

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 11, 2025

NEW ISSUES – BOOK-ENTRY ONLY

In the opinion of the Attorney General of the State of New York (the “Attorney General”), under existing law and assuming compliance with the tax covenants described herein, interest on the Series 2025A Tax-Exempt Bonds and the Series 2025C Tax-Exempt Refunding Bonds (collectively, the “Series 2025 Tax-Exempt Bonds”) is excludable from gross income for Federal income tax purposes and is not a specific preference item for purposes of the Federal alternative minimum tax imposed on individuals; however, interest on the Series 2025 Tax-Exempt Bonds held by certain corporations that are subject to the federal corporate alternative minimum is included in the computation of “adjusted financial statement income” for purposes of the federal alternative minimum tax imposed on such corporations. The Attorney General is further of the opinion that, assuming compliance with the tax covenants described herein, interest on the Series 2025 Tax-Exempt Bonds is exempt from personal income taxes of the State of New York (the “State”) and its political subdivisions, including The City of New York and the City of Yonkers, as described more fully herein.

Interest on the Series 2025B Taxable Bonds will be subject to Federal income taxes and personal income taxes imposed by the State and any political subdivision thereof, including The City of New York and the City of Yonkers.

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

STATE OF NEW YORK

GENERAL OBLIGATION BONDS

\$339,285,000* Series 2025A Tax-Exempt Bonds

\$8,510,000* Series 2025B Taxable Bonds

\$193,350,000* Series 2025C Tax-Exempt Refunding Bonds

Dated: Date of Delivery

Due: As shown on inside cover

The Series 2025A Tax-Exempt Bonds (the “Series 2025A Tax-Exempt Bonds”), the Series 2025B Taxable Bonds (the “Series 2025B Taxable Bonds”) and the Series 2025C Tax-Exempt Refunding Bonds (the “Series 2025C Tax-Exempt Refunding Bonds”) and, together with the Series 2025A Tax-Exempt Bonds and the Series 2025B Taxable Bonds, the “Bonds”) will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), which will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interests in the Bonds purchased. See “PART I – SECTION 1 – DESCRIPTION OF THE BONDS – Book-Entry-Only System.” The Bonds will mature on the dates and bear interest at the rates and will have yields as shown on the inside cover page hereof. Interest on the Bonds will be payable beginning on September 15, 2025 and semi-annually thereafter on each March 15 and September 15 until maturity. The Bonds will be subject to redemption prior to maturity as set forth herein.

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

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

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

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

Each Series of the Bonds will be awarded pursuant to electronic competitive bidding to be held via S&P Global’s BiDCOMPTM/PARITY® on behalf of the State Comptroller on March 18, 2025, unless postponed or cancelled, as set forth in the Notices of Sale contained in Exhibits E, F and G to this Preliminary Official Statement.

Public Resources Advisory Group, New York, New York, is acting as financial advisor to the State in connection with the issuance of the Bonds. The Bonds will be available for delivery through the facilities of DTC on or about March 26, 2025.

Dated: March __, 2025

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein is subject to change, completion and amendment without notice. Under no circumstances will this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities offered hereby by any person, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

STATE OF NEW YORK GENERAL OBLIGATION BONDS

AMOUNTS, MATURITIES, INTEREST RATES, AND YIELDS OR PRICES

\$339,285,000* Series 2025A Tax-Exempt Bonds (Base CUSIP Number[†]: 649791)

<u>Amount*</u>	<u>Maturity March 15*</u>	<u>Interest Rate</u>	<u>Price/ Yield</u>	<u>CUSIP[†]</u>	<u>Amount*</u>	<u>Maturity March 15*</u>	<u>Interest Rate</u>	<u>Price/ Yield</u>	<u>CUSIP[†]</u>
\$ 3,435,000	2026				\$18,520,000	2036			
\$11,940,000	2027				\$19,445,000	2037			
\$12,535,000	2028				\$20,420,000	2038			
\$13,160,000	2029				\$21,440,000	2039			
\$13,820,000	2030				\$22,510,000	2040			
\$14,510,000	2031				\$23,635,000	2041			
\$15,235,000	2032				\$24,820,000	2042			
\$16,000,000	2033				\$26,060,000	2043			
\$16,800,000	2034				\$27,360,000	2044			
\$17,640,000	2035								

\$8,510,000* Series 2025B Taxable Bonds (Base CUSIP Number[†]: 649791)

<u>Amount*</u>	<u>Maturity March 15*</u>	<u>Interest Rate</u>	<u>Price/ Yield</u>	<u>CUSIP[†]</u>
\$8,510,000	2026			

\$193,350,000* Series 2025C Tax-Exempt Refunding Bonds (Base CUSIP Number[†]: 649791)

<u>Amount*</u>	<u>Maturity March 15*</u>	<u>Interest Rate</u>	<u>Price/ Yield</u>	<u>CUSIP[†]</u>	<u>Amount*</u>	<u>Maturity March 15*</u>	<u>Interest Rate</u>	<u>Price/ Yield</u>	<u>CUSIP[†]</u>
\$18,205,000	2026				\$11,995,000	2034			
\$18,895,000	2027				\$11,405,000	2035			
\$20,085,000	2028				\$ 6,315,000	2036			
\$22,805,000	2029				\$ 5,435,000	2037			
\$24,225,000	2030				\$ 5,810,000	2038			
\$11,655,000	2031				\$ 6,220,000	2039			
\$12,315,000	2032				\$ 6,645,000	2040			
\$11,340,000	2033								

* Preliminary, subject to change.

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

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

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OFFICIAL STATEMENT
OF
THE STATE OF NEW YORK
RELATING TO THE ISSUE AND SALE OF
GENERAL OBLIGATION BONDS

\$339,285,000* Series 2025A Tax-Exempt Bonds
\$8,510,000* Series 2025B Taxable Bonds
\$193,350,000* Series 2025C Tax-Exempt Refunding Bonds

INTRODUCTION

This Official Statement of the State of New York (the “State”), including the cover page, inside cover page and exhibits, is provided for the purpose of setting forth information in connection with the sale of \$339,285,000* aggregate principal amount of its Series 2025A Tax-Exempt Bonds (the “Series 2025A Tax-Exempt Bonds”), \$8,510,000* aggregate principal amount of its Series 2025B Taxable Bonds (the “Series 2025B Taxable Bonds”) and \$193,350,000* aggregate principal amount of its Series 2025C Tax-Exempt Refunding Bonds (the “Series 2025C Tax-Exempt Refunding Bonds” and, together with the Series 2025A Tax-Exempt Bonds, the “Series 2025 Tax-Exempt Bonds”). The Series 2025 Tax-Exempt Bonds and the Series 2025B Taxable Bonds are collectively referred to herein as the “Bonds.” The Bonds are general obligations of the State and the full faith and credit of the State will be pledged to the payment of the principal of and interest on the Bonds.

The Series 2025A Tax-Exempt Bonds are being issued for the purposes and in the principal amounts as set forth below:

<u>Purpose</u>	<u>Amount*</u>
Clean Water/Clean Air	
Clean Water	\$ 5,431,831.33
Environmental Restoration	611,591.15
Air Quality	149,806.28
Clean Water, Clean Air, and Green Jobs	
Open Space / Recreation.....	3,340,685.78
Climate Mitigation.....	355,511.11
Water Quality Improvement	398,016.24
Environmental Quality 1972	
Air.....	641,293.95
Environmental Quality 1986	
Land	450.44
Solid Waste	5,614,514.16
Pure Waters	1,315,835.51

* Preliminary, subject to change.

Rebuild and Renew New York Transportation	
Aviation	365,810.18
Rails and Ports	38,511.98
Smart Schools	<u>321,021,141.89</u>
	<u>\$339,285,000.00</u>

The Series 2025B Taxable Bonds are being issued for the purposes and in the principal amounts as set forth below:

<u>Purpose</u>	<u>Amount*</u>
Clean Water/Clean Air	
Clean Water	\$ 590,081.37
Air Quality	33,885.23
Rebuild and Renew New York Transportation	
Aviation	280,669.64
Rails and Ports	56,488.52
Smart Schools	<u>7,548,875.24</u>
	<u>\$8,510,000.00</u>

The Series 2025C Tax-Exempt Refunding Bonds are being issued to provide funds to currently refund a portion of certain outstanding general obligation bonds of the State through the redemption of certain outstanding general obligation bonds of the State on a date not more than ninety (90) days after the date of issuance of the Series 2025C Tax-Exempt Refunding Bonds (the “Refunded Bonds”). The series, principal amounts and the maturity dates of the Refunded Bonds are as shown in Exhibit C – BONDS TO BE REFUNDED.

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

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

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

Part II sets forth or includes by reference information concerning the State of New York, including information relating to the State’s current fiscal year, prior fiscal years, economic background, financing activities, State organization and procedures, the State’s public authorities and localities and certain litigation involving the State in the form of the Annual Information Statement of the State of New York dated May 24, 2024 (the “AIS”), as most recently supplemented by the third Quarterly Update to the AIS dated February 20, 2025 (the “Update”), both, prepared by the State Division of the Budget (“DOB”). The AIS and the Update contain information only through their respective dates. Part II sets forth the Update and the sections of the AIS entitled “Introduction”, “Budgetary and Accounting Practices”, “Financial Plan

* Preliminary, subject to change.

Overview”, “Other Matters Affecting the Financial Plan”, “Economics and Demographics”, “State Financial Plan Multi-Year Projections”, Federal Aid”, “April – December 2024 Operating Results”, GAAP-Basis Results for Prior Fiscal Years”, “Capital Program and Financing Plan Overview”, “Authorities and Localities”, “State Retirement System”, “Litigation” and “Financial Plan Tables”. The remaining sections of the AIS set forth under the headings, “Prior Fiscal Years”, “State Government Employment” and “Exhibits A through E” are included by cross-reference. The AIS and the Update have been electronically filed with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) system.

Part III includes by reference the Basic Financial Statements and Other Supplementary Information of the State for the fiscal year ended March 31, 2024, dated July 25, 2024, which were electronically filed with the MSRB through its EMMA system on July 26, 2024. The State’s Basic Financial Statements and Other Supplementary Information are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and are independently audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. KPMG LLP, the State’s independent auditor, has not been engaged to perform and has not performed, since the date of its report included in Part III, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

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

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

PART I: INFORMATION CONCERNING THE BONDS BEING OFFERED

SECTION 1 – DESCRIPTION OF THE BONDS

General

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

The Bonds will be dated the date of delivery. Principal on the Bonds will be payable on March 15, 2026 and thereafter, until maturity, as shown on the inside cover page hereof. Interest on the Bonds will be payable on September 15, 2025 and semi-annually thereafter on each March 15 and September 15 until maturity.

Rights of the Bondholders

The State Constitution requires that the Legislature shall annually provide by appropriation for the payment of interest on and installments of principal of all State bonds as the same shall fall due, including contributions to all sinking funds for such bonds, and further provides that, if at any time the Legislature shall fail to make any such appropriation, the Comptroller shall set apart from the first revenues thereafter received applicable to the General Fund of the State a sum sufficient to pay such interest, installments of principal or contributions to such sinking funds, as the case may be, and shall so apply the moneys thus set apart. In such circumstances, the Comptroller may be required to set aside and so apply such revenues at

the suit of any holder of such bonds. The State has always made payments of interest on and installments of principal of all State bonds when due. Under the State Constitution, in the event of the defeasance of the Bonds, the holders of the Bonds shall have no further rights against the State for payment of the Bonds or any interest thereon.

The State Constitution does not provide for the contingency where an appropriation for debt service on bonds has been made but moneys are unavailable on the payment date. If the above-described set-aside provisions of the State Constitution were inapplicable in that situation, the holder of any bond could recover a judgment against the State in the State Court of Claims for principal and interest due, and the Comptroller would be required to pay the judgment, after audit, upon presentation to him of a certified copy of the judgment. Judgments against the State may not be enforced by levy and execution against property of the State, and such enforcement is limited to the amount of moneys appropriated by the Legislature and legally available for such purpose. Because the State has never defaulted on the payment of principal of or interest on its obligations, there has never been any occasion to test a bondholder's remedies in this circumstance.

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

Redemption Prior to Maturity*

Optional Redemption for the Series 2025 Tax-Exempt Bonds. The Comptroller reserves to the State the right to redeem, on and after March 15, 2035, the Series 2025 Tax-Exempt Bonds maturing on or after March 15, 2036 and then outstanding, in whole or in part, at any time, priority among maturities to be directed by the State, and by lot, to be chosen by The Depository Trust Company ("DTC") or any successor and its Participants, within a maturity at par plus accrued interest to the date fixed for redemption.

The Series 2025B Taxable Bonds are not subject to optional redemption prior to maturity.

Notice of Redemption. The State will give notice of any such redemption, to the registered owners of the Bonds to be redeemed at their addresses as they appear in the registration books of the State or its fiscal agent, not less than twenty (20) nor more than sixty (60) days prior to the redemption. So long as all of the Bonds remain immobilized in the custody of DTC, any such notice of redemption of any Bond will be delivered only to DTC. DTC is responsible for notifying DTC Participants of such redemption and DTC Participants and Indirect Participants are responsible for notifying Beneficial Owners of such redemption. The State is not responsible for sending notices to Beneficial Owners. Interest will cease to accrue on the Bonds called for redemption from and after the date fixed for redemption thereof.

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

* Preliminary, subject to change.

for redemption by written notice by the State given, as soon thereafter as practicable, in the same manner, to the same persons, as notice of such redemption was given.

New Legislation

The State Finance Law has been amended to remove the limitation for the Comptroller to redeem State general obligation bonds at a premium no greater than three percent (3%).

Book-Entry-Only System

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

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

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name

of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Participants or the Indirect Participants.

SO LONG AS CEDE & CO. (OR SUCH OTHER NOMINEE AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF ALL THE BONDS, REFERENCES HEREIN TO THE OWNERS, HOLDERS OR BONDHOLDERS OF THE BONDS (OTHER THAN UNDER “SECTION 4 – TAX MATTERS”, “SECTION 11 – CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12” AND EXHIBIT D HEREIN) SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS.

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

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

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

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

THE STATE AND FISCAL AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC OR THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT

PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND NEITHER THE STATE NOR THE INITIAL PURCHASERS MAKE ANY REPRESENTATIONS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

SECTION 2 – PLAN OF FINANCING

Estimated Sources and Uses of Funds

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

<u>Sources</u>	<u>Series 2025A</u>	<u>Series 2025B</u>	<u>Series 2025C</u>
Principal Amount			
[Net] Original Issue			
Premium/Discount			
Payment from the State for Costs of Issuance			
Total Sources	_____	_____	_____

<u>Uses</u>			
Deposit to Escrow Fund to pay Refunded Bonds			
Deposit to Bond Proceeds Funds			
Initial Purchaser’s Discount			
Costs of Issuance			
Total Uses	_____	_____	_____

Application of Series 2025A Tax-Exempt Bonds and Series 2025B Taxable Bonds Proceeds

The net proceeds of the Series 2025A Tax-Exempt Bonds will be used to finance capital expenditures made during prior or current State fiscal years for Clean Water/Clear Air, Clean Water, Clean Air, and Green Jobs, Environmental Quality 1972, Environmental Quality 1986, Pure Waters, Rebuild and Renew New York Transportation and Smart Schools Bonds purposes.

The net proceeds of the Series 2025B Taxable Bonds will be used to finance capital expenditures made during prior or current State fiscal years for Clean Water/Clear Air, Rebuild and Renew New York Transportation and Smart Schools Bonds purposes.

Refunding Plan

The net proceeds of the Series 2025C Tax-Exempt Refunding Bonds (the “Refunding Proceeds”) are being issued to provide funds to refund the Refunded Bonds. The Series, principal amounts and the maturity dates of the Refunded Bonds are as shown in Exhibit C – BONDS TO BE REFUNDED. The

Comptroller has determined that the refunding transaction will achieve actual debt service savings in each fiscal year during the term to maturity of the Series 2025C Tax-Exempt Refunding Bonds and will provide savings on a present value basis over the life of the Series 2025C Tax-Exempt Refunding Bonds, based on the difference between the debt service payable on such Series 2025C Tax-Exempt Refunding Bonds issued for refunding purposes and the debt service payable on the Refunded Bonds.

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

SECTION 3 – LEGAL INVESTMENT

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

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

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

SECTION 4 – TAX MATTERS

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

Tax-Exempt Bonds

The Code sets forth certain requirements that must be met after the Series 2025 Tax-Exempt Bonds have been validly issued and delivered in order that interest on the Series 2025 Tax-Exempt Bonds will be

and will remain excludable from gross income pursuant to Section 103 of the Code. Such requirements may include the rebating of certain amounts earned from the investment of the proceeds of the Series 2025 Tax-Exempt Bonds. Rebates of any such amounts are subject to future appropriation by the State Legislature. The Tax Certificate to be prepared and executed by the Comptroller and dated as of the date of delivery of the Series 2025 Tax-Exempt Bonds (the “Certificate”), which will be delivered concurrently with the delivery of the Series 2025 Tax-Exempt Bonds, will contain provisions and procedures regarding compliance with the requirements of the Code. The Comptroller, in executing the Certificate, will certify that he expects to be able to and will comply with the provisions and procedures set forth therein. The Comptroller will also certify in the Certificate that, to the extent authorized by law, he will do and perform all acts and things necessary or desirable to assure that interest paid on the Series 2025 Tax-Exempt Bonds is excludable from gross income under Section 103 of the Code. By the time the Series 2025 Tax-Exempt Bonds have been delivered, the Comptroller will also have received certificates from other governmental officers and entities relating to the use of the proceeds of the Series 2025 Tax-Exempt Bonds, including proceeds of obligations refinanced by the Series 2025 Tax-Exempt Bonds.

Assuming compliance with the provisions and procedures set forth in the Certificate and subsequent rebating and other requirements, the Attorney General is of the opinion that, under the Code and other existing statutes, regulations, administrative rulings, and court decisions, interest on the Series 2025 Tax-Exempt Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes pursuant to Section 103 of the Code and that such interest will not be treated as a specific preference item in calculating the alternative minimum tax on individuals that may be imposed under the Code; however, interest on the Series 2025 Tax-Exempt Bonds held by certain corporations that are subject to the federal corporate alternative minimum is included in the computation of “adjusted financial statement income” for purposes of the federal alternative minimum tax imposed on such corporations. Assuming compliance with the provisions and procedures set forth in the Certificate and subsequent rebating and other requirements, it is further the opinion of the Attorney General that such interest is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York and the City of Yonkers.

The Attorney General expresses no opinion regarding any other federal, state or local tax consequences with respect to the Series 2025 Tax-Exempt Bonds. The Attorney General renders her opinion under existing law as of the date of issue, and assumes no obligation to update her opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. The Attorney General expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2025 Tax-Exempt Bonds, or under state and local law.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Series 2025 Tax-Exempt Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the Series 2025 Tax-Exempt Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Series 2025 Tax-Exempt Bonds is expected to be the initial public offering price set forth on the inside cover page of this Official Statement. The Attorney General is further of the opinion that, for any Series 2025 Tax-Exempt Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Series 2025 Tax-Exempt Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Series 2025 Tax-Exempt Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of OID for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Series 2025 Tax-Exempt Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2025 Tax-Exempt Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Series 2025 Tax-Exempt Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Premium Bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Collateral Tax Consequences

Ownership of tax-exempt obligations may result in tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty and life insurance companies, corporations subject to the environmental tax, certain foreign corporations doing business in the United States, certain S Corporations, individuals who otherwise qualify for the earned income credit or who are recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2025 Tax-Exempt Bonds should consult their tax advisors as to applicability of any such consequences.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2025 Tax-Exempt Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise

exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2025 Tax-Exempt Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2025 Tax-Exempt Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

Legislation

Current and future legislative proposals, if enacted into law, clarification of the Code or state or local tax law or court decisions may cause interest on the Series 2025 Tax-Exempt Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2025 Tax-Exempt Bonds. Prospective purchasers of the Series 2025 Tax-Exempt Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which the Attorney General is expected to express no opinion.

Taxable Bonds

The Attorney General expresses no opinion regarding any federal, state or local tax consequences with respect to the Series 2025B Taxable Bonds.

Certain taxpayers that are required to prepare certified financial statements with certain regulatory or governmental agencies may be required to recognize income, gain or loss with respect to the Series 2025B Taxable Bonds at the time such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

Tax Status of the Taxable Bonds

The following discussion is a summary of the principal United States Federal income tax consequences of the acquisition, ownership and disposition of the Series 2025B Taxable Bonds by purchasers who are U.S. Holders. As used herein, the term “U.S. Holder” means a beneficial owner of a Series 2025B Taxable Bond that is for United States Federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

The Series 2025B Taxable Bonds will be treated, for Federal and State and local income tax purposes, as a debt instrument. Accordingly, interest will be included in the income of the holder as it is paid (or, if the holder is an accrual method taxpayer, as it is accrued) as interest. Interest on the Series 2025B Taxable Bonds will be subject to Federal income taxes and personal income taxes imposed by the State and any political subdivision thereof, including The City of New York and the City of Yonkers.

Although the Series 2025B Taxable Bonds are expected to trade “flat,” that is, without a specific allocation to accrued interest, for Federal income tax purposes, a portion of the amount realized on a sale attributed to the Series 2025B Taxable Bonds will be treated as accrued interest and thus will be taxed as ordinary income to the seller (and will not be subject to tax in the hands of the buyer).

Original Issue Discount

OID is the excess of the sum of all amounts payable at the stated maturity of a Series 2025B Taxable Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the Series 2025B Taxable Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Series 2025B Taxable Bonds is expected to be the initial public offering price set forth on the inside cover page of this Official Statement.

A holder of a Series 2025B Taxable Bond will be required to include OID in gross income as it accrues under a constant yield method, based on the original yield to maturity of the Series 2025B Taxable Bonds. Thus, the holders of such Series 2025B Taxable Bonds will be required to include OID in income as it accrues, prior to the receipt of cash attributable to such income. U.S. holders, however, would be entitled to claim a loss upon maturity or other disposition of such Series 2025B Taxable Bonds with respect to interest amounts accrued and included in gross income for which cash is not received. Such a loss generally would be a capital loss.

The amount of OID that such holder of a Series 2025B Taxable Bond must include in gross income with respect to a Series 2025B Taxable Bond acquired at a premium as described below will be reduced in proportion that such premium bears to the OID remaining to be accrued as of the acquisition of the Series 2025B Taxable Bond.

Bond Premium

Holders of the Series 2025B Taxable Bonds that allocate a basis in the Series 2025B Taxable Bonds that is greater than the principal amount of the Series 2025B Taxable Bonds or its adjusted issue price if issued with OID (generally its accreted value) should consult their own tax advisors with respect to whether they should elect to amortize such premium under Section 171 of the Code.

Market Discount

If a holder purchases the Series 2025B Taxable Bonds subsequent to its initial issuance for an amount that is less than the principal amount of the Series 2025B Taxable Bonds or its adjusted issue price if issued with OID (generally its accreted value), and such difference is not considered to be de minimis, then such discount will represent market discount that ultimately will constitute ordinary income (and not capital gain). Further, absent an election to accrue market discount currently, upon a sale or exchange of a Series 2025B Taxable Bond, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to carry a market discount Series 2025B Taxable Bond that does not exceed the accrued market discount for any taxable year, will be deferred.

Backup Withholding

Purchasers of the Series 2025B Taxable Bonds who are U.S. holders and who are neither a corporation or other exempt recipient of payments of principal, interest or accrued OID or sale proceeds

upon disposition prior to maturity of the Series 2025B Taxable Bonds, nor a holder who provides a correct taxpayer identification number may be subject to backup withholding requirements under Section 3406 of the Code.

Defeasance of Taxable Bonds

Defeasance of any Series 2025B Taxable Bond may result in a deemed reissuance thereof for Federal income tax purposes, meaning that such Series 2025B Taxable Bond will be treated as having been sold or exchanged as of the date of such defeasance for a new obligation which is represented by such defeased Series 2025B Taxable Bond. In such event a holder of a defeased Series 2025B Taxable Bond will recognize taxable gain or loss equal to the difference between the amount realized from such deemed sale or exchange (less any accrued qualified stated interest which will be taxable as such) and the holder's adjusted tax basis in such Series 2025B Taxable Bond.

Foreign Investors

This summary of tax considerations generally does not address the tax consequences to an investor who is not a U.S. Holder. Distributions on the Series 2025B Taxable Bonds to a non-U.S. Holder that has no connection with the United States other than holding its Series 2025B Taxable Bonds generally will be made free of withholding tax, as long as that holder has complied with certain tax identification and certification requirements. Prospective purchasers of the Series 2025B Taxable Bonds who are not U.S. Holders should consult their tax advisors regarding the federal, state and local, and foreign tax consequences of purchasing and holding the Series 2025B Taxable Bonds.

SECTION 5 – RATINGS

The Bonds have been assigned ratings of “___” by Moody’s Investors Service, Inc., “___” by S&P Global Ratings and “___” by Fitch Ratings.

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

SECTION 6 – SALE BY COMPETITIVE BIDDING

Each Series of the Bonds will be awarded pursuant to electronic competitive bidding to be held via S&P Global’s BiDCOMP™/PARITY® Competitive Bidding System on behalf of the State Comptroller on March 18, 2025, unless postponed or cancelled, as set forth in the Notices of Sale contained in Exhibits E, F and G hereto.

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

SECTION 7 – VERIFICATION OF MATHEMATICAL COMPUTATIONS

American Municipal Tax-Exempt Compliance Corp. dba AMTEC, of Avon, Connecticut, and Michael Torsiello, C.P.A. (an independent Certified Public Accountant), of Morrisville, North Carolina (together, the “Verification Agent”), will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of the computations contained in the provided schedules to determine that the anticipated receipts from the securities and cash deposits, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium payment requirements, if any, of the Refunded Bonds. The Verification Agent will express no opinion on the assumptions provided to them.

SECTION 8 – OPINION OF ATTORNEY GENERAL

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

SECTION 9 – LITIGATION

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

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

SECTION 10 – CLOSING CERTIFICATE

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

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

In order to assist the Initial Purchasers of the Bonds to comply with the provisions of paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission (“Rule 15c2-12”), the State will undertake in a written agreement for the benefit of the Holders of the Bonds (the “Disclosure Agreement”) to provide continuing disclosure of certain financial and operating data concerning the State (collectively, the “Annual Information”), notices of certain events described in the Disclosure Agreement (the “Notices”) in accordance with the requirements of Rule 15c2-12 and the annual financial statements. The Division of the Budget will electronically file with the MSRB, through its EMMA system, the Annual Information on or before 120 days after the end of each State fiscal year, commencing with the fiscal year ending March 31, 2025. The Comptroller is required by existing law to issue audited annual financial statements of the State prepared in accordance with GAAP within 120 days after the close of the State fiscal year, and the Comptroller will undertake to electronically file with the MSRB, through its EMMA system, the State’s annual financial statements prepared in accordance with GAAP and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, provided, however, that if audited financial statements are not then available, unaudited financial statements shall be so filed no later than 120 days after the end of the State’s fiscal year and such audited financial statements shall be electronically filed with the MSRB, through its EMMA system, if and when such statements are available. In addition, the Comptroller will also undertake to electronically file with the MSRB, through its EMMA system, any Notice in a timely manner not in excess of ten (10) business days after the occurrence of any of the sixteen events described in the Disclosure Agreement. The proposed form of the Disclosure Agreement is attached hereto as PART I - EXHIBIT D. Copies of the Disclosure Agreement when executed by the parties thereto on the date of the initial delivery of the Bonds will be on file at the Office of the State Comptroller.

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

STATE OF NEW YORK
Thomas P. DiNapoli
State Comptroller

By: _____

BOND AUTHORIZATIONS

The following is a listing of the purposes for which the voters of the State, at general elections in November, have authorized the issuance of general obligation bonds, as required by Article VII, Section 11 of the State Constitution for which authorization to issue additional debt remains. The listing includes the respective dates of authorization. The Table of Issuance and Bonds Outstanding that follows presents the total amount of general obligation debt authorized, authorized but unissued prior to and after the issuance of the Bonds and outstanding prior to the issuance of the Bonds and prior to the redemption of the Refunded Bonds. The total amount of general obligation debt authorized, authorized but unissued, and outstanding as of March 31, 2024 by purpose is set forth in the table of State General Obligation Debt in Part II of this Official Statement in the section entitled “Exhibit B – State Related Bond Authorizations.”

Accelerated Capacity and Transportation Improvements of the Nineties Bonds

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

Clean Water/Clean Air Bonds

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

Clean Water, Clean Air, and Green Jobs Environmental Bonds

The Clean Water, Clean Air, and Green Jobs Environmental Bond Act of 2022 (Part NN of Chapter 58 of the Laws of 2022) authorized the creation of a State debt in an aggregate amount not exceeding \$4.2 billion to provide monies for the single purpose of making environmental improvements that preserve, enhance, and restore New York’s natural resources and reduce the impact of climate change by funding capital projects for: (1) restoration and flood risk reduction (not less than \$1.1 billion); (2) open space land conservation and recreation (up to \$650 million); (3) climate change mitigation (up to \$1.5 billion); and (4) water quality improvement and resilient infrastructure (not less than \$650 million).

Environmental Quality 1972 Bonds

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

Environmental Quality 1986 Bonds

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

Housing Bonds and Urban Renewal Bonds

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

Outdoor Recreation Development Bonds

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

Park and Recreation Land Acquisition Bonds

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

Pure Waters Bonds

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

Rebuild New York Through Transportation Infrastructure Renewal Bonds

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

Rebuild and Renew New York Transportation Bonds

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

metropolitan transportation authority and its subsidiaries and the Triborough Bridge and Tunnel Authority; certain urban, commuter and intercity passenger rail, freight rail, and intermodal passenger and freight facilities and equipment and (b) \$1.45 billion for the planning and design, construction, reconstruction, replacement, improvement, reconditioning, rehabilitation and preservation in connection with urban and commuter passenger and freight rail, omnibus, mass transit and rapid transit systems, facilities and equipment including acquisition, operated or acquired by or under the jurisdiction of the metropolitan transportation authority and its subsidiaries and the New York City Transit Authority and its subsidiaries.

Smart Schools Bonds

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

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

PURPOSE	BONDS AUTHORIZED AS OF 01/31/2025	AUTHORIZED BUT UNISSUED AS OF 01/31/2025 ¹	BONDS BEING ISSUED 03/18/2025 (Net Proceeds) ²	REMAINING AUTHORIZED BUT UNISSUED ^{1,2}	BONDS OUTSTANDING AS OF 01/31/2025 ^{1,3}
TRANSPORTATION BONDS:					
Rebuild and Renew New York Transportation Bonds (2005)					
Highway Facilities/Other Transportation (Excl. MTA)	\$ 1,450,000	\$ 42,294	\$ 786	\$ 41,508	\$ 532,182
Mass Transit-Metropolitan Transportation Authority	1,450,000	114,228	-	114,228	859,416
Accelerated Capacity and Transportation Improvements of the Nineties (1988)	3,000,000	20,231	-	20,231	4,497
Rebuild New York Through Transportation Infrastructure Renewal (1983)					
Highway Related Projects	1,064,000	20,499	-	20,499	3
Ports, Canals and Waterways	49,360	-	-	-	-
Rapid Transit, Rail and Aviation Projects	136,640	-	-	-	271
Energy Conservation Through Improved Transportation (1979)					
Local Streets and Highways	100,000	-	-	-	-
Rapid Transit and Rail Freight	400,000	-	-	-	296
Transportation Capital Facilities (1967)					
Highways	1,250,000	-	-	-	-
Mass Transportation	1,000,000	-	-	-	-
Aviation	250,000	-	-	-	40
Total Transportation Bonds	10,150,000	197,252	786	196,466	1,396,705
ENVIRONMENTAL BONDS:					
Clean Water/Clean Air (1996)					
Air Quality	230,000	27,738	201	27,537	952
Safe Drinking Water	355,000	-	-	-	-
Clean Water	790,000	50,072	6,638	43,434	206,177
Solid Waste	175,000	-	-	-	5,506
Environmental Restoration	200,000	20,633	681	19,952	27,048
Clean Water, Clean Air and Green Jobs Environmental Bonds (2022) ⁴					
Flood Restoration and Risk Reduction	See Note 4	See Note 4	-	See Note 4	-
Open Space Land Conservation and Recreation	See Note 4	See Note 4	3,721	See Note 4	-
Climate Change Mitigation	See Note 4	See Note 4	396	See Note 4	-
Water Quality Improvement and Resilient Infrastructure	See Note 4	See Note 4	443	See Note 4	-
NY Natural Resources	See Note 4	See Note 4	-	See Note 4	-
Subtotal Clean Water, Clean Air and Green Jobs Environmental Bonds	4,200,000	4,200,000	4,560	4,195,440	-
Environmental Quality (1986)					
Land and Forests	250,000	908	1	907	1,395
Solid Waste Management	1,200,000	32,545	6,254	26,291	34,588
Environmental Quality (1972)					
Air	150,000	12,353	714	11,639	-
Land and Wetlands	350,000	2,868	-	2,868	2,204
Water	650,000	640	-	640	3,972
Outdoor Recreation Development (1966)	200,000	230	-	230	-
Pure Waters (1965)	1,000,000	16,020	1,466	14,554	13,795
Park and Recreation Land Acquisition (1960 and 1962)	100,000	772	-	772	-
Total Environmental Bonds	9,850,000	4,364,779	20,515	4,344,264	295,637
EDUCATION BONDS:					
Smart Schools Bond Act (2014)	2,000,000	1,374,107	365,104	1,009,003	414,593
HOUSING BONDS:					
Low-Income Housing (through 1958)	960,000	7,928	-	7,928	-
Middle-Income Housing (through 1958)	150,000	500	-	500	-
Urban Renewal (1958)	25,000	1,575	-	1,575	-
Total Housing Bonds	1,135,000	10,003	-	10,003	-
TOTAL GENERAL OBLIGATION DEBT	\$23,135,000	\$5,946,141	\$386,405	\$5,559,736	\$2,106,935

¹ Reflects unaudited amounts.

² Reflects issuance of the Bonds and is preliminary, subject to change.

³ Prior to issuance of the Bonds.

⁴ The Legislature provided the following limitations on bonds to be issued for specific project categories or programs authorized within the Clean Water, Clean Air, and Green Jobs Environmental Bond Act: Flood Restoration and Risk Reduction (not less than \$1.1 billion), Open Space Land Conservation and Recreation Projects (up to \$650 million), Climate Change Mitigation (up to \$1.5 billion), and Water Quality Improvement and Resilient Infrastructure (not less than \$650 million).

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FORM OF ATTORNEY GENERAL’S OPINION

March __, 2025

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

Dear Sir:

The Comptroller has requested my opinion regarding the validity of General Obligation Bonds of the State of New York, \$_____ Series 2025A Tax-Exempt Bonds (the “Series 2025A Tax-Exempt Bonds”), \$_____ Series 2025B Taxable Bonds (the “Series 2025B Taxable Bonds”) and \$_____ Series 2025C Tax-Exempt Refunding Bonds (the “Series 2025C Tax-Exempt Refunding Bonds”) and, together with the Series 2025A Tax-Exempt Bonds, the “Series 2025 Tax-Exempt Bonds”) (the Series 2025 Tax-Exempt Bonds and the Series 2025B Taxable Bonds collectively referred to as the “Bonds”) which were sold on March __, 2025.

The Comptroller advises that the Series 2025A Tax-Exempt Bonds are being issued for the purposes and in the principal amounts as set forth below:

<u>Purpose</u>	<u>Amount</u>
Clean Water/Clean Air	
Clean Water	\$.
Environmental Restoration	
Air Quality	
Clean Water, Clean Air, and Green Jobs	
Open Space / Recreation	
Climate Mitigation.....	
Water Quality Improvement.....	
Environmental Quality 1972	
Air.....	
Environmental Quality 1986	
Land	
Solid Waste	
Pure Waters	
Rebuild and Renew New York Transportation	
Aviation	
Rails and Ports.....	
Smart Schools	_____.
	\$ _____.

The Comptroller further advises that the Series 2025B Taxable Bonds are being issued for the purposes and in the principal amounts as set forth below:

<u>Purpose</u>	<u>Amount*</u>
Clean Water/Clean Air	
Clean Water	\$.
Air Quality	
Rebuild and Renew New York Transportation	
Aviation.....	
Rails and Ports	
Smart Schools	_____.
	<u>\$ _____.</u>

The Comptroller further advises that the Series 2025C Tax-Exempt Refunding Bonds are being issued to provide funds to currently refund a portion of certain outstanding general obligation bonds of the State through their redemption on a date not more than ninety (90) days after the date of issuance of the Series 2025C Tax-Exempt Refunding Bonds (the “Refunded Bonds”). The series, principal amounts and the maturity dates of the Refunded Bonds are as shown in Exhibit C of Part I of the Official Statement dated March __, 2025, – BONDS TO BE REFUNDED.

The Comptroller further advises the following with respect to the Bonds. The Bonds will be dated the date of delivery and will mature or be subject to mandatory redemption on the dates in each of the years set forth in the respective tables in the Official Statement with respect to the Bonds (the “Official Statement”). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each Series and maturity of the Bonds, totaling the aggregate principal amount of the Bonds of each Series, and will be deposited with DTC. Beneficial ownership interests in each Series and maturity of the Bonds will be available in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of beneficial ownership interests in the Bonds will not receive certificates representing their interests in the Bonds purchased. Interest on the Bonds will be payable beginning on September 15, 2025, and semi-annually thereafter on each March 15 and September 15 until maturity.

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

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

The Internal Revenue Code of 1986, as amended (the “Code”), sets forth certain requirements that must be met after the Series 2025 Tax-Exempt Bonds have been validly issued and delivered in order that interest on the Series 2025 Tax-Exempt Bonds be and remain excludable from gross income pursuant to Section 103 of the Code. Such requirements may include the rebating of certain amounts earned from the investment of the proceeds of the Series 2025 Tax-Exempt Bonds. Rebates of any such amounts are subject to future appropriations by the State Legislature. You have provided me with an Arbitrage and Use of Proceeds Certificate prepared and executed by you, dated the date hereof with respect to the Series 2025 Tax-Exempt Bonds (the “Certificate”), which contains provisions and procedures regarding compliance with the requirements of the Code. In executing the Certificate, you have certified to the effect that you expect to be able to and will comply with the provisions and procedures set forth therein, including any attachments thereto, and that to the extent authorized by law you will do and perform all acts and things necessary or desirable to assure that interest paid on the Series 2025 Tax-Exempt Bonds is excludable from gross income under Section 103 of the Code. You have also provided me with executed certificates of other governmental officers and entities relating to the use of the proceeds of the Series 2025 Tax-Exempt Bonds (the “Agency Certificates”). No matters have come to my personal attention which would lead me to believe that the Certificate and the Agency Certificates are incorrect or unreasonable.

Based on the contents of the Certificate and the Agency Certificates and assuming compliance therewith and with subsequent rebating and other requirements, it is my opinion, based upon such inquiry as members of my staff have deemed appropriate, that, under the Code and other existing statutes, regulations, administrative rulings, and court decisions, interest on the Series 2025 Tax-Exempt Bonds is excludable from the gross income of the recipients thereof for Federal income tax purposes pursuant to Section 103 of the Code and is not a specific preference item for purposes of the Federal alternative minimum tax imposed on individuals; however, interest on the Series 2025 Tax-Exempt Bonds held by certain corporations that are subject to the federal corporate alternative minimum is included in the computation of “adjusted financial statement income” for purposes of the federal alternative minimum tax imposed on such corporations. Based on the contents of such Certificate and the Agency Certificates, and assuming compliance therewith and with subsequent rebating and other requirements, it is my further opinion that interest on the Series 2025 Tax-Exempt Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York and the City of Yonkers.

[“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Series 2025 Tax-Exempt Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity (in general, the “issue price” of a maturity means the first price at which a substantial amount of those Series 2025 Tax-Exempt Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers)). For any Series 2025 Tax-Exempt Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Series 2025 Tax-Exempt Bonds.]

Except as stated in the [two] preceding paragraphs, I express no opinion as to any Federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof. This opinion is based on existing law as of the date hereof and I assume no obligation to update this opinion after the date hereof to reflect any future action, fact or circumstance, or change in law. Furthermore, I express no opinion as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than myself on the exclusion from gross income for Federal income tax purposes of interest on the Series 2025 Tax-Exempt Bonds, or under state and local law.

Ownership of the Series 2025 Tax-Exempt Bonds may have other collateral tax consequences, not discussed herein, concerning which no opinion is expressed.

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

Very truly yours,

LETITIA JAMES
Attorney General

By: _____

PART I - EXHIBIT C

BONDS TO BE REFUNDED*

The State expects to currently refund the bonds listed below with a portion of the proceeds of the Series 2025C Tax-Exempt Refunding Bonds. This refunding is conditioned upon the delivery of the Series 2025C Tax-Exempt Refunding Bonds.

State of New York General Obligation Bonds, Series 2010C Taxable Bonds (Build America Bonds)**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Anticipated Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP†</u>
03/01/2026	\$13,490,000	5.190%	04/25/2025		649791CR9
03/01/2027	\$14,190,000	5.290%	04/25/2025		649791CS7
03/01/2028	\$14,940,000	5.390%	04/25/2025		649791CT5
03/01/2029	\$15,745,000	5.440%	04/25/2025		649791CU2
03/01/2030	\$16,600,000	5.540%	04/25/2025		649791CV0
03/01/2035	\$23,125,000	5.590%	04/25/2025		649791CW8
03/01/2040	\$30,375,000	5.620%	04/25/2025		649791CX6

State of New York General Obligation Bonds, Series 2013C Tax-Exempt Refunding Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Anticipated Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP†</u>
04/15/2026	\$1,360,000	2.750%	06/24/2025	100%	649791JJ0
04/15/2027	\$1,375,000	3.000%	06/24/2025	100%	649791TU4
04/15/2028	\$1,445,000	3.000%	06/24/2025	100%	649791JL5
04/15/2029	\$1,490,000	3.000%	06/24/2025	100%	649791JM3
04/15/2030	\$1,535,000	3.000%	06/24/2025	100%	649791JN1
04/15/2031	\$1,585,000	3.125%	06/24/2025	100%	649791JP6
04/15/2032	\$1,635,000	3.125%	06/24/2025	100%	649791JQ4

* Preliminary, subject to change.

** The Series 2010C Taxable Bonds (Build America Bonds) are expected to be refunded pursuant to the Extraordinary Optional Redemption, as described in the official statement for the issuance of such bonds. Note, however, that references therein to State Finance Law precluding the Comptroller from redeeming State general obligation bonds at a price in excess of three per centum above par value no longer apply. See "PART I – SECTION 1 – DESCRIPTION OF THE BONDS – New Legislation" herein.

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State of New York General Obligation Bonds, Series 2015A Tax-Exempt Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Anticipated Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP[†]</u>
03/15/2026	\$5,220,000	5.000%	04/25/2025	100%	649791KP4
03/15/2027	\$5,485,000	5.000%	04/25/2025	100%	649791KQ2
03/15/2028	\$5,755,000	5.000%	04/25/2025	100%	649791KR0
03/15/2029	\$6,045,000	3.000%	06/24/2025	100%	649791KS8
03/15/2030	\$6,225,000	3.000%	06/24/2025	100%	649791KT6
03/15/2031	\$6,110,000	3.000%	06/24/2025	100%	649791KU3
03/15/2032	\$6,290,000	3.000%	06/24/2025	100%	649791KV1
03/15/2033	\$6,480,000	3.000%	06/24/2025	100%	649791KW9
03/15/2034	\$6,675,000	3.125%	06/24/2025	100%	649791KX7
03/15/2035	\$6,880,000	3.125%	06/24/2025	100%	649791KY5
03/15/2036	\$1,340,000	3.250%	06/24/2025	100%	649791KZ2

State of New York General Obligation Bonds, Series 2015C Tax-Exempt Refunding Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Anticipated Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP[†]</u>
04/15/2029	\$1,440,000	3.000%	06/24/2025	100%	649791MK3
04/15/2030	\$1,490,000	3.000%	06/24/2025	100%	649791ML1
04/15/2031	\$1,130,000	3.000%	06/24/2025	100%	649791MM9
04/15/2032	\$1,165,000	3.000%	06/24/2025	100%	649791MN7
04/15/2033	\$1,200,000	3.000%	06/24/2025	100%	649791MP2
04/15/2034	\$1,235,000	3.125%	06/24/2025	100%	649791MQ0

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**STATE OF NEW YORK
GENERAL OBLIGATION BONDS
SERIES 2025A TAX-EXEMPT BONDS
SERIES 2025B TAXABLE BONDS
SERIES 2025C TAX-EXEMPT REFUNDING BONDS**

Dated March __, 2025

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

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

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

Section 1. Definitions

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

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

“Bonds” shall mean, collectively, \$_____ General Obligation Bonds, Series 2025A Tax-Exempt Bonds, \$_____ General Obligation Bonds, Series 2025B Taxable Bonds and \$_____ General Obligation Bonds, Series 2025C Tax-Exempt Refunding Bonds, dated March __, 2025.

“Comptroller” shall mean the Comptroller of the State of New York.

“Director” shall mean the Director of the Budget of the State of New York.

“DTC” shall mean The Depository Trust Company.

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

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

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

“Holder” shall mean any registered owner of Bonds and, if the Bonds are registered in the name of Cede & Co. through DTC, any beneficial owner of Bonds, unless the staff of the Securities and Exchange Commission determines that the Rule does not require the Agreement to be for the benefit of such beneficial owners.

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

“Official Statement” shall mean the official statement dated March __, 2025, issued in connection with the sale of the Bonds.

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

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

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

(a) Annual Information. The State, acting by and through the Director, hereby undertakes, for the benefit of Holders of the Bonds, to electronically file with the MSRB, no later than 120 days after the end of each of its fiscal years, commencing with the fiscal year ending March 31, 2025, the Annual Information relating to such fiscal year.

(b) Audited Financials. The State, acting by and through the Comptroller, hereby undertakes, for the benefit of the Holders of the Bonds, to electronically file with the MSRB, no later than 120 days after the end of each of its fiscal years, commencing with the fiscal year ending March 31, 2025, audited financial statements of the State for such fiscal year; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be so provided no later than 120 days after the end of the State’s fiscal year and such audited financial statements shall be electronically filed with the MSRB if and when they become available.

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

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

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;

- (5) a substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) modifications to rights of security holders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasance;
- (10) release, substitution, or sale of property securing repayment of the securities, if material;
- (11) a rating change;
- (12) bankruptcy, insolvency, receivership or similar event of any obligated person;
- (13) consummation of a merger, consolidation, acquisition involving an obligated person or sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of trustee, if material;
- (15) incurrence of a financial obligation, as defined in Rule 15c2-12, of any obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of any obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of any obligated person, any of which reflect financial difficulties.

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

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

(f) Other Information. Nothing herein shall be deemed to prevent the State from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other

manner. If the State should disseminate any such additional information, the State shall have no obligation hereunder to update such information or include it in any future materials disseminated hereunder.

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

Section 3. **Annual Information**

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

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

- (1) *for prior fiscal years*, an analysis of cash-basis results for the State’s three most recent fiscal years, and a presentation of the State’s results in accordance with GAAP for at least the two most recent fiscal years for which that information is then currently available;
- (2) *for debt and other financing activities*, a description of the types of financings the State is authorized to undertake, a presentation of the outstanding debt issued by the State and certain public authorities, as well as information concerning debt service requirements on that debt;
- (3) *for authorities and localities*, information on certain public authorities and local entities whose financial status may have a material impact on the financial status of the State; and
- (4) material information regarding State government employment and retirement systems; together with

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

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

Section 4. **Financial Statements**

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

Section 5. **Remedies**

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

Section 6. **Parties in Interest**

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

Section 7. **Amendments**

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

- (i) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, or nature, or status of the State or any type of business or affairs conducted by it;
- (ii) the undertakings set forth herein, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering of the Bonds, after taking into account any amendments to, or interpretation by the staff of the Securities and Exchange Commission of, Rule 15c2-12, as well as any changes in circumstances; and
- (iii) the amendment does not materially impair the interests of the Holders, as determined by the Attorney General of the State of New York, as Bond Counsel with respect to issuance of the Bonds or by nationally recognized bond counsel. (In determining whether there is such a material impairment, the State may rely upon an opinion of the Attorney General of the State of New York or nationally recognized bond counsel.)

(b) Annual Information for any fiscal year containing any amended operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such amendment and the impact of the change in the type of operating data or financial information in the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such amendment, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles and those prepared on the basis of the former accounting

principles. Such discussion shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible such comparison shall also be quantitative. A notice of any such change in accounting principles shall be electronically filed with the MSRB.

Section 8. Termination

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

Section 9. Governing Law

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

Section 10. Counterparts

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

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

THE STATE OF NEW YORK

Obligated Person

THOMAS P. DINAPOLI

State Comptroller

By: _____

Name:

Title:

BLAKE G. WASHINGTON

Director of the Budget

By: _____

Name:

Title:

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PART I - EXHIBIT E

NOTICE OF SALE FOR SERIES 2025A TAX-EXEMPT BONDS

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NOTICE OF SALE

STATE OF NEW YORK GENERAL OBLIGATION BONDS

\$339,285,000*

SERIES 2025A TAX-EXEMPT BONDS

ELECTRONIC BIDS via S&P Global’s BiDCOMP™/PARITY® Competitive Bidding System (“BiDCOMP”) will be received by the Comptroller of the State of New York at his office located at 110 State Street, 15th Floor, Albany, NY 12236 until **10:15 A.M.** (New York Time), on:

March 18, 2025

At such time and location the electronic bids received will be made publicly available, for the purchase of Series 2025A Tax-Exempt General Obligation Bonds of the State of New York (the “State”) in the principal amount of \$339,285,000* to be dated the date of delivery (the “Series 2025A Tax-Exempt Bonds”). Interest on the Series 2025A Tax-Exempt Bonds will be payable semi-annually on each March 15 and September 15, commencing September 15, 2025. The Series 2025A Tax-Exempt Bonds are being issued for the purposes and in the principal amounts as set forth below:

<u>Purpose</u>	<u>Amount*</u>
Clean Water/Clean Air	
Clean Water	\$ 5,431,831.33
Environmental Restoration	611,591.15
Air Quality	149,806.28
Clean Water, Clean Air, and Green Jobs	
Open Space / Recreation	3,340,685.78
Climate Mitigation	355,511.11
Water Quality Improvement	398,016.24
Environmental Quality 1972	
Air	641,293.95
Environmental Quality 1986	
Land	450.44
Solid Waste	5,614,514.16
Pure Waters	1,315,835.51
Rebuild and Renew New York Transportation	
Aviation	365,810.18
Rails and Ports	38,511.98
Smart Schools	<u>321,021,141.89</u>
	<u>\$339,285,000.00</u>

* Preliminary, subject to amendment as set forth herein.

PRINCIPAL AMORTIZATION*

Principal with respect to Series 2025A Tax-Exempt Bonds will mature and sinking fund installments with respect to Series 2025A Tax-Exempt Bonds to be issued as term bonds, if any, will be paid on March 15, in the following years and amounts:

<u>Maturing March 15*</u>	<u>Preliminary Annual Principal Amount*</u>	<u>Maturing March 15*</u>	<u>Preliminary Annual Principal Amount*</u>
2026	\$ 3,435,000	2036	\$18,520,000
2027	\$11,940,000	2037	\$19,445,000
2028	\$12,535,000	2038	\$20,420,000
2029	\$13,160,000	2039	\$21,440,000
2030	\$13,820,000	2040	\$22,510,000
2031	\$14,510,000	2041	\$23,635,000
2032	\$15,235,000	2042	\$24,820,000
2033	\$16,000,000	2043	\$26,060,000
2034	\$16,800,000	2044	\$27,360,000
2035	\$17,640,000		

RIGHT TO AMEND

The State reserves the right to amend this Notice of Sale, including, but not limited to, the right to change the date of the bond sale, the aggregate principal amount of the Series 2025A Tax-Exempt Bonds and/or the annual principal amounts thereof being offered. ANY POSTPONEMENT OF THE DATE AND TIME ESTABLISHED FOR THE RECEIPT OF BIDS WILL BE ANNOUNCED BY MEANS OF A SUPPLEMENT TO THIS NOTICE OF SALE TO BE POSTED ON MUNIOS (www.munios.com) **NOT LATER THAN 9:15 A.M. (NEW YORK TIME) ON THE DAY OF THE SALE.**

The preliminary aggregate principal amount of the Series 2025A Tax-Exempt Bonds and the preliminary annual principal amounts as set forth above in this Notice of Sale (the “Preliminary Amounts”) may be revised before the opening of bids for the purchase of the Series 2025A Tax-Exempt Bonds. Any such revisions (the “Revised Aggregate Principal Amount” and the “Revised Annual Principal Amounts,” respectively; collectively, the “Revised Amounts”) **WILL BE ANNOUNCED BY MEANS OF A SUPPLEMENT TO THIS NOTICE OF SALE TO BE POSTED ON MUNIOS (www.munios.com) NOT LATER THAN 9:15 A.M. (NEW YORK TIME) ON THE DAY OF THE SALE.** In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. **BIDDERS SHALL SUBMIT BIDS BASED ON THE REVISED AMOUNTS.**

After selecting the winning bid, the Comptroller will determine the final aggregate principal amount of the Series 2025A Tax-Exempt Bonds and each final annual principal amount (the “Final Aggregate Principal Amount” and the “Final Annual Principal Amounts,” respectively; collectively, the “Final Amounts”). In determining the Final Amounts, the Comptroller will not reduce or increase the Revised Aggregate Principal Amount by more than 15 percent of such amount. **THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS WITHIN THESE LIMITS.** The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the aggregate principal amount of the Series 2025A Tax-Exempt Bonds. Such adjusted bid price will reflect changes in the dollar amount of the underwriters’ discount and original issue discount/premium, if any, but

* Preliminary, subject to amendment as set forth herein.

will not change the selling compensation per \$1,000 of par amount of Series 2025A Tax-Exempt Bonds from the selling compensation that would have been received based on the purchase price of the winning bid and the initial public offering prices. The interest rate specified by the successful bidder for each maturity at the Initial Reoffering Price for such maturity will not change. The Final Amounts and the adjusted purchase price will be communicated to the successful bidder as soon as possible, but no later than 4:00 p.m. (New York Time) on the day of the sale.

MINORITY / WOMEN / SERVICE-DISABLED VETERAN-OWNED BUSINESS ENTERPRISES

It is the policy of the Office of the State Comptroller that consideration be given to firms which are minority-owned business enterprises, women-owned business enterprises, and service-disabled veteran-owned business enterprises. The Office of the State Comptroller requests and strongly urges bidders to include such firms in their management group or syndicate and to allocate bonds accordingly. The Office of the State Comptroller may request a report of the winning bidder showing the portion of the issue that was allocated to such firms.

THE SERIES 2025A TAX-EXEMPT BONDS

The Series 2025A Tax-Exempt Bonds will be issued pursuant to Article VII, Sections 11 and 12 of the Constitution of the State and Sections 56, 57 and 61 of the State Finance Law.

The Series 2025A Tax-Exempt Bonds will be general obligations of the State, and the full faith and credit of the State will be pledged to the payment of the principal of and interest on the Series 2025A Tax-Exempt Bonds as they become due. The State Constitution provides that the Legislature shall annually provide by appropriation for the payment of the interest upon and installments of principal of all bonds of the State as the same shall fall due including contributions to all sinking funds for such bonds. It further provides that if at any time the Legislature fails to make this appropriation the Comptroller shall set apart from the first revenues thereafter received, applicable to the General Fund of the State, a sum sufficient to pay such interest, installments of principal, or contributions to such sinking funds, as the case may be, and shall apply moneys thus set apart. The Comptroller may be required to set aside and apply such revenues at the suit of any holder of such bonds.

The Series 2025A Tax-Exempt Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, NY (“DTC”) which will act as securities depository for the Series 2025A Tax-Exempt Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2025A Tax-Exempt Bonds purchased. Beneficial ownership interests in the Series 2025A Tax-Exempt Bonds in the amount of \$5,000 or any integral multiple thereof may be purchased by or through DTC Participants. Interest will be payable semi-annually beginning on September 15, 2025, and on each March 15 and September 15 thereafter until maturity.

OPTIONAL REDEMPTION PRIOR TO MATURITY

The Comptroller reserves to the State the right to redeem, on and after March 15, 2035, the Series 2025A Tax-Exempt Bonds maturing on and after March 15, 2036 and then outstanding, in whole or in part, at any time, priority among maturities to be directed by the State, and by lot, to be chosen by DTC or any successor and its Participants, within a maturity at par plus accrued interest to the date fixed for redemption. The State will give notice of any such redemption, to the registered owners of the Series 2025A Tax-Exempt Bonds to be redeemed at their addresses as they appear in the registration books of the State or its fiscal agent, not less than twenty nor more than sixty days prior to the redemption. So long as all of the Series 2025A Tax-Exempt Bonds remain immobilized in the custody of DTC, any such notice of redemption of

any Series 2025A Tax-Exempt Bond will be delivered only to DTC. DTC is responsible for notifying DTC Participants of such redemption and DTC Participants and Indirect Participants are responsible for notifying Beneficial Owners of such redemption. The State is not responsible for sending notices to Beneficial Owners. Interest will cease to accrue on the Series 2025A Tax-Exempt Bonds called for redemption from and after the date fixed for redemption thereof.

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

BOND INSURANCE

The State has not contracted for the issuance of any policy of municipal bond insurance for the Series 2025A Tax-Exempt Bonds. If the Series 2025A Tax-Exempt Bonds qualify for any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the successful bidder, and any increased costs of issuance or delivery of the Series 2025A Tax-Exempt Bonds resulting by reason of such insurance or commitment shall be assumed by such bidder. Bids shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Series 2025A Tax-Exempt Bonds to be so insured or of any such policy or commitment to be issued, or any rating downgrade or other material event occurring relating to the issuer of any such policy or commitment, shall not in any way relieve the successful bidder of its contractual obligations arising from the acceptance of its bid for the purchase of the Series 2025A Tax-Exempt Bonds.

PROPOSALS

Each bid must be for all and not part of the entire \$339,285,000* of Series 2025A Tax-Exempt Bonds. All Series 2025A Tax-Exempt Bonds shall have an interest rate of five percent (5%). All bids must be for no less than 100 percent of the par value of the Revised Aggregate Principal Amount of the Series 2025A Tax-Exempt Bonds. Bids must be submitted via BiDCOMP.

BASIS OF AWARD

The award, if any, will be made to the bidder complying with the terms of sale and offering to purchase the Series 2025A Tax-Exempt Bonds at the lowest true interest cost to the State, calculated by the State, based on the Revised Amounts described above. True interest cost shall be determined for each bid by doubling the semi-annual interest rate, compounded semi-annually, necessary to discount the debt service payments (interest, or principal and interest, as due, including any mandatory redemptions) from the payment dates to the dated date, which is the delivery date, expected to be on or about March 26, 2025, and to the price bid. If more than one bid offers the same lowest true interest cost, the Series 2025A Tax-Exempt Bonds shall be awarded to one of such bidders based upon which bid was received first. Each bidder shall include in its bid a statement of true interest cost offered in its bid, but this statement shall not be deemed to be part of the bid.

* Preliminary, subject to amendment as set forth herein.

ELECTRONIC BIDDING AND BIDDING PROCEDURES

Prospective bidders must be contracted customers of BiDCOMP. If you do not have a contract with BiDCOMP, call (212) 849-5021 to become a customer. By submitting a bid for the Series 2025A Tax-Exempt Bonds, a prospective bidder represents and warrants to the State that such bidder's bid for the purchase of the Series 2025A Tax-Exempt Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Series 2025A Tax-Exempt Bonds. By contracting with BiDCOMP, a prospective bidder is not obligated to submit a bid in connection with the sale.

If any provisions of this Notice of Sale conflict with information provided by BiDCOMP as approved provider of electronic bidding services, this Notice of Sale shall control. Further information about BiDCOMP, including any fee charged, may be obtained from BiDCOMP, 55 Water Street, New York, NY 10041, Attention: Francesco Nuccio, (212) 849-5021. Additional information concerning bidding through the BiDCOMP system may be obtained by calling (212) 849-5021.

Bids must be submitted for the purchase of the Series 2025A Tax-Exempt Bonds by means of the State's Bid Form (the "Bid Form") via PARITY[®] electronically by **10:15 A.M.**, New York Time, on **March 18, 2025** unless postponed as described herein. Prior to that time, a prospective bidder may input and save the proposed terms of its bid in BiDCOMP. Once the final bid has been saved in BiDCOMP, the bidder may select the final bid button in BiDCOMP to submit the bid to PARITY. Once the bids are communicated electronically via PARITY to the State and the sale time has passed (**10:15 A.M.**, New York Time), each bid will constitute an irrevocable offer to purchase the Series 2025A Tax-Exempt Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on BiDCOMP shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the State represented by the rate of interest and the bid price specified in their respective bids. No bid will be received after the time for receiving such bids specified above. Instructions to submit a bid via BiDCOMP are included in the Preliminary Official Statement (as defined below).

By submitting a bid for the Series 2025A Tax-Exempt Bonds, a bidder represents and warrants to the State that it has an established industry reputation for underwriting new issuances of municipal bonds.

DISCLAIMER

Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access BiDCOMP for purposes of submitting its bid in a timely manner and in compliance with the requirements of the Notice of Sale. Neither the State nor BiDCOMP shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the State nor BiDCOMP shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by PARITY. The State is using PARITY as a communication mechanism, and not as the State's agent, to conduct the electronic bidding for the Series 2025A Tax-Exempt Bonds. The State is not bound by any advice and determination of BiDCOMP to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the specifications under "Proposals" set forth above. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via PARITY are the sole responsibility of the bidders; and the State is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying or withdrawing a bid for the Series 2025A Tax-Exempt Bonds, it should telephone BiDCOMP and also notify the Office of the State Comptroller's Office of Budget Policy and Analysis by email at debtmanagement@osc.ny.gov.

GOOD FAITH DEPOSIT

Good Faith Deposit

A good faith deposit in the amount of \$3,500,000.00 (the “Deposit”) is required in connection with the sale and bid for the Series 2025A Tax-Exempt Bonds. The Deposit will be provided for by a Federal funds wire transfer to be submitted to the Office of the State Comptroller by the successful bidder not later than 3:00 p.m. (New York Time) on the date of sale (the “Wire Transfer Deadline”) as set forth below under “Wire Transfers.” The Deposit of the successful bidder will be collected and the proceeds thereof retained by the Office of the State Comptroller to be applied in partial payment for the Series 2025A Tax-Exempt Bonds and no interest will be allowed or paid upon the amount thereof.

Wire Transfers

The Office of the State Comptroller will distribute wiring instructions for the Deposit to the successful bidder upon verification of the bids submitted by the bidders and prior to the Wire Transfer Deadline. If the Deposit is not received by the Wire Transfer Deadline, the award of the sale of the Series 2025A Tax-Exempt Bonds to the successful bidder may be cancelled by the Office of the State Comptroller in its discretion without any financial liability of the Office of the State Comptroller to the successful bidder or any limitation whatsoever on the Office of the State Comptroller’s right to sell the Series 2025A Tax-Exempt Bonds to a different purchaser upon such terms and conditions as the Office of the State Comptroller shall deem appropriate.

RIGHT OF REJECTION

The Comptroller reserves the right to reject any or all bids.

SERIAL BONDS, TERM BONDS AND MANDATORY REDEMPTION

The successful bidder may provide in the bid form for all of the Series 2025A Tax-Exempt Bonds to be issued as serial bonds or may designate consecutive annual principal amounts of the Series 2025A Tax-Exempt Bonds to be combined into one or more term bonds. Each such term bond shall be subject to mandatory redemption on March 15 of the first year which has been combined to form such term bond and on March 15 in each year thereafter until the stated maturity date of that term bond. The amount redeemed in any year shall be equal to the principal amount for such year set forth in the appropriate amortization schedule, as adjusted in accordance with the provisions described above under the caption “Right to Amend.” Series 2025A Tax-Exempt Bonds to be redeemed in any year by mandatory redemption shall be redeemed at par and shall be selected by lot from among the Series 2025A Tax-Exempt Bonds of the same maturity.

COMPLIANCE WITH LAWS

By submitting a bid, the initial purchaser agrees to comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Series 2025A Tax-Exempt Bonds or possesses or distributes the Official Statement or any other offering or publicity material relating to the Series 2025A Tax-Exempt Bonds and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Series 2025A Tax-Exempt Bonds under the laws and regulations in force in any country or jurisdiction to which it is subject or in which it makes such purchases, offers or sales and the State shall have no responsibility therefor.

REOFFERING AND SALE OF THE SERIES 2025A TAX-EXEMPT BONDS TO PUBLIC

The State expects and intends that the bid for the Series 2025A Tax-Exempt Bonds will satisfy the competitive sale requirements under provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Series 2025A Tax-Exempt Bonds), including, among other things, receipt of bids for the Series 2025A Tax-Exempt Bonds from at least three underwriters, who have established industry reputations for underwriting new issuances of municipal bonds (a “Qualified Competitive Bid”). The State will advise the successful bidder of the Series 2025A Tax-Exempt Bonds as promptly as possible after the bids are opened whether the bid constitutes a Qualified Competitive Bid, or, in the alternative, a bid that fails to satisfy such requirements (a “Nonqualified Competitive Bid”). If an initial sale of the Series 2025A Tax-Exempt Bonds is a Qualified Competitive Bid, the winning bidder will be required to provide a certificate in the form attached as Exhibit A, which requires a certification as to the reasonably expected reoffering price to the public, among other things. If an initial sale of the Series 2025A Tax-Exempt Bonds is a Nonqualified Competitive Bid, the winning bidder will be required to provide a certificate in the form attached as Exhibit B, which requires a certification as to either (i) the first price at which 10% of each maturity of the purchased bonds was sold to the public as of the sale date, or (ii) the reasonably expected initial offering price to the public and a certification that the purchaser and any underwriters did not offer or sell any of the purchased bonds of each maturity to any person at a price that is higher than the initial offering price of such maturity for up to five business days from the sale date, as further described in the certificate. It is noted that procedures for a Nonqualified Competitive Bid may require the winning bidder of the Series 2025A Tax-Exempt Bonds to hold the initial offering prices for certain maturities of the Series 2025A Tax-Exempt Bonds for up to five business days after the sale date, as further specified in the form of such certification. By accepting the award of the Series 2025A Tax-Exempt Bonds, the initial purchaser of such Series 2025A Tax-Exempt Bonds agrees to execute the Certificate as to Issue Price attached hereto as Exhibit A for Qualified Competitive Bids and Exhibit B for Nonqualified Competitive Bids not later than 4:00 P.M. (New York time) on the business day prior to the closing of the Series 2025A Tax-Exempt Bonds.

The initial purchaser will also be required to provide to the State such additional information as may be requested by the State. For this purpose, sale of the Series 2025A Tax-Exempt Bonds to other underwriters or related parties will not be considered sales to the Public (as defined in the Certificate as to Issue Price). If the Certificate as to Issue Price is sent by electronic transmission, a hard copy must also be sent by mail or courier service.

FAILURE TO DEMONSTRATE COMPLIANCE WITH THIS REQUIREMENT WITH RESPECT TO THE SERIES 2025A TAX-EXEMPT BONDS WILL CONSTITUTE A DEFAULT BY THE INITIAL PURCHASER, ENTITLING THE STATE TO RETAIN SUCH INITIAL PURCHASER’S DEPOSIT EVEN THOUGH IN SUCH EVENT THE STATE WILL NOT DELIVER THE SERIES 2025A TAX-EXEMPT BONDS TO SUCH INITIAL PURCHASER.

THE STATE, ITS FINANCIAL ADVISOR AND BOND COUNSEL WILL RELY ON THE CONTENTS OF THE CERTIFICATE AS TO ISSUE PRICE AND SUPPORTING DOCUMENTS PROVIDED BY THE PURCHASER IN DETERMINING THE ARBITRAGE YIELD ON THE SERIES 2025A TAX-EXEMPT BONDS.

OFFICIAL STATEMENT

The Preliminary Official Statement, dated March 11, 2025 (the “Preliminary Official Statement”), issued by the State in connection with the sale of its Series 2025A Tax-Exempt Bonds, its Series 2025B Taxable General Obligation Bonds and its Series 2025C Tax-Exempt Refunding General Obligation Bonds (collectively, the “Bonds”), has been deemed final by the State as of its date for purposes of Rule 15c2-12

of the Securities and Exchange Commission (“Rule 15c2-12”), except for certain permitted omissions described in paragraph (b) (1) of Rule 15c2-12, but is subject to change without notice and to completion or amendment or supplementation in the Official Statement.

The State is distributing copies of the Preliminary Official Statement to potential bidders electronically through MuniOS. Potential bidders may also obtain an electronic copy of the Preliminary Official Statement by logging onto the website for MuniOS at “www.munios.com.”

After the sale of the Series 2025A Tax-Exempt Bonds, the State will provide the successful bidder with an electronic copy of the Official Statement within seven (7) business days of the award of the Series 2025A Tax-Exempt Bonds. The successful bidder is responsible for distributing the Official Statement to its syndicate members. The successful bidder will be required to promptly provide pricing information on the date the bid is awarded necessary for the State to complete the Official Statement.

CONTINUING DISCLOSURE

In order to assist bidders in complying with Rule 15c2-12(b)(5), the State will undertake, pursuant to an agreement (the “Continuing Disclosure Agreement”), to provide annual reports and notices of certain events. A description of and a copy of the proposed form of the Continuing Disclosure Agreement are set forth in the Preliminary Official Statement and will also be set forth in the Official Statement. The successful bidder agrees to electronically file the Official Statement with the MSRB by the closing date.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP identification numbers will be printed on the Series 2025A Tax-Exempt Bonds, but neither the failure to print such number on any Series 2025A Tax-Exempt Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Series 2025A Tax-Exempt Bonds. Public Resources Advisory Group (the “Financial Advisor”) will timely apply for CUSIP numbers with respect to the Series 2025A Tax-Exempt Bonds as required by MSRB Rule G-34. The initial Purchaser shall be responsible for the cost of assignment of such CUSIP numbers.

CLOSING DOCUMENTS

As a condition to the obligation of the successful bidder to accept delivery of and pay for the Series 2025A Tax-Exempt Bonds, the successful bidder will be furnished the following documents: (i) a copy of the Official Statement relating to the Series 2025A Tax-Exempt Bonds, dated as of the date of the award of the Series 2025A Tax-Exempt Bonds, and similar in form and substance in all material respects to the Preliminary Official Statement, as amended or supplemented to the date and time of the award of the Series 2025A Tax-Exempt Bonds (the “Official Statement”); (ii) a certificate signed by the Comptroller of the State of New York and dated as of the date of the delivery of and payment for the Series 2025A Tax-Exempt Bonds, certifying with respect to Parts I and III of the Official Statement, but not with respect to Part II of the Official Statement, that, as of the date of the Official Statement, Parts I and III of the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, subject to the condition that, while information in Parts I and III of the Official Statement obtained from sources other than the State is not certified as to accuracy, completeness or fairness, he has no reason to believe and does not believe that such information is materially inaccurate or misleading; (iii) a certificate signed by the Director of the Budget of the State of New York and dated as of the date of the delivery of and payment for the Series 2025A Tax-Exempt Bonds, certifying with respect to Part II of the Official Statement, but not with respect to Parts I and III of the Official Statement, that, as of the date of the Official Statement

furnished by the State in relation to the sale of the Series 2025A Tax-Exempt Bonds, and as of the date of such certificate, Part II of the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, subject to the condition that, while information in Part II of the Official Statement obtained from sources other than the State is not certified as to accuracy, completeness or fairness, he has no reason to believe and does not believe that such information is materially inaccurate or misleading, and subject to the further condition that with regard to the statements and information in Part II under the caption "Litigation" such statements and information as to legal matters are given to the best of his information and belief, having made such inquiries as he deems appropriate with the Department of Law of the State of New York, without further independent investigation; (iv) a certificate of the Comptroller, dated as of the date of delivery of and payment for the Series 2025A Tax-Exempt Bonds, certifying that the facsimile signature impressed upon the Series 2025A Tax-Exempt Bonds is his lawful signature, and constituting a receipt for the payment for the Series 2025A Tax-Exempt Bonds; (v) the Continuing Disclosure Agreement; and (vi) the approving opinion of the Attorney General of the State of New York as to the legality of the Series 2025A Tax-Exempt Bonds and the extent to which interest on the Series 2025A Tax-Exempt Bonds is exempt from Federal and State income taxes.

DELIVERY AND PAYMENT

The Series 2025A Tax-Exempt Bonds will be available for delivery through the facilities of DTC on or about March 26, 2025. The successful bidder will be required to make payment to the State Comptroller for the Series 2025A Tax-Exempt Bonds, upon delivery of the Series 2025A Tax-Exempt Bonds, by Federal Wire.

OTHER INFORMATION

Electronic copies of the Preliminary Official Statement, including the Notice of Sale are available on the Internet at www.munios.com.

Thomas P. DiNapoli, State Comptroller, Albany, New York

Dated: March 11, 2025

**STATE OF NEW YORK
GENERAL OBLIGATION BONDS**

**\$ _____
SERIES 2025A TAX-EXEMPT BONDS**

**FORM OF CERTIFICATE AS TO ISSUE PRICE
FOR QUALIFIED COMPETITIVE BID**

March 26, 2025

[NAME OF PURCHASER], as the winning bidder (the “Purchaser”), on behalf of itself and other Underwriters as defined below, in connection with the sale by the State of New York (the “State”) of its \$ _____ aggregate principal amount of Series 2025A Tax-Exempt General Obligation Bonds (the “Bonds”), pursuant to the Notice of Sale dated March 11, 2025, hereby certifies that it reasonably expected on the date the sale of the Bonds was awarded to it to reoffer the Bonds to the Public at the prices and/or yields set forth in ATTACHMENT I hereto (the “Initial Offering Prices”). The Initial Offering Prices are the prices used by the Purchaser in formulating its bid to purchase the Bonds. The Purchaser was not given the opportunity to review other bids submitted prior to submitting its bid. The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds. Attached hereto as ATTACHMENT II is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

For purposes of this certificate, the following definitions will apply:

“Public” means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a Related Party, as defined below, to an Underwriter.

“Related Party” means any entity if an Underwriter and such entity are subject, directly or indirectly, to (i) more than 50 percent (50%) common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50 percent (50%) common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50 percent (50%) common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

“Underwriter” means (i) any person that agrees pursuant to a written contract with the State (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third party distribution agreement participating in the initial sale of the Bonds to the Public).

We understand that the Attorney General of the State will rely upon this certificate, among other things, in providing an opinion with respect to the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned’s interpretation

of any laws; in particular the regulations under the Code, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this Certificate has been derived from other Underwriters who may be considered Related Parties to the Purchaser and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

Very truly yours,

[NAME OF PURCHASER]

By: _____

Name: _____

REOFFERING PRICES AND YIELDS OF MATURITIES TO THE PUBLIC

[List Maturities, Prices and Yields]

COPY OF BID

**STATE OF NEW YORK
GENERAL OBLIGATION BONDS**

\$ _____
SERIES 2025A TAX-EXEMPT BONDS

**FORM OF CERTIFICATE AS TO ISSUE PRICE
FOR NONQUALIFIED COMPETITIVE BID**

March 26, 2025

[NAME OF PURCHASER], as the winning bidder (the “Purchaser”), on behalf of itself and other Underwriters as defined below, in connection with the sale by the State of New York (the “State”) of its \$ _____ aggregate principal amount of Series 2025A Tax-Exempt General Obligation Bonds (the “Bonds”), pursuant to the Notice of Sale dated March 11, 2025, hereby certifies as set forth below.

1. *Sale of the General Rule Maturities.* For each Maturity of the General Rule Maturities, the first price at which 10% of such Maturity was sold by the Purchaser to the Public on the Sale Date is the respective price listed in ATTACHMENT I.

2. *Initial Offering Price of the Hold-the-Offering-Price Maturities.*

(a) The Purchaser offered the Hold-the-Offering Price Maturities to the Public for purchase at the respective initial offering prices listed in ATTACHMENT I (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as ATTACHMENT II.

(b) As described in the Notice of Sale and bid award, the Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to the foregoing, no Underwriter, including the Purchaser, has offered or sold any Maturity of the Hold-the-Offering Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. *Defined Terms.*

(a) “General Rule Maturities” means those Maturities of the Bonds shown in ATTACHMENT I hereto as the “General Rule Maturities.”

(b) “Hold-the-Offering-Price Maturities” means those Maturities of the Bonds listed in ATTACHMENT I hereto as the “Hold-the-Offering-Price Maturities.”

(c) “Holding Period” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale

Date, or (ii) the date on which the Purchaser or any Underwriter, has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) “Maturity” means Bonds with the same credit and payment terms, including the same stated interest rate. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(e) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(f) “Related Party” means any entity if an Underwriter and such entity are subject, directly or indirectly, to (i) more than 50 percent (50%) common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50 percent (50%) common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50 percent (50%) common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(g) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is March 18, 2025.

(h) “Underwriter” means (i) any person that agrees pursuant to a written contract with the State (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third party distribution agreement participating in the initial sale of the Bonds to the Public).

We understand that the Attorney General of the State will rely upon this certificate, among other things, in providing an opinion with respect to the exclusion from gross income of interest on the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned’s interpretation of any laws; in particular, the regulations under the Code, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this Certificate has been derived from other Underwriters who may be considered Related Parties to the Purchaser and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

[NAME OF PURCHASER]

By: _____

Name: _____

Title:

ACTUAL SALE PRICE OR EXPECTED OFFERING PRICE

(Attached)

COPY OF PRICING WIRE OR EQUIVALENT COMMUNICATION

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PART I - EXHIBIT F

NOTICE OF SALE FOR SERIES 2025B TAXABLE BONDS

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TAXABLE Bonds

TAXABLE Bonds

TAXABLE Bonds

TAXABLE Bonds

NOTICE OF SALE

**STATE OF NEW YORK
GENERAL OBLIGATION BONDS**

\$8,510,000*
SERIES 2025B TAXABLE BONDS

ELECTRONIC BIDS via S&P Global’s BiDCOMP™/PARITY® Competitive Bidding System (“BiDCOMP”) will be received by the Comptroller of the State of New York at his office located at 110 State Street, 15th Floor, Albany, NY 12236 until **11:15 A.M.** (New York Time), on:

March 18, 2025

At such times and location, the electronic bids received will be made publicly available, for the purchase of Series 2025B Taxable General Obligation Bonds of the State of New York (the “State”) in the principal amount of \$8,510,000* to be dated the date of delivery (the “Series 2025B Taxable Bonds”). Interest on the Series 2025B Taxable Bonds will be payable semi-annually on each March 15 and September 15, commencing September 15, 2025. The Series 2025B Taxable Bonds will be issued for the purposes and in the principal amounts as set forth below:

<u>Purpose</u>	<u>Amount*</u>
Clean Water/Clean Air	
Clean Water	\$ 590,081.37
Air Quality	33,885.23
Rebuild and Renew New York Transportation	
Aviation	280,669.64
Rails and Ports	56,488.52
Smart Schools	<u>7,548,875.24</u>
	<u>\$8,510,000.00</u>

PRINCIPAL AMORTIZATION*

Principal with respect to the Series 2025B Taxable Bonds will mature and will be paid on March 15, 2026, in the following amount:

<u>Maturing</u>	<u>Preliminary Annual</u>
<u>March 15*</u>	<u>Principal Amount*</u>
2026	\$8,510,000

* Preliminary, subject to amendment as set forth herein.

RIGHT TO AMEND

The State reserves the right to amend this Notice of Sale, including, but not limited to, the right to change the date of the bond sale, the aggregate principal amount of the Series 2025B Taxable Bonds and/or the annual principal amounts being offered. **ANY POSTPONEMENT OF THE DATE AND TIME ESTABLISHED FOR THE RECEIPT OF BIDS WILL BE ANNOUNCED BY MEANS OF A SUPPLEMENT TO THIS NOTICE OF SALE TO BE POSTED ON MUNIOS (www.munios.com) NOT LATER THAN 10:15 A.M. (NEW YORK TIME) ON THE DAY OF THE SALE.**

The preliminary aggregate principal amounts and the preliminary annual principal amounts as set forth above in this Notice of Sale (the “Preliminary Amounts”) may be revised before the opening of bids for the purchase of the Series 2025B Taxable Bonds. Any such revisions (the “Revised Aggregate Principal Amount” and the “Revised Annual Principal Amounts,” respectively; collectively, the “Revised Amounts”) **WILL BE ANNOUNCED BY MEANS OF A SUPPLEMENT TO THIS NOTICE OF SALE TO BE POSTED ON MUNIOS (www.munios.com) NOT LATER THAN 10:15 A.M. (NEW YORK TIME) ON THE DAY OF THE SALE.** In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. **BIDDERS SHALL SUBMIT BIDS BASED ON THE REVISED AMOUNTS.**

After selecting the winning bid, the Comptroller will determine the final aggregate principal amount of the Series 2025B Taxable Bonds and each final annual principal amount (the “Final Aggregate Principal Amount” and the “Final Annual Principal Amounts,” respectively; collectively, the “Final Amounts”). In determining the Final Amounts, the Comptroller will not reduce or increase the Revised Aggregate Principal Amount by more than 15 percent of such amount. **THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS WITHIN THESE LIMITS.** The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the aggregate principal amount of the Series 2025B Taxable Bonds. Such adjusted bid price will reflect changes in the dollar amount of the underwriters’ discount and original issue discount/premium, if any, but will not change the selling compensation per \$1,000 of par amount of Series 2025B Taxable Bonds from the selling compensation that would have been received based on the purchase price of the winning bid and the initial public offering prices. The interest rate specified by the successful bidder for each maturity at the Initial Reoffering Price for such maturity will not change. The Final Amounts and the adjusted purchase price for the Series 2025B Taxable Bonds will be communicated to the respective successful bidders as soon as possible, but no later than 4:00 p.m. (New York Time) on the day of the sale.

MINORITY / WOMEN / SERVICE-DISABLED VETERAN-OWNED BUSINESS ENTERPRISES

It is the policy of the Office of the State Comptroller that consideration be given to firms which are minority-owned business enterprises, women-owned business enterprises, and service-disabled veteran-owned business enterprises. The Office of the State Comptroller requests and strongly urges bidders to include such firms in their management group or syndicate and to allocate bonds accordingly. The Office of the State Comptroller may request a report of the winning bidder showing the portion of the issue that was allocated to such firms.

THE SERIES 2025B TAXABLE BONDS

The Series 2025B Taxable Bonds will be issued pursuant to Article VII, Sections 11 and 12 of the Constitution of the State and Sections 56, 57 and 61 of the State Finance Law.

The Series 2025B Taxable Bonds will be general obligations of the State, and the full faith and credit of the State will be pledged to the payment of the principal of and interest on the Series 2025B Taxable Bonds as they become due. The State Constitution provides that the Legislature shall annually provide by appropriation for the payment of the interest upon and installments of principal of all bonds of the State as the same shall fall due, including contributions to all sinking funds for such bonds. It further provides that if at any time the Legislature fails to make this appropriation the Comptroller shall set apart from the first revenues thereafter received, applicable to the General Fund of the State, a sum sufficient to pay such interest, installments of principal, or contributions to such sinking funds, as the case may be, and shall apply moneys thus set apart. The Comptroller may be required to set aside and apply such revenues at the suit of any holder of such bonds.

The Series 2025B Taxable Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, NY (“DTC”) which will act as securities depository for the Series 2025B Taxable Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2025B Taxable Bonds purchased. Beneficial ownership interests in the Series 2025B Taxable Bonds in the amount of \$5,000 or any integral multiple thereof may be purchased by or through DTC Participants. Interest will be payable semi-annually beginning on September 15, 2025 and on each March 15 and September 15 thereafter until maturity.

NO OPTIONAL REDEMPTION PRIOR TO MATURITY

The Series 2025B Taxable Bonds are not subject to optional redemption by the State prior to maturity.

BOND INSURANCE

The State has not contracted for the issuance of any policy of municipal bond insurance for the Series 2025B Taxable Bonds. If the Series 2025B Taxable Bonds qualify for any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the successful bidder, and any increased costs of issuance or delivery of the Series 2025B Taxable Bonds resulting by reason of such insurance or commitment shall be assumed by such bidder. Bids shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Series 2025B Taxable Bonds to be so insured or of any such policy or commitment to be issued, or any rating downgrade or other material event occurring relating to the issuer of any such policy or commitment, shall not in any way relieve the successful bidder of its contractual obligations arising from the acceptance of its bid for the purchase of the Series 2025B Taxable Bonds.

PROPOSALS

Each bid must be for all and not part of the Series 2025B Taxable Bonds and must name the rate or rates of interest which the Series 2025B Taxable Bonds are to bear. The bids shall comply with the following conditions: (1) Each interest rate specified in any bid must be a multiple of 1/1000 of one percent (1%); (2) No Series 2025B Taxable Bond shall bear more than one rate of interest; (3) Each Series 2025B Taxable Bond shall bear interest from its date to its stated maturity date at the interest rate specified in the bid; and (4) All Series 2025B Taxable Bonds maturing at any one time shall bear the same rate of interest. All bids must be for no less than 99.5 percent of the par value of the Revised Aggregate Principal Amount of the Series 2025B Taxable Bonds. Bids must be submitted via BiDCOMP.

BASIS OF AWARD

The award of the Series 2025B Taxable Bonds, if any, will be made to the bidder complying with the terms of sale and offering to purchase the Series 2025B Taxable Bonds at the lowest true interest cost to the State,

calculated by the State, based on the Revised Amounts described above. True interest cost shall be determined for each bid by doubling the semi-annual interest rate, compounded semi-annually, necessary to discount the debt service payments (interest, or principal and interest, as due, including any mandatory redemptions) from the payment dates to the dated date, which is the delivery date, expected to be on or about March 26, 2025, and to the price bid. If more than one bid offers the same lowest true interest cost, the Series 2025B Taxable Bonds shall be awarded to one of such bidders based upon which bid was received first. Each bidder shall include in its bid a statement of true interest cost offered in its bid, but this statement shall not be deemed to be part of the bid.

ELECTRONIC BIDDING AND BIDDING PROCEDURES

Prospective bidders must be contracted customers of BiDCOMP. If you do not have a contract with BiDCOMP, call (212) 849-5021 to become a customer. By submitting a bid of the Series 2025B Taxable Bonds, a prospective bidder represents and warrants to the State that such bidder's bid for the purchase of the Series 2025B Taxable Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Series 2025B Taxable Bonds. By contracting with BiDCOMP, a prospective bidder is not obligated to submit a bid in connection with the sale.

If any provisions of this Notice of Sale conflict with information provided by BiDCOMP as approved provider of electronic bidding services, this Notice of Sale shall control. Further information about BiDCOMP, including any fee charged, may be obtained from BiDCOMP, 55 Water Street, New York, NY 10041, Attention: Francesco Nuccio, (212) 849-5021. Additional information concerning bidding through the BiDCOMP system may be obtained by calling (212) 849-5021.

Bids must be submitted for the purchase of the Series 2025B Taxable Bonds by means of the State's Bid Form (the "Bid Form") via PARITY[®] electronically on **March 18, 2025** by **11:15 A.M.**, New York Time, unless postponed as described herein. Prior to these times, a prospective bidder may input and save the proposed terms of its bid in BiDCOMP. Once the final bid has been saved in BiDCOMP, the bidder may select the final bid button in BiDCOMP to submit the bid to PARITY[®]. Once the bids are communicated electronically via PARITY[®] to the State and the respective sale time has passed, each bid will constitute an irrevocable offer to purchase the Series 2025B Taxable Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on BiDCOMP shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the State represented by the rate or rates of interest and the bid price specified in their respective bids. No bid will be received after the time for receiving such bids specified above. Instructions to submit a bid via BiDCOMP are included in the Preliminary Official Statement.

DISCLAIMER

Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access BiDCOMP for purposes of submitting its bid in a timely manner and in compliance with the requirements of the Notice of Sale. Neither the State nor BiDCOMP shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the State nor BiDCOMP shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by Parity. The State is using Parity as a communication mechanism, and not as the State's agent, to conduct the electronic bidding for the Series 2025B Taxable Bonds. The State is not bound by any advice and determination of BiDCOMP to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the specifications under "Proposals" set forth above. All costs and expenses incurred by prospective bidders in connection

with their registration and submission of bids via Parity are the sole responsibility of the bidders; and the State is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying or withdrawing a bid for the Series 2025B Taxable Bonds, it should telephone BiDCOMP and also notify the Office of the State Comptroller's Office of Budget Policy and Analysis by email at debtmanagement@osc.ny.gov.

GOOD FAITH DEPOSIT

Good Faith Deposit

A good faith deposit in the amount of \$100,000.00 (the "Deposit") is required in connection with the sale and bid for the Series 2025B Taxable Bonds. The Deposit will be provided for by Federal funds wire transfers to be submitted to the Office of the State Comptroller by the successful bidder not later than 3:00 p.m. (New York Time) on the date of sale (the "Wire Transfer Deadline") as set forth below under "Wire Transfers." The Deposit of the successful bidder will be collected and the proceeds thereof retained by the Office of the State Comptroller to be applied in partial payment for the Series 2025B Taxable Bonds, and no interest will be allowed or paid upon the amount thereof.

Wire Transfers

The Office of the State Comptroller will distribute wiring instructions for the Deposit to the successful bidder upon verification of the bids submitted by the bidder and prior to the Wire Transfer Deadline. If the Deposit is not received by the Wire Transfer Deadline, the award of the sale of Series 2025B Taxable Bonds to the successful bidder may be cancelled by the Office of the State Comptroller in its discretion without any financial liability of the Office of the State Comptroller to the successful bidder or any limitation whatsoever on the Office of the State Comptroller's right to sell the Series 2025B Taxable Bonds to a different purchaser upon such terms and conditions as the Office of the State Comptroller shall deem appropriate.

RIGHT OF REJECTION

The Comptroller reserves the right to reject any or all bids.

SERIAL BONDS

The Series 2025B Taxable Bonds will be issued as serial bonds.

REOFFERING AND SALE OF THE SERIES 2025B TAXABLE BONDS TO PUBLIC

Compliance with Laws

By submitting a bid, each initial purchaser agrees to comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Series 2025B Taxable Bonds or possesses or distributes the Official Statement or any other offering or publicity material relating to the Series 2025B Taxable Bonds and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Series 2025B Taxable Bonds under the laws and regulations in force in any country or jurisdiction to which it is subject or in which it makes such purchases, offers or sales and the State shall have no responsibility therefor.

OFFICIAL STATEMENT

The Preliminary Official Statement, dated March 11, 2025 (the “Preliminary Official Statement”), issued by the State in connection with the sale of its Series 2025A Tax-Exempt General Obligation Bonds, the Series 2025B Taxable Bonds and its Series 2025C Tax-Exempt Refunding General Obligation Bonds (collectively, the “Bonds”), has been deemed final by the State as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”), except for certain permitted omissions described in paragraph (b) (1) of Rule 15c2-12, but is subject to change without notice and to completion or amendment or supplementation in the Official Statement.

The State is distributing copies of the Preliminary Official Statement to potential bidders electronically through MuniOS. Potential bidders may also obtain an electronic copy of the Preliminary Official Statement by logging onto the website for MuniOS at “www.munios.com”.

After the sale of the Series 2025B Taxable Bonds, the State will provide the successful bidder with an electronic copy of the Official Statement within seven (7) business days of the award of the Series 2025B Taxable Bonds. The successful bidder is responsible for distributing the Official Statement to its syndicate members. The successful bidder will be required to promptly provide pricing information on the date the bid is awarded necessary for the State to complete the Official Statement.

CONTINUING DISCLOSURE

In order to assist bidders in complying with Rule 15c2-12(b)(5), the State will undertake, pursuant to an agreement (the “Continuing Disclosure Agreement”), to provide annual reports and notices of certain events. A description of and a copy of the proposed form of Continuing Disclosure Agreement are set forth in the Preliminary Official Statement and will also be set forth in the Official Statement. The successful bidder agrees to electronically file the Official Statement with the MSRB by the closing date.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP identification numbers will be printed on the Series 2025B Taxable Bonds, but neither the failure to print such number on any Series 2025B Taxable Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchasers thereof to accept delivery of and pay for the Series 2025B Taxable Bonds. Public Resources Advisory Group (the “Financial Advisor”) will timely apply for CUSIP numbers with respect to the Series 2025B Taxable Bonds as required by MSRB Rule G-34. The initial Purchaser shall be responsible for the cost of assignment of such CUSIP numbers.

CLOSING DOCUMENTS

As a condition to the obligation of the successful bidder to accept delivery of and pay for the Series 2025B Taxable Bonds, such successful bidder will be furnished the following documents: (i) a copy of the Official Statement relating to the Series 2025B Taxable Bonds, dated as of the date of the award of the Series 2025B Taxable Bonds and similar in form and substance in all material respects to the Preliminary Official Statement, as amended or supplemented to the date and time of the award of the Series 2025B Taxable Bonds (the “Official Statement”); (ii) a certificate signed by the Comptroller of the State of New York and dated as of the date of the delivery of and payment for the Series 2025B Taxable Bonds, certifying with respect to Parts I and III of the Official Statement, but not with respect to Part II of the Official Statement, that, as of the date of the Official Statement, Parts I and III of the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, subject to the condition that, while information in Parts I and III of the Official Statement obtained from sources other than the State is

not certified as to accuracy, completeness or fairness, he has no reason to believe and does not believe that such information is materially inaccurate or misleading; (iii) a certificate signed by the Director of the Budget of the State of New York and dated as of the date of the delivery of and payment for the Series 2025B Taxable Bonds, certifying with respect to Part II of the Official Statement, but not with respect to Parts I and III of the Official Statement, that, as of the date of the Official Statement furnished by the State in relation to the sale of the Series 2025B Taxable Bonds, and as of the date of such certificate, Part II of the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, subject to the condition that, while information in Part II of the Official Statement obtained from sources other than the State is not certified as to accuracy, completeness or fairness, he has no reason to believe and does not believe that such information is materially inaccurate or misleading, and subject to the further condition that with regard to the statements and information in Part II under the caption "Litigation" such statements and information as to legal matters are given to the best of his information and belief, having made such inquiries as he deems appropriate with the Department of Law of the State of New York, without further independent investigation; (iv) a certificate of the Comptroller, dated as of the date of delivery of and payment for the Series 2025B Taxable Bonds, certifying that the facsimile signature impressed upon the Series 2025B Taxable Bonds is his lawful signature, and constituting a receipt for the payment for the Series 2025B Taxable Bonds; (v) the Continuing Disclosure Agreement; and (vi) the approving opinion of the Attorney General of the State of New York as to the legality of the Series 2025B Taxable Bonds.

DELIVERY AND PAYMENT

The Series 2025B Taxable Bonds will be available for delivery through the facilities of DTC on or about March 26, 2025. The successful bidder will be required to make payment to the State Comptroller for the Series 2025B Taxable Bonds, upon delivery of such Series 2025B Taxable Bonds, by Federal Wire.

OTHER INFORMATION

Electronic copies of the Preliminary Official Statement, including the Notice of Sale are available on the Internet at "www.munios.com."

Thomas P. DiNapoli, State Comptroller, Albany, New York

Dated: March 11, 2025

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PART I - EXHIBIT G

NOTICE OF SALE FOR SERIES 2025C TAX-EXEMPT REFUNDING BONDS

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NOTICE OF SALE

**STATE OF NEW YORK
GENERAL OBLIGATION BONDS**

\$193,350,000*

SERIES 2025C TAX-EXEMPT REFUNDING BONDS

ELECTRONIC BIDS via S&P Global’s BiDCOMP™/PARITY® Competitive Bidding System (“BiDCOMP”) will be received by the Comptroller of the State of New York at his office located at 110 State Street, 15th Floor, Albany, NY 12236 until **10:45 A.M.** (New York Time), on:

March 18, 2025

At such time and location the electronic bids received will be made publicly available, for the purchase of Series 2025C Tax-Exempt Refunding General Obligation Bonds of the State of New York (the “State”) in the principal amount of \$193,350,000* to be dated the date of delivery (the “Series 2025C Tax-Exempt Refunding Bonds”). Interest on the Series 2025C Tax-Exempt Refunding Bonds will be payable semi-annually on each March 15 and September 15, commencing September 15, 2025.

PRINCIPAL AMORTIZATION*

Principal with respect to Series 2025C Tax-Exempt Refunding Bonds will mature and sinking fund installments with respect to Series 2025C Tax-Exempt Refunding Bonds to be issued as term bonds, if any, will be paid on March 15, in the following years and amounts:

<u>Maturing March 15*</u>	<u>Preliminary Annual Principal Amount*</u>	<u>Maturing March 15*</u>	<u>Preliminary Annual Principal Amount*</u>
2026	\$18,205,000	2034	\$11,995,000
2027	\$18,895,000	2035	\$11,405,000
2028	\$20,085,000	2036	\$ 6,315,000
2029	\$22,805,000	2037	\$ 5,435,000
2030	\$24,225,000	2038	\$ 5,810,000
2031	\$11,655,000	2039	\$ 6,220,000
2032	\$12,315,000	2040	\$ 6,645,000
2033	\$11,340,000		

RIGHT TO AMEND

The State reserves the right to amend this Notice of Sale, including, but not limited to, the right to change the date of the bond sale, the aggregate principal amount of the Series 2025C Tax-Exempt Refunding Bonds and/or the annual principal amounts thereof being offered. ANY POSTPONEMENT OF THE DATE AND TIME ESTABLISHED FOR THE RECEIPT OF BIDS WILL BE ANNOUNCED BY MEANS OF A SUPPLEMENT TO THIS NOTICE OF SALE TO BE POSTED ON MUNIOS (www.munios.com) **NOT LATER THAN 9:45 A.M. (NEW YORK TIME)** ON THE DAY OF THE SALE.

The preliminary aggregate principal amount of the Series 2025C Tax-Exempt Refunding Bonds and the preliminary annual principal amounts as set forth above in this Notice of Sale (the “Preliminary Amounts”)

* Preliminary, subject to amendment as set forth herein.

may be revised before the opening of bids for the purchase of the Series 2025C Tax-Exempt Refunding Bonds. Any such revisions (the “Revised Aggregate Principal Amount” and the “Revised Annual Principal Amounts,” respectively; collectively, the “Revised Amounts”) WILL BE ANNOUNCED BY MEANS OF A SUPPLEMENT TO THIS NOTICE OF SALE TO BE POSTED ON MUNIOS (www.munios.com) **NOT LATER THAN 9:45 A.M. (NEW YORK TIME) ON THE DAY OF THE SALE.** In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. **BIDDERS SHALL SUBMIT BIDS BASED ON THE REVISED AMOUNTS.**

After selecting the winning bid, the Comptroller will determine the final aggregate principal amount of the Series 2025C Tax-Exempt Refunding Bonds and each final annual principal amount (the “Final Aggregate Principal Amount” and the “Final Annual Principal Amounts,” respectively; collectively, the “Final Amounts”). The determination will be made in order to meet the State’s refunding goals. In determining the Final Amounts, the Comptroller will not reduce or increase the Revised Aggregate Principal Amount by more than 15 percent of such amount. **THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS WITHIN THESE LIMITS.** The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the aggregate principal amount of the Series 2025C Tax-Exempt Refunding Bonds. Such adjusted bid price will reflect changes in the dollar amount of the underwriters discount and original issue discount/premium, if any, but will not change the selling compensation per \$1,000 of par amount of Series 2025C Tax-Exempt Refunding Bonds from the selling compensation that would have been received based on the purchase price of the winning bid and the initial public offering prices. The interest rate specified by the successful bidder for each maturity at the Initial Reoffering Price for such maturity will not change. The Final Amounts and the adjusted purchase price will be communicated to the successful bidder as soon as possible, but no later than 4:00 p.m. (New York Time) on the day of the sale.

MINORITY / WOMEN / SERVICE-DISABLED VETERAN-OWNED BUSINESS ENTERPRISES

It is the policy of the Office of the State Comptroller that consideration be given to firms which are minority-owned business enterprises, women-owned business enterprises, and service-disabled veteran-owned business enterprises. The Office of the State Comptroller requests and strongly urges bidders to include such firms in their management group or syndicate and to allocate bonds accordingly. The Office of the State Comptroller may request a report of the winning bidder showing the portion of the issue that was allocated to such firms.

THE SERIES 2025C TAX-EXEMPT REFUNDING BONDS

The Series 2025C Tax-Exempt Refunding Bonds will be issued pursuant to Article VII, Section 13 of the Constitution of the State and Sections 56 and 57 of the State Finance Law.

The Series 2025C Tax-Exempt Refunding Bonds will be general obligations of the State, and the full faith and credit of the State will be pledged to the payment of the principal of and interest on the Series 2025C Tax-Exempt Refunding Bonds as they become due. The State Constitution provides that the Legislature shall annually provide by appropriation for the payment of the interest upon and installments of principal of all bonds of the State as the same shall fall due including contributions to all sinking funds for such bonds. It further provides that if at any time the Legislature fails to make this appropriation the Comptroller shall set apart from the first revenues thereafter received, applicable to the General Fund of the State, a sum sufficient to pay such interest, installments of principal, or contributions to such sinking funds, as the case may be, and shall apply moneys thus set apart. The Comptroller may be required to set aside and apply such revenues at the suit of any holder of such bonds.

The Series 2025C Tax-Exempt Refunding Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, NY (“DTC”) which will act as securities depository for the Series 2025C Tax-Exempt Refunding Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2025C Tax-Exempt Refunding Bonds purchased. Beneficial ownership interests in the Series 2025C Tax-Exempt Refunding Bonds in the amount of \$5,000 or any integral multiple thereof may be purchased by or through DTC Participants. Interest will be payable beginning on September 15, 2025 and semi-annually on each March 15 and September 15 thereafter until maturity.

OPTIONAL REDEMPTION PRIOR TO MATURITY

The Comptroller reserves to the State the right to redeem, on and after March 15, 2035, the Series 2025C Tax-Exempt Refunding Bonds maturing on and after March 15, 2036 and then outstanding, in whole or in part, at any time, priority among maturities to be directed by the State, and by lot, to be chosen by DTC or any successor and its Participants, within a maturity at par plus accrued interest to the date fixed for redemption. The State will give notice of any such redemption, to the registered owners of the Series 2025C Tax-Exempt Refunding Bonds to be redeemed at their addresses as they appear in the registration books of the State or its fiscal agent, not less than twenty nor more than sixty days prior to the redemption. So long as all of the Series 2025C Tax-Exempt Refunding Bonds remain immobilized in the custody of DTC, any such notice of redemption of any Series 2025C Tax-Exempt Refunding Bond will be delivered only to DTC. DTC is responsible for notifying DTC Participants of such redemption and DTC Participants and Indirect Participants are responsible for notifying Beneficial Owners of such redemption. The State is not responsible for sending notices to Beneficial Owners. Interest will cease to accrue on the Series 2025C Tax-Exempt Refunding Bonds called for redemption from and after the date fixed for redemption thereof.

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

BOND INSURANCE

The State has not contracted for the issuance of any policy of municipal bond insurance for the Series 2025C Tax-Exempt Refunding Bonds. If the Series 2025C Tax-Exempt Refunding Bonds qualify for any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the successful bidder, and any increased costs of issuance or delivery of the Series 2025C Tax-Exempt Refunding Bonds resulting by reason of such insurance or commitment shall be assumed by such bidder. Bids shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Series 2025C Tax-Exempt Refunding Bonds to be so insured or of any such policy or commitment to be issued, or any rating downgrade or other material event occurring relating to the issuer of any such policy or commitment, shall not in any way relieve the successful bidder of its contractual obligations arising from the acceptance of its bid for the purchase of the Series 2025C Tax-Exempt Refunding Bonds.

PROPOSALS

Each bid must be for all and not part of the entire \$193,350,000* of Series 2025C Tax-Exempt Refunding Bonds. The rate of interest for each maturity of the Series 2025C Tax-Exempt Refunding Bonds shall be five percent (5%). All bids must be for no less than 100 percent of the par value of the Revised Aggregate Principal Amount of the Series 2025C Tax-Exempt Refunding Bonds. Bids must be submitted via BiDCOMP.

BASIS OF AWARD

The award, if any, will be made to the bidder complying with the terms of sale and offering to purchase the Series 2025C Tax-Exempt Refunding Bonds at the lowest true interest cost to the State, calculated by the State, based on the Revised Amounts described above. True interest cost shall be determined for each bid by doubling the semi-annual interest rate, compounded semi-annually, necessary to discount the debt service payments (interest, or principal and interest, as due, including any mandatory redemptions) from the payment dates to the dated date, which is the delivery date, expected to be on or about March 26, 2025, and to the price bid. If more than one bid offers the same lowest true interest cost, The Series 2025C Tax-Exempt Refunding Bonds shall be awarded to one of such bidders based upon which bid was received first. Each bidder shall include in its bid a statement of true interest cost offered in its bid, but this statement shall not be deemed to be part of the bid.

ELECTRONIC BIDDING AND BIDDING PROCEDURES

Prospective bidders must be contracted customers of BiDCOMP. If you do not have a contract with BiDCOMP, call (212) 849-5021 to become a customer. By submitting a bid for the Series 2025C Tax-Exempt Refunding Bonds, a prospective bidder represents and warrants to the State that such bidder's bid for the purchase of the Series 2025C Tax-Exempt Refunding Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Series 2025C Tax-Exempt Refunding Bonds. By contracting with BiDCOMP, a prospective bidder is not obligated to submit a bid in connection with the sale.

If any provisions of this Notice of Sale conflict with information provided by BiDCOMP as approved provider of electronic bidding services, this Notice of Sale shall control. Further information about BiDCOMP, including any fee charged, may be obtained from BiDCOMP, 55 Water Street, New York, NY 10041, Attention: Francesco Nuccio, (212) 849-5021. Additional information concerning bidding through the BiDCOMP system may be obtained by calling (212) 849-5021.

Bids must be submitted for the purchase of the Series 2025C Tax-Exempt Refunding Bonds by means of the State's Bid Form (the "Bid Form") via PARITY® electronically by **10:45 A.M.**, New York Time, on **March 18, 2025** unless postponed as described herein. Prior to that time, a prospective bidder may input and save the proposed terms of its bid in BiDCOMP. Once the final bid has been saved in BiDCOMP, the bidder may select the final bid button in BiDCOMP to submit the bid to PARITY®. Once the bids are communicated electronically via PARITY® to the State and the sale time has passed (**10:45 A.M.**, New York Time), each bid will constitute an irrevocable offer to purchase the Series 2025C Tax-Exempt Refunding Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on BiDCOMP shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the State represented by the rate of interest and the bid price specified in their respective bids. No bid will be received after the time for receiving such bids

* Preliminary, subject to amendment as set forth herein.

specified above. Instructions to submit a bid via BiDCOMP are included in the Preliminary Official Statement.

DISCLAIMER

Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access BiDCOMP for purposes of submitting its bid in a timely manner and in compliance with the requirements of the Notice of Sale. Neither the State nor BiDCOMP shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the State nor BiDCOMP shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by PARITY®. The State is using PARITY® as a communication mechanism, and not as the State's agent, to conduct the electronic bidding for the Series 2025C Tax-Exempt Refunding Bonds. The State is not bound by any advice and determination of BiDCOMP to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the specifications under "Proposals" set forth above. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via PARITY® are the sole responsibility of the bidders; and the State is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying or withdrawing a bid for the Series 2025C Tax-Exempt Refunding Bonds, it should telephone BiDCOMP and also notify the Office of the State Comptroller's Office of Budget Policy and Analysis by email at debtmanagement@osc.ny.gov.

GOOD FAITH DEPOSIT

Good Faith Deposit

A good faith deposit in the amount of \$1,600,000.00 (the "Deposit") is required in connection with the sale and bid for the Series 2025C Tax-Exempt Refunding Bonds. The Deposit will be provided for by a Federal funds wire transfer to be submitted to the Office of the State Comptroller by the successful bidder not later than 3:00 p.m. (New York Time) on the date of sale (the "Wire Transfer Deadline") as set forth below under "Wire Transfers." The Deposit of the successful bidder will be collected and the proceeds thereof retained by the Office of the State Comptroller to be applied in partial payment for the Series 2025C Tax-Exempt Refunding Bonds and no interest will be allowed or paid upon the amount thereof.

Wire Transfers

The Office of the State Comptroller will distribute wiring instructions for the Deposit to the successful bidder upon verification of the bids submitted by the bidders and prior to the Wire Transfer Deadline. If the Deposit is not received by the Wire Transfer Deadline, the award of the sale of the Series 2025C Tax-Exempt Refunding Bonds to the successful bidder may be cancelled by the Office of the State Comptroller in its discretion without any financial liability of the Office of the State Comptroller to the successful bidder or any limitation whatsoever on the Office of the State Comptroller's right to sell the Series 2025C Tax-Exempt Refunding Bonds to a different purchaser upon such terms and conditions as the Office of the State Comptroller shall deem appropriate.

RIGHT OF REJECTION

The Comptroller reserves the right to reject any or all bids.

SERIAL BONDS, TERM BONDS AND MANDATORY REDEMPTION

The successful bidder may provide in the bid form for all of the Series 2025C Tax-Exempt Refunding Bonds to be issued as serial bonds or may designate consecutive annual principal amounts of the Series 2025C Tax-Exempt Refunding Bonds to be combined into one or more term bonds. Each such term bond shall be subject to mandatory redemption on March 15 of the first year which has been combined to form such term bond and on March 15 in each year thereafter until the stated maturity date of that term bond. The amount redeemed in any year shall be equal to the principal amount for such year set forth in the appropriate amortization schedule, as adjusted in accordance with the provisions described above under the caption "Right to Amend." Series 2025C Tax-Exempt Refunding Bonds to be redeemed in any year by mandatory redemption shall be redeemed at par and shall be selected by lot from among the Series 2025C Tax-Exempt Refunding Bonds of the same maturity.

COMPLIANCE WITH LAWS

By submitting a bid, each initial purchaser agrees to comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Series 2025C Tax-Exempt Refunding Bonds or possesses or distributes the Official Statement or any other offering or publicity material relating to the Series 2025C Tax-Exempt Refunding Bonds and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Series 2025C Tax-Exempt Refunding Bonds under the laws and regulations in force in any country or jurisdiction to which it is subject or in which it makes such purchases, offers or sales and the State shall have no responsibility therefor.

REOFFERING AND SALE OF BONDS TO THE PUBLIC

The State expects and intends that the bid for the Series 2025C Tax-Exempt Refunding Bonds will satisfy the competitive sale requirements under provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Series 2025C Tax-Exempt Refunding Bonds), including, among other things, receipt of bids for the Series 2025C Tax-Exempt Refunding Bonds from at least three underwriters, who have established industry reputations for underwriting new issuances of municipal bonds (a "Qualified Competitive Bid"). The State will advise the successful bidder of the Series 2025C Tax-Exempt Refunding Bonds as promptly as possible after the bids are opened whether the bid constitutes a Qualified Competitive Bid, or, in the alternative, a bid that fails to satisfy such requirements (a "Nonqualified Competitive Bid"). If an initial sale of the Series 2025C Tax-Exempt Refunding Bonds is a Qualified Competitive Bid, the winning bidder will be required to provide a certificate in the form attached as Exhibit A, which requires a certification as to the reasonably expected reoffering price to the public, among other things. If an initial sale of the Series 2025C Tax-Exempt Refunding Bonds is a Nonqualified Competitive Bid, the winning bidder will be required to provide a certificate in the form attached as Exhibit B, which requires a certification as to either (i) the first price at which 10% of each maturity of the purchased bonds was sold to the public as of the sale date, or (ii) the reasonably expected initial offering price to the public and a certification that the purchaser and any underwriters did not offer or sell any of the purchased bonds of each maturity to any person at a price that is higher than the initial offering price of such maturity for up to five business days from the sale date, as further described in the certificate. It is noted that procedures for a Nonqualified Competitive Bid may require the winning bidder of the Series 2025C Tax-Exempt Refunding Bonds to hold the initial offering prices for certain maturities of the Series 2025C Tax-Exempt Refunding Bonds for up to five business days after the sale date, as further specified in the form of such certification. By accepting the award of the Series 2025C Tax-Exempt Refunding Bonds, the initial purchaser of such Series 2025C Tax-Exempt Refunding Bonds agrees to execute the Certificate as to Issue Price attached hereto as Exhibit A for Qualified Competitive Bids and Exhibit B for Nonqualified Competitive Bids not later than 4:00 P.M. (New York time) on the business day prior to the closing of the Series 2025C Tax-Exempt Refunding Bonds.

The initial purchaser will also be required to provide to the State such additional information as may be requested by the State. For this purpose, sale of the Series 2025C Tax-Exempt Refunding Bonds to other underwriters or related parties will not be considered sales to the Public (as defined in the Certificate as to Issue Price). If the Certificate as to Issue Price is sent by electronic transmission, a hard copy must also be sent by mail or courier service.

FAILURE TO DEMONSTRATE COMPLIANCE WITH THIS REQUIREMENT WITH RESPECT TO THE SERIES 2025C TAX-EXEMPT REFUNDING BONDS WILL CONSTITUTE A DEFAULT BY THE RESPECTIVE INITIAL PURCHASER, ENTITLING THE STATE TO RETAIN SUCH INITIAL PURCHASER'S DEPOSIT EVEN THOUGH IN SUCH EVENT THE STATE WILL NOT DELIVER THE SERIES 2025C TAX-EXEMPT REFUNDING BONDS TO SUCH INITIAL PURCHASER.

THE STATE, ITS FINANCIAL ADVISOR AND BOND COUNSEL WILL RELY ON THE CONTENTS OF THE CERTIFICATE AS TO ISSUE PRICE AND SUPPORTING DOCUMENTS PROVIDED BY THE PURCHASER IN DETERMINING THE ARBITRAGE YIELD ON THE SERIES 2025C TAX-EXEMPT REFUNDING BONDS.

OFFICIAL STATEMENT

The Preliminary Official Statement, dated March 11, 2025 (the "Preliminary Official Statement"), issued by the State in connection with the sale of its Series 2025A Tax-Exempt General Obligation Bonds, its Series 2025B Taxable General Obligation Bonds and its Series 2025C Tax-Exempt Refunding General Obligation Bonds (collectively, the "Bonds"), has been deemed final by the State as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), except for certain permitted omissions described in paragraph (b) (1) of Rule 15c2-12, but is subject to change without notice and to completion or amendment or supplementation in the Official Statement.

The State is distributing copies of the Preliminary Official Statement to potential bidders electronically through MuniOS. Potential bidders may also obtain an electronic copy of the Preliminary Official Statement by logging onto the website for MuniOS at "www.munios.com."

After the sale of the Series 2025C Tax-Exempt Refunding Bonds, the State will provide the successful bidder with an electronic copy of the Official Statement within seven (7) business days of the award of the Series 2025C Tax-Exempt Refunding Bonds. The successful bidder is responsible for distributing the Official Statement to its syndicate members. The successful bidder will be required to promptly provide pricing information on the date the bid is awarded necessary for the State to complete the Official Statement.

CONTINUING DISCLOSURE

In order to assist bidders in complying with Rule 15c2-12(b)(5), the State will undertake, pursuant to an agreement (the "Continuing Disclosure Agreement"), to provide annual reports and notices of certain events. A description of and a copy of the proposed form of the Continuing Disclosure Agreement are set forth in the Preliminary Official Statement and will also be set forth in the Official Statement. The successful bidder agrees to electronically file the Official Statement with the MSRB by the closing date.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP identification numbers will be printed on the Series 2025C Tax-Exempt Refunding Bonds, but neither the failure to print such number on any Series 2025C Tax-Exempt Refunding Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Series 2025C Tax-Exempt Refunding Bonds. Public Resources

Advisory Group (the “Financial Advisor”) will timely apply for CUSIP numbers with respect to the Series 2025C Tax-Exempt Refunding Bonds as required by MSRB Rule G-34. The initial Purchaser shall be responsible for the cost of assignment of such CUSIP numbers.

CLOSING DOCUMENTS

As a condition to the obligation of the successful bidder to accept delivery of and pay for the Series 2025C Tax-Exempt Refunding Bonds, the successful bidder will be furnished the following documents: (i) a copy of the Official Statement relating to the Series 2025C Tax-Exempt Refunding Bonds, dated as of the date of the award of the Series 2025C Tax-Exempt Refunding Bonds, and similar in form and substance in all material respects to the Preliminary Official Statement, as amended or supplemented to the date and time of the award of the Series 2025C Tax-Exempt Refunding Bonds (the “Official Statement”); (ii) a certificate signed by the Comptroller of the State of New York and dated as of the date of the delivery of and payment for the Series 2025C Tax-Exempt Refunding Bonds, certifying with respect to Parts I and III of the Official Statement, but not with respect to Part II of the Official Statement, that, as of the date of the Official Statement, Parts I and III of the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, subject to the condition that, while information in Parts I and III of the Official Statement obtained from sources other than the State is not certified as to accuracy, completeness or fairness, he has no reason to believe and does not believe that such information is materially inaccurate or misleading; (iii) a certificate signed by the Director of the Budget of the State of New York and dated as of the date of the delivery of and payment for the Series 2025C Tax-Exempt Refunding Bonds, certifying with respect to Part II of the Official Statement, but not with respect to Parts I and III of the Official Statement, that, as of the date of the Official Statement furnished by the State in relation to the sale of the Series 2025C Tax-Exempt Refunding Bonds, and as of the date of such certificate, Part II of the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, subject to the condition that, while information in Part II of the Official Statement obtained from sources other than the State is not certified as to accuracy, completeness or fairness, he has no reason to believe and does not believe that such information is materially inaccurate or misleading, and subject to the further condition that with regard to the statements and information in Part II under the caption “Litigation” such statements and information as to legal matters are given to the best of his information and belief, having made such inquiries as he deems appropriate with the Department of Law of the State of New York, without further independent investigation; (iv) a certificate of the Comptroller, dated as of the date of delivery of and payment for the Series 2025C Tax-Exempt Refunding Bonds, certifying that the facsimile signature impressed upon the Series 2025C Tax-Exempt Refunding Bonds is his lawful signature, and constituting a receipt for the payment for the Series 2025C Tax-Exempt Refunding Bonds; (v) the Continuing Disclosure Agreement; and (vi) the approving opinion of the Attorney General of the State of New York as to the legality of the Series 2025C Tax-Exempt Refunding Bonds and the extent to which interest on the Series 2025C Tax-Exempt Refunding Bonds is exempt from Federal and State income taxes.

DELIVERY AND PAYMENT

The Series 2025C Tax-Exempt Refunding Bonds will be available for delivery through the facilities of DTC on or about March 26, 2025. The successful bidder will be required to make payment to the State Comptroller for the Series 2025C Tax-Exempt Refunding Bonds, upon delivery of the Series 2025C Tax-Exempt Refunding Bonds, by Federal Wire.

OTHER INFORMATION

Electronic copies of the Preliminary Official Statement, including the Notice of Sale are available on the Internet at “www.munios.com.”

Thomas P. DiNapoli, State Comptroller, Albany, New York

Dated: March 11, 2025

**STATE OF NEW YORK
GENERAL OBLIGATION BONDS**

\$ _____
SERIES 2025C TAX-EXEMPT REFUNDING BONDS

**FORM OF CERTIFICATE AS TO ISSUE PRICE
FOR QUALIFIED COMPETITIVE BID**

March 26, 2025

[NAME OF PURCHASER], as the winning bidder (the “Purchaser”), on behalf of itself and other Underwriters as defined below, in connection with the sale by the State of New York (the “State”) of its \$_____ aggregate principal amount of Series 2025C Tax-Exempt Refunding General Obligation Bonds (the “Bonds”), pursuant to the Notice of Sale dated March 11, 2025, hereby certifies that it reasonably expected on the date the sale of the Bonds was awarded to it to reoffer the Bonds to the Public at the prices and/or yields set forth in ATTACHMENT I hereto (the “Initial Offering Prices”). The Initial Offering Prices are the prices used by the Purchaser in formulating its bid to purchase the Bonds. The Purchaser was not given the opportunity to review other bids submitted prior to submitting its bid. The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds. Attached hereto as ATTACHMENT II is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

For purposes of this certificate, the following definitions will apply:

“Public” means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an Underwriter or a Related Party, as defined below, to an Underwriter.

“Related Party” means any entity if an Underwriter and such entity are subject, directly or indirectly, to (i) more than 50 percent (50%) common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50 percent (50%) common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50 percent (50%) common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

“Underwriter” means (i) any person that agrees pursuant to a written contract with the State (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third party distribution agreement participating in the initial sale of the Bonds to the Public).

We understand that the Attorney General of the State will rely upon this certificate, among other things, in providing an opinion with respect to the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned’s interpretation of any laws; in particular the regulations under the Code, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based

on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this Certificate has been derived from other Underwriters who may be considered Related Parties to the Purchaser and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

Very truly yours,

[NAME OF PURCHASER]

By: _____

Name: _____

REOFFERING PRICES AND YIELDS OF MATURITIES TO THE PUBLIC

[List Maturities, Prices and Yields]

COPY OF BID

**STATE OF NEW YORK
GENERAL OBLIGATION BONDS**

**\$ _____
SERIES 2025C TAX-EXEMPT REFUNDING BONDS**

**FORM OF CERTIFICATE AS TO ISSUE PRICE
FOR NONQUALIFIED COMPETITIVE BID**

March 26, 2025

[NAME OF PURCHASER], as the winning bidder (the “Purchaser”), on behalf of itself and other Underwriters as defined below, in connection with the sale by the State of New York (the “State”) of its \$ _____ aggregate principal amount of Series 2025C Tax-Exempt Refunding General Obligation Bonds (the “Bonds”), pursuant to the Notice of Sale dated March 11, 2025, hereby certifies as set forth below.

1. *Sale of the General Rule Maturities.* For each Maturity of the General Rule Maturities, the first price at which 10% of such Maturity was sold by the Purchaser to the Public on the Sale Date is the respective price listed in ATTACHMENT I.

2. *Initial Offering Price of the Hold-the-Offering-Price Maturities.*

(a) The Purchaser offered the Hold-the-Offering Price Maturities to the Public for purchase at the respective initial offering prices listed in ATTACHMENT I (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as ATTACHMENT II.

(b) As described in the Notice of Sale and bid award, the Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to the foregoing, no Underwriter, including the Purchaser, has offered or sold any Maturity of the Hold-the-Offering Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. *Defined Terms.*

(a) “General Rule Maturities” means those Maturities of the Bonds shown in ATTACHMENT I hereto as the “General Rule Maturities.”

(b) “Hold-the-Offering-Price Maturities” means those Maturities of the Bonds listed in ATTACHMENT I hereto as the “Hold-the-Offering-Price Maturities.”

(c) “Holding Period” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale

Date, or (ii) the date on which the Purchaser or any Underwriter, has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) “Maturity” means Bonds with the same credit and payment terms, including the same stated interest rate. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(e) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(f) “Related Party” means any entity if an Underwriter and such entity are subject, directly or indirectly, to (i) more than 50 percent (50%) common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50 percent (50%) common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50 percent (50%) common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(g) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is March 18, 2025.

(h) “Underwriter” means (i) any person that agrees pursuant to a written contract with the State (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third party distribution agreement participating in the initial sale of the Bonds to the Public).

We understand that the Attorney General of the State will rely upon this certificate, among other things, in providing an opinion with respect to the exclusion from gross income of interest on the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned’s interpretation of any laws; in particular, the regulations under the Code, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this Certificate has been derived from other Underwriters who may be considered Related Parties to the Purchaser and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

[NAME OF PURCHASER]

By: _____

Name: _____

Title:

ACTUAL SALE PRICE OR EXPECTED OFFERING PRICE

(Attached)

COPY OF PRICING WIRE OR EQUIVALENT COMMUNICATION

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PART I - EXHIBIT H

INSTRUCTIONS TO SUBMIT A BID ELECTRONICALLY VIA BiDCOMP/PARITY

- You must be a contracted customer of S&P Global's BiDCOMP™/PARITY® Competitive Bidding System ("BiDCOMP"). If you do not have a contract with BiDCOMP, call (212) 849-5021 to become a customer.
- In BiDCOMP, select the New York State sale among the list of current sales.
- Go to the bid form screen. Keep notice of the time clock and be sure to read all bid specifications.
- Once you have created and saved a bid in BiDCOMP, click the final bid button in BiDCOMP to submit the bid to PARITY.
- Upon clicking the Final Bid button, the bidder will see a message box in BiDCOMP that states: "Do you want to submit this bid to PARITY? By submitting the bid electronically via PARITY, you represent and warrant that this bid for the purchase of the Bonds is submitted by the representative who is duly authorized to bind the bidder to a legal, valid, enforceable contract for the purchase of the Bonds. The Notice of Sale is incorporated herein by this reference." Click yes to submit the bid to PARITY.
- If during bid calculation BiDCOMP warns you that your current bid violates the bid parameters, please change your bid to meet bid specifications. The BiDCOMP system will submit bids which violate the bid parameters, but New York State does not intend to consider any bids that do not meet its parameters.
- You may choose to proceed with submission of the bid or choose to cancel the submission.
- Contact PARITY Customer Support at (212) 849-5021 with questions or problems.

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PART II

INFORMATION CONCERNING THE STATE OF NEW YORK

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

The AIS set forth in this Part II is dated May 24, 2024. It was updated on February 20, 2025. The AIS was filed with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system. An electronic copy of this AIS can be accessed through the EMMA system at www.emma.msrb.org. An official copy of the AIS may be obtained by contacting the Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 473-8705. An informational copy of the AIS is available on the Internet at <http://www.budget.ny.gov>.

The Basic Financial Statements and Other Supplementary Information for the State fiscal year ended March 31, 2024 were prepared by the Office of the State Comptroller in accordance with accounting principles generally accepted in the United States of America and independently audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Basic Financial Statements and Other Supplementary Information were issued on July 25, 2024 and are referred to or set forth herein. The Basic Financial Statements and Other Supplementary Information, which are included in the Comprehensive Annual Financial Report, may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 Tel: (518) 474-4015.

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

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UPDATE TO ANNUAL INFORMATION STATEMENT

STATE OF NEW YORK



February 20, 2025



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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 include³: 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

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.



FINANCIAL PLAN OVERVIEW

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 Disbursements¹			
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 Receipts²			
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%
<p>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.</p> <p>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.</p>			



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 Reserves⁴ 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.



FINANCIAL PLAN OVERVIEW

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.

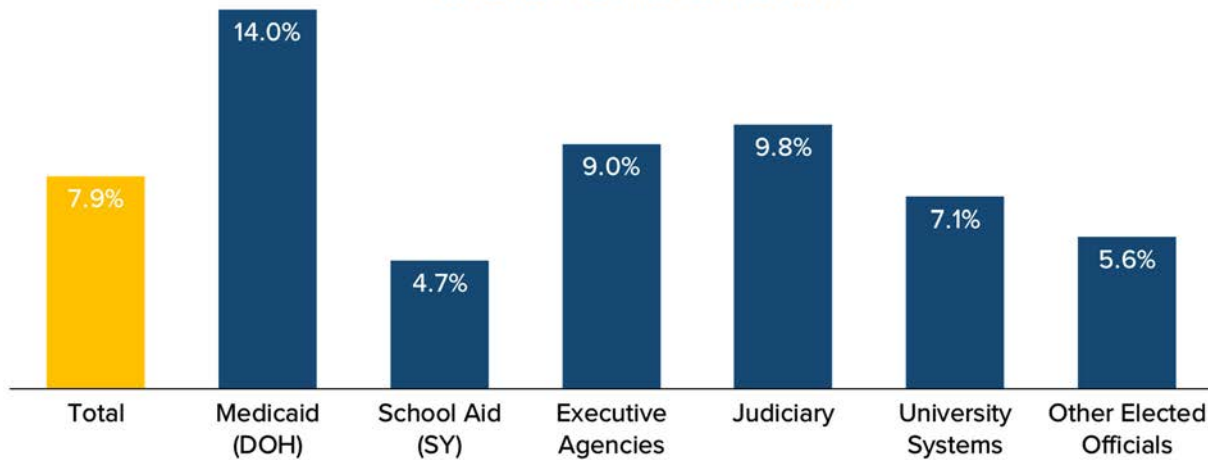
The Executive Budget also includes increased funding to address public safety, mental health care, housing affordability and access, transportation, health care delivery, abortion access, and child care. In addition, it proposes updates to the Foundation Aid formula, increasing aid by 5.9 percent in 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.

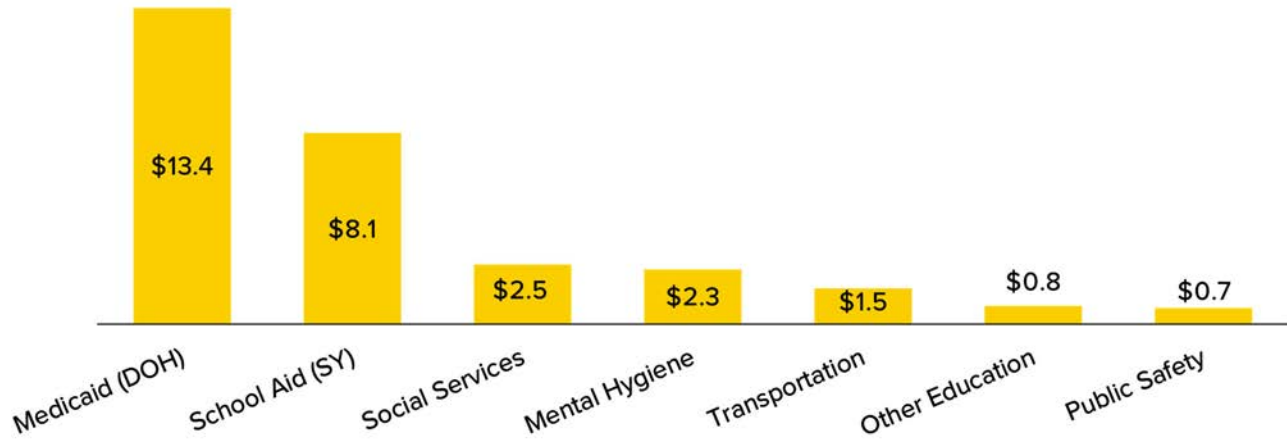
Spending growth is largely driven by continued high levels of enrollment in the Medicaid program, as well as prior year expansion of benefits, increases in reimbursement rates, and expanded utilization of the State’s Managed Long-Term Care (MLTC) program by the State’s aging population. The State expects 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 pupil⁶ 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.

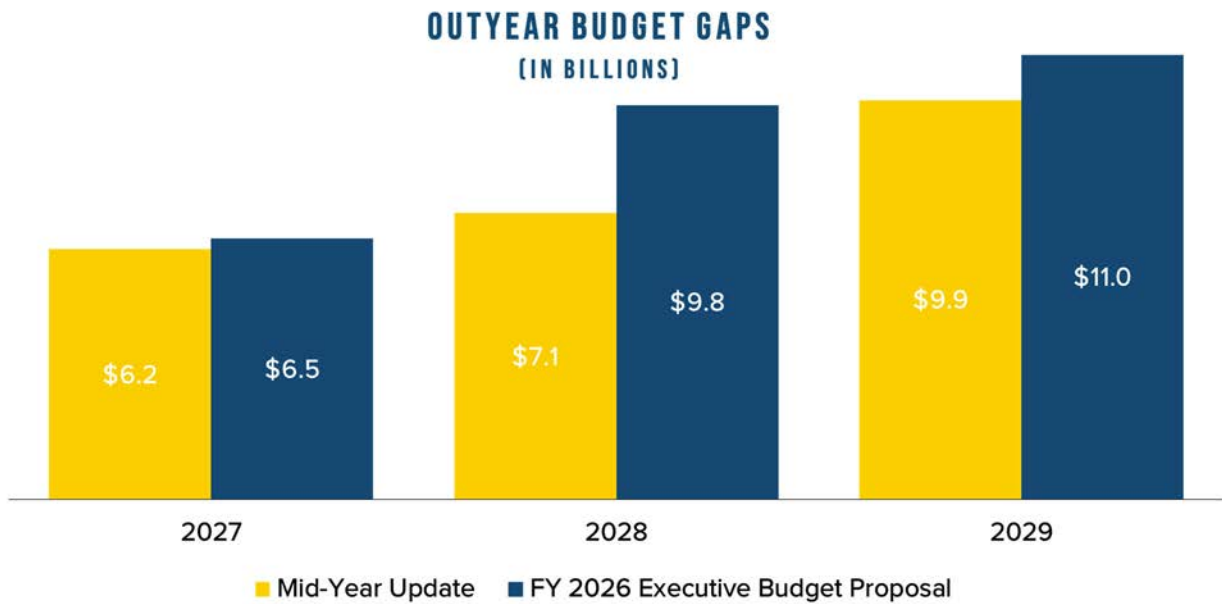
Medicaid costs are financed jointly by the Federal, State, and local governments. New York receives the minimum Federal Medicaid matching share of roughly 50 percent. Local districts' costs have been capped at calendar year 2015 levels, shifting the increased costs of the program to the State and saving 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 Update⁸. 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.

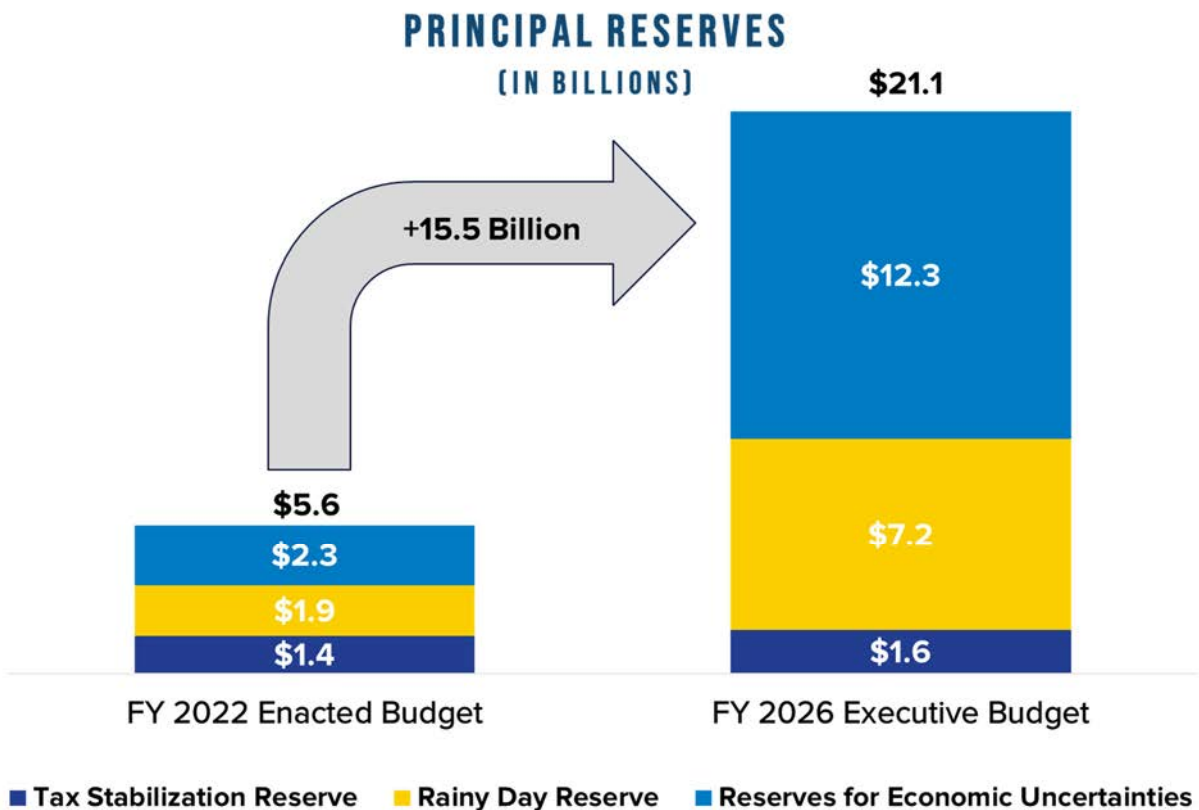
Reserves and Risks

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
<u>Tax Receipts</u>	<u>(7,116)</u>	<u>(2,183)</u>	<u>(1,082)</u>	<u>2,306</u>
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)
<u>Assistance and Grants</u>	<u>(372)</u>	<u>210</u>	<u>(455)</u>	<u>(473)</u>
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)
<u>Agency Operations, including GSCs</u>	<u>(792)</u>	<u>(727)</u>	<u>(729)</u>	<u>(730)</u>
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)
<u>Transfers to Other Funds</u>	<u>(545)</u>	<u>(186)</u>	<u>(121)</u>	<u>(141)</u>
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.



FINANCIAL PLAN OVERVIEW

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	
			\$	%
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		TOTAL
	FY 2023	FY 2024	FY 2025	FY 2026	
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



OTHER MATTERS AFFECTING THE FINANCIAL PLAN

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.



OTHER MATTERS AFFECTING THE FINANCIAL PLAN

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.



OTHER MATTERS AFFECTING THE FINANCIAL PLAN

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.



OTHER MATTERS AFFECTING THE FINANCIAL PLAN

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



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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



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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.



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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.



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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.



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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.^{8F10} 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					
	<u>CRF Return</u>	<u>Annual Change in Rate</u>		<u>Smoothing Period</u>	
		<u>ERS</u>	<u>PFRS</u>	<u>Start Date</u>	<u>End Date</u>
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).



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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.



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EMPLOYEE RETIREMENT SYSTEM AND POLICE AND FIRE RETIREMENT SYSTEM PENSION CONTRIBUTIONS (millions of dollars)							
Fiscal Year	Statewide Pension Payments ¹			Rates for Determining Amortization Amount / Excess Contributions			
	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
----- <i>DOB Projections</i> 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.



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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
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.



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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	FY 2026	FY 2027	FY 2028	FY 2029
	Projected	Projected	Projected	Projected	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.



OTHER MATTERS AFFECTING THE FINANCIAL PLAN

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.



OTHER MATTERS AFFECTING THE FINANCIAL PLAN

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.



OTHER MATTERS AFFECTING THE FINANCIAL PLAN

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.



OTHER MATTERS AFFECTING THE FINANCIAL PLAN

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.

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.



ECONOMICS AND DEMOGRAPHICS

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.

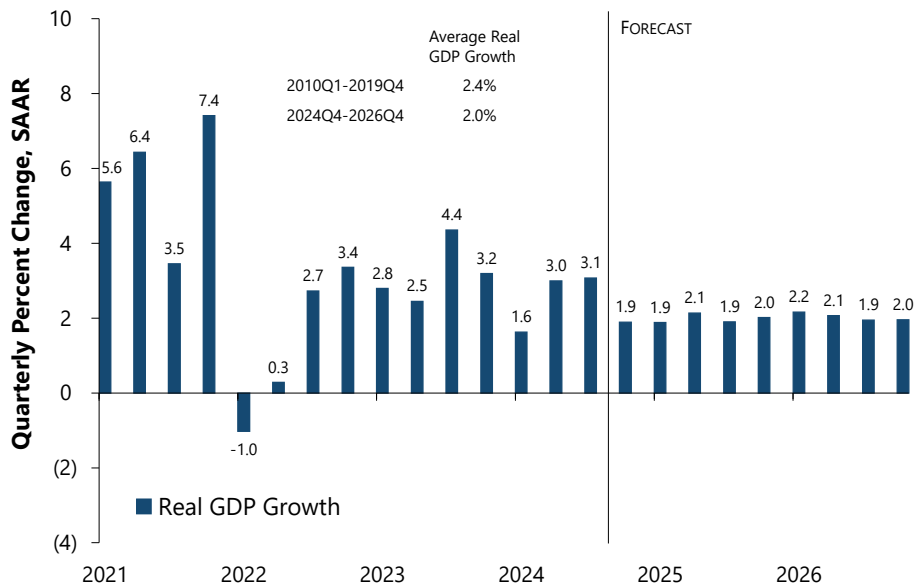
MAJOR ECONOMIC INDICATORS			
	Calendar Year Growth (%)		
	CY 2023	CY 2024	CY 2025
	Actual	Estimated**	Forecast**
Real U.S. Gross Domestic Product (GDP)	2.9	2.7	2.1
Nonfarm Employment			
U.S.	2.3	1.6	1.0
New York State	2.2	1.5	0.8
U.S. Wages	5.4	5.9	4.3
U.S. Personal Income	5.9	5.5	4.3
U.S. Consumer Price 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	FY 2025	FY 2026
	Actual	Estimated**	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			
	<u>Real GDP Growth</u>	<u>Employment Growth</u>	<u>Inflation</u>
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,

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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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 FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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).



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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 PTET¹⁴, 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%

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



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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 Receipts³	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 PTET⁴	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.						



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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 FUND²	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%

¹No longer includes receipts remitted directly to the MTA without an appropriation as of FY 2020.
²Excludes Transfers.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Business Taxes

BUSINESS TAXES (millions of dollars)											
	FY 2024	FY 2025	FY 2026		FY 2027		FY 2028		FY 2029		
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change	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 FUND²	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%

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



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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 FUND¹	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%

¹Excludes 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	FY 2025		FY 2026		FY 2027		FY 2028		FY 2029	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change	Projected	
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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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	FY 2026	FY 2027	FY 2028	FY 2029
	Projected	Projected	Projected	Projected	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	<u>\$7,400</u>	<u>\$8,258</u>	<u>\$9,026</u>	<u>\$9,712</u>	<u>\$10,911</u>
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	<u>13,841</u>	<u>14,022</u>	<u>14,202</u>	<u>14,252</u>	<u>14,277</u>
Total	109,157	110,983	113,900	115,770	117,911
<p>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.</p> <p>² OPWDD Community Beds actuals and estimates include self-directed rental subsidies (SDRS).</p>					



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	FY 2026		FY 2027		FY 2028		FY 2029	
	Projected	Projected	Change	Projected	Change	Projected	Change	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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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 78.0%	26,390 73.9%	29,389 76.7%	32,128 81.2%	35,602 84.7%
HCRA	5,515 17.7%	5,622 15.7%	5,493 14.3%	5,442 13.8%	5,373 12.8%
All Other	1,399 4.3%	3,712 10.4%	3,468 9.0%	1,963 5.0%	1,079 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 Cap¹	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) Index²	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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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 Cap¹	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 Forecast²	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%
<p>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).</p> <p>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.</p> <p>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.</p> <p>⁴ MSA payments are deposited directly to a Medicaid Escrow Fund to cover a portion of the State's share of local Medicaid growth.</p> <p>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.</p>					



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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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	FY 2026	FY 2027	FY 2028	FY 2029
	Projected	Projected	Projected	Projected	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	FY 2026	FY 2027	FY 2028	FY 2029
	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>
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%
<u>Early Intervention</u>	<u>81</u>	<u>75</u>	<u>-7.4%</u>	<u>71</u>	<u>-5.3%</u>	<u>71</u>	<u>0.0%</u>	<u>71</u>	<u>0.0%</u>
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%
<u>Workforce Initiatives¹</u>	<u>24</u>	<u>97</u>	<u>304.2%</u>	<u>94</u>	<u>-3.1%</u>	<u>94</u>	<u>0.0%</u>	<u>94</u>	<u>0.0%</u>
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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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%
<u>Medicaid Assistance Account</u>	<u>4,884</u>	<u>4,991</u>	<u>2.2%</u>	<u>4,862</u>	<u>-2.6%</u>	<u>4,811</u>	<u>-1.0%</u>	<u>4,742</u>	<u>-1.4%</u>
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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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 Adjustments⁴	(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 Hygiene⁵	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-n 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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

- **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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

GENERAL STATE CHARGES (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	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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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 Assistance²	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)					
	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
MID-YEAR ESTIMATE	239,942	241,190	251,490	257,758	264,802
<i>Annual \$ Growth</i>	5,075	1,248	10,300	6,268	7,044
<i>Annual % Growth</i>	2.2%	0.5%	4.3%	2.5%	2.7%
Spending Revisions	<u>3,439</u>	<u>10,835</u>	<u>9,875</u>	<u>8,101</u>	<u>7,521</u>
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	<u>3,789</u>	<u>4,807</u>	<u>4,547</u>	<u>2,513</u>	<u>1,412</u>
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
<i>Annual \$ Growth</i>	8,514	8,644	9,340	4,494	6,464
<i>Annual % Growth</i>	3.6%	3.6%	3.7%	1.7%	2.4%

**APRIL – DECEMBER
2024 OPERATING
RESULTS**



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		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.



APRIL – DECEMBER 2024 OPERATING RESULTS

- 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.



APRIL – DECEMBER 2024 OPERATING RESULTS

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		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.



APRIL – DECEMBER 2024 OPERATING RESULTS

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.



APRIL – DECEMBER 2024 OPERATING RESULTS

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.



GAAP-BASIS RESULTS FOR PRIOR FISCAL YEARS

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.



CAPITAL PROGRAM AND FINANCING PLAN OVERVIEW

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	<u>5,823</u>	<u>9,852</u>	<u>11,227</u>	<u>10,410</u>	<u>10,038</u>	<u>9,802</u>

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)**

<u>Authority</u>	<u>State-Related Debt</u>	<u>Authority and Conduit</u>	<u>Total</u>
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.



AUTHORITIES AND LOCALITIES

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.



AUTHORITIES AND LOCALITIES

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
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>.

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.



STATE RETIREMENT SYSTEM

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				
Year	% of Payroll		Interest %	Local
	ERS	PFRS		
(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		Interest %	Local
	ERS	PFRS		
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

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.



STATE RETIREMENT SYSTEM

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

Sources: State and Local Retirement System.

(1) Contributions recorded include the full amount of unpaid amortized contributions.
(2) The actuarially determined contribution (ADC) includes the employers' normal costs, the Group Life Insurance Plan amounts, and other supplemental amounts.
(3) Includes payments from the Group Life Insurance Plan, which funds the first \$50,000 of any death benefit paid.

NET POSITION RESTRICTED FOR PENSION BENEFITS OF THE NEW YORK STATE AND LOCAL RETIREMENT SYSTEM ⁽¹⁾ (millions of dollars)		
Fiscal Year Ended March 31	Net Assets	Percent Increase / (Decrease) From Prior Year
2015	189,412	4.5%
2016	183,640	-3.0%
2017	197,602	7.6%
2018	212,077	7.3%
2019	215,169	1.5%
2020	198,080	-7.9%
2021	260,081	31.3%
2022	273,719	5.2%
2023	249,508	-8.8%
2024	267,368	7.2%

Sources: State and Local Retirement System.

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

Additional Information Regarding the System

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

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

- 1) Information on the number of members and retirees, including the change in the number of members and retirees and beneficiaries since 2014 can be found on page 32 of the NYSLRS' Financial Report at the link noted above. More information on this topic is available in the "Statistical" section of the NYSLRS' Financial Report.
- 2) A combined basic statement of changes in fiduciary net position can be found on pages 48-49 of the NYSLRS' Financial Report at the link noted above.
- 3) Schedule of Changes in the Employers' Net Pension Liability and Related Ratios (unaudited) can be found on pages 78-81 at the link noted above.
- 4) Information on contributions can be found on pages 163-171 of the NYSLRS' Financial Report at the link noted above.
- 5) A table with the market value of assets, actuarial value of assets and actuarial accrued liability of the CRF since 2014 can be found on page 172 of the NYSLRS' Financial Report at the link noted above.

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

LITIGATION

General

The legal proceedings listed below involve State finances and programs and other claims in which the State is a defendant and the potential monetary claims against the State are deemed to be material, meaning in excess of \$300 million¹⁹ 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).



FINANCIAL PLAN TABLES

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.



FINANCIAL PLAN TABLES

CASH FINANCIAL PLAN					
GENERAL FUND					
(millions of dollars)					
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
	<u>Current</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>
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	<u>115,514</u>	<u>108,558</u>	<u>114,794</u>	<u>116,607</u>	<u>121,606</u>
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	<u>108,389</u>	<u>116,329</u>	<u>121,904</u>	<u>129,239</u>	<u>135,388</u>
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	<u>(7,125)</u>	<u>7,771</u>	<u>631</u>	<u>2,857</u>	<u>2,756</u>
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements					
	<u>0</u>	<u>0</u>	<u>(6,479)</u>	<u>(9,775)</u>	<u>(11,026)</u>

Source: NYS DOB.



FINANCIAL PLAN TABLES

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.



FINANCIAL PLAN TABLES

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.



FINANCIAL PLAN TABLES

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.



FINANCIAL PLAN TABLES

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.



FINANCIAL PLAN TABLES

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.



FINANCIAL PLAN TABLES

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.



FINANCIAL PLAN TABLES

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.



FINANCIAL PLAN TABLES

CASH RECEIPTS					
ALL GOVERNMENTAL FUNDS					
FY 2025 THROUGH FY 2029					
(millions of dollars)					
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
	Current	Projected	Projected	Projected	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.



FINANCIAL PLAN TABLES

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.



FINANCIAL PLAN TABLES

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.



FINANCIAL PLAN TABLES

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.



FINANCIAL PLAN TABLES

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.



FINANCIAL PLAN TABLES

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	<u>46,331</u>	<u>49,055</u>	<u>45,548</u>	<u>49,585</u>	<u>48,710</u>	<u>47,927</u>	<u>52,398</u>	<u>46,865</u>	<u>45,554</u>	<u>55,244</u>	<u>58,443</u>	<u>55,398</u>	<u>46,331</u>
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	<u>5,814</u>	<u>3,024</u>	<u>6,898</u>	<u>2,972</u>	<u>2,727</u>	<u>6,923</u>	<u>1,784</u>	<u>2,760</u>	<u>8,326</u>	<u>4,816</u>	<u>3,677</u>	<u>8,791</u>	<u>58,512</u>
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	<u>450</u>	<u>386</u>	<u>380</u>	<u>286</u>	<u>437</u>	<u>480</u>	<u>407</u>	<u>338</u>	<u>410</u>	<u>260</u>	<u>274</u>	<u>525</u>	<u>4,633</u>
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	<u>4,525</u>	<u>3,074</u>	<u>5,213</u>	<u>2,942</u>	<u>2,543</u>	<u>5,558</u>	<u>1,794</u>	<u>2,750</u>	<u>6,568</u>	<u>5,909</u>	<u>1,868</u>	<u>5,980</u>	<u>48,724</u>
TOTAL RECEIPTS	<u>10,789</u>	<u>6,484</u>	<u>12,491</u>	<u>6,200</u>	<u>5,707</u>	<u>12,962</u>	<u>3,985</u>	<u>5,852</u>	<u>18,949</u>	<u>10,985</u>	<u>5,819</u>	<u>15,291</u>	<u>115,514</u>
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	<u>5,709</u>	<u>8,618</u>	<u>5,203</u>	<u>4,561</u>	<u>3,664</u>	<u>6,019</u>	<u>6,120</u>	<u>5,109</u>	<u>6,275</u>	<u>4,686</u>	<u>5,958</u>	<u>14,681</u>	<u>76,603</u>
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	<u>1,005</u>	<u>1,301</u>	<u>1,056</u>	<u>1,370</u>	<u>1,213</u>	<u>1,021</u>	<u>1,295</u>	<u>611</u>	<u>1,294</u>	<u>1,136</u>	<u>1,150</u>	<u>1,032</u>	<u>13,484</u>
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	<u>681</u>	<u>(618)</u>	<u>1,646</u>	<u>544</u>	<u>1,094</u>	<u>872</u>	<u>1,502</u>	<u>927</u>	<u>1,135</u>	<u>1,333</u>	<u>1,107</u>	<u>(1,037)</u>	<u>9,186</u>
TOTAL DISBURSEMENTS	<u>8,065</u>	<u>9,991</u>	<u>8,454</u>	<u>7,075</u>	<u>6,490</u>	<u>8,491</u>	<u>9,518</u>	<u>7,163</u>	<u>9,259</u>	<u>7,786</u>	<u>8,864</u>	<u>17,233</u>	<u>108,389</u>
Excess/(Deficiency) of Receipts over Disbursements	<u>2,724</u>	<u>(3,507)</u>	<u>4,037</u>	<u>(875)</u>	<u>(783)</u>	<u>4,471</u>	<u>(5,533)</u>	<u>(1,311)</u>	<u>9,690</u>	<u>3,199</u>	<u>(3,045)</u>	<u>(1,942)</u>	<u>7,125</u>
CLOSING BALANCE	<u>49,055</u>	<u>45,548</u>	<u>49,585</u>	<u>48,710</u>	<u>47,927</u>	<u>52,398</u>	<u>46,865</u>	<u>45,554</u>	<u>55,244</u>	<u>58,443</u>	<u>55,398</u>	<u>53,456</u>	<u>53,456</u>

Source: NYS DOB.

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ANNUAL INFORMATION STATEMENT

STATE OF NEW YORK



May 24, 2024



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INTRODUCTION



This Annual Information Statement for FY 2025 (AIS) is dated May 24, 2024 (the same date as the release date of the FY 2025 Enacted Budget Financial Plan) and contains information only through that date, unless otherwise noted. This AIS constitutes the official disclosure regarding the financial condition of the State of New York (the "State") and related matters and replaces the AIS dated June 9, 2023 and all updates and supplements issued in connection therewith. By statute, 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 on behalf of the State. Historically, the AIS has been updated on a quarterly basis, and it may be supplemented from time to time as developments warrant. This AIS, including the Exhibits attached hereto, should be read in its entirety, together with any updates and supplements that may be issued during the fiscal year.

In this AIS, readers will find:

1. Information on the State's current financial projections, including summaries and extracts from the State's fiscal year 2025 (FY 2025)¹ Enacted Budget Financial Plan (the "Enacted Budget Financial Plan" or "Financial Plan") issued by the Division of the Budget (DOB) on May 24, 2024. The Financial Plan sets forth the State's official financial projections for FY 2025 through FY 2028 (the "Financial Plan period"). It includes, among other things, information on the major components of the FY 2025 General Fund gap-closing plan, future potential General Fund budget gaps, multi-year projections of receipts and disbursements for the State's operating funds, the impact on debt measures, and the anticipated debt issuances required to support planned capital spending. This AIS is dated the same date as the release date of the Financial Plan and contains information only through this date, except for certain explanatory information not contained in the Financial Plan which DOB has determined does not materially change the projections contained in the Financial Plan.

DOB expects to complete the first quarterly update to the FY 2025 Enacted Budget Financial Plan in July 2024. However, given (i) the relatively short period of time since the release date of the FY 2025 Enacted Budget Financial Plan, and (ii) DOB's current analysis of preliminary operating results for the first quarter of FY 2025, DOB does not anticipate that there will be material changes in the State's financial condition to mandate the release of a first quarterly update to the AIS. **Accordingly, DOB does not anticipate that it will be preparing and releasing a first quarterly update to this AIS and instead expects the next update of this AIS to be released following the mid-year update to the 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".

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



3. Information on other subjects relevant to the State's finances, including summaries of: (a) operating results for the three prior fiscal years (presented on a cash basis of accounting), (b) the State's revised economic forecast and a profile of the State economy, (c) the State's debt and other financing activities, (d) activities of public authorities and localities, and (e) information regarding State government employment.
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.

The annual State budget process and financial reporting cycle begins with the start of a new State fiscal year on April 1 and the enactment of the State's annual budget (the "Enacted Budget"), which may be after the start of the fiscal year. Following the Enacted Budget, DOB publishes the State's Enacted Budget Financial Plan and generally updates it quarterly to reflect results through June 30 (the "First Quarterly Update to the Financial Plan"), September 30 (the "Mid-Year Update to the Financial Plan"), and December 31 (the "Executive Budget Financial Plan"). In addition, the Governor's Executive Budget proposal (the "Executive Budget") is typically submitted to the Legislature in January and the Governor's amendments are due within thirty days following the submission of the Executive Budget, at which time the Executive Budget Financial Plan may be amended (the "Updated Executive Budget Financial Plan"). However, 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, DOB has also relied on information drawn from other sources, including the Office of the State Comptroller (OSC). In particular, information contained in the section entitled "State Retirement System" has been furnished by 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.

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

Factors affecting the State's financial condition are numerous and complex. This AIS contains "forward-looking statements" relating to future results and economic performance as defined in the Private Securities Litigation Reform Act of 1995. Since many factors may materially affect fiscal and economic conditions in the State, the forecasts, projections, and estimates should not be regarded as a representation that actual results will not vary. The forward-looking statements contained herein are based on the State's expectations at the time they were prepared and are necessarily dependent upon assumptions, estimates, calculations, and data that it believes are reasonable as of the date made, but that may be incorrect, incomplete or imprecise or not reflective of actual results. Forecasts, projections, and estimates are not intended as representations of fact

or guarantees of results. The words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “calculates,” “assumes” and analogous expressions are intended to identify forward-looking statements. Any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially and adversely from projections. Such risks and uncertainties include, but are not limited to, general economic and business conditions; natural calamities; foreign hostilities or wars; domestic or foreign terrorism; changes in political, social, economic and environmental conditions, including climate change and extreme weather events; epidemics or pandemics; cybersecurity events; impediments to the implementation of gap-closing actions; regulatory initiatives and compliance with governmental regulations; litigation; Federal tax law changes; actions by the Federal government to reduce or disallow expected aid, including Federal aid authorized or appropriated by Congress, but subject to sequestration, administrative actions, or other actions that would reduce aid to the State; and various other events, conditions and circumstances. Many of these risks and uncertainties are beyond the control of the State. These forward-looking statements are based on the State's expectations as of the date of this AIS.

Note that all FY 2024 financial results contained within this AIS are unaudited and preliminary. The annual independent audit of the State's Basic Financial Statements for the fiscal year ending March 31, 2024 is expected to be completed by July 28, 2024. Both the Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting and the State's Basic Financial Statements are due by July 28, 2024. These reports will contain the final FY 2024 financial results. Copies may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236. The Basic Financial Statements for FY 2023 are available in electronic form at www.osc.state.ny.us and at www.emma.msrb.org.

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



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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 include³: the General Fund; State Special Revenue Funds, which receive certain dedicated taxes, fees, and other revenues used for specified purposes; Federal Special Revenue Funds, which receive certain Federal receipts; State and Federal Capital Projects Funds, which account for costs incurred in the construction, maintenance, and rehabilitation of roads, bridges, prisons, university facilities, and other infrastructure projects; and Debt Service Funds, which account for the payment of principal, interest, and related expenses for debt issued by the State and on the State's behalf by its public authorities.

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

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

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

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



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

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

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

The Financial Plan projections reflect certain actions that have affected, or are intended to affect, the amount of annual spending reported on a State Operating Funds basis. Such actions include but are not limited to: payment of certain operating costs using available resources outside the State Operating Funds basis of reporting. If transactions are not executed or reported in a manner consistent with DOB’s interpretation of the legislation and legislative intent, 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” or “actuals” is used throughout the Financial Plan and this AIS to align with fiscal publications released by the State Comptroller. These terms are synonymous with the term “results” also used in the narrative discussion and refer to year-to-date and year-end actual but unaudited performance data.

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

FINANCIAL PLAN OVERVIEW



FINANCIAL PLAN OVERVIEW

FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES (millions of dollars)		
	FY 2024 Actuals	FY 2025 Projected
State Operating Funds Disbursements (Unadjusted)		
Size of Budget	\$128,473	\$132,042
Annual Growth	3.8%	2.8%
State Operating Funds Disbursements (Adjusted)¹		
Size of Budget	\$127,049	\$139,330
Annual Growth	5.7%	9.7%
Other Disbursement Measures		
General Fund (Including Transfers)	\$100,117	\$107,772
Annual Growth	7.9%	7.6%
Capital Budget (State and Federal)	\$14,708	\$17,642
Annual Growth	4.9%	19.9%
Federal Operating Aid	\$91,686	\$89,484
Annual Growth	10.9%	-2.4%
All Funds	\$234,867	\$239,168
Annual Growth	6.5%	1.8%
Inflation (CPI)	3.5%	3.0%
All Funds Receipts²		
Taxes, excluding PTET	\$106,668	\$109,920
Annual Growth	-6.2%	3.0%
Miscellaneous Receipts	\$33,755	\$31,685
Annual Growth	6.0%	-6.1%
Federal Receipts (Operating and Capital)	\$94,276	\$94,202
Annual Growth	5.3%	-0.1%
Total All Funds Receipts, excluding PTET	\$234,699	\$235,807
Annual Growth	-0.2%	0.5%
General Fund Cash Balance		
Principal Reserves	\$20,068	\$21,568
Timing of PTET/PIT Credits	\$14,137	\$15,001
Extraordinary Monetary Settlements	\$1,110	\$691
All Other	\$11,016	\$11,255
Debt		
Debt Service (excluding prepayments) as % All Funds Receipts	3.0%	1.3%
State-Related Debt Outstanding	\$54,319	\$62,508
Debt Outstanding as % Personal Income	3.5%	3.9%
<p>¹ Spending growth is routinely impacted by planned prepayments, timing-related transactions and reimbursements. Adjusted State Operating Funds disbursements excludes these large transactions. Both unadjusted and adjusted spending includes non-recurring grants and aid, extraordinary assistance related to asylum seekers and migrants, and other one-time payments that drive growth in FY 2025.</p> <p>² The Financial Plan impact of the Pass-Through Entity Tax program is expected to be revenue neutral for the State and is excluded from tax receipts herein, unless otherwise noted.</p>		

Overview

The Governor submitted the FY 2025 Executive Budget, with amendments, to the Legislature on February 15, 2024. DOB estimated that the Executive Budget, if adopted without modification, would have provided for balanced General Fund operations in FY 2025, leaving budget gaps of \$5 billion in FY 2026, \$5.2 billion in FY 2027, and \$9.9 billion in FY 2028, totaling \$20.1 billion.

On March 28, 2024, the Legislature enacted the annual debt service appropriations, without amendment, in advance of the new fiscal year that began on April 1. On April 15, 2024, the Governor and legislative leaders reached agreement on the outlines of the budget, and the Legislature completed final action on the budget bills on April 20, 2024. The Governor completed her review of the budget bills on May 1, 2024. DOB estimates that the budget enacted by the Legislature and approved by the Governor is balanced in FY 2025, as required by law. The Legislative session concluded on June 8, 2024. The Legislature did not adopt any legislation with significant fiscal impacts.

The final budget agreement includes key elements proposed by the Governor in her Executive Budget. The Enacted Budget does not increase taxes; expands access to affordable housing; enhances public safety, including combatting retail theft; provides increased funding for schools, health care, child care, mental health access, higher education, increased wages, and expanded service delivery; and continues aid to the City of New York for the provision of care for thousands of asylum seekers and migrants. The Enacted Budget also provides further increases to fund schools; hospitals; other health care providers and workers; mental health access and care; university systems; tuition assistance expansion; temporary municipal assistance; enhanced pension benefits for Tier 6 State and local employees; and a supplemental child tax credit for eligible families through the Empire State Child Credit. In addition, the Financial Plan includes \$58 million in non-recurring funding for the Medical Indemnity Fund to maintain minimum funding levels that allow for continued enrollment.

In FY 2025, State Operating Funds spending is projected to total \$132 billion, an increase of nearly \$3.6 billion (2.8 percent) from FY 2024. Spending growth is routinely impacted by planned prepayments and timing-related transactions and reimbursements. Excluding these transactions, and consistent with prior Executive presentations, spending growth is projected at 9.7 percent. However, FY 2025 spending includes nearly \$5 billion in non-recurring additions and investments, including extraordinary assistance related to asylum seekers and migrants, and other one-time payments. Excluding these actions, adjusted FY 2025 spending would increase by approximately 6 percent.

The Enacted Budget Financial Plan includes an updated economic forecast and revisions to receipts and spending estimates across all fiscal years, as well as savings over multiple years recognized from the management of prior year resources. DOB estimates these revisions and resources are sufficient in FY 2025 to both fund the negotiated additions and restorations to the budget and allow for an increase to reserves needed to maintain the 15 percent of spending benchmark. Compared to the FY 2025 Executive Budget projections, the cumulative gaps over the Financial Plan period (FY 2026 through FY 2028) are reduced by nearly one-third, from \$20.1 billion to \$13.9 billion, due mainly to the upward revisions in projected receipts reflected in



the Enacted Budget Financial Plan. The gaps in the outyears are now projected at \$2.3 billion in FY 2026, \$4.3 billion in FY 2027, and \$7.3 billion in FY 2028.

All Funds tax receipts for FY 2024 were higher than projected, exceeding both the initial projection at the start of FY 2024 and the last projection in the FY 2025 Executive Budget Financial Plan. At the time the initial projections were prepared, economic forecasters were expecting a global economic slowdown, rising unemployment, and warning of geopolitical uncertainty which were expected to weaken revenues. In contrast to the recession scenarios expected at the outset of 2023, higher than expected real Gross Domestic Product (GDP) growth rates, robust growth in labor markets with low unemployment, improving incomes as well as performance-related bonuses, particularly in the finance and insurance sectors, supported better than expected growth in income tax revenues. The improved performance and bonuses boosted receipts in the last quarter of FY 2024, which, combined with disbursements falling substantially below budgeted levels, resulted in the State ending FY 2024 in a stronger overall position⁴.

Resources available at the close of FY 2024 have been carried forward through the prepayment of expenses and advances to reduce costs in future years of the Financial Plan, and as available fund balances for use in future years. In addition, the fiscal conditions at year-end supported a \$250 million deposit to the Retiree Health Benefit Trust Fund (RHBTf) in March 2024. The positive FY 2024 results, in part, are reflected through forecast revisions across all years of the Financial Plan as upward revisions in projected receipts and downward adjustments to spending.

The State's financial position is expected to remain strong over the multi-year plan. However, outyear budget gaps are projected as spending growth is expected to exceed available resources and will need to be addressed in future years. Nonetheless, Rainy Day Reserves have increased to the highest levels in history, debt levels remain steady with no growth in debt outstanding over the past decade, historic liquidity levels are delivering high investment returns, new reserves have been established for future costs, and excess resources have been managed to benefit future years and reduce reliance on costly debt. At the same time, the State has made notable investments in services and programs, significantly increasing assistance to schools and health care providers, while expanding and adding funds in nearly every other area of the budget. To protect these investments from a future economic shock or downturn, and to maintain the benchmark of 15 percent of spending, the Enacted Budget Financial Plan reflects an additional \$1.5 billion deposit to the Rainy Day Reserves, bringing the Principal Reserves balance to \$21.1 billion⁵. In addition, the Enacted Budget includes a continued \$250 million annual deposit to the RHBTf which will be dependent on fiscal conditions.

DOB expects the General Fund to end FY 2025 with a balance of \$48.5 billion. Nearly half of the balance consists of Principal Reserves to protect essential services in the event of an economic downturn. The remaining balance is comprised of other reserves that were previously pledged to reduce outyear gaps, manage risks, and support future costs that include tax refunds and liabilities, capital projects, and potential labor agreements.

⁴ A detailed summary of FY 2024 results is provided in the "FY 2024 Preliminary Year End Results" herein.

⁵ Excludes \$500 million set aside that is programmed in FY 2026 for asylum seeker assistance.



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

Summary of Revisions to the Executive Budget Proposal

The following table summarizes revisions to the multi-year projections that were contained in the Executive Budget Financial Plan, including routine forecast revisions to the multi-year forecast of receipts and disbursements based on operating results since the last update in January 2024. A more detailed table of the revisions appears in the section entitled, "FY 2025 General Fund Financial Plan."

FY 2025 GENERAL FUND FINANCIAL PLAN REVISIONS TO EXECUTIVE BUDGET ESTIMATES: SAVINGS/(COSTS) (millions of dollars)				
	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE	0	(4,974)	(5,229)	(9,943)
Negotiated Changes	(3,131)	(1,363)	(1,341)	(1,198)
Spending	<u>(2,773)</u>	<u>(1,347)</u>	<u>(1,295)</u>	<u>(1,152)</u>
Non-Recurring	(2,085)	(90)	0	0
Recurring	(206)	(208)	(216)	(196)
Restorations/Modifications	(482)	(1,049)	(1,079)	(956)
Revenue	<u>(358)</u>	<u>(16)</u>	<u>(46)</u>	<u>(46)</u>
Non-Recurring	(350)	0	0	0
Recurring	0	(1)	(31)	(31)
Restorations/Modifications	(8)	(15)	(15)	(15)
Resources/Forecast Revisions	3,131	3,997	2,311	3,891
Tax Receipts, excluding PTET	2,595	1,863	2,159	2,536
Other Forecast Revisions/Timing	2,286	2,384	402	1,605
Deposit to Reserves	(1,750)	(250)	(250)	(250)
ENACTED SURPLUS/(GAP) ESTIMATE	<u>0</u>	<u>(2,340)</u>	<u>(4,259)</u>	<u>(7,250)</u>

Negotiated Changes

The Enacted Budget includes a net \$3.1 billion of additional General Fund spending in FY 2025 compared to the FY 2025 Executive Budget proposal. The adds consist of recurring and non-recurring costs, including restorations and modifications to proposals included in the FY 2025 Executive Budget.



Recurring spending additions carry an estimated cost of roughly \$200 million annually. The largest recurring costs include: increasing the cost-of-living adjustment (COLA) from a proposed 1.5 percent up to 2.84 percent, with a 1.7 percent increase for specific support, direct care, clinical, and non-executive administrative staff; expanding tuition assistance program benefits through a minimum award increase from \$500 to \$1,000 and raising the Tuition Assistance Program (TAP) income threshold; and enhancing retirement benefits for Tier 6 employees by reducing the final average salary calculation window from five to three years.

Non-recurring spending and revenue additions that were added through negotiations with the Legislature and are not continued in subsequent years of the Financial Plan are estimated at roughly \$2.4 billion in FY 2025. The largest one-time spending additions include: \$500 million to assist distressed hospitals; \$350 million in supplemental payments to hospitals and nursing homes; \$300 million for the Healthcare Safety Net Transformation Program intended to improve the sustainability of safety net healthcare providers; \$350 million for a supplemental child tax credit; \$179 million for additional State funding provided to the State University of New York (SUNY) and City University of New York (CUNY); \$50 million for temporary municipal assistance in both FY 2025 and FY 2026; and \$450 million for funding a variety of program areas and organizations.

In addition, the final budget agreement included the restoration (i.e., rejection) or modification of numerous Executive proposals totaling \$490 million in FY 2025, including: rejection of the Executive proposal to provide significant relief for local governments and State taxpayer supported costs by lowering interest charged on judgments against the State and local governments from as high as 9 percent (currently authorized) to a fair-market based interest rate; modification of the inflation factor used to calculate the proposed School Year (SY) 2025 Foundation Aid increase from 2.4 percent to 2.8 percent; and restoration of several proposed Medicaid savings actions.

The cost of restorations is offset partly by negotiated Medicaid changes, including savings from the cost effective administration of the Consumer Directed Personal Assistance Program (CDPAP) by using a single entity akin to the practice of other States, and other available Medicaid resources and forecast revisions.

The FY 2025 Enacted Budget also creates the Healthcare Stability Fund (HSF) and directs the State Medicaid Director to seek Centers for Medicare & Medicaid Services (CMS) approval to implement a Managed Care Organization (MCO) tax, which is like those currently imposed by other states. For example, California's recently approved approach imposes differential rates between Medicaid plans and non-Medicaid plans, thereby minimizing the impact on the commercial insurance market. Prospective revenue generated from the MCO tax will be deposited into the HSF and is expected to be available to fund investments in the health care delivery system and/or offset current State Medicaid costs. However, no such MCO tax revenue is currently assumed in the Financial Plan. In FY 2025, \$350 million in one-time General Fund resources will be transferred to the HSF to support \$200 million in hospital investments and \$150 million in nursing homes, assisted living programs, and hospice. Future HSF activity is dependent on a successful execution of the MCO tax proposal and, as such, there is no State or Federal funding or spending projections beyond FY 2025 in the HSF.



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

Resources and Forecast Revisions

In FY 2025, the combination of upward revisions to both tax and non-tax receipts, available resources and savings generated from operations in FY 2024, and downward revisions to spending based on prior year results, are more than sufficient to fund the new initiatives and costs included in the FY 2025 Enacted Budget. These resources also support a \$1.5 billion deposit to the Rainy Day Reserves, a \$250 million deposit to the RHBTF, and a planned \$1.5 billion prepayment of FY 2026 expenses.

Tax receipts have been increased annually in comparison to the Executive Budget forecast, based mainly on the improved economic forecast, prior year results, and April 2024 receipts. PIT withholding and current estimated payments finished well above their respective FY 2024 targets in the last public forecast. In addition, stronger FY 2025 wage and tax year 2024 nonwage growth projections resulted in substantial upward revisions to these PIT components. Similarly, corporate franchise tax projections have been increased to reflect stronger year-end results that carry into the outyears and upward revisions to projected corporate profits.

Other resources and forecast revisions reflect increases to non-tax receipts; the management of resources across multiple years, including prepayments and advances; and adjustments to the use of unrestricted balances carried forward from prior years. In FY 2025, the State expects to recoup \$1.5 billion from providers related to hospital advances made in prior years, as well as hospital contract advances made in prior years. Investment income has been increased by \$800 million in FY 2025, reflecting continued higher interest rates. In addition, \$116 million will be allocated from operational reserves to fund retroactive costs associated with the recently settled New York State Correctional Officers and Police Benevolent Association (NYSCOPBA) contract. The forecasts for HCRA and gaming receipts have been revised upward, providing an offset to General Fund spending for Medicaid and School Aid, respectively. Other changes include downward revisions to spending across State operating programs, based on continued underspending experienced in recent years, as well as updated forecasts and programmatic assumptions.



FY 2025 Enacted Budget Financial Plan Summary

The Enacted Budget Financial Plan reflects the FY 2025 Enacted Budget and accompanying legislation, as well as routine quarterly revisions to the projections of receipts and spending in all fiscal years based on prior year and current year results to date, updated forecasts, management of resources across fiscal years, and adjustments to programmatic assumptions.

The Enacted Budget increases FY 2025 State Operating Funds spending by \$12.3 billion (9.7 percent) compared to the prior fiscal year, adjusted for the routine management of resources, execution of prepayments, and fluctuations in the timing of transactions across fiscal years that impact reported spending growth. More than one-third of the growth is driven by increased spending on School Aid and Medicaid.

School Aid

The State provides a substantial amount of financial support for public schools through State formula aids and other grants. 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, 91 percent more than the national average of \$15,633 per pupil.⁶ In SY 2024, approximately 2.5 million kindergarten through 12th grade students are enrolled in the State's public schools, including 181,000 students enrolled in charter schools. Compared to SY 2014 levels, enrollment in the State's public schools has declined by roughly 9 percent (231,000 students). Despite these enrollment declines, State aid has continued to increase each year. From SY 2021 to SY 2024, total School Aid grew by an average of \$2.3 billion (7.7 percent) per year (excluding the SY 2022 Pandemic Adjustment restoration), driven primarily by the three-year phase-in of full funding of the Foundation Aid formula. In addition to State aid, school districts have continued to raise revenue through local property tax increases, which when combined with State aid increases and Federal COVID-19 pandemic related assistance, have afforded many districts the ability to amass substantial reserves and surplus balances.

Adding to historic increases in funding over the past three years, the Enacted Budget includes \$35.9 billion for School Aid in SY 2025, an increase of approximately \$1.4 billion (4.1 percent) from SY 2024, inclusive of the State's full takeover of funding for prekindergarten expansion grants previously supported with Federal American Rescue Plan Act of 2021 (ARP) funds. Excluding the State funds needed to support this takeover, the School Aid increase for SY 2025 totals \$1.3 billion (3.8 percent). This growth reflects a \$934 million (3.9 percent) Foundation Aid increase, driven primarily by the application of a 2.8 percent inflation factor in the Foundation Aid formula.

Since SY 2022, State-funded School Aid will have increased by over \$6.6 billion (22.6 percent), inclusive of the Enacted Budget's 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, and is financed jointly by the Federal, State, and Local governments. New York receives the minimum Federal Medicaid matching share of roughly 50 percent. The State has capped local districts' costs at calendar year 2015 levels, shifting the increased costs to the State and saving the City of New York and counties an estimated \$7.4 billion in FY 2025. The State offers some of the most comprehensive and extensive Medicaid benefits in the nation, including optional services such as coverage for pharmacy and personal care services, spending \$4,114 per capita based on the latest CMS data (Federal Fiscal Year 2022)⁷, which was more than any other state. New York's per capita spending was 5 percent higher than the next highest state, New Mexico, which spent \$3,906 per capita. Nearly 7.6 million (39 percent) New Yorkers are currently covered by Medicaid. When combined with other public insurance coverage, New York has the highest percentage of people covered by publicly funded medical insurance (Medicaid, Child Health Plus (CHP) and Essential Plan (EP)) in the nation.

In addition to traditional reimbursements, the Medicaid program is also a large contributor of funding to hospitals and nursing homes through various supplemental payment and assistance programs. Medicaid spending growth continues to escalate with increasing utilization of the system, primarily for Managed Long Term Care (MLTC), which is rising with an aging population. In FY 2025, Medicaid spending is projected to total \$30.9 billion, an increase of \$3.1 billion (11.3 percent) from FY 2024 levels, including \$768 million in savings initiatives.

State-share Medicaid spending, including administrative costs, is projected to be \$9 billion (40 percent) higher in FY 2025 than the levels recorded three years prior in FY 2022.

Other Spending Growth

In addition to significant investments made in the past two years, the FY 2025 Budget provides increased funding to other program enhancements and initiatives, including expanding mental health services for children and teens through school and pediatric health care settings; supporting SUNY and CUNY; expanding tuition assistance; increasing pregnant and postpartum services; granting the Department of Financial Services (DFS) authority to hold insurers accountable for mental health coverage; addressing the opioid epidemic; advancing a plan consistent with the recent Federal government waiver approval to improve health care delivery; law enforcement activities; and increasing access to swimming and instruction.

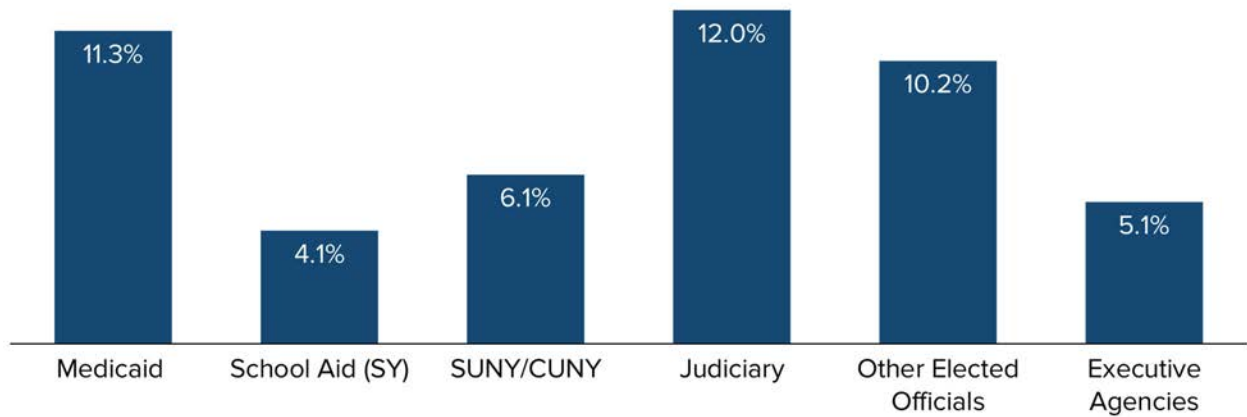
The Enacted Budget also adds substantial new capital funding for Artificial Intelligence (AI) research and innovation; economic development initiatives; energy affordability improvements; incentives for communities to grow their housing stock; and storm and flood risk remediation and protection.

⁷ Excludes District of Columbia. Based on U.S. Census Bureau data and the 2022 Centers for Medicare and Medicaid Services Financial Report, [Expenditure Reports From MBES/CBES](#).

State Spending

FY 2025 State Operating Funds spending growth is driven largely by extraordinary assistance related to asylum seekers and migrants, one-time payments, Medicaid, School Aid, SUNY/CUNY, and all branches of State government as agencies continue to restore service capacity and workforce levels to pre-COVID-19 pandemic levels. These spending levels are supported by revenue growth, as well as the routine management of resources, including the execution of prepayments and advances that lower spending in FY 2025.

FY 2025 State Operating Funds Spending Growth



The level of Medicaid spending growth is driven largely by sustained increases in enrollment relative to pre-COVID-19 pandemic levels; expansion of benefits; higher reimbursement rates; and growing utilization of the State’s MLTC program by the State’s aging population, including CDPAP.

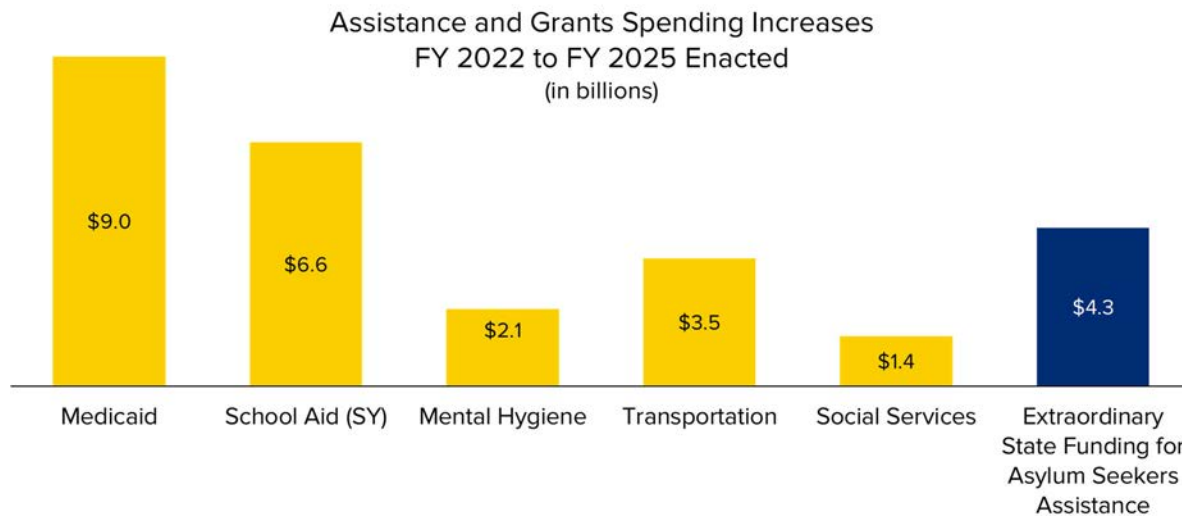
Spending growth is routinely impacted by planned prepayments and timing-related transactions and reimbursements. In FY 2025, spending growth reflects the payment of FY 2025 pension expenses in FY 2024; delayed recoupment from providers of excess payments attributable to State-only Medicaid payments that were previously advanced and are now expected in FY 2025; the expiration of the temporary enhanced Federal Medical Assistance Percentage (eFMAP) which lowered State costs in FY 2024; COVID-19 pandemic-related Federal Emergency Management Agency (FEMA) reimbursements that are expected to lower spending to offset costs accounted for in prior years; and the impact of prior year debt service prepayments. Accounting for these transactions, State Operating Funds spending is projected to total \$132 billion, an increase of nearly \$3.6 billion (2.8 percent) from FY 2024.

Including spending for capital projects and spending supported by the Federal government, All Funds spending is estimated to total \$239.2 billion in FY 2025, an increase of \$4.3 billion (1.8 percent), from FY 2024 spending results. The increase in All Funds spending outside of State Operating Funds is attributable to significant increases in capital projects spending consistent with approved and projected capital commitments, partly offset by the end of increased Federal funding and reimbursements for COVID-19 pandemic-related recovery and assistance.



FY 2025 ENACTED BUDGET SPENDING ESTIMATES (millions of dollars)				
	FY 2024 Actuals	FY 2025 Projected	\$ Change	% Change
State Operating Funds	128,473	132,042	3,569	2.8%
School Aid (School Year Basis)	34,484	35,889	1,405	4.1%
Medicaid	27,804	30,932	3,128	11.3%
All Other Assistance and Grants	27,120	31,878	4,758	17.5%
Agency Operations	31,639	33,914	2,275	7.2%
Debt Service	6,002	6,717	715	11.9%
Resource Management/Timing:				
Planned Pension Prepayment	1,596	(1,596)	(3,192)	-
Hospital Advance/Recoupment	1,497	(1,497)	(2,994)	-
Temporary eFMAP	(1,703)	0	1,703	-
FEMA Reimbursement	(961)	(500)	461	-
Prior Year Debt Service Prepayments	995	(3,695)	(4,690)	-
Federal Operating	91,686	89,484	(2,202)	-2.4%
Capital Projects	14,708	17,642	2,934	19.9%
All Funds	234,867	239,168	4,301	1.8%
State Operating Funds (Adjusted)	127,049	139,330	12,281	9.7%

Spending for assistance and grants has grown from \$72 billion in FY 2022, adjusted to exclude COVID-19 pandemic assistance and recovery spending, to over \$97 billion in projected spending for FY 2025. The \$25 billion (35 percent) increase reflects historic investments over the preceding years in education, health care and other assistance and program growth.



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

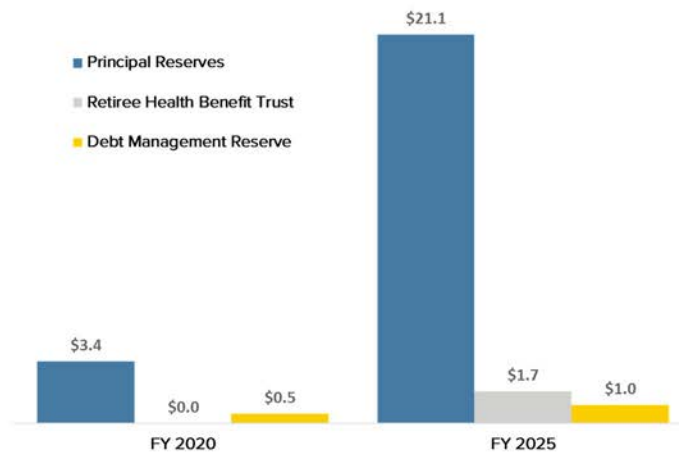
Reserves and Risks

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

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

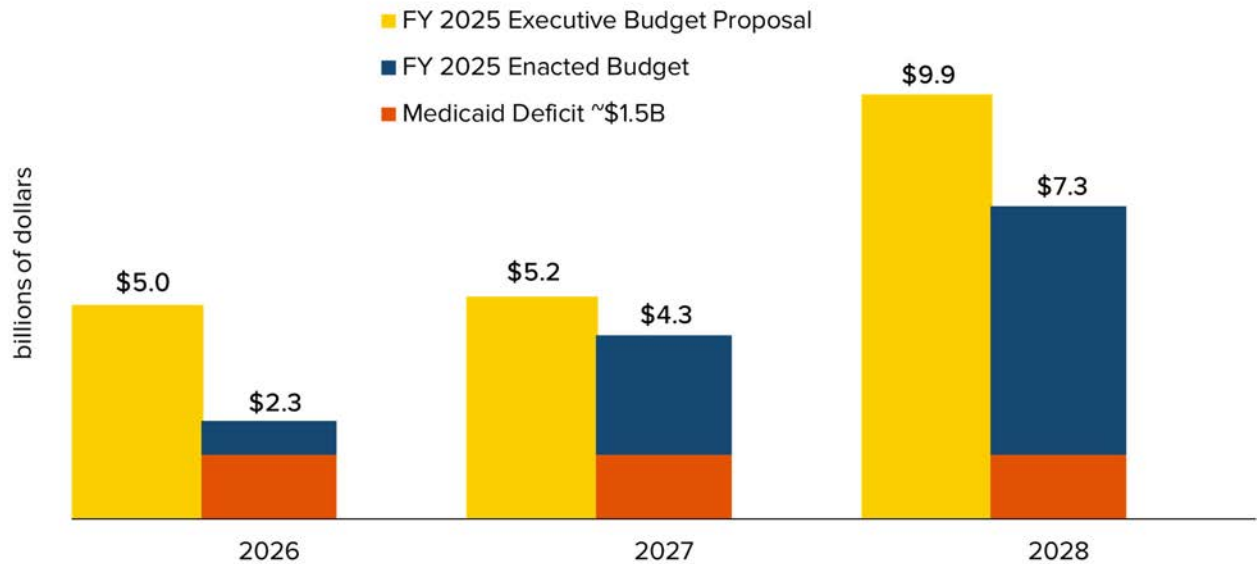
In October 2021, the Governor committed to building the State’s reserves to 15 percent of State Operating Funds spending to ensure that it could honor its commitments through good and bad times and delivered on this commitment in FY 2023. The FY 2025 Enacted Budget preserves this commitment by utilizing available resources in the current year to add \$1.5 billion to Rainy Day Reserves, \$250 million to the RHBT, and \$500 million to the economic uncertainties reserve for future costs.

Reserves Increased \$20 Billion – More than 6 Times the Level 5 Years Ago



- **Principal Reserves** include the statutory Rainy Day Reserve Funds and the informal Reserve for Economic Uncertainties, excluding \$500 million dedicated to fund a portion of State funding for asylum seeker assistance in FY 2026.
- **Retiree Health Benefit Trust Fund** is for health benefits of retired employees and their dependents and is excluded from the General Fund balance.
- **Debt Management Reserve** is an informal reserve that can be used for any debt related purpose, excluding funds dedicated to fund capital investments in FY 2026.

Outyear Budget Gaps



The outyear budget gaps are the result of a structural imbalance between the forecasted levels of spending growth and available resources. The long-term, historical average annual growth rate for tax receipts, which support roughly 80 percent of State Operating Funds spending, is approximately 4 percent. Roughly half of the State Operating Funds budget supports the State’s two largest program areas – health care and education – and those programs account for approximately two-thirds of the growth since FY 2022, reflecting historic, recurring funding increases for schools and the health care system. The gaps include Medicaid spending projections that exceed the Global Cap spending allowance beginning in FY 2026, which is partly due to \$1.7 billion in additional State spending over the multi-year Financial Plan to leverage roughly \$6 billion in additional Federal Medicaid funding, as well as upward revisions reflecting sustained enrollment levels and spending for MLTC.

While these investments continue and spending is expected to grow by just over 5 percent on average through FY 2028, tax receipts⁸ are projected to grow on average by 3.5 percent annually over the Financial Plan period from FY 2024 levels, resulting in a structural imbalance in the later years of the Financial Plan.

⁸ Tax receipts and General Fund balance are affected by the Pass-Through Entity Tax (PTET); however, DOB expects that the PTET will, on a multi year basis, be revenue neutral for the State. The discussion of tax receipts throughout the Financial Plan Overview exclude the impact of PTET, unless otherwise noted.



The projected budget gaps do not reflect the use of any Principal Reserves to balance operations in any year but do include the use of a \$2 billion annual Transaction Risk Reserve, which is included to guard against unexpected declines in receipts or costs related to transaction risk execution. The projected budget gaps also include a substantial amount of savings from the management of prior year resources used to prepay and advance debt service costs and other liabilities, as well as the carry forward of prior year fund balances. Absent these resources, debt service and other spending would be higher and drive gaps above current projections.

In addition, the projected budget gaps for FY 2027 and FY 2028 are impacted by anticipated State and Federal tax law changes, and related taxpayer behavior. FY 2027 projections include a one-time acceleration of between \$3 and \$4 billion in estimated PIT tax receipts due to the scheduled expiration of the Federal State and Local Tax (SALT) deduction cap at the end of 2025 and the expectation that taxpayers will seek to benefit from unlimited SALT deductibility beginning in tax year 2026. If the Federal government extends or revises the SALT deduction cap, the acceleration would likely not occur, which would reduce tax receipts and increase the budget gap for FY 2027 by a concomitant amount. For more information, see “Other Matters Affecting the Financial Plan” herein.

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

The State will continue to evaluate multi-year growth assumptions across all programs to ensure long-term sustainability within projected resources. If the FY 2026 Budget is balanced with recurring savings, inclusive of Medicaid savings to adhere to the Global Cap limit, then the budget gaps in the outyears would be reduced to less than \$2 billion for FY 2027 and \$5 billion for FY 2028.



Summary of Revisions Compared to FY 2024 Mid-Year Projections

The following table and narrative provide a summary of the impact of the FY 2025 Enacted Budget actions and forecast revisions on General Fund operations, starting with the FY 2024 Mid-Year Update Estimate.

FY 2025 ENACTED BUDGET FINANCIAL PLAN -- GENERAL FUND REVISIONS (millions of dollars)				
	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
MID-YEAR UPDATE SURPLUS/(GAP) ESTIMATE	(4,326)	(9,526)	(7,722)	(16,475)
Receipts	6,704	6,622	1,001	3,262
<u>Tax Receipts</u>	<u>5,380</u>	<u>3,359</u>	<u>889</u>	<u>3,139</u>
Tax Receipts, excluding PTET	3,383	4,065	3,837	3,437
PTET/PIT Receipts (Financial Plan Neutral)	1,997	(706)	(2,948)	(298)
Debt Service	376	2,007	124	370
Other Receipts/Transfers	948	1,256	(12)	(247)
Disbursements	2,500	(538)	(466)	727
<u>Assistance and Grants</u>	<u>768</u>	<u>37</u>	<u>(129)</u>	<u>846</u>
<u>School Aid</u>	<u>254</u>	<u>499</u>	<u>798</u>	<u>1,452</u>
SY 2025 Foundation Aid Adjustment	165	247	264	281
School Aid Growth Based on CPI	0	242	730	1,331
Lottery/Gaming	398	442	266	298
All Other	(309)	(432)	(462)	(458)
<u>Medicaid</u>	<u>327</u>	<u>(1,008)</u>	<u>(994)</u>	<u>(814)</u>
Revised Forecast/Enrollment	(993)	(2,396)	(2,341)	(2,252)
1115 Waiver	(451)	(474)	(501)	(385)
Savings Actions	768	1,155	1,155	1,155
HCBS eFMAP	366	0	0	0
HCRA Resources/All Other	637	707	693	668
All Other Assistance and Grants	187	546	67	208
<u>State Operations</u>	<u>1,966</u>	<u>105</u>	<u>(534)</u>	<u>(297)</u>
Executive Operations	579	380	(363)	(300)
Legislature/Judiciary (incl. fringe benefits)	(297)	(297)	(297)	(297)
Other Elected Officials	(22)	(22)	(22)	(22)
Fringe Benefits/Fixed Costs	1,706	44	148	322
<u>Transfers to Other Funds</u>	<u>(234)</u>	<u>(680)</u>	<u>197</u>	<u>178</u>
Capital Projects	215	(731)	93	57
SUNY Operating	(66)	(30)	(12)	(12)
All Other	(383)	81	116	133
Use of/(Deposit to) Reserves	(4,878)	1,102	2,928	5,236
Rainy Day Reserves/Economic Uncertainties	(1,500)	500	0	0
Timing of PTET/PIT Credits (Financial Plan Neutral)	(1,997)	706	2,948	298
All Other Reserves	(1,381)	(104)	(20)	4,938
ENACTED BUDGET SURPLUS/(GAP) ESTIMATE	0	(2,340)	(4,259)	(7,250)

Receipts

Tax Receipts. Based on FY 2024 results and the updated economic forecast, DOB has made upward revisions to the tax receipts forecast across all years of the Financial Plan, primarily in PIT and business tax receipts. Tax receipts estimates for PTET and related PIT credits are offset by adjustments to the use of or deposit to PTET reserves to cover credits claimed in subsequent years. In addition, the Enacted Budget includes the following tax law changes:

- **Extend the Itemized Deduction Limit on High Income Filers.** The Enacted Budget extends the itemized deduction limitation on filers with New York Adjusted Gross Income greater than \$10 million, which is estimated to provide additional resources beginning in FY 2026.
- **Supplemental Child Tax Credit.** The Enacted Budget provides a one-year supplement to the existing Empire State Child Credit.
- **Other Tax Actions.** The Enacted Budget also includes a new newspaper and broadcast media jobs tax credit, closes a loophole related to PIT and business taxes, provides for the filing of amended sales tax returns, and extends other taxes, exemptions, and credits, including the sales tax exemption on vending machines for an additional year, through May 31, 2025.

Debt Service. Costs are lowered in all years of the Financial Plan due to the prepayment of debt service costs due in these years in FY 2024 and planned in FY 2025, and refundings and ongoing debt management, which lower the dedicated tax receipts needed to support debt service and increase dedicated tax receipts to the General Fund. These savings are partially offset in FY 2026 and beyond by the financing of the capital adds and initiatives included in the Enacted Budget.

Other Receipts/Transfers. Available resources in other funds, including upward revisions to estimated Mental Hygiene Federal revenue, will be transferred to the General Fund to support continued and new spending. In addition, projected investment income has been revised upward in FY 2025 and FY 2026 to reflect the near-term forecast for interest rate levels and overall investment pool.

Disbursements

Assistance and Grants. General Fund spending for assistance and grants is projected to total \$77.4 billion in FY 2025, an increase of \$8.3 billion (12 percent). This spending is impacted by the level of resources outside of the General Fund available to support spending, particularly in education and health programs. Compared to the Mid-Year Update to the Financial Plan, assistance and grants spending is lowered in aggregate over the multi-year Financial Plan reflecting reduced growth rates and savings achieved through various cost controls and resources. In addition, DOB has revised estimates of spending across nearly all functional areas based on programmatic experience and other indicators, including the expectation that spending below projections in recent years will continue.



The Financial Plan provides \$35.9 billion for School Aid in SY 2025, an increase of approximately \$1.4 billion (4.1 percent), inclusive of the State's full takeover of funding for prekindergarten expansion grants previously supported with Federal ARP funds. Excluding the State funds needed to support this takeover, the School Aid increase for SY 2025 totals \$1.3 billion (3.8 percent). This growth reflects a \$934 million (3.9 percent) Foundation Aid increase driven largely by the formula's inflation factor, which the Enacted Budget sets at 2.8 percent for SY 2025. School Aid growth also fully funds the projected \$366 million increase under current law for expense-based reimbursement programs. Additionally, this increase reflects the annualization of the historic \$3.0 billion SY 2024 School Aid increase, which was driven primarily by the final year of the three-year phase in of the Foundation Aid formula.

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

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

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

To control rising Medicaid costs, the Enacted Budget includes routine revisions, savings, and program management actions, as well as audit recoveries and efforts to eliminate inappropriate payments. Savings actions total \$768 million in FY 2025 and include the transition to a single Statewide Fiscal Intermediary for the CDPAP; reducing facility capital payments; and removing the 1 percent surplus payments provided to MCOs attributable to the pharmacy benefit transition from the MCO premiums back to Fee for Service effective April 2023.

Additionally, the Financial Plan includes \$64 million in reductions to Managed Care quality pool programs and \$75 million in savings from unallocated underspending in the Nursing Home Vital Access Provider Assurance Program (VAPAP), bringing the total annual pool to \$25 million in emergency one-time, State-only funding for financially distressed nursing homes. Beginning in



FY 2026, Medicaid spending is projected to exceed the allowable amount under the Global Cap Index. Accordingly, the State expects to develop actions that will provide recurring savings and reduce the cost of healthcare delivery while preserving access and level of care.

The Enacted Budget includes increased spending for all other assistance and grants for planned investments and expansions; including a 2.84 percent COLA; various public health and youth employment programs; expanded TAP eligibility and awards, increased general operating support for CUNY; State funding for asylum seeker assistance; public safety and combatting crime; and one-time aid to municipalities. Other spending increases include additional assistance to distressed hospitals and safety net providers that are funded outside of the Medicaid Global Cap through the Mental Hygiene Stabilization Fund (MHSF). These increases are partly offset by lower spending attributable to the expected repayment of \$1.5 billion of State-only payments from distressed providers; certain accounting reclassifications between financial plan categories; and revised spending forecasts across many functional areas, reflecting continued spending below initial projections experienced in prior years inherent to the practice of conservative budgeting.

In addition, lower spending reflects the use of available Temporary Assistance for Needy Families (TANF) funding to support increasing child care costs to maintain continuity in the level and eligibility of child care subsidies; available Mortgage Insurance Fund resources to fund housing and homelessness programs; and a new limit on eligibility for Unrestricted Aid to Independent Colleges and Universities, also known as Bundy Aid, to institutions with endowment assets of less than \$750 million.

State Operations. Spending for operations, including wages and fringe benefits, is projected to increase in FY 2025, excluding the impact of the prepayment of FY 2025 pension expenses in FY 2024, and lower FEMA reimbursements expected to offset prior year COVID-19 pandemic related costs compared to FY 2024. The increased costs reflect general salary increases and expansion of services and new initiatives, including mental health access and capacity, and cybersecurity and technology investments. The increased spending is partly offset with savings expected from eliminating excess capacity within the correctional system, ongoing agency efficiencies in delivering services, and reduced consultant spending.

Executive agency operational spending is reduced compared to the Mid-Year Update to the Financial Plan to reflect the planned reduction of excess prison capacity resulting from continued prison population declines; reductions in consulting services; improvements in procurement efficiencies; certain accounting reclassifications between financial plan categories; and the expected continuation of lower than projected spending experienced in prior years inherent to the practice of conservative budgeting. In addition, DOB has increased expected FEMA reimbursements, which lower reported spending, based on continued review and submission of prior-year eligible costs incurred by multiple agencies.

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

The Enacted Budget must include without modification the appropriations submitted annually by the Legislature and Judiciary.

- The judiciary budget increases annual operating spending, including fringe benefits, by \$288 million annually to fund judicial pay raises for State judges, general salary increases for non-judicial staff, a paid parental leave program, staffing increases to return to pre-COVID-19 pandemic workforce levels, new court clerks and attorneys, mental health court expansion, and costs associated with four court officer academy classes. In addition, the judicial budget request includes funding to support twenty new judgeships, and twenty-eight family court and five City of New York housing court judges.
- Operating spending for the Legislature increases by \$9 million annually to fund general salary increases for legislative staff and operational expenses.

Attorney General (AG) operational spending, excluding fringe benefits, is increased by \$13 million annually to support increased caseloads driven by recently enacted legislation and general salary increases. Operating spending for OSC, excluding fringe benefits, is increased by \$9 million annually to reflect general salary and operational increases.

Fringe benefit and fixed costs savings in FY 2025 reflect the payment in FY 2024 of the \$1.6 billion FY 2025 Employees' Retirement System (ERS) / Police and Fire Retirement System (PFRS) pension bill, which included estimated interest savings totaling \$99 million that accrued to the State. Savings in all other years reflect updated projections for various fringe benefit categories.

Transfers to Other Funds. The Enacted Budget reduces transfers from the General Fund to capital projects funds, which is primarily related to the early retirement of bonds that lower the necessary transfer to the DHBTf for debt service. This reduction is partially offset by the addition of new capital initiatives that will be supported by the General Fund, including a new electronic medical health records system for the Office of Mental Health (OMH) and additional funding for judicial facilities renovation, safety, and technology upgrades for court rooms. In FY 2026, \$1 billion for capital expenses is expected to be flipped from bond financed to Pay-As-You-Go (PAYGO) capital, which reduces the State's debt burden and costly interest expense as rates are expected to remain elevated through FY 2026.

The State will provide \$67 million to support SUNY operating costs, including those related to various State of the State initiatives, including, but not limited to, funding for the Empire State Service Corps and Empire AI, in addition to support for the State Weather Risk Communication Center at the University at Albany and TAP tuition credits.



The Enacted Budget includes \$350 million in one-time General Fund resources transferred to the HSF in FY 2025. Other revisions include \$35 million in additional support for Department of Health (DOH) health facilities, and an increased transfer to the Judiciary's Court Facilities Incentive Aid Fund for civil legal aid, court facilities maintenance/cleaning costs, and enterprise-wide technology enhancements. Additionally, up to \$100 million of State support is added for operating expenses at the State University Health Sciences Center at Brooklyn and/or the SUNY Hospital at Brooklyn, pursuant to a plan approved by the Director of the Budget. Other downward revisions to transfers reflect updated forecasts based on prior year transfer activity and projected support levels needed outside of the General Fund.

Use of/(Deposit to) Reserves

Changes to reserves reflect the impact of a \$1.5 billion deposit to Rainy Day Reserves, revised estimates of PTET related tax receipts, updated projections of spending supported by the extraordinary monetary settlements reserve, use of the labor reserve to fund the retroactive cost of the recently settled NYSCOPBA contract, and management of prior year resources planned to reduce gaps in future years. In addition, the Financial Plan previously planned to continue annual deposits to the reserve for future labor and operational costs; however, the Financial Plan reflects the discontinuation of the deposits in the outyears consistent with the recognition of additional operational costs and labor agreements reached to date. The existing \$3.1 billion reserve is maintained for similar labor agreements with unsettled labor unions in future years.



Extraordinary State Funding for Asylum Seeker Assistance

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

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

The State is covering the cost of the Humanitarian Emergency Response and Relief Center (HERRC) at three sites and has made multiple State-owned sites available for use as shelters.

The State commits a total of \$4.3 billion in extraordinary State Funding for asylum seeker assistance through FY 2026 reflecting an additional \$2.4 billion added in the FY 2025 Enacted Budget above the \$1.9 billion previously committed. The table below summarizes the extraordinary State Funding for asylum seeker assistance estimated to be spent through FY 2024 and planned over the multi-year Financial Plan, including revisions to reflect the timing of previously unspent funds. The Governor has pledged to use \$500 million from reserves to fund a portion of the support in FY 2026. The 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.

ASYLUM SEEKER ASSISTANCE STATE OPERATING FUNDS (in millions)					
	Actuals		Projected		TOTAL
	FY 2023	FY 2024	FY 2025	FY 2026	
Total State Funding	27	895	2,623	773	4,318
Original NYC Support	0	500	596	0	1,096
Additional NYC Support	0	0	530	530	1,060
Additional Aid to NYC and Costs for Randall's Island, Creedmoor, and Floyd Bennett	0	19	794	146	959
National Guard Deployment	27	163	262	0	452
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	174	10	226
Use of Economic Uncertainties Reserves	0	0	0	(500)	(500)

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

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

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



FY 2025 Enacted Budget General Fund Financial Plan

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

GENERAL FUND FINANCIAL PLAN (millions of dollars)				
	FY 2024 Actuals	FY 2025 Projected	Annual Change	
			Dollar	Percent
Opening Fund Balance	43,451	46,331	2,880	6.6%
Total Receipts	102,997	109,956	6,959	6.8%
Receipts, excluding PTET	103,218	109,092	5,874	5.7%
Taxes	92,148	99,242	7,094	7.7%
Miscellaneous Receipts	4,878	4,460	(418)	-8.6%
Federal Receipts	2,250	3,645	1,395	62.0%
Non-Tax Transfers from Other Funds	3,942	1,745	(2,197)	-55.7%
PTET Receipts	(221)	864	1,085	491.0%
PIT Credits	(14,176)	(13,884)	292	2.1%
Business Taxes	13,955	14,748	793	5.7%
Total Disbursements	100,117	107,772	7,655	7.6%
Assistance and Grants	69,119	77,404	8,285	12.0%
State Operations	21,951	21,110	(841)	-3.8%
Transfers to Other Funds	9,047	9,258	211	2.3%
Net Change in Operations	2,880	2,184	(696)	-24.2%
Closing Fund Balance	46,331	48,515	2,184	4.7%
Statutory Reserves:				
Community Projects	25	25	0	
Contingency	21	21	0	
Rainy Day Funds	6,256	7,756	1,500	
Fund Balance Reserved for:				
Debt Management	2,436	1,860	(576)	
Economic Uncertainties	13,812	13,812	0	
Labor Settlements/Agency Operations	1,765	3,099	1,334	
All Other Reserves/Balances	6,769	6,250	(519)	
Subtotal Excluding Settlements/PTET	31,084	32,823	1,739	
Fund Balance Reserved for:				
Extraordinary Monetary Settlements	1,110	691	(419)	
Timing of PTET/PIT Credits	14,137	15,001	864	



Receipts

General Fund receipts, including transfers from other funds, are estimated to total nearly \$110 billion in FY 2025, an increase of \$7 billion (6.8 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 \$96 billion in FY 2025, an increase of \$2.5 billion (2.7 percent) from FY 2024. The increase reflects forecasts of moderate economic and wage growth, which are expected to drive modest growth in tax receipts. The following discussion of annual changes in tax receipts exclude the impact of PTET and debt prepayments.

PIT receipts are estimated to total \$64.3 billion in FY 2025, an increase of \$2.3 billion (3.8 percent) from the prior year. The increase reflects growth in withholding, current estimated payments for tax year 2024, extension payments for tax year 2023, final returns, and delinquencies. These increases are partly offset by higher expected total refunds due, primarily driven by prior year refunds for tax year 2023.

Consumption/use tax receipts are estimated to total \$18.4 billion in FY 2025, an increase of \$296 million (1.6 percent) from FY 2024. This increase reflects a slow-down in the sales tax base, as well as a projected increase in adult-use cannabis receipts as this burgeoning market continues to expand throughout the State.

Business tax receipts increase primarily reflects an increase in gross Corporate Franchise Tax (CFT) receipts and audit receipts from both the bank tax and CFT.

Other tax receipts, including transfers after payment of debt service on Clean Water/Clean Air (CW/CA) Bonds, are expected to total \$2.3 billion in FY 2025, a decrease of \$499 million from FY 2024. This is primarily due to the expectation that super-large estate tax payments return to more typical trends in FY 2025.

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

Disbursements

General Fund disbursements, including transfers to other funds, are expected to total \$107.8 billion in FY 2025, an increase of \$7.7 billion (7.6 percent) from FY 2024. The annual change in spending is in large part due to increased funding for Foundation Aid, Medicaid, and continued time-limited support to the City of New York for asylum seeker assistance.

Approximately 80 percent of assistance and grants spending are supported by the General Fund and is estimated to total \$77.4 billion in FY 2025, an increase of \$8.3 billion (12 percent) from FY 2024. General Fund spending for education and health care represents over half of the assistance and grants spending growth. General Fund support for these programs is also affected by the level of financing sources (i.e., HCRA and lottery/gaming receipts) available in other funds. In addition, other assistance and grants growth is primarily the result of continued State support of an expanded level and eligibility of child care subsidies and victim of crime assistance previously funded with Federal resources; added child welfare services funding for local social services districts; increased operating support to SUNY and CUNY senior colleges; and asylum seeker assistance.

The General Fund supports roughly two-thirds of the cost of agency operations and fringe benefits. State Operations is impacted by the prepayment of the FY 2025 pension obligation in FY 2024, certain accounting reclassifications between financial plan categories, FEMA reimbursements for prior year COVID-19 pandemic related eligible spending, and the payment of retroactive salary increases. Excluding these transactions, General Fund State Operations spending growth is expected to increase by roughly 10 percent. The largest drivers of growth include rising health insurance costs for State employees, the cost of enhanced pension benefits for Tier 6 State employees, Judicial staffing and operational increases, general salary increases consistent with existing collective bargaining agreements, investments in cybersecurity and information technology, and continued staffing increases across various agencies.

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

FY 2025 Closing Balance

Excluding designated funds in the PTET⁹ reserve for the timing of PTET/PIT credits and extraordinary monetary settlements to fund existing commitments and projects, DOB projects the State will end FY 2025 with a General Fund cash balance of \$32.8 billion, an increase of \$1.7 billion from the prior year closing balance. The increase is mainly due to a deposit to the Rainy Day Reserves and planned increases to the reserve for labor settlements/agency operations, partially offset by the scheduled use of debt management reserves to fund capital expenses.

⁹ Starting in FY 2022, the General Fund balance is affected by the PTET program. Please see the description under the heading “PTET Financial Plan Impact” for more information.



Negotiated Changes to the Executive Budget

The following table summarizes the negotiated additions, restorations, modifications, and revisions to the FY 2025 Executive Budget General Fund proposal.

CHANGES TO THE EXECUTIVE BUDGET FINANCIAL PLAN				
GENERAL FUND				
(millions of dollars)				
	FY 2025	FY 2026	FY 2027	FY 2028
	Projected	Projected	Projected	Projected
EXECUTIVE BUDGET SURPLUS/(GAP) ESTIMATE	0	(4,974)	(5,229)	(9,943)
NEGOTIATED RESTORATIONS/ADDS	(3,131)	(1,363)	(1,341)	(1,198)
Spending Restorations/Adds	(2,773)	(1,347)	(1,295)	(1,152)
<u>New Spending Adds:</u>	<u>(2,291)</u>	<u>(298)</u>	<u>(216)</u>	<u>(196)</u>
Distressed Hospital Assistance	(500)	0	0	0
Supplemental Hospital/Nursing Home Payments	(350)	0	0	0
Healthcare Safety Net Transformation Program	(300)	0	0	0
Additional 1.34% Human Services COLA (2.84% Total)	(116)	(116)	(116)	(116)
SUNY/CUNY Operating Assistance	(75)	(25)	0	0
SUNY Hospital Debt Service Forgiveness	(79)	0	0	0
Tuition Assistance Program Expansion	(48)	(61)	(61)	(61)
Tier 6 Pension Benefits	(58)	(58)	(58)	(58)
Temporary Municipal Assistance	(50)	(50)	0	0
Additional Competitive Arts Grants	(40)	0	0	0
Asian American Pacific Islander Support & Protection	(30)	0	0	0
Additional Hunger Prevention and Nutrition Assistance Program	(23)	0	0	0
Office of New Americans and Immigration Legal Services	(20)	0	0	0
All Other Spending Adds	(181)	46	42	47
Legislative Table Adds	(421)	(34)	(23)	(8)
<u>Restorations/Modifications:</u>	<u>(482)</u>	<u>(1,049)</u>	<u>(1,079)</u>	<u>(956)</u>
<u>Medicaid</u>	<u>(233)</u>	<u>(567)</u>	<u>(735)</u>	<u>(731)</u>
<i>Unallocated Long-Term Care Savings</i>	<i>(200)</i>	<i>(200)</i>	<i>(200)</i>	<i>(200)</i>
<i>Unallocated Medicaid Savings</i>	<i>(200)</i>	<i>(200)</i>	<i>(200)</i>	<i>(200)</i>
<i>Discontinue Wage Parity for CDPAS</i>	<i>(200)</i>	<i>(401)</i>	<i>(401)</i>	<i>(401)</i>
<i>CDPAP Fiscal Intermediaries Modification</i>	<i>200</i>	<i>504</i>	<i>504</i>	<i>504</i>
<i>Reduce MC/MLTC Quality Pool Funding</i>	<i>(48)</i>	<i>(48)</i>	<i>(48)</i>	<i>(48)</i>
<i>Competitively Procure Managed Care Organizations</i>	<i>0</i>	<i>(150)</i>	<i>(300)</i>	<i>(300)</i>
<i>Restructure Adult Health Homes</i>	<i>0</i>	<i>(125)</i>	<i>(125)</i>	<i>(125)</i>
<i>All Other Medicaid Restorations</i>	<i>(53)</i>	<i>(53)</i>	<i>(72)</i>	<i>(72)</i>
<i>Resources/Revisions</i>	<i>268</i>	<i>106</i>	<i>107</i>	<i>111</i>
Foundation Aid	(178)	(299)	(252)	(126)
NYSHIP Interest and Arrears Collections	(20)	(80)	0	0
Committee on Special Education	0	(29)	(29)	(29)
All Other	(51)	(74)	(63)	(70)
Tax Law/Receipts	(358)	(16)	(46)	(46)
<u>Not Accepted:</u>	<u>(8)</u>	<u>(15)</u>	<u>(15)</u>	<u>(15)</u>
Implement Sales Tax on Vacation Rentals	(8)	(15)	(15)	(15)
<u>Modified/New:</u>	<u>(350)</u>	<u>(1)</u>	<u>(31)</u>	<u>(31)</u>
Supplemental Empire State Child Credit	(350)	0	0	0
Journalism Tax Credit	0	0	(30)	(30)
All Other	0	(1)	(1)	(1)
RESOURCES AND FORECAST REVISIONS	3,131	3,997	2,311	3,891
Tax Receipts, excluding PTET	2,595	1,863	2,159	2,536
FY 2024 and FY 2025 Debt Prepayments	0	2,000	200	500
Forecast Revisions/Resource Timing	1,773	384	202	1,105
Hospital Advance/Recoupment	397	0	0	0
Principal Reserve Deposit	(1,500)	0	0	0
Retiree Health Benefit Trust Fund Deposit	(250)	(250)	(250)	(250)
Use Operational Reserve for Retroactive Payments	116	0	0	0
ENACTED BUDGET SURPLUS/(GAP) ESTIMATE	0	(2,340)	(4,259)	(7,250)



Cash Flow

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

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

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

FY 2025 PROJECTED MONTH-END CASH BALANCES			
APRIL (ACTUALS)/MAY THROUGH MARCH (PROJECTED)			
(millions of dollars)			
	General Fund	Other Funds	All Funds
April 2024	49,055	23,191	72,246
May 2024	45,080	22,401	67,481
June 2024	47,526	23,708	71,234
July 2024	46,078	23,132	69,210
August 2024	44,900	23,793	68,693
September 2024	49,200	20,689	69,889
October 2024	44,450	21,183	65,633
November 2024	41,473	20,697	62,170
December 2024	45,518	19,643	65,161
January 2025	47,366	20,855	68,221
February 2025	45,238	22,648	67,886
March 2025	48,515	15,007	63,522



PTET Financial Plan Impact

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

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

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

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

FY 2025 ENACTED BUDGET GENERAL FUND IMPACT OF THE PASS THROUGH ENTITY TAX SAVINGS/(COSTS) (millions of dollars)								
	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	Total
General Fund Impact	0	0	0	0	0	0	0	0
Tax Receipts ¹	16,430	(2,072)	(221)	864	(2,504)	(12,197)	(300)	0
PIT Credits	0	(17,016)	(14,176)	(13,884)	(14,956)	(10,858)	(300)	(71,190)
PTET Collections (Business Taxes)	16,430	14,944	13,955	14,748	12,452	(1,339)	0	71,190
Use of/(Deposit to) Reserve for PTET Refunds	(16,430)	2,072	221	(864)	2,504	12,197	300	0

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



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

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



State Operating Funds Spending Summary

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

STATE OPERATING FUNDS DISBURSEMENTS FY 2024 TO FY 2025 (millions of dollars)				
	FY 2024 Actuals	FY 2025 Projected	Annual Change	
			\$	%
ASSISTANCE AND GRANTS	89,202	97,202	8,000	9.0%
School Aid (School Year Basis)	34,484	35,889	1,405	4.1%
DOH Medicaid	27,804	30,932	3,128	11.3%
Mental Hygiene, excluding MHSF	5,278	6,457	1,179	22.3%
Social Services	4,399	6,617	2,218	50.4%
Transportation	5,237	5,149	(88)	-1.7%
Higher Education	3,122	3,474	352	11.3%
Other Education	2,457	2,796	339	13.8%
All Other	6,421	5,888	(533)	-8.3%
STATE OPERATIONS/GENERAL STATE CHARGES	32,274	31,818	(456)	-1.4%
State Operations	21,578	23,248	1,670	7.7%
Executive Agencies	12,309	12,938	629	5.1%
FEMA Reimbursements	(962)	(500)	462	48.0%
University Systems	7,402	7,654	252	3.4%
Judiciary	2,151	2,409	258	12.0%
Other Elected Officials	678	747	69	10.2%
General State Charges	10,696	8,570	(2,126)	-19.9%
Pension Contribution	3,734	734	(3,000)	-80.3%
Health Insurance	5,106	5,743	637	12.5%
Other Fringe Benefits/Fixed Costs	1,856	2,093	237	12.8%
DEBT SERVICE	6,997	3,022	(3,975)	-56.8%
TOTAL STATE OPERATING FUNDS	128,473	132,042	3,569	2.8%
Capital Projects (State and Federal Funds)	14,708	17,642	2,934	19.9%
Federal Operating Aid	91,686	89,484	(2,202)	-2.4%
TOTAL ALL GOVERNMENTAL FUNDS	234,867	239,168	4,301	1.8%



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

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

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

DOH Medicaid assistance and grants spending, excluding the effect of the temporary eFMAP, is estimated at \$30.9 billion in FY 2025, an annual increase of \$3.1 billion (11.3 percent). Medicaid costs reported under the Global Cap are projected to increase by \$1.6 billion in FY 2025, consistent with the updated growth index. Higher spending is attributable to increased MLTC enrollment and price growth as well as increased home and personal care utilization and costs, expanded access to health coverage, and higher provider reimbursements. Additionally, the FY 2025 Enacted Budget includes \$350 million in one-time funding to support a new Healthcare Stability Fund for investments in hospitals, nursing homes, assisted living programs, and hospice programs. The remaining \$1.5 billion in growth attributable to costs reported outside of the Global Cap is mainly driven by home care and minimum wage for health care providers (\$1.3 billion) and financial relief to counties and the City of New York associated with full coverage of the local share of spending growth (\$183 million). Additional funding for distressed hospitals (\$500 million) and the Healthcare Safety Net Transformation Program (\$300 million) is excluded from Medicaid spending and the Global Cap and rather funded by through the MHSF/Local Share Adjustment (LSA). Likewise, in FY 2024, a portion of Medicaid-related expenses of the Office for People with Developmental



Disabilities (OPWDD) were funded outside of the DOH Global Cap to provide room to fund State-only hospital payments that are expected to be recouped in FY 2025.

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

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

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

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

Higher education spending is projected to grow by 11.3 percent in FY 2025 inclusive of the projected disbursement of the State endowment match to SUNY's four University Centers. Increased spending for TAP and other scholarship programs includes expansion through higher maximum income thresholds for TAP eligibility, minimum TAP awards, and the expansion of TAP for part-time students at proprietary institutions. Funding is also increased for SUNY and CUNY community colleges and an additional \$112 million in State Aid for operating support to CUNY senior colleges.

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



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

State Operations/General State Charges (GSCs)

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

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

SUNY operational spending growth reflects expenses for SUNY State-operated campuses and hospitals, inclusive of additional State aid for operating expenses at the State University Health Sciences Center at Brooklyn and/or the SUNY Hospital at Brooklyn. SUNY operating costs are funded by a combination of tuition and fee revenue and General Fund transfers provided annually for direct State operating support and student financial aid support (\$1.8 billion in FY 2025). In addition, the State pays the fringe benefit costs of employees at SUNY State-operated campuses, projected to be roughly \$2 billion in FY 2025, which is excluded from operational spending growth. The State also continues to pay a share of the debt service costs on bond financed capital projects at SUNY, totaling approximately \$581 million in FY 2025.

The Judiciary spending plan includes a substantial increase in FY 2025 (12 percent) to support judicial pay raises for State judges, general salary increases for non-judicial staff, implementing a paid parental leave program, staffing increases to return to pre-COVID-19 pandemic workforce levels, new court clerks and attorneys, and costs associated with four court officer academy classes. The Judicial budget also includes funding for twenty new judgeships, twenty-eight family court and five City of New York housing court judges, including support staff for each. Funding also supports four court officer academy classes, implementation of the paid parental leave program,



increase support for child and civil legal service providers, expand mental health court services, support several anti-bias and justice initiatives, accommodate court facility cleaning costs, and provide for health insurance and pension cost increases.

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

The decline in GSCs is due mainly to the prepayment of FY 2025 pension obligations, partially offset by rising health insurance costs, attributed to the escalating cost of health care and prescription drugs, and the cost of enhanced pension benefits for Tier 6 State employees.

Debt Service

The State pays annual debt service on all outstanding State-supported debt issuances, which is affected by the routine prepayment of future debt service costs in prior fiscal years. Adjusting for prepayments, State-related debt service is projected at \$6.7 billion in FY 2025, an increase of 12 percent from FY 2024.

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 Financial Plan include audits, disallowances, changes to Federal participation rates or other Medicaid rules, discretionary spending reductions, and the expected need for Congress to increase or suspend the debt limit to avoid delaying payments and/or defaulting on debt obligations. In addition, the Financial Plan assumes Federal reimbursement of previously incurred pandemic response and recovery costs. However, there can be no assurance that FEMA will approve claims for the State to receive reimbursement in the amounts or State fiscal years projected in the Financial Plan.

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

A payment default by the Federal government may also adversely affect the municipal bond market. Municipal issuers, including the State and its public authorities and localities, could face higher borrowing costs and impaired access to capital markets. This would jeopardize planned capital investments and projects. Additionally, the market for, and market value of, outstanding municipal obligations, including municipal obligations of the State and its public authorities, could be adversely affected.

Federal Aid Reductions. Any significant reductions in Federal aid could have a materially adverse impact on the 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.



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

In September 2022, the State requested \$13.5 billion in new Federal Medicaid funding, over a five-year period, to address health disparities exacerbated by the COVID-19 pandemic. On January 9, 2024, CMS approved a \$5.8 billion waiver over a three-year term in response to the State's request. The funding will enable New York to help support social, physical, and behavioral health care services throughout the State. However, the anticipated agreement requires a total of \$1.7 billion in additional State resources, which have been assumed in the 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 Financial Plan projections beyond the term period.

Financial Plan Projections

The 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 Financial Plan are based on reasonable assumptions at the time they were prepared. DOB is unable to provide any assurance that actual results will not differ materially and adversely from these projections.

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

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

Tax Cuts and Jobs Act of 2017 (TCJA). The TCJA made extensive changes to Federal PIT, corporate income taxes, and estate taxes, most of which were effective in tax year 2018. One key impact of the TCJA on New York State taxpayers is the \$10,000 limit on the deductibility of SALT payments, which represents a large increase in the State's effective tax rate relative to historical experience. Many provisions of the TCJA are scheduled to expire at the end of 2025, including the SALT deduction cap. Consistent with the Internal Revenue Code, revenue projections within the Financial



OTHER MATTERS AFFECTING THE FINANCIAL PLAN

Plan assume these Federal provisions will expire without replacement and taxpayer behavior will revert to pre-TCJA activity. These assumptions suggest that when the SALT deduction cap expires, taxpayers will no longer utilize the optional PTET nor participate in the optional Employer Compensation Expense Program (ECEP), and they will accelerate payments in tax year 2026 (FY 2027) to take advantage of the SALT deduction cap sunset. It should be noted that PTET and ECEP are independent of the TCJA and are not scheduled to sunset. As such, it is possible that taxpayer utilization of these programs will continue regardless of changes in Federal policies. If PTET utilization continues beyond 2025, the anticipated decline in PTET receipts currently projected in FY 2027 will be mitigated, but PTET, as a program, will remain revenue neutral. However, if the SALT deduction cap is extended, then FY 2027 receipts, exclusive of PTET revenues and credits, are expected to be revised downward by between \$3 billion and \$4 billion (all else being equal). The revision would be based on expectations for taxpayer payment timing behavior; specifically, taxpayers decelerating PIT payments due to the inability to take advantage of uncapped SALT deductions. As DOB gains additional clarity on Federal tax policies and their implication on PTET and ECEP utilization, the estimates of receipts will be revised in future quarterly Financial Plan updates to reflect any changes.

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

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

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



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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 make them ineligible.

In June 2023, the State resumed eligibility redeterminations for approximately 9 million public health insurance enrollees to be completed over a fourteen-month period, consistent with CMS requirements. Based on experience to date, disenrollment is significantly less than initially projected, and the State is expected to retain a greater proportion of COVID-19 era enrollees than other states. The State now estimates over 700,000 people will remain enrolled relative to pre-COVID-19 pandemic levels of enrollment. There can be no assurance that actual enrollment will not exceed these levels, which would drive higher spending in the multi-year Financial Plan.

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

Hospital Assistance. The State provides a substantial amount of supplemental funding to private and not-for-profit hospitals beyond traditional Medicaid reimbursement rates and payments through various programs and grants, including the 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 that has driven a concomitant 432 percent increase in Federal/State fiscal assistance to these entities. Many hospitals responsible for supporting medical needs in underserved communities across the State, including those with higher rates of uninsured individuals and government payor mix, have been further stressed financially due to the pandemic. Despite hospitals in the State receiving roughly \$11 billion in COVID-19 pandemic related assistance from the Federal government, many continue to struggle. As a result, the State has provided substantial targeted funding to certain facilities. These payments are in addition to recurring annual hospital assistance of \$984 million provided in aggregate to all hospitals statewide. From FY 2023 through FY 2025, supplemental State support will total more than \$1.8 billion – \$800 million in FY 2023 of which \$100 million was added to the recurring base support; \$500 million in FY 2024; and \$500 million planned in FY 2025. The FY 2025 Enacted Budget also provides a new investment of \$300 million in State support associated with the Safety Net Transformation program to fund projects and partnerships to promote financial sustainability of provider systems, subject to approval.



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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 Financial Plan should the State continue to provide supplemental payments to hospitals. There can be no assurance that the State will not continue to commit to additional funding, as many facilities, including those which are not currently fiscally distressed, continue to seek State financial support.

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

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

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

Nearly 80 percent of DOH State Funds Medicaid spending growth is subject to the Global Cap that is intended to establish a limit for Medicaid growth. Additional State-share Medicaid spending, outside of the Global Cap, has increased to include supplemental hospital payments, health care bonus payments, and other costs, in addition to State costs for the takeover of Medicaid growth from local governments and reimbursement to providers for increased minimum wage costs. Prior to FY 2023, the Global Cap was calculated using the ten-year rolling average of the medical component of the Consumer Price Index (CPI) for all urban consumers and thus allowed for growth attributable to increasing costs, though not increasing utilization. To accommodate growth in utilization, beginning in FY 2023 the Global Cap was amended to be calculated using the five-year rolling average of health care spending, using projections from the CMS Actuary. The CMS Actuary updates the projections annually and DOB incorporates the revisions into the multi-year forecast with the Enacted Budget, as applicable. The new Global Cap index added a substantial amount of allowable Medicaid growth – over \$16 billion covering the six-year period from FY 2023 through FY 2028.



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

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

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

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

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



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

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

State Labor Costs

Since the last AIS Update, several unions have ratified comparable agreements, retroactive to April 1, 2023, including the New York State Correctional Officers and Police Benevolent Association (NYSCOPBA), the Police Benevolent Association of New York State (PBANYS), and the District Council 37 Rent Regulation Services Unit (DC-37 RRSU). Additionally, the State has achieved a comparable tentative agreement with the Council 82 Security Supervisors Unit (C82 SSPU), subject to ratification by the membership.

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



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

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

The Judiciary has contracts in place with all unions represented within its workforce, including the Civil Service Employees Association (CSEA) and DC-37 and exclusive Judiciary unions such as the New York State Supreme Court Officers Association, the New York State Court Officers Association, the New York State Court Clerks Association, and eight other unions. These contracts cover a five-year period from FY 2022 through FY 2026 with terms consistent with the CSEA agreement.

Employee Pension Benefits.¹⁰ The State and the Judiciary make annual contributions to the New York State and Local Retirement System (NYSLRS) for employees in the New York State and Local ERS and PFRS. This section discusses contributions to the NYSLRS, which account for most of the State’s pension costs.¹¹ All projections are based on estimated market returns and numerous actuarial assumptions which, if unrealized, could have a materially adverse effect on these projections.

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

¹⁰ 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.

¹¹ 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).



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On August 31, 2023, the Comptroller announced an increase in employer contribution rates for both ERS and PFRS which will impact expenses in FY 2025. The average employer contribution rate for ERS increased from 13.1 percent to 15.2 percent of payroll, and the average employer contribution rate for PFRS increased from 27.8 percent to 31.2 percent of payroll. The increase in rates was primarily attributable to a negative 4.14 percent investment return in the Common Retirement Fund compared to an expected 5.9 percent rate of return, salary increases for active members, and administrative expenses. In addition, there was a discretionary 0.6 percent increase in the ERS rate and 1.0 percent increase in the PFRS rate due to an understatement of certain liabilities in the previous billing rates.

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

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.

The FY 2025 Enacted Budget includes 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 Financial Plan and are estimated to be \$57 million and \$1.4 million, respectively.

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.



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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)							
Fiscal Year	Statewide Pension Payments ¹			Rates for Determining Amortization Amount / Excess Contributions			
	Normal Costs	(Amortization Amount) / Excess Contributions	Total Statewide Pension Payments	System Average Normal Rate ²		System Average Graded Rate	
				ERS (%)	PFRS (%)	ERS (%)	PFRS (%)
2024	3,435.5	25.4	3,460.9	13.1	27.8	13.1	27.4
2025	447.6	0.0	447.6	15.2	31.2	14.1	28.4
----- <i>DOB Projections</i> ³ -----							
2026	2,547.1	0.0	2,547.1	16.2	32.5	15.1	29.4
2027	3,072.5	0.0	3,072.5	17.9	33.7	16.1	30.4
2028	3,727.5	0.0	3,727.5	19.6	34.9	17.1	31.4

¹ Pension Contribution values in this table do not include pension costs related to the ORP, VDC, and TRS for SUNY and SED, whereas the projected pension costs in other Financial Plan tables include such pension disbursements. State payments are recorded on a cash basis based on the fiscal year in which the payment was made. 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.

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” 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” is the State’s actual or planned pension contribution, including amortization and excess contributions.



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

The State has deposited nearly \$1.5 billion to the RHBTF which was created in FY 2018 as a qualified trust under GASBS No. 75 and is authorized to reserve money for the payment of health benefits of retired employees and their dependents. Under current law, the State may deposit into the RHBTF, in any given fiscal year, up to 1.5 percent of the total then-current unfunded actuarial accrued OPEB liability (\$62.5 billion on March 31, 2023). The Enacted Budget includes a continued \$250 million annual deposit to the RHBTF that will be dependent on fiscal conditions.

State Debt

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

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

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



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

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 \$25.9 billion in FY 2024 to a low point of \$800 million in FY 2029. This calculation includes the estimated impact of funding capital commitments with State bonds. The debt service on State-supported debt subject to the statutory cap is projected at \$3.8 billion in FY 2025 inclusive of prior year prepayments, or roughly \$8.0 billion below the statutory debt service limit.

DEBT OUTSTANDING SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT (millions of dollars)	
Year	Personal Income	Cap %	Cap \$	Debt Outstanding Included in Cap ¹	\$ Remaining Capacity	Debt as a % of PI	% Remaining Capacity	Debt Outstanding Excluded from Cap	Supported Debt Outstanding
FY 2024	\$1,557,496	4.00%	62,300	36,418	25,882	2.34%	1.66%	17,901	54,319
FY 2025	\$1,623,550	4.00%	64,942	44,172	20,770	2.72%	1.28%	17,033	61,205
FY 2026	\$1,690,835	4.00%	67,633	53,049	14,584	3.14%	0.86%	16,234	69,283
FY 2027	\$1,759,335	4.00%	70,373	63,337	7,036	3.60%	0.40%	15,521	78,858
FY 2028	\$1,830,671	4.00%	73,227	70,758	2,469	3.87%	0.13%	14,926	85,684
FY 2029	\$1,905,147	4.00%	76,206	75,406	800	3.96%	0.04%	14,318	89,724

DEBT SERVICE SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT SERVICE (millions of dollars)	
Year	All Funds Receipts	Cap %	Cap \$	Debt Service Included in Cap ¹	\$ Remaining Capacity	DS as a % of Revenue	% Remaining Capacity	Debt Service Excluded from Cap	Total State-Debt Service ²
FY 2024	\$234,478	5.00%	11,724	4,108	7,616	1.75%	3.25%	1,894	6,002
FY 2025	\$236,670	5.00%	11,833	3,847	7,986	1.63%	3.37%	2,870	6,717
FY 2026	\$235,350	5.00%	11,767	5,016	6,751	2.13%	2.87%	2,260	7,276
FY 2027	\$233,435	5.00%	11,672	6,102	5,570	2.61%	2.39%	1,699	7,801
FY 2028	\$243,921	5.00%	12,196	5,185	7,011	2.13%	2.87%	2,976	8,161
FY 2029	\$248,204	5.00%	12,410	7,413	4,997	2.99%	2.01%	1,260	8,673

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.



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Enacted Budget - Debt Cap Changes. In the FY 2025 Enacted Budget, the State includes new bond-financed capital commitments that add \$1.2 billion in new debt over the five-year Capital Plan period. The capital spending increases are offset by the FY 2025 Enacted Budget personal income forecast, greater underspending on capital projects than previously assumed, \$1 billion of new PAYGO capital spending, and reductions in debt because 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 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
	Actuals	Projected	Projected	Projected	Projected	Projected
Executive Budget as Amended	23,461	17,891	12,153	6,048	2,226	352
Personal Income Forecast Update	565	1,005	1,044	1,031	1,026	1,039
Capital Adds	0	(222)	(540)	(882)	(1,103)	(1,138)
Capital Re-Estimates/Bond Sale Adjustments	166	814	645	(179)	(372)	(111)
Defeasances	1,690	1,282	1,282	1,018	692	658
Enacted Budget	25,882	20,770	14,584	7,036	2,469	800

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 Financial Plan projections.

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

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

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

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

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



Risks to the MTA include, but are not limited to, the level and pace at which ridership will return, the economic conditions of the MTA region, the ability to implement cost controls and savings actions, the ability to implement biennial fare and toll increases, and the ability to fully fund the 2020-2024 Capital Plan. If additional resources are provided by the State, either through additional subsidies or new revenues, it could have a material and adverse impact on the State's 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 Financial Plan in the current year or in future years. Climate change risks also increasingly fall within the maximum maturity term of current outstanding bonds of the State, which may generally be issued with a term of up to 30 years under State statute, as well as bonds issued by public authorities and municipalities. Hazards and risks related to climate change for the State include, among other things, rising sea levels, increased coastal flooding and related erosion hazards, intensifying storms and wildfires, and more extreme heat.

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

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

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

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



OTHER MATTERS AFFECTING THE FINANCIAL PLAN

maintain the competitiveness of New York businesses and industries. Pursuant to the CLCPA, the Department of Environmental Conservation (DEC) is required to promulgate rules and regulations to ensure the State meets the CLCPA's statewide greenhouse gas emission limits.

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

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

- Authorizing the New York Power Authority to plan, design, develop, finance, construct, own, operate, maintain, and improve renewable energy generating projects;
- Prohibiting building systems and/or equipment that burn fossil fuels in new construction starting December 31, 2025 for any new building seven stories or lower, except large commercial and industrial buildings, and December 31, 2028 for other new buildings;
- Requiring new off-road vehicles and equipment sold in New York to be zero-emissions by 2035 and new medium-duty and heavy-duty vehicles to be zero-emissions by 2045;
- Mandating that by no later than July 1, 2027, school districts and private transportation contractors purchase or lease only zero-emission school buses when purchasing or leasing new school buses, with full fleet conversion and operation of zero-emission school buses required by July 1, 2035;
- Appropriating \$200 million in FY 2024 to help low-income families retrofit their homes by adding insulation, installing energy efficient appliances, and switching to clean energy; and
- Appropriating \$500 million in FY 2024 to advance the offshore wind industry.

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



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

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

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

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



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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.

STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS



Introduction

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

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

Receipts. To facilitate the receipts discussion, State and All Funds 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 2026, is the most relevant from a planning perspective.

The following tables present the 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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

General Fund Projections

GENERAL FUND PROJECTIONS (millions of dollars)					
	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
RECEIPTS					
Taxes (After Debt Service)	91,927	100,106	101,475	98,002	108,747
Miscellaneous Receipts	4,878	4,460	3,962	2,419	2,083
Federal Receipts	2,250	3,645	0	0	0
Other Transfers	3,942	1,745	1,863	1,487	1,547
Total Receipts	102,997	109,956	107,300	101,908	112,377
DISBURSEMENTS					
Assistance and Grants	69,119	77,404	81,800	85,806	88,845
School Aid (SFY)	28,843	30,282	31,719	32,757	33,576
Medicaid	20,599	24,046	27,558	29,517	31,223
All Other	19,677	23,076	22,523	23,532	24,046
State Operations	12,300	13,800	14,356	15,232	15,337
Personal Service	9,997	11,136	11,197	11,846	12,108
Non-Personal Service	2,303	2,664	3,159	3,386	3,229
General State Charges	9,651	7,310	10,152	11,490	12,598
Transfers to Other Funds	9,047	9,258	7,474	6,201	7,229
Debt Service	239	286	299	327	333
Capital Projects	5,798	5,116	3,789	2,492	3,657
SUNY Operations	1,535	1,767	1,765	1,761	1,761
All Other	1,475	2,089	1,621	1,621	1,478
Total Disbursements	100,117	107,772	113,782	118,729	124,009
Use (Reservation) of Fund Balance:	(2,880)	(2,184)	4,142	12,562	4,382
Debt Management	(81)	576	860	0	0
Economic Uncertainties	(530)	0	500	0	0
Extraordinary Monetary Settlements	460	419	278	368	45
Labor Settlements/Agency Operations	(1,000)	(1,334)	0	0	0
Pandemic Assistance	245	0	0	0	0
Rainy Day Reserve	0	(1,500)	0	0	0
Timing of PTET/PIT Credits	221	(864)	2,504	12,197	300
Undesignated Fund Balance	(2,195)	519	0	(3)	4,037
BUDGET SURPLUS/(GAP) PROJECTIONS	0	0	(2,340)	(4,259)	(7,250)



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

State Operating Funds Projections

STATE OPERATING FUNDS PROJECTIONS (millions of dollars)					
	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
RECEIPTS					
Taxes	104,930	109,301	110,650	109,152	120,649
Miscellaneous Receipts/Federal Receipts	29,992	26,668	23,311	21,075	20,965
Total Receipts	134,922	135,969	133,961	130,227	141,614
DISBURSEMENTS					
Assistance and Grants	89,202	97,202	100,809	103,779	106,713
School Aid (School Year Basis)	34,484	35,889	36,954	37,859	38,710
DOH Medicaid	27,804	30,932	34,076	36,003	37,651
Transportation	5,237	5,149	5,334	5,331	5,333
STAR	1,608	1,575	1,547	1,520	1,447
Higher Education	3,122	3,474	3,506	3,510	3,434
Social Services	4,399	6,617	5,506	5,032	5,068
Mental Hygiene, excluding MHSF	5,278	6,457	6,917	7,323	7,500
All Other	7,270	7,109	6,969	7,201	7,570
State Operations	21,578	23,248	24,955	26,031	26,357
Personal Service	15,749	16,978	17,103	17,881	18,282
Non-Personal Service	5,829	6,270	7,852	8,150	8,075
General State Charges	10,696	8,570	11,429	12,791	13,922
Pension Contribution	3,734	734	2,829	3,362	4,025
Health Insurance	5,106	5,743	6,389	7,122	7,493
All Other	1,856	2,093	2,211	2,307	2,404
Debt Service	6,997	3,022	2,896	4,741	5,660
Total Disbursements	128,473	132,042	140,089	147,342	152,652
Net Other Financing Sources/(Uses)	(3,096)	(2,799)	(1,214)	(245)	(1,096)
RECONCILIATION TO GENERAL FUND GAP					
Designated Fund Balances:	(3,353)	(1,128)	5,002	13,101	4,884
General Fund	(2,880)	(2,184)	4,142	12,562	4,382
Special Revenue Funds	(528)	1,058	863	556	521
Debt Service Funds	55	(2)	(3)	(17)	(19)
GENERAL FUND BUDGET SURPLUS/(GAP)	0	0	(2,340)	(4,259)	(7,250)



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).



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Overview of the Receipts Forecast

All Funds receipts in FY 2025 are projected to total \$236.7 billion, a 0.9 percent (\$2.2 billion) increase from FY 2024 results. FY 2025 State tax receipts, excluding PTET, are projected to increase \$3.3 billion (3.0 percent) from FY 2024 results. A summary of the annual changes of each tax category is provided below with the narrative that follows focused on State/All Funds receipts.

ALL FUNDS RECEIPTS (millions of dollars)									
	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
Personal Income Tax	53,839	56,995	5.9%	60,166	5.6%	71,362	18.6%	81,732	14.5%
Consumption/Use Taxes	21,865	22,446	2.7%	22,992	2.4%	23,609	2.7%	24,126	2.2%
Business Taxes	27,695	28,792	4.0%	26,260	-8.8%	12,794	-51.3%	13,218	3.3%
Other Taxes	3,048	2,551	-16.3%	2,695	5.6%	2,847	5.6%	3,029	6.4%
Total State Taxes	106,447	110,784	4.1%	112,113	1.2%	110,612	-1.3%	122,105	10.4%
Net PTET/PIT Receipts ¹	221	(864)	-491.0%	2,504	389.8%	12,197	387.1%	300	-97.5%
Total State Taxes, excluding PTET	106,668	109,920	3.0%	114,617	4.3%	122,809	7.1%	122,405	-0.3%
Miscellaneous Receipts	33,755	31,685	-6.1%	34,774	9.7%	33,676	-3.2%	31,799	-5.6%
Federal Receipts	94,276	94,202	-0.1%	88,463	-6.1%	89,150	0.8%	90,018	1.0%
Total All Funds Receipts	234,478	236,671	0.9%	235,350	-0.6%	233,438	-0.8%	243,922	4.5%

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



Personal Income Tax

FY 2025 PIT receipts are estimated to increase from FY 2024, reflecting increases in all major gross receipts components, partially offset by modest growth in total refunds. PIT receipts are expected to be heavily influenced by PTET¹², 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 Financial Plan across all fiscal years, it is expected that the PTET will have a significant negative impact on PIT collections for as long as the Federal limit on SALT deductions remains in effect. Net PIT collections over this period will be suppressed by reduced estimated payments and elevated refunds, with cumulative impacts equal to total PTET liability.

PERSONAL INCOME TAX (millions of dollars)									
	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
STATE/ALL FUNDS (Excl. PTET) ¹	68,015	70,879	4.2%	75,122	6.0%	82,220	9.4%	82,032	-0.2%
PTET/PIT Credits	14,176	13,884	-2.1%	14,956	7.7%	10,858	-27.4%	300	-97.2%
STATE/ALL FUNDS	53,839	56,995	5.9%	60,166	5.6%	71,362	18.6%	81,732	14.5%
Gross Collections	70,999	74,889	5.5%	78,825	5.3%	91,026	15.5%	96,809	6.4%
Refunds (Incl. State/City Offset)	(17,160)	(17,894)	-4.3%	(18,659)	-4.3%	(19,664)	-5.4%	(15,077)	23.3%
GENERAL FUND²	25,312	26,922	6.4%	28,536	6.0%	34,161	19.7%	39,419	15.4%
Gross Collections	70,999	74,889	5.5%	78,825	5.3%	91,026	15.5%	96,809	6.4%
Refunds (Incl. State/City Offset)	(17,160)	(17,894)	-4.3%	(18,659)	-4.3%	(19,664)	-5.4%	(15,077)	23.3%
STAR	(1,608)	(1,575)	2.1%	(1,547)	1.8%	(1,520)	1.7%	(1,447)	4.8%
RBTF	(26,919)	(28,498)	-5.9%	(30,083)	-5.6%	(35,681)	-18.6%	(40,866)	-14.5%

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

¹² 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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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

ALL FUNDS PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS					
(millions of dollars)					
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
	<u>Actuals</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>
Receipts					
Withholding	54,699	57,486	60,432	63,487	65,848
Estimated Payments	10,779	11,707	12,453	21,349	24,520
Current Year	6,331	6,867	7,081	15,538	16,838
Prior Year ¹	4,448	4,840	5,372	5,811	7,682
Final Returns	3,650	3,781	3,971	4,167	4,362
Current Year	405	400	419	439	459
Prior Year ¹	3,245	3,381	3,552	3,728	3,903
Delinquent	<u>1,871</u>	<u>1,915</u>	<u>1,969</u>	<u>2,023</u>	<u>2,079</u>
Gross Receipts	70,999	74,889	78,825	91,026	96,809
Refunds					
Prior Year ¹	10,011	10,534	11,001	11,657	7,669
Previous Year	1,879	1,926	1,965	2,000	1,235
Current Year ¹	3,196	3,000	3,000	3,000	3,000
Advanced Credit Payment	821	1,002	1,162	1,338	1,482
State/City Offset ^{1,2}	<u>1,253</u>	<u>1,432</u>	<u>1,531</u>	<u>1,669</u>	<u>1,691</u>
Total Refunds	17,160	17,894	18,659	19,664	15,077
Net Receipts³	53,839	56,995	60,166	71,362	81,732
PTET/PIT Credits	14,176	13,884	14,956	10,858	300
Net Receipts, Excluding PTET⁴	68,015	70,879	75,122	82,220	82,032
¹ These components, collectively, are known as the "settlement" on the prior year's tax liability. ² The State/city offset corrects the distribution of tax payments between the State, NYC, Yonkers, and the Metropolitan Commuter Transportation Mobility Tax. ³ Net Receipts represents actual (unadjusted) PIT receipts. ⁴ Net Receipts, Excluding PTET, presents PIT receipts increased by the estimated cost of PTET credit realization.					



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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, while the projected growth in FY 2025 current estimated payments is consistent with an increase in tax year 2024 non-wage income. Delinquent collections and final return payments are projected to increase as well.

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

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

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

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



Consumption/Use Taxes

CONSUMPTION/USE TAXES (millions of dollars)									
	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
STATE/ALL FUNDS	21,865	22,446	2.7%	22,992	2.4%	23,609	2.7%	24,126	2.2%
Sales Tax	19,903	20,371	2.4%	20,864	2.4%	21,418	2.7%	21,940	2.4%
Cigarette and Tobacco Taxes	842	829	-1.5%	793	-4.3%	759	-4.3%	728	-4.1%
Vapor Excise Tax	24	24	0.0%	24	0.0%	24	0.0%	24	0.0%
Motor Fuel Tax	487	484	-0.6%	484	0.0%	480	-0.8%	476	-0.8%
Highway Use Tax	139	140	0.7%	141	0.7%	142	0.7%	144	1.4%
Alcoholic Beverage Taxes	275	276	0.4%	278	0.7%	279	0.4%	280	0.4%
Opioid Excise Tax	22	20	-9.1%	20	0.0%	20	0.0%	20	0.0%
Medical Cannabis Excise Tax	9	5	-44.4%	4	-20.0%	4	0.0%	4	0.0%
Adult Use Cannabis Tax	33	158	378.8%	245	55.1%	339	38.4%	363	7.1%
Auto Rental Tax ¹	131	137	4.6%	137	0.0%	142	3.6%	145	2.1%
Peer to Peer Car Sharing Tax	0	2	0.0%	2	0.0%	2	0.0%	2	0.0%
GENERAL FUND²	9,872	10,091	2.2%	10,315	2.2%	10,567	2.4%	10,805	2.3%
Sales Tax	9,315	9,534	2.4%	9,765	2.4%	10,024	2.7%	10,268	2.4%
Cigarette and Tobacco Taxes	260	259	-0.4%	250	-3.5%	242	-3.2%	235	-2.9%
Alcoholic Beverage Taxes	275	276	0.4%	278	0.7%	279	0.4%	280	0.4%
Opioid Excise Tax	22	20	-9.1%	20	0.0%	20	0.0%	20	0.0%
Peer to Peer Car Sharing Tax	0	2	0.0%	2	0.0%	2	0.0%	2	0.0%

¹No longer includes receipts remitted directly to the MTA without an appropriation as of FY 2020.
²Excludes Transfers.

All Funds consumption/use tax receipts for FY 2025 are estimated to increase from FY 2024 results. Sales tax receipts are estimated to increase due to moderate growth in taxable consumption, particularly in the services sector. Cigarette and tobacco tax receipts are estimated to decrease reflecting a continuing trend of declining consumption. Motor fuel tax receipts are estimated to experience a minor decrease, partially attributable to an increase in refunds, as consumption remains relatively flat year-over-year. Opioid excise tax receipts are expected to moderately decline, reflecting the continued long-term decline in opioid consumption, as well as the market’s shift toward prescribing opioids in the lower wholesale acquisition cost tier, which has a reduced tax rate. Medical cannabis excise tax receipts are estimated to decline by more than 40 percent, as the Enacted Budget reduced the excise tax rate from 7 percent to 3.15 percent. The monies will now be evenly split between the manufacturing county and the distributing county. Adult-use cannabis taxes are projected to significantly increase as the State’s cannabis market expands during the second full year of receipts. These estimates are unaffected by the repeal of the THC-based potency tax in the Enacted Budget, which is replaced with a wholesale excise tax of 9 percent. This tax structure change applies to sales starting June 1, 2024, while the existing State and local retail excise tax rates remain unchanged at 9 and 4 percent, respectively. Auto rental tax receipts have rebounded to pre-pandemic levels and are also estimated to increase in FY 2025.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Pursuant to statute, 25 percent of State sales tax receipts were deposited into the Local Government Assistance Tax Fund until the termination of the Fund on October 1, 2022. In FY 2022, the portion deposited into the Sales Tax Revenue Bond Fund was increased to 50 percent (previously 25 percent). Additionally, the portion deposited to the General Fund was temporarily reduced from 50 to 25 percent through October 1, 2022 (i.e., through the first half of FY 2023). General Fund consumption/use tax receipts for FY 2025 are projected to increase, as the increase in State sales tax receipts more than offsets the marginal decreases to cigarette and tobacco tax and opioid tax receipts, coupled with the marginal increases to alcoholic beverage tax and peer-to-peer car sharing tax receipts.

FY 2026 consumption/use tax receipts are projected to increase, primarily due to a small projected increase in sales tax receipts. Most consumption/use taxes are projected to experience flat tax receipt growth in FY 2026, including auto rental, motor fuel, and vapor tax, or see marginal projected growth in receipts, as is the case with highway use tax and alcoholic beverage taxes. Adult-use cannabis taxes are projected to see another significant increase in receipts as the cannabis market continues to grow. 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 as the reduced tax rate will be effective for the full fiscal year.

Consumption/use tax receipts for FYs 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		FY 2025			FY 2026		FY 2027		FY 2028	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change		
STATE/ALL FUNDS (Excl. PTET)¹	13,739	14,044	2.2%	13,808	-1.7%	14,134	2.4%	13,218	-6.5%		
Pass-Through-Entity Tax	(13,956)	(14,748)	-5.7%	(12,452)	15.6%	1,340	110.8%	0	-100.0%		
STATE/ALL FUNDS	27,695	28,792	4.0%	26,260	-8.8%	12,794	-51.3%	13,218	3.3%		
Corporate Franchise Tax	9,262	9,295	0.4%	9,201	-1.0%	9,407	2.2%	8,375	-11.0%		
Corporation and Utilities Tax	554	603	8.8%	591	-2.0%	596	0.8%	592	-0.7%		
Insurance Tax	2,813	2,879	2.3%	2,999	4.2%	3,121	4.1%	3,251	4.2%		
Bank Tax	1	212	21100.0%	0	-100.0%	0	0.0%	0	0.0%		
Pass-Through-Entity Tax	13,956	14,748	5.7%	12,452	-15.6%	(1,340)	-110.8%	0	100.0%		
Petroleum Business Tax	1,109	1,055	-4.9%	1,017	-3.6%	1,010	-0.7%	1,000	-1.0%		
GENERAL FUND²	17,425	18,038	3.5%	16,667	-7.6%	9,999	-40.0%	9,889	-1.1%		
Corporate Franchise Tax	7,525	7,446	-1.0%	7,308	-1.9%	7,424	1.6%	6,532	-12.0%		
Corporation and Utilities Tax	401	468	16.7%	457	-2.4%	461	0.9%	458	-0.7%		
Insurance Tax	2,521	2,570	1.9%	2,676	4.1%	2,784	4.0%	2,899	4.1%		
Bank Tax	0	180	0.0%	0	-100.0%	0	0.0%	0	0.0%		
Pass-Through-Entity Tax	6,978	7,374	5.7%	6,226	-15.6%	(670)	-110.8%	0	100.0%		
Petroleum Business Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%		

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

CFT receipts in the General Fund are estimated to decrease slightly 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 modest increase in gross receipts and significant increase in audit receipts after FY 2024 levels falling below historic trend levels.

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

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

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



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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 projected 5 percent decline effective January 1, 2025.

Business tax receipts for FY 2026 are projected to decrease primarily due to PTET. This decrease in PTET receipts is the result of the scheduled expiration of the SALT deduction cap after tax year 2025 under current Federal law. CFT, CUT and PBT receipts are also projected to decrease, with an increase in insurance tax receipts partially offsetting the overall business tax receipts decrease. The decrease in CFT receipts is driven by an increase in refunds, while PBT receipts reflect a small decrease in consumption.

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

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



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Other Taxes

OTHER TAXES (millions of dollars)									
	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
STATE/ALL FUNDS	3,048	2,551	-16.3%	2,695	5.6%	2,847	5.6%	3,029	6.4%
Estate Tax	1,856	1,375	-25.9%	1,437	4.5%	1,503	4.6%	1,568	4.3%
Real Estate Transfer Tax	1,165	1,147	-1.5%	1,230	7.2%	1,331	8.2%	1,448	8.8%
Employer Compensation Expense Program	14	15	7.1%	15	0.0%	0	-100.0%	0	0.0%
Pari-Mutuel Taxes	12	12	0.0%	12	0.0%	12	0.0%	12	0.0%
All Other Taxes	1	2	100.0%	1	-50.0%	1	0.0%	1	0.0%
GENERAL FUND¹	1,876	1,397	-25.5%	1,458	4.4%	1,516	4.0%	1,581	4.3%
Estate Tax	1,856	1,375	-25.9%	1,437	4.5%	1,503	4.6%	1,568	4.3%
Employer Compensation Expense Program	7	8	14.3%	8	0.0%	0	-100.0%	0	0.0%
Pari-Mutuel Taxes	12	12	0.0%	12	0.0%	12	0.0%	12	0.0%
All Other Taxes	1	2	100.0%	1	-50.0%	1	0.0%	1	0.0%

¹Excludes Transfers.

FY 2025 other tax receipts are projected to decrease from FY 2024, primarily due to an expected return to a more typical amount of super-large payments and collections from the estate tax. Also, real estate transfer tax receipts are projected to decrease slightly as the average housing price is projected to decline marginally compared to the prior year.

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



Miscellaneous Receipts

MISCELLANEOUS RECEIPTS (millions of dollars)									
	<u>FY 2024</u> <u>Actuals</u>	<u>FY 2025</u> <u>Projected</u>	<u>Change</u>	<u>FY 2026</u> <u>Projected</u>	<u>Change</u>	<u>FY 2027</u> <u>Projected</u>	<u>Change</u>	<u>FY 2028</u> <u>Projected</u>	<u>Change</u>
ALL FUNDS	33,755	31,685	-6.1%	34,774	9.7%	33,676	-3.2%	31,799	-5.6%
General Fund	4,878	4,460	-8.6%	3,962	-11.2%	2,419	-38.9%	2,083	-13.9%
Special Revenue Funds	23,430	19,092	-18.5%	19,225	0.7%	18,506	-3.7%	18,723	1.2%
Capital Projects Funds	4,941	7,746	56.8%	11,191	44.5%	12,331	10.2%	10,557	-14.4%
Debt Service Funds	506	387	-23.5%	396	2.3%	420	6.1%	436	3.8%

General Fund miscellaneous receipts in FY 2025 are estimated to decrease from FY 2024 results, largely due to lower projected abandoned property, license, fee, and reimbursement receipts.

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 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 Projected	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
ALL FUNDS	94,276	94,202	-0.1%	88,463	-6.1%	89,150	0.8%	90,018	1.0%
General Fund	2,250	3,645	62.0%	0	-100.0%	0	0.0%	0	0.0%
Special Revenue Funds	89,222	87,266	-2.2%	84,720	-2.9%	85,596	1.0%	86,454	1.0%
Capital Projects Funds	2,744	3,229	17.7%	3,685	14.1%	3,501	-5.0%	3,519	0.5%
Debt Service Funds	60	62	3.3%	58	-6.5%	53	-8.6%	45	-15.1%

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

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



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Assistance and Grants

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

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

FORECAST FOR SELECTED PROGRAM MEASURES AFFECTING OPERATING ACTIVITIES (millions of dollars)					
	FY 2024 Actuals ¹	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
HEALTH CARE					
Medicaid - Individuals Covered	7,292,559	6,766,673	6,766,092	6,764,150	6,763,986
Essential Plan - Individuals Covered	1,266,722	1,443,169	1,436,052	1,457,672	1,479,674
Child Health Plus - Individuals Covered	493,206	547,367	558,314	569,480	580,869
State Takeover of County/NYC Costs ²	\$6,451	\$7,400	\$8,258	\$9,026	\$9,712
CY 2005 Local Medicaid Cap	\$4,620	\$5,386	\$6,062	\$6,647	\$7,151
FY 2013 Local Takeover Costs	\$1,831	\$2,014	\$2,196	\$2,379	\$2,561
EDUCATION					
School Aid (School Year-Basis Funding) ³	\$34,484	\$35,889	\$36,954	\$37,859	\$38,710
HIGHER EDUCATION					
Public Higher Education Enrollment (FTEs)	475,772	475,772	TBD	TBD	TBD
Tuition Assistance Program (FTEs)	213,000	261,000	TBD	TBD	TBD
PUBLIC ASSISTANCE					
Family Assistance Program (Families)	187,583	190,791	190,573	189,199	187,540
Safety Net Program (Families)	129,168	131,836	131,570	130,409	128,998
Safety Net Program (Singles)	270,983	284,342	297,258	310,853	325,332
MENTAL HYGIENE					
OMH Community Beds	49,742	51,943	54,420	55,110	55,560
OPWDD Community Beds ⁴	44,003	44,375	44,816	45,332	45,932
OASAS Community Beds	13,553	13,841	14,022	14,202	14,252
Total	107,298	110,159	113,258	114,644	115,744

¹ Reflects preliminary unaudited actuals.

² Reflects the total State cost of taking over the local share of Medicaid growth, which was initially capped at approximately 3 percent annually, then fully transferred to the State as of calendar year 2015. A portion of the State takeover costs are funded from Master Settlement Agreement resources.

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

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



Education

School Aid

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

School Year (July 1 – June 30)

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

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

SCHOOL AID - SCHOOL YEAR BASIS (JULY 1 - JUNE 30) ¹									
(millions of dollars)									
	SY 2024	SY 2025	Change	SY 2026	Change	SY 2027	Change	SY 2028	Change
Total	34,484	35,889	1,405	36,954	1,065	37,859	905	38,710	851
			4.1%		3.0%		2.4%		2.2%

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



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

State Fiscal Year School Aid

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

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

SCHOOL AID - STATE FISCAL YEAR BASIS ¹									
(millions of dollars)									
	FY 2024	FY 2025		FY 2026		FY 2027		FY 2028	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
TOTAL STATE OPERATING FUNDS	33,383	35,347	5.9%	36,537	3.4%	37,477	2.6%	38,329	2.3%
General Fund Assistance and Grants	28,692	30,142	5.1%	31,578	4.8%	32,618	3.3%	33,436	2.5%
Medicaid	151	140	-7.3%	140	0.0%	140	0.0%	140	0.0%
Lottery Aid	2,303	2,807	21.9%	2,480	-11.6%	2,398	-3.3%	2,398	0.0%
VLT Lottery Aid	1,033	1,096	6.1%	1,025	-6.5%	1,034	0.9%	1,036	0.2%
Commercial Gaming	138	122	-11.6%	128	4.9%	166	29.7%	166	0.0%
Mobile Sports Wagering	1,061	1,040	-2.0%	1,139	9.5%	1,040	-8.7%	1,072	3.1%
Cannabis Revenue	5	0	-100.0%	47	0.0%	81	72.3%	81	0.0%

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

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



Other Education Funding

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

OTHER EDUCATION FUNDING									
(millions of dollars)									
	FY 2024	FY 2025		FY 2026		FY 2027		FY 2028	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
TOTAL STATE OPERATING FUNDS	2,457	2,796	13.8%	2,849	1.9%	2,994	5.1%	3,142	4.9%
Special Education	1,408	1,507	7.0%	1,597	6.0%	1,694	6.1%	1,795	6.0%
All Other Education	1,049	1,289	22.9%	1,252	-2.9%	1,300	3.8%	1,347	3.6%

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

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

Spending for All Other Education Programs in FY 2025 is projected to increase by 22.9 percent, largely driven by the continuation of an FY 2024 State-funded initiative to incentivize qualifying low-income public and nonpublic schools to participate in the Federal CEP program, allowing all students in those schools to eat breakfast and lunch at no charge regardless of their families’ income; one-time aid and grant programs; reimbursement to nonpublic schools for State-mandated activities; reimbursement to nonpublic schools for Science, Technology, Engineering, and Math (STEM) instruction; and payments to the City of New York for charter school facilities aid. Lower projected FY 2026 spending is attributable to the discontinuation of one-time aid and grant programs funded in the FY 2025 Enacted Budget. Outyear spending is largely attributable to reimbursements for school meals, nonpublic schools, and charter schools.



School Tax Relief Program

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

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

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

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

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



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Higher Education

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

HIGHER EDUCATION (millions of dollars)									
	FY 2024	FY 2025		FY 2026		FY 2027		FY 2028	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
TOTAL STATE OPERATING FUNDS	3,122	3,474	11.3%	3,506	0.9%	3,510	0.1%	3,434	-2.2%
City University	2,005	2,121	5.8%	2,166	2.1%	2,199	1.5%	2,234	1.6%
Senior Colleges	1,764	1,876	6.3%	1,920	2.3%	1,953	1.7%	1,988	1.8%
Community College	241	245	1.7%	246	0.4%	246	0.0%	246	0.0%
Higher Education Services	579	699	20.7%	714	2.1%	729	2.1%	744	2.1%
Tuition Assistance Program	535	633	18.3%	656	3.6%	671	2.3%	686	2.2%
Scholarships/Awards	40	58	45.0%	50	-13.8%	50	0.0%	50	0.0%
Aid for Part-Time Study	4	8	100.0%	8	0.0%	8	0.0%	8	0.0%
State University	538	654	21.6%	626	-4.3%	582	-7.0%	456	-21.6%
Community College	464	476	2.6%	452	-5.0%	452	0.0%	452	0.0%
Other/Cornell	74	178	140.5%	174	-2.2%	130	-25.3%	4	-96.9%

As of Fall 2023 enrollment data, SUNY and CUNY operate 47 four-year colleges and graduate schools with a total enrollment of roughly 364,000 full- and part-time students. SUNY and CUNY also operate 37 community colleges, serving approximately 236,000 students.

State funds support a significant portion of SUNY and CUNY operations. In addition to the spending reflected in the above table, the State provides nearly \$2.0 billion in annual support for the fringe benefit costs of all employees at SUNY State-operated campuses; approximately \$1.4 billion for SUNY campus operations via an annual General Fund transfer; and an estimated \$836 million for debt service payments on bond financed capital projects at SUNY and CUNY in FY 2025. Additionally, an estimated \$330 million in student financial aid support will continue to be transferred from HESC to SUNY in FY 2025. This is the result of an accounting change first implemented in FY 2020 to reflect certain financial aid payments made from HESC to SUNY as transfers instead of disbursements.

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



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Higher education assistance and grants spending is projected to increase by \$352 million, or 11.3 percent, from FY 2024 to FY 2025. This spending includes an increase in General Fund operating assistance to CUNY senior colleges. In addition, assistance and grants spending for the State University is projected to increase due to the timing of disbursements of the State endowment match to SUNY University Centers and the continuation of funding for transformational initiatives at State University community colleges. Increased HESC spending is driven by an increase in the maximum income threshold for TAP eligibility across all award schedules, an increase in the minimum TAP award, as well as the expansion of TAP for part-time students to proprietary institutions.



Health Care

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

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

Medicaid

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



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

MEDICAID SPENDING ¹ (millions of dollars)					
	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Federal	66,754 60.1%	67,767 60.0%	66,622 57.6%	68,859 57.3%	69,685 56.6%
State (DOH)	28,188 25.4%	31,309 27.7%	34,432 29.8%	36,354 30.2%	38,005 30.9%
State (Other Agencies)	7,672 6.9%	5,298 4.7%	5,817 5.0%	6,172 5.1%	6,534 5.3%
Local	8,505 7.7%	8,638 7.6%	8,838 7.6%	8,838 7.4%	8,838 7.2%
Total	111,119	113,012	115,709	120,223	123,062

¹ Includes operational costs and FY 2024 Essential Plan spending.

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

STATE-SHARE MEDICAID FINANCING SOURCES ¹ (millions of dollars)					
	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
General Fund	20,983 74.4%	24,423 78.0%	27,914 81.1%	29,868 82.1%	31,577 83.1%
HCRA	6,058 21.5%	5,526 17.7%	5,478 15.9%	5,446 15.0%	5,388 14.2%
All Other	1,147 4.1%	1,360 4.3%	1,040 3.0%	1,040 2.9%	1,040 2.7%
Total	28,188	31,309	34,432	36,354	38,005

¹ Includes operational costs and FY 2024 Essential Plan spending.



Enrollment

Medicaid eligibility and enrollment fluctuate with economic cycles. Due to the steep rise in unemployment triggered by the COVID-19 pandemic, as well as Federal limitations on Medicaid disenrollment activities before the expiration of the public health emergency (PHE) on May 11, 2023, Medicaid enrollment has increased significantly since March 2020. The State resumed eligibility redeterminations for the nearly 9 million total public health insurance enrollees, to be completed over a fourteen-month period, consistent with CMS requirements. Based on experience to date, disenrollment is expected to be significantly less than initially projected and the State estimates almost half of the COVID-19 era enrollment increase will remain, driving elevated enrollment costs through FY 2028.

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

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

TOTAL STATE-SHARE MEDICAID DISBURSEMENTS (millions of dollars)					
	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Department of Health Medicaid	28,188	31,309	34,432	36,354	38,005
Assistance and Grants	29,507	30,932	34,076	36,003	37,651
State Operations	384	377	356	351	354
eFMAP ¹	(1,703)	0	0	0	0
Other State Agency Medicaid Spending	7,672	5,298	5,817	6,172	6,534
Mental Hygiene ²	5,924	6,454	6,700	7,022	7,175
MHSF/LSA	1,536	(1,364)	(1,091)	(1,058)	(849)
Foster Care	59	60	60	60	60
Education	151	140	140	140	140
Corrections	2	8	8	8	8
Total State-Share Medicaid (All Agencies)	35,860	36,607	40,249	42,526	44,539
Annual \$ Change		747	3,642	2,277	2,013
Annual % Change		2.1%	9.9%	5.7%	4.7%

¹ Includes a portion of the benefit of enhanced Federal share (eFMAP).
² Excludes a portion of spending reported under the DOH Medicaid Global Cap that has no impact on mental hygiene service delivery or operations.



Factors Affecting Medicaid Funding

Global Cap

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

Consistent with the index, the FY 2025 Enacted Budget accounts for the latest projections published by CMS by further increasing allowable Global Cap spending annually between FY 2025 and FY 2028, providing another \$386 million over the multi-year plan and nearly \$16 billion in aggregate increased spending allowance over the five-year period.

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

MEDICAID GLOBAL CAP INDEX (millions of dollars)						
	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	Five-Year Total
Prior CPI Index (May 2022)	21,749	22,333	22,957	23,612	24,226	114,877
Annual \$ Change	577	584	624	655	614	3,054
Annual % Change	2.7%	2.7%	2.8%	2.9%	2.6%	
Increased Spending Under the New Cap¹	1,516	2,499	3,293	3,904	4,422	15,634
New CMS Index	23,265	24,832	26,250	27,516	28,648	130,511
FY 2025 Enacted Budget	23,265	24,832	27,799	29,158	30,191	135,245
Enacted Budget Over/(Under) Index²	0	0	1,549	1,642	1,543	4,734
FY 2025 Enacted Budget	23,265	24,832	27,799	29,158	30,191	135,245
Annual \$ Change	1,503	1,567	2,967	1,359	1,033	8,429
Annual % Change	6.9%	6.7%	11.9%	4.9%	3.5%	

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

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

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



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

TOTAL DOH MEDICAID SPENDING (millions of dollars)					
	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Medicaid Global Cap¹	23,265	24,832	26,250	27,516	28,648
Annual \$ Change	1,503	1,567	1,418	1,266	1,132
Annual % Change	6.9%	6.7%	5.7%	4.8%	4.1%
FY 2025 Enacted Budget Forecast²	0	0	1,549	1,642	1,543
Other Medicaid Not Subject to Global Cap	4,923	6,477	6,633	7,196	7,814
Minimum Wage	2,413	2,430	2,441	2,451	2,462
Home Care Wages	214	1,480	1,795	2,165	2,590
Local Takeover Cost ³	1,830	2,013	2,195	2,378	2,561
MSA Payments (Share of Local Growth) ⁴	(62)	(325)	(325)	(325)	(325)
All Other	528	529	527	527	526
Healthcare Stability Fund	0	350	0	0	0
Total DOH Medicaid	28,188	31,309	34,432	36,354	38,005
Annual \$ Change	2,397	3,121	3,123	1,922	1,651
Annual % Change	9.3%	11.1%	10.0%	5.6%	4.5%
Hospital Advances/Recoupment ⁵	1,497	(1,497)	0	0	0
Adjusted DOH Medicaid⁵	29,685	29,812	34,432	36,354	38,005
Annual \$ Change	3,894	127	4,620	1,922	1,651
Annual % Change	15.1%	0.4%	15.5%	5.6%	4.5%

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

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

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

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

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



FY 2025 Enacted State Operating Funds Budget Actions

The FY 2025 Enacted Budget includes \$768 million in savings actions (growing to nearly \$1.2 billion when fully annualized) to control rising Medicaid costs. The most significant savings actions include:

Transition to a Single Statewide Fiscal Intermediary (FI) & Recalibrate Administrative Reimbursement. 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. The cost of CDPAP has grown 1,200 percent since 2016, with State costs expected to continue to escalate at unsustainable levels. In response to this expansion, hundreds of private businesses, known as 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. The FY 2025 Enacted Budget requires the State to implement a single FI to oversee CDPAP that will absorb administrative and payroll functions from hundreds of existing FIs to more cost effectively administer the program. There is no change to care or services authorized through the CDPAP or any disruption to care expected, and the transition to a single FI is expected to be complete by the end of FY 2025.

Remove the 1 Percent Across-the-Board Increase for Health Plans. Removes the 1 percent surplus payments provided to MCOs, which was previously provided to support administrative costs that were associated with managing the Medicaid pharmacy benefit, which was transitioned to Fee for Service Medicaid, effective April 2023.

Reduce Managed Care and Managed Long-Term Care Quality Pools. Makes reductions to the Managed Care quality pool programs, which provide funding to health plans that meet certain quality benchmarks.

Increase in Expected Audit Recoveries. Consistent with the Office of the Medicaid Inspector (OMIG) and the Attorney General's authority to detect fraudulent, abusive, and wasteful practices within the Medicaid program, the Global Cap assumes \$100 million in additional annual recoveries related to overpayments, fraud, and/or payments which should not have been made to health care providers and facilities. The increased audit recoveries reflect prior year investments into program integrity and criminal investigations returning to pre-pandemic levels.

Reduce the Capital Rate Add-on for Hospitals and Nursing Homes. Reduces the Medicaid capital rate add-on for hospitals and nursing homes by 10 percent. Specialty pediatric nursing homes are exempt from this capital reduction.

Reduce the Nursing Home VAPAP. Reduces the Nursing Home VAPAP pool by \$75 million to reflect underspending, bringing the total annual pool to \$25 million in emergency one-time, State-only funding for financially distressed nursing homes.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

FY 2025 ENACTED BUDGET				
STATE OPERATING FUNDS -- SAVINGS/(COSTS)				
DEPARTMENT OF HEALTH - MEDICAID GLOBAL CAP				
(millions of dollars)				
	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
FY 2025 Base Surplus/(Gap)	(591)	(2,040)	(2,060)	(2,051)
Forecasted Enrollment Projections	(402)	(356)	(281)	(201)
FY 2025 Base Surplus/(Gap) with Enrollment	(993)	(2,396)	(2,341)	(2,252)
Newly Signed Legislation	(5)	(26)	(26)	(26)
Updated Statutory Global Cap Index	263	158	38	(72)
Delay in Recoupment of Hospital Advances	951	0	0	0
Financial Plan Support of Delayed Hospital Recoupments	(951)	0	0	0
FY 2025 Revised Surplus/(Gap)	(735)	(2,264)	(2,329)	(2,350)
Enacted Budget Actions	768	1,155	1,155	1,155
Reduce Hospital Capital Rate Add-on by 10%	22	43	43	43
Unallocated Nursing Home VAPAP Reduction	75	75	75	75
Reduce Nursing Home Capital Rate Add-on by 10% (Excluding NH Pediatric Beds)	27	27	27	27
Transition to One Statewide Fiscal Intermediary & Recalibrate Administrative Reimbursement	200	504	504	504
Institute Plan Penalty for Electronic Visit Verification (EVV) Non-Compliance	0	20	20	20
Reduce Mainstream Managed Care (MMC) Quality Pool	34	34	34	34
Reduce Managed Long-Term Care (MLTC) Quality Pool	30	30	30	30
Require Dual-Eligible Special Needs Plans (DSNPs) to Cover Medicaid Dental Benefits in Medicaid	3	10	10	10
Remove 1% Across the Board Increase for Health Plans	204	204	204	204
Streamline Medicaid Drug Cap	5	10	10	10
Pharmacy Enhancements and Integration Specialty Drug Management	9	25	25	25
Reduce Coverage for Certain Over-the-Counter (OTC) Pharmaceuticals	18	32	32	32
Procurement Savings and Efficiencies	5	5	5	5
OHIP Non-Personal Service Reduction	25	25	25	25
Increase in Expected Audit Recoveries	100	100	100	100
Modify Early Intervention Billing	11	11	11	11
Other Budget Actions	460	103	104	107
Pediatric Clinic Rate Increase	(1)	(1)	(1)	0
Support Essential Plan Operations with Federal Funds	95	104	105	107
Available HCBS eFMAP	366	0	0	0
1115 Waiver	(451)	(474)	(501)	(385)
Medicaid Hospital Global Budget Initiative	(275)	(275)	(275)	(275)
Patient Centered (PCMH) Enhancement for Adults/Kids	(74)	(74)	(99)	(99)
SUD Amendment	22	22	22	22
Continuous Eligibility for Kids (0-6) in Medicaid and CHIP	(7)	(30)	(32)	(33)
1115 Additional State Match	(117)	(117)	(117)	0
State of the State Investments	(42)	(69)	(69)	(69)
Early Intervention Rate Increases	(6)	(7)	(7)	(7)
Increase Reimbursement for Providers Serving Individuals w/Disabilities	(5)	(10)	(10)	(10)
Increase Rates for MH Provided in Integrated Settings	(21)	(42)	(42)	(42)
Expand Coverage for Adverse Childhood Experience Screening	(1)	(1)	(1)	(1)
Mental Hygiene Medicaid	(8)	(8)	(8)	(8)
Ensuring Access to Comprehensive Gender-Affirming Treatments (Medicaid)	(1)	(1)	(1)	(1)
FY 2025 Enacted Budget Surplus/(Gap)	0	(1,549)	(1,640)	(1,542)
Non-Global Cap Revisions Financed by the Financial Plan (Excluded from Above)	(1,150)	0	0	0
Financially Distressed and Safety-Net Hospitals Support	(500)	0	0	0
Healthcare Safety Net Transformation Program	(300)	0	0	0
Hospital One-Time Investment (HSF)	(200)	0	0	0
Nursing Home/ALP/Hospice One-Time Investment (HSF)	(150)	0	0	0



Temporary eFMAP

In March 2020, the Federal government signed into law the Families First Coronavirus Response Act (FFCRA) which included a 6.2 percent base increase to the Federal Medical Assistance Percentage (FMAP) rate (retroactive to January 1, 2020) for each calendar quarter occurring during the PHE, with exemptions placed on spending already eligible for enhanced Federal support, including portions of the Affordable Care Act (ACA) expansion. The PHE ended on May 11, 2023, with the expiration of the Federal government's increased share of Medicaid spending (phased down to 1.5 percent) through December 2023. In FY 2024, State-share savings of \$1.7 billion from eFMAP were used to offset increased costs associated with elevated COVID-19 enrollment and lost MRT II savings due to Federal restrictions regarding program restructuring while the eFMAP remained in place. No State-share savings are assumed in FY 2025 or beyond.

Minimum Wage and Home Care Wages

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

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

The State authorized wage increases for home health and personal care workers of \$1.55 for downstate and \$1.35 for the rest of the state, effective January 1, 2024, with additional Statewide wage increases of \$0.55 to come January 1, 2025, and January 1, 2026. The increases are partially funded by HCBS eFMAP in FY 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-W for the Northeast Region. The State cost was \$53 million in FY 2024 and is projected to grow to over \$1.1 billion in FY 2028.



Local Medicaid Cap

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

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

LOCAL GOVERNMENT SAVINGS					
STATE TAKEOVER OF LOCAL MEDICAID COSTS (2005 CAP AND GROWTH TAKEOVER)					
FY 2024 to FY 2028					
Region	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Rest of State	3,006,371	3,361,031	3,681,743	3,968,519	4,224,955
New York City	3,444,355	4,038,984	4,576,695	5,057,508	5,487,451
Statewide	6,450,726	7,400,015	8,258,438	9,026,027	9,712,406

Master Settlement Agreement (MSA)

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



Healthcare Stability Fund (HSF)

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

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



Health Care Transformation Fund (HCTF)

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

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

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

HEALTH CARE TRANSFORMATION FUND PURSUANT TO PART FFF OF CHAPTER 59 OF THE LAWS OF 2018 (millions of dollars)					
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
	<u>Actuals</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>
Opening Balance	563	375	250	125	0
Receipts	154	125	125	125	0
General Fund Transfer	125	125	125	125	0
STIP Interest	29	0	0	0	0
Planned Uses	342	250	250	250	0
Home Care Wages	214	250	250	250	0
Housing Rental Subsidies	128	0	0	0	0
Closing Balance	375	250	125	0	0



Public Health/Aging Programs

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

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

PUBLIC HEALTH AND AGING (millions of dollars)									
	FY 2024	FY 2025		FY 2026		FY 2027		FY 2028	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
TOTAL STATE OPERATING FUNDS	2,125	2,622	23.4%	2,526	-3.7%	2,561	1.4%	2,609	1.9%
Public Health	1,952	2,415	23.7%	2,338	-3.2%	2,373	1.5%	2,409	1.5%
Child Health Plus ¹	883	1,107	25.4%	1,140	3.0%	1,175	3.1%	1,210	3.0%
General Public Health Work	213	203	-4.7%	206	1.5%	206	0.0%	206	0.0%
EPIC	76	63	-17.1%	63	0.0%	63	0.0%	63	0.0%
Early Intervention	109	71	-34.9%	41	-42.3%	41	0.0%	41	0.0%
Unadjusted	197	168	-14.7%	138	-17.9%	138	0.0%	138	0.0%
Health Services Initiatives Offset	(88)	(97)	-10.2%	(97)	0.0%	(97)	0.0%	(97)	0.0%
Workforce Initiatives²	0	24	0.0%	94	291.7%	94	0.0%	94	0.0%
General Fund Assistance and Grants	0	6	0.0%	76	1166.7%	76	0.0%	76	0.0%
HCRA Program	0	18	0.0%	18	0.0%	18	0.0%	18	0.0%
HCRA Program	250	369	47.6%	321	-13.0%	321	0.0%	321	0.0%
Nourish NY	42	50	19.0%	50	0.0%	50	0.0%	50	0.0%
All Other	379	528	39.3%	423	-19.9%	423	0.0%	424	0.2%
Aging	173	207	19.7%	188	-9.2%	188	0.0%	200	6.4%

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

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



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Public Health spending is projected to grow by 23.7 percent in FY 2025 but grow by less than 2 percent annually over the remaining years of the Financial Plan period. Growth in FY 2025 reflects increased CHP reimbursement rates, an increase in reimbursement rates for the EI program services and support across various other public health programs, including the nutrition assistance programs and the American Indian Health Program. The annual growth in public health spending is partly offset by administrative savings, including reforms to the EI program service delivery.

Over the multi-year period, the expiration of enhanced Federal resources, including FFCRA eFMAP for the CHP program, drives recurring costs. Similarly, the 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 Financial Plan maintains support for SOFA to address locally identified capacity needs, including: retention of the elderly in their communities; support for family and friends in their caregiving roles; reduction of future Medicaid costs by intervening earlier with less intensive services; establishment of quality reporting and accreditation for assisted living residences; and implementation of quality improvement initiatives in nursing homes to promote transparency.



HCRA Financial Plan

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

HCRA FINANCIAL PLAN (millions of dollars)									
	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
OPENING BALANCE	91	55		0		0		0	
TOTAL RECEIPTS	7,411	7,273	-1.9%	7,269	-0.1%	7,266	0.0%	7,242	-0.3%
Surcharges	4,810	4,810	0.0%	4,830	0.4%	4,850	0.4%	4,850	0.0%
Covered Lives Assessment ¹	1,169	1,150	-1.6%	1,150	0.0%	1,150	0.0%	1,150	0.0%
Cigarette Tax Revenue	582	570	-2.1%	543	-4.7%	517	-4.8%	493	-4.6%
Hospital Assessments	574	507	-11.7%	510	0.6%	512	0.4%	512	0.0%
Excise Tax on Vapor Products	24	24	0.0%	24	0.0%	24	0.0%	24	0.0%
NYC Cigarette Tax Transfer	13	13	0.0%	13	0.0%	13	0.0%	13	0.0%
EPIC Receipts/ICR Audit Fees/Interest	89	49	-44.9%	49	0.0%	50	2.0%	50	0.0%
Distressed Provider Assistance ²	150	150	0.0%	150	0.0%	150	0.0%	150	0.0%
TOTAL DISBURSEMENTS AND TRANSFERS	7,447	7,328	-1.6%	7,269	-0.8%	7,266	0.0%	7,242	-0.3%
<u>Medicaid Assistance Account</u>	<u>5,449</u>	<u>4,895</u>	<u>-10.2%</u>	<u>4,847</u>	<u>-1.0%</u>	<u>4,815</u>	<u>-0.7%</u>	<u>4,757</u>	<u>-1.2%</u>
Medicaid Costs	5,124	4,570	-10.8%	4,522	-1.1%	4,490	-0.7%	4,432	-1.3%
Distressed Provider Assistance ²	150	150	0.0%	150	0.0%	150	0.0%	150	0.0%
Workforce Recruitment & Retention	175	175	0.0%	175	0.0%	175	0.0%	175	0.0%
Hospital Indigent Care	598	631	5.5%	631	0.0%	631	0.0%	631	0.0%
HCRA Program Account	257	405	57.6%	358	-11.6%	358	0.0%	357	-0.3%
Child Health Plus	897	1,126	25.5%	1,161	3.1%	1,196	3.0%	1,232	3.0%
Elderly Pharmaceutical Insurance Coverage	88	74	-15.9%	74	0.0%	74	0.0%	74	0.0%
Qualified Health Plan Administration	38	53	39.5%	51	-3.8%	50	-2.0%	49	-2.0%
Roswell Park Cancer Institute	51	55	7.8%	51	-7.3%	51	0.0%	51	0.0%
SHIN-NY/APCD/Modernization	42	45	7.1%	45	0.0%	40	-11.1%	40	0.0%
All Other	27	44	63.0%	51	15.9%	51	0.0%	51	0.0%
ANNUAL OPERATING SURPLUS/(DEFICIT)	(36)	(55)		0		0		0	
CLOSING BALANCE	55	0		0		0		0	

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

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



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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

HCRA spending over the same plan period reflects over \$4.5 billion in continued support for Medicaid spending, including the \$150 million set aside for distressed providers and \$1.1 billion for the CHP program. Estimated growth in CHP spending reflects the expiration of enhanced Federal resources provided through the ACA and expected growth in enrollment, utilization, and reimbursements rates. Additionally, to support new enrollment associated with the Medical Indemnity Fund, the Financial Plan includes \$58 million in non-recurring funding; these FY 2025 resources will support new enrollment through March 31, 2025, and are in addition to the \$52 million in ongoing annual base support.

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



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Mental Hygiene

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

MENTAL HYGIENE (millions of dollars)									
	FY 2024	FY 2025	FY 2026		FY 2027		FY 2028		
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
TOTAL STATE OPERATING FUNDS	6,814	5,093	-25.3%	5,826	14.4%	6,265	7.5%	6,651	6.2%
People with Developmental Disabilities	2,974	3,337	12.2%	3,552	6.4%	3,734	5.1%	3,925	5.1%
Residential Services	1,480	1,678	13.4%	1,773	5.7%	1,862	5.0%	1,956	5.0%
Day Programs	745	845	13.4%	892	5.6%	937	5.0%	984	5.0%
Clinic	18	20	11.1%	22	10.0%	23	4.5%	24	4.3%
All Other Services (Net of Offsets)	731	794	8.6%	865	8.9%	912	5.4%	961	5.4%
Mental Health	1,767	2,393	35.4%	2,747	14.8%	2,936	6.9%	2,937	0.0%
Adult Local Services	1,572	1,842	17.2%	2,225	20.8%	2,378	6.9%	2,379	0.0%
Children Local Services	179	462	158.1%	522	13.0%	558	6.9%	558	0.0%
MLR/BHET Reinvestment ¹	16	89	456.3%	0	-100.0%	0	0.0%	0	0.0%
Addiction Services and Supports	536	726	35.4%	617	-15.0%	652	5.7%	637	-2.3%
Residential	113	135	19.5%	142	5.2%	151	6.3%	155	2.6%
Other Treatment	208	251	20.7%	264	5.2%	280	6.1%	287	2.5%
Prevention	60	72	20.0%	76	5.6%	81	6.6%	83	2.5%
Recovery	40	48	20.0%	51	6.3%	55	7.8%	55	0.0%
Opioid Settlement Fund ²	90	141	56.7%	37	-73.8%	38	2.7%	38	0.0%
Opioid Stewardship Fund ³	11	41	272.7%	47	14.6%	47	0.0%	19	-59.6%
MLR/BHET Reinvestment ¹	14	38	171.4%	0	-100.0%	0	0.0%	0	0.0%
Justice Center	1	1	0.0%	1	0.0%	1	0.0%	1	0.0%
Total DOH Medicaid Global Cap Adjustments⁴	1,536	(1,364)	-188.8%	(1,091)	20.0%	(1,058)	3.0%	(849)	19.8%
OPWDD Local Share	1,427	650	-54.4%	27	-95.8%	27	0.0%	27	0.0%
OPWDD Spending Funded by Global Cap	(842)	(1,063)	-26.2%	(1,118)	-5.2%	(1,085)	3.0%	(876)	19.3%
OPWDD Offset for Hospital Recoupment	951	(951)	-200.0%	0	100.0%	0	0.0%	0	0.0%
TOTAL MENTAL HYGIENE SPENDING	5,278	6,457	22.3%	6,917	7.1%	7,323	5.9%	7,500	2.4%

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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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

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

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

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

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



Social Services

OTDA

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

TEMPORARY AND DISABILITY ASSISTANCE (millions of dollars)									
	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
TOTAL STATE OPERATING FUNDS	2,313	3,830	65.6%	2,588	-32.4%	1,972	-23.8%	1,995	1.2%
SSI	543	590	8.7%	590	0.0%	590	0.0%	590	0.0%
Public Assistance Benefits	665	774	16.4%	755	-2.5%	777	2.9%	800	3.0%
Public Assistance Initiatives	16	33	106.3%	12	-63.6%	29	141.7%	29	0.0%
Homeless Housing and Services	151	295	95.4%	392	32.9%	440	12.2%	440	0.0%
Rental Assistance	422	187	-55.7%	152	-18.7%	125	-17.8%	125	0.0%
Asylum Seeker Assistance	508	1,930	279.9%	676	-65.0%	0	-100.0%	0	0.0%
All Other	8	21	162.5%	11	-47.6%	11	0.0%	11	0.0%

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

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

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



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Office of Children and Family Services (OCFS)

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

CHILDREN AND FAMILY SERVICES (millions of dollars)									
	FY 2024	FY 2025		FY 2026		FY 2027		FY 2028	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
TOTAL STATE OPERATING FUNDS	2,086	2,787	33.6%	2,918	4.7%	3,060	4.9%	3,073	0.4%
Child Welfare Service	695	806	16.0%	806	0.0%	806	0.0%	806	0.0%
Foster Care Block Grant	398	400	0.5%	400	0.0%	400	0.0%	400	0.0%
Child Care	432	908	110.2%	1,096	20.7%	1,229	12.1%	1,229	0.0%
Adoption	156	161	3.2%	161	0.0%	161	0.0%	161	0.0%
Youth Programs	163	106	-35.0%	102	-3.8%	102	0.0%	102	0.0%
Medicaid	59	60	1.7%	60	0.0%	60	0.0%	60	0.0%
Adult Protective/Domestic Violence	54	54	0.0%	54	0.0%	54	0.0%	54	0.0%
Committees on Special Education	0	0	0.0%	29	100.0%	29	0.0%	29	0.0%
All Other	129	292	126.4%	210	-28.1%	219	4.3%	232	5.9%

The FY 2025 Enacted Budget continues State support for child care subsidies previously funded with Federal resources and provides additional funding to child care providers who meet certain quality standards, provide services to certain populations, or are open during non-traditional work hours. In addition, the budget maintains for one year, the restructured financing approach for residential school placements of children with special needs outside New York City that was included in the FY 2024 Enacted Budget, thereby aligning the fiscal responsibility with the school district responsible for the placement.

Additional FY 2025 Enacted Budget actions include providing a 2.84 percent COLA for eligible programs, increased support for the Supervision and Treatment Services for Juveniles Program, and one-time funding for community-based organizations.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Transportation

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

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

TRANSPORTATION (millions of dollars)									
	FY 2024	FY 2025		FY 2026		FY 2027		FY 2028	
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
STATE OPERATING FUNDS SUPPORT	5,237	5,149	-1.7%	5,334	3.6%	5,331	-0.1%	5,333	0.0%
Mass Transit Operating Aid:	3,691	3,889	5.4%	4,078	4.9%	4,078	0.0%	4,078	0.0%
Metro Mass Transit Aid	3,532	3,728	5.5%	3,916	5.0%	3,916	0.0%	3,916	0.0%
Public Transit Aid	115	117	1.7%	118	0.9%	118	0.0%	118	0.0%
18-b General Fund Aid	19	19	0.0%	19	0.0%	19	0.0%	19	0.0%
School Fare	25	25	0.0%	25	0.0%	25	0.0%	25	0.0%
Mobility Tax	244	244	0.0%	244	0.0%	244	0.0%	244	0.0%
NY Central Business District Trust	155	156	0.6%	158	1.3%	159	0.6%	161	1.3%
Dedicated Mass Transit	667	647	-3.0%	644	-0.5%	644	0.0%	644	0.0%
MTA Fiscal Relief	305	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
AMTAP	155	182	17.4%	181	-0.5%	181	0.0%	181	0.0%
Innovative Mobility	0	4	100.0%	4	0.0%	0	-100.0%	0	0.0%
All Other	20	27	35.0%	25	-7.4%	25	0.0%	25	0.0%

Projected operating aid to the MTA and other transit systems reflects the current receipts forecast. The projected \$88 million decrease in spending is due to the nonrecurrence of \$305 million in FY 2024 one-time funding to the MTA to address extraordinary financial impacts resulting from the pandemic. This decrease is partially offset in FY 2025 by a \$217 million projected increase, which includes an additional \$34 million for non-MTA downstate transit systems (5.6 percent growth per system over the prior year) and a \$27 million increase in upstate transit aid (8.7 percent growth). Not including one-time aid, MTA assistance is projected to grow by \$145 million. The Innovative Mobility and All Other categories are scheduled to increase by \$11 million.



Agency Operations

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

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

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

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING PERSONAL SERVICE AND FRINGE BENEFITS					
	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
State Workforce ¹	111,267	121,520	TBD	TBD	TBD
ERS Contribution Rate ²	13.3%	15.8%	16.8%	18.5%	21.9%
PFRS Contribution Rate ²	27.8%	31.2%	33.0%	34.3%	35.5%
Employee/Retiree Health Insurance Growth Rates ³	8.7%	9.1%	10.9%	10.0%	10.0%
PS/Fringe as % of Receipts (All Funds Basis)	11.8%	11.3%	12.6%	13.6%	13.7%

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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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

STATE OPERATING FUNDS - PERSONAL SERVICE/NON-PERSONAL SERVICE COSTS					
(millions of dollars)					
	FY 2024 <u>Actuals</u>	FY 2025 <u>Projected</u>	FY 2026 <u>Projected</u>	FY 2027 <u>Projected</u>	FY 2028 <u>Projected</u>
SUBJECT TO DIRECT EXECUTIVE CONTROL	11,347	12,438	13,971	14,835	14,934
Corrections and Community Supervision	2,679	2,805	2,732	2,733	2,787
Office of Mental Health	1,857	1,883	1,937	2,026	2,015
Office for People with Developmental Disabilities	1,653	1,670	1,756	1,829	1,798
Department of Health	1,000	766	903	892	888
State Police	853	965	987	1,006	1,025
Information Technology Services	651	720	704	719	720
Transportation	386	363	373	384	395
Tax and Finance	330	345	348	350	350
Children and Family Services	219	306	322	337	350
Environmental Conservation	253	293	292	289	292
Office of Parks, Recreation and Historic Preservation	229	246	251	252	252
Department of Financial Services	230	218	218	218	218
Education	163	203	198	200	202
Office of Temporary and Disability Assistance	206	132	132	132	132
Labor	55	62	62	62	62
All Other	583	1,461	2,756	3,406	3,448
UNIVERSITY SYSTEMS	7,402	7,654	7,822	8,028	8,247
State University	7,402	7,654	7,822	8,028	8,247
INDEPENDENT AGENCIES	421	454	460	466	474
Law	237	262	266	268	272
Audit & Control (OSC)	184	192	194	198	202
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	19,170	20,546	22,253	23,329	23,655
Judiciary	2,151	2,409	2,409	2,409	2,409
Legislature	257	293	293	293	293
Statewide Total	21,578	23,248	24,955	26,031	26,357
Personal Service	15,749	16,978	17,103	17,881	18,282
Non-Personal Service	5,829	6,270	7,852	8,150	8,075



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

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

- **Department of Corrections and Community Supervision (DOCCS).** The FY 2025 Enacted Budget allows the State to act expeditiously to right-size and eliminate excess capacity by allowing for the closure of up to five correctional facilities with 90 days' notice. This will allow for an increase in the operational efficiency of the correctional system. Resources are also provided for costs associated with the NYSCOPBA collective bargaining agreement.
- **OMH.** The FY 2025 Enacted Budget includes funding to open another 125 State-operated inpatient psychiatric beds, including 15 for children and adolescents, 85 for adults, and 25 forensic; 75 new Transition to Home Units (THU) that will provide housing and supports to individuals with mental illness experiencing homelessness; and a new electronic health records system.
- **DOH.** The growth in projected spending from FY 2024 reflects increased funding for costs associated with the public health emergency unwind call center, modernization of health reporting systems, funding for DOH to continue hiring to their Full-Time Equivalent (FTE) target, and additional support to counties for Emergency Medical Services.
- **State Police.** Funding is increased to support the deployment of a dedicated State Police team to build cases against organized retail theft rings and create a new State Police enforcement unit dedicated to this purpose.
- **ITS.** Spending growth reflects investments in the IT workforce and cybersecurity, including the JSOC created for the coordination of local, State and Federal cybersecurity efforts, such as data collection, response efforts and information sharing.
- **OCFS.** Spending in FY 2025 and beyond reflects Statewide costs associated with implementing and supporting Raise the Age reforms, such as comprehensive diversion, probation, and programming services for 16- and 17-year-old youth in the juvenile justice system. Costs will be shifted to other agencies where costs are incurred in a later Financial Plan update.
- **DEC.** The FY 2025 Enacted Budget includes funding for bond act staffing, the migration of the agency into the Statewide Financial System, and operating costs for the cap-and-invest and CLCPA programs.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

- **Office of Parks, Recreation, and Historic Preservation.** Funding growth is largely driven by the expansion of operations related to the NYSWIMs program, increased staffing for park police academies, and other site and facility operations.
- **OTDA.** The spending decline from FY 2024 reflects the time-limited spending associated with the ERAP and LRAP, partially offset by the administration of a federally funded summer food benefit program for low-income students who had been unable to receive free school meals while schools had been closed.
- **All Other Executive Agencies.** Other spending changes include support for asylum seekers response efforts in the City of New York, including the deployment of National Guard service members to various hotels, homeless shelters, and emergency sites as well as the Port Authority to implement, administer, and effectuate the provision of services at each location. In addition, spending is impacted by the timing of Federal reimbursement of State incurred COVID-19 pandemic response and recovery expenses incurred from FY 2021 through FY 2024, including the purchase of COVID-19 test kits for schools and local governments, personal protective equipment (PPE), durable medical equipment, costs to build out field hospital facilities, testing, and vaccination activities which are expected to be reimbursed by FEMA. The Financial Plan realized roughly \$960 million in reimbursements during FY 2024 and expects to receive an additional \$500 million in reimbursements for FY 2025. However, there can be no assurance that FEMA will approve claims for the State to receive reimbursement in the amounts or State fiscal years as projected in the Financial Plan.
- **State University.** Spending growth reflects additional operating aid support at four-year campuses, partially offset by the reclassification of SUNY endowment funding from state operations to assistance and grants consistent with promulgated accounting guidance, resulting in no Financial Plan impact.
- **Judiciary.** Increases from FY 2024 include Judiciary staffing requests to fund judicial pay raises for State judges, general salary increases for non-judicial staff, twenty new judgeships, twenty-eight family court judges, five City of New York housing judges, as well as new support staff and other staffing initiatives aimed at returning to pre-COVID-19 pandemic fill levels including new court clerks and attorneys. The Judiciary also requested funding to hold four court officer academy classes; implement a paid parental leave program, provide funding for child and civil legal service providers; expand mental health court services, anti-bias and justice initiatives, and court facility cleaning and maintenance costs.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Workforce

In FY 2025, \$17.0 billion of the State Operating Funds budget is dedicated to supporting FTE employees under direct Executive control; individuals employed by SUNY and Independent Agencies; employees paid on a nonannual salaried basis; and overtime pay. Roughly 60 percent of the Executive agency workforce is in the mental hygiene agencies and DOCCS.

STATE OPERATING FUNDS		
FY 2025 FTEs ¹ AND PERSONAL SERVICE SPENDING BY AGENCY (millions of dollars)		
	Dollars	FTEs
SUBJECT TO DIRECT EXECUTIVE CONTROL	9,600	98,797
Corrections and Community Supervision	2,344	23,119
Office for People with Developmental Disabilities	1,421	18,730
Office of Mental Health	1,468	14,520
State Police	867	6,436
Information Technology Services	350	3,707
Department of Health	350	4,502
Tax and Finance	273	3,828
Environmental Conservation	245	2,430
Children and Family Services	216	2,328
Transportation	183	2,590
Office of Parks, Recreation and Historic Preservation	200	1,862
Department of Financial Services	163	1,391
Education	117	1,476
Workers' Compensation Board	92	1,086
Office of Temporary and Disability Assistance	70	1,017
All Other	1,241	9,775
UNIVERSITY SYSTEMS	4,820	46,854
State University	4,820	46,854
INDEPENDENT AGENCIES	2,558	19,107
Law	188	1,677
Audit & Control (OSC)	154	1,659
Judiciary	1,993	15,768
Legislature ²	223	3
Statewide Total	16,978	164,758

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

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



General State Charges

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

GSC spending over the Financial Plan period is primarily driven by the increased costs of health care services, with NYSHIP projections correlating with the growth rates in the hospital, medical and pharmaceutical industries. Similarly, the pension program reflects the prepayment of \$1.6 billion of the FY 2025 non-Judiciary pension estimate at the end of fiscal year 2024, rather than when it comes due on March 1, 2025, generating approximately \$99 million in interest savings. The growth in the outyears reflects projected costs associated with conservative pension fund investment returns resulting in higher employer contribution rates.

Programmatically, the State has and continues to fund employee and retiree health care expenses as they become due, on a PAYGO basis. To help limit the State's exposure to these post-employment liabilities, the State made its third deposit to the RHBTf for \$250 million at the close of FY 2024, bringing the aggregate trust fund balance up to nearly \$1.5 billion for the payment of health benefits of retired employees and their dependents. Similarly, the Financial Plan assumes \$250 million in annual deposits if fiscal conditions permit. Under current law, the State may deposit into the RHBTf, in any given fiscal year, up to 1.5 percent of the total then-current unfunded actuarial accrued OPEB liability.

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



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

GENERAL STATE CHARGES (millions of dollars)									
	FY 2024	FY 2025	FY 2026		FY 2027		FY 2028		
	Actuals	Projected	Change	Projected	Change	Projected	Change	Projected	Change
TOTAL STATE OPERATING FUNDS	10,696	8,570	-19.9%	11,429	33.4%	12,791	11.9%	13,922	8.8%
Fringe Benefits	10,172	8,101	-20.4%	10,933	35.0%	12,285	12.4%	13,406	9.1%
Health Insurance	4,856	5,493	13.1%	6,139	11.8%	6,872	11.9%	7,243	5.4%
Retiree Health Benefit Trust Fund	250	250	0.0%	250	0.0%	250	0.0%	250	0.0%
Pensions	3,734	734	-80.3%	2,829	285.4%	3,362	18.8%	4,025	19.7%
Social Security	1,191	1,229	3.2%	1,268	3.2%	1,308	3.2%	1,349	3.1%
Workers' Compensation	570	602	5.6%	653	8.5%	696	6.6%	740	6.3%
Employee Benefits	96	103	7.3%	111	7.8%	112	0.9%	114	1.8%
Dental Insurance	56	62	10.7%	68	9.7%	70	2.9%	72	2.9%
Unemployment Insurance	12	13	8.3%	13	0.0%	13	0.0%	13	0.0%
All Other/Non-State Escrow	(593)	(385)	35.1%	(398)	-3.4%	(398)	0.0%	(400)	-0.5%
Fixed Costs	524	469	-10.5%	496	5.8%	506	2.0%	516	2.0%
Public Land Taxes/PILOTS	308	318	3.2%	326	2.5%	335	2.8%	344	2.7%
Litigation	216	151	-30.1%	170	12.6%	171	0.6%	172	0.6%



Transfers to Other Funds (General Fund Basis)

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

GENERAL FUND TRANSFERS TO OTHER FUNDS					
(millions of dollars)					
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
	Actuals	Projected	Projected	Projected	Projected
TOTAL TRANSFERS TO OTHER FUNDS	9,047	9,258	7,474	6,201	7,229
Debt Service	239	286	299	327	333
SUNY University Operations	1,535	1,767	1,765	1,761	1,761
Capital Projects	5,798	5,116	3,789	2,492	3,657
Extraordinary Monetary Settlements:	461	419	278	271	42
Dedicated Infrastructure Investment Fund	351	345	216	220	40
Clean Water Grants	84	60	60	46	0
Mass Transit Capital	0	3	1	0	0
Health Care	26	11	1	5	2
Dedicated Highway and Bridge Trust Fund	798	118	124	153	441
Environmental Protection Fund	100	118	100	100	100
Other DIIF	0	300	118	0	0
All Other Capital	4,439	4,161	3,169	1,968	3,074
ALL OTHER TRANSFERS	1,475	2,089	1,621	1,621	1,478
Mobility Tax Trust Account	244	244	244	244	244
State University Hospital IFR Operations Account	324	302	302	302	302
NY Central Business District Trust	155	156	158	159	161
Court Facility Income Account	114	123	123	123	123
Dedicated Mass Transportation Trust Fund	66	65	65	65	65
Health Care Transformation	125	125	125	125	0
Healthcare Stability Fund	0	350	0	0	0
All Other	447	724	604	603	583

General Fund transfers to Other Funds are projected to total \$9.3 billion in FY 2025, representing a net increase of \$211 million from FY 2024, mainly due to lower capital transfers offset by increased State support for SUNY’s operations and \$350 million in one-time General Fund resources that will be transferred to the Healthcare Stability Fund to support \$200 million in hospital investments, and \$150 million in nursing homes, assisted living programs, and hospice.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Transfers to capital projects funds are impacted by the timing of bond proceed reimbursements to offset costs initially funded with monetary settlements; bond proceed reimbursements to the capital projects fund; and increased PAYGO capital spending across the Financial Plan period. PAYGO capital spending has increased 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.



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

Debt Service

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

DEBT SERVICE SPENDING PROJECTIONS (millions of dollars)									
	FY 2024 Actuals	FY 2025 Projected	Change	FY 2026 Projected	Change	FY 2027 Projected	Change	FY 2028 Projected	Change
General Fund	239	286	19.7%	299	4.5%	327	9.4%	333	1.8%
Other State Support	6,758	2,736	-59.5%	2,597	-5.1%	4,414	70.0%	5,327	20.7%
Total State Operating Funds	6,997	3,022	-56.8%	2,896	-4.2%	4,741	63.7%	5,660	19.4%

State Operating Funds debt service is projected to be \$3 billion in FY 2025, of which \$286 million is paid from the General Fund and \$2.7 billion is paid from other State funds supported by dedicated tax receipts. The General Fund finances debt service payments on General Obligation and service contract bonds, including expected payments to the Gateway Development Commission (GDC) relating to the Hudson Tunnel Project. Debt service for other State-supported bonds is paid directly from other dedicated State funds, subject to appropriation, including PIT and Sales Tax Revenue bonds, and DHBTF bonds.

Debt service spending levels are impacted by prepayments. The FY 2025 Enacted Budget Financial Plan reflects prepayments that totaled \$4.7 billion in FY 2024 and planned prepayments of \$1.5 billion in FY 2025. As shown in the table below, the net impact of these prepayments and prior year prepayments increased debt service costs in FY 2024 and will decrease debt service costs in FY 2025 through FY 2029.

STATE DEBT SERVICE (millions of dollars)						
	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Base Debt Service	6,002	6,717	7,276	7,801	8,160	8,673
Total Prepayment Adjustment	995	(3,695)	(4,380)	(3,060)	(2,500)	(2,000)
Prior Prepayments	(3,705)	(3,695)	(2,380)	(2,860)	(2,000)	0
FY 2024 Prepayment	4,700	(1,500)	(500)	(200)	(500)	(2,000)
FY 2025 Prepayment	0	1,500	(1,500)	0	0	0
Enacted Budget State Debt Service	6,997	3,022	2,896	4,741	5,660	6,673



STATE FINANCIAL PLAN MULTI-YEAR PROJECTIONS

The FY 2025 Enacted Budget authorizes liquidity financing in the form of up to \$3 billion of PIT notes as a tool to manage unanticipated financial disruptions. The 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 Financial Plan estimates for debt service spending reflect bond sale results, including refundings, projections of future refunding savings, and the adjustment of debt issuances to align with projected bond-financed capital spending. Debt service projections were reduced to reflect the contribution of \$10 billion of PAYGO capital resources that were added in the past three budgets, which includes new PAYGO spending of \$1 billion that was added in the FY 2025 Enacted Budget.

FINANCIAL PLAN TABLES



Financial Plan Tables

The cash financial plan tables listed below appear on the following pages and summarize actual General Fund receipts and disbursements for fiscal year 2024 and projected receipts and disbursements for fiscal years 2025 through 2028 on a General Fund, State Operating Funds and All Governmental Funds basis.¹³

General Fund - Total Budget

Financial Plan, Annual Change from FY 2024 to FY 2025
Financial Plan Projections FY 2025 through FY 2028

State Operating Funds Budget

FY 2025
FY 2026
FY 2027
FY 2028

All Governmental Funds – Receipts Detail

Financial Plan Projections FY 2025 – FY 2028

All Governmental Funds - Total Budget

FY 2025
FY 2026
FY 2027
FY 2028

Cashflow - FY 2025 Monthly Projections

General Fund

¹³ 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).



FINANCIAL PLAN TABLES

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	26,922	1,610	6.4%
Consumption/Use Taxes	9,872	10,091	219	2.2%
Business Taxes	17,425	18,038	613	3.5%
Other Taxes	1,876	1,397	(479)	-25.5%
Miscellaneous Receipts	4,878	4,460	(418)	-8.6%
Federal Receipts	2,250	3,645	1,395	62.0%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	21,748	26,446	4,698	21.6%
PTET in Excess of Revenue Bond Debt Service	6,978	7,374	396	5.7%
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	8,973	1,134	14.5%
Real Estate Taxes in Excess of CW/CA Debt Service	877	857	(20)	-2.3%
All Other	3,942	1,745	(2,197)	-55.7%
Total Receipts	102,997	109,956	6,959	6.8%
Disbursements:				
Assistance and Grants	69,119	77,404	8,285	12.0%
State Operations:				
Personal Service	9,997	11,136	1,139	11.4%
Non-Personal Service	2,303	2,664	361	15.7%
General State Charges	9,651	7,310	(2,341)	-24.3%
Transfers to Other Funds:				
Debt Service	239	286	47	19.7%
Capital Projects	5,798	5,116	(682)	-11.8%
SUNY Operations	1,535	1,767	232	15.1%
Other Purposes	1,475	2,089	614	41.6%
Total Disbursements	100,117	107,772	7,655	7.6%
Excess (Deficiency) of Receipts Over Disbursements	2,880	2,184	(696)	-24.2%
Closing Fund Balance	46,331	48,515	2,184	4.7%
Statutory Reserves				
Community Projects	25	25	0	
Contingency Reserve	21	21	0	
Rainy Day Reserve	4,638	6,138	1,500	
Tax Stabilization Reserve	1,618	1,618	0	
Reserved For				
Debt Management	2,436	1,860	(576)	
Economic Uncertainties	13,812	13,812	0	
Extraordinary Monetary Settlements	1,110	691	(419)	
Labor Settlements/Agency Operations	1,765	3,099	1,334	
Timing of PTET/PIT Credits	14,137	15,001	864	
Undesignated Fund Balance	6,769	6,250	(519)	

Source: NYS DOB.



CASH FINANCIAL PLAN				
GENERAL FUND				
(millions of dollars)				
	FY 2025	FY 2026	FY 2027	FY 2028
	Projected	Projected	Projected	Projected
Receipts:				
Taxes:				
Personal Income Tax	26,922	28,536	34,161	39,419
Consumption/Use Taxes	10,091	10,315	10,567	10,805
Business Taxes	18,038	16,667	9,999	9,889
Other Taxes	1,397	1,458	1,516	1,581
Miscellaneous Receipts	4,460	3,962	2,419	2,083
Federal Receipts	3,645	0	0	0
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	26,446	28,358	32,324	37,031
PTET in Excess of Revenue Bond Debt Service	7,374	6,226	(670)	0
ECEP in Excess of Revenue Bond Debt Service	8	8	0	0
Sales Tax in Excess of LGAC Bond Debt Service	0	0	0	0
Sales Tax in Excess of Revenue Bond Debt Service	8,973	8,965	9,064	8,861
Real Estate Taxes in Excess of CW/CA Debt Service	857	942	1,041	1,161
All Other	1,745	1,863	1,487	1,547
Total Receipts	109,956	107,300	101,908	112,377
Disbursements:				
Assistance and Grants	77,404	81,800	85,806	88,845
State Operations:				
Personal Service	11,136	11,197	11,846	12,108
Non-Personal Service	2,664	3,159	3,386	3,229
General State Charges	7,310	10,152	11,490	12,598
Transfers to Other Funds:				
Debt Service	286	299	327	333
Capital Projects	5,116	3,789	2,492	3,657
SUNY Operations	1,767	1,765	1,761	1,761
Other Purposes	2,089	1,621	1,621	1,478
Total Disbursements	107,772	113,782	118,729	124,009
Use (Reservation) of Fund Balance:				
Community Projects	0	0	0	0
Contingency Reserve	0	0	0	0
Debt Management	576	860	0	0
Economic Uncertainties	0	500	0	0
Extraordinary Monetary Settlements	419	278	368	45
Labor Settlements/Agency Operations	(1,334)	0	0	0
Rainy Day Reserve	(1,500)	0	0	0
Tax Stabilization Reserve	0	0	0	0
Timing of PTET/PIT Credits	(864)	2,504	12,197	300
Undesignated Fund Balance	519	0	(3)	4,037
Total Use (Reservation) of Fund Balance	(2,184)	4,142	12,562	4,382
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements				
	0	(2,340)	(4,259)	(7,250)
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	56,448	6,550	46,303	109,301
Miscellaneous Receipts	4,460	18,130	387	22,977
Federal Receipts	3,645	(16)	62	3,691
Total Receipts	64,553	24,664	46,752	135,969
Disbursements:				
Assistance and Grants	77,404	19,798	0	97,202
State Operations:				
Personal Service	11,136	5,842	0	16,978
Non-Personal Service	2,664	3,567	39	6,270
General State Charges	7,310	1,260	0	8,570
Debt Service	0	0	3,022	3,022
Capital Projects	0	0	0	0
Total Disbursements	98,514	30,467	3,061	132,042
Other Financing Sources (Uses):				
Transfers from Other Funds	45,403	3,793	2,000	51,196
Transfers to Other Funds	(9,258)	952	(45,689)	(53,995)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	36,145	4,745	(43,689)	(2,799)
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	2,184	(1,058)	2	1,128
Closing Fund Balance	48,515	8,584	106	57,205

Source: NYS DOB.



CASH FINANCIAL PLAN STATE OPERATING FUNDS FY 2026 (millions of dollars)				
	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	56,976	6,620	47,054	110,650
Miscellaneous Receipts	3,962	18,912	396	23,270
Federal Receipts	0	(17)	58	41
Total Receipts	60,938	25,515	47,508	133,961
Disbursements:				
Assistance and Grants	81,800	19,009	0	100,809
State Operations:				
Personal Service	11,197	5,906	0	17,103
Non-Personal Service	3,159	4,652	41	7,852
General State Charges	10,152	1,277	0	11,429
Debt Service	0	0	2,896	2,896
Capital Projects	0	0	0	0
Total Disbursements	106,308	30,844	2,937	140,089
Other Financing Sources (Uses):				
Transfers from Other Funds	46,362	3,338	1,966	51,666
Transfers to Other Funds	(7,474)	1,128	(46,534)	(52,880)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	38,888	4,466	(44,568)	(1,214)
Use (Reservation) of Fund Balance:				
Debt Management	860	0	0	860
Economic Uncertainties	500	0	0	500
Extraordinary Monetary Settlements	278	0	0	278
Timing of PTET/PIT Credits	2,504	0	0	2,504
Total Use (Reservation) of Fund Balance	4,142	0	0	4,142
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	(2,340)	(863)	3	(3,200)

Source: NYS DOB.



CASH FINANCIAL PLAN				
STATE OPERATING FUNDS				
FY 2027				
(millions of dollars)				
	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	56,243	6,800	46,109	109,152
Miscellaneous Receipts	2,419	18,200	420	21,039
Federal Receipts	0	(17)	53	36
Total Receipts	58,662	24,983	46,582	130,227
Disbursements:				
Assistance and Grants	85,806	17,973	0	103,779
State Operations:				
Personal Service	11,846	6,035	0	17,881
Non-Personal Service	3,386	4,723	41	8,150
General State Charges	11,490	1,301	0	12,791
Debt Service	0	0	4,741	4,741
Capital Projects	0	0	0	0
Total Disbursements	112,528	30,032	4,782	147,342
Other Financing Sources (Uses):				
Transfers from Other Funds	43,246	3,359	1,824	48,429
Transfers to Other Funds	(6,201)	1,134	(43,607)	(48,674)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	37,045	4,493	(41,783)	(245)
Use (Reservation) of Fund Balance:				
Extraordinary Monetary Settlements	368	0	0	368
Timing of PTET/PIT Credits	12,197	0	0	12,197
Undesignated Fund Balance	(3)	0	0	(3)
Total Use (Reservation) of Fund Balance	12,562	0	0	12,562
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	(4,259)	(556)	17	(4,798)

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	61,694	6,630	52,325	120,649
Miscellaneous Receipts	2,083	18,418	436	20,937
Federal Receipts	0	(17)	45	28
Total Receipts	63,777	25,031	52,806	141,614
Disbursements:				
Assistance and Grants	88,845	17,868	0	106,713
State Operations:				
Personal Service	12,108	6,174	0	18,282
Non-Personal Service	3,229	4,805	41	8,075
General State Charges	12,598	1,324	0	13,922
Debt Service	0	0	5,660	5,660
Capital Projects	0	0	0	0
Total Disbursements	116,780	30,171	5,701	152,652
Other Financing Sources (Uses):				
Transfers from Other Funds	48,600	3,230	1,824	53,654
Transfers to Other Funds	(7,229)	1,389	(48,910)	(54,750)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	41,371	4,619	(47,086)	(1,096)
Use (Reservation) of Fund Balance:				
Extraordinary Monetary Settlements	45	0	0	45
Timing of PTET/PIT Credits	300	0	0	300
Undesignated Fund Balance	4,037	0	0	4,037
Total Use (Reservation) of Fund Balance	4,382	0	0	4,382
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	(7,250)	(521)	19	(7,752)

Source: NYS DOB.



FINANCIAL PLAN TABLES

CASH RECEIPTS				
ALL GOVERNMENTAL FUNDS				
FY 2025 THROUGH FY 2028				
(millions of dollars)				
	FY 2025	FY 2026	FY 2027	FY 2028
Taxes:				
Withholdings	57,486	60,432	63,487	65,848
Estimated Payments	11,707	12,453	21,349	24,520
Final Payments	3,781	3,971	4,167	4,362
Other Payments	1,915	1,969	2,023	2,079
Gross Collections	74,889	78,825	91,026	96,809
State/City Offset	(1,432)	(1,531)	(1,669)	(1,691)
Refunds	(16,462)	(17,128)	(17,995)	(13,386)
Reported Tax Collections	56,995	60,166	71,362	81,732
STAR (Dedicated Deposits)	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0
Personal Income Tax	56,995	60,166	71,362	81,732
Sales and Use Tax	20,371	20,864	21,418	21,940
Cigarette and Tobacco Taxes	829	793	759	728
Vapor Excise Tax	24	24	24	24
Motor Fuel Tax	484	484	480	476
Alcoholic Beverage Taxes	276	278	279	280
Opioid Excise Tax	20	20	20	20
Medical Cannabis Excise Tax	5	4	4	4
Adult Use Cannabis Tax	158	245	339	363
Highway Use Tax	140	141	142	144
Auto Rental Tax	137	137	142	145
Peer to Peer Car Sharing Tax	2	2	2	2
Gross Consumption/Use Taxes	22,446	22,992	23,609	24,126
LGAC/STBF (Dedicated Transfers)	0	0	0	0
Consumption/Use Taxes	22,446	22,992	23,609	24,126
Corporation Franchise Tax	9,295	9,201	9,407	8,375
Corporation and Utilities Tax	603	591	596	592
Insurance Taxes	2,879	2,999	3,121	3,251
Bank Tax	212	0	0	0
Pass Through Entity Tax	14,748	12,452	(1,340)	0
Petroleum Business Tax	1,055	1,017	1,010	1,000
Gross Business Taxes	28,792	26,260	12,794	13,218
RBTF (Dedicated Transfers)	0	0	0	0
Business Taxes	28,792	26,260	12,794	13,218
Estate Tax	1,375	1,437	1,503	1,568
Real Estate Transfer Tax	1,147	1,230	1,331	1,448
Employer Compensation Expense Program	15	15	0	0
Gift Tax	0	0	0	0
Real Property Gains Tax	0	0	0	0
Pari-Mutuel Taxes	12	12	12	12
Other Taxes	2	1	1	1
Gross Other Taxes	2,551	2,695	2,847	3,029
Real Estate Transfer Tax (Dedicated)	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0
Other Taxes	2,551	2,695	2,847	3,029
Payroll Tax	0	0	0	0
Total Taxes	110,784	112,113	110,612	122,105
Licenses, Fees, Etc.	630	631	629	629
Abandoned Property	550	450	450	450
Motor Vehicle Fees	1,210	1,259	1,268	1,282
ABC License Fee	60	60	60	60
Reimbursements	66	66	66	66
Investment Income	2,550	2,100	550	200
Extraordinary Settlements	0	0	0	0
Other Transactions	26,619	30,208	30,653	29,112
Miscellaneous Receipts	31,685	34,774	33,676	31,799
Federal Receipts	94,202	88,463	89,150	90,018
Total	236,671	235,350	233,438	243,922

Source: NYS DOB.



FINANCIAL PLAN TABLES

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	56,448	6,550	1,483	46,303	110,784
Miscellaneous Receipts	4,460	19,092	7,746	387	31,685
Federal Receipts	3,645	87,266	3,229	62	94,202
Total Receipts	64,553	112,908	12,458	46,752	236,671
Disbursements:					
Assistance and Grants	77,404	105,193	6,315	0	188,912
State Operations:					
Personal Service	11,136	6,554	0	0	17,690
Non-Personal Service	2,664	6,548	0	39	9,251
General State Charges	7,310	1,656	0	0	8,966
Debt Service	0	0	0	3,022	3,022
Capital Projects	0	0	11,327	0	11,327
Total Disbursements	98,514	119,951	17,642	3,061	239,168
Other Financing Sources (Uses):					
Transfers from Other Funds	45,403	3,793	5,519	2,000	56,715
Transfers to Other Funds	(9,258)	(1,446)	(574)	(45,689)	(56,967)
Bond and Note Proceeds	0	0	359	0	359
Net Other Financing Sources (Uses)	36,145	2,347	5,304	(43,689)	107
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	2,184	(4,696)	120	2	(2,390)
Closing Fund Balance	48,515	16,098	(1,197)	106	63,522

Source: NYS DOB.



FINANCIAL PLAN TABLES

CASH FINANCIAL PLAN					
ALL GOVERNMENTAL FUNDS					
FY 2026					
(millions of dollars)					
	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	56,976	6,620	1,463	47,054	112,113
Miscellaneous Receipts	3,962	19,225	11,191	396	34,774
Federal Receipts	0	84,720	3,685	58	88,463
Total Receipts	60,938	110,565	16,339	47,508	235,350
Disbursements:					
Assistance and Grants	81,800	98,806	7,850	0	188,456
State Operations:					
Personal Service	11,197	6,621	0	0	17,818
Non-Personal Service	3,159	6,414	0	41	9,614
General State Charges	10,152	1,674	0	0	11,826
Debt Service	0	0	0	2,896	2,896
Capital Projects	0	0	12,165	0	12,165
Total Disbursements	106,308	113,515	20,015	2,937	242,775
Other Financing Sources (Uses):					
Transfers from Other Funds	46,362	3,338	4,186	1,966	55,852
Transfers to Other Funds	(7,474)	(1,244)	(853)	(46,534)	(56,105)
Bond and Note Proceeds	0	0	377	0	377
Net Other Financing Sources (Uses)	38,888	2,094	3,710	(44,568)	124
Use (Reservation) of Fund Balance:					
Debt Management	860	0	0	0	860
Economic Uncertainties	500	0	0	0	500
Extraordinary Monetary Settlements	278	0	0	0	278
Timing of PTET/PIT Credits	2,504	0	0	0	2,504
Total Use (Reservation) of Fund Balance	4,142	0	0	0	4,142
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	(2,340)	(856)	34	3	(3,159)

Source: NYS DOB.



FINANCIAL PLAN TABLES

CASH FINANCIAL PLAN					
ALL GOVERNMENTAL FUNDS					
FY 2027					
(millions of dollars)					
	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	56,243	6,800	1,460	46,109	110,612
Miscellaneous Receipts	2,419	18,506	12,331	420	33,676
Federal Receipts	0	85,596	3,501	53	89,150
Total Receipts	58,662	110,902	17,292	46,582	233,438
Disbursements:					
Assistance and Grants	85,806	98,803	8,315	0	192,924
State Operations:					
Personal Service	11,846	6,753	0	0	18,599
Non-Personal Service	3,386	6,524	0	41	9,951
General State Charges	11,490	1,699	0	0	13,189
Debt Service	0	0	0	4,741	4,741
Capital Projects	0	0	11,400	0	11,400
Total Disbursements	112,528	113,779	19,715	4,782	250,804
Other Financing Sources (Uses):					
Transfers from Other Funds	43,246	3,359	2,883	1,824	51,312
Transfers to Other Funds	(6,201)	(1,032)	(720)	(43,607)	(51,560)
Bond and Note Proceeds	0	0	262	0	262
Net Other Financing Sources (Uses)	37,045	2,327	2,425	(41,783)	14
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	368	0	0	0	368
Timing of PTET/PIT Credits	12,197	0	0	0	12,197
Undesignated Fund Balance	(3)	0	0	0	(3)
Total Use (Reservation) of Fund Balance	12,562	0	0	0	12,562
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	(4,259)	(550)	2	17	(4,790)

Source: NYS DOB.



FINANCIAL PLAN TABLES

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	61,694	6,630	1,456	52,325	122,105
Miscellaneous Receipts	2,083	18,723	10,557	436	31,799
Federal Receipts	0	86,454	3,519	45	90,018
Total Receipts	63,777	111,807	15,532	52,806	243,922
Disbursements:					
Assistance and Grants	88,845	99,595	6,981	0	195,421
State Operations:					
Personal Service	12,108	6,894	0	0	19,002
Non-Personal Service	3,229	6,582	0	41	9,852
General State Charges	12,598	1,725	0	0	14,323
Debt Service	0	0	0	5,660	5,660
Capital Projects	0	0	11,793	0	11,793
Total Disbursements	116,780	114,796	18,774	5,701	256,051
Other Financing Sources (Uses):					
Transfers from Other Funds	48,600	3,230	4,049	1,824	57,703
Transfers to Other Funds	(7,229)	(756)	(1,055)	(48,910)	(57,950)
Bond and Note Proceeds	0	0	270	0	270
Net Other Financing Sources (Uses)	41,371	2,474	3,264	(47,086)	23
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	45	0	0	0	45
Timing of PTET/PIT Credits	300	0	0	0	300
Undesignated Fund Balance	4,037	0	0	0	4,037
Total Use (Reservation) of Fund Balance	4,382	0	0	0	4,382
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	(7,250)	(515)	22	19	(7,724)

Source: NYS DOB.



CASHFLOW GENERAL FUND FY 2025 (millions of dollars)													
	2024 April Actuals	May Projected	June Projected	July Projected	August Projected	September Projected	October Projected	November Projected	December Projected	2025 January Projected	February Projected	March Projected	Total
OPENING BALANCE	46,331	49,055	45,080	47,526	46,078	44,900	49,200	44,450	41,473	45,518	47,366	45,238	46,331
RECEIPTS:													
Personal Income Tax	3,650	1,954	2,427	2,059	1,741	2,309	1,111	1,384	2,515	2,646	2,639	2,487	26,922
Consumption/Use Taxes	754	746	977	811	788	969	792	799	977	851	703	924	10,091
Business Taxes	1,224	49	3,213	132	116	3,535	(259)	64	4,134	410	68	5,352	18,038
Other Taxes	185	154	105	106	106	106	106	106	109	105	105	104	1,397
Total Taxes	5,813	2,903	6,722	3,108	2,751	6,919	1,750	2,353	7,735	4,012	3,515	8,867	56,448
Abandoned Property	0	0	0	0	10	100	30	130	0	30	10	240	550
ABC License Fee	5	5	5	5	5	5	5	5	5	5	5	5	60
Investment Income	238	217	210	209	210	209	209	210	209	209	210	210	2,550
Licenses, Fees, etc.	73	40	50	60	60	55	45	35	60	40	55	57	630
Motor Vehicle Fees	44	22	29	12	31	11	4	29	12	15	13	46	268
Reimbursements	75	50	(60)	40	(40)	(15)	(40)	12	30	(30)	20	24	66
Extraordinary Settlements	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Transactions	16	21	49	17	6	78	17	6	60	17	2	47	336
Total Miscellaneous Receipts	451	355	283	343	282	443	270	427	376	286	315	629	4,460
Federal Receipts	0	0	0	0	0	0	0	0	0	0	0	3,645	3,645
PIT in Excess of Revenue Bond Debt Service	3,650	1,953	2,427	1,949	1,437	2,309	1,111	1,384	2,520	4,103	1,042	2,561	26,446
PTET in Excess of Revenue Bond Debt Service	23	18	1,422	2	52	1,494	(460)	15	2,286	198	47	2,277	7,374
ECEP in Excess of Revenue Bond Debt Service	0	0	0	0	0	0	0	0	4	1	0	3	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	650	879	703	690	873	688	702	882	738	625	923	8,973
Real Estate Taxes in Excess of CW/CA Debt Service	79	82	79	72	84	86	75	67	67	49	71	46	857
All Other	153	303	271	151	138	405	123	153	267	130	157	(506)	1,745
Total Transfers from Other Funds	4,525	3,006	5,078	2,877	2,401	5,167	1,537	2,321	6,026	5,219	1,942	5,304	45,403
TOTAL RECEIPTS	10,789	6,264	12,083	6,328	5,434	12,529	3,557	5,101	14,137	9,517	5,772	18,445	109,956
DISBURSEMENTS:													
School Aid	1,806	5,008	1,903	454	791	1,974	848	1,974	2,862	1,247	1,155	10,260	30,282
Higher Education	25	30	738	124	66	190	553	30	129	142	577	870	3,474
All Other Education	27	72	297	783	141	87	82	256	363	103	66	506	2,783
Medicaid - DOH	3,585	2,674	1,800	2,739	2,168	1,564	2,593	2,315	2,095	2,699	1,771	(1,956)	24,047
Public Health	15	82	121	98	134	72	75	80	83	(152)	71	141	820
Mental Hygiene	66	157	803	166	70	838	176	115	1,066	121	543	770	4,891
Children and Families	33	141	251	249	332	331	177	166	267	49	163	625	2,784
Temporary & Disability Assistance	33	223	478	164	159	409	159	159	409	159	159	1,319	3,830
Transportation	0	57	20	7	57	1	7	50	17	7	34	0	257
Unrestricted Aid	1	15	392	3	52	119	9	3	188	3	2	66	853
All Other	118	130	(550)	81	166	(52)	167	118	(57)	475	495	2,292	3,383
Total Assistance and Grants	5,709	8,589	6,253	4,868	4,136	5,533	4,846	5,266	7,422	4,853	5,036	14,893	77,404
Personal Service	838	1,002	856	1,021	820	841	1,019	842	1,031	887	886	1,093	11,136
Non-Personal Service	167	258	249	133	162	165	139	181	262	165	334	449	2,664
Total State Operations	1,005	1,260	1,105	1,154	982	1,006	1,158	1,023	1,293	1,052	1,220	1,542	13,800
General State Charges	670	630	569	613	479	552	604	528	579	615	776	695	7,310
Debt Service	24	0	0	30	(1)	(3)	6	0	0	257	(12)	(15)	286
Capital Projects	283	(524)	718	840	859	655	1,619	839	673	815	831	(2,492)	5,116
SUNY Operations	226	265	417	246	41	70	2	322	27	11	22	118	1,767
Other Purposes	148	19	575	25	116	416	72	100	98	66	27	427	2,089
Total Transfers to Other Funds	681	(240)	1,710	1,141	1,015	1,138	1,699	1,261	798	1,149	868	(1,962)	9,258
TOTAL DISBURSEMENTS	8,065	10,239	9,637	7,776	6,612	8,229	8,307	8,078	10,092	7,669	7,900	15,168	107,772
Excess/(Deficiency) of Receipts over Disbursements	2,724	(3,975)	2,446	(1,448)	(1,178)	4,300	(4,750)	(2,977)	4,045	1,848	(2,128)	3,277	2,184
CLOSING BALANCE	49,055	45,080	47,526	46,078	44,900	49,200	44,450	41,473	45,518	47,366	45,238	48,515	48,515

Source: NYS DOB.

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STATE OF NEW YORK
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR FISCAL YEAR ENDED MARCH 31, 2024

PREPARED BY THE
OFFICE OF THE STATE COMPTROLLER
STATE OF NEW YORK

The Annual Comprehensive Financial Report of the State of New York for the State fiscal year ended March 31, 2024 (“FY 2024 ACFR”), dated September 1, 2024, is hereby included in this Official Statement by reference. The Basic Financial Statements and Other Supplementary Information of the State of New York, which are included in the FY 2024 ACFR, were prepared by the Office of the State Comptroller in accordance with accounting principles generally accepted in the United States of America (GAAP) and were independently audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The Basic Financial Statements and Other Supplementary Information for the fiscal year ended March 31, 2024 were filed with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system on July 26, 2024. An official copy of the Basic Financial Statements and Other Supplementary Information may be obtained by contacting the MSRB, or by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236, Tel: (518) 474-3277. An informational copy of the FY 2024 ACFR is available on the Internet at:

<https://www.osc.state.ny.us/files/reports/finance/pdf/annual-comprehensive-financial-report-2024.pdf>

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**STATE OF NEW YORK • GENERAL OBLIGATION BONDS
SERIES 2025A TAX-EXEMPT BONDS, SERIES 2025B TAXABLE BONDS AND SERIES 2025C TAX-EXEMPT REFUNDING BONDS**



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