(2,501)	13,467	-15.7%
						0.0%
Total Disbursements	**100,117**	**8,272**	**108,389**	**7,940**	**116,329**	**7.3%**
Assistance and Grants	69,119	7,484	76,603	5,816	82,419	7.6%
State Operations	21,951	649	22,600	2,636	25,236	11.7%
Transfers to Other Funds	9,047	139	9,186	(512)	8,674	-5.6%
Net Change in Operations	**2,880**	**4,245**	**7,125**	**(14,896)**	**(7,771)**	**-209.1%**
Closing Fund Balance	**46,331**	**7,125**	**53,456**	**(7,771)**	**45,685**	**-14.5%**
Statutory Reserves:						
Community Projects	25	0	25	0	25	
Contingency	21	0	21	0	21	
Rainy Day Funds	6,256	2,500	8,756	1,000	9,756	
Fund Balance Reserved for:						
Extraordinary Monetary Settlements	1,110	(420)	690	(277)	413	
Timing of PTET/PIT Credits	14,137	2,268	16,405	(2,631)	13,774	
Debt Management	2,436	(576)	1,860	(860)	1,000	
Economic Uncertainties	13,812	(965)	12,847	(1,500)	11,347	
Labor Settlements/Agency Operations	1,765	1,334	3,099	0	3,099	
All Other Reserves/Balances	6,769	2,984	9,753	(3,503)	6,250	

Receipts

General Fund receipts, including transfers from other funds, are estimated to total $115.5 billion in FY 2025, an increase of $12.5 billion (12.2 percent) from FY 2024. As noted earlier, receipt levels in the General Fund may be significantly impacted by the deposit of dedicated taxes in other funds for debt service and PTET. Excluding the impact of debt prepayments and PTET, total General Fund tax receipts, including transfers after the payment of debt service, are estimated to total $99.2 billion in FY 2025, an increase of $6 billion (6.5 percent) from FY 2024. The increase reflects continued strength in withholding and estimated payments through three-quarters of the fiscal year and improved employment and wage forecasts.

General Fund receipts, including transfers from other funds, are estimated to total $108.6 billion in FY 2026, a decrease of $7 billion (6 percent) from FY 2025. Excluding the impact of debt prepayments and PTET, total General Fund tax receipts, including transfers after the payment of debt service, are estimated to total $100.4 billion in FY 2026, an increase of $1.1 billion (1.2 percent) from FY 2025. The following discussion of annual changes in tax receipts exclude the impact of PTET and debt prepayments.

PIT receipts are estimated to total $68.9 billion in FY 2026, a decrease of $95 million from the prior year. The decrease reflects increases in all refund components partially offset by increases in all gross receipt components.

Consumption/use tax receipts are estimated to total $18.9 billion in FY 2026, an increase of $903 million (5.0 percent) from FY 2025. This increase reflects an uptick in growth of taxable consumption in the sales tax base.

Business tax receipts are estimated to increase by $183 million primarily reflecting increased Corporate Franchise Tax (CFT) gross receipts with audits increasing as well. Refunds are projected to significantly increase, partially offsetting these increases.

Other tax receipts are expected to total $2.5 billion in FY 2026, an increase of $151 million from FY 2025. This is primarily due to projected increases in both estate tax and real estate transfer tax receipts, reflecting projected growth in household net worth, housing starts, the average housing price and bonuses, as well as a projected decline in mortgage rates.

The reduction in non-tax receipts reflects the final use of SLFRF resources in FY 2025 consistent with Federal treasury rules, a reduction in investment income commensurate with projected interest rate declines, and one-time funding from other fund resources in FY 2025.

Disbursements

General Fund disbursements, including transfers to other funds, are projected to total $108.4 billion in FY 2025, an increase of $8.3 billion (8.3 percent) from FY 2024. The annual change in spending is in large part due to increased funding for Foundation Aid to schools, Medicaid, and continued time-limited support to the City of New York for asylum seeker assistance.

General Fund disbursements, including transfers to other funds, are expected to grow by $7.9 billion (7.3 percent) totaling $116.3 billion in FY 2026, mostly driven by increased funding for Foundation Aid and Medicaid.

Assistance and grants spending supported by the General Fund is estimated to total $82.4 billion in FY 2026, an increase of $5.8 billion (7.6 percent) from FY 2025. General Fund spending for education and health care represents nearly all of the assistance and grants spending growth. General Fund support for these programs is also affected by the level of financing sources (i.e., HCRA and lottery/gaming receipts) available in other funds.

General Fund support for School Aid is estimated to increase by $1.3 billion (4.2 percent) on a State fiscal year basis. This growth reflects a SY 2026 increase in Foundation Aid which begins the process of reforming the formula and provides a minimum 2 percent annual increase in aid to districts, as well as assumed growth in expense-based reimbursement programs.

Medicaid spending is projected to grow by $1.9 billion, primarily due to the $1.5 billion in additional Global Cap spending allowance to support enrollment and escalating MLTC growth and $400 million in prior investments to support home health and personal care workers that were initially supported by HCBS Enhanced Federal Medical Assistance Percentage (eFMAP).

In addition, other assistance and grants growth is primarily the result of continued State support of an expanded level and eligibility of child care subsidies, first-time homebuyer down payment assistance, universal free school meals, free community college of high-demand fields, hunger prevention and nutrition assistance, programs for older adults, City of New York subway safety initiatives, funding to offset county costs related to assigned counsel rate for attorneys providing services to low-income individuals and CUNY operational support.

The General Fund support of agency operations and fringe benefits is impacted by the Federal Emergency Management Agency (FEMA) reimbursements for prior year COVID-19 pandemic related eligible spending. Excluding this transaction, General Fund State Operations spending growth is expected to increase by roughly 11 percent. The largest drivers of growth include rising health insurance costs for State employees, Judicial staffing and operational increases, general salary increases consistent with existing collective bargaining agreements, investments in cybersecurity and information technology, and continued staffing increases across various agencies. In addition, spending has been increased for the MAT Program which provides treatment for incarcerated individuals in state prisons with substance use disorder, enhanced security measures for correctional facilities, and an increase in the National Guard members assigned to the Joint Task Force Empire Shield Mission, which provides support to deter and prevent terrorist activity in the City of New York area, including transit and commuter hubs.

The Judiciary spending plan includes a substantial increase in FY 2026 to support general salary increases and other non-judicial staffing initiatives including new court clerks and attorneys, costs associated with four court officer academy classes and increased staffing levels to address case backlogs. The Judiciary's budget submission also includes funding for new judgeships; ten City of New York Family Court Support Magistrates and ten Criminal Court judges; increases for various technology initiatives; cost of living adjustment for contractual providers of the Attorney for Child program; expansion of various programs including Alternative Dispute Resolution and Alternatives to Incarceration; and providing for health insurance and pension cost increases.

General Fund transfers to support capital projects is expected to decrease due to the timing of bond proceed reimbursements. Other transfer decreases are attributable to one-time funding for the HSF in FY 2025, partially offset by additional State general operating aid for SUNY four-year campuses and Downstate Hospital, funding to support targeted engineering pay increases, and payment of interest due on the outstanding Federal unemployment insurance loan. General Fund transfers in FY 2026 are also impacted by revised support projections across programs and funds.

General Fund Closing Balance

DOB expects the General Fund to end FY 2026 with a balance of $45.7 billion. Roughly half of the balance is held in Principal Reserves to protect essential services in the event of a significant economic downturn. The remaining balance is comprised of other reserves that are pledged to reduce outyear gaps, manage risks, and support future costs that include tax refunds and liabilities, capital projects, and increased operational expenses.

The decrease in the General Fund closing balance compared to FY 2025 is comprised of refunded PTET collections, and the scheduled use of debt management and extraordinary monetary settlement reserves to fund existing commitments and projects.

Cash Flow

DOB expects that the General Fund will maintain sufficient liquidity in FY 2026 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 2026 PROJECTED MONTH-END CASH BALANCES
(millions of dollars)

	General Fund	Other Funds	All Funds
April 2025	55,881	16,052	71,933
May 2025	50,491	15,197	65,688
June 2025	52,630	15,621	68,251
July 2025	52,721	15,075	67,796
August 2025	51,135	14,112	65,247
September 2025	55,659	10,428	66,087
October 2025	49,020	10,865	59,885
November 2025	46,348	9,523	55,871
December 2025	51,228	8,735	59,963
January 2026	55,150	8,756	63,906
February 2026	51,299	8,459	59,758
March 2026	45,685	15,413	61,098

The Executive Budget continues to authorize short-term financing for liquidity purposes during the fiscal year, which serves as cashflow management too, as needed, and to effectively deploy resources. Specifically, the authorization allows for the issuance of up to $3 billion of PIT revenue anticipation notes which mature no later than March 31, 2026. Borrowed amounts cannot be extended or refinanced beyond the initial maturity. The Updated Financial Plan does not assume the use of short-term financing for liquidity purposes. DOB evaluates operating results and liquidity levels regularly and may adjust the use of notes based on liquidity needs, market considerations, and other factors.

PTET Financial Plan Impact

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

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

DOB expects that the PTET program will be cost neutral to the State on a multi-year basis. 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.

At the onset of the PTET program, the State expected the utilization would cease after tax year 2025 consistent with the expected expiration of the SALT deduction cap under current Federal law. The Executive Budget Financial Plan now assumes the PTET program will continue to be utilized consistent with current State law. In addition, considering recently announced policy goals of the new Federal administration, the FY 2027 PIT revenue projections have been reduced to remove the one-time acceleration of roughly $3.2 billion in estimated PIT receipts previously assumed and is entirely offset by amounts previously set aside in General Fund reserves for this purpose, resulting in no Financial Plan impact. Other PTET revisions include the Executive Budget proposal to extend the annual election deadline for businesses opting into the program from March 15 to September 15, which is also offset by the PTET reserve.

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.

FY 2026 EXECUTIVE BUDGET GENERAL FUND IMPACT OF THE PASS THROUGH ENTITY TAX SAVINGS/(COSTS) (millions of dollars)	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
General Fund Impact	**0**	**0**	**0**	**0**	**0**
Tax Receipts[1]	2,268	(2,631)	(268)	226	320
PIT Credits	(13,700)	(16,098)	(16,382)	(16,186)	(16,440)
PTET Collections (Business Taxes)	15,968	13,467	16,114	16,412	16,760
Use of/(Deposit to) Reserve for PTET Refunds	(2,268)	2,631	268	(226)	(320)

[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. Since inception, the reserve balance has covered the difference between PTET collections and related PIT credits in each succeeding fiscal year and is expected to do so indefinitely.

State Operating Funds Spending Summary

The following table summarizes the projected annual change in State Operating Funds spending from FY 2025 to FY 2026 projected levels, followed by a summary of the changes.

STATE OPERATING FUNDS DISBURSEMENTS
FY 2025 TO FY 2026
(millions of dollars)

	FY 2025 Projected	FY 2026 Projected	Annual Change $	Annual Change %
ASSISTANCE AND GRANTS	**96,774**	**104,972**	**8,198**	**8.5%**
School Aid (School Year Basis)	35,671	37,365	1,694	4.7%
DOH Medicaid	31,021	35,369	4,348	14.0%
Mental Hygiene, excl. MHSF/Reclassification	5,969	6,695	726	12.2%
Mental Hygiene Medicaid Reclassification	0	2,311	2,311	0.0%
Social Services	6,317	5,688	(629)	-10.0%
Transportation	5,144	5,322	178	3.5%
Higher Education	3,383	3,574	191	5.6%
Other Education	2,782	2,976	194	7.0%
All Other	6,487	5,672	(815)	-12.6%
STATE OPERATIONS/GENERAL STATE CHARGES	**33,399**	**36,514**	**3,115**	**9.3%**
State Operations	23,036	25,509	2,473	10.7%
Executive Agencies	12,843	14,004	1,161	9.0%
FEMA Reimbursements	(500)	0	500	100.0%
State University System	7,537	8,072	535	7.1%
Judiciary	2,409	2,644	235	9.8%
Other Elected Officials	747	789	42	5.6%
General State Charges	10,363	11,005	642	6.2%
Pension Contribution	2,635	2,840	205	7.8%
Health Insurance	5,658	5,909	251	4.4%
Other Fringe Benefits/Fixed Costs	2,070	2,256	186	9.0%
DEBT SERVICE	**3,163**	**2,318**	**(845)**	**-26.7%**
TOTAL STATE OPERATING FUNDS	**133,336**	**143,804**	**10,468**	**7.9%**
Capital Projects (State and Federal Funds)	**17,032**	**21,184**	**4,152**	**24.4%**
Federal Operating Aid	**93,013**	**87,037**	**(5,976)**	**-6.4%**
TOTAL ALL GOVERNMENTAL FUNDS	**243,381**	**252,025**	**8,644**	**3.6%**

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

Assistance and Grants

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

Over the past three years, assistance and grants funding has increased substantially with increased funding for education, health care, and nearly all other major program areas.

The Executive Budget provides $37.4 billion in total School Aid for SY 2026, representing an annual increase of $1.7 billion (4.7 percent). This includes a $1.5 billion (5.9 percent) increase in Foundation Aid. The Executive Budget begins the process of reforming the Foundation Aid formula by updating the formula's two measures of the percentage of low-income students in a school district, consistent with the recommendations of the Rockefeller Institute of Government and the Board of Regents. The Executive Budget also modifies the formula to provide additional aid to low-wealth school districts and to ensure that each district receives at least a 2 percent annual increase in aid. The SY 2026 School Aid increase also includes the full funding of the projected $230 million (2.2 percent) increase under current law for expense-based reimbursement programs such as Transportation Aid and Boards of Cooperative Education Services (BOCES) aid.

DOH Medicaid assistance and grants spending is estimated at $35.4 billion in FY 2026, an annual increase of $4.3 billion (14 percent). The growth is due to medical cost increases; enrollment remaining at elevated levels; expansion of benefits; increases to reimbursement rates; and continued growth in 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 MLTC; and the needs of financially distressed hospitals.

The HSF will receive and distribute the new MCO tax and is estimated to provide resources totaling $3.7 billion over two years. The FY 2026 Executive Budget proposes to use the funds over three years to fund $1 billion in existing commitments supported by the Global Cap and the remaining $2.7 billion will support new health care delivery investments. These investments and funding are dependent on successful execution of the MCO tax transaction, which is subject to continued Federal support. Absent assurance of continued Federal approval to maintain the MCO tax, the Updated Financial Plan does not include any funding for these investments in the later years.

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 other costs reported outside of the Global Cap to support home care and minimum wage for health care providers ($4.2 billion) and financial relief to counties and the City of New York associated with the State's full coverage of the local share of spending growth ($2.2 billion).

Mental Hygiene spending growth supports targeted investments in services to ensure individuals with developmental disabilities, mental illness, substance use disorders, and problem gambling have appropriate access to care. FY 2026 spending levels include the continued commitment to expand mental health access and care, a 2.1 percent targeted inflationary increase for eligible programs, and expanding access to opioid treatment medications in underserved areas.

Social Services spending decreases are driven by the declines in funding for services and assistance to the City of New York for asylum seekers. Offsetting increases reflect continued investments and expansion of child care, inclusive of reduced amounts of Federal pandemic aid to support costs, the Empire State Supportive Housing Initiative (ESSHI), Safety Net Assistance, new investments in youth programs, and a 2.1 percent targeted inflationary increase for eligible programs.

Transportation growth is commensurate with increases in dedicated transit revenue available to fund mass transit.

Higher education spending is projected to grow due primarily to increases in operating aid for CUNY senior colleges and the Executive proposal to provide for the remaining cost of tuition, fees, and books for students aged 25 to 55 who pursue studies in high-demand career fields at SUNY and CUNY community colleges. In addition, higher spending reflects increased support for TAP, the expansion of tuition assistance to non-combat veterans, and the expansion of part-time TAP eligibility to students taking a minimum of three credits.

Increased spending for All Other Education Programs in FY 2026 is largely driven by the continued impact of recent years' increases for special education program tuition and service rates and the return of such programs' enrollment to pre-COVID-19 pandemic levels; the adoption of universal free school meals, under which the State will pay the student's share of costs for all meals served to students not already receiving free meals; increased funding for nonpublic schools; and increased reimbursement to school districts related to charter schools.

All other assistance and grants spending includes a reconciliation between school year and State fiscal year spending for School Aid; reconciliation for the net impact of the Mental Hygiene Stabilization Fund related to the Medicaid Global Cap; and various other programs and functions including additional funding for abortion medication services, programs for the aging, expansion of WIC, additional funding to support increases to Civil Legal Services and Attorney for Child programs; first-time homebuyer down payment assistance; funding for upgrades to sliding sports venues in Lake Placid in anticipation of hosting future world-class competitions; investment in targeted training pathways and apprenticeships for high-demand fields; and an offset to county costs paid to lawyers assigned to represent low-income individuals.

State Operations/General State Charges (GSCs)

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

Growth in operational spending for executive agencies is driven primarily by general salary increases consistent with existing collective bargaining agreements, investments in cybersecurity and Information Technology (IT), and staffing increases across various agencies. In addition, Federal reimbursement for prior year State costs incurred for COVID-19 pandemic response and recovery efforts is projected to decline year over year.

SUNY operational spending growth reflects expenses for SUNY State-operated campuses and hospitals, inclusive of additional State aid for operating expenses at the State University Health Sciences Center at Brooklyn and/or the SUNY Hospital at Brooklyn. SUNY operating costs are funded by a combination of tuition and fee revenue and General Fund transfers provided annually for direct State operating support and student financial aid support ($1.9 billion in FY 2026). In addition, the State pays the fringe benefit costs of employees at SUNY State-operated campuses, projected to be roughly $2.0 billion in FY 2026, which is excluded from operational spending growth. The State also continues to pay a share of the debt service costs on bond-financed capital projects at SUNY, totaling approximately $662 million in FY 2026.

The Judiciary spending plan includes a substantial increase in FY 2026 to support general salary increases and other non-judicial staffing initiatives including new court clerks and attorneys, costs associated with four court officer academy classes and increased staffing levels to address case backlogs and provide operational support to various courts. The Judiciary's budget submission includes funding for new judgeships; ten City of New York Family Court support magistrates and ten Criminal Court judges, including non-judicial staff supporting these judges; civil legal services increases; additional funding for various technology initiatives, cost of living adjustment for contractual providers of the Attorney for Child program; expansion of various programs including Alternative Dispute Resolution and Alternatives to Incarceration; and providing for health insurance and pension cost increases.

The operating costs for the offices of independently elected officials (Attorney General, Comptroller, and Legislature) are projected to grow by 5.6 percent. This growth is driven by payments for salary increases pursuant to existing contracts, increased staffing, and general salary increases for legislative staff.

The increase in GSCs is primarily a result of an increase in pension obligations due to higher employer contribution rates. Health insurance cost increases can be attributed to medical inflation which include the rising costs of prescription drugs. Increases in other fringe benefits and fixed costs can be attributed to higher employer payroll taxes due to the continued growth in the State workforce and current spending trends.

Debt Service

The State pays annual debt service on all outstanding State-supported debt issuances, which is affected by the prepayment of future debt service costs in prior fiscal years. Adjusting for prepayments, State-related debt service is projected at $6.7 billion in FY 2026, an increase of 5.4 percent from FY 2025.

Extraordinary State Funding for Asylum Seeker Assistance

The FY 2026 Executive Budget does not include any new funding for asylum seeker assistance but maintains the extraordinary funding and support approved in prior years to assist the City of New York with the humanitarian crisis that has brought thousands of asylum seekers to the City of New York. To date, New York State has received little to no Federal funding assistance to manage thousands of asylum seekers despite repeated requests.

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

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

ASYLUM SEEKER ASSISTANCE
STATE OPERATING FUNDS
(in millions)

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

OTHER MATTERS AFFECTING THE FINANCIAL PLAN

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

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

Federal Risks

The amount and composition of Federal funds received by the State fluctuate over time as legislative and regulatory actions at the Federal government level often change. Specific Federal government actions that pose an ongoing risk to the Updated Financial Plan include audits, disallowances, changes to Federal participation rates or other Medicaid rules, discretionary spending reductions, and the expected need for Congress to increase or suspend the debt limit to avoid delaying payments and/or defaulting on debt obligations.

Debt Limit. A Federal government delay or default on payments, particularly for a prolonged period, could have a materially adverse effect on national and state economies, financial markets, and intergovernmental aid payments. Specific effects on the Updated Financial Plan resulting from a potential Federal government default are unknown and impossible to predict. However, data from past economic downturns suggests that the State's revenue loss could be substantial if a Federal default triggered an economic downturn.

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

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

In addition, CMS approved a three-year, $5.8 billion demonstration waiver through March 31, 2027, in response to the State's request to address health disparities exacerbated by the COVID-19 pandemic. The funding helps support social, physical, and behavioral health care services throughout the State. However, the waiver requires a total of $1.7 billion in additional State resources, which have been assumed in the Updated Financial Plan over the same period. Given the time limit on the Federal funding, these services are expected to be discontinued at the end of the term absent an extension by the Federal government. Accordingly, there is no State or Federal funding included in the Updated Financial Plan projections beyond the term period.

Federal funding for human services programs serves the most vulnerable populations, including through the Supplemental Nutrition Assistance Program (SNAP) and the Home Energy Assistance Program (HEAP). In addition, Federal funding through the Office of Refugee Resettlement contributes to the State's response to the migrant crisis, and reductions would threaten the health, well-being, and stability of refugees. The Commission for the Blind uses Federal funds to support mobility training, academic instruction, case management, and vocational training, and a reduction in Federal funds would result in a reduction or elimination of services. The Updated Financial Plan does not include State funding to backfill any Federal reduction to these programs.

Likewise, a reduction in Federal funding from the Child Care Development Funds (CCDF) would reduce the size of the State's annual child care block grant allocations to local districts and result in waitlists for services. In addition, the State has submitted a waiver request to the Federal government to delay certain provisions of new CCDF rules for two years which was approved.

Reductions in Federal funding through Title IV-E and IV-B would threaten foster care placements, adoption subsidies, and kinship caregiver supports. Changes to Title XX funding would impact child welfare and domestic violence services. The Office of Children and Family Services (OCFS) receives a variety of Federal grants for child preventive services programs, domestic violence services, adoption incentive programs, and the Chafee Independent Living program. Any reduction in funds would likely result in the reduction or elimination of these programs.

Financial Plan Projections

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

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

The largest component of State tax revenue comes from PIT. Beginning in tax year 2021, the State created three new top PIT rates for taxpayers earning over $2.1 million annually creating a more progressive state income tax system. The top PIT rate is currently 10.9 percent and includes less than 0.1 percent of taxpayers. These rates expire at the end of tax year 2027 reverting to a single bracket with a rate of 8.82 percent. The FY 2026 Executive Budget proposes a five year extension of these three PIT rates through tax year 2032.

- Tax Cuts and Jobs Act of 2017 (TCJA). The TCJA made extensive changes to the Federal individual income tax, corporate income taxes, and estate taxes, most of which were effective in tax year 2018. Many provisions of the TCJA are scheduled to expire at the end of 2025, including the $10,000 limit on the deductibility of SALT payments. It should be noted that PTET and the Employer Compensation Expense Program (ECEP) are independent of the TCJA, not scheduled to sunset, and taxpayer utilization of these programs may continue regardless of changes in Federal policies. The multi-year tax revenue projections assume that taxpayers will continue to utilize the PTET and participate in the ECEP beyond tax year 2025. As DOB gains additional clarity on Federal tax policies and their implication on PTET and ECEP utilization, the estimates of receipts will be revised in future quarterly Financial Plan updates to reflect any changes.

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

Disbursements. Projections and timing of disbursements are subject to many of the same risks listed above for receipts, as well as variations from assumptions, policy changes, and future labor agreements which may increase spending, 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 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; State payments and assistance to health care facilities and providers beyond the typical rate reimbursement system; enrollment, utilization and availability of funding for certain public health programs; adherence to statutorily limited growth caps; and the ability of the State and its public authorities to issue securities successfully in public credit markets.

The disparate health care programs, escalating costs and industry pressures present fiscal challenges for the State that will need to be addressed in the coming months and years to ensure fiscal sustainability of these programs. A summary of these programs and these issues are described in more detail below.

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

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

  The State conducted its eligibility redeterminations for approximately 9 million public health insurance enrollees. Through December 2024, disenrollment remains low, and the State continues to retain a greater proportion of COVID-19 era enrollees driving higher Medicaid costs over the multi-year Financial Plan relative to pre-pandemic levels of enrollment.

- CHP. The State's CHP program is a jointly funded public health program that provides health insurance for children under the age of 19 in families with incomes too high to qualify for Medicaid. Since its inception in 1990, CHP has provided free or subsidized health insurance coverage to thousands of children in New York State, including undocumented children at a 100 percent State cost. Over the past several years, CHP has experienced substantial program growth due to the unwind of individuals from the Medicaid programs, currently covering over 578,000 enrollees. Similarly, an unanticipated surge in the undocumented population continues to put pressures on the program. Prior to July 2021, growth in the undocumented population was stable and consistent, however, it has since escalated by 2,000 to 3,000 monthly enrollees and comprises a larger share of program growth. Currently, the State is covering over 140,000 undocumented children, an increase of roughly 75,000 enrollees from January 2020, representing 25 percent of total CHP enrollees. Undocumented children account for 50 percent of unfunded non-federal program costs and have consistently spent more than the remaining CHP population, which receives a 65 percent federal match. Further growth in this population will increase State costs above current projections.

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

- Hospital Assistance. The State provides a substantial amount of supplemental funding to private and not-for-profit hospitals beyond traditional Medicaid reimbursement rates, which include payments through various programs and grants, including the Vital Access Provider Assurance Program (VAPAP), Vital Access Provider (VAP) Program, Graduate Medical Education Incentive Program, and various other programs. Currently, 75 of 261 New York hospitals (29 percent) are deemed financially distressed – a 200 percent increase from FY 2017 through FY 2024 that has driven a concomitant 625 percent increase in Federal/State fiscal assistance to these entities. Many hospitals responsible for supporting medical needs in underserved communities across the State, including those with higher rates of uninsured individuals and government payor mix, were further stressed financially due to the pandemic. Despite hospitals in the State receiving roughly $11 billion in COVID-19 pandemic related assistance from the Federal government, many continue to rely on supplemental State assistance. The State has provided substantial targeted funding to certain facilities in addition to recurring annual hospital assistance of $984 million provided in aggregate to all hospitals statewide. From FY 2023 through FY 2025, supplemental State support will total more than $1.8 billion including: $800 million in FY 2023 of which $100 million was added to the recurring base support; $500 million in FY 2024; and $500 million planned by the end of FY 2025. In addition to $300 million provided in FY 2025, the FY 2026 Executive Budget maintains additional funding through FY 2028 in State support associated with the Safety Net Transformation program to fund projects and partnerships to promote financial sustainability of provider systems, subject to approval.

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

- CDPAP. New York's CDPAP allows Medicaid enrollees that are determined eligible for personal care services to select their own caregiver, which can include friends or family members. Utilization of CDPAP grew by 1,200 percent since 2016, and State costs were expected to continue to escalate at unsustainable levels. In response to this expansion, hundreds of private businesses, known as Fiscal Intermediaries (FIs), have emerged that provide payroll functions and administrative support for an administrative fee that is paid by the Medicaid program. Nearly all other States with CDPAP programs utilize one or only a few FIs to limit administrative costs. The State is in the process of transitioning to a single FI to administer CDPAP that will consolidate the administrative and payroll functions from hundreds of existing FIs to more cost effectively administer the program by the end of FY 2025. There is no change to care or services authorized and available through the CDPAP or any disruption to care expected.

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

- The **School Aid** growth cap limits growth to the annual growth in State Personal Income, as calculated in the Personal Income Growth Index (PIGI). The statutory PIGI for School Aid is based on the average annual income growth over a ten-year period. However, the authorized School Aid increases have exceeded the indexed levels in most years since its inception. Most recently, School Aid increases in SY 2022 through SY 2024 substantially exceeded the PIGI, due to the State's commitment to phase in full funding of the Foundation Aid formula. The final year of this phase-in was completed in SY 2024, driving an annual increase of $3.1 billion (9.7 percent) compared to the indexed PIGI rate of 4.2 percent. The increase in State funded School Aid for SY 2025 of $1.4 billion (4.1 percent) was slightly above the indexed PIGI rate of 3.7 percent.

  The Executive Budget proposes a School Aid increase for SY 2026 of $1.7 billion (4.7 percent), driven largely by a $1.5 billion (5.9 percent) increase in Foundation Aid. This increase is above the indexed PIGI rate of 4.5 percent. The FY 2026 Executive Budget begins the process of reforming the Foundation Aid formula by updating the formula's two measures of the percentage of low-income students in a school district, consistent with the recommendations of the Rockefeller Institute of Government and the Board of Regents. The Executive Budget also modifies the formula to provide additional aid to low-wealth school districts and to ensure that each district receives at least a 2 percent annual increase in aid.

  The Updated Financial Plan projections for SY 2027 and beyond assume that School Aid growth will be based on estimated growth in Foundation Aid and expense-based aids and are below the PIGI rate.

- Nearly 80 percent of **DOH State Funds Medicaid** spending growth is subject to the Global Cap that is intended to establish a limit for Medicaid growth. Additional State-share Medicaid spending, outside of the Global Cap, has increased to include supplemental hospital payments, health care bonus payments, and other costs, in addition to State costs for the takeover of Medicaid growth from local governments and reimbursement to providers for increased minimum wage costs. Prior to FY 2023, the Global Cap was calculated using the ten-year rolling average of the medical component of CPI for all urban consumers and thus allowed for growth attributable to increasing costs, though not increasing utilization. To accommodate growth in utilization, beginning in FY 2023 the Global Cap was amended to be calculated using the five-year rolling average of health care spending, using projections from the CMS Actuary. The CMS Actuary updates the projections annually and DOB incorporates the revisions into the multi-year forecast with the Enacted Budget, as applicable. The new Global Cap index added a substantial amount of allowable Medicaid growth – over $23 billion covering the six-year period from FY 2023 through FY 2029.

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

Medical Indemnity Fund (MIF). MIF was created in 2011 to provide for the future health care costs of individuals who suffered birth-related neurological injuries because of medical malpractice during delivery and is administered by DOH. The purpose of the MIF is to ensure qualified plaintiffs have their healthcare needs met throughout their lifetime and to protect hospitals and limit their liabilities for medical malpractice expenses. In 2017, rates were increased, and eligibility expanded to non-hospital births. Covered services are expansive and can include medical, dental, surgical, hospital, nursing, custodial, and rehabilitative care. The costs are supported partially through an assessment on hospitals with the balance provided by the State. Since the inception of the MIF, the State has supported $717 million in funding for the MIF that would otherwise have been borne by hospitals and practitioners.

Pursuant to law, if the MIF's total estimated liabilities reach or surpass 80 percent of its total assets, then the MIF will be closed to new enrollment to maintain solvency. Due to increased enrollment, escalating average medical costs per enrollee, and legislatively mandated average commercial reimbursement requirements, which are in place until December 31, 2025, the MIF is expected to reach this threshold in FY 2026. Once closed to new enrollees, those who would have been considered qualified plaintiffs and automatically enrolled in the MIF will instead be able to seek legal recourse against hospitals and physicians.

Absent policy changes to require hospitals and providers to provide additional funding to the MIF and/or program reforms, additional State funding would be needed to prevent the potential closure of MIF to new enrollees beginning in FY 2026 and beyond.

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

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

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

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

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

State Labor Costs

Most State labor unions have settled agreements through the end of FY 2026, including a ratified agreement with the New York State Troopers Police Benevolent Association (NYSTPBA) retroactive to April 1, 2023. Over 99 percent of unionized State employees are covered by a ratified contract; only the New York State Police Investigators Association (NYSPIA) and the Graduate Students Employees Union (GSEU) do not have a current contract. The State continues to negotiate with these unions for successor contracts and expects to engage with unions to discuss future agreements for FY 2027 and beyond; 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 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%	3%	3%	3%
PEF	FY 2024 - FY 2026	2%	2%	2%	2%	2%	3%	3%	3%
NYSCOPBA	FY 2024 - FY 2026	2%	2%	2%	2%	2%	3%	3%	3%
PBANYS	FY 2024 - FY 2026	2%	2%	2%	2%	2%	3%	3%	3%
UUP (SUNY)	AY 2023 - AY 2026	2%	2%	2%	2%	2%	3%	3%	3%
DC-37	FY 2024 - FY 2026	2%	2%	2%	2%	2%	3%	3%	3%
Council 82	FY 2024 - FY 2026	2%	2%	2%	2%	2%	3%	3%	3%
NYSTPBA	FY 2024 - FY 2026	2%	2%	2%	2%	2%	3%	3%	3%
GSEU	AY 2020 - AY 2023	2%	2%	2%	2%	2%	TBD	TBD	TBD
NYSPIA	FY 2019 - FY 2023	2%	2%	2%	2%	2%	TBD	TBD	TBD

On February 19, 2025 the Governor declared a disaster emergency in response to a strike by correction officers at various facilities throughout the State that began on February 17, 2025. To ensure the safety of incarcerated persons and staff, the State has authorized enhanced overtime payments for staff reporting for duty. In addition, the State has mobilized National Guard service members and assigned certain employees of Division of State Police and Parole Officers to provide additional support to facilities. These increased costs will not have a materially adverse impact on the Updated Financial Plan in FY 2025 and are not expected to have a materially adverse impact in FY 2026 unless the strike is prolonged. As this situation evolves, any necessary spending revisions will be reflected in the FY 2026 Enacted Budget.

Employee Pension Benefits.[9] The State makes annual contributions to the New York State and Local Retirement System (NYSLRS) for employees in the New York State and Local Employees' Retirement System (ERS) and Police and Fire Retirement System (PFRS). This section discusses contributions to the NYSLRS, which account for most of the State's pension costs.8F[10] 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 NYSLRS to provide regular reports on the System's experience and to propose assumptions and methods for the actuarial valuations. Employer contribution rates for NYSLRS are determined based on investment performance in the Common Retirement Fund and actuarial assumptions recommended by the Retirement System's Actuary and approved by the State Comptroller. Pension estimates are based on the actuarial report issued in September 2024.

On September 3, 2024, NYSLRS announced an increase in employer contribution rates for both ERS and PFRS which will impact expenses in FY 2026. The average employer contribution rate for ERS increased from 15.2 percent to 16.5 percent of payroll which is the highest level since FY 2016. The average employer contribution rate for PFRS increased from 31.2 percent to 33.7 percent of payroll, which is the highest level since FY 1980. The increase is driven by changes made in the FY 2025 Enacted Budget which enhanced the retirement benefits for Tier 6 members, as well as prior year market losses in the Common Retirement Fund and a higher-than-expected number of service retirements. Since FY 2022, NYSLRS has utilized an 8-year smoothing methodology to reduce volatility in the employer contribution rates. Since then, market losses in FY 2023 have negated the gains in FY 2022 and FY 2024, resulting in a net increase in contribution rates. The table below shows the Common Retirement Fund (CRF) investment experience and the smoothing period for each year's returns.

COMMON RETIREMENT FUND INVESTMENT RETURNS EFFECT ON RATES

	CRF Return	Annual Change in Rate		Smoothing Period	
		ERS	PFRS	Start Date	End Date
FY 2022	9.5%	-0.3%	-0.3%	FY 2024	FY 2031
FY 2023	-4.4%	1.1%	1.2%	FY 2025	FY 2032
FY 2024	11.6%	-0.5%	-0.6%	FY 2026	FY 2033

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

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

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

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

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

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

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

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

EMPLOYEE RETIREMENT SYSTEM AND POLICE AND FIRE RETIREMENT SYSTEM PENSION CONTRIBUTIONS (millions of dollars)							
	Statewide Pension Payments[1]			Rates for Determining Amortization Amount / Excess Contributions			
Fiscal Year	Normal Costs	(Amortization Amount) / Excess Contributions	Total Statewide Pension Payments	System Average Normal Rate[2]		System Average Graded Rate	
				ERS (%)	PFRS (%)	ERS (%)	PFRS (%)
2026	2,546.3	0.0	2,546.3	16.5	33.7	15.1	29.4
DOB Projections[3]							
2027	2,996.7	0.0	2,996.7	18.0	35.0	16.1	30.4
2028	3,476.7	0.0	3,476.7	19.5	37.0	17.1	31.4
2029	3,926.7	0.0	3,926.7	21.0	39.7	18.1	32.4

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

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

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

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

Other Post-Employment Benefits (OPEB). State employees become eligible for post-employment benefits (e.g., health insurance) if they reach retirement while working for the State; are enrolled in either the New York State Health Insurance Program (NYSHIP) or the NYSHIP opt-out program at the time they reach retirement; and have the required years of eligible service. The cost of providing post-retirement health insurance is shared between the State and the retired employee. Contributions are established by law and may be amended by the Legislature. The State is not required to provide funding above the 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 nearly $1.5 billion to the Retiree Health Benefit Trust Fund (RHBTF) which was created in FY 2018 as a qualified trust under Governmental Accounting Standards Board Statements (GASBS) No. 74 and is authorized to reserve money for the payment of health benefits of retired employees and their dependents. Under current law, the State may deposit into the RHBTF, in any given fiscal year, up to 1.5 percent of the total then-current unfunded actuarial accrued OPEB liability ($56.7 billion on March 31, 2024). The Updated Financial Plan includes a continued $250 million annual deposit to the RHBTF that will be dependent on fiscal conditions.

State Debt

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

The major rating agencies – Fitch, Kroll, Moody's, and S&P – have assigned the State general credit ratings of AA+, AA+, Aa1, and AA+, respectively. The State's rating has a stable outlook from all four rating agencies. These ratings reflect the State's economic recovery from the COVID-19 pandemic and commitment to strong reserve levels. On August 24, 2024, S&P noted that their rating reflected "New York's strong credit fundamentals, underpinned by its very proactive fiscal management, reflected by its commitment to structural balance and very strong reserve levels".

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

The State enacted legislation that suspended certain provisions of the Debt Reform Act for FY 2021 and FY 2022 bond issuances as part of the State's response to the COVID-19 pandemic. Accordingly, a total of $13 billion of State-supported debt issued in FY 2021 and FY 2022 and outstanding as of March 31, 2025 is not counted towards the statutory caps on debt outstanding and debt service.

Current projections anticipate that State-supported debt outstanding and State-supported debt service will continue to remain below the limits imposed by the Debt Reform Act. Based on the most recent personal income and debt outstanding forecasts, the available debt capacity under the debt outstanding cap is expected to decline from $25.1 billion in FY 2025 to a low point of $441 million in FY 2030. 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 $2.2 billion in FY 2025 inclusive of prior year prepayments, or roughly $10.1 billion below the statutory debt service limit.

DEBT OUTSTANDING SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT (millions of dollars)	
Year	Personal Income	Cap %	Cap $	Debt Outstanding Included in Cap [1]	$ Remaining Capacity	Debt as a % of PI	% Remaining Capacity	Debt Outstanding Excluded from Cap	Total State-Supported Debt Outstanding
FY 2025	$1,694,767	4.00%	67,791	42,686	25,105	2.52%	1.48%	13,831	56,517
FY 2026	$1,767,119	4.00%	70,685	51,350	19,335	2.91%	1.09%	13,553	64,903
FY 2027	$1,838,926	4.00%	73,557	61,278	12,279	3.33%	0.67%	13,535	74,813
FY 2028	$1,914,234	4.00%	76,569	69,500	7,069	3.63%	0.37%	13,699	83,199
FY 2029	$1,992,508	4.00%	79,700	76,840	2,860	3.86%	0.14%	13,693	90,533
FY 2030	$2,073,653	4.00%	82,946	82,505	441	3.98%	0.02%	13,116	95,621

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-Supported Debt Service [2]
FY 2025	$246,676	5.00%	12,334	2,189	10,145	0.89%	4.11%	4,169	6,358
FY 2026	$243,929	5.00%	12,196	3,742	8,454	1.53%	3.47%	2,956	6,698
FY 2027	$253,927	5.00%	12,696	3,892	8,804	1.53%	3.47%	3,789	7,681
FY 2028	$252,144	5.00%	12,607	5,513	7,094	2.19%	2.81%	2,585	8,098
FY 2029	$258,209	5.00%	12,910	7,561	5,349	2.93%	2.07%	1,145	8,706
FY 2030	$260,825	5.00%	13,041	7,882	5,159	3.02%	1.98%	853	8,735

[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.

In the FY 2026 Executive Budget, the State includes new bond-financed capital commitments that would add $5.9 billion in new debt over the five-year Capital Plan period. The capital spending increases are offset by the FY 2026 Executive Budget personal income forecast, greater underspending on capital projects than previously assumed, changes in the timing of bond issuances, $1 billion of new PAYGO capital spending, and reductions in debt as a result of legal defeasances to date. 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 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Mid-Year Update	**24,029**	**18,804**	**12,090**	**8,068**	**5,318**
Personal Income Forecast Update	123	216	267	298	327
Capital Adds	0	(1,606)	(2,909)	(4,247)	(5,885)
Bond Sales & Other Adjustments	(47)	(51)	(54)	(58)	(21)
Capital Re-estimates	1,000	1,972	2,885	3,008	3,121
Executive Budget	**25,105**	**19,335**	**12,279**	**7,069**	**2,860**

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

Localities and Authorities

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

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

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

MTA Capital Programs. The Governor and Legislature are expected to work closely during budget negotiations to support and approve a 2025-2029 MTA Capital Plan. Accordingly, the FY 2026 Executive Budget assumes $32.7 billion of base funding that would be directly contributed by funding partners towards the 2025-2029 MTA Capital Plan. These assumed contributions consist of $3 billion from the State, $3 billion from the City of New York, $12.3 billion from the MTA ($3 billion of which would be self-funded by Bridges and Tunnels) and $14.4 billion requested from the Federal government. This base funding proposal acknowledges the need for partner commitments to support the MTA's 2025-2029 Capital Plan, while allowing additional time to work closely with the Legislature to advance additional funding.

In addition, the State is directly contributing $9.1 billion to the MTA's 2015-2019 Capital Plan and $3.1 billion to the MTA's 2020-2024 Capital Plan. These State commitment levels represent substantial increases from the funding levels for prior MTA Capital Plans (2010-2014: $770 million; 2005-2009: $1.45 billion). In addition, a substantial amount of new funding to the MTA was authorized in the FY 2020 Enacted Budget as part of a comprehensive reform plan expected to generate an estimated $25 billion in financing for the MTA's 2020-2024 Capital Plan, including $15 billion from congestion pricing revenues.

New York's Central Business District Tolling Program (CBDTP) was implemented in Manhattan on January 5, 2025 following the entry of an agreement, dated November 21, 2024, by and among the Federal Highway Administration (FHWA), NYS Department of Transportation, NYC Department of Transportation, and the Triborough Bridge and Tunnel Authority (TBTA), approving CBDTP under the Federal Value Pricing Pilot Program (the VPPP Agreement). On February 19, 2025, the U.S. Department of Transportation (US DOT) delivered a letter to Governor Kathy Hochul asserting its intent to terminate the VPPP Agreement and rescind FHWA's approval of the CBDTP. In response, the TBTA and Metropolitan Transportation Authority (MTA) filed a complaint in the U.S. District Court for the Southern District of New York seeking, among other legal remedies, an order vacating US DOT's purported termination which was undertaken in violation of the terms of that Agreement, and in excess of the agency's authority. The TBTA and MTA have stated they will continue operation of the CBDTP absent a valid court order.

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

Risks to the MTA include, but are not limited to, the level and pace at which ridership will return, the economic conditions of the MTA region, the ability to implement cost controls and savings actions, the ability to implement biennial fare and toll increases, and the ability to fully fund the 2025-2029 Capital Plan. If additional resources are provided by the State, either through additional subsidies or new revenues, it could have a material and adverse impact on the State's Updated Financial Plan.

Other Risks and Ongoing Concerns

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

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

To mitigate and manage the impacts of climate change, all levels of government, including 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, alongside the change in Federal administration, there can be no assurance that such efforts will be adequate or timely enough to mitigate the most damaging effects of climate change.

In 2019, New York enacted the Climate Leadership and Community Protection Act (CLCPA). The CLCPA set the State on a path toward reducing statewide greenhouse gas emissions by 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. New York is actively working on advancing an economywide cap-and-invest program that establishes a declining cap on greenhouse gas emissions, while seeking to limit potential costs to New Yorkers, investing the proceeds in programs that drive emissions reductions across all regions of the State, and maintaining the competitiveness of New York businesses and industries. Pursuant to the CLCPA, the Department of Environmental Conservation (DEC) is required to promulgate rules and regulations to ensure the State meets the CLCPA's statewide greenhouse gas emission limits. DEC has already adopted a variety of regulations to help meet this objective, and – together with the cap-and-invest program and other complementary climate actions – these regulations are expected to play a key role in New York's overall policies aimed at reducing greenhouse gas emissions across the State.

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 $2.6 billion to support cleaner energy solutions in New York and over $8.6 billion collectively amongst 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 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.

- Signing the Climate Change Superfund Act in December 2024, which will require companies that have contributed significantly to the buildup of climate-warming greenhouse gases in the atmosphere to pay for critical infrastructure investments to adapt to climate change.

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 is actively being implemented and is supporting substantial capital improvements and enhancements in the following areas: flood risk reduction/restorations; open space, working lands conservation, and recreation; climate change mitigation; and water quality improvement and resilient infrastructure.

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

To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the State invests in multiple forms of cybersecurity and operational controls. The State's Chief Information Security Office (CISO) within the State's Office of Information Technology Services (ITS) maintains policies, standards, programs, and services relating to the security of State government networks. The CISO is responsible for annually assessing the effectiveness of certain State agencies' cybersecurity defenses 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 2026 Executive Budget continues to invest in New York's Shared Services Program, which helps county and local governments and other regional partners acquire and deploy high quality cybersecurity services to bolster their cyber defenses.

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

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

ECONOMICS AND DEMOGRAPHICS

Governor's Amendments to the FY 2026 Executive Budget

New York State Governor Kathy Hochul submitted the Executive Budget for FY 2026 to the Legislature on January 21, 2025. In accordance with the State Constitution, the Governor submitted amendments to the Executive Budget on February 20, 2025. The amendments are summarized in the Governor's Amendments to the FY 2026 Executive Budget, which is available on the DOB website at www.budget.ny.gov.

The amendments to the FY 2026 Executive Budget were generally technical in nature and are not expected to have a materially adverse impact on the Executive Budget Financial Plan. Accordingly, the multi-year (FY 2025 through FY 2029) forecasts of receipts and disbursements remained unchanged. However, the Governor's Amendments to the FY 2026 Executive Budget "Economic Outlook" section did reflect actual FY 2023-24 data which was published after the Executive Budget Financial Plan was released in January 2025. The "Economic Outlook" section in this AIS Update is as of the Executive Budget Financial Plan and does not reflect this updated data.

On or before March 1, 2025, 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 2025 and FY 2026).

Any revisions to the Executive Budget Financial Plan receipts forecast from the consensus forecast process, as well as necessary spending revisions associated with new costs and amendments to the Executive Budget Financial Plan will be reflected in the FY 2026 Enacted Budget.

Economic Outlook

The U.S. economy marked another year of resilience in 2024 as inflation continued falling without a significant rise in labor market weakness. As a result, the DOB economic outlook has been revised up over the course of the past year. Similarly, the Blue Chip consensus forecast for U.S. real Gross Domestic Product (GDP) growth for 2024 rose steadily from 1.6 percent in January 2024 to 2.7 percent in December 2024. National employment growth has slowed as expected but remains at a healthy pace. The U.S. unemployment rate has ticked up almost half of a percentage point since January 2024 to 4.1 percent as of December. Price inflation has moderated through September 2024 towards the Federal Reserve's 2.0 percent target, but progress appears to have stalled since. So far, these readings are consistent with an economy settling into a balanced growth path without either accelerating inflation or rising unemployment. Meanwhile, the Federal Reserve has shifted toward a less restrictive monetary policy with the objective of preventing further labor market weakness.

While the 2024 economy exhibited robust economic growth with lower inflation and still low unemployment, the 2025 economic outlook is shaping up to be weaker. Significant policy changes proposed by the new administration may have a meaningful impact on various aspects of the economy, including labor markets, international trade, and business investment. DOB's baseline forecast partially reflects expected Federal policy changes. However, the size and timing of the policy changes and their implementation remain highly uncertain. DOB's baseline economic outlook assumes an extension of the tax cuts in the 2017 Tax Cuts and Jobs Act (TCJA) after 2025, a major expansion of tariff hikes, and corresponding retaliation by trading partners that will push up goods prices and weigh on imports and exports. The forecast also reflects a more restrictive immigration policy that will reduce the growth of labor supply. Meanwhile, DOB expects business investment, particularly productivity-enhancing tech investment, may remain strong under the TCJA corporate tax cuts that increase the after-tax return to investment and business-friendly deregulation policies.

On balance, U.S. real GDP growth is forecast to slow from an estimated average pace of 2.7 percent in 2024 to 2.1 percent in 2025 and 2.0 percent in 2026.[11] Thus, this forecast is consistent with the U.S. economy returning to growth rates closer to its long-term potential over the next two years. However, reaching the Federal Reserve's target inflation rate is expected to take longer in light of the expected tariff hikes and tax cuts. Monetary policy is likely to continue easing over the next two years, but future rate cuts are anticipated to be more gradual than the pace in 2024. Long-term interest rates are expected to remain elevated. This would curb consumer spending, residential and business investment, as well as employment and income gains.

In line with a cooling national labor market, New York State's employment growth slowed to an estimated 1.5 percent in 2024. Job growth is projected to decelerate further to 0.8 percent in 2025 primarily due to the State's labor shortages and weaker global and national economic conditions.

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[11] DOB's U.S. economic forecast incorporates the second estimate of 2024 third-quarter GDP, the October 2024 personal income and outlays estimates, the October 2024 CPI report, and the initial estimate of November 2024 employment. DOB's New York State forecast incorporates the second quarter of 2024 personal income by state data and the first half of 2024 Quarterly Census of Employment and Wages (QCEW) data.

State personal income is projected to grow by 4.1 percent in FY 2026, a deceleration from an estimated growth of 5.2 percent in FY 2025, primarily due to weaker wage growth. Despite a slowdown in job growth, State wages are estimated to be growing a solid 5.4 percent in FY 2025 due to robust estimated growth in finance and insurance sector bonuses. Strong performance in equity markets, and ongoing Federal Reserve rate cuts are expected to drive finance and insurance sector bonuses to a 16.4 percent increase in FY 2025. However, the continued slowing of State employment growth and a moderating outlook for finance and insurance sector bonuses suggest wage growth will slow to 3.7 percent in FY 2026.

MAJOR ECONOMIC INDICATORS

	Calendar Year Growth (%)		
	CY 2023 Actual	CY 2024 Estimated**	CY 2025 Forecast**
Real U.S. Gross Domestic Product (GDP)	2.9	2.7	2.1
Nonfarm Employment			
U.S.	2.3	1.6	1.0
New York State	2.2	1.5	0.8
U.S. Wages	5.4	5.9	4.3
U.S. Personal Income	5.9	5.5	4.3
U.S. Consumer Price Index (CPI)	4.1	3.0	2.7
U.S. Civilian Unemployment Rate			
U.S.	3.6	4.0	4.3
New York State	4.2	4.3	4.3
	State Fiscal Year Growth (%)		
	FY 2024 Actual	**FY 2025 Estimated****	**FY 2026 Forecast****
Personal Income			
U.S.	5.8	5.0	4.2
New York State*	5.3	5.2	4.1
Wages			
U.S.	5.7	5.3	4.2
New York State	4.2	5.4	3.7
Nonfarm Employment			
U.S.	2.1	1.4	0.8
New York State	1.8	1.3	0.7

Note: * New York State personal income is constructed by using QCEW wages and BEA non-wage income.
** Estimated and forecast values are based on the DOB forecast as of January 9th, 2025.

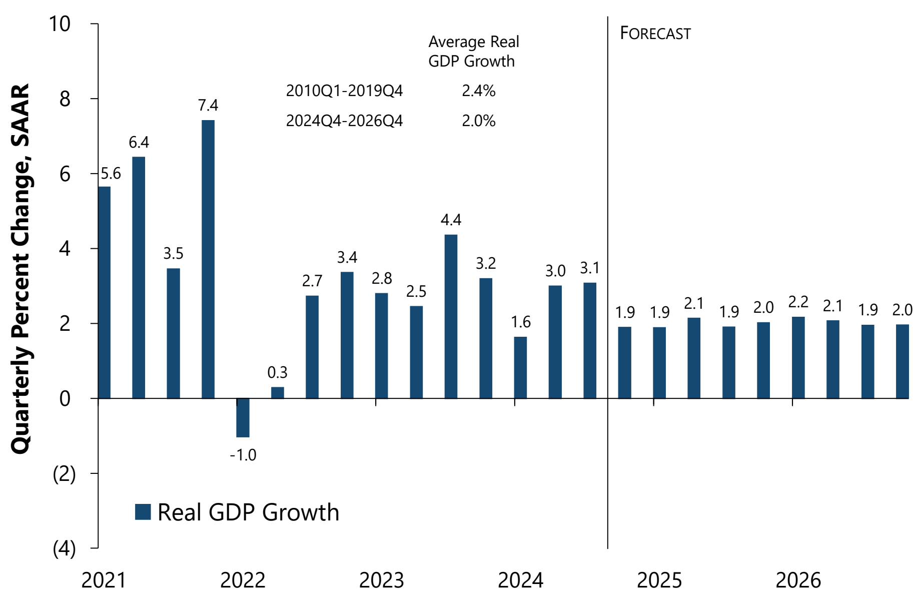
Source: Haver Analytics; Moody's Analytics; New York State Department of Labor; DOB staff estimates.

Real Output Growth

The U.S. economy had greater resilience than expected in the face of tight monetary policy and high interest rates in 2024. Real GDP posted a 3.1 percent gain in the third quarter of 2024 following 3.0 percent growth at an annualized rate in the second quarter. For two consecutive quarters, GDP demonstrated notably stronger growth than the 2.4 percent average between 2010 and 2019. The continued strength in the U.S. economy was mainly driven by robust consumer spending supported by solid income growth and wealth effects. In addition, residential investment rebounded after mortgage rates slowly trended down, making a positive contribution to real GDP growth. Moreover, Federal funding from the Bipartisan Infrastructure Law (BIL)/Infrastructure Investment and Jobs Act (IIJA), the CHIPS and Science Act, and the Inflation Reduction Act (IRA) fueled productivity-enhancing business investment and government spending. Real GDP grew by an estimated 2.7 percent in 2024, nearly matching the 2.9 percent growth in 2023.

Looking ahead, DOB forecasts real GDP growth to decelerate to 2.1 percent in 2025 and 2.0 percent in 2026 as labor markets and consumer spending moderate, the trade deficit widens, and government spending shrinks. 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 to be 2.1 percent over the next two years. Thus, DOB's forecast implies that the U.S. economy will moderate to its long-run potential growth in 2025 and 2026. DOB's forecast reflects some of the policy changes proposed by the new U.S. administration and assumes these changes will not immediately derail the economic expansion. However, uncertainties about these policy changes make the long-run forecasts highly variable.

The economy will moderate to its long-run potential growth



Source: Haver Analytics/BEA; DOB staff estimates.

Inflation Pressures

Various inflation measures have been ticking up since September 2024, suggesting the disinflation trend that started in mid-2022 may have stalled. Considering that multiple policies proposed by the new administration (tax cuts, tariff hikes, and restrictive immigration policy) will generate additional inflationary pressures in 2025 and 2026, DOB expects CPI inflation will drop only slightly to 2.7 percent in 2025 from 3.0 percent in 2024 and remain at 2.7 percent in 2026. Consumer price inflation has fallen substantially from its peak in 2022 and came close to the Federal Reserve's 2.0 percent inflation target at the end of the third quarter of 2024. However, further progress could take longer than initially expected. Despite potentially renewed inflationary pressures over 2025 and 2026, DOB expects that consumer price inflation is still on track to moderate close to the Federal Reserve's 2.0 percent target after 2026 if current trends continue in 2025.

National Employment

The U.S. labor market has cooled gradually throughout 2024. Monthly job gains slowed from 267 thousand per month in the first quarter to 170 thousand on average in the fourth quarter. There had been concerns over whether the employment growth slowed too fast, especially when nonfarm payrolls grew less than 100 thousand jobs per month in August and October. However, the slow growth proved to be temporary, mainly resulting from labor disputes and hurricanes. In general, U.S. employment growth remained positive and healthy in 2024, reducing concerns about an economic downturn.

DOB expects payroll gains to moderate to 100 thousand per month on average in the first half of 2025 as labor demand and supply come into better balance. Total nonfarm employment is projected to grow by 1.0 percent in 2025 following 1.6 percent growth in 2024, before slowing further to a 0.5 percent growth rate in 2026. The unemployment rate is projected to rise to 4.3 percent in 2025 from 4.0 percent on average in 2024. This projection for 2025 reflects expected immigration restrictions.

New York State Labor Market

Consistent with the broader trend of a cooling national labor market, New York State's employment growth has been decelerating in 2024. According to Current Employment Statistics (CES) data, New York added an average of 19,500 new jobs per month in the first half of 2024. However, that rate significantly declined to an average of 3,600 jobs per month from July to November. Elevated interest rates and weakening national and global economic conditions are expected to continue negatively impacting both national and State employment growth. Additionally, out-migration rates, driven by remote work opportunities and high housing costs, have exacerbated the State's labor shortages. Potential restrictions on immigration under the new U.S. administration could further dampen State employment growth. As a result, New York's employment is projected to grow by just 0.8 percent in 2025, following estimated growth of 1.5 percent in 2024.

New York's unemployment rate is estimated to be 4.3 percent in 2024, higher than the national rate of 4.0 percent. Since the second half of 2023, the State's unemployment rate has remained around 4.3 percent, consistently above the national average. This trend has been driven primarily by the City of New York, where the unemployment rate in November 2024 was 5.4 percent, compared to 3.6 percent in the rest of the State, as the City of New York has a larger and more diverse labor force, including many recent immigrants and young workers. City of New York's labor market experiences a higher level of turnover as new residents come seeking employment. This frictional unemployment occurs as prospective workers match with appropriate opportunities. With the expected deceleration in population growth due to stricter immigration policies, the State's unemployment rate is forecast to remain at 4.3 percent in 2025, matching the national rate.

U.S. and New York State Personal Income Growth

National Income Trends

The 2024 benchmark revision to the 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. The personal saving rate has also remained steady since 2023. U.S. personal income growth is projected to moderate to 5.5 percent in CY 2024 following 5.9 percent growth in CY 2023, and slow further to 4.3 percent in CY 2025. This income outlook suggests that consumer spending is likely to soften going forward but should remain strong enough to keep the U.S. economy in expansion.

Wages grew by 10.3 percent at an annualized rate in the first quarter of 2024. Since then, U.S. quarterly wage growth has slowed significantly due to cooling job gains and decelerating hourly earnings growth. Despite the gradual cooling quarter over quarter, the annual average wage growth for CY 2024 is estimated at 5.9 percent, higher than the 5.4 percent growth in CY 2023. However, with job gains and hourly earnings expected to continue cooling, U.S. wage growth is projected to fall to 4.3 percent in CY 2025 and 3.8 percent in CY 2026.

Growth in the non-wage components of U.S. personal income is estimated to have moderated in CY 2024 from the remarkable growth exhibited in CY 2023. In particular, interest income and rental income slowed from its double-digit growth in CY 2023 as interest rates and housing prices stabilized in CY 2024. Transfer income growth also normalized with the waning of pandemic-related government transfers. This moderating trend is expected to continue. Taken together, the near-term trajectory of wages and non-wage income suggests moderate personal income growth is likely to continue into CY 2025 and CY 2026.

New York State Income Trends

New York State is projected to experience slower personal income and wage growth in 2024 compared to the nation. New York's personal income growth is forecasted at 5.3 percent, primarily due to weaker State wage growth. Looking at the growth rates on a state fiscal year frequency, total wage growth in New York is anticipated to accelerate from 4.2 percent in FY 2024 to 5.4 percent in FY 2025, driven by a strong rebound in total bonuses, which are expected to shift from a 0.9 percent decline in FY 2024 to a robust 13.8 percent increase in FY 2025. Due to this improvement, New York's wage growth will be slightly higher than the national rate of 5.3 percent in FY 2025. Consequently, State personal income is projected to grow by 5.2 percent in FY 2025, slightly higher than the national rate of 5.0 percent.

Looking ahead, as the national economy slows, labor markets are expected to soften resulting in a deceleration of personal income and wage growth. National wages are projected to grow by 4.2 percent in FY 2026, with New York's wages expected to grow at a pace of 3.7 percent. State personal income growth is also expected to follow a similar trend, slowing to 4.1 percent in FY 2026, just below the national growth rate of 4.2 percent.

Interest Rates, Stock Prices, and Financial Sector Bonuses

The Federal Reserve has shifted to an easing monetary policy since September 2024. The target range for the Federal Funds rate is 100 basis points below its most recent peak of 5.25 – 5.50 percent. Inflation increased slightly in the final months of 2024 and may take longer to reach the 2.0 percent inflation target. The fiscal policy changes of the new administration could further stall progress. DOB anticipates future rate cuts to be more gradual. While short-term interest rates are expected to follow the Federal Funds rate cuts downward in 2025 and 2026, long-term interest rates from Treasury bond yields to mortgage rates and corporate bond yields are expected to remain elevated, mainly due to an uptick in inflation expectations and prospects for bigger budget deficits. Elevated long-term rates are expected to become a significant drag on durable goods consumption, as well as residential and business investment in 2025.

The stock market performed well throughout 2024. After the election outcome, the S&P 500 index jumped another 200 points and has remained near 6,000 since. The index averaged 5,911 in the fourth quarter of 2024, representing 32.2 percent growth from a year ago. The deregulation of financial services proposed by the new administration is expected to support the stock market in 2025. DOB expects stock prices to soften in 2026, providing less support for household spending through the wealth effect.

Economic growth, interest rates, and financial conditions have a direct impact on the finance and insurance sector. This sector plays a significant role in New York State's economy, accounting for 17.4 percent of total state wages in FY 2024, with this share expected to increase to 17.9 percent in FY 2025 due to estimated strong growth for the current fiscal year. After a modest 3.8 percent increase in FY 2024, finance and insurance sector bonuses are forecast to grow by 16.4 percent in FY 2025, driven by a more favorable economic outlook, a booming equity market, and the easing of the Federal Reserve's monetary policy. Lower borrowing costs, growing interest in advanced technologies, and potential relaxation of antitrust regulations are expected to continue to drive growth in financial activities in CY 2025. However, weakening global and national economic conditions and geopolitical uncertainties are expected to have a dampening effect, leading to more modest growth in bank revenues. As a result, finance and insurance sector bonus growth is projected to moderate to 5.9 percent in FY 2026.

Risks to the Economic Outlook

The United States economy faces significant risks in 2025, largely driven by uncertainties surrounding economic policy under the new administration. Extending the provisions of the 2017 TCJA could widen Federal budget deficits and increase inflationary pressure in the coming years. Turnovers of global governmental leaders and geopolitical risks, such as political and military tensions in Asia and the Middle East, may create additional uncertainties and disruptions. Energy prices could rise and global supply chains could be disrupted. A more restrictive immigration policy would reduce labor supply while deregulation in key sectors might undermine economic stability and consumer protections in a range of markets, particularly financial markets. Additionally, climate-related shocks threaten to disrupt supply chains and physical infrastructure. These risks and uncertainties, along with some policy changes, could slow GDP growth, elevate inflation, and weaken the labor market even more than what's already reflected in DOB's forecast and present significant challenges to the U.S. economic outlook.

The following table summarizes the impact of major economic policy changes proposed by the new administration. These economic policies can influence GDP growth, employment growth, and inflation in varying ways. Their outcomes may depend on implementation details and broader economic conditions. Although the eventual net outcome is uncertain, this table combines insights from different sources to indicate the likely direction of the economic indicators. The precise combination of implemented policies and their sequence would determine the ultimate results of these policies.

POLICY IMPACT ON KEY ECONOMIC INDICATORS

	Real GDP Growth	Employment Growth	Inflation
Tax Cuts	+	+	+
Tariffs	-	-	+
Immigration Restrictions	-	-	+
Deregulation	+	+	+
All Policies	down 0.2-1.6 pp	down 0.1-1.5 pp	up 0.2-1.3 pp

Note: "+" indicates the policy will increase the value of the economic indicator, whereas "-" indicates the policy will decrease the value of the economic indicator, "pp" stands for percentage points.

Federal Tax Policy

Multiple provisions of the TCJA will expire at the end of 2025. Extending the TCJA without reducing current Federal government spending levels will widen the gap between revenues and outlays, exacerbating the U.S. structural budget deficit, which is already the largest among the G7 nations. The Committee for a Responsible Federal Budget (CRFB) estimates that extending the TCJA would result in modest impact on long-run economic growth ranging from a 0.5 percent reduction to a 1.1 percent increase.[12] With elevated interest rates and a full employment economy, the deficit-financed tax cuts will add further inflationary pressure. If the TCJA is not fully extended, the negative impact on inflation might be less than anticipated.

Global Trade Disruptions

The risk from new tariffs depends on how widely they are applied and which industries they affect. The new administration's proposal to implement 10-20 percent tariffs on all imports and 60 percent tariffs on imports from China would raise consumer prices, disrupt supply chains, and provoke retaliatory measures from other global economies. These responses could harm U.S. exporters, stoke inflation, and reduce GDP. If the tariffs focus on specific industries, the negative impact could be more limited. DOB's baseline forecast assumes partial implementation of tariffs under the new administration.

Labor Disputes

The U.S. economy faces significant labor market risks stemming from employer-employee disputes. There have been some major strikes in important industries in the recent past, such as the dockworker strike along the East and Gulf Coast, the Boeing workers' strike, and the Screen Actors Guild strike. Potential and ongoing labor strikes could disrupt domestic and global supply chains, reducing productivity, revenues, and economic stability.

Immigration Policies

According to Peterson Institute for International Economics (PIIE) estimates, deporting 1.3 or 8.3 million undocumented immigrants could reduce the U.S. labor supply by 0.8 percent or 5.1 percent, respectively.[13] A reduced labor force would strain industries reliant on immigrant workers and decrease their output. However, a labor supply reduction may encourage businesses to invest in labor-saving technologies, thus improving productivity in the long term. The overall impact of the policies on the economic outlook remains uncertain; however, a reduced labor force, to levels below what is already expected, is likely to slow GDP growth further in the near term. Slower economic growth would increase challenges for businesses and policymakers. On the other hand,

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12 "Tax Cut Extension Would Only Pay for 1% to 14% of Itself," The Committee for a Responsible Federal Budget (CRFB) report, June 6, 2024. Available at https://www.crfb.org/blogs/tax-cut-extension-only-pays-1-14-itself. Last accessed: January 15, 2025.

13 Warwick J. McKibbin, Megan Hogan and Marcus Noland, "The International Economic Implications of A Second Trump Presidency," Peterson Institute for International Economics (PIIE) Working Papers 24-20, September 2024. Available at: https://www.piie.com/publications/working-papers/2024/international-economic-implications-second-trump-presidency. Last accessed: January 9, 2025.

if these policies or their implementation are less restrictive than assumed, the negative impact on the forecast would lessen.

Deregulation

The potential impact of deregulation presents both opportunities and risks for the U.S. economy. By reducing regulatory burdens, businesses could face lower compliance costs which could enable increased investment and expansion. GDP and employment growth would be positive. The combined effect of deregulation policies, further tax cuts, and lower interest rates can further amplify economic growth. However, despite its potential for fostering investment and short-term growth, deregulation introduces new uncertainties to the U.S. economic outlook. Some of these uncertainties could even lead businesses to hold back on spending and investment plans. Deregulation may also increase other vulnerabilities in the economy. For example, reduced oversight in financial markets could increase the risk of asset bubbles and financial instability. Additionally, weaker standards might lead to further consequences such as environmental degradation and undermining worker protections.

Global Geopolitical and Economic Risks

In addition to heightened degree of geopolitical uncertainties, several countries, including Canada and Germany, will hold elections and install new governments in 2025. The attitude of these new governments to international relations, including diplomacy and trade, will help determine the global economic landscape. For example, escalating tensions in the Middle East could drive oil prices higher, adding inflationary pressures and further limit the Federal Reserve's ability to lower interest rates as planned. Developments around the Russian invasion of Ukraine or the global presence of China could destabilize energy markets and global supply chains. Meanwhile, extreme volatility in China's stock market and weakness in the Euro Area economy, together with uncertainties from tariff hikes and retaliations amplify risks to international trade, dollar exchange rates, and global financial stability.

Climate Change

Climate change poses significant risks to the U.S. economy. Rising temperatures and intensifying natural disasters, such as hurricanes, droughts, wildfires, and floods, could cause GDP in the future to be lower than in scenarios with stable temperatures and climate conditions. Coastal property losses from sea level rises could range from $250 billion to $930 billion annually, straining insurance markets and Federal relief programs. Natural disasters such as hurricanes disrupt supply chains, reduce revenues, and increase repair costs, while long-term costs, such as higher mortality rates, and ecosystem damage exacerbate economic and social inequalities, creating lasting economic instability.

New York State Economic Outlook Faces Unique Risks

The forecast for New York's economy shares many of the same risks as the national outlook, but also faces additional challenges due to the state's unique economic structure. As the financial capital of the world, New York is particularly vulnerable to shifts in monetary policy and fluctuations in financial markets.

Remote work has enabled people to move to more affordable areas. The City of New York's metro area's high cost of living has contributed to a population decline in the region. The potential deportation of undocumented immigrants could further exacerbate the State's population loss and labor shortages. A long-term decline in population remains a significant downside risk to both employment and wages. However, if the City of New York's population loss is less than anticipated and immigration policy isn't as restrictive as expected, the City and State economy might benefit.

The combination of elevated interest rates and high office vacancy rates driven by remote work also presents an ongoing risk to commercial real estate property values. Increased delinquencies on commercial real estate loans could also create new challenges for the banking industry. A more substantial return to in-office work, particularly in densely populated urban areas like the City of New York, would likely benefit industries that cater to commuters, including business support services, office administration, food services, and other consumer-facing sectors.

If economic growth does not decelerate as much as forecast, New York's economy could fare better than anticipated. Additionally, stronger-than-expected global economic growth could boost tourism spending in the state, driving stronger performance in the leisure, hospitality, and tourism-related industries than is currently projected. However, if the U.S. dollar remains historically strong, job growth in sectors dependent on tourism, particularly in the City of New York, and exports could fall short of expectations.

There are also potential upside risks specific to New York. Recent State policy initiatives aimed at expanding housing supply, as well as investments in next-generation semiconductor research and production, and sectors using artificial intelligence, could have a lasting positive impact on the State's economy.

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 2026 projections.

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

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

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

The budget development process includes a comprehensive evaluation of the State's multi-year operating forecast; however, estimates and projections in the later years of the 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 2027, 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 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
RECEIPTS					
Taxes (After Debt Service)	104,684	102,110	109,588	112,646	117,649
Miscellaneous Receipts	4,633	4,112	3,069	2,233	2,114
Federal Receipts	3,645	0	0	0	0
Other Transfers	2,552	2,336	2,137	1,728	1,843
Total Receipts	**115,514**	**108,558**	**114,794**	**116,607**	**121,606**
DISBURSEMENTS					
Assistance and Grants	76,603	82,419	87,189	92,322	97,505
School Aid (SFY)	30,227	31,483	33,091	34,110	35,158
Medicaid	24,107	26,035	29,032	31,759	35,250
All Other	22,269	24,901	25,066	26,453	27,097
State Operations	13,484	15,524	16,588	17,039	16,493
Personal Service	10,795	11,842	12,781	13,182	12,723
Non-Personal Service	2,689	3,682	3,807	3,857	3,770
General State Charges	9,116	9,712	10,768	11,976	12,970
Transfers to Other Funds	9,186	8,674	7,359	7,902	8,420
Debt Service	277	300	328	334	568
Capital Projects	4,922	4,439	3,354	4,135	4,377
SUNY Operations	1,739	1,864	1,808	1,777	1,777
All Other	2,248	2,071	1,869	1,656	1,698
Total Disbursements	**108,389**	**116,329**	**121,904**	**129,239**	**135,388**
Use (Reservation) of Fund Balance:	**(7,125)**	**7,771**	**631**	**2,857**	**2,756**
Debt Management	576	860	0	0	0
Economic Uncertainties	965	1,500	1,000	862	0
Extraordinary Monetary Settlements	420	277	367	46	0
Labor Settlements/Agency Operations	(1,334)	0	0	0	0
Rainy Day Reserve	(2,500)	(1,000)	(1,000)	(862)	0
Undesignated Fund Balance	(2,984)	3,503	(4)	3,037	3,076
BUDGET SURPLUS/(GAP) PROJECTIONS	**0**	**0**	**(6,479)**	**(9,775)**	**(11,026)**

State Operating Funds Projections

STATE OPERATING FUNDS PROJECTIONS (millions of dollars)	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
RECEIPTS					
Taxes	113,932	110,635	120,488	124,380	129,747
Miscellaneous Receipts/Federal Receipts	28,376	27,026	25,336	22,174	22,400
Total Receipts	**142,308**	**137,661**	**145,824**	**146,554**	**152,147**
DISBURSEMENTS					
Assistance and Grants	96,774	104,972	109,025	112,495	116,850
School Aid (School Year Basis)	35,671	37,365	38,425	39,510	40,632
DOH Medicaid	31,021	35,369	37,993	39,164	41,702
Mental Hygiene, excl. MHSF/Reclassification	5,969	6,695	7,191	7,383	7,772
Social Services	6,317	5,688	4,876	5,221	5,360
Transportation	5,144	5,322	5,316	5,318	5,319
Higher Education	3,383	3,574	3,558	3,573	3,593
STAR	1,453	1,397	1,320	1,247	1,180
All Other	7,816	9,562	10,346	11,079	11,292
State Operations	23,036	25,509	26,635	27,403	27,214
Personal Service	16,726	18,062	19,023	19,606	19,357
Non-Personal Service	6,310	7,447	7,612	7,797	7,857
General State Charges	10,363	11,005	12,082	13,313	14,330
Pension Contribution	2,635	2,840	3,301	3,789	4,246
Health Insurance	5,658	5,909	6,432	7,082	7,555
All Other	2,070	2,256	2,349	2,442	2,529
Debt Service	3,163	2,318	4,621	5,598	6,206
Total Disbursements	**133,336**	**143,804**	**152,363**	**158,809**	**164,600**
Net Other Financing Sources/(Uses)	(1,853)	(1,673)	(587)	(1,431)	(1,547)
RECONCILIATION TO GENERAL FUND GAP					
Designated Fund Balances:	(7,119)	7,816	647	3,911	2,974
General Fund	(7,125)	7,771	631	2,857	2,756
Special Revenue Funds	8	50	36	1,076	240
Debt Service Funds	(2)	(5)	(20)	(22)	(22)
GENERAL FUND BUDGET SURPLUS/(GAP)	**0**	**0**	**(6,479)**	**(9,775)**	**(11,026)**

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 are projected to total $244.4 billion in FY 2025, a 4.1 percent ($9.7 billion) increase from FY 2024 results. FY 2025 State tax receipts are projected to increase $6.5 billion (6.1 percent) from FY 2024 results. FY 2026 State tax receipts, excluding one-time tax refund payments, are projected to total $117.9 billion, 4.1 percent over FY 2025. A summary of the annual changes of each tax category is provided below with the narrative that follows focused on State/All Funds receipts.

ALL FUNDS RECEIPTS
(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
Personal Income Tax	53,839	60,963	13.2%	59,060	-3.1%	65,389	10.7%	69,047	5.6%	73,322	6.2%
Consumption/Use Taxes	21,865	22,489	2.9%	23,211	3.2%	23,878	2.9%	24,484	2.5%	25,051	2.3%
Business Taxes	27,695	29,369	6.0%	27,080	-7.8%	29,737	9.8%	29,173	-1.9%	29,554	1.3%
Other Taxes	3,048	2,598	-14.8%	2,747	5.7%	2,922	6.4%	3,111	6.5%	3,251	4.5%
Total State Taxes	**106,447**	**115,419**	**8.4%**	**112,098**	**-2.9%**	**121,926**	**8.8%**	**125,815**	**3.2%**	**131,178**	**4.3%**
Net PTET/PIT Receipts[1]	221	(2,268)	-1126.2%	2,631	216.0%	268	-89.8%	(226)	-184.3%	(320)	-41.6%
Inflation Refund Payment[2]				3,080							
Total State Taxes (Adjusted)	**106,668**	**113,151**	**6.1%**	**117,809**	**4.1%**	**122,194**	**3.7%**	**125,589**	**2.8%**	**130,858**	**4.2%**
Miscellaneous Receipts	33,755	32,755	-3.0%	38,740	18.3%	38,742	0.0%	34,253	-11.6%	33,244	-2.9%
Federal Receipts	94,276	98,502	4.5%	93,091	-5.5%	93,259	0.2%	92,077	-1.3%	93,788	1.9%
Total All Funds Receipts	**234,478**	**246,676**	**5.2%**	**243,929**	**-1.1%**	**253,927**	**4.1%**	**252,145**	**-0.7%**	**258,210**	**2.4%**
Total All Funds Receipts (Adjusted)[1,2]	**234,699**	**244,408**	**4.1%**	**249,640**	**2.1%**	**254,195**	**1.8%**	**251,919**	**-0.9%**	**257,890**	**2.4%**

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

[2] In addition, All Funds tax receipts are adjusted to exclude the proposed payment of $3 billion to New Yorkers through inflation tax refund payments to qualified tax filers, and is excluded from adjusted totals.

Personal Income Tax

FY 2025 PIT receipts are estimated to increase from FY 2024, reflecting increases in withholding, estimated payments, and delinquencies, partially offset by minimal growth in total refunds and a decrease in final returns. PIT receipts are expected to be heavily influenced by PTET[14], an elective tax paid by NYS partnerships and S-corporations for which a corresponding PIT credit may be received. Despite being revenue neutral to the overall Updated Financial Plan across all tax years, it is expected that the PTET will have a significant negative impact on PIT collections for as long as the program continues to be utilized. Net PIT collections have been and will continue to be suppressed by reduced estimated payments and elevated refunds, with cumulative impacts equal to total PTET liability.

PERSONAL INCOME TAX
(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
STATE/ALL FUNDS (Excl. PTET)[1]	**68,015**	**74,663**	**9.8%**	**75,158**	**0.7%**	**81,771**	**8.8%**	**85,233**	**4.2%**	**89,762**	**5.3%**
PTET/PIT Credits	14,176	13,700	-3.4%	16,098	17.5%	16,382	1.8%	16,186	-1.2%	16,440	1.6%
STATE/ALL FUNDS	**53,839**	**60,963**	**13.2%**	**59,060**	**-3.1%**	**65,389**	**10.7%**	**69,047**	**5.6%**	**73,322**	**6.2%**
Gross Collections	70,999	78,198	10.1%	81,328	4.0%	85,476	5.1%	89,648	4.9%	93,896	4.7%
Refunds (Incl. State/City Offset)	(17,160)	(17,235)	-0.4%	(22,268)	-29.2%	(20,087)	9.8%	(20,601)	-2.6%	(20,574)	0.1%
GENERAL FUND[2]	**25,312**	**29,028**	**14.7%**	**28,134**	**-3.1%**	**31,372**	**11.5%**	**33,277**	**6.1%**	**35,481**	**6.6%**
Gross Collections	70,999	78,198	10.1%	81,328	4.0%	85,476	5.1%	89,648	4.9%	93,896	4.7%
Refunds (Incl. State/City Offset)	(17,160)	(17,235)	-0.4%	(22,268)	-29.2%	(20,087)	9.8%	(20,601)	-2.6%	(20,574)	0.1%
STAR	(1,608)	(1,453)	9.6%	(1,397)	3.9%	(1,320)	5.5%	(1,247)	5.5%	(1,180)	5.4%
RBTF	(26,919)	(30,482)	-13.2%	(29,529)	3.1%	(32,697)	-10.7%	(34,523)	-5.6%	(36,661)	-6.2%

[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.

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

The following table summarizes, by component, actual PIT receipts for FY 2024 and forecast amounts through FY 2029.

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

	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Receipts						
Withholding	54,699	59,736	61,941	64,440	67,664	70,499
Estimated Payments	10,779	12,907	13,586	14,988	15,625	16,682
Current Year	6,331	8,067	8,464	8,892	9,375	10,126
Prior Year[1]	4,448	4,840	5,122	6,096	6,250	6,556
Final Returns	3,650	3,571	3,761	3,957	4,182	4,482
Current Year	405	400	419	439	459	464
Prior Year[1]	3,245	3,171	3,342	3,518	3,723	4,018
Delinquent	1,871	1,984	2,040	2,091	2,177	2,233
Gross Receipts	70,999	78,198	81,328	85,476	89,648	93,896
Refunds						
Prior Year[1]	10,011	9,754	10,909	11,200	11,493	12,019
Previous Year	1,879	1,776	1,815	1,850	1,885	1,935
Current Year[1]	3,196	3,500	3,971	4,325	4,325	3,500
Advanced Credit Payment	821	853	4,022	1,073	1,187	1,359
State/City Offset[1,2]	1,253	1,352	1,551	1,639	1,711	1,761
Total Refunds	17,160	17,235	22,268	20,087	20,601	20,574
Net Receipts[3]	**53,839**	**60,963**	**59,060**	**65,389**	**69,047**	**73,322**
PTET/PIT Credits	14,176	13,700	16,098	16,382	16,186	16,440
Net Receipts, Excluding PTET[4]	**68,015**	**74,663**	**75,158**	**81,771**	**85,233**	**89,762**

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

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

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

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

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

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

FY 2026 PIT receipts are projected to decrease from FY 2025 due to increases in total refunds partially offset by growth in withholding, total estimated payments, final returns, and delinquencies. Withholding is projected to increase despite the proposed cost of the Middle-Class Tax Cut beginning in tax year 2025. All refund components are projected to increase, however, projected growth in advanced credit payments is particularly strong due to the proposed one-time Inflation Refund payments for tax year 2025. Similarly, the administrative refund cap is projected to increase to allow benefits from the proposed enhancement of the Empire State Child Credit to be realized early in the tax year 2025 filing season. Projected growth in prior refunds for tax year 2024 is driven by a combination of increased PTET-related refunds compared to tax year 2023 and a reconciliation of tax liability from FY 2025 estimated tax overpayment.

FY 2027 PIT receipts are expected to increase from FY 2026 due to growth in all components of gross receipts coupled with a decrease in total refunds. The decrease in refunds is driven by the sharp decline in advanced credit payments due to one-time Inflation Refund payments in the prior fiscal year. This is partially offset by an increase in the scheduled administrative cap — as the temporarily enhanced Empire State Child Credit is expanded to increase benefits for children over three — and projected growth in prior refunds for tax year 2025 due to increased PTET-related refunds compared to tax year 2024. Projected FY 2027 estimated payments for tax year 2026 include a one-time spin down of roughly $3.2 billion. Previously, DOB assumed a portion of estimated tax year 2026 payments would shift from FY 2028 extension payments as taxpayers took advantage of an unlimited SALT deduction cap in calendar year 2026. The Updated Financial Plan no longer assumes this deduction cap will expire after tax year 2025 and, thus, the timing of estimated tax payments will not shift accordingly.

FY 2028 PIT receipts are projected to increase from FY 2027 due to growth in all gross receipts components partially offset by increases in total refunds. The increase in refunds is driven by increases in advanced credit payments, state/city offsets, prior refunds for tax year 2026, and refunds for years previous to tax year 2026. Receipts also include revenue from the proposed extension of the current top PIT rates through tax year 2032.

FY 2029 PIT receipts are projected to increase due to increases in withholding, estimated tax payments, final returns and delinquencies coupled with a minimal decrease in total refunds. The decrease in refunds is driven by a decrease in the scheduled administrative cap due to the expiration of the proposed enhancement to the Empire State Child Credit after tax year 2027. This is partially offset by increases in prior refunds for tax year 2027, refunds previous to tax year 2027, advanced credit payments, and state/city offsets. Projected growth in refunds for tax year 2027 is partially due to increased PTET-related refunds compared to tax year 2026.

Consumption/Use Taxes

CONSUMPTION/USE TAXES
(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
STATE/ALL FUNDS	**21,865**	**22,489**	**2.9%**	**23,211**	**3.2%**	**23,878**	**2.9%**	**24,484**	**2.5%**	**25,051**	**2.3%**
Sales Tax	19,903	20,442	2.7%	21,117	3.3%	21,729	2.9%	22,346	2.8%	22,939	2.7%
Cigarette and Tobacco Taxes	842	808	-4.0%	767	-5.1%	727	-5.2%	691	-5.0%	656	-5.1%
Vapor Excise Tax	24	21	-12.5%	21	0.0%	21	0.0%	21	0.0%	21	0.0%
Motor Fuel Tax	487	488	0.2%	489	0.2%	484	-1.0%	480	-0.8%	475	-1.0%
Highway Use Tax	139	137	-1.4%	138	0.7%	139	0.7%	141	1.4%	141	0.0%
Alcoholic Beverage Taxes	275	272	-1.1%	272	0.0%	272	0.0%	272	0.0%	272	0.0%
Opioid Excise Tax	22	20	-9.1%	20	0.0%	20	0.0%	20	0.0%	20	0.0%
Medical Cannabis Excise Tax	9	4	-55.6%	3	-25.0%	3	0.0%	3	0.0%	1	-66.7%
Adult Use Cannabis Tax	33	158	378.8%	245	55.1%	339	38.4%	363	7.1%	374	3.0%
Auto Rental Tax[1]	131	137	4.6%	137	0.0%	142	3.6%	145	2.1%	150	3.4%
Peer to Peer Car Sharing Tax	0	2	0.0%	2	0.0%	2	0.0%	2	0.0%	2	0.0%
GENERAL FUND[2]	**9,872**	**10,108**	**2.4%**	**10,418**	**3.1%**	**10,695**	**2.7%**	**10,977**	**2.6%**	**11,246**	**2.5%**
Sales Tax	9,315	9,564	2.7%	9,883	3.3%	10,170	2.9%	10,460	2.9%	10,738	2.7%
Cigarette and Tobacco Taxes	260	250	-3.8%	241	-3.6%	231	-4.1%	223	-3.5%	214	-4.0%
Alcoholic Beverage Taxes	275	272	-1.1%	272	0.0%	272	0.0%	272	0.0%	272	0.0%
Opioid Excise Tax	22	20	-9.1%	20	0.0%	20	0.0%	20	0.0%	20	0.0%
Peer to Peer Car Sharing Tax	0	2	0.0%	2	0.0%	2	0.0%	2	0.0%	2	0.0%

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

[2]Excludes Transfers.

All Funds consumption/use tax receipts for FY 2025 are estimated to increase from FY 2024 results. Sales tax receipts are estimated to increase due to moderate growth in taxable consumption. Cigarette and tobacco tax receipts are estimated to decrease reflecting a continuing trend of declining consumption. Opioid excise tax receipts are expected to moderately decline, reflecting the continued long-term decline in opioid consumption, as well as the market's shift toward prescribing opioids in the lower wholesale acquisition cost tier, which has a reduced tax rate. Medical cannabis tax receipts are estimated to decline by more than 40 percent due to the partial year impact of the FY 2025 Enacted Budget legislation that reduced the excise tax rate from 7 percent to 3.15 percent effective June 1, 2024. Adult-use cannabis taxes are projected to significantly increase as the State's cannabis market expands during the second full year of receipts. Auto rental tax receipts are estimated to increase as business travel rebounds to pre-pandemic levels.

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

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

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

Business Taxes

BUSINESS TAXES (millions of dollars)											
	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
STATE/ALL FUNDS (Excl. PTET)[1]	**13,738**	**13,401**	**-2.5%**	**13,613**	**1.6%**	**13,623**	**0.1%**	**12,761**	**-6.3%**	**12,794**	**0.3%**
Pass-Through-Entity Tax	(13,956)	(15,968)	-14.4%	(13,467)	15.7%	(16,114)	-19.7%	(16,412)	-1.8%	(16,760)	-2.1%
STATE/ALL FUNDS	**27,694**	**29,369**	**6.0%**	**27,080**	**-7.8%**	**29,737**	**9.8%**	**29,173**	**-1.9%**	**29,554**	**1.3%**
Corporate Franchise Tax	9,262	8,853	-4.4%	8,997	1.6%	9,021	0.3%	8,039	-10.9%	7,936	-1.3%
Corporation and Utilities Tax	554	551	-0.5%	561	1.8%	566	0.9%	562	-0.7%	571	1.6%
Insurance Tax	2,813	2,829	0.6%	2,934	3.7%	3,066	4.5%	3,196	4.2%	3,332	4.3%
Bank Tax	1	106	10500.0%	106	0.0%	0	-100.0%	0	0.0%	0	0.0%
Pass-Through-Entity Tax	13,955	15,968	14.4%	13,467	-15.7%	16,114	19.7%	16,412	1.8%	16,760	2.1%
Petroleum Business Tax	1,109	1,062	-4.2%	1,015	-4.4%	970	-4.4%	964	-0.6%	955	-0.9%
GENERAL FUND[2]	**17,425**	**17,978**	**3.2%**	**16,909**	**-5.9%**	**18,208**	**7.7%**	**17,603**	**-3.3%**	**17,787**	**1.0%**
Corporate Franchise Tax	7,525	6,956	-7.6%	7,038	1.2%	6,981	-0.8%	6,115	-12.4%	5,998	-1.9%
Corporation and Utilities Tax	401	423	5.5%	432	2.1%	436	0.9%	433	-0.7%	440	1.6%
Insurance Tax	2,521	2,525	0.2%	2,616	3.6%	2,734	4.5%	2,849	4.2%	2,969	4.2%
Bank Tax	0	90	0.0%	90	0.0%	0	-100.0%	0	0.0%	0	0.0%
Pass-Through-Entity Tax	6,978	7,984	14.4%	6,733	-15.7%	8,057	19.7%	8,206	1.8%	8,380	2.1%
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.

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

Corporation and Utilities Tax (CUT) receipts for FY 2025 are estimated to decrease slightly, primarily the result of lower audit receipts which are estimated to decline by over 50 percent as FY 2024 audit receipts were at their highest levels since FY 2019. Additionally, refunds are estimated to increase over the prior year, contributing to this year over year decline in net receipts. Gross receipts are estimated to increase as compared to FY 2024, which was significantly impacted by the COVID-19 Utility Debt Relief Tax Credit and resulted in lower gross receipts from the utility sector.

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

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

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

Business tax receipts for FY 2026 are projected to decrease primarily due to lower PTET receipts. This decrease in PTET receipts is the result of the FY 2026 Executive Budget proposal to extend the annual election deadline from March 15th to September 15th, resulting in corresponding changes to the estimated payment schedule. PBT receipts are also projected to decrease, with an increase in CFT, CUT and insurance tax receipts partially offsetting the overall business tax receipts decrease. The increase in CFT receipts is driven by an increase in gross receipts; however, the decline in PBT receipts can be largely attributed to the January 1, 2025 PBT rate index decrease, coupled with an estimated rate index decrease on January 1, 2026. Bank tax receipts are projected to show no growth as compared to FY 2025.

Business tax receipts for FY 2027 are projected to increase in CFT, CUT, insurance tax, and PTET while PBT is projected to decline. PTET receipts are projected to show the largest increase due to the significant decrease in FY 2026 receipts as a result of the Executive Budget proposal described above.

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

Other Taxes

OTHER TAXES
(millions of dollars)

	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
STATE/ALL FUNDS	**3,048**	**2,598**	**-14.8%**	**2,747**	**5.7%**	**2,922**	**6.4%**	**3,111**	**6.5%**	**3,251**	**4.5%**
Estate Tax	1,856	1,377	-25.8%	1,438	4.4%	1,503	4.5%	1,568	4.3%	1,635	4.3%
Real Estate Transfer Tax	1,165	1,192	2.3%	1,278	7.2%	1,383	8.2%	1,505	8.8%	1,580	5.0%
Employer Compensation Expense Program	14	15	7.1%	15	0.0%	17	13.3%	19	11.8%	20	5.3%
Pari-Mutuel Taxes	12	12	0.0%	15	25.0%	18	20.0%	18	0.0%	15	-16.7%
All Other Taxes	1	2	100.0%	1	-50.0%	1	0.0%	1	0.0%	1	0.0%
GENERAL FUND[1]	**1,876**	**1,398**	**-25.5%**	**1,461**	**4.5%**	**1,530**	**4.7%**	**1,596**	**4.3%**	**1,661**	**4.1%**
Estate Tax	1,856	1,377	-25.8%	1,438	4.4%	1,503	4.5%	1,568	4.3%	1,635	4.3%
Employer Compensation Expense Program	7	7	0.0%	7	0.0%	8	14.3%	9	12.5%	10	11.1%
Pari-Mutuel Taxes	12	12	0.0%	15	25.0%	18	20.0%	18	0.0%	15	-16.7%
All Other Taxes	1	2	100.0%	1	-50.0%	1	0.0%	1	0.0%	1	0.0%

[1]Excludes Transfers.

FY 2025 other tax receipts are projected to decrease from FY 2024, primarily due to an expected return to a more typical amount of super-large payments and collections from the estate tax. This is partially offset by a projected increase in real estate transfer tax receipts, reflecting projected growth for housing starts, the average housing price and bonuses, as well as a projected decline in mortgage rates.

Other tax receipts in FY 2026 and the outyears are projected to increase, largely due to increases in both estate tax and real estate transfer tax receipts, reflecting projected annual growth in household net worth, housing starts, the average housing price and bonuses, as well as projected annual declines in mortgage rates.

Miscellaneous Receipts

MISCELLANEOUS RECEIPTS (millions of dollars)											
	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
ALL FUNDS	**33,755**	**32,755**	**-3.0%**	**38,740**	**18.3%**	**38,742**	**0.0%**	**34,253**	**-11.6%**	**33,244**	**-2.9%**
General Fund	4,878	4,633	-5.0%	4,112	-11.2%	3,069	-25.4%	2,233	-27.2%	2,114	-5.3%
Special Revenue Funds	23,430	20,332	-13.2%	22,634	11.3%	21,971	-2.9%	19,635	-10.6%	19,988	1.8%
Capital Projects Funds	4,941	7,283	47.4%	11,577	59.0%	13,265	14.6%	11,932	-10.0%	10,690	-10.4%
Debt Service Funds	506	507	0.2%	417	-17.8%	437	4.8%	453	3.7%	452	-0.2%

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

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

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

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

Federal Receipts

FEDERAL RECEIPTS (millions of dollars)											
	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
ALL FUNDS	**94,276**	**98,502**	**4.5%**	**93,091**	**-5.5%**	**93,259**	**0.2%**	**92,077**	**-1.3%**	**93,788**	**1.9%**
General Fund	2,250	3,645	62.0%	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
Special Revenue Funds	89,222	91,574	2.6%	89,335	-2.4%	89,678	0.4%	88,477	-1.3%	90,161	1.9%
Capital Projects Funds	2,744	3,221	17.4%	3,698	14.8%	3,528	-4.6%	3,555	0.8%	3,590	1.0%
Debt Service Funds	60	62	3.3%	58	-6.5%	53	-8.6%	45	-15.1%	37	-17.8%

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

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

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

Disbursements

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

Assistance and Grants

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

Certain factors that are 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 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
HEALTH CARE					
Medicaid - Individuals Covered	7,013,685	7,043,533	7,076,070	7,091,527	7,098,834
Essential Plan - Individuals Covered	1,457,388	1,502,625	1,508,313	1,532,672	1,553,550
Child Health Plus - Individuals Covered	589,012	600,792	612,807	626,063	637,563
State Takeover of County/NYC Costs[1]	$7,400	$8,258	$9,026	$9,712	$10,911
CY 2005 Local Medicaid Cap	$5,386	$6,062	$6,647	$7,151	$8,168
FY 2013 Local Takeover Costs	$2,014	$2,196	$2,379	$2,561	$2,743
EDUCATION					
School Aid (School Year-Basis Funding)	$35,671	$37,365	$38,425	$39,510	$40,632
HIGHER EDUCATION					
Public Higher Education Enrollment (FTEs)	478,308	TBD	TBD	TBD	TBD
Tuition Assistance Program (FTEs)	245,000	TBD	TBD	TBD	TBD
PUBLIC ASSISTANCE					
Family Assistance Program (Families)	202,592	205,120	204,330	203,804	203,266
Safety Net Program (Families)	141,181	142,791	142,471	142,366	142,247
Safety Net Program (Singles)	319,688	340,242	349,947	360,185	370,693
MENTAL HYGIENE					
OMH Community Beds	50,941	52,145	54,366	55,586	57,011
OPWDD Community Beds[2]	44,375	44,816	45,332	45,932	46,623
OASAS Community Beds	13,841	14,022	14,202	14,252	14,277
Total	109,157	110,983	113,900	115,770	117,911

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

Education

School Aid

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

School Year (July 1 — June 30)

The Executive Budget provides $37.4 billion in total School Aid for SY 2026, representing an annual increase of $1.7 billion (4.7 percent). This includes a $1.5 billion (5.9 percent) increase in Foundation Aid. The Executive Budget begins the process of reforming the Foundation Aid formula by updating the formula's two measures of the percentage of low-income students in a school district, consistent with the recommendations of the Rockefeller Institute of Government and the Board of Regents. The Executive Budget also modifies the formula to provide additional aid to low-wealth school districts and to ensure that each district receives at least a 2 percent annual increase in aid. The SY 2026 School Aid increase also includes the full funding of the projected $230 million (2.2 percent) increase for expense-based reimbursement programs such as Transportation Aid and BOCES Aid.

In SY 2027 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) (millions of dollars)									
	SY 2025	SY 2026	Change	SY 2027	Change	SY 2028	Change	SY 2029	Change
Total	**35,671**	**37,365**	**1,694**	**38,425**	**1,060**	**39,510**	**1,085**	**40,632**	**1,122**
			4.7%		2.8%		2.8%		2.8%

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 receipts, including revenues from Video Lottery Terminals (VLTs). Commercial gaming, lottery, and mobile sports wagering receipts are accounted for and disbursed from dedicated accounts. Revenue from the fantasy sports education and the cannabis education accounts are transferred to the Lottery Fund for disbursement. The amount of School Aid spending financed by mobile sports wagering receipts is expected to increase in FY 2026 due to an increase in anticipated revenue collections. Additionally, the amount of School Aid spending financed by lottery receipts is expected to decrease in FY 2026 due to higher than anticipated revenue collections in FY 2024 that were subsequently used to support disbursements in FY 2025.

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

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

	FY 2025 Projected	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
TOTAL STATE OPERATING FUNDS	**35,292**	**36,760**	**4.2%**	**38,030**	**3.5%**	**39,089**	**2.8%**	**40,204**	**2.9%**
General Fund Assistance and Grants	30,087	31,343	4.2%	32,950	5.1%	33,970	3.1%	35,017	3.1%
Medicaid	140	140	0.0%	140	0.0%	140	0.0%	140	0.0%
Lottery Aid[2]	2,807	2,591	-7.7%	2,488	-4.0%	2,488	0.0%	2,488	0.0%
VLT Lottery Aid	1,096	1,135	3.6%	1,097	-3.3%	1,099	0.2%	1,099	0.0%
Commercial Gaming	122	133	9.0%	131	-1.5%	131	0.0%	161	22.9%
Mobile Sports Wagering	1,040	1,418	36.3%	1,224	-13.7%	1,261	3.0%	1,299	3.0%

[1] FY 2025 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 were State-funded beginning in SY 2025 and are included in the table for FY 2025 and thereafter.

[2] Lottery Aid funds include transfers made from the fantasy sports education account and the cannabis education account.

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

Other Education Funding

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

OTHER EDUCATION FUNDING (millions of dollars)									
	FY 2025 Projected	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,782**	**2,976**	**7.0%**	**3,168**	**6.5%**	**3,338**	**5.4%**	**3,491**	**4.6%**
Special Education	1,507	1,599	6.1%	1,696	6.1%	1,796	5.9%	1,898	5.7%
All Other Education	1,275	1,377	8.0%	1,472	6.9%	1,542	4.8%	1,593	3.3%

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 2025 levels due to the continuing impact of a 4.3 percent increase to provider tuition and service rates approved in SY 2024, prior year increases of 11 percent and 6.25 percent in SY 2023 and SY 2024, respectively, and the return of enrollment to pre-COVID-19 pandemic levels. These increased 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 2026 is projected to increase by 8 percent. This increase is driven largely by adoption of a universal free school meals program under which all school districts, charter schools, and nonpublic schools that participate in the national school lunch and breakfast program will be required to provide free breakfast and lunch meals to all students regardless of their families' income, with the State paying the student's share of costs for all meals served to students not already receiving free meals. The projected increase in spending is also partly attributable to reimbursement to nonpublic schools for State-mandated activities; reimbursement to nonpublic schools for STEM instruction; reimbursement of school districts' supplemental charter school tuition payments; and payments to the City of New York for charter school facilities aid.

Outyear spending growth is largely attributable to increased reimbursement 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 $107,300 will receive an $86,100 exemption in FY 2026.

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 transitioning from a spending program to an advance refundable PIT credit program. As a result, first-time homebuyers and homeowners who move receive a refundable PIT credit instead of a property tax exemption. This transition did not change the value of the STAR benefit received by homeowners.

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

SCHOOL TAX RELIEF (STAR)
(millions of dollars)

	FY 2025 Projected	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
TOTAL STAR PROGRAM	**1,453**	**1,397**	**-3.9%**	**1,320**	**-5.5%**	**1,247**	**-5.5%**	**1,180**	**-5.4%**
Gross Program Costs	3,002	3,049	1.6%	3,096	1.5%	3,160	2.1%	3,252	2.9%
Personal Income Tax Credit	(1,549)	(1,652)	-6.6%	(1,776)	-7.5%	(1,913)	-7.7%	(2,072)	-8.3%
Basic Exemption	657	604	-8.1%	533	-11.8%	464	-12.9%	401	-13.6%
Gross Program Costs	1,287	1,296	0.7%	1,314	1.4%	1,335	1.6%	1,391	4.2%
Personal Income Tax Credit	(630)	(692)	-9.8%	(781)	-12.9%	(871)	-11.5%	(990)	-13.7%
Enhanced (Senior) Exemption	796	793	-0.4%	787	-0.8%	783	-0.5%	779	-0.5%
Gross Program Costs	981	1,005	2.4%	1,022	1.7%	1,042	2.0%	1,058	1.5%
Personal Income Tax Credit	(185)	(212)	-14.6%	(235)	-10.8%	(259)	-10.2%	(279)	-7.7%
City of New York PIT	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Gross Program Costs	734	748	1.9%	760	1.6%	783	3.0%	803	2.6%
Personal Income Tax Credit	(734)	(748)	-1.9%	(760)	-1.6%	(783)	-3.0%	(803)	-2.6%

All homeowners with incomes above $250,000 were transitioned from the basic exemption benefit program to the advance credit program in FY 2020. Additionally, a zero percent growth cap on the STAR exemption benefit remains in effect. The decline in reported disbursements on STAR exemptions in FY 2026 through FY 2029 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 2025 Projected	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
TOTAL STATE OPERATING FUNDS	**3,383**	**3,574**	**5.6%**	**3,558**	**-0.4%**	**3,573**	**0.4%**	**3,593**	**0.6%**
City University	**2,124**	**2,257**	**6.3%**	**2,221**	**-1.6%**	**2,219**	**-0.1%**	**2,243**	**1.1%**
Senior Colleges	1,879	1,997	6.3%	1,956	-2.1%	1,954	-0.1%	1,978	1.2%
Community College	245	260	6.1%	265	1.9%	265	0.0%	265	0.0%
Higher Education Services	**666**	**718**	**7.8%**	**735**	**2.4%**	**752**	**2.3%**	**763**	**1.5%**
Tuition Assistance Program	581	629	8.3%	642	2.1%	659	2.6%	677	2.7%
Scholarships/Awards	81	88	8.6%	93	5.7%	93	0.0%	86	-7.5%
Aid for Part-Time Study	4	1	-75.0%	0	-100.0%	0	0.0%	0	0.0%
State University	**593**	**599**	**1.0%**	**602**	**0.5%**	**602**	**0.0%**	**587**	**-2.5%**
Community College	481	474	-1.5%	481	1.5%	481	0.0%	481	0.0%
Other/Cornell	112	125	11.6%	121	-3.2%	121	0.0%	106	-12.4%

As of Fall 2024 enrollment data, SUNY and CUNY operate 47 four-year colleges and graduate schools with a total enrollment of roughly 372,000 full- and part-time students. SUNY and CUNY also operate 37 community colleges, serving approximately 242,000 students.

State funds support a significant portion of SUNY and CUNY operations. In addition to the spending reflected in the above table, the State provides nearly $2.0 billion in annual support for the fringe benefit costs of all employees at SUNY State-operated campuses, approximately $1.5 billion for SUNY campus operations via an annual General Fund transfer, and an estimated $1.0 billion for debt service payments on bond-financed capital projects at SUNY and CUNY in FY 2026. Additionally, an estimated $330 million in student financial aid support will continue to be transferred from HESC to SUNY in FY 2026. This is the result of an accounting change first implemented in FY 2020 to reflect certain financial aid payments made from HESC to SUNY as transfers instead of disbursements.

HESC is New York State's student financial aid agency. HESC oversees State-funded financial aid programs, including the Excelsior Scholarship, TAP, and various 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 $191 million, or 5.6 percent, from FY 2025 to FY 2026. This spending includes an increase in General Fund operating assistance to CUNY senior colleges for campus operating support; increased fringe benefits; investments in artificial intelligence; and programs to support academic and career advisement, tuition grants, textbooks, and transportation costs. In addition, increased student financial aid spending is driven by the Executive proposal to provide for the remaining cost of tuition, fees, books, and supplies for students aged 25 to 55 who enter high-demand fields at SUNY and CUNY community colleges, as well as the expansion of VTA to include non-combat veterans.

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 approximately 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 and public health response efforts. For more information on the Medicaid Waivers and Federal COVID-19 response efforts please see “Other Matters Affecting the Financial Plan” and “Federal Aid” 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 CMS Data, New York is the second largest program in terms of spending, behind California, which spends roughly 24 percent more in gross expenditures and covers more than 13 million people. Medicaid services include inpatient hospital care, outpatient hospital services, clinics, nursing homes, managed care, prescription drugs, home care, and services provided in a variety of community-based settings (including personal care, mental health, substance abuse treatment, developmental disabilities services, school-based services, and foster care services). The Medicaid program is financed by the Federal government, the State, and counties, including the City of New York. DOB estimates that spending from all sources, including spending by local governments that is not part of the State's All Funds activity, will total nearly $124 billion in FY 2026. The following table shows the estimated disbursements by level of government.

MEDICAID SPENDING
(millions of dollars)

	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Federal	**69,239**	**70,852**	**72,368**	**71,418**	**73,092**
	59.9%	57.2%	56.3%	55.3%	54.7%
State (DOH)	**31,406**	**35,724**	**38,350**	**39,533**	**42,054**
	27.2%	28.9%	29.8%	30.6%	31.4%
State (Other Agencies)	**6,271**	**8,379**	**8,951**	**9,384**	**9,728**
	5.4%	6.8%	7.0%	7.3%	7.3%
Local	**8,638**	**8,838**	**8,838**	**8,838**	**8,838**
	7.5%	7.1%	6.9%	6.8%	6.6%
Total	**115,554**	**123,793**	**128,507**	**129,173**	**133,712**

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

STATE-SHARE MEDICAID FINANCING SOURCES (millions of dollars)

	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
General Fund	**24,492**	**26,390**	**29,389**	**32,128**	**35,602**
	78.0%	73.9%	76.7%	81.2%	84.7%
HCRA	**5,515**	**5,622**	**5,493**	**5,442**	**5,373**
	17.7%	15.7%	14.3%	13.8%	12.8%
All Other	**1,399**	**3,712**	**3,468**	**1,963**	**1,079**
	4.3%	10.4%	9.0%	5.0%	2.5%
Total	**31,406**	**35,724**	**38,350**	**39,533**	**42,054**

Enrollment

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

The State conducted eligibility redeterminations for approximately 9 million public health insurance enrollees. Through December 2024, disenrollment remains low, and the State continues to retain a greater proportion of COVID-19 era enrollees driving higher Medicaid costs over the multi-year Updated Financial Plan relative to pre-pandemic levels of enrollment.

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

The following table summarizes State-share Medicaid spending by agency and the interplay of the Mental Hygiene Stabilization Fund (MHSF)/Local Share Adjustment (LSA) accounting mechanism between DOH and OPWDD.

TOTAL STATE-SHARE MEDICAID DISBURSEMENTS
(millions of dollars)

	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Department of Health Medicaid	**31,406**	**35,724**	**38,350**	**39,533**	**42,054**
Assistance and Grants	31,044	35,369	37,993	39,164	41,702
State Operations	385	355	357	369	352
eFMAP[1]	(23)	0	0	0	0
Other State Agency Medicaid Spending	**6,271**	**8,379**	**8,951**	**9,384**	**9,728**
Mental Hygiene[2]	6,482	9,374	9,745	9,967	10,285
MHSF/LSA	(427)	(1,258)	(1,059)	(849)	(825)
Foster Care	71	118	120	121	123
Education	140	140	140	140	140
Corrections	5	5	5	5	5
Total State-Share Medicaid (All Agencies)	**37,677**	**44,103**	**47,301**	**48,917**	**51,782**
Annual $ Change	1,817	6,426	3,198	1,616	2,865
Annual % Change	5.1%	17.1%	7.3%	3.4%	5.9%

[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.

The FY 2026 Executive Budget further revises costs reported under the Medicaid Global Cap to exclude OSA local Medicaid expenses. Beginning in FY 2026, these costs that were previously reported in the DOH budget will now be reported in the respective agencies. As county contributions have been capped since 2015, the State is projected to pick up each additional dollar every year in Medicaid expenses that would otherwise be paid for by localities ($8.3 billion in FY 2026). This effectively made the State liable for all growth in non-federal Medicaid expenses as the local contribution is fixed. An estimated $2 billion of local share spending is related to OSA services and programs that are not managed by DOH. The reclassification of this spending is cost neutral and more appropriately aligns program activities and costs to agencies responsible for managing such spending.

MEDICAID GLOBAL CAP INDEX
(millions of dollars)

	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	Five-Year Total
Prior CPI Index (May 2022)	**22,333**	**22,957**	**23,612**	**24,226**	**24,559**	**117,687**
Annual $ Change	584	624	655	614	333	2,810
Annual % Change	2.7%	2.8%	2.9%	2.6%	1.4%	
Increased Spending Under the New Cap[1]	**2,597**	**3,502**	**4,249**	**4,952**	**5,881**	**21,181**
New CMS Index	**24,930**	**26,459**	**27,861**	**29,178**	**30,440**	**138,868**
FY 2026 Executive Budget	24,930	26,459	28,765	30,834	33,599	144,587
Executive Budget Over/(Under) Index[2]	**0**	**0**	**904**	**1,656**	**3,159**	**5,719**

[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).

[2] Medicaid spending is projected to stay within the allowable Global Cap through FY 2026. Gap-closing savings will be necessary in FY 2027 through FY 2029 to ensure Medicaid spending in future years adheres to the Global Cap indexed rate.

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

TOTAL DOH MEDICAID SPENDING (millions of dollars)	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Medicaid Global Cap[1]	**24,930**	**26,459**	**27,861**	**29,179**	**30,440**
Annual $ Change	1,665	1,529	1,402	1,318	1,261
Annual % Change	7.2%	6.1%	5.3%	4.7%	4.3%
FY 2026 Executive Budget Forecast[2]	**0**	**0**	**904**	**1,656**	**3,159**
Other Medicaid Not Subject to Global Cap	**6,476**	**9,265**	**9,585**	**8,698**	**8,455**
Minimum Wage	2,430	2,441	2,451	2,462	2,471
Home Care Wages	1,480	1,795	2,165	2,590	3,037
Local Takeover Cost[3]	2,014	2,196	2,379	2,561	2,743
MSA Payments (Share of Local Growth)[4]	(325)	(325)	(325)	(325)	(325)
All Other	527	526	527	527	529
Healthcare Stability Fund[5]	350	2,632	2,388	883	0
Total DOH Medicaid	**31,406**	**35,724**	**38,350**	**39,533**	**42,054**
Annual $ Change	3,218	4,318	2,626	1,183	2,521
Annual % Change	11.4%	13.7%	7.4%	3.1%	6.4%

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

[2] Medicaid spending is projected to stay within the allowable Global Cap through FY 2026. Gap-closing savings will be necessary in FY 2027 through FY 2029 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] Effective January 1, 2025, the MCO tax was granted approval by CMS for a Per Member Per Month (PMPM) tax on Medicaid and non-Medicaid insurers based on the number of member months the plan carries. Spending reflects the State share and funding resources generated.

Temporary eFMAP

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

Minimum Wage and Home Care Wages

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

The State costs of minimum wage increases in the health care sector are projected to be over $2.4 billion in FY 2026. 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 effective January 1, 2025, and an additional $0.55 to come January 1, 2026. Costs for these increases are projected to be over $1.3 billion in FY 2026. These increases are partially funded by HCBS eFMAP in FY 2025 but revert to nearly all General Fund support beginning in FY 2026.

The State also automatically increased the State's minimum wage to keep pace with inflation going forward. After reaching $15 per hour, each region's minimum wage will increase consistent with the year-over-year CPI for Urban Wage Earners and Clerical Workers (CPI-W) for the Northeast Region. The State cost is $268 million in FY 2025 and is projected to grow to over $1.5 billion in FY 2029.

Local Medicaid Cap

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

The State takeover, which capped local districts' Medicaid costs at calendar year 2015 levels, is projected to save local districts a total of $8.3 billion in FY 2026 -- roughly $3.7 billion for counties outside the City of New York and $4.6 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 2025 to FY 2029					
Region	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rest of State	3,361,031	3,681,743	3,968,519	4,224,955	4,672,765
City of New York	4,038,984	4,576,695	5,057,508	5,487,451	6,238,255
Statewide	7,400,015	8,258,438	9,026,027	9,712,406	10,911,020

Master Settlement Agreement (MSA)

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

Healthcare Stability Fund (HSF)

Health care costs in New York rose sharply in the aftermath of the COVID-19 pandemic and continue to increase at unsustainable rates, creating pressure on the government funded Medicaid program and safety-net providers. In an effort to expand resources to fund these growing costs, the State pursued Federal approval of a MCO tax similar to those imposed by many other states including New Jersey, Louisiana, Michigan, Illinois, and California. On December 20, 2024, the State received approval for the tax from CMS, effective January 1, 2025. CMS granted approval for a California-style Per Member Per Month (PMPM) tax on Medicaid and Non-Medicaid insurers based on the number of member months the plan carries. The MCO tax includes a differential tax for the EP's 1.5 million enrollees, contributing to increased cost on the Federal fund.

Pursuant to the FY 2025 Enacted Budget, the HSF will receive and distribute the new MCO tax resources, estimated to total $3.7 billion over two years. The FY 2026 Executive Budget proposes to use the funds over three years to fund $1 billion in existing commitments supported by the Global Cap and the remaining $2.7 billion will support new health care delivery investments, which are exempt from the Medicaid Global Cap. These investments and funding are dependent on successful execution of the MCO tax transaction, which is subject to continued Federal support. Absent assurance of continued Federal approval to continue the MCO tax, the Updated Financial Plan does not include any funding for these investment in the later years.

HEALTHCARE STABILITY FUND (millions of dollars)					
	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Opening Balance	**0**	**0**	**646**	**883**	**0**
Receipts	**350**	**3,278**	**2,625**	**0**	**0**
Managed Care Tax	0	3,278	2,625	0	0
General Fund Transfer	350	0	0	0	0
Disbursements	**350**	**2,632**	**2,388**	**883**	**0**
Global Cap Deficit Offset	0	500	500	0	0
Hospitals	200	305	305	305	0
Nursing Homes	150	200	200	200	0
Physician Fee Schedule	0	50	50	50	0
Quality Pools	0	50	50	50	0
Clinics	0	10	10	10	0
Safety Net Transformation	0	300	300	268	0
State Share Tax Offsets	0	1,217	973	0	0
Closing Balance	**0**	**646**	**883**	**0**	**0**

Health Care Transformation Fund (HCTF)

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

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

The Updated Financial Plan maintains the remaining $750 million of the dedicated $1 billion to support multi-year investments in home care delivery and sustainability efforts through wage increases.

HEALTH CARE TRANSFORMATION FUND
(millions of dollars)

	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Opening Balance	**375**	**250**	**125**	**0**	**0**
Receipts	**125**	**125**	**125**	**0**	**0**
General Fund Transfer	125	125	125	0	0
Planned Uses	**250**	**250**	**250**	**0**	**0**
Home Care Wages	250	250	250	0	0
Closing Balance	**250**	**125**	**0**	**0**	**0**

Public Health/Aging Programs

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

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

PUBLIC HEALTH AND AGING
(millions of dollars)

	FY 2025 Projected	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,917**	**2,779**	**-4.7%**	**2,747**	**-1.2%**	**2,782**	**1.3%**	**2,835**	**1.9%**
Public Health	**2,714**	**2,547**	**-6.2%**	**2,554**	**0.3%**	**2,578**	**0.9%**	**2,625**	**1.8%**
Child Health Plus	1,465	1,312	-10.4%	1,356	3.4%	1,401	3.3%	1,447	3.3%
General Public Health Work	193	196	1.6%	196	0.0%	196	0.0%	196	0.0%
EPIC	59	63	6.8%	63	0.0%	63	0.0%	63	0.0%
Early Intervention	81	75	-7.4%	71	-5.3%	71	0.0%	71	0.0%
Unadjusted	178	172	-3.4%	168	-2.3%	168	0.0%	168	0.0%
Health Services Initiatives Offset	(97)	(97)	0.0%	(97)	0.0%	(97)	0.0%	(97)	0.0%
Workforce Initiatives[1]	24	97	304.2%	94	-3.1%	94	0.0%	94	0.0%
General Fund Assistance and Grants	6	76	1166.7%	76	0.0%	76	0.0%	76	0.0%
HCRA Program	18	21	16.7%	18	-14.3%	18	0.0%	18	0.0%
HCRA Program	364	274	-24.7%	295	7.7%	276	-6.4%	276	0.0%
Nourish NY	50	55	10.0%	50	-9.1%	50	0.0%	50	0.0%
All Other	478	475	-0.6%	429	-9.7%	427	-0.5%	428	0.2%
Aging	**203**	**232**	**14.3%**	**193**	**-16.8%**	**204**	**5.7%**	**210**	**2.9%**

[1] 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 decrease by 6.2 percent in FY 2026 and grow by less than 2 percent annually over the remaining years of the Financial Plan period. This reduction in FY 2026 reflects slightly lower projected spending on the CHP undocumented program. The overall decrease is partially offset by increased spending on reproductive health and abortion access, and expanding the services covered by the EI program.

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

The Updated Financial Plan maintains support for SOFA to address locally identified capacity needs, including: retention of the elderly in their communities; support for family and friends in their caregiving roles; 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 2025 Projected	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
OPENING BALANCE	**55**	**0**		**0**		**0**		**0**	
TOTAL RECEIPTS	**7,575**	**7,516**	**-0.8%**	**7,449**	**-0.9%**	**7,428**	**-0.3%**	**7,410**	**-0.2%**
Surcharges	5,080	5,050	-0.6%	5,057	0.1%	5,057	0.0%	5,072	0.3%
Covered Lives Assessment	1,150	1,150	0.0%	1,150	0.0%	1,150	0.0%	1,150	0.0%
Cigarette Tax Revenue	558	526	-5.7%	496	-5.7%	468	-5.6%	442	-5.6%
Hospital Assessments	554	557	0.5%	512	-8.1%	519	1.4%	512	-1.3%
Excise Tax on Vapor Products	21	21	0.0%	21	0.0%	21	0.0%	21	0.0%
NYC Cigarette Tax Transfer	13	13	0.0%	13	0.0%	13	0.0%	13	0.0%
EPIC Receipts/ICR Audit Fees/Interest	49	49	0.0%	50	2.0%	50	0.0%	50	0.0%
Distressed Provider Assistance[1]	150	150	0.0%	150	0.0%	150	0.0%	150	0.0%
TOTAL DISBURSEMENTS AND TRANSFERS	**7,630**	**7,516**	**-1.5%**	**7,449**	**-0.9%**	**7,428**	**-0.3%**	**7,410**	**-0.2%**
Medicaid Assistance Account	4,884	4,991	2.2%	4,862	-2.6%	4,811	-1.0%	4,742	-1.4%
Medicaid Costs	4,559	4,666	2.3%	4,537	-2.8%	4,486	-1.1%	4,417	-1.5%
Distressed Provider Assistance[1]	150	150	0.0%	150	0.0%	150	0.0%	150	0.0%
Workforce Recruitment & Retention	175	175	0.0%	175	0.0%	175	0.0%	175	0.0%
Hospital Indigent Care	631	631	0.0%	631	0.0%	631	0.0%	631	0.0%
HCRA Program Account	401	314	-21.7%	332	5.7%	312	-6.0%	312	0.0%
Child Health Plus	1,482	1,337	-9.8%	1,381	3.3%	1,430	3.5%	1,478	3.4%
Elderly Pharmaceutical Insurance Coverage	71	74	4.2%	74	0.0%	74	0.0%	74	0.0%
Qualified Health Plan Administration	36	32	-11.1%	31	-3.1%	32	3.2%	33	3.1%
Roswell Park Cancer Institute	55	51	-7.3%	51	0.0%	51	0.0%	51	0.0%
SHIN-NY/APCD/Modernization	45	45	0.0%	40	-11.1%	40	0.0%	40	0.0%
All Other	25	41	64.0%	47	14.6%	47	0.0%	49	4.3%
ANNUAL OPERATING SURPLUS/(DEFICIT)	**(55)**	**0**		**0**		**0**		**0**	
CLOSING BALANCE	**0**	**0**		**0**		**0**		**0**	

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

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

HCRA spending over the same plan period reflects over $4.8 billion in continued support for Medicaid spending, including the $150 million set aside for distressed providers and approximately $1.4 billion for the CHP program. Estimated growth in CHP spending reflects growth in enrollment, utilization, and reimbursements rates.

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

MENTAL HYGIENE
(millions of dollars)

	FY 2025	FY 2026		FY 2027		FY 2028		FY 2029	
	Projected	Projected	Change	Projected	Change	Projected	Change	Projected	Change
TOTAL STATE OPERATING FUNDS	**5,542**	**7,748**	**39.8%**	**8,543**	**10.3%**	**9,035**	**5.8%**	**9,531**	**5.5%**
People with Developmental Disabilities	**3,209**	**5,578**	**73.8%**	**5,859**	**5.0%**	**6,134**	**4.7%**	**6,410**	**4.5%**
Residential Services	1,614	1,701	5.4%	1,792	5.3%	1,885	5.2%	1,983	5.2%
Day Programs	813	856	5.3%	902	5.4%	949	5.2%	997	5.1%
Clinic	20	21	5.0%	22	4.8%	23	4.5%	24	4.3%
DOH Medicaid Reclassification to Mental Hygiene[5]	0	2,173	0.0%	2,268	4.4%	2,353	3.7%	2,432	3.4%
All Other Services (Net of Offsets)	762	827	8.5%	875	5.8%	924	5.6%	974	5.4%
Mental Health	**2,196**	**2,752**	**25.3%**	**3,066**	**11.4%**	**3,056**	**-0.3%**	**3,228**	**5.6%**
Adult Local Services	1,724	2,054	19.1%	2,341	14.0%	2,326	-0.6%	2,482	6.7%
Children Local Services	431	512	18.8%	582	13.7%	582	0.0%	594	2.1%
MLR/BHET Reinvestment[1]	41	48	17.1%	0	-100.0%	0	0.0%	0	0.0%
DOH Medicaid Reclassification to Mental Hygiene[5]	0	138	0.0%	143	3.6%	148	3.5%	152	2.7%
Addiction Services and Supports	**563**	**675**	**19.9%**	**676**	**0.1%**	**693**	**2.5%**	**717**	**3.5%**
Residential	130	144	10.8%	158	9.7%	165	4.4%	174	5.5%
Other Treatment	230	260	13.0%	292	12.3%	303	3.8%	319	5.3%
Prevention	61	68	11.5%	74	8.8%	79	6.8%	82	3.8%
Recovery	51	56	9.8%	61	8.9%	64	4.9%	68	6.3%
Opioid Settlement Fund[2]	75	78	4.0%	53	-32.1%	48	-9.4%	38	-20.8%
Opioid Stewardship Fund[3]	12	34	183.3%	38	11.8%	34	-10.5%	36	5.9%
MLR/BHET Reinvestment[1]	4	35	775.0%	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]	**(427)**	**(1,258)**	**-194.6%**	**(1,059)**	**15.8%**	**(849)**	**19.8%**	**(825)**	**2.8%**
OPWDD Local Share	650	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
OPWDD Mental Hygiene Stabilization Fund	(126)	(1,258)	-898.4%	(1,059)	15.8%	(849)	19.8%	(825)	2.8%
OPWDD Offset for Hospital Recoupment	(951)	0	100.0%	0	0.0%	0	0.0%	0	0.0%
DOH Medicaid Reclassification to Mental Hygiene[5]	**0**	**(2,311)**	**0.0%**	**(2,411)**	**0.0%**	**(2,501)**	**0.0%**	**(2,584)**	**0.0%**
TOTAL MENTAL HYGIENE SPENDING	**5,969**	**6,695**	**12.2%**	**7,191**	**7.4%**	**7,383**	**2.7%**	**7,772**	**5.3%**

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

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

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

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

5 Beginning in FY 2026, the Medicaid Global Cap has been revised to exclude other state agency (OSA) local Medicaid expenses. These costs, previously reported in the DOH budget, will now be reported in the respective agencies. The reclassification of this spending is cost neutral and more appropriately aligns program activities and costs to agencies responsible for managing such spending.

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 increased utilization levels.

Funding continues to be included to support OMH community services and the transition of individuals from inpatient to community settings. Additional investments support the launch of an Aging in Place pilot program to enhance residential services for people with mental illness who need additional assistance to continue living independently as they age. Other additional funding for OMH services includes the creation of new Intensive and Sustained Engagement Teams (INSET) and Hospital-Based Peer Bridger services, expanding the teen Mental Health First Aid (tMHFA) program, and expanding maternal behavioral health services.

Increased funding for OASAS programs will support not-for-profit providers for addiction prevention, treatment, harm reduction, and recovery programs. Additional investments include expanding access to opioid treatment medications in underserved areas. Similarly, the multi-year Financial Plan includes over $400 million in resources from the Opioid Stewardship Tax and litigation settlements with pharmaceutical manufacturers and distributors that will be targeted at the overdose epidemic through investments in addiction services programs.

The Updated Financial Plan also continues funding to increase the minimum wage index with inflation; establish and operate 3,500 new residential units for New Yorkers with mental illness; significantly expand outpatient mental health services; enhance mental health services in schools; and increase funding for Safe Options Support (SOS) teams and specialized programs for children. The FY 2026 Executive Budget also supports a 2.1 percent targeted inflationary increase for eligible programs run by voluntary operated providers.

Beginning in FY 2026, costs reported under the DOH Medicaid budget excludes OSA local Medicaid expenses which have previously been included under the Global Cap. These costs, previously reported in the DOH budget, will now be reported in the respective agencies, including OPWDD and OMH. The reclassification of this spending is cost neutral to the overall Updated Financial Plan and more appropriately aligns program activities and costs to agencies responsible for managing such spending. 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 to single adults, childless couples, and families that have exhausted their five-year limit on Family Assistance imposed by Federal law. The State SSI supplementation program provides a supplement to the Federal SSI benefit for the elderly, the visually handicapped, and disabled persons.

TEMPORARY AND DISABILITY ASSISTANCE
(millions of dollars)

	FY 2025 Projected	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
TOTAL STATE OPERATING FUNDS	**3,651**	**2,709**	**-25.8%**	**1,984**	**-26.8%**	**2,080**	**4.8%**	**2,177**	**4.7%**
SSI	535	550	2.8%	550	0.0%	550	0.0%	550	0.0%
Public Assistance Benefits	774	795	2.7%	813	2.3%	830	2.1%	849	2.3%
Public Assistance Initiatives	15	54	260.0%	13	-75.9%	13	0.0%	13	0.0%
Homeless Housing and Services	272	351	29.0%	472	34.5%	551	16.7%	629	14.2%
Rental Assistance	226	152	-32.7%	125	-17.8%	125	0.0%	125	0.0%
Asylum Seeker Assistance	1,809	796	-56.0%	0	-100.0%	0	0.0%	0	0.0%
All Other	20	11	-45.0%	11	0.0%	11	0.0%	11	0.0%

DOB's caseload models project a total of 688,153 public assistance recipients in FY 2026. Approximately 205,120 families are expected to receive benefits through the Family Assistance program and 142,791 through the Safety Net Assistance program in FY 2026, an increase in both programs from FY 2025. The caseload for single adults and childless couples supported through the Safety Net Assistance program is projected to be 340,242 in FY 2026, an increase of 6.4 percent from FY 2025.

OTDA spending in FY 2026 reflects decreased projections for Rental Assistance as the pandemic-related Emergency Rental Assistance and Landlord Assistance programs wind down, partially offset by increases for Homeless Housing and Services that reflect the continued transition from State settlement funds to the General Fund for ESSHI, which funds supportive housing constructed for vulnerable homeless populations under the Governor's Affordable Housing and Homelessness Plan. This reflects the full estimated costs for ESSHI that are shared by multiple agencies.

Growth in public assistance initiatives is attributed to expanding Welcome Centers in the City of New York to combat homelessness and the implementation of the Birth Allowance for Beginning Year (BABY) program which will provide an enhanced allowance for eligible families from pregnancy through the age of one. Safety Net Assistance spending growth is driven by an increase in the public assistance caseload, particularly in the City of New York. Asylum Seeker Assistance spending declines year-over-year consistent with the one-time funding provided to the City of New York.

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 2025 Projected	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,666**	**2,979**	**11.7%**	**2,892**	**-2.9%**	**3,141**	**8.6%**	**3,183**	**1.3%**
Child Welfare Service	806	806	0.0%	806	0.0%	806	0.0%	806	0.0%
Foster Care Block Grant	400	408	2.0%	419	2.7%	423	1.0%	432	2.1%
Child Care	908	1,079	18.8%	975	-9.6%	1,204	23.5%	1,229	2.1%
Adoption	161	164	1.9%	168	2.4%	170	1.2%	176	3.5%
Youth Programs	106	121	14.2%	121	0.0%	121	0.0%	121	0.0%
Medicaid	71	118	66.2%	120	1.7%	121	0.8%	123	1.7%
Adult Protective/Domestic Violence	54	54	0.0%	54	0.0%	54	0.0%	54	0.0%
All Other	160	229	43.1%	229	0.0%	242	5.7%	242	0.0%

The Updated Financial Plan continues State support for child care subsidies for eligible families up to 85 percent of the State income threshold. In addition, spending growth reflects the State's investment in youth programs through Get Offline Get Outside 2.0, additional funding for homeless youth, and a 2.1 percent targeted inflationary increase for eligible programs. OCFS's Medicaid budget increase reflects shifting program funding from DOH to OCFS. Lastly, the budget maintains the current financing structure for residential school placements of children with special needs.

Transportation

The Department of Transportation (DOT) maintains approximately 44,475 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 2026, the State plans to provide $9.0 billion in operating aid to mass transit systems, including $3.8 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 $8 billion (approximately 90 percent) of the State's mass transit aid.

TRANSPORTATION (millions of dollars)									
	FY 2025 Projected	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
STATE OPERATING FUNDS SUPPORT	**5,144**	**5,322**	**3.5%**	**5,316**	**-0.1%**	**5,318**	**0.0%**	**5,319**	**0.0%**
Mass Transit Operating Aid:	3,889	4,079	4.9%	4,079	0.0%	4,079	0.0%	4,079	0.0%
Metro Mass Transit Aid	3,728	3,916	5.0%	3,916	0.0%	3,916	0.0%	3,916	0.0%
Public Transit Aid	117	119	1.7%	119	0.0%	119	0.0%	119	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	156	158	1.3%	159	0.6%	161	1.3%	162	0.6%
Dedicated Mass Transit	647	632	-2.3%	632	0.0%	632	0.0%	632	0.0%
AMTAP	182	192	5.5%	192	0.1%	192	0.0%	192	0.0%
Innovative Mobility	4	4	100.0%	0	-100.0%	0	0.0%	0	0.0%
All Other	22	13	-40.9%	9	-30.8%	9	0.0%	9	0.0%

Projected operating aid to the MTA and other transit systems primarily reflects the current receipts forecast. Increased spending includes an additional $138 million to the MTA, $37 million for non-MTA downstate transit systems, $11 million for upstate systems, and funding for an Orange County Transit Study. Reduced operating support to the Gateway Development Commission and the Ogdensburg Bridge and Port Authority, commensurate with need, partially offset these increases.

Agency Operations

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

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

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

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING PERSONAL SERVICE AND FRINGE BENEFITS

	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
State Workforce[1]	122,159	124,618	TBD	TBD	TBD
ERS Contribution Rate[2]	15.8%	16.9%	18.4%	19.9%	21.4%
PFRS Contribution Rate[2]	31.9%	34.5%	35.8%	37.8%	40.5%
Employee/Retiree Health Insurance Growth Rates[3]	9.1%	4.1%	8.0%	8.0%	8.0%

[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 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
SUBJECT TO DIRECT EXECUTIVE CONTROL	**12,343**	**14,004**	**14,953**	**15,406**	**14,866**
Corrections and Community Supervision	2,883	2,885	2,884	2,938	2,938
Office of Mental Health	1,996	2,201	2,344	2,304	2,334
Office for People with Developmental Disabilities	1,705	1,844	1,907	1,875	1,896
Department of Health	762	905	896	907	894
State Police	885	952	961	979	978
Information Technology Services	741	814	830	832	834
Transportation	363	374	385	396	407
Tax and Finance	345	355	353	353	353
Children and Family Services	306	344	357	370	370
Environmental Conservation	293	299	301	305	308
Office of Parks, Recreation and Historic Preservation	246	261	270	270	270
Department of Financial Services	218	224	224	224	224
Education	204	203	205	207	207
Office of Temporary and Disability Assistance	132	152	151	151	151
Labor	60	86	76	76	76
All Other	1,204	2,105	2,809	3,219	2,626
UNIVERSITY SYSTEMS	**7,537**	**8,072**	**8,242**	**8,548**	**8,899**
State University	7,537	8,072	8,242	8,548	8,899
INDEPENDENT AGENCIES	**454**	**490**	**497**	**506**	**506**
Law	262	284	287	292	292
Audit & Control (OSC)	192	206	210	214	214
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	**20,334**	**22,566**	**23,692**	**24,460**	**24,271**
Judiciary	**2,409**	**2,644**	**2,644**	**2,644**	**2,644**
Legislature	**293**	**299**	**299**	**299**	**299**
Statewide Total	**23,036**	**25,509**	**26,635**	**27,403**	**27,214**
Personal Service	16,726	18,062	19,023	19,606	19,357
Non-Personal Service	6,310	7,447	7,612	7,797	7,857

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

- **Department of Corrections and Community Supervision (DOCCS).** The FY 2026 Executive Budget reflects additional funding for enhanced security measures and the MAT program offset by one-time retroactive salary payments associated with the NYSCOPBA collective bargaining agreement in FY 2025.

- **OMH.** Funding has increased to expand various mental health programs, including enhancing Safe Options Support (SOS) teams to provide psychiatric and medical care and addiction support services to individuals experiencing street homelessness and those in temporary shelter settings; the tMHFA program for high school students; and enhanced staffing at forensic psychiatric centers to improve patient outcomes.

- **OPWDD.** Increased funding over the multi-year plan reflects the alignment of PS funding to support the Full-Time Equivalent (FTE) forecast as well as increases to expand Intensive Treatment Opportunity (ITO) capacity to develop inpatient treatment settings for individuals that require intensive behavior supports in the Finger Lakes region.

- **DOH.** Additional funding supports both staffing and contractual services requirements for programs created and strengthened by legislative bills. This includes the opioid antagonist distribution program which will begin providing fentanyl test strips and informational packets to individuals receiving opioid antagonists. Funding has also been provided for conducting a study of the delivery of services to individuals with Traumatic Brain Injuries (TBIs). These and other investments will ensure that the programs are well-equipped to achieve their objectives to improve public health across the State.

- **State Police.** Funding is increased to support the deployment of additional State Police and counterterrorism investigators to strengthen criminal border enforcement efforts.

- **ITS.** Spending growth reflects continued investments in resources dedicated to cybersecurity and the IT workforce as well as system modernization and demographic data collection efforts.

- **OCFS.** Spending in FY 2026 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 2026 Executive Budget includes funding for making open space accessible to all and other environmental staffing investments.

- **All Other Executive Agencies.** Other spending changes include increased deployment of National Guard members assigned to the Joint Task Force Empire Shield Mission, additional funding for public service announcements, and public service recruitment efforts. In addition, spending is impacted by the timing of Federal reimbursement of previously incurred State costs related to COVID-19 pandemic response and recovery expenses, including the purchase of COVID-19 test kits for schools and local governments, personal protective equipment (PPE), and durable medical equipment. The Updated Financial Plan expects the State to receive $500 million in reimbursement in FY 2025.

- **State University.** Spending growth reflects additional operating aid support at four-year campuses and for the SUNY Downstate Hospital.

- **Judiciary.** Increases from FY 2025 include funding to support non-judicial staffing initiatives, including new court clerks and attorneys, costs associated with four court officer academy classes and increased staffing levels to address case backlogs and provide operational support to various courts. The Judiciary's budget submission includes funding to support new judgeships; additional City of New York Family Court and Criminal Court judges/support magistrates, including non-judicial staff supporting these judges; civil legal services increases; additional funding for various technology initiatives; and expansion of various programs including Alternative Dispute Resolution and Alternatives to Incarceration.

Workforce

In FY 2026, roughly $18 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 2026 FTEs[1] AND PERSONAL SERVICE SPENDING BY AGENCY
(millions of dollars)

	Dollars	FTEs
SUBJECT TO DIRECT EXECUTIVE CONTROL	**10,203**	**101,497**
Corrections and Community Supervision	2,331	23,600
Office for People with Developmental Disabilities	1,579	18,730
Office of Mental Health	1,615	15,124
State Police	845	6,436
Department of Health	377	4,510
Information Technology Services	407	4,108
Tax and Finance	276	3,832
Transportation	190	2,590
Environmental Conservation	253	2,488
Children and Family Services	245	2,328
Office of Parks, Recreation and Historic Preservation	211	1,878
Education	120	1,476
Department of Financial Services	169	1,441
Office of Temporary and Disability Assistance	116	1,133
Workers' Compensation Board	96	1,112
All Other	1,373	10,711
UNIVERSITY SYSTEMS	**5,087**	**49,000**
State University	5,087	49,000
INDEPENDENT AGENCIES	**2,772**	**20,314**
Law	207	1,851
Audit & Control (OSC)	167	1,659
Judiciary	2,170	16,801
Legislature[2]	228	3
Statewide Total	**18,062**	**170,811**

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

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

General State Charges

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

GSC spending over the Financial Plan period is primarily driven by the increased costs of health care services, with NYSHIP projections correlating with the growth rates in the hospital, medical and pharmaceutical industries. Pension growth in the outyears reflects projected costs associated with conservative pension fund investment returns resulting in higher employer contribution rates.

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

The estimate for Social Security reflects general salary increases pursuant to collective bargaining agreements, as well as the continued growth in the State workforce. Growth for workers' compensation, other fringe benefits and fixed costs reflect wage and property tax increases, as well as the forecasted spending trends.

GENERAL STATE CHARGES (millions of dollars)									
	FY 2025 Projected	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
TOTAL STATE OPERATING FUNDS	**10,363**	**11,005**	**6.2%**	**12,082**	**9.8%**	**13,313**	**10.2%**	**14,330**	**7.6%**
Fringe Benefits	**9,885**	**10,512**	**6.3%**	**11,578**	**10.1%**	**12,800**	**10.6%**	**13,817**	**7.9%**
Health Insurance	5,408	5,659	4.6%	6,182	9.2%	6,832	10.5%	7,305	6.9%
Retiree Health Benefit Trust Fund	250	250	0.0%	250	0.0%	250	0.0%	250	0.0%
Pensions	2,635	2,840	7.8%	3,301	16.2%	3,789	14.8%	4,246	12.1%
Social Security	1,258	1,323	5.2%	1,364	3.1%	1,407	3.2%	1,451	3.1%
Workers' Compensation	554	627	13.2%	669	6.7%	709	6.0%	751	5.9%
Employee Benefits	103	111	7.8%	112	0.9%	114	1.8%	117	2.6%
Dental Insurance	66	68	3.0%	70	2.9%	72	2.9%	74	2.8%
Unemployment Insurance	13	13	0.0%	13	0.0%	13	0.0%	13	0.0%
All Other/Non-State Escrow	(402)	(379)	5.7%	(383)	-1.1%	(386)	-0.8%	(390)	-1.0%
Fixed Costs	**478**	**493**	**3.1%**	**504**	**2.2%**	**513**	**1.8%**	**513**	**0.0%**
Public Land Taxes/PILOTS	317	326	2.8%	335	2.8%	344	2.7%	344	0.0%
Litigation	161	167	3.7%	169	1.2%	169	0.0%	169	0.0%

Transfers to Other Funds (General Fund Basis)

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

GENERAL FUND TRANSFERS TO OTHER FUNDS (millions of dollars)					
	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
TOTAL TRANSFERS TO OTHER FUNDS	**9,186**	**8,674**	**7,359**	**7,902**	**8,420**
Debt Service	277	300	328	334	568
SUNY University Operations	1,739	1,864	1,808	1,777	1,777
Capital Projects	4,922	4,439	3,354	4,135	4,377
Extraordinary Monetary Settlements:	**420**	**277**	**270**	**43**	**0**
Dedicated Infrastructure Investment Fund	345	215	220	41	0
Clean Water Grants	60	60	46	0	0
Mass Transit Capital	3	1	0	0	0
Healthcare	12	1	4	2	0
Dedicated Highway and Bridge Trust Fund	5	139	377	578	819
Environmental Protection Fund	118	99	98	98	98
Other DIIF	300	118	0	0	0
All Other Capital	4,079	3,806	2,609	3,416	3,460
ALL OTHER TRANSFERS	**2,248**	**2,071**	**1,869**	**1,656**	**1,698**
Mobility Tax Trust Account	244	244	244	244	244
State University Hospital IFR Operations Account	507	507	507	507	507
NY Central Business District Trust	156	158	159	161	162
Court Facility Income Account	132	132	132	132	132
Dedicated Mass Transportation Trust Fund	65	65	65	65	65
Health Care Transformation	125	125	125	0	0
Healthcare Stability Fund	350	0	0	0	0
All Other	669	840	637	547	588

General Fund transfers to Other Funds are projected to total $8.7 billion in FY 2026, representing a net decrease of approximately $512 million from FY 2025, mainly due to lower capital transfers and $350 million in one-time General Fund resources that will be transferred to the HSF to support $200 million in hospital investments, and $150 million in nursing homes, assisted living programs, and hospice.

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

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

Debt Service

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

DEBT SERVICE SPENDING PROJECTIONS
(millions of dollars)

	FY 2025 Projected	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
General Fund	277	300	8.3%	328	9.3%	334	1.8%	568	70.1%
Other State Support	2,886	2,018	-30.1%	4,293	112.7%	5,264	22.6%	5,638	7.1%
Total State Operating Funds	**3,163**	**2,318**	**-26.7%**	**4,621**	**99.4%**	**5,598**	**21.1%**	**6,206**	**10.9%**

State Operating Funds debt service is projected to be $2.3 billion in FY 2026, of which $300 million is paid from the General Fund and $2.0 billion is paid from other State funds supported by dedicated tax receipts. The General Fund finances debt service payments on General Obligation and service contract bonds, including expected service contract payments to the Gateway Development Commission (GDC) relating to the Hudson Tunnel Project. Debt service for other State-supported bonds is paid directly from other dedicated State funds, subject to appropriation, including PIT and Sales Tax Revenue bonds.

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

STATE DEBT SERVICE
(millions of dollars)

	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
Base Debt Service	**6,358**	**6,698**	**7,681**	**8,098**	**8,706**	**8,735**
Total Prepayment Adjustment	**(3,195)**	**(4,380)**	**(3,060)**	**(2,500)**	**(2,500)**	**0**
Prior Prepayments	(3,695)	(2,380)	(2,860)	(2,000)	0	0
FY 2024 Prepayment	(1,500)	(500)	(200)	(500)	(2,000)	0
FY 2025 Prepayment	2,000	(1,500)	0	0	(500)	0
Executive Budget Debt Service	**3,163**	**2,318**	**4,621**	**5,598**	**6,206**	**8,735**

The FY 2026 Executive Budget authorizes liquidity financing in the form of up to $3 billion of PIT notes as a tool to manage unanticipated financial disruptions. The Updated Financial Plan does not assume any PIT note issuances. DOB evaluates cash results regularly and may adjust the use of notes based on liquidity needs, market considerations, and other factors.

The Updated Financial Plan estimates for debt service spending reflect bond sale results, including refundings, projections of future refunding savings, and the adjustment of debt issuances to align with projected bond-financed capital spending. Debt service projections were reduced to reflect the contribution of $13.6 billion of PAYGO capital resources that were added since FY 2023, which includes new PAYGO spending of $1 billion that was added in the FY 2026 Executive Budget.

FEDERAL AID

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

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

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

Federal Funds spending continues to include spending of COVID-19 pandemic assistance on capital projects, small businesses, and pass through funding to local entities for Federal reimbursement of COVID-19 pandemic-related spending incurred in prior fiscal years.

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

FEDERAL FUNDS DISBURSEMENTS (millions of dollars)					
	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
DISBURSEMENTS					
Medicaid	56,059	57,618	58,427	56,924	58,133
Health	15,859	16,341	17,109	17,736	18,260
Social Welfare	5,436	5,277	5,400	5,148	5,148
Education	4,458	4,387	4,387	4,387	4,387
Public Protection	1,326	1,337	1,303	1,301	1,302
Transportation	2,372	2,839	2,912	2,924	2,961
All Other[1]	1,703	1,683	1,705	1,757	1,737
Pandemic Assistance[2]	9,118	1,347	93	24	24
Child Care Funds	262	0	0	0	0
Education ARP Funds	4,185	0	0	0	0
FFCRA/COVID eFMAP, including local passthrough	0	0	0	0	0
ARP HCBS eFMAP	764	0	0	0	0
Education Supplemental Appropriations Act	168	0	0	0	0
Emergency Rental Assistance Program (ERAP)	0	0	0	0	0
Education CARES Act Funds	10	0	0	0	0
FEMA Reimbursement of Eligible Pandemic Expenses	500	0	0	0	0
FEMA Local Pass-Through Funding	2,970	1,100	0	0	0
Homeowner Assistance Program	0	0	0	0	0
Home Energy Assistance Program (HEAP)	0	0	0	0	0
Coronavirus Capital Projects Fund	69	69	69	0	0
State Small Business Credit Initiative	40	98	24	24	24
FHWA Surface Transportation Block Grant	150	80	0	0	0
Total Disbursements	**96,331**	**90,829**	**91,336**	**90,201**	**91,952**

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

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

- **Medicaid/Health.** Funding shared by the Federal government helps support health care costs for nine million New Yorkers, including more than two and a half million children. Medicaid is the single largest category of Federal funding. The Federal government also provides support for several health programs administered by DOH, including the EP (discussed below).

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

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

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

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

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

COVID-19 Pandemic Assistance

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

New York State was awarded $12.75 billion under the SLFRF program included in ARP, of which the State utilized the remaining $3.65 billion program balance in FY 2025. In addition, notable funding streams include:

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

- **Child Care Funds.** The Coronavirus Aid, Relief, and Economic Security Act (CARES), CRRSA, and ARP granted additional funding to aid in stabilizing the child care sector, of which just over $260 million in remaining funds are expected to be utilized in FY 2025.

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

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

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

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

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

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

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

Essential Plan

The State participates in the EP, a health insurance program which receives Federal subsidies authorized through the ACA. The EP includes health insurance coverage for New York State residents who are lawfully present in the United States, including legally residing immigrants, and are not eligible for Medicaid, CHP, or other employer-sponsored coverage. Individuals who meet the EP eligibility standards are enrolled through the New York State of Health (NYSOH) insurance exchange, with the cost of insurance premiums subsidized by the State and Federal governments. The Exchange – NYSOH – serves as a centralized marketplace to shop for, compare, and enroll in a health plan. Over 1.5 million New Yorkers are expected to be enrolled in the EP in FY 2026, which represents an increase in enrollment from FY 2025 as the end of the Federal PHE has caused individuals to shift out of Medicaid and into EP. Growth in outyear enrollment is also due to expanded eligibility under a Federal Section 1332 State Innovation Waiver (the "Waiver") which increased EP income eligibility from 200 percent of the Federal Poverty Level (FPL) to 250 percent FPL, as well as recent reductions in cost-sharing for enrollees.

ESSENTIAL PLAN[1]
(millions of dollars)

	FY 2025 Projected	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change	FY 2029 Projected	Change
Disbursements	**12,417**	**13,234**	**6.6%**	**13,941**	**5.3%**	**14,493**	**4.0%**	**14,959**	**3.2%**
Assistance and Grants	11,731	13,097	11.6%	13,796	5.3%	14,331	3.9%	14,788	3.2%
State Operations	686	137	-80.0%	145	5.8%	162	11.7%	171	5.6%

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

Pursuant to the Waiver approved by the U.S. Department of Treasury and the U.S. DOH and Human Services in March 2024, New York State extended coverage to more low- and moderate-income individuals through the expanded EP. Prior to the Waiver, both the State and Federal governments shared in the costs of the EP, under Section 1331 of the ACA. To the extent that Federal funds are sufficient to support operational costs of the program, the Waiver is expected to be fully federally funded. Similarly, the majority of EP spending will continue to be remitted under the Waiver, which is valid through December 31, 2029.

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

Federal payments will be made as costs are incurred, and all Federal funds must be used for the purpose of implementing the Waiver.

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

Federal Impact on All Funds Spending

ALL FUNDS EXECUTIVE CHANGES (in millions)					
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
MID-YEAR ESTIMATE	**239,942**	**241,190**	**251,490**	**257,758**	**264,802**
Annual $ Growth	*5,075*	*1,248*	*10,300*	*6,268*	*7,044*
Annual % Growth	*2.2%*	*0.5%*	*4.3%*	*2.5%*	*2.7%*
Spending Revisions	**3,439**	**10,835**	**9,875**	**8,101**	**7,521**
State Operating Funds	(718)	4,029	3,564	3,731	4,347
State Capital Funds	368	1,999	1,764	1,857	1,762
Federal Funds	3,789	4,807	4,547	2,513	1,412
Medicaid Actions	2,095	3,635	3,019	1,336	453
MCO Investments	0	2,977	2,566	883	0
Targeted Inflationary Increase	0	133	133	133	133
Base Rate Adjustment	317	423	423	423	423
Local Districts of Social Services Re-estimate	76	137	137	137	137
Disproportionate Share Hospital Re-estimate	1,416	0	0	0	0
All Other Medicaid Revisions	286	(35)	(240)	(240)	(240)
Utilization of TANF for Child Care / Case Management	0	144	271	17	17
FEMA Local Pass-through Funding	1,470	0	0	0	0
Essential Plan	(29)	970	1,171	1,078	865
All Other	253	58	86	82	77
EXECUTIVE BUDGET ESTIMATE	**243,381**	**252,025**	**261,365**	**265,859**	**272,323**
Annual $ Growth	*8,514*	*8,644*	*9,340*	*4,494*	*6,464*
Annual % Growth	*3.6%*	*3.6%*	*3.7%*	*1.7%*	*2.4%*

APRIL – DECEMBER 2024 OPERATING RESULTS

This discussion provides a summary of operating results for April through December 2024 compared to: (1) the projections set forth in the FY 2025 Enacted Budget Financial Plan ("initial estimates"), (2) the FY 2025 Mid-Year Update to the Financial Plan ("revised estimates") and (3) prior fiscal year results for the same period (April through December 2023).

Summary of General Fund Operating Results

The General Fund ended December 2024 with a balance of $55.2 billion, $9.7 billion above the initial estimate, largely driven by higher than projected tax receipts ($3.5 billion) and the reclassification of Federal SLFRF moneys to the General Fund ($3.65 billion), combined with lower assistance and grants spending ($1.3 billion) and lower transfers for capital projects ($1 billion).

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

	Initial Estimate	Revised Estimate	Actuals	Variance Above/ (Below): Initial Estimate $	Initial Estimate %	Revised Estimate $	Revised Estimate %
OPENING BALANCE	**46,331**	**46,331**	**46,331**	**0**	**0.0%**	**0**	**0.0%**
Total Receipts	**76,222**	**78,609**	**83,419**	**7,197**	**9.4%**	**4,810**	**6.1%**
Taxes:	71,028	73,410	74,483	3,455	4.9%	1,073	1.5%
Personal Income Tax[1]	37,890	39,847	40,574	2,684	7.1%	727	1.8%
Consumption / Use Taxes[1]	14,300	14,619	14,440	140	1.0%	(179)	-1.2%
Business Taxes	7,357	7,013	6,698	(659)	-9.0%	(315)	-4.5%
Pass Through Entity Tax	9,703	10,169	10,972	1,269	13.1%	803	7.9%
Other Taxes[1]	1,778	1,762	1,799	21	1.2%	37	2.1%
Miscellaneous and Federal Receipts	3,230	3,485	7,225	3,995	123.7%	3,740	107.3%
Transfers From Other Funds	1,964	1,714	1,711	(253)	-12.9%	(3)	-0.2%
Total Spending	**77,035**	**77,457**	**74,506**	**(2,529)**	**-3.3%**	**(2,951)**	**-3.8%**
Assistance and Grants	52,622	53,265	51,278	(1,344)	-2.6%	(1,987)	-3.7%
Agency Operations (including GSCs)	15,210	15,892	15,445	235	1.5%	(447)	-2.8%
Transfers to Other Funds	9,203	8,300	7,783	(1,420)	-15.4%	(517)	-6.2%
Debt Service Transfer	56	102	95	39	69.6%	(7)	-6.9%
Capital Projects Transfer	5,962	5,301	4,933	(1,029)	-17.3%	(368)	-6.9%
SUNY Operations Transfer	1,616	1,565	1,508	(108)	-6.7%	(57)	-3.6%
All Other Transfers	1,569	1,332	1,247	(322)	-20.5%	(85)	-6.4%
Change in Operations	**(813)**	**1,152**	**8,913**	**9,726**	**1196.3%**	**7,761**	**673.7%**
CLOSING BALANCE	**45,518**	**47,483**	**55,244**	**9,726**	**21.4%**	**7,761**	**16.3%**

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

General Fund Receipts

Through December 2024, General Fund Receipts, including transfers from other funds, totaled $83.4 billion, $7.2 billion (9.4 percent) above the initial estimate.

Tax collections were $3.5 billion above the initial estimate comprised of stronger than expected PIT, User Tax, and PTET collections that are refunded in full in subsequent years through PIT credits and refunds. Higher PIT receipts were mainly driven by fewer than expected total refunds, particularly current year refunds, advanced credit payments and the state/city offset, offset by weaker than expected current estimated payments and final returns. Increased PTET receipts were driven by higher than anticipated estimated payments. Higher than expected user taxes were driven by strong consumer spending. Business taxes fell below projections primarily due to lower-than-expected CFT and bank audits coupled with greater-than-expected CFT refunds.

Miscellaneous receipts were higher than initially estimated driven by licenses and fees, refunds and reimbursements, motor vehicle fees, and investment income. Lower transfers from other funds are attributable to transfers that are now expected to occur later in the year including from the DHBTF. Federal Receipts were higher than projected due to an earlier than planned shift of Federal SLFRF money to the General Fund ($3.65 billion).

General Fund Spending

General Fund spending, including transfers to other funds, totaled $74.5 billion, $2.5 billion (3.3 percent) below the initial estimate, due to a combination of capital underspending (reducing the need for reimbursements from the General Fund) and the timing of assistance and grants spending. With the exception of timing related spending delays, the baseline forecast for spending has been updated in FY 2025, as well as subsequent years, to reflect the operating experience to date.

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

- School Aid ($738 million lower) due mainly to lower than projected spending for Excess Cost Aid, categorical programs, General Aid, and Statewide Universal Prekindergarten (SUFPK).

- Temporary and Disability Assistance ($361 million lower) due largely to a reduced need of reimbursements for migrant shelters, and lower than projected spending for Supplemental Security Income and Public Assistance benefit payments.

- Other Education ($355 million lower) due primarily to the timing of payments for preschool special education.

- Public Health ($334 million lower) due to timing of legislative adds and incipient programs included in the FY 2025 Enacted Budget, and the timing of claims for Early Intervention and GPHW programs.

- Mental Hygiene ($161 million lower) due to increased OPWDD offsets to the Mental Hygiene Stabilization Fund, partially offset by OMH Children & Youth Non-Residential, Children & Youth Residential, and Children & Youth Emergency program spending.

- Medicaid spending ($299 million higher) due largely to local administration costs driven by claims levels from local districts which have not decreased year to year commensurately with the functions assumed by the state, as expected. Other increases are related to increased utilization of the Nursing Home Transition & Diversion (NHTD) waiver program as well as increased rates for NHTD/Traumatic Brain Injury programs, partially offset by lower MLTC claims.

Agency operations spending, including fringe benefits, was $235 million above the plan, driven largely by the timing of the FEMA reimbursement of previously incurred COVID-related costs and increased operational spending in several agencies including OPWDD and DOCCS.

Various transfers previously planned are now expected to be executed later in the fiscal year, including to the Healthcare Stabilization and Court Facilities Incentive Aid funds.

Summary of All Governmental Funds Operating Results

All Governmental Funds ended December 2024 with a balance of $72.1 billion, $6.9 billion above the initial estimate, driven by higher than projected receipts ($6.4 billion) and lower spending ($526 million).

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

	Initial Estimate	Revised Estimate	Actuals	Variance Above/ (Below) Initial Estimate $	Initial Estimate %	Revised Estimate $	Revised Estimate %
OPENING BALANCE	**65,912**	**65,912**	**65,912**	**0**	**0.0%**	**0**	**0.0%**
ALL FUNDS RECEIPTS:	**172,151**	**174,924**	**178,527**	**6,376**	**3.7%**	**3,603**	**2.1%**
Total Taxes	**76,840**	**78,650**	**79,890**	**3,050**	**4.0%**	**1,240**	**1.6%**
Personal Income Tax	38,312	40,005	40,724	2,412	6.3%	719	1.8%
Consumption / Use Tax	16,995	17,030	16,977	(18)	-0.1%	(53)	-0.3%
Business Taxes	9,842	9,478	9,205	(637)	-6.5%	(273)	-2.9%
Pass Through Entity Tax	9,703	10,169	10,972	1,269	13.1%	803	7.9%
Other Taxes	1,988	1,968	2,012	24	1.2%	44	2.2%
Miscellaneous Receipts	**23,965**	**24,837**	**24,824**	**859**	**3.6%**	**(13)**	**-0.1%**
Federal Receipts	**71,346**	**71,437**	**73,813**	**2,467**	**3.5%**	**2,376**	**3.3%**
ALL FUNDS DISBURSEMENTS:	**172,813**	**173,477**	**172,287**	**(526)**	**-0.3%**	**(1,190)**	**-0.7%**
STATE OPERATING FUNDS	**92,474**	**93,638**	**91,003**	**(1,471)**	**-1.6%**	**(2,635)**	**-2.8%**
Assistance and Grants	**68,326**	**69,216**	**66,927**	**(1,399)**	**-2.0%**	**(2,289)**	**-3.3%**
School Aid	22,069	21,632	21,331	(738)	-3.3%	(301)	-1.4%
DOH Medicaid	26,269	26,981	26,324	55	0.2%	(657)	-2.4%
Higher Education	1,885	1,864	1,797	(88)	-4.7%	(67)	-3.6%
Transportation	4,902	4,890	4,843	(59)	-1.2%	(47)	-1.0%
Social Services	4,141	3,991	3,811	(330)	-8.0%	(180)	-4.5%
Mental Hygiene	3,549	3,661	3,367	(182)	-5.1%	(294)	-8.0%
All Other	5,511	6,197	5,454	(57)	-1.0%	(743)	-12.0%
State Operations	**23,585**	**24,068**	**23,723**	**138**	**0.6%**	**(345)**	**-1.4%**
Agency Operations	**17,390**	**17,817**	**17,592**	**202**	**1.2%**	**(225)**	**-1.3%**
Executive Agencies	9,191	9,681	9,235	44	0.5%	(446)	-4.6%
University Systems	5,862	5,803	6,040	178	3.0%	237	4.1%
Elected Officials	2,337	2,333	2,317	(20)	-0.9%	(16)	-0.7%
Fringe Benefits/Fixed Costs	**6,195**	**6,251**	**6,131**	**(64)**	**-1.0%**	**(120)**	**-1.9%**
Pension Contribution	558	558	548	(10)	-1.8%	(10)	-1.8%
Health Insurance	4,128	4,130	4,127	(1)	0.0%	(3)	-0.1%
Other Fringe Benefits/Fixed Costs	1,509	1,563	1,456	(53)	-3.5%	(107)	-6.8%
Debt Service	**563**	**354**	**353**	**(210)**	**-37.3%**	**(1)**	**-0.3%**
CAPITAL PROJECTS (State and Federal Funds)	**14,246**	**13,272**	**12,790**	**(1,456)**	**-10.2%**	**(482)**	**-3.6%**
FEDERAL OPERATING AID	**66,093**	**66,567**	**68,494**	**2,401**	**3.6%**	**1,927**	**2.9%**
NET OTHER FINANCING SOURCES	**(88)**	**(85)**	**(74)**	**14**	**15.9%**	**11**	**12.9%**
CHANGE IN OPERATIONS	**(750)**	**1,362**	**6,166**	**6,916**	**922.1%**	**4,804**	**352.7%**
CLOSING BALANCE	**65,162**	**67,274**	**72,078**	**6,916**	**10.6%**	**4,804**	**7.1%**

All Funds Receipts

All Funds receipts totaled $178.5 billion, exceeding initial estimates by $6.4 billion, due to a combination of timing of Federal operating aid spending and reimbursements, higher tax collections, and miscellaneous receipts. In addition to the General Fund tax collections and miscellaneous receipts variances described above, receipts collections exceeded planned amounts most significantly in the areas of HCRA and SUNY receipts.

All Funds Spending

State Operating Funds spending totaled $91 billion, $1.5 billion below initial projections, driven predominantly by lower than projected assistance and grants spending, as described in the General Fund section above, and lower debt service payments due to the State applying more debt service prepayment offsets earlier than expected.

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

Federal operating aid spending totaled $68.5 billion and was $2.4 billion (3.6 percent) above initial projections. Higher than projected spending was mainly driven by the following areas.

- Homeland Security and Emergency Services ($1.4 billion) due to the timing of Federal FEMA reimbursements that flow through the Updated Financial Plan to reimburse local entities for COVID expenses.

- Public Health ($890 million) due largely to the timing of payments associated with the coverage of undocumented pregnant individuals under CHP with a federal match, retroactive to FY 2022 and nutrition programs.

- EP ($757 million) due primarily to increased enrollment levels and the expansion of EP coverage related to the 1332 waiver.

- Children and Family Services ($309 million) due to Child Welfare and Child Care grants.

Federal Medicaid program and admin spending was $1.3 billion lower than planned due to higher than anticipated drug rebate collections resulting from the pharmacy benefit under the NYRx transition from Managed Care that was shifted to Fee-for-Service (FFS) in April 2023, and the timing of Managed Care payments.

Governmental Funds Results Compared to Prior Year

The FY 2025 December All Funds balance, totaling $72.1 billion, was $4.2 billion lower than in the prior year due to an increase in annual disbursements ($8.7 billion), offset partially by higher annual receipts ($5.1 billion).

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

	Actuals		Increase/(Decrease)	
	FY 2024	FY 2025	$	%
OPENING BALANCE	**65,956**	**65,912**	**(44)**	**-0.1%**
ALL FUNDS RECEIPTS:	**173,433**	**178,527**	**5,094**	**2.9%**
Total Taxes	**74,434**	**79,890**	**5,456**	**7.3%**
Personal Income Tax	36,343	40,724	4,381	12.1%
Pass Through Entity Tax	9,228	10,972	1,744	18.9%
All Other Taxes	28,863	28,194	(669)	-2.3%
Miscellaneous Receipts	**24,205**	**24,824**	**619**	**2.6%**
Federal Receipts	**74,794**	**73,813**	**(981)**	**-1.3%**
ALL FUNDS DISBURSEMENTS:	**163,547**	**172,287**	**8,740**	**5.3%**
STATE OPERATING FUNDS	**83,753**	**91,003**	**7,250**	**8.7%**
Assistance and Grants	**60,954**	**66,927**	**5,973**	**9.8%**
School Aid	20,070	21,331	1,261	6.3%
DOH Medicaid (incl. admin and EP)	22,329	26,324	3,995	17.9%
All Other	18,555	19,272	717	3.9%
State Operations	**22,214**	**23,723**	**1,509**	**6.8%**
Agency Operations	**15,651**	**17,592**	**1,941**	**12.4%**
Executive Agencies	8,195	9,235	1,040	12.7%
University Systems	5,417	6,040	623	11.5%
Elected Officials	2,039	2,317	278	13.6%
Fringe Benefits/Fixed Costs	**6,563**	**6,131**	**(432)**	**-6.6%**
Pension Contribution	2,031	548	(1,483)	-73.0%
Health Insurance	3,606	4,127	521	14.4%
Other Fringe Benefits/Fixed Costs	926	1,456	530	57.2%
Debt Service	**585**	**353**	**(232)**	**-39.7%**
CAPITAL PROJECTS (State and Federal Funds)	**10,978**	**12,790**	**1,812**	**16.5%**
FEDERAL OPERATING AID	**68,816**	**68,494**	**(322)**	**-0.5%**
NET OTHER FINANCING SOURCES	**483**	**(74)**	**(557)**	**-115.3%**
CHANGE IN OPERATIONS	**10,369**	**6,166**	**(4,203)**	**-40.5%**
CLOSING BALANCE	**76,325**	**72,078**	**(4,247)**	**-5.6%**

All Funds Receipts

Tax collections through December of FY 2025 were $5.5 billion higher than through the same period in FY 2024. Planned growth in PIT receipts included a combination of increased withholding, estimated payments, and assessments, coupled with a decline in current and prior year refunds and advanced credit payments. Growth in estimated PTET payments drove higher overall collections. Higher consumption/use taxes were driven by growth in sales tax and adult-use cannabis receipts resulting from the continued maturation of the market. Business taxes declined largely due to increased CFT refunds and lower audits. All other taxes were lower than in the prior year due to decreased super large estate tax collections.

Miscellaneous receipts were higher than the prior year due primarily to increased collections from HCRA, the financial services industry, investment income, and opioid settlements, offset partially by decreased capital project fund receipts related to the timing of reimbursements for various capital programs.

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

All Funds Spending

State Operating Funds spending totaled $91 billion through December of FY 2025, an increase of $7.3 billion (8.7 percent) as compared to the same period in FY 2024.

Assistance and grants spending through December was $6 billion higher than in the prior year. Higher Medicaid spending in the current year is attributable to the expiration of the COVID eFMAP benefit in FY 2024, higher Fee-For-Service claims, and natural utilization growth. School Aid growth reflects planned General Aid increases, financed by a combination of the General Fund and the State's lottery and gaming funds, increased Excess Cost Aid and Universal Prekindergarten spending. Additional spending increases were driven by Children and Family Services due primarily to higher spending on Child Welfare services, Day Care and Foster Care block grants, and Public Health due largely to enrollment growth and processing of undocumented pregnant individuals under CHP, retroactive to April 2022. Higher spending was partially offset by lower annual Mental Hygiene spending funded through the local share adjustment between DOH and OPWDD.

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

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

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

Federal operating spending decreased from the prior year due largely to pandemic-related Federal spending in FY 2024, including reimbursements of costs that were passed through to local entities ($786 million), and FEMA reimbursements for State costs incurred for COVID-19 pandemic response and recovery efforts ($548 million). In addition, Medicaid spending declined due to higher rebate collections resulting from the pharmacy benefit under NYRx transition from MC to FFS, the timing of CFCO credit claims and the timing of DPT payments as well as lower COVID eFMAP due to the phasing out of the enhanced match ($1.8 billion). This decline in spending is partly offset by growth in the following programs:

- EP ($1.6 billion) due to expansion of program eligibility associated with the 1332 waiver and increased hospital investments.

- Public Health ($848 million) due to the timing of Federal CHP payments.

- Temporary and Disability Assistance ($345 million) primarily due to the implementation of the Summer EBT program and higher spending on Child Care subsidies.

GAAP-BASIS RESULTS FOR PRIOR FISCAL YEARS

GAAP-Basis Results for Prior Fiscal Years

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

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

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

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

SUMMARY OF NET POSITION (millions of dollars)

Fiscal Year Ended	Governmental Activities	Business-Type Activities	Total Primary Government
March 31, 2024	58,062	(12,779)	45,283
March 31, 2023	46,453	(15,565)	30,888
March 31, 2022	21,168	(18,866)	2,302*

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

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

CAPITAL PROGRAM AND FINANCING PLAN OVERVIEW

State PIT Revenue Bond Program

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

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

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

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

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

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

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

	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
Projected RBTF Receipts	38,473	36,271	40,764	42,739	45,051	45,477
Projected New PIT Bonds Issuances	2,709	7,079	8,197	7,573	7,232	7,055
Projected Total PIT Bonds Outstanding	39,301	45,314	52,662	58,857	64,303	67,902
Projected Maximum Annual Debt Service	4,000	4,507	5,094	5,636	6,154	6,482
Projected PIT Coverage Ratio	9.6	8.0	8.0	7.6	7.3	7.0

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

Sales Tax Revenue Bond Program

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

The legislation created the Sales Tax Revenue Bond Tax Fund, a sub-fund within the General Debt Service Fund that will provide for the payment of these bonds. The Sales Tax Revenue Bonds are secured by dedicated revenues consisting of two cents of the State's four cent sales and use tax. Such sales tax receipts in excess of debt service requirements are transferred to the State’s General Fund.

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

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

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

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

	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
Projected Sales Tax Receipts	9,565	9,884	10,171	10,461	10,739	11,021
Projected New Sales Tax Bonds Issuances	2,656	2,360	2,732	2,524	2,411	2,352
Projected Total Sales Tax Bonds Outstanding	14,510	16,720	19,205	21,299	23,238	24,542
Projected Maximum Annual Debt Service	1,344	1,513	1,709	1,890	2,062	2,170
Projected Sales Tax Coverage Ratio	7.1	6.5	6.0	5.5	5.2	5.1

Borrowing Plan

STATE DEBT ISSUANCES BY FINANCING PROGRAM (millions of dollars)						
	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
Personal Income Tax Revenue Bonds	2,709	7,079	8,197	7,573	7,232	7,055
Sales Tax Revenue Bonds	2,656	2,360	2,732	2,524	2,411	2,352
General Obligation Bonds	458	413	298	313	395	395
Service Contract Bonds	0	0	0	0	0	0
Total Issuances	5,823	9,852	11,227	10,410	10,038	9,802

Debt issuances totaling $9.9 billion are planned to finance capital project spending in FY 2026, an increase of $4 billion (69 percent) from FY 2025. The year-over-year growth is largely attributable to increased capital spending which is projected for FY 2026. Bond issuances in FY 2026 will finance capital commitments for economic development and housing ($2.2 billion), education ($1.7 billion), the environment ($900 million), health and mental hygiene ($1.1 billion), State facilities and equipment ($565 million), and transportation ($3.5 billion).

Over the five-year Capital Plan, new debt issuances are projected to total $51.3 billion. This reflects the application of $13.6 billion of PAYGO to supplant bond issuances, including $1 billion added in the FY 2026 Executive Budget Financial Plan. New issuances are expected for economic development and housing ($11.3 billion), education facilities ($8.7 billion), the environment ($4.7 billion), mental hygiene and health care facilities ($5.6 billion), State facilities and equipment ($2.9 billion), and transportation infrastructure ($18.1 billion).

Debt Outstanding

State-related debt outstanding is projected to total $65.1 billion in FY 2026, an increase of $8.5 billion (15 percent) from FY 2025. This reflects projected issuances, scheduled debt retirements, and early retirement of debt due to prepayments.

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

PROJECTED DEBT OUTSTANDING BY CREDIT
(millions of dollars)

	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected
Personal Income Tax Revenue Bonds	39,301	45,314	52,662	58,857	64,303	67,902
Sales Tax Revenue Bonds	14,510	16,720	19,205	21,299	23,238	24,542
General Obligation Bonds	2,399	2,613	2,692	2,790	2,983	3,169
Other Revenue Bonds	65	14	12	11	9	8
Service Contract	242	242	242	242	0	0
Gateway Development Commission	35	187	360	508	611	715
TOTAL STATE-RELATED	56,552	65,090	75,173	83,707	91,144	96,336

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 $2.3 billion in FY 2026, a decrease of $844 million (27 percent) from FY 2025, which is affected by the expected prepayment of $2 billion in FY 2025 of future debt service costs and additional prepayments in previous fiscal years. The State is contractually required to make debt service payments prior to bondholder payment dates in most instances and may also elect to make payments earlier than contractually required. The State expects to use three principal bonding programs -- Personal Income Tax Revenue Bonds, Sales Tax Revenue Bonds, and General Obligation Bonds -- to fund all bond-financed capital spending.

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

	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected	Total
Personal Income Tax Revenue Bonds	2,216	1,142	3,221	3,903	4,146	6,240	20,868
Sales Tax Revenue Bonds	601	855	1,060	1,352	1,486	2,150	7,504
General Obligation Bonds	260	300	328	331	326	345	1,890
Other State-Supported Bonds [2]	85	21	12	12	248	0	378
Gateway Development Commission	0	0	0	0	0	0	0
Total Debt Service	3,162	2,318	4,621	5,598	6,206	8,735	30,640

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

[2] Excludes mortgage loan commitments and installation commitments.

Adjusting debt service shown in the previous table for prepayments, State-related debt service is projected at $6.7 billion in FY 2026, an increase of 5.4 percent from FY 2025. Adjusted State-related debt service is projected to increase to $8.7 billion in FY 2030, an average rate of 6.9 percent annually.

AUTHORITIES AND LOCALITIES

Public Authorities

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

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

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

As of December 31, 2023 (with respect to the Job Development Authority (JDA) as of March 31, 2024), each of the 15 authorities listed in the following table had outstanding debt of $100 million or more, and the aggregate outstanding debt, including refunding bonds, was approximately $216 billion, only a portion of which constitutes State-supported or State-related debt. Note that the outstanding debt information contained in the following table is the most current information provided by OSC from data submitted by the 15 authorities as of the date of this AIS Update.

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

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

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

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

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

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

Localities

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

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

The City of New York

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

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

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

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

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

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

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

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

Other Localities

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

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

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

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

Based on financial data filed with OSC for the local fiscal years ending in 2024, 22 school districts have been placed in a stress category by OSC. Additionally, of the local governments with a local fiscal year ending in 2023, 14 — including 3 cities, 5 towns, and 6 villages — were placed in a fiscal stress category by OSC. The vast majority of local governments (98.9 percent) and school districts (96.7 percent) are not classified in a fiscal stress category.

The Monitoring System relies on data submitted to OSC by local governments in their Annual Financial Report ("AFR"). The AFR captures a local government's annual revenue, expenditures, cash reserves, fund balance and outstanding debt for the period. From 2018 to 2023, the number of municipalities that failed to file their AFRs increased from 10 to 18 percent. Additional information on local governments that have failed to file an AFR is available on the OSC website at the following address:
https://web.osc.state.ny.us/localgov/afr-non-filers/.

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

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

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

DEBT OF NEW YORK LOCALITIES [1] (millions of dollars)						
Locality Fiscal Year Ending	Combined New York City Debt [2]		Other Localities Debt [3]		Total Locality Debt [3]	
	Bonds	Notes	Bonds [4]	Notes [4]	Bonds [3] [4]	Notes [4]
1980	12,995	0	6,835	1,793	19,830	1,793
1990	20,027	0	10,253	3,082	30,280	3,082
2000	39,244	515	19,093	4,470	58,337	4,985
2010	69,536	0	36,110	7,369	105,646	7,369
2019	91,542	0	36,661	7,632	128,203	7,632
2020	95,025	0	36,375	8,741	131,400	8,741
2021	94,184	0	36,881	8,157	131,065	8,157
2022	109,231	0	38,263	7,351	147,494	7,351
2023	110,958	0	37,091	7,421	148,049	7,421

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

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

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

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

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

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

STATE RETIREMENT SYSTEM

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

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

General

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

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

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

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

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

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

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

The System

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

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

Comparison of Benefits by Tier

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

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

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

Contributions and Funding

Contributions to the System are provided by employers and employees. Employers contribute on the basis of the plan or plans they provide for members. All ERS members joining from mid-1976 through 2009 were required to contribute 3 percent of their salaries. A statutory change in 2000, however, limited the contributions to the first 10 years of membership, but did not authorize refunds where contributions had already exceeded 10 years. All ERS members joining after 2009 and prior to April 1, 2012, and all PFRS members joining after January 9, 2010 and prior to April 1, 2012, are members of Tier 5. All Tier 5 ERS members and 79 percent of the Tier 5 PFRS members are required to contribute 3 percent of their salaries for their career. Members joining on or after April 1, 2012 are in Tier 6, and are required to pay contributions throughout their career on a stepped basis relative to each respective member's wages.[15] Members in Tier 6 of both ERS and PFRS earning $45,000 or less are required to contribute 3 percent of their gross annual wages; members earning between $45,001 and $55,000 are required to contribute 3.5 percent; members earning between $55,001 and $75,000 are required to contribute 4.5 percent; members earning between $75,001 and $100,000 are required to contribute 5.75 percent; and, those earning in excess of $100,000 are required to contribute 6 percent of their gross annual salary. Legislation enacted in April 2022 temporarily removed overtime earned from April 1, 2020 through March 31, 2022 from the calculation of contribution rates that Tier 6 members pay during FY 2022-23 and FY 2023-24. Legislation enacted in April 2024 temporarily removed overtime earned from April 1, 2022 through March 31, 2024 from the calculation of contribution rates that Tier 6 members pay during FY 2024-25 and FY 2025-26.

In order to protect employers from potentially volatile contributions tied directly to the value of the System's assets held by the CRF, the System utilizes a multi-year smoothing procedure. One of the factors used by the System's Actuary to calculate employer contribution requirements is the assumed investment rate of return, which is currently 5.9 percent.[16]

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

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

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

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

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

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

CHAPTER 57, LAWS OF 2010				
	% of Payroll			
Year	ERS	PFRS	Interest %	Local
				(dollars in millions)
2011	9.5	17.5	5.00	$ —
2012	10.5	18.5	3.75	—
2013	11.5	19.5	3.00	—
2014	12.5	2.5	3.67	—
2015	13.5	21.5	3.15	2.0
2016	14.5	22.5	3.21	2.0
2017	15.1	23.5	2.33	0.3
2018	14.9	24.3	2.84	0.2
2019	14.4	23.5	3.64	—
2020	14.2	23.5	2.55	—
2021	14.1	24.4	1.33	—
2022	15.1	25.4	1.76	0.8
2023	14.1	26.4	3.61	—
2024	13.1	27.4	4.85	—
				$ 5.3

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

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

CHAPTER 57, LAWS OF 2013

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

Chapter 55 of the Laws of 2023 amended the Contribution Stabilization Programs (the 2010 Program and the 2013 Alternate Contribution Stabilization Program, together the "Programs") to provide employers more flexible use of reserve funds while preserving the intent of the Programs to smooth out pension contributions when rates increase. The Programs also limit the size of the reserve fund assets that employers are required to maintain and allow NYSLRS participating employers to withdraw from the Programs, subject to approval by the Comptroller, provided all prior year amortizations are paid in full, including interest. The total State payment (including Judiciary) due to NYSLRS for FY 2024 was approximately $1.926 billion. The State opted not to amortize under the Contribution Stabilization Program (eligible to amortize in PFRS only) and paid the March 1, 2024 invoice in full.

The estimated total State payment (including Judiciary) for FY 2025 is approximately $2.285 billion. Several prepayments (including interest credit and application of reserve fund assets) have reduced the estimated total to approximately $40 million. The estimated total State payment (including Judiciary) for FY 2026 is approximately $2.563 billion.

Pension Assets and Liabilities

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

The System reports that the net position restricted for pension benefits as of March 31, 2024 was $267.4 billion (including $2.0 billion in receivables, which consist of employer contributions, amortized amounts, member contributions, member loans, accrued interest and dividends, investment sales and other miscellaneous receivables), an increase of $17.9 billion or 7.2 percent from the FY 2023 level of $249.5 billion. The increase in net position restricted for pension benefits from FY 2023 to FY 2024 is primarily the result of the net appreciation of the fair value of the investment portfolio.[17] The System's audited Financial Statement reports a time-weighted investment rate of return of positive 11.6 percent (gross rate of return before the deduction of certain fees) for FY 2024.

Consistent with statutory limitations affecting categories of investment, the State Comptroller, as trustee of the CRF, establishes a target asset allocation and approves policies and procedures to guide and direct the investment activities of the Division of Pension Investment and Cash Management. The purpose of this asset allocation strategy is to identify the optimal diversified mix of assets to meet the requirements of pension payment obligations to members. In the fiscal year ended March 31, 2020, an asset liability analysis was completed, and a long-term policy allocation was adopted as of April 1, 2021. The current long-term policy allocation seeks a mix that includes 47 percent public equities (32 percent domestic and 15 percent international); 24 percent fixed income and cash; and 29 percent alternative investments (10 percent private equity, 9 percent real estate, 4 percent credit, 3 percent opportunistic/absolute return or hedge funds, and 3 percent real assets). Since the implementation of the long-term policy allocation will take several years, transition targets have been established to aid in the asset rebalancing process. [18]

The System reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased to $345.9 billion (including $179.9 billion for retirees and beneficiaries) as of April 1, 2024, up from $333.1 billion as of April 1, 2023. The funding method used by the System anticipates that the plan net position, plus future actuarially determined contributions, will be sufficient to pay for the anticipated benefits of current members, retirees and beneficiaries. The valuation used by the Retirement Systems Actuary was based on audited net position restricted for pension benefits as of March 31, 2024. Actuarially determined contributions are calculated using

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[17] On November 20, 2024, the State Comptroller announced that the estimated value of the Fund was $274.6 billion at the end of the second quarter of state fiscal year 2024-25. For the three-month period ending September 30, 2024, Fund investments returned an estimated 4.15%. The value of the invested assets changes daily.

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

actuarial assets and the present value of anticipated benefits. Actuarial assets differed from plan net position on April 1, 2024 in that the determination of actuarial assets utilized a smoothing method, with an eight-year smoothing period, that recognized 12.5 percent of the unexpected gain for FY 2024, 25 percent of the unexpected loss for FY 2023 and 37.5 percent of the unexpected gain for FY 2022. Actuarial assets increased from $269.6 billion on April 1, 2023 to $272.4 billion on April 1, 2024.

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

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

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

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

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

Sources: State and Local Retirement System.

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

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

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

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

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

Sources: State and Local Retirement System.

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

Additional Information Regarding the System

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

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

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

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

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

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

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

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

LITIGATION

General

The legal proceedings listed below involve State finances and programs and other claims in which the State is a defendant and the potential monetary claims against the State are deemed to be material, meaning in excess of $300 million[19] or involving significant challenges to or impacts on the State's financial policies or practices. As explained below, these proceedings could adversely affect the State's finances in FY 2025 or thereafter. The State intends to describe newly initiated proceedings that the State deems to be material and existing proceedings that the State has subsequently deemed to be material, as well as any material and adverse developments in the listed proceedings, in quarterly updates and/or supplements to the AIS.

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

The State is party to other claims and litigation, with respect to which its legal counsel has advised that it is not probable that the State will suffer adverse court decisions, or which the State has determined do not, considered on a case-by-case basis, meet the materiality threshold described in the first paragraph of this section. Although the amounts of potential losses, if any, resulting from these litigation matters are not presently determinable, it is the State's position that any potential liability in these litigation matters is not expected to have a material and adverse effect on the State's financial position in FY 2025 or thereafter. The Basic Financial Statements for FY 2024, which OSC issued on July 26, 2024, reported possible and probable awards and anticipated unfavorable judgments against the State.

Adverse developments in the proceedings described below; other proceedings for which there are unanticipated, unfavorable and material judgments; or the initiation of new proceedings could affect the ability of the State to maintain a balanced FY 2025 Financial Plan. The State believes that the Financial Plan includes sufficient reserves to offset the costs associated with the payment of judgments that may be required during FY 2025. These reserves include (but are not limited to) amounts appropriated for Court of Claims payments and projected fund balances in the General Fund. In addition, any amounts ultimately required to be paid by the State may be subject to settlement or may be paid over a multi-year period. There can be no assurance, however, that adverse decisions in legal proceedings against the State would not exceed the amount of all potential Enacted Budget resources available for the payment of judgments, and could therefore adversely affect the ability of the State to maintain a balanced Financial Plan.

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

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

Real Property Claims

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

School Aid

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

Compensation of Assigned Counsel

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

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

Adult Survivors Act Claims

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

FINANCIAL PLAN TABLES

Financial Plan Tables

The cash financial plan tables listed below appear on the following pages and summarize actual General Fund receipts and disbursements for fiscal year 2024 and projected receipts and disbursements for fiscal years 2025 through 2029 on a General Fund, State Operating Funds and All Governmental Funds basis.[20]

General Fund – Total Budget

Financial Plan, Annual Change from FY 2024 to FY 2025
Financial Plan Projections FY 2025 through FY 2029
Update to FY 2025
Update to FY 2026
Update to FY 2027
Update to FY 2028

State Operating Funds Budget

FY 2025
FY 2026
FY 2027
FY 2028
FY 2029

All Governmental Funds – Receipts Detail

Financial Plan Projections FY 2025 – FY 2029

All Governmental Funds – Total Budget

FY 2025
FY 2026
FY 2027
FY 2028
FY 2029

Cashflow – FY 2025 Monthly Projections

General Fund

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

CASH FINANCIAL PLAN GENERAL FUND (millions of dollars)	FY 2024 Actuals	FY 2025 Projected	Annual $ Change	Annual % Change
Opening Fund Balance	**43,451**	**46,331**	**2,880**	**6.6%**
Receipts:				
Taxes:				
Personal Income Tax	25,312	29,028	3,716	14.7%
Consumption/Use Taxes	9,872	10,108	236	2.4%
Business Taxes	17,425	17,978	553	3.2%
Other Taxes	1,876	1,398	(478)	-25.5%
Miscellaneous Receipts	4,878	4,633	(245)	-5.0%
Federal Receipts	2,250	3,645	1,395	62.0%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	21,748	28,314	6,566	30.2%
PTET in Excess of Revenue Bond Debt Service	6,978	7,984	1,006	14.4%
ECEP in Excess of Revenue Bond Debt Service	0	8	8	100.0%
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0.0%
Sales Tax in Excess of Revenue Bond Debt Service	7,839	8,963	1,124	14.3%
Real Estate Taxes in Excess of CW/CA Debt Service	877	903	26	3.0%
All Other	3,942	2,552	(1,390)	-35.3%
Total Receipts	**102,997**	**115,514**	**12,517**	**12.2%**
Disbursements:				
Assistance and Grants	69,119	76,603	7,484	10.8%
State Operations:				
Personal Service	9,997	10,795	798	8.0%
Non-Personal Service	2,303	2,689	386	16.8%
General State Charges	9,651	9,116	(535)	-5.5%
Transfers to Other Funds:				
Debt Service	239	277	38	15.9%
Capital Projects	5,798	4,922	(876)	-15.1%
SUNY Operations	1,535	1,739	204	13.3%
Other Purposes	1,475	2,248	773	52.4%
Total Disbursements	**100,117**	**108,389**	**8,272**	**8.3%**
Excess (Deficiency) of Receipts Over Disbursements	**2,880**	**7,125**	**4,245**	**147.4%**
Closing Fund Balance	**46,331**	**53,456**	**7,125**	**15.4%**
Statutory Reserves				
Community Projects	25	25	0	
Contingency Reserve	21	21	0	
Rainy Day Reserve	4,638	7,138	2,500	
Tax Stabilization Reserve	1,618	1,618	0	
Reserved For				
Debt Management	2,436	1,860	(576)	
Economic Uncertainties	13,812	12,847	(965)	
Extraordinary Monetary Settlements	1,110	690	(420)	
Labor Settlements/Agency Operations	1,765	3,099	1,334	
Timing of PTET/PIT Credits	14,137	16,405	2,268	
Undesignated Fund Balance	6,769	9,753	2,984	

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
(millions of dollars)

	FY 2025 Current	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Receipts:					
Taxes:					
Personal Income Tax	29,028	28,134	31,372	33,277	35,481
Consumption/Use Taxes	10,108	10,418	10,695	10,977	11,246
Business Taxes	17,978	16,909	18,208	17,603	17,787
Other Taxes	1,398	1,461	1,530	1,596	1,661
Miscellaneous Receipts	4,633	4,112	3,069	2,233	2,114
Federal Receipts	3,645	0	0	0	0
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	28,314	28,428	29,512	30,649	32,536
PTET in Excess of Revenue Bond Debt Service	7,984	6,734	8,057	8,206	8,380
ECEP in Excess of Revenue Bond Debt Service	8	8	9	10	10
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	8,963	9,028	9,111	9,109	9,252
Real Estate Taxes in Excess of CW/CA Debt Service	903	990	1,094	1,219	1,296
All Other	2,552	2,336	2,137	1,728	1,843
Total Receipts	**115,514**	**108,558**	**114,794**	**116,607**	**121,606**
Disbursements:					
Assistance and Grants	76,603	82,419	87,189	92,322	97,505
State Operations:					
Personal Service	10,795	11,842	12,781	13,182	12,723
Non-Personal Service	2,689	3,682	3,807	3,857	3,770
General State Charges	9,116	9,712	10,768	11,976	12,970
Transfers to Other Funds:					
Debt Service	277	300	328	334	568
Capital Projects	4,922	4,439	3,354	4,135	4,377
SUNY Operations	1,739	1,864	1,808	1,777	1,777
Other Purposes	2,248	2,071	1,869	1,656	1,698
Total Disbursements	**108,389**	**116,329**	**121,904**	**129,239**	**135,388**
Use (Reservation) of Fund Balance:					
Debt Management	576	860	0	0	0
Economic Uncertainties	965	1,500	1,000	862	0
Extraordinary Monetary Settlements	420	277	367	46	0
Labor Settlements/Agency Operations	(1,334)	0	0	0	0
Rainy Day Reserve	(2,500)	(1,000)	(1,000)	(862)	0
Timing of PTET/PIT Credits	(2,268)	2,631	268	(226)	(320)
Undesignated Fund Balance	(2,984)	3,503	(4)	3,037	3,076
Total Use (Reservation) of Fund Balance	**(7,125)**	**7,771**	**631**	**2,857**	**2,756**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**0**	**(6,479)**	**(9,775)**	**(11,026)**

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	26,922	1,275	28,197	831	29,028
Consumption/Use Taxes	10,091	0	10,091	17	10,108
Business Taxes	18,038	(75)	17,963	15	17,978
Other Taxes	1,397	0	1,397	1	1,398
Miscellaneous Receipts	4,460	223	4,683	(50)	4,633
Federal Receipts	3,645	0	3,645	0	3,645
Transfers from Other Funds:		0			
PIT in Excess of Revenue Bond Debt Service	26,446	811	27,257	1,057	28,314
PTET in Excess of Revenue Bond Debt Service	7,374	385	7,759	225	7,984
ECEP in Excess of Revenue Bond Debt Service	8	0	8	0	8
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	8,973	(14)	8,959	4	8,963
Real Estate Taxes in Excess of CW/CA Debt Service	857	0	857	46	903
All Other	1,745	(36)	1,709	843	2,552
Total Receipts	**109,956**	**2,569**	**112,525**	**2,989**	**115,514**
Disbursements:					
Assistance and Grants	77,404	(386)	77,018	(415)	76,603
State Operations:					
Personal Service	11,136	(127)	11,009	(214)	10,795
Non-Personal Service	2,664	153	2,817	(128)	2,689
General State Charges	7,310	1,825	9,135	(19)	9,116
Transfers to Other Funds:					
Debt Service	286	(10)	276	1	277
Capital Projects	5,116	(56)	5,060	(138)	4,922
SUNY Operations	1,767	(29)	1,738	1	1,739
Other Purposes	2,089	202	2,291	(43)	2,248
Total Disbursements	**107,772**	**1,572**	**109,344**	**(955)**	**108,389**
Use (Reservation) of Fund Balance:					
Debt Management	576	0	576	0	576
Economic Uncertainties	0	(35)	(35)	1,000	965
Extraordinary Monetary Settlements	419	1	420	0	420
Labor Settlements/Agency Operations	(1,334)	0	(1,334)	0	(1,334)
Rainy Day Reserve	(1,500)	0	(1,500)	(1,000)	(2,500)
Timing of PTET/PIT Credits	(864)	(963)	(1,827)	(441)	(2,268)
Undesignated Fund Balance	519	0	519	(3,503)	(2,984)
Total Use (Reservation) of Fund Balance	**(2,184)**	**(997)**	**(3,181)**	**(3,944)**	**(7,125)**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**0**	**0**	**0**	**0**	**0**

Source: NYS DOB.

CASH FINANCIAL PLAN GENERAL FUND (millions of dollars)	FY 2026 Enacted	Change	FY 2026 Mid-Year	Change	FY 2026 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	28,536	752	29,288	(1,154)	28,134
Consumption/Use Taxes	10,315	(1)	10,314	104	10,418
Business Taxes	16,667	352	17,019	(110)	16,909
Other Taxes	1,458	0	1,458	3	1,461
Miscellaneous Receipts	3,962	150	4,112	0	4,112
Federal Receipts	0	0	0	0	0
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	28,358	763	29,121	(693)	28,428
PTET in Excess of Revenue Bond Debt Service	6,226	263	6,489	245	6,734
ECEP in Excess of Revenue Bond Debt Service	8	0	8	0	8
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	8,965	73	9,038	(10)	9,028
Real Estate Taxes in Excess of CW/CA Debt Service	942	0	942	48	990
All Other	1,863	109	1,972	364	2,336
Total Receipts	**107,300**	**2,461**	**109,761**	**(1,203)**	**108,558**
Disbursements:					
Assistance and Grants	81,800	81	81,881	538	82,419
State Operations:					
Personal Service	11,197	301	11,498	344	11,842
Non-Personal Service	3,159	247	3,406	276	3,682
General State Charges	10,152	(524)	9,628	84	9,712
Transfers to Other Funds:					
Debt Service	299	0	299	1	300
Capital Projects	3,789	976	4,765	(326)	4,439
SUNY Operations	1,765	(2)	1,763	101	1,864
Other Purposes	1,621	202	1,823	248	2,071
Total Disbursements	**113,782**	**1,281**	**115,063**	**1,266**	**116,329**
Use (Reservation) of Fund Balance:					
Debt Management	860	0	860	0	860
Economic Uncertainties	500	0	500	1,000	1,500
Extraordinary Monetary Settlements	278	(1)	277	0	277
Rainy Day Reserve	0	0	0	(1,000)	(1,000)
Timing of PTET/PIT Credits	2,504	142	2,646	(15)	2,631
Undesignated Fund Balance	0	0	0	3,503	3,503
Total Use (Reservation) of Fund Balance	**4,142**	**141**	**4,283**	**3,488**	**7,771**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(2,340)**	**1,321**	**(1,019)**	**1,019**	**0**

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	34,161	910	35,071	(3,699)	31,372
Consumption/Use Taxes	10,567	0	10,567	128	10,695
Business Taxes	9,999	(221)	9,778	8,430	18,208
Other Taxes	1,516	0	1,516	14	1,530
Miscellaneous Receipts	2,419	150	2,569	500	3,069
Federal Receipts	0	0	0	0	0
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	32,324	948	33,272	(3,760)	29,512
PTET in Excess of Revenue Bond Debt Service	(670)	(221)	(891)	8,948	8,057
ECEP in Excess of Revenue Bond Debt Service	0	0	0	9	9
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	9,064	76	9,140	(29)	9,111
Real Estate Taxes in Excess of CW/CA Debt Service	1,041	0	1,041	53	1,094
All Other	1,487	75	1,562	575	2,137
Total Receipts	**101,908**	**1,717**	**103,625**	**11,169**	**114,794**
Disbursements:					
Assistance and Grants	85,806	140	85,946	1,243	87,189
State Operations:					
Personal Service	11,846	514	12,360	421	12,781
Non-Personal Service	3,386	142	3,528	279	3,807
General State Charges	11,490	(750)	10,740	28	10,768
Transfers to Other Funds:					
Debt Service	327	0	327	1	328
Capital Projects	2,492	1,021	3,513	(159)	3,354
SUNY Operations	1,761	0	1,761	47	1,808
Other Purposes	1,621	202	1,823	46	1,869
Total Disbursements	**118,729**	**1,269**	**119,998**	**1,906**	**121,904**
Use (Reservation) of Fund Balance:					
Economic Uncertainties	0	0	0	1,000	1,000
Extraordinary Monetary Settlements	368	(1)	367	0	367
Rainy Day Reserve	0	0	0	(1,000)	(1,000)
Timing of PTET/PIT Credits	12,197	821	13,018	(12,750)	268
Undesignated Fund Balance	(3)	(3,200)	(3,203)	3,199	(4)
Total Use (Reservation) of Fund Balance	**12,562**	**(2,380)**	**10,182**	**(9,551)**	**631**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(4,259)**	**(1,932)**	**(6,191)**	**(288)**	**(6,479)**

Source: NYS DOB.

CASH FINANCIAL PLAN GENERAL FUND (millions of dollars)	FY 2028 Enacted	Change	FY 2028 Mid-Year	Change	FY 2028 Executive (Amended)
Receipts:					
Taxes:					
Personal Income Tax	39,419	1,110	40,529	(7,252)	33,277
Consumption/Use Taxes	10,805	(1)	10,804	173	10,977
Business Taxes	9,889	0	9,889	7,714	17,603
Other Taxes	1,581	0	1,581	15	1,596
Miscellaneous Receipts	2,083	150	2,233	0	2,233
Federal Receipts	0	0	0	0	0
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	37,031	978	38,009	(7,360)	30,649
PTET in Excess of Revenue Bond Debt Service	0	0	0	8,206	8,206
ECEP in Excess of Revenue Bond Debt Service	0	0	0	10	10
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	8,861	254	9,115	(6)	9,109
Real Estate Taxes in Excess of CW/CA Debt Service	1,161	1	1,162	57	1,219
All Other	1,547	47	1,594	134	1,728
Total Receipts	**112,377**	**2,539**	**114,916**	**1,691**	**116,607**
Disbursements:					
Assistance and Grants	88,845	642	89,487	2,835	92,322
State Operations:					
Personal Service	12,108	649	12,757	425	13,182
Non-Personal Service	3,229	340	3,569	288	3,857
General State Charges	12,598	(729)	11,869	107	11,976
Transfers to Other Funds:					
Debt Service	333	0	333	1	334
Capital Projects	3,657	263	3,920	215	4,135
SUNY Operations	1,761	0	1,761	16	1,777
Other Purposes	1,478	202	1,680	(24)	1,656
Total Disbursements	**124,009**	**1,367**	**125,376**	**3,863**	**129,239**
Use (Reservation) of Fund Balance:					
Economic Uncertainties	0	0	0	862	862
Extraordinary Monetary Settlements	45	1	46	0	46
Rainy Day Reserve	0	0	0	(862)	(862)
Timing of PTET/PIT Credits	300	0	300	(526)	(226)
Undesignated Fund Balance	4,037	(1,000)	3,037	0	3,037
Total Use (Reservation) of Fund Balance	**4,382**	**(999)**	**3,383**	**(526)**	**2,857**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(7,250)**	**173**	**(7,077)**	**(2,698)**	**(9,775)**

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	**46,331**	**9,642**	**104**	**56,077**
Receipts:				
Taxes	58,512	6,447	48,973	113,932
Miscellaneous Receipts	4,633	19,540	507	24,680
Federal Receipts	3,645	(11)	62	3,696
Total Receipts	**66,790**	**25,976**	**49,542**	**142,308**
Disbursements:				
Assistance and Grants	76,603	20,171	0	96,774
State Operations:				
Personal Service	10,795	5,931	0	16,726
Non-Personal Service	2,689	3,582	39	6,310
General State Charges	9,116	1,247	0	10,363
Debt Service	0	0	3,163	3,163
Capital Projects	0	0	0	0
Total Disbursements	**99,203**	**30,931**	**3,202**	**133,336**
Other Financing Sources (Uses):				
Transfers from Other Funds	48,724	3,930	2,792	55,446
Transfers to Other Funds	(9,186)	1,017	(49,130)	(57,299)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**39,538**	**4,947**	**(46,338)**	**(1,853)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**7,125**	**(8)**	**2**	**7,119**
Closing Fund Balance	**53,456**	**9,634**	**106**	**63,196**

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
Opening Fund Balance	**53,456**	**9,634**	**106**	**63,196**
Receipts:				
Taxes	56,922	6,537	47,176	110,635
Miscellaneous Receipts	4,112	22,449	417	26,978
Federal Receipts	0	(10)	58	48
Total Receipts	**61,034**	**28,976**	**47,651**	**137,661**
Disbursements:				
Assistance and Grants	82,419	22,553	0	104,972
State Operations:				
Personal Service	11,842	6,220	0	18,062
Non-Personal Service	3,682	3,724	41	7,447
General State Charges	9,712	1,293	0	11,005
Debt Service	0	0	2,318	2,318
Capital Projects	0	0	0	0
Total Disbursements	**107,655**	**33,790**	**2,359**	**143,804**
Other Financing Sources (Uses):				
Transfers from Other Funds	47,524	3,729	1,992	53,245
Transfers to Other Funds	(8,674)	1,035	(47,279)	(54,918)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**38,850**	**4,764**	**(45,287)**	**(1,673)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(7,771)**	**(50)**	**5**	**(7,816)**
Closing Fund Balance	**45,685**	**9,584**	**111**	**55,380**

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	61,805	6,623	52,060	120,488
Miscellaneous Receipts	3,069	21,786	437	25,292
Federal Receipts	0	(9)	53	44
Total Receipts	**64,874**	**28,400**	**52,550**	**145,824**
Disbursements:				
Assistance and Grants	87,189	21,836	0	109,025
State Operations:				
Personal Service	12,781	6,242	0	19,023
Non-Personal Service	3,807	3,766	39	7,612
General State Charges	10,768	1,314	0	12,082
Debt Service	0	0	4,621	4,621
Capital Projects	0	0	0	0
Total Disbursements	**114,545**	**33,158**	**4,660**	**152,363**
Other Financing Sources (Uses):				
Transfers from Other Funds	49,920	3,654	1,836	55,410
Transfers to Other Funds	(7,359)	1,068	(49,706)	(55,997)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**42,561**	**4,722**	**(47,870)**	**(587)**
Use (Reservation) of Fund Balance:				
Economic Uncertainties	1,000	0	0	1,000
Extraordinary Monetary Settlements	367	0	0	367
Rainy Day Reserve	(1,000)	0	0	(1,000)
Timing of PTET/PIT Credits	268	0	0	268
Undesignated Fund Balance	(4)	0	0	(4)
Total Use (Reservation) of Fund Balance	**631**	**0**	**0**	**631**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(6,479)**	**(36)**	**20**	**(6,495)**

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS
FY 2028
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	63,453	6,479	54,448	124,380
Miscellaneous Receipts	2,233	19,451	453	22,137
Federal Receipts	0	(8)	45	37
Total Receipts	**65,686**	**25,922**	**54,946**	**146,554**
Disbursements:				
Assistance and Grants	92,322	20,173	0	112,495
State Operations:				
Personal Service	13,182	6,424	0	19,606
Non-Personal Service	3,857	3,901	39	7,797
General State Charges	11,976	1,337	0	13,313
Debt Service	0	0	5,598	5,598
Capital Projects	0	0	0	0
Total Disbursements	**121,337**	**31,835**	**5,637**	**158,809**
Other Financing Sources (Uses):				
Transfers from Other Funds	50,921	3,425	1,811	56,157
Transfers to Other Funds	(7,902)	1,412	(51,098)	(57,588)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**43,019**	**4,837**	**(49,287)**	**(1,431)**
Use (Reservation) of Fund Balance:				
Economic Uncertainties	862	0	0	862
Extraordinary Monetary Settlements	46	0	0	46
Rainy Day Reserve	(862)	0	0	(862)
Timing of PTET/PIT Credits	(226)	0	0	(226)
Undesignated Fund Balance	3,037	0	0	3,037
Total Use (Reservation) of Fund Balance	**2,857**	**0**	**0**	**2,857**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(9,775)**	**(1,076)**	**22**	**(10,829)**

Source: NYS DOB.

CASH FINANCIAL PLAN STATE OPERATING FUNDS FY 2029 (millions of dollars)				
	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	66,175	6,459	57,113	129,747
Miscellaneous Receipts	2,114	19,804	452	22,370
Federal Receipts	0	(7)	37	30
Total Receipts	**68,289**	**26,256**	**57,602**	**152,147**
Disbursements:				
Assistance and Grants	97,505	19,345	0	116,850
State Operations:				
Personal Service	12,723	6,634	0	19,357
Non-Personal Service	3,770	4,048	39	7,857
General State Charges	12,970	1,360	0	14,330
Debt Service	0	0	6,206	6,206
Capital Projects	0	0	0	0
Total Disbursements	**126,968**	**31,387**	**6,245**	**164,600**
Other Financing Sources (Uses):				
Transfers from Other Funds	53,317	3,466	2,013	58,796
Transfers to Other Funds	(8,420)	1,425	(53,348)	(60,343)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**44,897**	**4,891**	**(51,335)**	**(1,547)**
Use (Reservation) of Fund Balance:				
Timing of PTET/PIT Credits	(320)	0	0	(320)
Undesignated Fund Balance	3,076	0	0	3,076
Total Use (Reservation) of Fund Balance	**2,756**	**0**	**0**	**2,756**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(11,026)**	**(240)**	**22**	**(11,244)**

Source: NYS DOB.

CASH RECEIPTS
ALL GOVERNMENTAL FUNDS
FY 2025 THROUGH FY 2029
(millions of dollars)

	FY 2025 Current	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Taxes:					
Withholdings	59,736	61,941	64,440	67,664	70,499
Estimated Payments	12,907	13,586	14,988	15,625	16,682
Final Payments	3,571	3,761	3,957	4,182	4,482
Other Payments	1,984	2,040	2,091	2,177	2,233
Gross Collections	**78,198**	**81,328**	**85,476**	**89,648**	**93,896**
State/City Offset	(1,352)	(1,551)	(1,639)	(1,711)	(1,761)
Refunds	(15,883)	(20,717)	(18,448)	(18,890)	(18,813)
Reported Tax Collections	**60,963**	**59,060**	**65,389**	**69,047**	**73,322**
STAR (Dedicated Deposits)	0	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0	0
Personal Income Tax	**60,963**	**59,060**	**65,389**	**69,047**	**73,322**
Sales and Use Tax	20,442	21,117	21,729	22,346	22,939
Cigarette and Tobacco Taxes	808	767	727	691	656
Vapor Excise Tax	21	21	21	21	21
Motor Fuel Tax	488	489	484	480	475
Alcoholic Beverage Taxes	272	272	272	272	272
Opioid Excise Tax	20	20	20	20	20
Medical Cannabis Excise Tax	4	3	3	3	1
Adult Use Cannabis Tax	158	245	339	363	374
Highway Use Tax	137	138	139	141	141
Auto Rental Tax	137	137	142	145	150
Peer to Peer Car Sharing Tax	2	2	2	2	2
Gross Consumption/Use Taxes	**22,489**	**23,211**	**23,878**	**24,484**	**25,051**
LGAC/STBF (Dedicated Transfers)	0	0	0	0	0
Consumption/Use Taxes	**22,489**	**23,211**	**23,878**	**24,484**	**25,051**
Corporation Franchise Tax	8,853	8,997	9,021	8,039	7,936
Corporation and Utilities Tax	551	561	566	562	571
Insurance Taxes	2,829	2,934	3,066	3,196	3,332
Bank Tax	106	106	0	0	0
Pass Through Entity Tax	15,968	13,467	16,114	16,412	16,760
Petroleum Business Tax	1,062	1,015	970	964	955
Gross Business Taxes	**29,369**	**27,080**	**29,737**	**29,173**	**29,554**
RBTF (Dedicated Transfers)	0	0	0	0	0
Business Taxes	**29,369**	**27,080**	**29,737**	**29,173**	**29,554**
Estate Tax	1,377	1,438	1,503	1,568	1,635
Real Estate Transfer Tax	1,192	1,278	1,383	1,505	1,580
Employer Compensation Expense Program	15	15	17	19	20
Gift Tax	0	0	0	0	0
Real Property Gains Tax	0	0	0	0	0
Pari-Mutuel Taxes	12	15	18	18	15
Other Taxes	2	1	1	1	1
Gross Other Taxes	**2,598**	**2,747**	**2,922**	**3,111**	**3,251**
Real Estate Transfer Tax (Dedicated)	0	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0	0
Other Taxes	**2,598**	**2,747**	**2,922**	**3,111**	**3,251**
Payroll Tax	**0**	**0**	**0**	**0**	**0**
Total Taxes	**115,419**	**112,098**	**121,926**	**125,815**	**131,178**
Licenses, Fees, Etc.	780	781	779	779	779
Abandoned Property	550	450	450	450	450
Motor Vehicle Fees	1,210	1,259	1,268	1,282	1,263
ABC License Fee	60	60	60	60	60
Reimbursements	216	216	216	216	216
Investment Income	2,550	2,100	1,050	200	100
Extraordinary Settlements	0	0	0	0	0
Other Transactions	27,389	33,874	34,919	31,266	30,376
Miscellaneous Receipts	**32,755**	**38,740**	**38,742**	**34,253**	**33,244**
Federal Receipts	**98,502**	**93,091**	**93,259**	**92,077**	**93,788**
Total	**246,676**	**243,929**	**253,927**	**252,145**	**258,210**

Source: NYS DOB.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	**46,331**	**20,794**	**(1,317)**	**104**	**65,912**
Receipts:					
Taxes	58,512	6,447	1,487	48,973	115,419
Miscellaneous Receipts	4,633	20,332	7,283	507	32,755
Federal Receipts	3,645	91,574	3,221	62	98,502
Total Receipts	**66,790**	**118,353**	**11,991**	**49,542**	**246,676**
Disbursements:					
Assistance and Grants	76,603	109,097	6,539	0	192,239
State Operations:					
Personal Service	10,795	6,653	0	0	17,448
Non-Personal Service	2,689	6,551	0	39	9,279
General State Charges	9,116	1,643	0	0	10,759
Debt Service	0	0	0	3,163	3,163
Capital Projects	0	0	10,493	0	10,493
Total Disbursements	**99,203**	**123,944**	**17,032**	**3,202**	**243,381**
Other Financing Sources (Uses):					
Transfers from Other Funds	48,724	3,930	5,325	2,792	60,771
Transfers to Other Funds	(9,186)	(2,268)	(431)	(49,130)	(61,015)
Bond and Note Proceeds	0	0	269	0	269
Net Other Financing Sources (Uses)	**39,538**	**1,662**	**5,163**	**(46,338)**	**25**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**7,125**	**(3,929)**	**122**	**2**	**3,320**
Closing Fund Balance	**53,456**	**16,865**	**(1,195)**	**106**	**69,232**

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
Opening Fund Balance	**53,456**	**16,865**	**(1,195)**	**106**	**69,232**
Receipts:					
Taxes	56,922	6,537	1,463	47,176	112,098
Miscellaneous Receipts	4,112	22,634	11,577	417	38,740
Federal Receipts	0	89,335	3,698	58	93,091
Total Receipts	**61,034**	**118,506**	**16,738**	**47,651**	**243,929**
Disbursements:					
Assistance and Grants	82,419	106,664	8,228	0	197,311
State Operations:					
Personal Service	11,842	6,946	0	0	18,788
Non-Personal Service	3,682	5,527	0	41	9,250
General State Charges	9,712	1,690	0	0	11,402
Debt Service	0	0	0	2,318	2,318
Capital Projects	0	0	12,956	0	12,956
Total Disbursements	**107,655**	**120,827**	**21,184**	**2,359**	**252,025**
Other Financing Sources (Uses):					
Transfers from Other Funds	47,524	3,729	4,904	1,992	58,149
Transfers to Other Funds	(8,674)	(1,803)	(798)	(47,279)	(58,554)
Bond and Note Proceeds	0	0	367	0	367
Net Other Financing Sources (Uses)	**38,850**	**1,926**	**4,473**	**(45,287)**	**(38)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(7,771)**	**(395)**	**27**	**5**	**(8,134)**
Closing Fund Balance	**45,685**	**16,470**	**(1,168)**	**111**	**61,098**

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	61,805	6,623	1,438	52,060	121,926
Miscellaneous Receipts	3,069	21,971	13,265	437	38,742
Federal Receipts	0	89,678	3,528	53	93,259
Total Receipts	**64,874**	**118,272**	**18,231**	**52,550**	**253,927**
Disbursements:					
Assistance and Grants	87,189	106,423	9,005	0	202,617
State Operations:					
Personal Service	12,781	6,970	0	0	19,751
Non-Personal Service	3,807	5,615	0	39	9,461
General State Charges	10,768	1,713	0	0	12,481
Debt Service	0	0	0	4,621	4,621
Capital Projects	0	0	12,434	0	12,434
Total Disbursements	**114,545**	**120,721**	**21,439**	**4,660**	**261,365**
Other Financing Sources (Uses):					
Transfers from Other Funds	49,920	3,654	3,792	1,836	59,202
Transfers to Other Funds	(7,359)	(1,535)	(844)	(49,706)	(59,444)
Bond and Note Proceeds	0	0	252	0	252
Net Other Financing Sources (Uses)	**42,561**	**2,119**	**3,200**	**(47,870)**	**10**
Use (Reservation) of Fund Balance:					
Economic Uncertainties	1,000	0	0	0	1,000
Extraordinary Monetary Settlements	367	0	0	0	367
Rainy Day Reserve	(1,000)	0	0	0	(1,000)
Timing of PTET/PIT Credits	268	0	0	0	268
Undesignated Fund Balance	(4)	0	0	0	(4)
Total Use (Reservation) of Fund Balance	**631**	**0**	**0**	**0**	**631**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(6,479)**	**(330)**	**(8)**	**20**	**(6,797)**

Source: NYS DOB.

CASH FINANCIAL PLAN ALL GOVERNMENTAL FUNDS FY 2028 (millions of dollars)	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	63,453	6,479	1,435	54,448	125,815
Miscellaneous Receipts	2,233	19,635	11,932	453	34,253
Federal Receipts	0	88,477	3,555	45	92,077
Total Receipts	**65,686**	**114,591**	**16,922**	**54,946**	**252,145**
Disbursements:					
Assistance and Grants	92,322	103,604	7,804	0	203,730
State Operations:					
Personal Service	13,182	7,155	0	0	20,337
Non-Personal Service	3,857	5,744	0	39	9,640
General State Charges	11,976	1,738	0	0	13,714
Debt Service	0	0	0	5,598	5,598
Capital Projects	0	0	12,840	0	12,840
Total Disbursements	**121,337**	**118,241**	**20,644**	**5,637**	**265,859**
Other Financing Sources (Uses):					
Transfers from Other Funds	50,921	3,425	4,577	1,811	60,734
Transfers to Other Funds	(7,902)	(895)	(1,081)	(51,098)	(60,976)
Bond and Note Proceeds	0	0	260	0	260
Net Other Financing Sources (Uses)	**43,019**	**2,530**	**3,756**	**(49,287)**	**18**
Use (Reservation) of Fund Balance:					
Economic Uncertainties	862	0	0	0	862
Extraordinary Monetary Settlements	46	0	0	0	46
Rainy Day Reserve	(862)	0	0	0	(862)
Timing of PTET/PIT Credits	(226)	0	0	0	(226)
Undesignated Fund Balance	3,037	0	0	0	3,037
Total Use (Reservation) of Fund Balance	**2,857**	**0**	**0**	**0**	**2,857**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(9,775)**	**(1,120)**	**34**	**22**	**(10,839)**

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2029
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	66,175	6,459	1,431	57,113	131,178
Miscellaneous Receipts	2,114	19,988	10,690	452	33,244
Federal Receipts	0	90,161	3,590	37	93,788
Total Receipts	**68,289**	**116,608**	**15,711**	**57,602**	**258,210**
Disbursements:					
Assistance and Grants	97,505	104,505	6,927	0	208,937
State Operations:					
Personal Service	12,723	7,366	0	0	20,089
Non-Personal Service	3,770	5,877	0	39	9,686
General State Charges	12,970	1,761	0	0	14,731
Debt Service	0	0	0	6,206	6,206
Capital Projects	0	0	12,674	0	12,674
Total Disbursements	**126,968**	**119,509**	**19,601**	**6,245**	**272,323**
Other Financing Sources (Uses):					
Transfers from Other Funds	53,317	3,466	4,809	2,013	63,605
Transfers to Other Funds	(8,420)	(800)	(1,279)	(53,348)	(63,847)
Bond and Note Proceeds	0	0	339	0	339
Net Other Financing Sources (Uses)	**44,897**	**2,666**	**3,869**	**(51,335)**	**97**
Use (Reservation) of Fund Balance:					
Timing of PTET/PIT Credits	(320)	0	0	0	(320)
Undesignated Fund Balance	3,076	0	0	0	3,076
Total Use (Reservation) of Fund Balance	**2,756**	**0**	**0**	**0**	**2,756**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	**(11,026)**	**(235)**	**(21)**	**22**	**(11,260)**

Source: NYS DOB.

CASHFLOW
GENERAL FUND
FY 2025
(millions of dollars)

	2024 April Actuals	May Actuals	June Actuals	July Actuals	August Actuals	September Actuals	October Actuals	November Actuals	December Actuals	2025 January Projected	February Projected	March Projected	Total
OPENING BALANCE	46,331	49,055	45,548	49,585	48,710	47,927	52,398	46,865	45,554	55,244	58,443	55,398	46,331
RECEIPTS:													
Personal Income Tax	3,650	1,926	2,552	2,091	1,756	2,488	1,371	1,831	2,696	3,456	2,761	2,450	29,028
Consumption/Use Taxes	754	766	968	802	797	973	795	796	961	869	717	910	10,108
Business Taxes	1,225	211	3,265	(17)	50	3,360	(461)	25	4,525	382	91	5,322	17,978
Other Taxes	185	121	113	96	124	102	79	108	144	109	108	109	1,398
Total Taxes	5,814	3,024	6,898	2,972	2,727	6,923	1,784	2,760	8,326	4,816	3,677	8,791	58,512
Abandoned Property	0	0	0	0	10	100	30	130	0	30	10	240	550
ABC License Fee	5	4	5	4	4	4	10	5	4	5	5	5	60
Investment Income	238	217	227	216	234	224	219	203	176	198	198	200	2,550
Licenses, Fees, etc.	83	43	61	77	43	166	63	55	50	40	50	49	780
Motor Vehicle Fees	44	57	4	32	20	(2)	51	6	26	14	12	4	268
Reimbursements	75	62	31	(22)	87	37	27	(64)	98	(58)	(18)	(39)	216
Extraordinary Settlements	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Transactions	5	3	52	(21)	39	(49)	7	3	56	31	17	66	209
Total Miscellaneous Receipts	450	386	380	286	437	480	407	338	410	260	274	525	4,633
Federal Receipts	0	0	0	0	0	1	0	4	3,645	0	0	(5)	3,645
PIT in Excess of Revenue Bond Debt Service	3,650	1,935	2,552	1,982	1,549	2,643	1,371	1,830	2,702	4,762	862	2,476	28,314
PTET in Excess of Revenue Bond Debt Service	23	72	1,545	(26)	54	1,529	(459)	54	2,693	122	38	2,339	7,984
ECEP in Excess of Revenue Bond Debt Service	0	0	0	0	0	0	0	0	1	1	0	6	8
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	620	672	873	696	701	1,173	693	590	810	767	691	677	8,963
Real Estate Taxes in Excess of CW/CA Debt Service	79	95	67	88	95	75	79	79	72	67	67	40	903
All Other	153	300	176	202	144	138	110	197	290	190	210	442	2,552
Total Transfers from Other Funds	4,525	3,074	5,213	2,942	2,543	5,558	1,794	2,750	6,568	5,909	1,868	5,980	48,724
TOTAL RECEIPTS	10,789	6,484	12,491	6,200	5,707	12,962	3,985	5,852	18,949	10,985	5,819	15,291	115,514
DISBURSEMENTS:													
School Aid	1,806	4,993	1,754	273	772	1,826	1,018	1,926	2,513	1,322	1,183	10,841	30,227
Higher Education	25	25	710	162	36	167	556	27	90	135	551	899	3,383
All Other Education	27	311	216	753	54	66	74	91	160	572	315	130	2,769
Medicaid - DOH	3,585	2,591	1,127	2,904	2,222	2,351	3,056	2,541	1,456	1,620	1,349	(695)	24,107
Public Health	15	35	31	105	66	66	94	(46)	61	105	14	228	774
Mental Hygiene	66	104	714	111	141	685	217	135	1,122	290	904	950	5,439
Children and Families	33	30	195	66	39	141	887	188	399	292	188	207	2,665
Temporary & Disability Assistance	33	404	244	123	125	490	130	123	161	172	798	832	3,635
Transportation	0	47	19	3	57	0	6	50	30	1	35	4	252
Unrestricted Aid	1	11	390	5	51	116	7	0	186	1	0	64	832
All Other	118	67	(197)	56	101	111	75	74	97	176	621	1,221	2,520
Total Assistance and Grants	5,709	8,618	5,203	4,561	3,664	6,019	6,120	5,109	6,275	4,686	5,958	14,681	76,603
Personal Service	838	997	809	1,090	902	829	994	817	1,056	818	826	819	10,795
Non-Personal Service	167	304	247	280	311	192	301	(206)	238	318	324	213	2,689
Total State Operations	1,005	1,301	1,056	1,370	1,213	1,021	1,295	611	1,294	1,136	1,150	1,032	13,484
General State Charges	670	690	549	600	519	579	601	516	555	631	649	2,557	9,116
Debt Service	24	3	0	47	(1)	23	5	0	(4)	202	(12)	(10)	277
Capital Projects	283	(895)	779	239	764	789	1,396	572	1,007	1,062	1,029	(2,103)	4,922
SUNY Operations	226	238	432	241	53	13	15	284	6	21	38	172	1,739
Other Purposes	148	36	435	17	278	47	86	71	126	48	52	904	2,248
Total Transfers to Other Funds	681	(618)	1,646	544	1,094	872	1,502	927	1,135	1,333	1,107	(1,037)	9,186
TOTAL DISBURSEMENTS	8,065	9,991	8,454	7,075	6,490	8,491	9,518	7,163	9,259	7,786	8,864	17,233	108,389
Excess/(Deficiency) of Receipts over Disbursements	2,724	(3,507)	4,037	(875)	(783)	4,471	(5,533)	(1,311)	9,690	3,199	(3,045)	(1,942)	7,125
CLOSING BALANCE	49,055	45,548	49,585	48,710	47,927	52,398	46,865	45,554	55,244	58,443	55,398	53,456	53,456

Source: NYS DOB.