Report on Estimated Receipts and Disbursements

State Fiscal Years 2023-24 through 2025-26

OFFICE OF THE NEW YORK STATE COMPTROLLER
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I. Overview

This Report on Estimated Receipts and Disbursements for State Fiscal Years (SFY) 2023-24 through SFY 2025-26, issued pursuant to Section 23 of the State Finance Law, is intended to enhance analysis and discussion of the State's economic condition and the State Budget.

The Office of the State Comptroller (OSC) estimates that the State's tax revenues in All Funds will decline by 8.4 percent, or $9.4 billion, in SFY 2023-24 from the previous year. Tax revenues are then projected to increase in SFY 2024-25 by 2.7 percent, with continued growth of 3.2 percent in SFY 2025-26.

OSC's comparisons to the Division of the Budget's (DOB) projections in this report are based on DOB's projections from the Mid-Year Update to the FY 2024 Enacted Budget Financial Plan ("Mid-Year Update") issued October 30, 2023. OSC's projections for All Funds tax receipts are $322 million higher than estimates from DOB for SFY 2023-24, $384 million lower in SFY 2024-25 and $330 million lower in SFY 2025-26. Projections for total All Funds receipts, which include tax receipts, miscellaneous receipts and federal grants, are similarly lower.

Projections of tax receipts in this report reflect factors including actual tax receipts through September, which were just over $1.7 billion higher than DOB's initial projections made in the FY 2024 Enacted Budget Financial Plan released in June 2023. Revenue projections are inherently subject to a variety of economic risks. In addition, participation in the Pass-Through Entity Tax (PTET) and its corresponding impact on the Personal Income Tax (PIT), particularly quarterly estimated payments and refunds, has added a significant degree of complexity to the forecast. While OSC considers the revenue projections in this report reasonable and appropriate based on currently available information, there is always uncertainty regarding the direction of the national and New York State economies, meaning that higher or lower projections may also be considered reasonable.

The condition of the U.S. economy will be heavily influenced by job growth and consumer spending, stubborn rates of inflation, expanding geopolitical conflicts or other conditions that may slow growth or produce another downturn. Projections in this report do not reflect the impacts of any economic disruption; in such an event, tax revenues could fall substantially below these estimates.

OSC's estimates for All Funds disbursements are $43 million lower than estimates from DOB for SFY 2023-24, $98 million higher in SFY 2024-25 and $167 million higher in SFY 2025-26, based on DOB's current projections from the Mid-Year Update. These changes result from OSC estimates related to program areas evaluated in this report (Medicaid, Education and public assistance).

Background: “Quick Start” Financial Information Review Process

The State Finance Law requires the staffs of the Governor, the Temporary President of the Senate, the Speaker of the Assembly and the Comptroller to prepare and make available by November 5 of each year separate reports detailing estimates of “state receipts and state disbursements for the current and ensuing fiscal years.”[1] OSC interprets this provision as requiring estimates for the current and the next two fiscal years.

The receipts forecast must include, but is not limited to, estimates of tax collections on an All Funds basis, lottery receipts and General Fund miscellaneous receipts. The disbursements forecast is required to include, but is not limited to, estimates for spending on Medicaid, public assistance, and elementary and secondary education (School Aid). The underlying factors and data upon which the disbursement estimates are based must be included as well. For the purpose of providing estimates and projections on an All Funds basis, OSC’s figures reflect DOB’s projections for federal receipts and disbursements, except with respect to disbursements for public assistance.

Not later than November 15, the Governor, the Temporary President of the Senate and the Speaker of the Assembly are directed to prepare jointly and make available on their respective websites a report on the actual, estimated and projected State receipts and disbursements for the prior, current and ensuing fiscal years.

The statute also requires a public meeting of the staffs of the Governor, the Temporary President of the Senate, the Speaker of the Assembly and the Comptroller to be held on or before November 15 to review financial information jointly, including the economic outlook, receipt forecasts, projected disbursements, and the impact of relevant State and federal statutory provisions on the State’s Financial Plan, to facilitate the timely adoption of a State Budget for the next fiscal year.

Office of the State Comptroller’s Estimates for Receipts and Disbursements

OSC maintains extensive data on receipts and disbursements, which reflect the flow of revenues and expenditures through New York’s Statewide Financial System (SFS), on which it issues monthly reports. OSC’s estimates are based on analysis of such data, along with projections by DOB, recent and projected economic indicators and other information. Unless otherwise indicated, all projections reflect comparisons to the prior fiscal year.

Figures 1 and 2 below summarize OSC’s estimates compared to DOB’s estimates for receipts and disbursements as contained in the Mid-Year Update. This Office’s estimates for All Funds receipts and disbursements reflect a variety of factors, including current law that provides for caps on growth in Medicaid and School Aid spending. Estimates for State Operating Funds are also provided in the Appendix because the statutory cap on Medicaid disbursements applies to disbursements from that fund category.

Figure 1
Actual and Estimated Receipts and Disbursements, All Funds
SFY 2022-23 through SFY 2025-26
(in millions of dollars)

	2022-23	2023-24	Growth	2024-25	Growth	2025-26	Growth
Receipts							
Office of the State Comptroller	233,062	224,881	-3.5%	219,209	-2.5%	221,842	1.2%
Division of the Budget	233,062	224,559	-3.6%	219,593	-2.2%	222,172	1.2%
Difference	-	322		(384)		(330)	
Disbursements							
Office of the State Comptroller	220,462	227,621	3.2%	230,698	1.4%	235,108	1.9%
Division of the Budget	220,462	227,664	3.3%	230,600	1.3%	234,941	1.9%
Difference	-	(43)		98		167	

Note: SFY 2022-23 data are actuals; all other years are projections.
Sources: Office of the State Comptroller, Division of the Budget

Figure 2
Actual and Estimated Receipts and Disbursements, State Operating Funds
SFY 2022-23 through SFY 2025-26
(in millions of dollars)

	2022-23	2023-24	Growth	2024-25	Growth	2025-26	Growth
Receipts							
Office of the State Comptroller	137,720	123,410	-10.4%	125,509	1.7%	125,710	0.2%
Division of the Budget	137,720	123,152	-10.6%	125,927	2.3%	126,085	0.1%
Difference	-	258		(418)		(375)	
Disbursements							
Office of the State Comptroller	123,751	123,949	0.2%	131,029	5.7%	138,797	5.9%
Division of the Budget	123,751	123,840	0.1%	130,863	5.7%	138,623	5.9%
Difference	-	109		166		174	

Note: SFY 2022-23 data are actuals; all other years are projections.
Sources: Office of the State Comptroller, Division of the Budget

See the Appendix for more detailed estimates for All Funds and State Operating Funds.

II. Economic Overview

National Economy

In 2022, the nation was dealing with persistent inflation, hitting its highest level in over 40 years.[2] In response, the Federal Reserve Board (the Fed) increased the federal funds rate by 425 basis points over the course of the year. While the national economy contracted during the first half of the year, it rebounded in the second. For all of 2022, real Gross Domestic Product (GDP) increased by 1.9 percent.[3]

Buoyed by personal consumption growth and increased business investment, the economy continued to expand in the first half of 2023. Residential investment (housing) continued to be a drag on the economy with nine consecutive quarters of declines.

Economic growth accelerated in the third quarter of 2023, with real GDP increasing by 4.9 percent according to the first estimate by the U.S. Bureau of Economic Analysis (BEA). While this growth was slightly slower than S&P Global's estimate of 5.2 percent, it was considerably higher than the Blue Chip October consensus estimate of a 3.5 percent increase. S&P Global as well as other economic forecasters expect the economy to slow considerably in the fourth quarter. As a result, economic growth nationally is anticipated to be 2.5 percent for all of 2023. The slowdown is projected to continue into 2024; S&P Global projects real GDP will increase by 1.6 percent for the year.[4]

Through the first half of 2023, monthly year-over-year consumer price increases slowed, with inflation averaging 4.9 percent, compared to 8.3 percent in the same period of 2022. In July and August, inflation accelerated, increasing by 3.2 percent and 3.7 percent, respectively, from the 3.0 percent year-over-year rate in June. With inflation persisting, the Fed raised interest rates four times, by an additional 100 basis points. While the Fed kept interest rates the same at its September and November meetings, many economists believe there will be an additional rate hike by the end of the year, with S&P Global forecasting an increase of 25 basis points.

Inflation remained at 3.7 percent in September and is estimated at 4.1 percent for all of 2023. Inflation is projected to be 2.4 percent in 2024, slightly above the Fed's target rate of 2 percent according to both measures.[5] As a result, S&P Global projects the Fed to maintain higher interest rates through the first half of the year.

By August 2023, there were over four million more jobs nationally than before the pandemic shutdown and nearly 1.9 million more than the end of last year. Employment gains accelerated in September, an increase of 336,000 jobs; on average, 260,000 jobs were added monthly in the first three quarters of the year. Although the unemployment rate also increased since January, from 3.4 percent to 3.8 percent, the size of the nation's labor force also grew, by nearly 2.1 million workers, and the labor force participation rate rose from 62.4 percent to 62.8 percent.[6]

In the final quarter of the year, S&P Global expects employment gains to slow from the strong gains in September, but the unemployment rate to remain the same at 3.7 percent. For the entire year, employment is estimated to increase by 3.6 million jobs, or 2.4 percent; the unemployment rate is anticipated to be the same as in 2022, 3.6 percent. With slower economic growth projected for 2024, employment is forecasted to increase by just 0.7 percent, with the unemployment rate increasing to 3.8 percent.

According to the BEA, personal income increased by 4.8 percent on a year-over-year basis in the third quarter of 2023, driven by a 5.7 percent increase in wages from the third quarter of 2022.[7] On an annual basis, wages are estimated to increase by 6.4 percent in 2023. With the projected slowdown in employment as well as hours worked, total wage growth is also forecasted to slow, increasing by 4.8 percent in 2024.

New York Economy

In the first quarter of 2023, the New York economy accelerated after exhibiting no growth in the fourth quarter of 2022. However, this increase was slower than that of the nation, 1.3 percent compared to 2 percent. The State's economic growth in the second quarter is estimated to have slowed considerably, an increase of just 0.2 percent.[8] With an expected acceleration in the second half of the year, the New York economy is estimated to grow at an annual rate of 1.6 percent in 2023. In 2024, real GDP growth of the State is projected to continue to lag that of the nation, increasing by 1.4 percent compared to 1.6 percent nationwide.

Unlike the nation as a whole, New York has yet to recover all the jobs lost during the pandemic shutdown. Through September 2023, the State recovered approximately 1.9 million, or 95 percent, of the nearly 2.0 million jobs it lost in March and April of 2020. In addition, monthly job growth has been erratic over the three quarters, averaging a gain of 8,800 jobs per month, an increase of just 0.8 percent from December 2022. For all of 2023, employment is estimated to increase by 2.0 percent, slower than the estimated growth of 2.4 percent nationally.

According to the Quarterly Census of Employment and Wages, total wages paid in the first quarter of 2023 were 5.4 percent higher than those for the same quarter in 2022 despite the 4.3 percent decline in wages paid in the finance and insurance industry. Excluding this industry, total wages increased by 9.3 percent due, in part, to employment gains over the prior year; average wages paid in that quarter were only 2.2 percent higher. S&P Global estimates overall wage growth in 2023 at 5.3 percent, slower than the 7.1 percent increase in 2022.

Similar to the employment outlook nationally, the number of jobs in New York is projected to increase by 0.5 percent in 2024, remaining below pre-pandemic levels. Wage growth is also forecasted to slow in 2024, increasing 4.7 percent.

In the second quarter of 2023, New York had the highest personal income growth in the nation, 6.1 percent.[9] While increased earnings was a large contributor to this increase, higher personal current transfer receipts (government social benefits), primarily Medicaid benefits, also accounted for this growth.[10] For 2023, personal income is estimated to increase by 4.7 percent. This reflects not only the increase in wages but growth in all other income components. Despite a forecasted slowing of the economy, personal income in New York is projected to increase by 4.9 percent due largely to the combination of wage growth as well as higher income from dividends and interest.

Figure 3 presents selected national and New York economic indicators through calendar year 2026.

Figure 3
Selected Economic Indicators
(Percentage Change)

UNITED STATES					
	2022	**2023**	**2024**	**2025**	**2026**
Real GDP	1.9	2.5	1.6	1.2	1.6
Employment	4.3	2.4	0.7	(0.3)	0.0
Wages	7.8	6.4	4.8	3.8	3.9
Personal Income	2.0	5.3	5.0	4.8	4.4
NEW YORK					
Employment	5.1	2.0	0.5	(0.3)	(0.2)
Wages	7.1	5.3	4.7	4.0	3.8
Personal Income	(1.6)	4.7	4.9	4.7	4.2

Note: 2022 Statistics are actuals; all other years are projections.

Source: S&P Global, October 2023 U.S. and Regional Macroeconomic Forecast

III. Receipts

Overview

This section of the report includes the Office of the State Comptroller's estimate of All Funds tax receipts through the end of the current fiscal year, as well as projections for SFYs 2024-25 and 2025-26.

This forecast is consistent with a national economy that is projected by S&P Global to increase by 2.5 percent in the current calendar year with a slowdown in the next two years; real GDP increasing by 1.6 percent and 1.2 percent in 2024 and 2025, respectively. Numerous variables affect the national and State economies, increasing the difficulty of forecasting tax collections. These factors include not only traditional influences such as trends in employment and wages, but also changes in tax rates and the imposition of new tax structures, such as the Pass-Through Entity Tax ("PTET") established in the SFY 2021-22 Enacted Budget, as well as taxpayer behavior in response to those changes. As a result, the State's actual tax revenues could deviate from these estimates and from those of DOB. Close monitoring is critical to identify deviations in a timely way so that corrective actions can be taken, if necessary.

In SFY 2022-23, All Funds tax receipts totaled $111.7 billion, a decrease of 7.8 percent from the previous year, primarily due to the impact the PTET had on PIT collections.[11] OSC estimates total tax receipts in SFY 2023-24 will continue to decline, 8.4 percent or $9.4 billion, to $102.3 billion.

OSC's projection of tax receipts for the current fiscal year is $322 million above the projection in the FY 2024 Mid-Year Update to the Financial Plan issued by DOB at the end of October. This variance reflects OSC expectations that higher receipts from the personal income tax (PIT) through the remainder of the fiscal year will be partially offset from lower collections in other tax categories compared to DOB projections.

While tax receipts in the first half of the fiscal year are generally influenced by strong collections from the filing of annual personal income tax returns, receipts in the second half typically benefit from factors including holiday sales, bonus payments in the finance and insurance sector, and prepayments of business taxes for the subsequent tax year. Tax collections to date in SFY 2023-24 have reflected stronger economic growth compared to the same period last year, as well as employment and wage growth. However, these positive factors were more than offset by continued financial market volatility, as well as the lower estimated payments made with requests for filing extensions of tax year 2022 PIT returns.

As a result, total personal income tax (PIT) collections in SFY 2023-24 are estimated to decrease by 12.3 percent due, in part, to the lower tax rates on the middle class that took effect in the 2023 tax year, lower estimated payments from the factors mentioned above as well as the shift of certain quarterly estimated payments for the 2023 tax year from the PIT to the PTET. Receipts for all other tax categories (business, consumption, and other) are anticipated to decrease by a combined 4.1 percent.

In SFY 2024-25, tax collections are projected to increase by 2.7 percent. While there is an expectation of slower economic growth, the increase primarily relates to incorporation of the

PTET into historical tax collection trends. For SFY 2025-26, tax collections are projected to grow by 3.2 percent, as the economy is anticipated to continue to expand, albeit at a slower rate.[12]

Detailed figures on projected receipts and comparisons to DOB projections appear in the Appendix.

Personal Income Tax

PIT receipts are estimated to decrease by $7.2 billion, or 12.3 percent, in SFY 2023-24 to $51.5 billion. This reflects not only the impact of the lower tax rates on the middle class but also the effect of the stock market's volatility and the profitability of financial sector firms on bonuses paid at the end of the fiscal year. In addition, the substitution of the PTET for quarterly estimated tax payments previously made under the PIT by individual members of S-corporations and partnerships reduces overall PIT collections.

Withholding tax collections in SFY 2023-24 are estimated to decrease by 1.0 percent. Offsetting the increases in employment and wages over the year is a projected decline in bonus payments to be paid at the end of the fiscal year, as well as the three-quarter impact of the final phase-in of the lower middle-class tax rates.

Collections from estimated payments in the current fiscal year are expected to decrease by 39.3 percent, or $7.2 billion, from SFY 2022-23. The decline reflects a $6.7 billion decrease in payments made with the requests for extensions to file 2022 tax year annual returns in addition to an estimated $1.4 billion decline in tax year 2023 payments reflecting the financial market volatility and the PTET impact mentioned above.

Refunds in the current fiscal year are estimated to be $16.9 billion, a decrease of $2.5 billion. This decline reflects the absence of one-time advance payments made in SFY 2022-23 for the Homeowner Tax Rebate Credit, the enhanced earned income tax credit (EITC), and enhanced Empire State child tax credit, in addition to refunds related to PTET credits claimed for the 2021 tax year in SFY 2022-23.

In SFY 2024-25, PIT collections are projected to increase by $2.8 billion, or 5.4 percent. This increase is largely due to continued, albeit slower, employment and wage growth as well as the incorporation of the PTET's impact on estimated payments into collection trends.

In SFY 2025-26, PIT collections are projected to increase by $2.9 billion, or 5.3 percent; slower growth reflects lower wage increases in addition to declining employment.

Consumption and Use Taxes

Consumption and use tax receipts are estimated to increase by $1.2 billion, or 5.9 percent, in SFY 2023-24 to $21.8 billion. This increase encompasses a 4.9 percent increase in receipts from the sales tax, the largest source of collections in this category. In addition to consumption growth and higher prices (inflation estimated at 4.1 percent) contributing to higher sales tax collections, the absence of the "gas tax holiday" from June to December last year adds to overall consumption and use tax collection growth.

For SFY 2024-25, collections from consumption and use taxes are projected to increase by 0.4 percent; sales taxes, the largest component, are only projected to grow by 0.2 percent. While inflation is expected to be lower, 2.4 percent, slower wage and employment growth as well as higher interest rates are expected to curb consumption, particularly that of durable goods. In SFY 2025-26, growth in consumption and use tax receipts is projected to rebound, increasing by 1.6 percent, as inflation and interest rates are anticipated to decline and durable goods consumption increases.

Business Taxes

Business tax receipts are estimated to decrease by $2.7 billion, or 9.5 percent, in SFY 2023-24 to $25.9 billion. This reflects lower corporate profit growth as well as a decrease in collections for the fourth quarter of the fiscal year and lower audit receipts. In addition, collections from the PTET are estimated to decrease as the number of participants declined for the 2023 tax year.

In SFY 2024-25, business tax receipts are projected to increase, but only at a rate of 0.2 percent, or $61 million. This reflects a decline in corporate profits as well as slower economic growth; partially offsetting this decrease is an anticipated increase in proprietor's income which influences PTET receipts. Business tax receipts are projected to experience slightly faster growth in SFY 2025-26 by $129 million or 0.5 percent, mainly due to continued, albeit more modest, economic growth.

Other Taxes

Other Tax receipts are estimated to decrease by $657 million, or 17.9 percent, in SFY 2023-24 to $3.0 billion. This decrease reflects a smaller number of very large estates upon which taxes were imposed compared to SFY 2022-23, as well as the decline in the financial markets' impact on household net worth. Receipts from real estate transfer taxes are estimated to decrease by 14.5 percent due to an expected 18 percent decline in home sales during the year.

In SFY 2024-25, Other Tax collections are projected to continue to decrease, by $194 million, or 6.4 percent. A further decrease in the number of super large estates as well as an estimated decline in household net worth are projected to adversely impact estate tax collections. On the other hand, a projected increase in home sales is projected to result in higher real estate transfer taxes.

In SFY 2025-26, collections are projected to increase by $59 million, or 2.1 percent, as both receipts from estate taxes and real estate transfer taxes are estimated to increase.

All Funds Miscellaneous Receipts, Including Gaming

Miscellaneous receipts include fees, fines, reimbursements, bond proceeds from public authorities, Lottery revenues, payments from settlements, and interest on State investments.

General Fund miscellaneous receipts are estimated to increase by $542 million, or 15 percent, to $4.1 billion in SFY 2023-24, largely relating to increased investment income due to higher interest rates and account balances. Miscellaneous receipts in the General Fund are anticipated to decrease by 13.9 percent, or $579 million, in SFY 2024-25. These receipts are anticipated to further decline by 17.1 percent, or $611 million, in SFY 2025-26.

Receipts from gaming in the State are estimated to total $4.7 billion in SFY 2023-24, an increase of $92 million, or 2.0 percent, from the prior fiscal year. Collections from all State-authorized gaming are anticipated to grow slightly, with mobile sports betting revenue increasing by $23 million as the program matures.

Over the next two fiscal years, gaming receipts are projected to remain relatively flat, decreasing by $119 million and $26 million, respectively. Revenues from mobile sports betting are only expected to grow slightly, an increase of $15 million and $8 million in SFY 2024-25 and SFY 2025-26, respectively.

All Funds miscellaneous receipts in SFY 2023-24 are estimated to total $27.9 billion (most of which are initially collected outside the General Fund). This represents a decrease of $4.0 billion or 12.5 percent, primarily due to decreases in revenues deposited to the State's special revenue funds.

All Funds miscellaneous receipts are projected to increase by $290 million, or 1.0 percent, in SFY 2024-25. Growth is forecasted to continue in SFY 2025-26, increasing 6.4 percent or $1.8 billion. For both fiscal years, increases primarily relate to higher projected bond proceed collections. Factors that may change such projections include the possibility of additional monetary settlements, as well as variances in reimbursements from bond proceeds, in part impacted by the amount of bonds issued.

Federal Receipts

Federal grants support State spending for Medicaid, transportation, education, public health, and environmental and energy programs, as well as other activities. Since SFY 2020-21, federal grants have included funding for pandemic-related costs forecast to support $56.6 billion of disbursements through SFY 2025-26. This includes $12.7 billion in State and Local Fiscal Recovery Fund relief that will be transferred to the General Fund through SFY 2024-25. As the increased Federal assistance winds down, the State should carefully monitor spending levels that were supported by federal aid since State resources could be required to maintain this spending.

In SFY 2023-24, federal receipts are projected to increase by $5.2 billion, or 5.8 percent, from SFY 2022-23 to $94.8 billion. DOB projects federal receipts will decline nearly $8.7 billion, or 9.2 percent, in SFY 2024-25 and will fall an additional $2.6 billion, or 3.0 percent, in SFY 2025-26. There is inherent risk in projections associated with service-related spending such as Medicaid and public assistance that may also affect federal reimbursement.

IV. Disbursements

Overview

This report's forecast for disbursements for SFY 2023-24 through SFY 2025-26 relies on a variety of data sources, including receipt and disbursement data from New York's Statewide Financial System (SFS) and information from State agencies, including DOB, the State Education Department (SED), the Department of Health (DOH), the Department of Labor (DOL), and the Office of Temporary and Disability Assistance (OTDA).

This report provides Medicaid and School Aid spending projections from the SFY 2023-24 Mid-Year Update of the Financial Plan, including the effect of their respective statutory spending caps. This report does not adjust for actual or planned actions that artificially and temporarily change growth rates, such as prepayments (which increase base year spending, while decreasing subsequent year spending, thus resulting in lower reported growth).

OSC estimates that Medicaid, School Aid and public assistance spending from All Funds will total $127.1 billion in SFY 2023-24, which is $8.4 billion, or 7.1 percent, higher than SFY 2022-23 levels. Spending is then projected to fall to $125.4 billion in SFY 2024-25, a decline of $1.7 billion, or 1.3 percent, primarily due to lower projected Medicaid spending. Spending is projected to increase to $126.6 billion in SFY 2025-26, which is $1.2 billion, or 1.0 percent, higher than in SFY 2024-25.

For SFY 2023-24, OSC estimates that Medicaid, School Aid and public assistance spending from State Operating Funds will total $61.7 billion, an increase of $5.1 billion, or 9.1 percent, from SFY 2022-23 levels. For SFY 2024-25, spending from State Operating Funds on these items is projected to total $66.4 billion, an increase of $4.7 billion or 7.6 percent from SFY 2023-24, and then rise to $70.1 billion, an increase of $3.7 billion or 5.6 percent from the previous year.

All other State Operating Funds spending is projected to total $62.2 billion in SFY 2023-24, a decrease of $4.9 billion, or 7.3 percent, compared to SFY 2022-23. All other spending includes such categories as debt service, General State Charges, Departmental Operations and local assistance grants outside of the categories listed above. It also reflects certain timing-related and other actions that affect reported spending growth (such as debt service prepayments). All other State Operating Funds spending is projected to increase by $2.4 billion or 3.8 percent to $64.6 billion in SFY 2024-25, and grow in SFY 2025-26 to $68.7 billion, an increase of $4.0 billion or 6.2 percent.

Detailed figures on projected disbursements, and comparisons to DOB projections, appear in the Appendix.

Spending Results to Date

Actual spending through September was significantly higher than the same period a year earlier, but lower than the levels DOB projected in the FY 2024 Enacted Budget Financial Plan. Through the first six months of SFY 2022-23, spending from State Operating Funds totaled $52.6 billion. Actual SFY 2023-24 State Operating Funds spending through the comparable six months totaled $59.1 billion, a year-over-year increase of $6.5 billion or 12.3 percent. Year-to-date spending was $832.6 million below the level anticipated in the projections from the FY 2024 Enacted Budget Financial Plan.

All Funds spending through the first six months totaled $110.4 billion, $14.2 billion or 14.7 percent higher than last year for the same period. Compared to DOB's projections in the FY 2024 Enacted Budget Financial Plan, All Funds spending is $2.2 billion or 1.9 percent below projections. Due to continuing levels of increased federal pandemic relief, year-to-date spending from federal funds is significantly higher as a percentage of total spending (40.3 percent) as compared to recent history (average of 33.5 percent over the 10 years preceding the pandemic).

School Aid

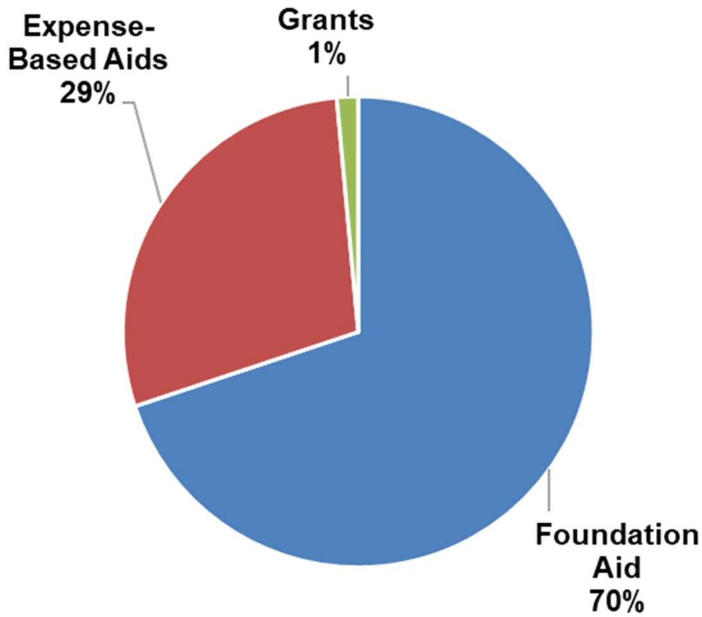
Projections for School Aid reflect increases consistent with statutory spending caps and other changes included in previous budgets. The statutory cap on annual School Aid increases is the 10-year average annual change in personal income beginning in School Year (SY) 2020-21.[13] The statutory cap for education assistance has no expiration date.

The SFY 2023-24 Enacted Budget Financial Plan is the last year of the three-year phase-in of fully funding Foundation Aid, which for SFY 2023-24 represents $24 billion of the projected $33.4 billion in State Operating Funds spending.[14] The State Operating Funds year-over-year growth in School Aid is 10.3 percent principally because of increased Foundation Aid.

School Aid or General Support for Public Schools (GSPS) comprises a series of formulas that provide general operating support (for example, Foundation Aid) and reimbursement for a share of specific eligible expenses (for example, Building Aid or Transportation Aid), as well as grant programs that support specific activities for New York's 673 major school districts. Factors that can affect School Aid growth include enrollment, school district property and income wealth, student demographics, and fluctuations in claims for various supported expenses. Claims and demographic data are generally updated three times annually.[15]

Policymakers also affect annual growth in School Aid through legislative changes, which are difficult to project. School Aid is generally negotiated and legislated on a school-year basis. Because the school year begins on July 1 and ends on June 30, the State is funding portions of two school years in any given State fiscal year. Figure 4 shows the distribution of School Aid by category in the current school year.[16] State-funded spending in SY 2023-24 is expected to total $34.4 billon, exclusive of federal prekindergarten expansion grants. Federal pandemic assistance is expected to total $4.7 billion in the current year and total $14.7 billion between SYs 2020-21 and 2024-25.

Figure 4
Total School Aid, SY 2023-24, $34.4 Billion



Note: Does not include federal pandemic assistance.
Source: New York State Education Department

The statutory cap on annual school aid increases from the prior year's growth is 4.2 percent, as calculated using quarterly measures from BEA.[17] However, spending is projected to exceed the cap on annual growth in SY 2023-24 to account for greater Foundation Aid (school aid increases also exceeded the statutory cap in SY 2021-22 and SY 2022-23). The SY 2023-24 increase of $3.0 billion, or 9.7 percent, is more than double what would otherwise be allowed under the cap. According to DOB, growth in school aid will be in line with the rate allowed under the growth cap starting in SY 2024-25.

OSC has relied on estimates provided by DOB that project School Aid spending from State Operating Funds will total $33.4 billion in SFY 2023-24, which is an increase of $3.1 billion or 10.3 percent from SFY 2022-23. This equates to $34.4 billion on a school-year basis.

OSC has relied on DOB estimates that project School Aid spending from State Operating Funds would:

- Increase to $35.2 billion in SFY 2024-25, an increase of $1.7 billion or 5.2 percent over SFY 2023-24. This equates to $35.7 billion on a school-year basis.
- Increase to $36.6 billion in SFY 2025-26, an increase of $1.4 billion or 4.1 percent over SFY 2024-25. This equates to $37.1 billion on a school-year basis.

Medicaid

The SFY 2023-24 Enacted Budget again includes two years' authority for Medicaid spending by DOH (including administration costs), with a specific limit in spending from State Operating Funds for each year. The growth in costs included under the Medicaid Global Spending Cap is based on the five-year rolling average of projected health care spending by the Centers for Medicare & Medicaid Services (CMS), a change made in the SFY 2022-23 Enacted Budget from previously determining such cap based on the 10-year average growth in the medical component of the Consumer Price Index (CPI). Financial Plan spending projections through SFY 2025-26 assume the cap will be extended.

Projections of Medicaid disbursements were complicated by developments that affected the application of the Global Cap. Some DOH State Medicaid spending is not subject to the indexed portion of the Global Cap, including a portion of funding for minimum wage increases and the State's takeover of certain local Medicaid costs. According to DOB, the Global Cap applies to an estimated 80 percent of State-share DOH Medicaid spending. DOH has indicated that in certain previous years it has managed the timing of Medicaid payments across fiscal years to ensure compliance with the cap, including between SFY 2014-15 and SFY 2017-18, when such actions ranged from $50 million to roughly $435 million.

At the end of SFY 2018-19, DOH deferred $1.7 billion in certain State-share Medicaid costs, including the final cycle payment to Medicaid Managed Care Organizations as well as other payments, for three business days to SFY 2019-20. In SFY 2019-20, approximately $1.1 billion was deferred to SFY 2020-21 and $1.7 billion was deferred into SFY 2021-22. The following year, approximately $1.7 billion was deferred from SFY 2021-22 into SFY 2022-23. Most recently, just over $1.8 billion was deferred from SFY 2022-23 spending and instead made in SFY 2023-24. DOB has not expressed whether the deferral will continue, but Financial Plan projections do not indicate that spending would return to original patterns.

In the Mid-Year Update, DOB projects that total DOH Medicaid spending will remain within the Global Cap through SFY 2026-27, primarily due to actuarial changes and recent favorable federal rulemaking that is expected to reduce Medicaid spending projections by $2.9 billion through SFY 2026-27. DOB estimates allowable growth under the indexed portion of the Global Cap to be 6.3 percent in SFY 2023-24, 6.2 percent in SFY 2024-25 and 7.2 percent in SFY 2025-26.

The Medicaid disbursement estimates detailed below reflect figures provided by DOB in the Mid-Year Update, which projected Medicaid enrollment in SFY 2023-24 would be approximately 6.9 million covered individuals, a decrease of over 887,000 individuals or an 11.4 percent decrease from SFY 2022-23 preliminary unaudited actuals when there were 7.8 million covered individuals. Outyear projections are approximately 6.6 million in each of SFY 2024-25 and SFY 2025-26. DOB projects that the State-share costs of Medicaid will continue to increase even though enrollment is projected to decline in SFY 2023-24 and then stabilize in the outyears, primarily due to continued growth in higher cost enrollees, as well as other associated costs such as increases in the minimum wage and aid to financially distressed hospitals.

The federal government increased the reimbursement rate for Medicaid costs as part of its COVID-19 response; it also required continuous coverage be provided for Medicaid recipients.

However, enhanced reimbursement rates are ending on December 31, 2023. According to DOB, enhanced reimbursement is projected to reduce State costs by $1.6 billion in SFY 2023-24. DOB further notes that the estimated benefit of the increased reimbursement rate for Medicaid costs in SFY 2022-23 was $3.7 billion, and that any resulting State-share savings have been and are used to offset increased costs associated with the sustained and higher number of enrollees as well as lost Medicaid Redesign Team II savings from measures whose implementation has been delayed.

The State, as required by the December 2022 federal Consolidated Appropriations Act, began the process of redetermining eligibility for public program enrollees, including Medicaid, in the Spring of 2023. Renewal notices are sent on a rolling basis and renewal deadlines will range from June 30, 2023, through May 31, 2024. As of September 2023, Medicaid enrollment reported by DOH declined by 69,080 enrollees or 0.9 percent from SFY 2022-23 preliminary unaudited actuals. To meet DOB's financial plan projections, the number of covered individuals would need to decrease by over 818,000 covered individuals in the remaining half of SFY 2023-24. As this process unfolds, the number of enrollees will need to be carefully monitored.

Should enrollment remain at levels higher than DOB projections, the risks to the State budget are significant. A December 2021 OSC report found that unanticipated gross costs of $20.5 billion could accrue by SFY 2024-25 if no reduction in projected caseloads occurs and per-enrollee costs do not decrease, which would result in unbudgeted State costs of up to $8.1 billion.[18] DOB projections, as made in the FY 2024 Enacted Budget Financial Plan, result in a per enrollee State cost of $4,020; based on this per enrollee cost, a forecast error in either direction by 50,000 enrollees (i.e., having more enrollees stay on Medicaid or having more disenrollments) equates to $201 million in either unanticipated costs or savings.

OSC has relied on DOB estimates for total DOH State Medicaid spending (including administrative costs) in SFY 2023-24 at $27.7 billion from State Operating Funds, and $84.1 billion from All Funds.

OSC has relied on DOB estimates that projected total DOH Medicaid spending would:

- Increase in SFY 2024-25 to $30.6 billion from State Operating Funds (up by 10.5 percent or $2.9 billion from the previous year) and to $80.6 billion from All Funds (a decline of 4.2 percent or $3.5 billion).
- Total $32.7 billion from State Operating Funds in SFY 2025-26, a year-over-year increase of $2.0 billion or 6.6 percent, and $84.7 billion from All Funds, representing an increase of $4.1 billion or 5.1 percent.

DOB continues to use payments by tobacco manufacturers under the 1998 Master Settlement Agreement (MSA) to reduce reported Medicaid spending. MSA revenue is supposed to be deposited directly to the off-budget Medicaid Management Information System (MMIS) Escrow Fund, where it is spent without appropriation. DOB's current projections, as detailed above, reflect this action. Reported spending in the Mid-Year Update is reduced by $362 million annually from SFYs 2023-24 through SFY 2026-27 due to this off-budget spending.

Public Assistance

Projections of public assistance caseloads and spending are sensitive to economic fluctuations. As unemployment increases and income falls, the number of people in need of public assistance typically increases. The pandemic and its associated economic downturn have resulted in significant increases in public assistance caseloads in New York City. Caseloads in the rest of the State are showing a slight uptick. While caseload increases in previous economic downturns have lagged employment declines, whether this history indicates that increased caseloads across the State are likely remains unclear.

The impact of the recent and ongoing influx of asylum seekers may affect public assistance spending. According to DOB, non-citizens with certain immigration statuses are currently eligible for federal and/or State benefits, including those "Permanently Residing Under Color of Law" (PRUCOL). PRUCOL is a public benefit category used by the NYS Office of Temporary and Disability Assistance (OTDA) for the purposes of determining which non-citizens may be eligible for Safety Net Assistance.[19]

While national and State unemployment rates declined in pre-pandemic years, the pandemic and associated shutdown resulted in significant increases in unemployment. After a sharp upward spike in April 2020, unemployment rates have since declined as the economy recovers.

According to the U.S. Bureau of Labor Statistics (BLS), 35.7 percent of the U.S. unemployed population (16 and older) had been out of work for 15 weeks or more as of September 2023, compared to 34.1 percent in September 2022.[20] As of August 2023, the unemployment rate in New York on a seasonally adjusted basis was 3.9 percent.[21] BLS produces a broader measure, labor market underutilization, which includes the unemployed population counted within the official unemployment rates, but also marginally attached workers, as well as those who are employed part-time for economic reasons.[22] For New York, this measure was 8.2 percent for the third quarter of 2022 through the second quarter of 2023, down slightly from 9.9 percent for the same period in the preceding year.[23]

A lack of affordable housing can also result in higher public assistance caseloads. Individuals who are unable to maintain rental payments, especially in a high inflation environment, may end up unhoused and in need of public assistance. Alternatively, if individuals are unable to find sufficient employment for any number of reasons, including being an asylum seeker, then it may be necessary to temporarily receive public assistance to allow them time to find gainful employment. This is particularly true if waivers are required prior to being lawfully employed.

Using historical trends for unemployment and employment, as well as caseloads and spending figures contained in monthly caseload reports issued by OTDA, most recently in August 2023, OSC estimates that in SFY 2023-24, All Funds spending for public assistance will total $1.7 billion (including $643 million from State Operating Funds), based on caseloads of 310,100 families and 280,126 single recipients. Figure 5 provides more detailed estimates of public assistance caseloads.

For SFY 2024-25, public assistance spending from All Funds is projected to increase by $69 million, or 4.0 percent, to $1.8 billion (including $686 million from State Operating Funds), based on caseloads of 317,998 families and 301,738 single recipients.

For SFY 2025-26, All Funds spending for public assistance is estimated to remain flat with SFY 2024-25 levels of $1.8 billion (including $686 million from State Operating Funds) based on caseloads of 317,998 families and 301,738 single recipients.

Figure 5
Comparison of Actual and Projected Caseloads,
Temporary Assistance for Needy Families (TANF), Safety Net Families and Singles

TANF Families	**2022-23**	**2023-24**	**Growth**	**2024-25**	**Growth**	**2025-26**	**Growth**
Office of the State Comptroller	176,854	183,233	3.6%	187,214	2.2%	187,214	0.0%
Division of the Budget	180,418	209,148	15.9%	198,646	-5.0%	188,276	-5.2%
Difference	(3,564)	(25,915)		(11,432)		(1,062)	
Safety Net Families	**2022-23**	**2023-24**	**Growth**	**2024-25**	**Growth**	**2025-26**	**Growth**
Office of the State Comptroller	119,946	126,867	5.8%	130,784	3.1%	130,784	0.0%
Division of the Budget	120,957	138,784	14.7%	130,571	-5.9%	122,396	-6.3%
Difference	(1,011)	(11,917)		213		8,388	
Safety Net Singles	**2022-23**	**2023-24**	**Growth**	**2024-25**	**Growth**	**2025-26**	**Growth**
Office of the State Comptroller	243,856	280,126	14.9%	301,738	7.7%	301,738	0.0%
Division of the Budget	229,043	210,068	-8.3%	207,482	-1.2%	208,728	0.6%
Difference	14,813	70,058		94,256		93,010	
Total Caseloads	**2022-23**	**2023-24**	**Growth**	**2024-25**	**Growth**	**2025-26**	**Growth**
Office of the State Comptroller	540,656	590,226	9.2%	619,736	5.0%	619,736	0.0%
Division of the Budget	530,418	558,000	5.2%	536,699	-3.8%	519,400	-3.2%
Difference	10,238	32,226		83,037		100,336	

Note: SFY 2022-23 figures for Office of the State Comptroller represent actual caseloads based on OTDA data. All other years are projections.

Sources: Office of the State Comptroller, Division of the Budget, OTDA

V. Risks

While year-to-date tax collections exceed levels initially forecasted with the SFY 2023-24 Enacted Budget, and year-to-date expenditures are below forecast, the Financial Plan outlook remains subject to risk and uncertainty.

S&P Global forecasts a slowing economy in the final quarter of the current year as well as the next two years. A more significant downturn could arise due to any combination of factors, including wars in Ukraine and Israel, a potential federal government shutdown, and the impact of higher interest rates and inflation on both consumer and business spending. Projections in this report do not reflect the economic or tax receipt impacts should events result in an economic disruption; such an outcome could dramatically alter this forecast and tax revenues could fall substantially below these estimates.

Outside of economic risk factors, this forecast is complicated by the PTET and its interaction with the PIT. PTET allows certain pass-through entities to have their business incomes taxed in their entirety in lieu of taxing members' allocations under the PIT, eliminating the need for individual members to remit quarterly estimated tax payments under the PIT. Income-sharing members claim a credit on their annual returns for their shares of the PTET paid in order to avoid double taxation of the same income. Because the PTET is optional and the opt-in date has varied since its implementation, the number of businesses paying the tax can vary from year to year. For tax year 2021, approximately 96,000 businesses chose to participate; in 2022, the number increased to nearly 99,000. However, the number of businesses declined for tax year 2023 to just over 92,200.

Another complicating factor is the payment of the PIT by the income-sharing members as well as the claiming of the offsetting PIT credits and how that influences year-over-year collections. For tax year 2021, these taxpayers were required to remit a final quarterly estimated payment even though the income was taxed under the PTET. Instead, the taxpayers claimed the credit on their 2021 annual returns filed in SFY 2022-23 which resulted in a large amount of refunds being paid.

For 2022, the opt-in period was extended from March to September, and members of businesses that chose to participate in March likely did not have to make quarterly estimated payments as the PTET paid by the business was substituted for these payments. However, those individuals of the businesses that opted in between March 15 and September 15 still potentially paid their quarterly PIT payments for the first half of the year, claiming the credit for the full year of PTET paid when they filed their annual returns in April 2023. For 2023 and subsequent tax years, the PTET would replace the estimated PIT payments made by members of participating businesses throughout the tax year.

Changes in the collection of the PIT related to the PTET may affect net collections in a given year but are not likely to produce shortfalls that increase budget gaps over the life of the Financial Plan.

Stimulus and relief actions by the federal government have played an important role in preventing more severe economic and human impacts from the COVID-19 pandemic, but there is risk going forward as fiscal and monetary relief winds down. Key federal initiatives providing relief to individuals have lapsed, and the availability of federal financial assistance to State and local governments planned to be used over multiple fiscal years is declining. Moreover, demand for some pandemic relief programs such as emergency rental assistance or utility arrears, or for other services, such as emergency spending on asylum seekers, may not abate and may exceed resources currently allocated. As these relief programs have been funded mostly by federal dollars, pressures to extend them may necessitate allocation of additional State dollars and possibly the creation of new, recurring spending commitments. The changing economic and global landscape, both of which appear to be on unsteady ground, could lead to downward pressure on tax revenues and increased need for certain State spending programs.

Significant growth is forecast in the two largest areas of State spending: Education and Medicaid. The current trajectory of spending in these categories will place pressure on the Financial Plan, particularly as temporary federal relief wanes and tax increases included and extended in prior Enacted Budgets sunset at the end of 2026 (corporate franchise taxes) and 2027 (personal income taxes). A key short-term risk is in the costs associated with Medicaid. DOB projects Medicaid enrollment will return to near pre-pandemic levels in SFY 2024-25 (an expected decline of almost 1.2 million enrollees, or nearly 16 percent). Such a rate of decline would be unprecedented; if it does not occur or takes longer than anticipated, the State could face billions more in unplanned costs.

The State's reliance on certain SFY 2021-22 Enacted Budget actions, including temporary PIT increases, entails a degree of risk. The temporary PIT rate increase results in PIT revenues being more highly dependent on high-income taxpayers which typically derive income from more volatile sources. These taxpayers are very dependent on the financial markets, which influence bonuses paid to high-wage Wall Street employees as well as capital gains, which history shows can be volatile. With record stock market levels in 2020 and 2021, PIT collections benefitted from increased bonuses and other market-related income. In 2022, the stock market, as measured by the S&P 500, has dropped by nearly 21 percent. In 2009, when the market declined by a similar magnitude, taxable income declined by over $46 billion.

Although State results for the current fiscal year have been positive, financial challenges appear poised to increase. At the end of SFY 2022-23, the State had $6.3 billion in the rainy day reserves and $13.3 billion set aside for economic uncertainties, for a total of just under $19.6 billion. The SFY 2023-24 Mid-Year Update of the Financial Plan indicates no plan to contribute or utilize these funds. OSC continues to recommend that plans to increase rainy day fund balances be implemented on or ahead of schedule if circumstances permit; substantial reserves improve the flexibility to weather revenue shortfalls or manage unanticipated additional costs.

Appendix - Financial Projections

Projections Based on Current Law, Including Enacted Spending Caps

Office of the State Comptroller Estimates for Receipts and Disbursements
All Funds - State Fiscal Year 2023-24
(in millions of dollars)

	Office of the State Comptroller	Division of the Budget	Difference
Receipts:			
Personal Income Tax	51,544	51,269	275
Consumer Taxes	21,806	21,932	(126)
Business Taxes	25,886	25,915	(29)
Other Taxes	3,022	2,820	202
Total Taxes	*102,258*	*101,936*	*322*
General Fund Miscellaneous Receipts	4,151	4,151	-
Lottery	3,336	3,336	-
Subtotal	109,745	109,423	322
Other Miscellaneous Receipts	20,371	20,371	-
Federal Grants	94,765	94,765	-
Total Receipts	224,881	224,559	322
Disbursements:			
Elementary and Secondary Education	41,203	41,203	-
DOH Medicaid (incl. administration)	84,132	84,132	-
Public Assistance	1,729	1,772	(43)
Subtotal	127,064	127,107	(43)
All Other Disbursements	100,557	100,557	-
Total Disbursements	227,621	227,664	(43)

Note: Figures may not total due to rounding.
Sources: Office of the State Comptroller, Division of the Budget

Office of the State Comptroller Estimates for Receipts and Disbursements
All Funds - State Fiscal Year 2024-25
(in millions of dollars)

	Office of the State Comptroller	Division of the Budget	Difference
Receipts:			
Personal Income Tax	54,308	55,538	(1,230)
Consumer Taxes	21,904	22,427	(523)
Business Taxes	25,947	24,897	1,050
Other Taxes	2,828	2,509	319
Total Taxes	*104,987*	*105,371*	*(384)*
General Fund Miscellaneous Receipts	3,572	3,572	-
Lottery	3,655	3,655	-
Subtotal	112,214	112,598	(384)
Other Miscellaneous Receipts	20,921	20,921	-
Federal Grants	86,074	86,074	-
Total Receipts	219,209	219,593	(384)
Disbursements:			
Elementary and Secondary Education	43,000	43,000	-
DOH Medicaid (incl. administration)	80,593	80,593	-
Public Assistance	1,798	1,700	98
Subtotal	125,391	125,293	98
All Other Disbursements	105,307	105,307	-
Total Disbursements	230,698	230,600	98

Note: Figures may not total due to rounding.
Sources: Office of the State Comptroller, Division of the Budget

Office of the State Comptroller Estimates for Receipts and Disbursements
All Funds - State Fiscal Year 2025-26
(in millions of dollars)

	Office of the State Comptroller	Division of the Budget	Difference
Receipts:			
Personal Income Tax	57,171	59,912	(2,741)
Consumer Taxes	22,247	22,960	(713)
Business Taxes	26,076	23,194	2,882
Other Taxes	2,887	2,645	242
Total Taxes	*108,381*	*108,711*	*(330)*
General Fund Miscellaneous Receipts	2,961	2,961	-
Lottery	3,419	3,419	-
Subtotal	114,761	115,091	(330)
Other Miscellaneous Receipts	23,571	23,571	-
Federal Grants	83,510	83,510	-
Total Receipts	221,842	222,172	(330)
Disbursements:			
Elementary and Secondary Education	40,137	40,137	-
DOH Medicaid (incl. administration)	84,703	84,703	-
Public Assistance	1,798	1,631	167
Subtotal	126,638	126,471	167
All Other Disbursements	108,470	108,470	-
Total Disbursements	235,108	234,941	167

Note: Figures may not total due to rounding.
Sources: Office of the State Comptroller, Division of the Budget

Office of the State Comptroller Estimates for Receipts and Disbursements

State Operating Funds - State Fiscal Year 2023-24

(in millions of dollars)

	Office of the State Comptroller	Division of the Budget	Difference
Receipts:			
Personal Income Tax	51,544	51,269	275
Consumer Taxes	21,188	21,306	(118)
Business Taxes	25,181	25,282	(101)
Other Taxes	2,765	2,563	202
Total Taxes	*100,678*	*100,420*	*258*
General Fund Miscellaneous Receipts	4,151	4,151	-
Lottery	3,336	3,336	-
Subtotal	108,165	107,907	258
Other Miscellaneous Receipts	12,945	12,945	-
Federal Grants	2,300	2,300	-
Total Receipts	123,410	123,152	258
Disbursements:			
Elementary and Secondary Education	33,425	33,425	-
DOH Medicaid (incl. administration)	27,656	27,656	-
Public Assistance	643	534	109
Subtotal	61,724	61,615	109
All Other Disbursements	62,225	62,225	-
Total Disbursements	123,949	123,840	109

Note: Figures may not total due to rounding.
Sources: Office of the State Comptroller, Division of the Budget

Office of the State Comptroller Estimates for Receipts and Disbursements
State Operating Funds - State Fiscal Year 2024-25
(in millions of dollars)

	Office of the State Comptroller	Division of the Budget	Difference
Receipts:			
Personal Income Tax	54,308	55,538	(1,230)
Consumer Taxes	21,268	21,806	(538)
Business Taxes	25,298	24,267	1,031
Other Taxes	2,571	2,252	319
Total Taxes	*103,445*	*103,863*	*(418)*
General Fund Miscellaneous Receipts	3,572	3,572	-
Lottery	3,655	3,655	-
Subtotal	110,672	111,090	(418)
Other Miscellaneous Receipts	11,147	11,147	-
Federal Grants	3,690	3,690	-
Total Receipts	125,509	125,927	(418)
Disbursements:			
Elementary and Secondary Education	35,165	35,165	-
DOH Medicaid (incl. administration)	30,563	30,563	-
Public Assistance	686	520	166
Subtotal	66,414	66,248	166
All Other Disbursements	64,615	64,615	-
Total Disbursements	131,029	130,863	166

Note: Figures may not total due to rounding.
Sources: Office of the State Comptroller, Division of the Budget

Office of the State Comptroller Estimates for Receipts and Disbursements
State Operating Funds - State Fiscal Year 2025-26
(in millions of dollars)

	Office of the State Comptroller	Division of the Budget	Difference
Receipts:			
Personal Income Tax	57,171	59,912	(2,741)
Consumer Taxes	21,608	22,340	(732)
Business Taxes	25,426	22,570	2,856
Other Taxes	2,630	2,388	242
Total Taxes	*106,835*	*107,210*	*(375)*
General Fund Miscellaneous Receipts	2,961	2,961	-
Lottery	3,419	3,419	-
Subtotal	113,215	113,590	(375)
Other Miscellaneous Receipts	12,454	12,454	-
Federal Grants	41	41	-
Total Receipts	125,710	126,085	(375)
Disbursements:			
Elementary and Secondary Education	36,601	36,601	-
DOH Medicaid (incl. administration)	32,858	32,858	-
Public Assistance	686	512	174
Subtotal	70,145	69,971	174
All Other Disbursements	68,652	68,652	-
Total Disbursements	138,797	138,623	174

Note: Figures may not total due to rounding.
Sources: Office of the State Comptroller, Division of the Budget

Endnotes

[1] See Section 23(5) of the State Finance Law.

[2] U.S. Bureau of Labor Statistics, CPI for All Urban Consumers, at https://www.bls.gov/cpi/data.htm.

[3] Seasonally adjusted at annual rates, U.S. Bureau of Economic Analysis, at https://www.bea.gov/itable/national-gdp-and-personal-income.

[4] Unless otherwise noted, for purposes of this report, projections of economic variables and events are primarily drawn from the S&P Global Macroeconomic Forecast, October 2023.

[5] As measured by the changes in the Consumer Price Index and Personal Consumption Expenditure (PCE) Price Index, inflation is projected to be 2.4 percent and 2.3 percent in 2023, respectively.

[6] U.S. Bureau of Labor Statistics.

[7] On a seasonally adjusted basis.

[8] Second quarter GDP data at the state level has historically been released at the same time as the final estimate for second quarter GDP at the national level. Due to its comprehensive benchmark updates to the national and state economic accounts, the U.S. Bureau of Economic Analysis has yet to release GDP by state data for the second quarter of 2023.

[9] On a seasonally adjusted annual basis, Personal Income by State, 2nd Quarter 2023, U.S. Bureau of Economic Analysis, at https://www.bea.gov/news/2023/personal-income-state-2nd-quarter-2023.

[10] Earnings include wages and salaries, income of sole proprietors and partnerships, and employer benefits such a as contributions to retirement plans and health and life insurance.

[11] Due to the timing under which the PTET was implemented for tax year 2021, not all businesses that opted into the program made tax payments during the tax year; instead, remitting their tax liability in March 2022. As a result, the income of these businesses was taxed under both the PIT and the PTET; the offsetting tax credits were claimed by individuals in their annual returns filed during SFY 2022-23.

[12] SFY 2025-26 projection of tax receipts assumes continued participation in the Pass-Through Entity Tax (PTET) subsequent to the potential expiration of tax provisions under the 2017 federal Tax Cuts and Jobs Act (TCJA).

[13] For this purpose, personal income within New York State is measured on a State fiscal year basis.

[14] Note that the $34 billion in State Operating Funds spending does not reflect a significant amount of Federal CRRSA and ARP funding for school districts that will be distributed over multiple years, such as prekindergarten expansion grants supported by ARP funding that appear on the School Aid run [verbatim from DOB FinPlan, page 91).

[15] Pursuant to Section 305 of the Education Law, the State Education Department provides detailed School Aid data by district three times throughout the year – February 15, May 15 and November 15. November data is typically used to calculate aid in the Executive Budget proposal and February data is typically used to calculate aid for the Enacted Budget.

[16] The figure reflects GSPS at the time of the Enacted Budget. For the purposes of this figure, certain other operating aids, including High Tax Aid and Universal Pre-Kindergarten, have been included in “Expense-Based Aids.” “Grants” consists of competitive grants and all non-computerized aids.

[17] Beginning in SFY 2020-21, the statutory cap on school aid (Personal Income Growth Index) was changed to reflect the average annual growth in New York State personal income over the previous 10 years. Prior to SFY 2020-21, annual growth was limited to annual growth in New York State personal income.

[18] Office of the State Comptroller, *Medicaid: Enrollment Growth, COVID-19 and the Future*, December 2021, at https://www.osc.state.ny.us/files/reports/pdf/medicaid-enrollment-growth-covid-19-and-the-future.pdf.

[19] Division of the Budget, "FY 2024 Enacted Budget Financial Plan Mid-Year Update," page 39, at https://www.budget.ny.gov/pubs/archive/fy24/en/fy24en-fp-myu.pdf.

[20] U.S. Bureau of Labor Statistics, October 6, 2023, release. Reference data are not seasonally adjusted.

[21] August 2023 release, New York State Department of Labor.

[22] Marginally attached workers are those who have looked for jobs in the last 12 months, but do not believe any jobs are available. Those who work part-time for economic reasons who want a full-time job, but they either have reduced hours or cannot find a full-time job.

[23] U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, available at https://www.bls.gov/lau/stalt.htm.

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