Report on the State Fiscal Year 2019-20 Enacted Budget Financial Plan and Capital Program and Financing Plan

OFFICE OF THE NEW YORK STATE COMPTROLLER

Thomas P. DiNapoli, State Comptroller

July 2019

Message from the Comptroller

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New York State continues to benefit from a historically long national economic expansion, now extending a full decade. The Division of the Budget (DOB) projects healthy growth in tax receipts and federal aid for the current fiscal year. And, thanks in part to monetary settlement resources, the State has added to its statutory reserves; DOB plans additional deposits this year if fiscal conditions permit.

These are all positive signs. However, some clouds are on the horizon for both the State's immediate financial picture and its longer-term outlook.

While employment and other indicators are moving in the right direction, DOB projects that the State's gains in jobs, personal income and wages will all be more modest in the current fiscal year than last year. Federal trade policies are adding uncertainty to the national economy. Forecasting revenues is never easy, especially given New York's reliance on sometimes volatile personal income tax collections, and federal tax changes add to the risk that receipts will fall short of projections.

Federal funding is projected to increase this year to a total of $64.8 billion, more than one-third of State spending. New York faces risks in this area including a regulatory proposal by the Trump Administration that would reduce certain aid for health care.

This year's $177 billion budget relies on more than $8.3 billion in temporary resources. While some of those dollars result from a five-year extension of the top Personal Income Tax rate, other resources are one-time in nature. In addition, while the Enacted Budget Financial Plan anticipates holding spending billions of dollars below baseline growth levels in coming years, it's unclear how such savings might be achieved. In short, structural balance remains elusive.

Increased borrowing is another concern. There is no question the State needs to make capital investments in vital transportation, environmental and other projects. For the current five-year capital plan, the share of such investments funded through borrowing is anticipated to increase, while pay-as-you-go financing declines. Overall State-Supported debt is projected to rise by $13.6 billion, or nearly 26 percent, over that five-year period.

Given the risks to anticipated levels of both tax receipts and federal aid, and the lack of structural budgetary balance, the State must do more to improve its long-term outlook. Building reserves to significantly more robust levels should be one top priority. It is unclear when a slumping economy or other factors will bring the next major challenge to State finances. But we must expect the unanticipated – and prepare for it as well as we can.

Thomas P. DiNapoli
State Comptroller

Table of Contents

I. EXECUTIVE SUMMARY 1
II. SFY 2019-20 FINANCIAL PLAN OVERVIEW 3
III. STRUCTURAL IMBALANCE 7
IV. RESERVES 11
V. CAPITAL SPENDING AND DEBT 14
VI. POST-BUDGET APPROPRIATIONS 21
VII. RISKS TO THE FINANCIAL PLAN 23
VIII. APPENDICES 25

I. Executive Summary

The Enacted Budget Financial Plan for State Fiscal Year (SFY) 2019-20 projects tax receipts will grow by $5.7 billion or 7.6 percent this year. After disappointing collections in December and January led to multibillion-dollar reductions in this year's Executive Budget tax projections, the Division of the Budget (DOB) has now added back nearly $500 million to its estimate of total tax receipts in the current fiscal year.

Personal Income Tax (PIT) receipts represent the bulk of these revisions to projections, both upward and downward. This revenue stream, which accounts for 64 percent of all tax receipts anticipated this year, can be volatile. At times during each of the past three fiscal years, PIT receipts have varied significantly from projections, due in part to taxpayer responses to expected and enacted federal tax changes. State revenues may continue to reflect unpredictable impacts from those changes, including the limit on federal deductions for state and local taxes, as well as from current federal trade policies and other factors.

The Financial Plan projects All Funds disbursements at $177 billion this year, an increase of $6.2 billion or 3.6 percent. Major spending increases include an additional $5.2 billion for Department of Health Medicaid and other health costs, $1.5 billion for school aid and $1.4 billion in capital spending over prior-year levels. These increases are partly offset by projected declines in other areas, including the School Tax Relief (STAR) program, as those benefits for homeowners continue to move from a disbursement to a tax credit; and the movement of certain spending for the Metropolitan Transportation Authority outside the budget.

As has been the case for several years, the Executive presents State Operating Funds spending as being limited to growth of 2.0 percent. Similar to previous financial plans, this figure results in significant part from actions that move spending off-budget, revise the timing of payments, restructure programs so that costs are reflected as reduced receipts rather than disbursements, or otherwise affect reported spending levels. The Office of the State Comptroller estimates that, if spending figures were adjusted to include the effects of such actions, this year's growth would be nearly 5.7 percent.

Lack of clarity as to the level of projected spending growth is among several factors that raise concern regarding the out-years of the Financial Plan. The SFY 2019-20 Plan relies on more than $8.3 billion in temporary resources. The Plan projects budget gaps totaling $12.8 billion in the three fiscal years starting with 2020-21, before actions to address the structural imbalance between spending and revenues.

The State's total General Fund reserves more than tripled in SFY 2014-15, reaching a recent historical high of $7.3 billion in large part because of monetary settlements with financial and other institutions. Those reserves are expected to decline over the next four years to $3.9 billion as of the end of SFY 2022-23.

At the end of SFY 2018-19, DOB made a deposit into the State's Rainy Day Reserve Fund, the first deposit to the statutory reserve funds since 2015, bringing those reserves to just over $2 billion. The Financial Plan anticipates another $428 million deposit this year, fiscal conditions permitting, which would bring such rainy day reserves to an estimated 3.2 percent of General

Fund disbursements for the year. While this progress is a positive step, more robust reserves are required to help the State avoid potentially harmful spending reductions or tax increases when it inevitably faces the next major fiscal challenges.

The State has received $12.7 billion in extraordinary monetary settlements from financial companies and other entities since April 1, 2014. Through March 31, 2019, more than half that total – approximately $7 billion – had been disbursed. Some $3.1 billion or nearly 45 percent of that amount had been used for various forms of budget relief, including $719 million for General Fund operating purposes in SFY 2018-19.

DOB's FY 2020 Enacted Capital Program and Financing Plan projects an average of $13.4 billion annually in capital spending over the current and the next four fiscal years, slightly higher than the Plan issued a year earlier and 27 percent higher than the average of the last five years. Public authority bonds will provide an increased share of financing, from 48.5 percent over the past five years to 54.2 percent of the projected five-year total. Pay-as-you-go financing is projected to decline, while voter-approved State General Obligation debt will remain a small portion of total borrowing.

Overall State-Supported debt outstanding is anticipated to increase by $13.6 billion, or 25.6 percent, over the five-year Capital Plan, with new borrowing outpacing debt retirements by an average of $2.8 billion annually. DOB projects that available debt capacity under the statutory limit for State-Supported debt outstanding will decline from $3.2 billion this year to only $107 million in SFY 2023-24. If personal income in the State does not increase at the rate projected by DOB, available debt capacity could be depleted more rapidly.

The information above does not reflect the impact of certain bills passed by both Houses of the Legislature at the end of the 2019 legislative session that would provide authority for spending nearly $1.3 billion in capital projects funds, if approved by the Governor, and for borrowing a commensurate amount through State public authorities. How these authorizations may affect other planned disbursements is unclear. Some information on estimated costs of any enacted bills not yet reflected in the Financial Plan is expected to be made available by DOB with the First Quarter Update scheduled to be issued at the end of July. However, a full delineation of impacts on the State's debt and capital spending outlook may not be available until the SFY 2020-21 Executive Budget is issued in January 2020.

In addition to the risks to revenue projections discussed above, the State faces budgetary risks including the possibility of reduced federal assistance for certain health care programs such as the Essential Plan, which supports health insurance coverage for nearly 800,000 low-income New Yorkers. The Enacted Budget includes several provisions intended to provide the Executive with flexibility to address budgetary risks by limiting or restructuring spending from expected levels.

Appendices present certain detailed figures on receipts and disbursements as published by the Division of the Budget in its FY 2020 Enacted Budget Financial Plan on May 13, 2019. With the exception of the section entitled Post-Budget Appropriations, this report does not reflect appropriations or other actions with budgetary impacts acted upon by the Legislature late in its 2019 session.

II. SFY 2019-20 Financial Plan Overview

All Funds Disbursements

The State Fiscal Year (SFY) 2019-20 Enacted Budget Financial Plan released in May by the Division of the Budget (DOB) projects All Funds disbursements of $177.0 billion in SFY 2019-20, an increase of $6.2 billion or 3.6 percent over the previous year.[1] The spending total is up $1.9 billion or 1.1 percent from the Executive Budget.[2] Major year over year increases include: $3.7 billion for Department of Health Medicaid (of which approximately 40 percent is from State funds); $1.5 billion for other health spending, largely driven by federal funds; $1.5 billion for school aid; and $1.4 billion in capital spending.

These increases are partially offset by projected declines in spending in other areas including School Tax Relief (STAR), as that program continues to move from a disbursement to a tax credit, and the continued movement outside the budget of various taxes and fees and related spending associated with the Metropolitan Transportation Authority (MTA). Debt service is projected to decline 22.9 percent, or $1.5 billion, compared to a decline of $281 million or 4.7 percent anticipated in the Executive Budget. The picture of debt service growth has been obscured by prepayments over the last several years, a trend continuing in the current fiscal year. For additional detail, see the Capital Spending and Debt section of this report.

All Funds Receipts

The Financial Plan projects All Funds receipts for SFY 2019-20 will reach $175.1 billion, an increase of 4.2 percent or $7 billion from SFY 2018-19, as shown in Figure 1. Compared to Executive Budget projections, the FY 2020 Enacted Budget Financial Plan increased total anticipated tax receipts for the current year by $496 million, to $81.3 billion.

DOB increased its projection of Personal Income Tax (PIT) receipts for SFY 2019-20 by $380 million from the Executive Budget Financial Plan to reflect higher-than-estimated April receipts resulting from payments made with annual returns and requests for filing extensions as well as increased withholding collections. Partly offsetting those impacts is an anticipated increase of $500 million in refunds to be paid from January through March 2020.

Projected business tax receipts reflect a $202 million downward adjustment to address the timing of a refund that was initially supposed to occur in March 2019 and that occurred instead in April 2019. See the Appendices for a comparison of Receipts and Disbursements from SFY 2018-19 to SFY 2019-20 for the General Fund, State Operating Funds, Federal Funds and All Governmental Funds.

[1] The FY 2020 Enacted Budget Financial Plan is available at https://www.budget.ny.gov/pubs/archive/fy20/enac/fy20fp-en.pdf.
[2] References to the Executive Budget or Executive Budget Financial Plan reflect the Budget or Plan as updated for 30-day amendments, unless otherwise noted.

Figure 1

All Governmental Funds Receipts
(in millions of dollars)

	SFY 2018-19 Actual	SFY 2019-20 Enacted Budget	Dollar Change	Percentage Change
Receipts:				
Taxes				
Personal Income Tax	48,088	52,150	4,062	8.4%
Consumption and Use Taxes	17,357	18,308	951	5.5%
Business Taxes	7,912	8,585	673	8.5%
Other Taxes	2,221	2,262	41	1.8%
Total Taxes	*75,578*	*81,305*	*5,727*	*7.6%*
Miscellaneous Receipts	31,184	29,013	(2,171)	-7.0%
Federal Grants	61,344	64,794	3,450	5.6%
Total Receipts	**168,106**	**175,112**	**7,006**	**4.2%**

Source: Division of the Budget

Federal Receipts and Disbursements

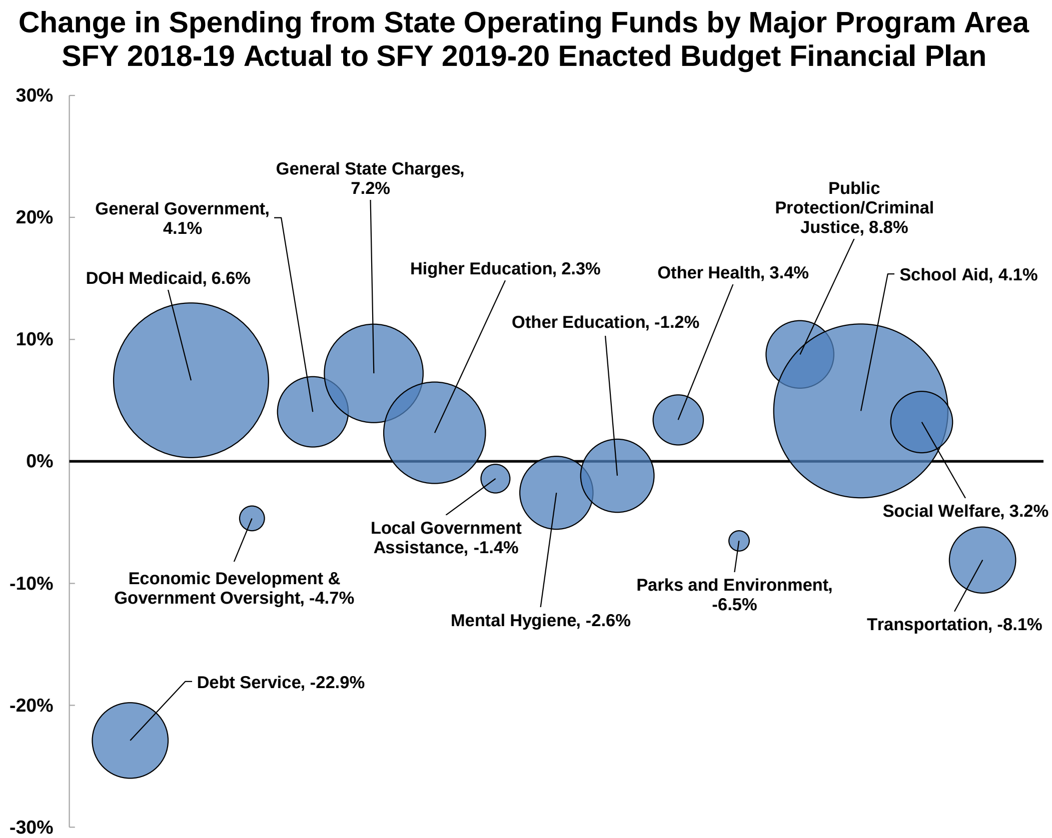
Within All Funds, federal receipts are projected to increase nearly $3.5 billion or 5.6 percent in SFY 2019-20. The projected total of $64.8 billion represents 37 percent of All Funds receipts. Two-thirds of federally funded disbursements, $42.0 billion, is for Local Assistance payments for Medicaid programs funded through the State Department of Health. Other projected federal funds spending includes Local Assistance payments of: $7.6 billion for other health purposes; $4.5 billion for social welfare; and $2.8 billion in school aid. A total of $2.1 billion in federal disbursements is related to State departmental operations.

State Operating Funds Disbursements

The Financial Plan projects that spending from State Operating Funds will increase by just under $2 billion or 2 percent from actual levels in SFY 2018-19.[3] Figure 2 illustrates the projected annual percentage changes in spending from State Operating Funds by major program area in SFY 2019-20. It shows that the two largest spending programs, school aid and Medicaid, are growing by more than twice the 2 percent figure. Such growth is partly offset by declines in transportation and debt service, which largely reflect budget management actions such as prepayments or shifting spending off-budget.

[3] State Operating Funds are made up of the General Fund, State-sourced special revenue funds and Debt Service funds. Federally funded grants are not included, nor is capital spending (State or federal).

Figure 2



Sources: Division of the Budget, Office of the State Comptroller
Note: The size of the circle represents total spending in that program area. For example, estimated State Operating Funds spending is $27.3 billion for school aid and $374 million for parks and environment. Spending figures do not include Capital and Miscellaneous/Other categories. The center point of each circle aligns with the respective percentage on the vertical axis. "DOH Medicaid" includes administrative costs.

Reported Growth in State Operating Funds

The Executive has continued a policy of limiting annual spending growth from State Operating Funds to 2 percent, and has worked with the Legislature for the past several years to enact budgets to achieve this goal. As in certain previous years, a number of actions included in the SFY 2019-20 Enacted Budget and administrative steps by DOB affect the level of reported State Operating Funds spending growth in the Financial Plan. The Enacted Budget Financial Plan is impacted by the prepayment of nearly $1.5 billion in debt service in SFY 2018-19 that would otherwise have been made in SFY 2019-20. Such prepayments reduce the appearance of growth by increasing spending in the base year and reducing it by the same amount in the following year. However, they do not affect total costs.

Other budget actions included in this year's Enacted Budget or otherwise reflected in the Financial Plan that change the appearance of spending growth in State Operating Funds include: certain program restructurings which result in costs being reflected as reduced receipts rather than disbursements; shifting of spending to capital projects funds; use of off-budget resources to pay for certain program costs; movement of State-imposed tax receipts and associated expenditures outside the State treasury and budget process; shift of payments from a disbursement to a transfer (transfers are not counted in State Operating Funds totals);

deferral of expenditures to future years; and specifically excluding certain spending from the calculated growth of State Operating Funds.

Use of these actions generally has the effect of lowering State Operating Funds spending growth without lowering actual costs. These actions can also change spending growth (and in certain instances, receipts growth) in other disbursement categories (e.g., General Fund or capital projects funds) and in the All Funds budget, as well as affecting year-end fund balance.

Examples of such actions in this year's Enacted Budget and Financial Plan include the continued movement of State-authorized tax and fee receipts and associated disbursements to the MTA off-budget and the shift of funding for the Tuition Assistance Program (TAP) from a General Fund local assistance payment to a transfer from the General Fund.

Readily identifiable actions are expected to reduce SFY 2019-20 State Operating Funds expenditures by a net of nearly $2.7 billion, including the offsetting changes. If State Operating Funds expenditures were adjusted to include spending associated with these actions, this year's growth would be nearly 5.7 percent.[4]

Other aspects of the Budget also make a definitive measure of spending growth difficult to determine. For example, the Budget establishes new State-authorized taxes, with revenue generated to be paid directly to the TBTA without State appropriation. These revenues come with additional expenditures, potentially in the hundreds of millions of dollars, to be made off-budget and not counted within State Operating Funds.

[4] Actual spending totals for SFY 2018-19 were also influenced by prepayments and payment deferrals, including the deferral of certain Medicaid payments from SFY 2018-19 to SFY 2019-20 discussed elsewhere in this report. Figures discussed above do not adjust for such prepayments made before SFY 2018-19; nor do they adjust for the Medicaid payment deferral, which results in part from unexpected costs in SFY 2018-19, according to DOB.

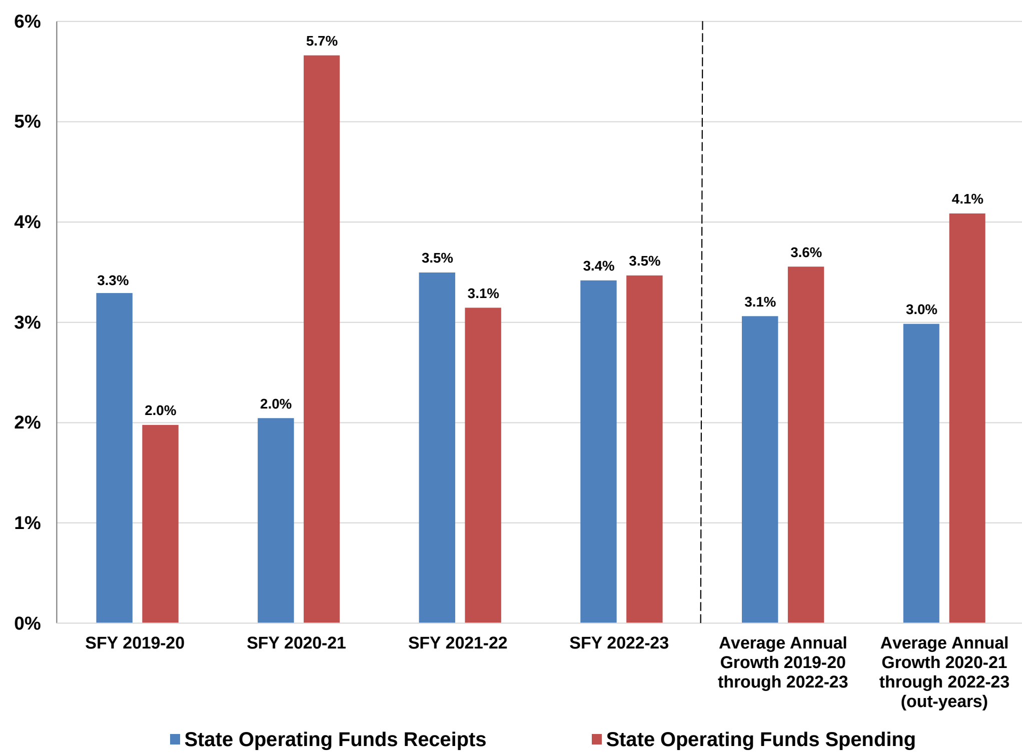
III. Structural Imbalance

The Enacted Budget Financial Plan shows that the General Fund is not balanced on a structural basis. The Financial Plan projects that average spending growth in the future years of the Plan period will outpace revenue growth, although annual gaps are lower than anticipated in the Executive Budget. Continued reliance on temporary and non-recurring resources, as well as on budget management actions that make trends in spending and revenue growth less clear, indicates that more work is needed to put the State on a strong financial footing in the longer term and avoid painful actions that may be necessary in the event of future fiscal challenges.

Figure 3 illustrates current projected growth for receipts and disbursements from State Operating Funds. The two columns on the far right show average annual growth for the full Financial Plan period (SFYs 2019-20 through 2022-23) and in the out-years only (SFYs 2020-21 through 2022-23). These figures do not reflect efforts to limit annual State Operating Funds spending growth to no more than 2 percent. The Financial Plan indicates projected savings from such efforts but does not specify the actions to be taken.[5]

Figure 3

SFY 2019-20 Enacted Budget Financial Plan
Projected Annual Growth in Receipts and Disbursements – State Operating Funds
(Before adherence to 2% spending benchmark)



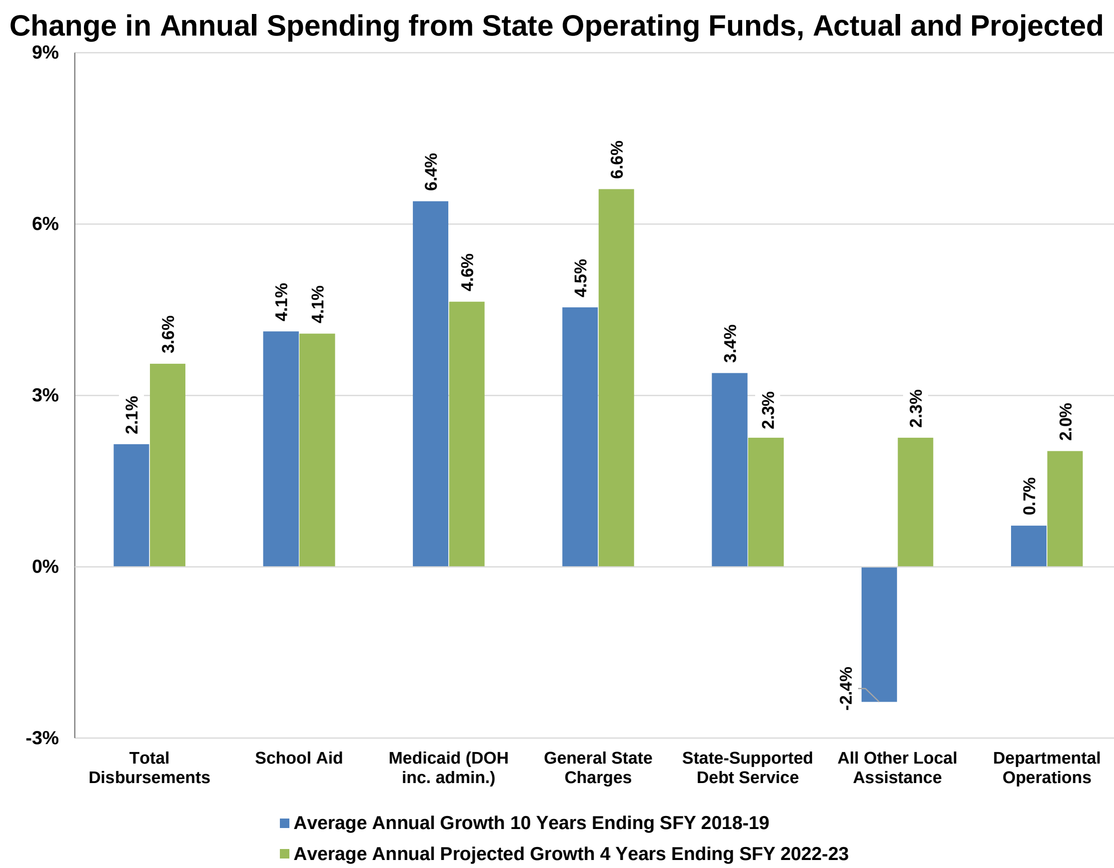
Source: Division of the Budget

[5] Disbursements in the Financial Plan do not reflect the assumed savings, which are identified as a separate line in the tables entitled "Adherence to 2% Spending Benchmark."

DOB estimates that, without adherence to the 2 percent benchmark, the projected General Fund budget gap would total $3.9 billion in SFY 2020-21 and rise to $4.7 billion in SFY 2022-23. The three-year total of nearly $12.8 billion in projected gaps during the Financial Plan period is 12 percent lower than DOB's estimate contained in the SFY 2019-20 Executive Budget Financial Plan. The figure is also $5.2 billion lower than the cumulative total of out-year gaps projected in the SFY 2018-19 Enacted Budget Financial Plan, largely because of this year's extension of the top PIT rate on high-income earners.

If State Operating Funds spending growth is held to 2 percent in each year, DOB projects a gap of $172 million in SFY 2020-21, with potential surpluses of $910 million in SFY 2021-22 and $2.1 billion in SFY 2022-23.

Figure 4



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

Figure 4 compares average annual growth in State Operating Funds for various spending areas over the past decade to projected average annual growth from SFY 2019-20 through SFY 2022-23. These projections illustrate the challenge the State faces in holding overall spending growth to no more than 2 percent annually during the Financial Plan period. Only one category, Departmental Operations, is expected to experience growth of no more than 2 percent during this timeframe. Total State Operating Funds disbursements are projected to grow by more than twice the Executive's 2 percent benchmark in the out-years of the Financial Plan period. These spending projections assume adherence to statutory limits on future school aid and Medicaid growth. The decline in All Other Local Assistance over the 10-year period ending in SFY 2018-19 reflects factors including movement of expenditures for the MTA and the STAR program outside the budget.

Temporary and Non-Recurring Resources

Over several decades, the State has largely managed structural imbalances through the use of temporary and non-recurring resources as well as the timing of payments, a practice which persists today. Although some use of such resources is to be expected given the size and complexity of the State's budget, these resources should be matched with non-recurring or temporary expenditures so as not to perpetuate or exacerbate structural imbalances. The use of these resources may contribute to budget balance in the short term. However, by definition, temporary and non-recurring resources do not improve the State's structural balance between recurring levels of revenue and spending. The use of such resources to meet recurring expenses can worsen the State's structural deficit and increase future budgetary challenges.

Figure 5

Temporary and Non-Recurring Resources
(in millions of dollars)

	SFY 2019-20	SFY 2020-21	SFY 2021-22	SFY 2022-23	Total
Prepayments and Use of Reserves					
SFY 2018-19 Debt Service Prepayment	1,298	200	-	-	**1,498**
Use of Reserves	241	-	-	-	**241**
Prepayment of SFY 2019-20 Pension Bill	54	-	-	-	**54**
Debt Service Reserve Release	71	-	-	-	**71**
Subtotal	*1,664*	*200*	-	-	***1,864***
Temporary or Non-Recurring Enacted in SFY 2019-20					
PIT Top Rate Extension	771	3,560	4,707	5,057	**14,095**
Transfers from Capital Funds	525	-	-	-	**525**
Transfers from Other Funds	423	-	-	-	**423**
Defer Human Services COLA	141	-	-	-	**141**
Restructure Youth Facility Billing	55	-	-	-	**55**
New York Power Authority Transfer	20	-	-	-	**20**
High Income Charitable Deduction Limit Extension	-	86	175	180	**441**
Subtotal	*1,935*	*3,646*	*4,882*	*5,237*	***15,700***
Previously in Law or Outside Budget Process					
PIT Top Rate Extension (1)	3,430	-	-	-	**3,430**
Health Care Transformation Fund	679	432	118	68	**1,297**
Use of Essential Plan Resources	379	-	-	-	**379**
High Income Charitable Deduction Limit	140	70	-	-	**210**
CUNY Asset Sales	60	-	-	-	**60**
New York State Insurance Fund	51	-	-	-	**51**
Mortgage Insurance Fund	17	-	-	-	**17**
New York Power Authority Repayment Adjustment	(43)	(43)	(43)	(43)	**(172)**
Subtotal	*4,712*	*459*	*75*	*25*	***5,271***
Total State Temporary and Non-Recurring Resources and Prepayments	**8,311**	**4,305**	**4,957**	**5,262**	**22,835**

Sources: Division of the Budget, Office of the State Comptroller
Note: (1) Projections for the existing PIT provisions were not updated in the Enacted Budget Financial Plan. These projections are based on previous estimates amended for actual and projected collections.

As shown in Figure 5, the Financial Plan uses readily identifiable temporary and non-recurring resources totaling more than $8.3 billion in the current State fiscal year. While more than half of this amount results from the five-year extension of the top PIT rate on upper-income taxpayers, most of these actions are one-time in nature. Use of Health Care Transformation Fund and Essential Plan resources makes up 12.7 percent of the total in the current year, but is expected to diminish in succeeding years.

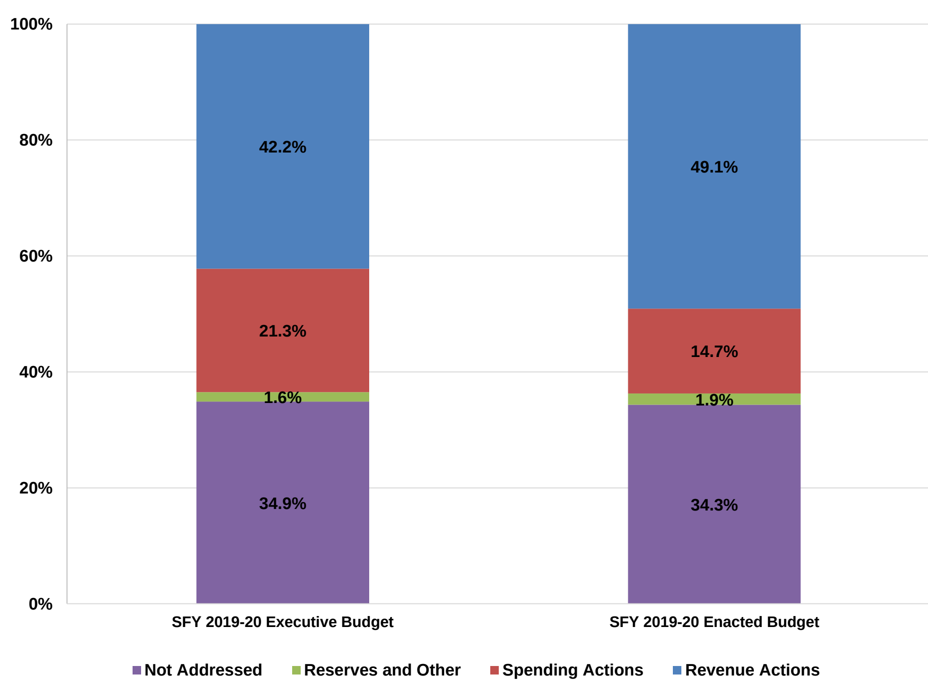
Components of the General Fund Gap-Closing Plan and Effects on Out-Years

The SFY 2019-20 Executive Budget gap-closing plan included approximately $17.5 billion in revenue actions, reflecting 42.2 percent of the cumulative total. Spending actions made up 21.3 percent of the gap-closing plan, while more than one-third of the cumulative projected out-year gap was not addressed in the Executive Budget.

In the Enacted Budget Financial Plan, the share of the projected total gap that is not addressed is slightly lower. However more than one-third, or $12.8 billion, remains unaddressed as shown in Figure 6. The updated gap-closing plan relies on $18.2 billion in revenue actions to address gaps representing 49.1 percent of the total, while spending actions comprise $5.4 billion or 14.7 percent of the gap-closing plan. The cumulative out-year gaps do not reflect spending reductions or other actions needed to limit reported State Operating Funds growth to 2 percent. The Enacted Budget Financial Plan shows that limiting spending growth to the 2 percent benchmark will not be sufficient to eliminate the projected gap in SFY 2020-21.

Figure 6

Closing Projected Gaps: SFY 2019-20 Proposed and Enacted Budget Financial Plans



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

IV. Reserves

The State ended SFY 2018-19 with a General Fund closing balance of $7.2 billion, representing a decline of $2.2 billion from SFY 2017-18, and $661 million over the amended Executive Budget Financial Plan.

The better-than-anticipated General Fund closing balance reflects several timing-related factors including the deferral of Medicaid payments at the end of SFY 2018-19 to the beginning of SFY 2019-20 as discussed in the Risks section of this report, as well as higher-than-expected PIT collections at the end of SFY 2018-19. DOB anticipates that the General Fund balance will decline an additional 10.3 percent to $6.5 billion at the end of SFY 2019-20, its lowest year-end level in six years.

DOB deposited $250 million to the Rainy Day Reserve at the end of SFY 2018-19 and projects a $428 million deposit to the Rainy Day Reserve in SFY 2019-20, fiscal conditions permitting. The Rainy Day Reserve Fund is statutorily limited to 5 percent, and the Tax Stabilization Reserve Fund (TSRF) to 2 percent, of General Fund spending.[6] Based on actual and estimated spending in SFYs 2018-19 and 2019-20, those limits would allow combined reserves in the two major statutory reserve funds of $5.3 billion.[7] The current combined balance, just over $2 billion, represents 38.3 percent of the authorized total or 2.8 percent of General Fund spending in the last fiscal year. The planned deposit to the Rainy Day Reserve would increase the combined balances to 43.3 percent of the authorized total. The last deposit to the TSRF, $127 million, was in March 2015.

Figure 7 below compares restricted and unrestricted reserves within the General Fund. The figures for SFY 2018-19 through SFY 2022-23 are OSC estimates based on the projected uses of reserves in the Enacted Budget Financial Plan.[8] The Financial Plan does not provide projections of out-year General Fund balances.

The Financial Plan projects use of a net $740 million in General Fund balance this fiscal year. That includes $202 million associated with a business tax refund initially anticipated to be made in SFY 2018-19 that will now be made in the current fiscal year, according to DOB, as well as $206 million set aside to fund retroactive payments related to labor agreements, $155 million of which came from monetary settlements. DOB anticipates that all $35 million remaining in the Community Projects Fund will be used in the current fiscal year. In addition, DOB's planned uses of resources from the General Fund balance include the $428 million deposit to the Rainy Day Reserve and an additional $829 million set aside as an unrestricted reserve for economic uncertainties (from monetary settlements received in the current fiscal year after the Budget was enacted). Finally, DOB projects that $1.6 billion in monetary settlement funds will be used for capital and other purposes.

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[6] See Sections 92 and 92-cc of the State Finance Law.

[7] While 2 percent of SFY 2018-19 General Fund spending would authorize a balance of $1.456 billion in the Tax Stabilization Reserve Fund, the 0.2 percent yearly deposit limit would depress the allowable balance to $1.404 billion.

[8] Amounts for SFY 2019-20 are Financial Plan estimates. For projected use of Fund Balances, see DOB, *FY 2020 Enacted Budget Financial Plan*, May 2019, page T-1.

The General Fund retains certain monetary settlement funds that are planned for future transfer to the Dedicated Infrastructure Investment Fund (DIIF) or other purposes, or are currently unappropriated. DOB projects that there will be just under $3.5 billion in settlement funds in the General Fund at the end of the current fiscal year, including $829 million received after Budget enactment. Additional settlement resources are expected to be spent or transferred from the General Fund over the next several years, as shown by the projected declining balance associated with this purpose in Figure 7. Further discussion of settlement resources appears in the Debt and Capital section of this report.

Figure 7

Statutory and Unrestricted Reserves - Actual and Projected Year End
(in millions of dollars)

	2018-19 Actual	2019-20 Enacted	2020-21 Projected	2021-22 Projected	2022-23 Projected
Statutory Reserves (Restricted)	**2,104**	**2,497**	**2,497**	**2,497**	**2,497**
Tax Stabilization Reserve Fund	1,258	1,258	1,258	1,258	1,258
Rainy Day Reserve	790	1,218	1,218	1,218	1,218
Contingency Reserve Fund	21	21	21	21	21
Community Projects Fund	35	-	-	-	-
Refund Reserve (Unrestricted)	**5,102**	**3,969**	**3,111**	**2,244**	**1,451**
Debt Management	500	500	500	500	500
Labor Agreements Timing	206	-	-	-	-
Business Tax Refund Timing	202	-	-	-	-
Economic Uncertainty	-	829	829	829	829
Monetary Settlement Proceeds	4,194	2,640	1,782	915	122
Total	**7,206**	**6,466**	**5,608**	**4,740**	**3,947**

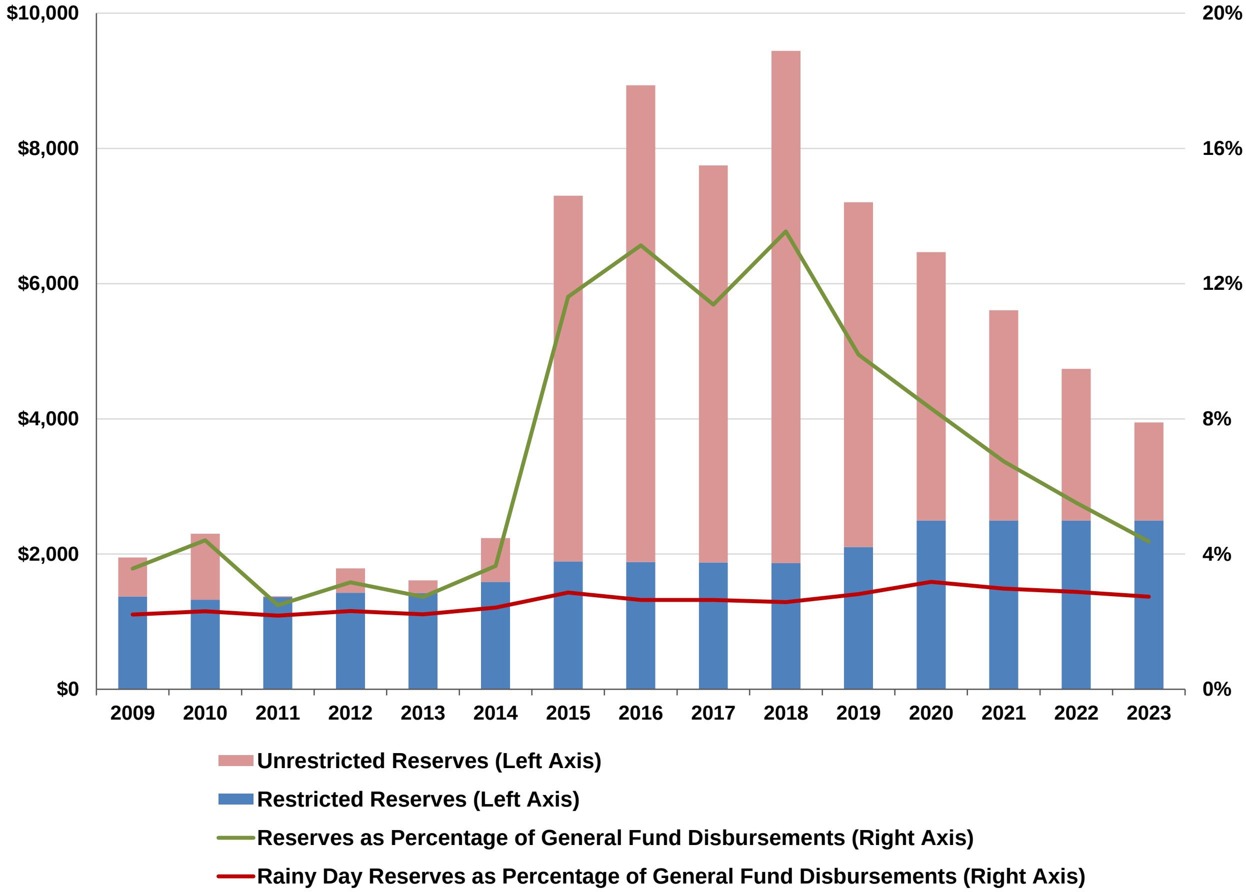
Sources: Division of the Budget, Office of the State Comptroller

Figure 8 illustrates actual and projected trends in restricted and unrestricted General Fund reserves from SFY 2008-09 through SFY 2022-23.

As shown by the green line in Figure 8, total reserves declined from approximately 3.6 percent of General Fund disbursements in SFY 2008-09 to between 2.5 percent and 3.2 percent in SFYs 2010-11 through 2012-13. Reserves rose sharply in SFYs 2014-15 and 2015-16, primarily because of settlement resources, and again in SFY 2017-18. However, the total fell in SFY 2018-19 and is projected to decline in each Financial Plan year thereafter, falling to 4.2 percent in SFY 2022-23.

Figure 8

General Fund Restricted and Unrestricted Reserves,
Total and as a Percentage of General Fund Disbursements,
SFY 2008-09 through SFY 2022-23
(in millions of dollars)



Sources: Division of the Budget, Office of the State Comptroller
Note: Figures for SFY 2019-20 and thereafter are projected; all others are actual results.

The projected $2.5 billion in combined Tax Stabilization and Rainy Day Reserve funds at the end of SFY 2019-20 would represent 3.2 percent of General Fund disbursements. This amount is projected to decline as a proportion of General Fund spending in each of the following three years, to reach 2.7 percent by SFY 2022-23.

As in recent years, the Financial Plan includes a line called "Reserve for Transaction Risks" in its accounting of transfers from other funds.[9] This is not a formal reserve but provides the Executive with flexibility in managing the General Fund. If spending is higher or receipts are lower than anticipated, this figure can be adjusted to increase projected General Fund receipts. The amounts indicated in the Financial Plan for this purpose are $350 million in the current year and in each of the out-years of the Plan.

[9] See page T-212 in the FY 2020 Enacted Budget Financial Plan.

V. Capital Spending and Debt

The State's capital spending is expected to increase by 12.2 percent in SFY 2019-20. In part, this is due to SFY 2018-19 spending being nearly 15.6 percent or $2.4 billion lower than initially projected in the SFY 2018-19 Enacted Budget. Figure 9 illustrates that annual spending as projected in the FY 2020 Enacted Capital Program and Financing Plan changes modestly from this year's Executive Budget projections, with total spending over the five-year plan period expected to be $357 million higher than those earlier projections. Categories with significant increases from the Executive Budget include housing and transportation. Borrowing by public authorities is expected to remain the largest source of capital funding.

Projected Capital Spending

The Capital Plan projects capital spending of $66.8 billion over the current and next four fiscal years, including $2.9 billion in off-budget capital spending for which State-Supported bond proceeds are expended directly by public authorities. The total represents an increase of $327.9 million from the previous year's Enacted Budget Capital Plan for SFY 2018-19 through SFY 2022-23.[10]

Figure 9

SFY 2019-20 Capital Program and Financing Plan Disbursements, Executive Budget and Enacted Budget

(in millions of dollars)

	SFY 2018-19	SFY 2019-20	SFY 2020-21	SFY 2021-22	SFY 2022-23	SFY 2023-24	Total	Annual Average
Executive	13,744	14,036	12,912	13,149	13,695	12,697	66,489	13,298
Enacted	12,782	14,341	13,736	13,079	13,199	12,491	66,846	13,369
Difference	**(961)**	**304**	**824**	**(70)**	**(496)**	**(206)**	**357**	**71**

Source: Division of the Budget

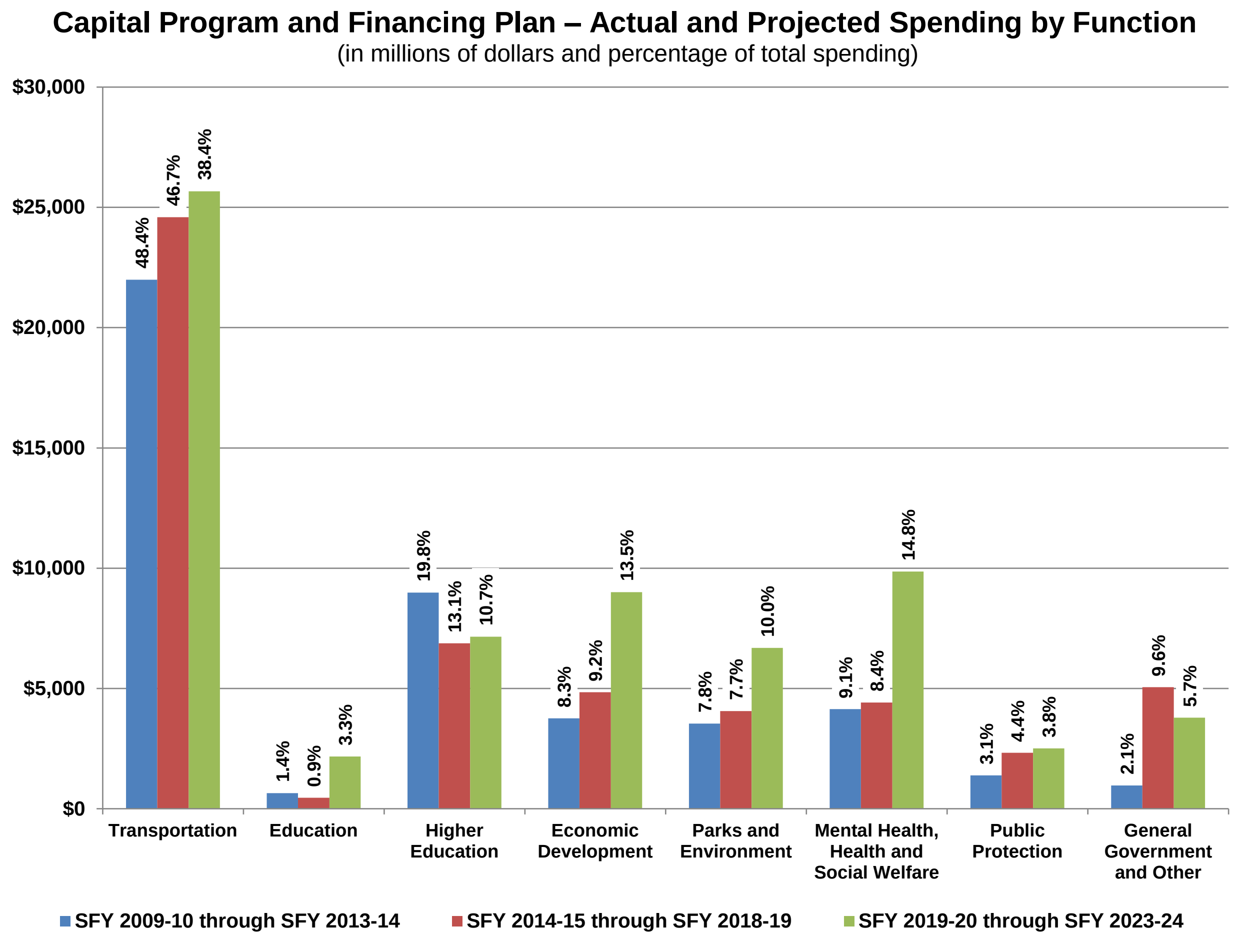
Note: For SFY 2018-19, the Executive figure reflects the SFY 2019-20 Executive Budget projection and the Enacted figure reflects actual results as reported by DOB. Other years show DOB projections in the SFY 2019-20 Executive and Enacted Budgets.

Actual spending in SFY 2018-19 was $961 million lower than estimated in the SFY 2019-20 Executive Budget, with differences largely in housing, transportation, economic development and health.

Over the life of the Capital Plan, annual capital spending is projected to average $13.4 billion, slightly higher than in the Plan issued a year earlier and 27 percent higher than the average of the last five years. Transportation is projected to remain the largest functional area of capital spending at 38.4 percent of the total over the five-year period, as shown in Figure 10.

[10] In the Capital Program and Financing Plan, capital spending is measured as spending from capital projects funds, one of the four fund groups that make up All Governmental Funds, as well as spending from certain local assistance grants that are deemed capital in nature and off-budget capital spending, in which public authorities issue bonds on behalf of the State and spend directly from those proceeds. The Enacted Budget Financial Plan measures capital spending differently, across fund groups (although the vast majority comes from the capital projects fund group), and does not include local assistance spending or off-budget spending. Both measures include some operational spending that DOB classifies as capital in nature.

Figure 10



Sources: Division of the Budget, Office of the State Comptroller
Note: Figures for SFYs 2019-20 through 2023-24 are projected; all others are actual.

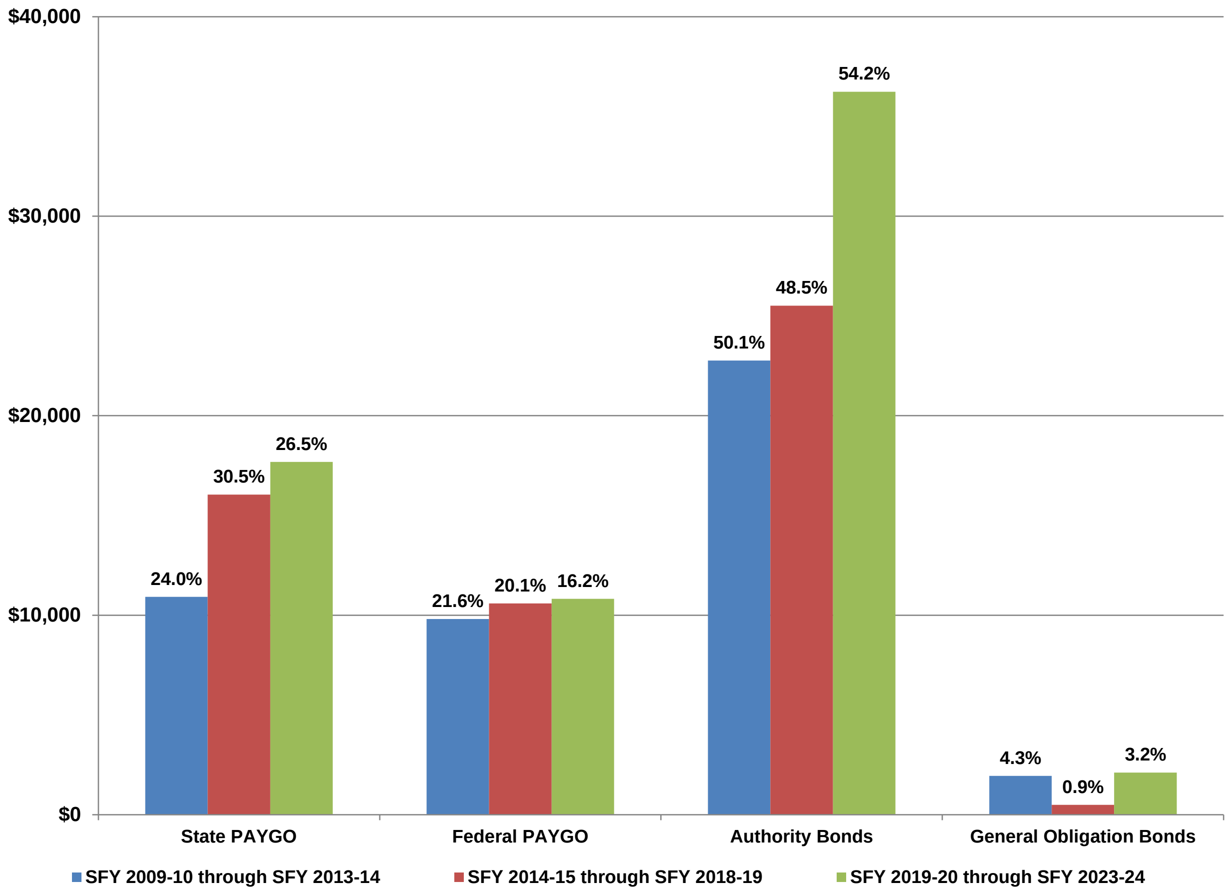
Figure 10 compares projected spending from capital project funds over the five-year Plan period to the prior 10 years of actual results. Proportionally large increases are projected in mental health, health and social welfare (largely due to housing); parks and environment; and economic development. While projected spending in most functional areas is significantly higher than actual spending over the previous two five-year periods, the distribution of capital spending also changes. Transportation spending represents a smaller part of the total, while larger shares are for economic development; mental health, health, and social welfare; parks and environment; and education.

The comparison in Figure 10, based on Capital Plan categories, understates planned spending in certain categories because projections for the “General Government and Other” category include spending from the DIIF and the State and Municipal Facilities (SAM) program. Spending totals from both the DIIF and SAM include amounts that would otherwise be included in other categories.

As shown in Figure 11, the largest share of projected financing for the Capital Plan comes from public authority bonds, representing 54.2 percent of the five-year total. While such borrowing has been the State's primary source of capital financing for many years, this is noticeably higher than the 48.5 percent average share from the previous five years.

Figure 11

Capital Program and Financing Plan – Actual and Projected Financing Sources
SFY 2009-10 through SFY 2023-24
(in millions of dollars and as percentage of total)



Sources: Division of the Budget, Office of the State Comptroller
Note: Percentage figures at the top of the bars represent shares of total spending in the Capital Program and Financing Plan.

The Capital Plan projects $430 million in spending from the $2 billion Smart Schools Bond Act in SFY 2019-20 (after total spending of $235 million in the previous three years), with about 88 percent of the program disbursed by the end of the five-year plan period. Voter-approved General Obligation bonds supported less than 1 percent of capital financing over the five years ending in SFY 2018-19. Primarily as a result of projected spending for the Smart Schools program, General Obligation bonds are projected to average 3.2 percent of total capital spending over the Capital Plan period.

Capital spending supported by State cash resources (pay-as-you-go or PAYGO), which was just less than $3.5 billion in SFY 2018-19, is projected to increase by 20 percent this year to $4.2 billion. Nearly half of this growth is funded with monetary settlement dollars through the DIIF or through the Division of Housing and Community Renewal.

DOB projects State PAYGO spending will represent 26.5 percent of capital spending over the plan period, down from the previous five-year average of 30.5 percent. Total federally funded capital spending is projected to increase over the next five years in dollars but is expected to decline as a share of the total, primarily in transportation. Much of the decline in federal PAYGO's share of total spending is due to growth in authority bonds.

Debt Outstanding

Although State-Supported debt declined annually from SFY 2012-13 through SFY 2016-17, debt levels started to climb once again in SFY 2017-18 and are expected to increase throughout the Plan period. The SFY 2019-20 Enacted Budget included nearly $5.5 billion in new State-Supported bond authorizations.[11] The Capital Plan projects that total State-Supported debt outstanding will increase by $13.6 billion, or 25.6 percent, to $66.8 billion over the five-year plan. The Office of the State Comptroller estimates that overall State-Funded debt outstanding, a more comprehensive measure, will total just under $78 billion by the end of the Capital Plan period.[12] Figure 12 illustrates State-Supported and State-Funded debt outstanding from SFY 2018-19 through SFY 2023-24.

Figure 12

State-Funded Debt Outstanding – SFY 2018-19, SFY 2019-20 and SFY 2023-24

(in millions of dollars)

	2018-19 Actual (unaudited)	2019-20 Projected	2023-24 Projected
General Obligation	2,286	2,537	3,354
State-Supported Public Authority	50,939	54,494	63,478
Total State-Supported	**53,224**	**57,031**	**66,833**
State-Funded Secured Hospitals	109	93	22
New SUNY Dormitories	1,399	1,496	1,956
TFA Building Aid Revenue Bonds	8,254	8,547	7,909
Sales Tax Asset Receivable Corporation	1,721	1,634	1,237
Municipal Bond Bank Agency	139	104	-
Total Other State-Funded	11,622	11,873	11,124
Total State-Funded	**64,846**	**68,905**	**77,957**

Sources: Division of the Budget, Office of the State Comptroller, New York City Office of Management and Budget
Note: Totals may not add due to rounding. TFA BARBs are New York City Transitional Finance Authority Building Aid Revenue Bonds; STARC is the Sales Tax Asset Receivable Corporation.

[11] For a listing of all new authorizations included in the Enacted Budget, see page 38 of the Office of the State Comptroller's *Report on the State Fiscal Year 2019-20 Enacted Budget*, available at: www.osc.state.ny.us/reports/budget/2019/enacted-budget-report-2019-20.pdf.

[12] State-Funded debt, as defined by the Office of the State Comptroller, represents a more comprehensive accounting of the State's debt burden by including State-Supported obligations as well as obligations that fall outside the definition of State-Supported debt enacted in the Debt Reform Act of 2000. Some State-Funded debt does not appear in the Capital Program and Financing Plan and is, therefore, illustrated separately in the tables of this section. See the Office of the State Comptroller's 2017 *Debt Impact Study* for more information on State-Funded debt, at www.osc.state.ny.us/reports/debt/debt-impact-study-2017.pdf. Issuance estimates for TFA BARBs are available only through SFY 2022-23, which may result in understatement of total State-Funded debt.

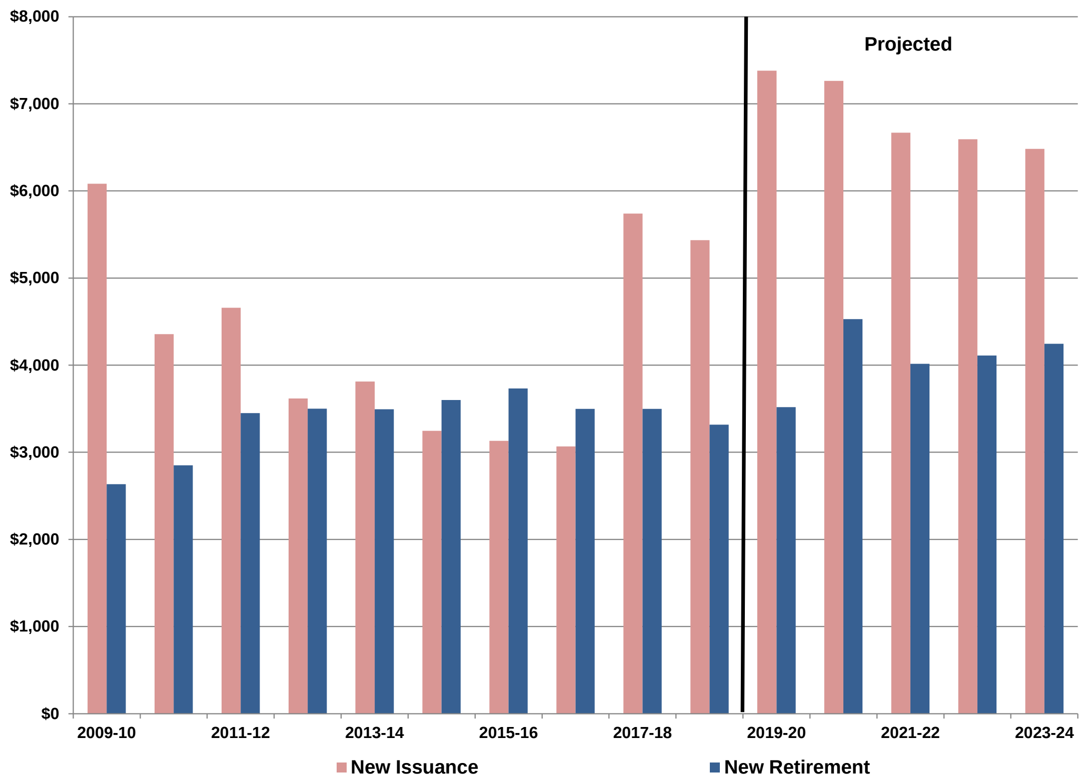
New Debt Issuance and Retirement

Average annual issuances of State-Supported debt over the Capital Plan period are expected to exceed retirements by $2.8 billion. State-Supported debt issuances are projected to total $34.4 billion over the next five years – an annual average of approximately $6.9 billion, compared to an average $4.1 billion over the previous five years.

State-Supported debt retirements are projected at $20.4 billion (an average of $4.1 billion annually) over the Capital Plan period. Retirements of such debt have averaged $3.5 billion annually over the last five years. Figure 13 illustrates State-Funded debt issuances and retirements from SFY 2009-10 through SFY 2023-24. While State-Funded debt is a more comprehensive measure than State-Supported debt, trend lines for the two metrics are similar.

Figure 13

Actual and Projected State-Funded New Debt Issuance and Retirement
SFY 2009-10 through SFY 2023-24
(in millions of dollars)



Sources: Division of the Budget, Office of the State Comptroller, New York City Office of Management and Budget
Note: Projected issuances for TFA BARBs are available only through SFY 2022-23.

Debt Service

In the SFY 2019-20 Executive Budget, DOB stated an expectation of paying $765 million in State-Supported debt service initially planned for SFY 2019-20 in SFY 2018-19. Actual prepayments totaled just under $1.5 billion, increasing reported debt service in SFY 2018-19 to $6.7 billion and reducing it the following year by the same amount to $5.2 billion. In addition, the Enacted Budget included a provision to shift certain debt service associated with mental hygiene facilities off-budget, thus reducing spending in debt service funds (included in State Operating Funds) by approximately $75 million in SFY 2019-20.

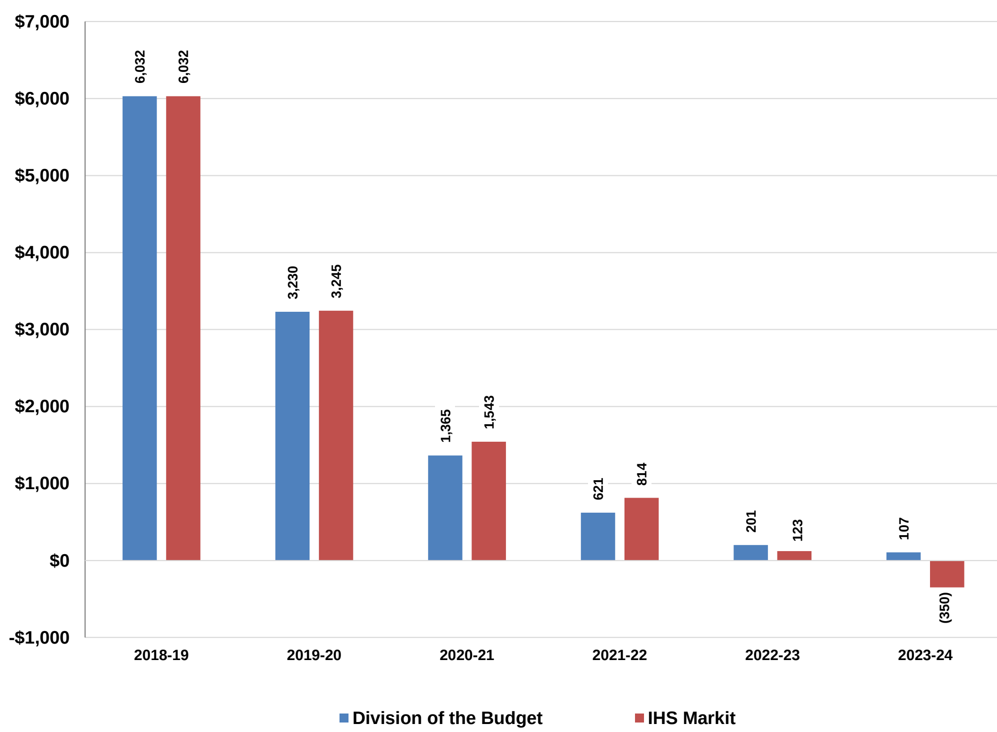
Prepayments also affect the trend of debt service growth. For example, the Enacted Budget Capital Program and Financing Plan reports a decline of $1.5 billion or 22.9 percent between SFY 2018-19 and SFY 2019-20. However, the projected total of $5.2 billion in debt service in SFY 2019-20 is artificially reduced by the $1.5 billion prepayment in SFY 2018-19 that otherwise would have been made in the current year. A $200 million prepayment is also planned in SFY 2019-20 for costs initially due in SFY 2020-21. State-Supported debt service has increased an average of 3.4 percent annually over the last 10 years, partly reflecting the artificially high figure in SFY 2018-19. The current Capital Plan projects 2.2 percent growth through the Plan period (7.5 percent when prepayments are adjusted out).

Debt Reform Act of 2000

The State's statutory debt capacity is limited under the Debt Reform Act of 2000, which imposes limits on both outstanding State-Supported debt and annual State-Supported debt service as detailed below. The limit on State-Supported debt outstanding is 4 percent of reported personal income in New York State during the previous calendar year, and the limit on State-Supported debt service is 5 percent of All Funds receipts for the previous fiscal year. DOB projects that available State-Supported debt capacity will decline from $3.2 billion in SFY 2019-20 to $107 million in SFY 2023-24.

Figure 14

Statutory State-Supported Debt Capacity
Comparison of Projections Using Different Personal Income Forecasts
(in millions of dollars)



Sources: New York State Division of the Budget, IHS Markit, Office of the State Comptroller

Figure 14 illustrates projections of available debt capacity over the five-year Plan based on projected State-Supported debt issuance and scheduled retirements, using DOB projections for personal income compared to projected personal income from IHS Markit. In projecting that available capacity will be $107 million in SFY 2023-24, DOB assumes that personal income will increase by an average 4.2 percent annually. However, using IHS Markit's personal income projection of a 4 percent annual increase over the life of the Plan – a figure only slightly below DOB's – debt capacity would be fully exhausted in SFY 2023-24.

Monetary Settlements and the Dedicated Infrastructure Investment Fund

Since April 1, 2014, the State has received approximately $12.7 billion in extraordinary monetary settlements from financial companies and other entities for violations of State laws, including $829 million received in SFY 2019-20 through May 31. Through March 31, 2019, approximately $7 billion of that total has actually been disbursed or deposited to statutory reserves.[13]

One-time resources such as settlement funds are most appropriately used for capital investments or other one-time expenses, or to bolster statutory budgetary reserves. The Financial Plan indicates that most of the settlement resources have been or are expected to be used to finance spending from capital appropriations.

However, through the end of the last fiscal year, $3.1 billion or nearly 45 percent of expenditures from settlement resources had been for various forms of budget relief (excluding Rainy Day reserve deposits). This includes $719 million used for General Fund operating purposes in SFY 2018-19.

The Financial Plan indicates that just over $8.1 billion of settlement resources have been or are expected to be used to finance spending from certain capital appropriations which may include operating costs. Planned transfers from the General Fund to the DIIF are expected to total $1.4 billion during this fiscal year.[14]

The SFY 2018-19 Enacted Budget Capital Program and Financing Plan projected that nearly $1.8 billion in settlement dollars would be spent from the DIIF last fiscal year; actual spending totaled $1.3 billion.

The Capital Plan projects $1.7 billion will be spent from the DIIF this fiscal year. This includes: $320 million for the Javits Center expansion, which is expected to be reimbursed with bond proceeds; $264 million for the Thruway Authority; and $125 million for costs of the Penn Station access project. Other planned spending from the DIIF includes economic development, housing, health care and various other purposes.

[13] The $7 billion figure includes $250 million that was deposited to the Rainy Day Reserve Fund at the end of SFY 2018-19 and $546 million that has been disbursed for the Javits Center expansion (out of a total appropriation of $1 billion) and is expected to be repaid with bond proceeds in SFY 2019-20 and SFY 2020-21.

[14] Not all capital spending funded with monetary settlement dollars is disbursed from the DIIF.

VI. Post-Budget Appropriations

Both Houses of the Legislature passed bills at the end of the 2019 legislative session that will affect the State's Financial Plan as well as the Capital Program and Financing Plan. These bills provide authority for spending nearly $1.3 billion in capital projects funds, and for borrowing a commensurate amount through State public authorities. In addition, various tax law changes were approved, along with authority to open a new video lottery gaming facility in Orange County.15

While post-budget adoption of certain appropriations and borrowing authorizations is not unprecedented, the scale of such actions at the end of the 2019 session is unusual in recent history. Approval of such spending outside the budget process leaves unclear whether or how these authorizations may affect other planned disbursements. Similarly, it is uncertain how the newly authorized borrowing may affect the State's overall level of debt, annual debt service, or its capacity for total debt and debt service under statutory limits set by the Debt Reform Act of 2000. DOB has indicated it will reflect estimated costs of any enacted bills that are not already reflected in the Financial Plan in its First Quarter Update to the Enacted Budget Financial Plan. A full picture of the impacts of these actions on the State's debt and capital spending outlook may not be available until the SFY 2020-21 Executive Budget is issued in January 2020.

The $1.27 billion in new capital projects fund appropriations include:

- $500 million for economic development through the Urban Development Corporation, including up to $425 million for a new entrance to Penn Station and related improvements and expenses.
- $385 million for the State and Municipal Facilities program (SAM), increasing total appropriation authority for SAM to nearly $2.8 billion. The appropriation language was also modified from the appropriation contained in last year's budget including a change to allow entities providing affordable housing to receive funding.
- $120 million for housing purposes, including $100 million for the New York City Housing Authority (NYCHA) program.
- $100 million for Lake Ontario resiliency and economic development projects and purposes. In addition, the new SAM appropriation authorized funds to be used for this purpose, and a reappropriation for SAM funding initially authorized in 2017 was amended to allow funds to be used for certain purposes under the Lake Ontario-St. Lawrence Seaway flood relief and recovery grant program.
- $85 million for transportation-related purposes, including $65 million for extreme winter recovery for municipalities and $20 million for the Niagara Frontier Transportation Authority passenger rail system.

[15] See A.8433/S.6615 which includes the new State-Supported bonding authorizations as well as certain other changes. This bill was approved by both houses of the Legislature on June 20, 2019 and signed by the Governor on June 24, 2019 (Chapter 39, Laws of 2019). The bill containing the new capital projects appropriations, A.8434/S.6616, was approved by both houses of the Legislature on June 20, 2019 but as of July 1, 2019 had not yet been sent to the Governor.

- $70 million for education purposes, including $20 million for libraries, $20 million for security at non-public schools and day camps, and $30 million for Higher Education Capital Matching Grants.
- $5 million for fairground facilities and equipment or facilities used to house or promote agriculture, and $5 million for animal shelters and humane societies.

VII. Risks to the Financial Plan

As with any Financial Plan, the SFY 2019-20 Enacted Budget Financial Plan is subject to various risks and uncertainties. New York relies heavily on certain revenues that can be volatile depending on economic conditions, particularly the Personal Income Tax (PIT). As of July 2019, the U.S. economy has reached its longest economic expansion in recorded history, although growth is projected to slow in the coming year. At times in each of the past three fiscal years, PIT receipts have varied significantly from projections, both upward and downward, due in part to taxpayer response to the expectation and enactment of federal tax changes. The new limit on federal deductions for state and local taxes may continue to influence the timing of certain PIT payments, and the federal changes may continue to have other, unpredictable impacts on State revenues. Current federal trade policies, especially tariffs on foreign goods, may contribute to financial market volatility and uncertainty regarding the overall direction of the national economy.

Among important areas of uncertainty, the Financial Plan notes that the State receives substantial amounts of federal aid for health care, education, transportation and other purposes, and that many programs that drive current funding levels may be subject to change based on budget and policy actions in Washington. The State continues to face certain risks regarding federal funding in the coming years. For example, the Centers for Medicare & Medicaid Services (CMS) recently proposed a rule to establish a new methodology to determine federal payment amounts for the Basic Health Program for calendar years 2019 and 2020. This program, called the Essential Plan in New York, provides nearly $5 billion in annual federal funding to the State to help finance health insurance coverage for between 775,000 and 800,000 low-income New Yorkers not eligible for Medicaid or Child Health Plus. The proposed new methodology may have a material negative impact on federal program payments in New York. Other risks to health care funding within the Financial Plan period include whether the State will receive federal reimbursement in the Essential Plan for federal cost-sharing reduction payments. In addition, scheduled reductions in federal Disproportionate Share Hospital (DSH) payments to hospitals that treat large numbers of Medicaid recipients and uninsured people could have significant impacts on hospitals and other entities.

The Enacted Budget includes certain provisions the Executive identifies as intended to address such risks. One such measure extends previously authorized provisions that allow the Budget Director to impose spending cuts, absent action by the Legislature, if certain reductions in federal assistance occur. Another provision empowers the Budget Director to reduce certain Aid to Localities spending, absent action by the Legislature, if the Financial Plan estimates an end of year General Fund imbalance of $500 million or more. Such reductions could not exceed 1 percent of estimated SFY 2019-20 State Operating Funds spending (approximately $1 billion based on the most recent Financial Plan estimate). In addition, the Enacted Budget includes authorizations for the Executive to limit Medicaid spending under certain conditions.

The Department of Health and DOB delayed certain Medicaid payments with a State-share total of $1.7 billion from March 2019 to April 2019 (three business days), according to DOB. This action was not included in the February Financial Plan, nor was the spending that would have occurred in SFY 2018-19 without these actions. DOB indicated that this action was necessary to ensure compliance with the global cap limit for SFY 2018-19, using cash on hand in April 2019 to make the deferred payments. According to DOB, the Financial Plan assumes Medicaid spending in the current year will comply with the global cap and that options to reduce spending within the cap and/or to continue to manage the timing of payments may include a deferral to next year if spending is not reduced to the level of the cap. Other options include the exercise of the statutory powers granted to the Commissioner of Health to limit spending.

While the State's combined statutory and unrestricted reserves have been at recent historic high levels, unrestricted reserves are forecast to decline sharply over the Financial Plan period as such resources are used for various purposes. With declines in unrestricted reserves, the State may increasingly be left with limited flexibility to respond to economic downturns or catastrophic events.

The Great Recession and previous downturns have resulted in the need for deficit reduction actions, including difficult spending cuts, staff reductions and significant tax increases, at times when such steps may have been especially damaging. Other budget management actions have included sweeps of funds originally dedicated to other purposes, changes in timing of payments, and other fiscal gimmicks. At the end of the last fiscal year, the State's statutory rainy day reserves received their first deposit since 2015, with an additional deposit anticipated this year if fiscal conditions permit. These steps are welcome, but even more must be done to bolster reserves. While the Budget expands Executive authority to address revenue shortfalls with spending reductions as described above, more robust reserves could reduce the impact of any such actions.

VIII. Appendices

Appendix A:

General Fund
SFY 2018-19 Actual and SFY 2019-20 Enacted Budget Financial Plan
(in millions of dollars)

	SFY 2018-19 Actual	SFY 2019-20 Enacted Budget	Dollar Change	Percentage Change
RECEIPTS				
Taxes				
Personal Income Tax	21,621	23,899	2,278	10.5%
Consumption and Use Taxes	7,681	8,209	528	6.9%
Business Taxes	5,501	6,104	603	11.0%
Other Taxes	1,086	1,113	27	2.5%
Total Taxes	*35,889*	*39,325*	3,436	9.6%
Miscellaneous Receipts	3,586	2,857	(729)	-20.3%
Federal Grants	-	-	-	0.0%
Transfers From Other Funds	31,069	34,935	3,866	12.4%
Total Receipts	**70,544**	**77,117**	**6,573**	**9.3%**
DISBURSEMENTS				
Local Assistance Grants				
Economic Development and Government Oversight	176	161	(16)	-8.8%
Parks and Environment	5	3	(2)	-35.7%
Transportation	304	116	(188)	-61.8%
DOH Medicaid incl. Administration	14,340	15,751	1,411	9.8%
Other Health	793	781	(12)	-1.5%
Social Welfare	2,820	2,916	97	3.4%
Mental Hygiene	2,148	1,993	(155)	-7.2%
Public Protection/Criminal Justice	169	170	1	0.5%
Higher Education	2,980	2,975	(5)	-0.2%
School Aid	22,927	23,491	564	2.5%
Other Education	2,326	2,507	181	7.8%
General Government	61	75	14	22.7%
Local Government Assistance	763	752	(11)	-1.4%
Other	(67)	408	475	-706.5%
Total Local Assistance Grants	*49,745*	*52,100*	*2,354*	*4.7%*
Departmental Operations				
Personal Service	8,719	9,031	312	3.6%
Non-Personal Service	2,622	2,880	258	9.8%
Total Departmental Operations	*11,341*	*11,911*	*570*	*5.0%*
General State Charges	7,139	7,716	577	8.1%
Transfers to Other Funds				
Debt Service	786	550	(236)	-30.0%
Capital Projects	1,888	3,191	1,303	69.0%
Other Purposes	1,884	2,389	505	26.8%
Total Disbursements	**72,783**	**77,857**	**5,074**	**7.0%**

Source: Division of the Budget

Appendix B:

State Operating Funds
SFY 2018-19 Actual and SFY 2019-20 Enacted Budget Financial Plan
(in millions of dollars)

	SFY 2018-19 Actual	SFY 2019-20 Enacted Budget	Dollar Change	Percentage Change
RECEIPTS				
Taxes				
Personal Income Tax	48,088	52,150	4,062	8.4%
Consumption and Use Taxes	16,712	17,672	960	5.7%
Business Taxes	7,242	7,920	678	9.4%
Other Taxes	2,102	2,143	41	2.0%
Total Taxes	*74,144*	*79,885*	*5,741*	*7.7%*
Miscellaneous Receipts	23,485	20,958	(2,527)	-10.8%
Federal Grants	73	75	2	2.7%
Total Receipts	**97,702**	**100,918**	**3,216**	**3.3%**
DISBURSEMENTS				
Local Assistance Grants				
Economic Development and Government Oversight	241	220	(21)	-8.8%
Parks and Environment	9	7	(2)	-23.9%
Transportation	3,938	3,549	(389)	-9.9%
DOH Medicaid incl. Admin	20,032	21,369	1,337	6.7%
Other Health	1,712	1,720	8	0.5%
Social Welfare	2,824	2,921	97	3.4%
Mental Hygiene	2,150	1,997	(152)	-7.1%
Public Protection/Criminal Justice	344	403	59	17.2%
Higher Education	2,980	2,975	(5)	-0.2%
School Aid	26,250	27,337	1,086	4.1%
Other Education	4,758	4,696	(62)	-1.3%
General Government	231	388	156	67.6%
Local Government Assistance	763	752	(11)	-1.4%
Other	(56)	136	192	-341.6%
Total Local Assistance Grants	*66,177*	*68,470*	*2,293*	*3.5%*
Departmental Operations				
Personal Services	13,687	14,192	505	3.7%
Non-Personal Service	5,370	5,492	122	2.3%
Total Departmental Operations	*19,057*	*19,684*	*627*	*3.3%*
General State Charges	8,204	8,796	592	7.2%
Debt Service	6,699	5,166	(1,533)	-22.9%
Capital	-	-	-	0.0%
Total Disbursements	**100,137**	**102,117**	**1,980**	**2.0%**

Source: Division of the Budget

Appendix C:

All Governmental Funds
SFY 2018-19 Actual and SFY 2019-20 Enacted Budget Financial Plan
(in millions of dollars)

	SFY 2018-19 Actual	SFY 2019-20 Enacted Budget	Dollar Change	Percentage Change
RECEIPTS				
Taxes				
Personal Income Tax	48,088	52,150	4,062	8.4%
Consumption and Use Taxes	17,357	18,308	951	5.5%
Business Taxes	7,912	8,585	673	8.5%
Other Taxes	2,221	2,262	41	1.8%
Total Taxes	*75,578*	*81,305*	5,727	7.6%
Miscellaneous Receipts	31,184	29,013	(2,171)	-7.0%
Federal Grants	61,344	64,794	3,450	5.6%
Total Receipts	**168,106**	**175,112**	**7,006**	**4.2%**
DISBURSEMENTS				
Local Assistance Grants				
Economic Development and Government Oversight	1,425	1,212	(213)	-15.0%
Parks and Environment	487	403	(84)	-17.3%
Transportation	5,854	5,335	(519)	-8.9%
DOH Medicaid incl. Administration	59,864	63,402	3,538	5.9%
Other Health	8,460	9,913	1,453	17.2%
Social Welfare	8,140	8,195	54	0.7%
Mental Hygiene	2,393	2,292	(101)	-4.2%
Public Protection/Criminal Justice	1,509	1,673	165	10.9%
Higher Education	2,989	2,987	(2)	-0.1%
School Aid	29,116	30,584	1,469	5.0%
Other Education	5,877	5,508	(370)	-6.3%
General Government	299	470	172	57.4%
Local Government Assistance	763	752	(11)	-1.4%
Other	255	(197)	(453)	-177.4%
Total Local Assistance Grants	*127,432*	*132,530*	*5,098*	*4.0%*
Departmental Operations				
Personal Service	14,324	14,846	522	3.6%
Non-Personal Service	6,764	6,939	175	2.6%
Total Departmental Operations	*21,088*	*21,785*	*697*	*3.3%*
General State Charges	8,624	9,133	509	5.9%
Debt Service	6,699	5,166	(1,533)	-22.9%
Capital Projects	7,032	8,413	1,381	19.6%
Total Disbursements	**170,875**	**177,027**	**6,152**	**3.6%**

Source: Division of the Budget

Appendix D:

Federal Funds
SFY 2018-19 Actual and SFY 2019-20 Enacted Budget Financial Plan
(in millions of dollars)

	SFY 2018-19 Actual	SFY 2019-20 Enacted Budget	Dollar Change	Percentage Change
RECEIPTS				
Special Revenue Funds	58,920	62,491	3,571	6.1%
Debt Service Funds	74	74	-	0.0%
Capital Funds	2,350	2,229	(121)	-5.1%
Total Receipts	**61,344**	**64,794**	**3,450**	**5.6%**
DISBURSEMENTS				
Local Assistance Grants				
Economic Development Government Oversight	8	8	0	1.7%
Parks and Environment	5	1	(4)	-74.0%
Transportation	53	61	8	15.2%
DOH Medicaid incl. Administration	39,832	42,033	2,201	5.5%
Other Health	6,475	7,565	1,090	16.8%
Social Welfare	4,941	4,482	(459)	-9.3%
Mental Hygiene	158	144	(14)	-8.8%
Public Protection/Criminal Justice	1,137	1,203	66	5.8%
Higher Education	0	-	(0)	-100.0%
School Aid	2,757	2,817	60	2.2%
Other Education	1,083	777	(306)	-28.2%
General Government	61	58	(3)	-4.7%
Capital Local Assistance Grants	718	706	(12)	-1.7%
Other	(490)	(468)	22	-4.5%
Total Local Assistance Grants	*56,739*	*59,388*	*2,649*	*4.7%*
Departmental Operations				
Personal Service	637	654	17	2.7%
Non-Personal Service	1,394	1,447	53	3.8%
Total Departmental Operations	*2,031*	*2,101*	*70*	*3.4%*
General State Charges	420	337	(83)	-19.8%
Capital Projects	1,226	1,095	(131)	-10.7%
Total Disbursements	**60,416**	**62,921**	**2,505**	**4.1%**

Source: Division of the Budget

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Prepared by the Office of Budget and Policy Analysis

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