



New York State Comptroller
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Report on Estimated Receipts and Disbursements

State Fiscal Years 2024-25 through 2026-27

November 2024

Executive Summary

This Report on Estimated Receipts and Disbursements for State Fiscal Year (SFY) 2024-25 through SFY 2026-27, 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 All Funds receipts will total \$238.3 billion in SFY 2024-2025, an increase of 1.6 percent from SFY 2023-2024. All Funds tax revenues will increase by 6.2 percent, or \$6.6 billion, in SFY 2024-25 from the previous year. Tax revenues are then projected to increase in SFY 2025-26 by 1.3 percent but decline by 1.6 percent in SFY 2026-27.

OSC's estimates are based on analysis of actual revenue and disbursement collections and trends, recent and projected economic indicators and other timely information. While OSC considers the revenue projections in this report to be reasonable and appropriate based on currently available information, revenue projections are inherently subject to a variety of economic risks; therefore, higher or lower projections may also be considered reasonable.

The trajectory of the national and New York State economies is always uncertain. The condition of the U.S. economy will be heavily influenced by job growth and consumer spending, the pace of inflation and its impact on interest rates, geopolitical conflicts or other conditions that may slow growth or produce another downturn. Projections in this report do not reflect the impacts of any major economic disruption; in such an event, tax revenues could fall substantially below these estimates.

There is also uncertainty regarding changes in federal tax laws that may affect State revenue collections. When the relevant provisions of the federal Tax Cuts and Jobs Act (TCJA) expire at the end of 2025, it will impact continued participation in the Pass-Through Entity Tax (PTET) and correspondingly the Personal Income Tax (PIT), particularly quarterly estimated payments and the settlement of annual returns. This has added a significant degree of complexity and uncertainty to the forecast.

OSC's estimates are compared to projections by the Division of the Budget (DOB) published in the Mid-Year Update to the FY 2025 NYS Enacted Budget Financial Plan ("Mid-Year Update") issued October 29, 2024. Figures 1 and 2 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. OSC's figures reflect DOB's projections for federal receipts and disbursements, except with respect to federal receipts and disbursements relating to public assistance.

OSC's projections for All Funds tax receipts are \$532 million lower than DOB's estimates for SFY 2024-25, \$340 million higher in SFY 2025-26 and \$728 million higher in SFY 2026-27. Projections for total All Funds receipts, which include tax receipts, miscellaneous receipts and federal grants, are similar except for federal receipts relating to public assistance, which have minor increases of \$4 million in SFY 2024-25, \$5 million in SFY 2025-26, and \$14 million in SFY 2026-27.

OSC's estimates for All Funds disbursements are \$23 million higher than estimates from DOB for SFY 2024-25, \$25 million higher in SFY 2025-26 and \$20 million higher in SFY 2026-27, based on DOB's current projections in the Mid-Year Update. These changes result from OSC estimates related to program areas evaluated in this report (Medicaid, Education and public assistance).

Figure 1
Actual and Estimated Receipts and Disbursements, All Funds
SFY 2023-24 through SFY 2026-27
(in millions of dollars)

	<u>2023-24</u>	<u>2024-25</u>	<u>Growth</u>	<u>2025-26</u>	<u>Growth</u>	<u>2026-27</u>	<u>Growth</u>
Receipts							
Office of the State Comptroller	234,478	238,300	1.6%	236,412	-0.8%	235,658	-0.3%
Division of the Budget	234,478	238,828	1.9%	236,067	-1.2%	234,916	-0.5%
Difference	-	(528)		345		742	
Disbursements							
Office of the State Comptroller	234,867	239,966	2.2%	241,215	0.5%	251,510	4.3%
Division of the Budget	234,867	239,943	2.2%	241,190	0.5%	251,490	4.3%
Difference	-	23		25		20	

Note: SFY 2023-24 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 2023-24 through SFY 2026-27
(in millions of dollars)

	<u>2023-24</u>	<u>2024-25</u>	<u>Growth</u>	<u>2025-26</u>	<u>Growth</u>	<u>2026-27</u>	<u>Growth</u>
Receipts							
Office of the State Comptroller	134,922	139,108	3.1%	137,095	-1.4%	134,166	-2.1%
Division of the Budget	134,922	139,600	3.5%	136,878	-1.9%	133,469	-2.5%
Difference	-	(492)		217		697	
Disbursements							
Office of the State Comptroller	128,473	134,073	4.4%	139,795	4.3%	148,805	6.4%
Division of the Budget	128,473	134,054	4.3%	139,775	4.3%	148,799	6.5%
Difference	-	19		20		6	

Note: SFY 2023-24 data are actuals; all other years are projections.

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

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

Economic Overview

National Economy

In 2023, the national economy continued its post-pandemic expansion; the real Gross Domestic Product (GDP) increased by 2.9 percent, up from 2.5 percent in 2022.¹ Through the third quarter of 2024, economic growth continued at a similar pace, increasing by 2.8 percent. However, S&P Global expects the economy will decelerate slightly in the final quarter of the year so that the 2024 annual growth rate is projected to be 2.7 percent, slowing to 2.1 percent in 2025.²

In January, the inflation rate, as measured by the year-over-year change in the Consumer Price Index, was 3.1 percent. While it increased to 3.5 percent in March, inflation has steadily slowed over the subsequent six months, down to 2.4 percent in September. On an annual basis, inflation is estimated at 2.8 percent, down from 4.1 percent in 2023. Increases in consumer prices are projected to continue to slow into 2025, with inflation projected to decline to 2.0 percent.

Through May 2024, employment increased by an average of 225,000 jobs per month. With job gains slowing over the next three months, the monthly average dropped to an increase of 208,000 per month. In September, 254,000 jobs were added. Despite these gains, the unemployment rate has been slowly increasing over the course of the year, from 3.7 percent in January to 4.1 percent in September. However, the size of the nation's labor force has also been expanding, by over 1.2 million workers, and the labor force participation rate rose from 62.5 percent to 62.7 percent.³

On an annual basis, employment in 2024 is estimated to increase by a total of 2.6 million jobs, or 1.6 percent; the unemployment rate is anticipated to be 4.0 percent, up from 3.6 percent in 2023. With a projected deceleration in economic growth projected for 2025, employment is forecast to increase by only 0.8 percent and the unemployment rate to rise to 4.3 percent.

Although inflation was slowing, it remained above the Federal Reserve Board's (the Fed) target rate of 2 percent. In addition, employment gains through the first five months of the year were strong. As a result, the Fed maintained interest rates at the same level, 5.25-5.50 percent, through much of the year. With weaker job growth through the summer, the Fed reduced interest rates by 50 basis points at its September meeting. Expectations are for additional rate cuts by the end of the year, with S&P Global forecasting another decrease of 50 basis points. With both inflation and employment projected to slow in 2025, S&P Global projects the Fed to continue cutting rates, by 150 basis points over the course of the year.

According to the U. S. Bureau of Economic Analysis, personal income increased by 5.7 percent on a year-over-year basis in the third quarter of 2024, driven by a 6.4 percent increase in wages.⁴ On an annual basis, wages are estimated to increase by 6.6 percent in 2024. With the projected slowdown in employment gains, total wage growth is also forecasted to slow, increasing by 4.4 percent in 2025.

Along with the projected increase in wages, non-wage income is also forecasted to grow through the remainder of 2024 and into 2025. As a result, S&P Global estimates total personal income to increase by 5.7 and by 4.7 percent in 2024 and 2025, respectively.

Figure 3
Annual Percentage Change in Selected Economic Indicators

UNITED STATES					
	2023	2024	2025	2026	2027
Real GDP	2.9	2.7	2.1	1.8	1.7
Employment	2.3	1.6	0.8	0.2	0.1
Wages	5.4	6.6	4.4	4.5	3.8
Personal Income	5.9	5.7	4.7	5.1	4.6
NEW YORK					
Employment	2.1	1.6	0.9	0.1	0.0
Wages	4.8	6.2	5.1	4.8	3.7
Personal Income	5.7	5.8	4.9	5.1	4.4

Note: 2023 Statistics are actuals; all other years are projections.

Source: S&P Global, October 2024 U.S. and Regional Macroeconomic Forecast

New York Economy

In the first quarter of 2024, the New York economy grew 2.4 percent, accelerating from its growth in the fourth quarter of 2023. The State’s economic growth in the second quarter was even stronger (3.8 percent) and continued to outpace that of the nation (3.0 percent).⁵ Due to an expected deceleration in the second half of the year, S&P Global estimates the New York economy will grow at an annual rate of 2.4 percent in 2024. In 2025, the New York economy is projected to grow at the same rate as that of the nation, increasing by 2.1 percent.

By April 2024, New York had recovered all the jobs lost during the pandemic shutdown. While employment growth was erratic through September, jobs increased by an average of 13,600 per month and were 49,400 higher than in February 2020.⁶ For all of 2024, employment is estimated to grow 1.6 percent, but then to slow to 0.9 percent in 2025 and 0.1 percent in 2026.

According to the Quarterly Census of Employment and Wages, total wages paid in the first quarter of 2024 were 5.1 percent higher than those for the same quarter in 2023. While total wages in the finance and insurance industry grew 4.8 percent, they grew even more quickly for all other industries. S&P Global estimates overall wage growth for 2024 to be 6.2 percent and 5.1 percent in 2025.

In the second quarter of 2024, personal income grew at a faster rate than the nation, 5.8 percent compared to 5.3 percent.⁷ While all components of personal income grew, earnings were the largest contributor to the increase.⁸ On an annual basis, personal income in 2024 is estimated to increase by 5.8 percent by S&P Global. With the forecasted slowing of employment and wages in 2025, personal income in New York is projected to increase by 4.9 percent due largely to the combination of earnings growth as well as other nonwage income.

Risks to the Economic Forecast

S&P Global projects the current economic expansion to continue in the final quarter of the current year as well as the next two years, albeit at a slower pace. A more significant downturn could arise due to any combination of factors, including the wars in Ukraine and the Middle East, adverse weather events, the pace of inflation and the Fed's interest rate response, as well as federal fiscal policy. All could constrain consumer or business spending or both, the duration of which would be unknown. Projections in this report do not reflect the economic impact if such events should result in economic disruption.

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 2025-26 and 2026-27.

This forecast is consistent with a national economy that is projected by S&P Global to increase by 2.7 percent in the current calendar year but slowing in the next two years, growth of 2.1 percent and 1.8 percent in 2025 and 2026, 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 both State and federal tax policy which influences 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 2023-24, All Funds tax receipts totaled \$106.4 billion, a decrease of 4.7 percent from the previous year, primarily due to the impact the decline in the financial markets in 2022 had on tax year 2022 PIT liability. OSC estimates total tax receipts in SFY 2024-25 will increase 6.2 percent or \$6.6 billion, to \$113.1 billion.

OSC's projection of tax receipts for the current fiscal year is \$532 million below the projection in the Mid-Year Update. This variance reflects OSC's expectations of lower receipts from nearly all tax categories compared to DOB's projections.

In SFY 2025-26, All Funds tax collections are projected to increase by 1.3 percent. In addition to the expectation of slower economic growth, the small increase also relates to the impact of the currently scheduled sunset of certain federal TCJA provisions at the end of 2025. The forecast assumes these provisions will not be renewed, particularly the limit on itemized deductions for state and local taxes paid (SALT), and so participation in the PTET for tax years 2026 and thereafter will not continue. As these taxpayers revert to reporting their shares of business income under PIT, this would impact collections in the fourth quarter of the SFY 2025-26 (Jan – March 2026) as well as in SFY 2026-27.⁹

For SFY 2026-27, All Funds tax collections are projected to decrease by 1.6 percent. While the economy is anticipated to continue to expand, this growth is forecasted to be more than offset by the full year impact of the shift of PTET revenues to the PIT across fiscal years. Any PTET receipts in SFY 2026-27 would only reflect payments or refunds made with the settlement of the 2025 tax year. While quarterly estimated payments under the PIT for the 2026 tax year would increase with the shift of PTET payers back to the PIT, any PTET credits related to the 2025 tax year would be realized with the filing of annual returns, mitigating the growth in estimated payments.

Detailed figures on projected receipts and comparisons to DOB's projections appear in Appendix B.

Personal Income Tax

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 2024-25 have reflected the continued economic expansion, employment and wage growth, and strong financial market gains. Strong stock market growth of 25.8 percent is anticipated for the year, which will also likely boost bonuses paid by financial firms at the end of the fiscal year.¹⁰

As a result, total PIT collections in SFY 2024-25 are estimated to increase by 10.3 percent or \$5.5 billion to \$59.4 billion:

- Withholding tax collections in SFY 2024-25 are estimated to increase by 7.6 percent due to increases in employment and wages over the year, as well as higher bonus payments.
- Collections from estimated payments in the current fiscal year are expected to increase by 15.4 percent, or \$1.7 billion, from SFY 2023-24. While payments made with the requests for extensions to file 2023 tax year annual returns are anticipated to show little growth (0.9 percent), quarterly payments associated with the 2024 tax year are estimated to increase by \$1.3 billion reflecting the financial market growth, as well as increases in other nonwage income.

In SFY 2025-26, PIT collections are projected to increase by \$2.9 billion, or 4.9 percent. This increase is largely due to continued, albeit slowing, employment and wage growth as well as the impact of personal income growth on settlement payments for the 2024 tax year.

In SFY 2026-27, PIT collections are projected to increase by nearly \$11.4 billion, or 18.3 percent; growth primarily reflects a return to quarterly estimated payments under the PIT by members of pass-through entities as participation in the PTET declines with the sunset of the federal TCJA provisions.

Consumption and Use Taxes

All Funds consumption and use tax receipts are estimated to increase by \$518 million, or 2.4 percent, in SFY 2024-25 to \$22.4 billion. This increase encompasses a 2.3 percent increase in receipts from the sales tax, the largest source of collections in this category. Increasing consumption along with decreasing growth in inflation is leading the growth in sales tax collections.

For SFY 2025-26, collections from All Funds consumption and use taxes are projected to increase by 3.2 percent, or \$724 million, and within that, sales taxes by 3.5 percent. All other consumption taxes are forecasted to have little change except for cigarette and tobacco excise taxes, with a forecasted decrease of 4.3 percent. Increasing personal income, along with interest rate cuts and cooling inflation will contribute to further growth of 2.7 percent, or \$632 million, in All Funds consumption and use taxes in SFY 2026-27.

Business Taxes

All Funds business tax receipts are estimated to increase by \$1.1 billion, or 3.8 percent, in SFY 2024-25 to \$28.8 billion. This reflects higher corporate profit growth compared to the previous year partially offset by lower petroleum business tax (PBT) collections resulting from lower gas prices in 2023, which influence the tax rate for the year. In addition, collections from the PTET are estimated to increase by 6.5 percent as a result of an increase in the number of participants for the 2024 tax year as well as projected growth in business income.¹¹

In SFY 2025-26, All Funds business tax receipts are projected to decrease, by 7.9 percent, or \$2.3 billion. The decline is primarily attributable to the absence of March estimated payments in the PTET resulting from the anticipated lack of participation as mentioned above. Lower collections are also a product of a projected slowdown in corporate profit growth, as well as a continued decline in the PBT rate resulting from lower petroleum prices in 2024.

All Funds business tax receipts are projected to show continued declines in SFY 2026-27 by \$14 billion, or 53 percent, mainly due to the absence of PTET collections. While the temporary increase in corporate franchise tax rates is due to expire on December 31, 2026, lower rates will not impact collections in the fourth quarter of the fiscal year as such collections are primarily influenced by the 2025 tax year.

Other Taxes

All Funds other taxes receipts are estimated to decrease by \$479 million, or 15.7 percent, in SFY 2024-25 to \$2.6 billion. This decrease primarily reflects fewer super-large estates compared to SFY 2023-24. In addition, since estate taxes are statutorily required to be paid nine months from the date of death, they reflect economic conditions at that time and not the financial market growth currently being seen. Receipts from real estate transfer taxes are estimated to increase by 0.9 percent due to increased home prices partially offset by an estimated decrease in home sales.

In SFY 2025-26, All Funds other taxes collections are projected to increase, by \$131 million, or 5.1 percent. Estimated growth of 3.1 percent in estate tax collections reflects a return to the historic number of very large estates as well as a projected increase in household net worth. In addition, increases in home sales and home prices are projected to result in growth of 7.7 percent in real estate transfer tax receipts.

In SFY 2026-27, All Funds collections in this category are projected to increase by \$145 million, or 5.4 percent. Anticipated growth in household net worth supports higher estate tax receipts while the forecasted increase in real estate transfer taxes is a result of both higher home prices and a larger number of home sales.

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 decrease by \$195 million, or 4.0 percent, to \$4.7 billion in SFY 2024-25, largely relating to lower abandoned property and license fees partially offset by increased investment income due to the current interest rate environment and high account balances. Miscellaneous receipts in the General Fund are anticipated to decrease by 12.2 percent, or \$571 million, in SFY 2025-26 and to decline further in SFY 2026-27, by 37.5 percent, or \$1.5 billion.

Receipts from gaming in the State are estimated to total \$4.9 billion in SFY 2024-25, a decrease of \$98 million, or 2.0 percent, from the prior fiscal year. The decline is attributable to lower collections of \$217 million from the lottery and video lottery terminals (VLTs) partially offset by a \$90 million increase in mobile sports betting revenue.

Over the next two fiscal years, gaming receipts are projected to remain relatively flat, decreasing by \$62 million in SFY 2025-26 and then increasing by \$78 million in SFY 2026-27. Revenues from mobile sports betting are only expected to grow slightly, an increase of \$30 million and \$31 million in SFY 2025-26 and SFY 2026-27, respectively. Projections do not include any potential revenues from the downstate casino licenses which are currently anticipated to be awarded at the end of 2025.¹²

All Funds miscellaneous receipts in SFY 2024-25 are estimated to total \$31.5 billion (most of which are initially collected outside the General Fund). This represents a decrease of \$2.3 billion, or 6.7 percent, primarily due to decreases in the various revenues deposited to the State's special revenue funds.

All Funds miscellaneous receipts are projected to increase by \$2.1 billion, or 6.8 percent, in SFY 2025-26 primarily related to higher projected bond proceed collections partially offset by lower General Fund collections. Receipts are forecasted to continue to increase in SFY 2026-27, by 2.1 percent, or \$719 million, primarily resulting from growth in bond proceeds. However, as fund balances as well as interest rates are anticipated to decline to more historical trend levels, lower investment income is projected to partially offset some of this growth. 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 including \$12.7 billion in State and Local Fiscal Recovery Fund (SLFRF) relief.

In SFY 2024-25, federal receipts are projected to total \$93.7 billion which includes the final \$3.7 billion in funding from the SLFRF. DOB projects federal receipts will decline by \$5.5 billion, or 5.9 percent, in SFY 2025-26 but will increase by \$386 million, or 0.4 percent, in SFY 2026-27.

There is inherent risk in projections associated with service-related spending such as Medicaid and public assistance that may also affect federal reimbursement.

Risks to the Revenue Forecast

Besides the economic risks, there are those that directly impact the level of revenues, such as tax policy changes at the federal and State levels. Currently, certain provisions of the federal TCJA enacted in 2017 are due to expire at the end of 2025, including the limit on itemized deductions for state and local taxes paid (SALT). With the potential sunset of the SALT limit, the continued participation in the PTET, which was enacted to mitigate the impact of this limit, is uncertain, influencing the level of revenues between fiscal years and well as the those between PIT and PTET.

The State also imposed temporary tax rate increases under the corporate franchise tax and the PIT that are due to expire at the end of 2026 and 2027, respectively. Besides the natural reduction in revenues that would occur with the reversion to lower rates, the sunset of these higher State tax rates as well as the expiration or changes to the TCJA may result in volatility in collections as taxpayers potentially alter the realization of income to take advantage of lower tax rates or avoid increased liability from higher tax rates. Such shifts in income realizations were seen when lower tax rates enacted under the George W. Bush administration expired at the end of 2012, and in anticipation of the passage of the TCJA.

In addition, the State is highly reliant on PIT revenues: in SFY 2023-24 over half of the State's tax collections were from the PIT, which are economically sensitive and can be very volatile. High-income taxpayers comprise a higher share of PIT liability and typically derive their 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.

Finally, the State has seen a consistent out-migration of PIT filers since 2015.¹³ After spiking during 2020, net out-migration slowed to levels similar to those prior to the pandemic. In addition, the number of resident PIT fillers declined from 2020 to 2022, by nearly 412,000 filers, while the number of nonresident filers has grown, by 115,500.¹⁴

Disbursements

Overview

This report's forecast for disbursements for SFY 2024-25 through SFY 2026-27 relies on a variety of data sources, including from New York's Statewide Financial System (SFS) and information from State agencies, including DOB, the State Education Department, the Department of Health (DOH), the Department of Labor and the Office of Temporary and Disability Assistance (OTDA).

This report provides Medicaid and School Aid spending projections from the Mid-Year Update, 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 \$130.1 billion in SFY 2024-25, which is \$2.1 billion, or 1.6 percent, higher than SFY 2023-24 levels. Spending in these areas is then projected to fall to \$130.0 billion in SFY 2025-26, a decline of \$90 million, or 0.1 percent, primarily due to lower projected elementary and secondary education spending from federal pandemic assistance funds. Spending is projected to increase to \$134.9 billion in SFY 2026-27, which is \$4.9 billion, or 3.8 percent, higher than in SFY 2025-26.

For SFY 2024-25, OSC estimates that Medicaid, School Aid and public assistance spending from State Operating Funds will total \$67.0 billion, an increase of \$5.2 billion, or 8.3 percent, from SFY 2023-24 levels. For SFY 2025-26, spending from State Operating Funds on these items is projected to total \$72.0 billion, an increase of \$5.0 billion or 7.4 percent from SFY 2024-25, and then rise to \$75.6 billion, an increase of \$3.7 billion or 5.1 percent from the previous year.

All other State Operating Funds spending is projected to total \$67.1 billion in SFY 2024-25, an increase of \$441 million compared to SFY 2023-24. 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 \$742 million or 1.1 percent to \$67.8 billion in SFY 2025-26, and grow in SFY 2026-27 to \$73.2 billion, an increase of \$5.4 billion or 7.9 percent.

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

Spending Results to Date

Actual spending through September was higher than the same period a year earlier, but lower than the levels DOB projected in the FY 2025 NYS Enacted Budget Financial Plan. Through the first six months of SFY 2023-24, spending from State Operating Funds totaled \$59.1 billion; actual SFY 2024-25 State Operating Funds spending through the comparable six months totaled \$60.5 billion, a year-over-year increase of almost \$1.5 billion or 2.5 percent. Year-to-date spending was \$1.0 billion below the level projected by DOB in the FY 2025 NYS Enacted Budget Financial Plan.

All Funds spending through the first six months totaled \$112.4 billion, \$2.0 billion or 1.8 percent higher than last year for the same period. Compared to DOB's projections in the FY 2025 NYS Enacted Budget Financial Plan, All Funds spending is \$1.1 billion or 1.0 percent below projections.

Due to continued levels of increased federal pandemic relief (projected to be approximately \$7.7 billion in SFY 2024-25), year-to-date spending from federal funds is significantly higher as a percentage of total spending (40.9 percent) as compared to recent history (i.e., averaging 33.5 percent over the 10 years preceding the pandemic). DOB is projecting \$1.3 billion in pandemic assistance in SFY 2025-26 and just \$69 million in SFY 2026-27.

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.¹⁵

School Aid or General Support for Public Schools 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.¹⁶

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 (SY) 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.¹⁷ State-funded spending in SY 2024-25 is expected to total \$35.9 billion, inclusive of the State's full takeover of funding for pre-kindergarten expansion grants that were previously funded by federal American Rescue Plan funds.

Federal pandemic assistance for education is expected to total approximately \$4.4 billion in the current year, which is the last year such resources are expected to be available.

OSC has relied on estimates provided by DOB that project School Aid spending from State Operating Funds will total \$35.3 billion in SFY 2024-25, which is an increase of \$1.9 billion or 5.8 percent from SFY 2023-24. This equates to \$35.9 billion on a school-year basis.

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

- Increase to \$36.5 billion in SFY 2025-26, an increase of \$1.2 billion or 3.3 percent over SFY 2024-25. This equates to \$36.9 billion on a school-year basis.
- Increase to \$37.4 billion in SFY 2026-27, an increase of \$874 million or 2.4 percent over SFY 2025-26. This equates to \$37.7 billion on a school-year basis.

The SFY 2024-25 Enacted Budget included funding for a study on the Foundation Aid formula. New York State spends the most per pupil in the nation, and the Foundation Aid formula is now fully funded and may need modifications to address today's challenges in education: "generational" learning loss due to the Covid-19 pandemic; increased focus on student mental health outcomes; and shifts in enrollment (including an overall enrollment decrease over the past ten years). Over the summer, there were five public hearings relating to the assessment of the State's Foundation Aid formula and a report is due by December 1, 2024.

Medicaid

The SFY 2024-25 Enacted Budget includes one year of authority for Medicaid spending by DOH (including administration costs), with a specific limit in spending from State Operating Funds for the current 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).¹⁸ Financial Plan spending projections through SFY 2026-27 assume the cap will be extended.

Starting in SFY 2014-15 and continuing through SFY 2023-24, DOH has managed the timing of Medicaid payments across fiscal years to ensure compliance with the Global Cap.¹⁹ Most recently, \$1.4 billion deferred from SFY 2023-24 into the current SFY 2024-25. Such cash management actions distort the analysis of the State's Medicaid spending and further undermine the purpose of the Global Cap.

In the Mid-Year Update, DOB projects that total DOH Medicaid spending will remain within the Global Cap for SFY 2024-25 only because of a budgetary relief valve – the Mental Hygiene Stabilization Fund (MHSF) – that essentially serves as a work-around to the Global Cap by shifting costs to the MHSF and then have those costs not count toward the Global Cap anymore. DOB is projecting to use \$1.1 billion of General Fund resources to pay for this maneuver in SFY 2024-25; however, such payment also prevents any negative fiscal impacts to health care providers that could otherwise occur due to breaching the Global Cap.²⁰ For SFY 2025-26 and SFY 2026-27, DOB is projecting that the Global Cap's deficit will be \$2.2 billion and then roughly \$3 billion in SFY 2026-27; these deficits are after accounting for allowable growth of 5.7 percent in SFY 2025-26 and another 4.8 percent in SFY 2026-27.

The Medicaid disbursement estimates detailed below reflect figures provided by DOB in the Mid-Year Update, which projected Medicaid enrollment in SFY 2024-25 would be approximately 7.0 million covered individuals, a decrease of over 291,000 individuals or a 4.0 percent decrease from DOB's SFY 2023-24 preliminary unaudited actuals when there were 7.3 million covered individuals. Outyear projections are approximately 7.1 million enrollees in each of SFY 2025-26 and SFY 2026-27.

DOB projects that the State-share costs of DOH Medicaid will continue to increase due to revised utilization, costs, and enrollment.

OSC has relied on DOB estimates for total DOH State Medicaid spending (including administrative costs) in SFY 2024-25 at \$30.9 billion from State Operating Funds, and \$84.9 billion from All Funds.

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

- Increase in SFY 2025-26 to \$34.7 billion from State Operating Funds (up by 12.3 percent or \$3.8 billion from the previous year) and to \$88.1 billion from All Funds (an increase of 3.7 percent or \$3.1 billion).
- Total \$37.5 billion from State Operating Funds in SFY 2026-27, a year-over-year increase of \$2.8 billion or 8.0 percent, and \$92.2 billion from All Funds, representing an increase of \$4.2 billion or 4.7 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 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 \$325 million annually from SFYs 2024-25 through SFY 2026-27 due to this off-budget spending, and DOB identified \$62 million of such spending in SFY 2023-24; as of the October 31, 2024, no such deposit was made for SFY 2024-25.

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. Ever since the pandemic and its associated economic downturn, public assistance caseloads have increased, particularly in New York City, while caseloads in the rest of the State are showing a slight uptick.

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.²¹

According to the U.S. Bureau of Labor Statistics (BLS), 40.2 percent of the U.S. unemployed population (16 and older) had been out of work for 15 weeks or more as of September 2024, compared to 36 percent in September 2023.²² As of September 2024, the unemployment rate in New York on a seasonally adjusted basis was 4.4 percent.²³ 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.²⁴ For New York, this measure was 8.2 percent for the fourth quarter of 2023 through the third quarter of 2024, up slightly from 7.9 percent for the same period in the preceding year.²⁵

A lack of affordable housing can also result in higher public assistance caseloads. Individuals who are unable to maintain rental payments 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 July 2024, OSC estimates that in SFY 2024-25, All Funds spending for public assistance will total \$1.9 billion (including \$793 million from State Operating Funds), based on caseloads of 343,155 families and 337,384 single recipients. Figure 5 provides more detailed estimates of public assistance caseloads.

For SFY 2025-26, public assistance spending from All Funds is projected to increase by \$26 million, or 1.4 percent, to \$1.9 billion (including \$815 million from State Operating Funds), based on caseloads of 347,907 families and 348,428 single recipients.

For SFY 2026-27, All Funds spending for public assistance is estimated to increase by \$20 million, or 0.5 percent, to \$1.9 billion (including \$818 million from State Operating Funds), based on caseloads of 349,636 families and 349,641 single recipients.

Figure 4
Comparison of Actual and Projected Caseloads,
Temporary Assistance for Needy Families (TANF), Safety Net Families and Singles

TANF Families	2023-24	2024-25	Growth	2025-26	Growth	2026-27	Growth
Office of the State Comptroller	188,107	203,264	8.1%	206,004	1.3%	207,001	0.5%
Division of the Budget	183,735	202,592	10.3%	205,120	1.2%	204,330	-0.4%
Difference	4,372	672		884		2,671	
Safety Net Families	2023-24	2024-25	Growth	2025-26	Growth	2026-27	Growth
Office of the State Comptroller	128,814	139,891	8.6%	141,903	1.4%	142,635	0.5%
Division of the Budget	126,431	141,181	11.7%	142,791	1.1%	142,471	-0.2%
Difference	2,383	(1,290)		(888)		164	
Safety Net Singles	2023-24	2024-25	Growth	2025-26	Growth	2026-27	Growth
Office of the State Comptroller	286,523	337,384	17.8%	348,428	3.3%	349,641	0.3%
Division of the Budget	275,460	319,688	16.1%	340,242	6.4%	349,947	2.9%
Difference	11,063	17,696		8,186		(306)	
Total Caseloads	2023-24	2024-25	Growth	2025-26	Growth	2026-27	Growth
Office of the State Comptroller	603,444	680,539	12.8%	696,335	2.3%	699,277	0.4%
Division of the Budget	585,626	663,461	13.3%	688,153	3.7%	696,748	1.2%
Difference	17,818	17,078		8,182		2,529	

Note: SFY 2023-24 figures for the 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

Risks to Disbursement Forecasts

Structural Imbalance

Overall spending is outpacing revenues and causing a structural imbalance, as noted in a previous Office of the State Comptroller report.²⁶ Moreover, attempts to rein in spending in both Medicaid and Education (the “Big 2”) have, so far, not yielded meaningful results. For example, the Medicaid Global Cap most recently only accounted for nearly 80 percent of State-share DOH Medicaid spending.²⁷ Moreover, in SFY 2023-24, other State agency Medicaid spending accounted for 21.4 percent of total State-share Medicaid spending; all agencies Medicaid spending was 54.1 percent above the Medicaid Global Cap in SFY 2023-24.²⁸

While currently projected deficits in the outyears are not historically large as a share of spending, unforeseen changes to the economy or other challenges could quickly increase projected budget gaps and place pressures on State services, particularly in the Big 2.

Medicaid

Additional risks to Medicaid spending projections are those relating to the transition to savings from implementing a single Fiscal Intermediary (FI) for the Consumer Directed Personal Assistance Program (CDPAP), as well as the imposition of a Managed Care Organization (MCO) tax.

Relating to the FI transition, DOB projected \$200 million in savings in SFY 2024-25 and then \$504 million in savings in the outyears, including SFYs 2025-26 and 2026-27 – a total of \$1.2 billion over this three-year period.²⁹ A number of legal challenges have been filed against the State relating to this proposed action, which could jeopardize these savings as originally projected by DOB, particularly if such litigation stalls or impedes the implementation of the single FI. The Mid-Year Update did not make any changes to these projected savings.

The proposal to impose a tax on MCOs must first be submitted to the Centers for Medicare & Medicaid Services (CMS) and be approved by CMS before being implemented by the State. As part of the SFY 2024-25 Enacted Budget, the State created the Healthcare Stability Fund (HSF) to receive revenues generated from the MCO tax.³⁰ Resources in the HSF are intended to fund investments in healthcare, including payments to healthcare providers, upon availability. DOB noted that for SFY 2024-25, \$350 million of State resources will be transferred into the HSF to support \$200 million in hospital investments and \$150 million for nursing homes, assisted living programs, and hospice since the MCO tax is not expected to generate revenue this year.³¹

The risks with the MCO tax are that CMS does not approve the State's plan, or CMS approves it initially but then, following a rulemaking, modifies or rescinds its approval in the future, which would pose a risk if such funds were intended for recurring expenses.³²

The Mid-Year Update provides a cautionary tale of relying on anticipated savings that require approval from CMS; DOB notes an upward revision of \$625 million in SFY 2024-25 due to "the elimination of certain savings and recoveries that require Federal CMS approval and/or implementation by the Department of Health (DOH) that date back to the FY 2021 Enacted Budget and are unlikely to be executed."³³

While this report wished to analyze current Medicaid enrollment levels relative to DOB's projections, monthly reports on the number of Medicaid enrollees have not been released since March 2024. Elevated enrollment in Medicaid is a risk repeatedly identified by the Office of the State Comptroller. DOH should release this information as soon as practicable. The Mid-Year Update does, however, increase Medicaid enrollment levels by approximately 310,000, or 4.6 percent higher, than enrollment estimates included in the FY 2025 NYS Enacted Budget Financial Plan, which is part of the reason DOB has upwardly revised Medicaid spending (and further supports the need for timely monthly reporting).

Education

The State has exceeded its statutory cap for School Aid in recent years. While most of these increases were due to the phasing-in of fully funding Foundation Aid, the most recent Enacted Budget (the first after Foundation Aid was fully funded) exceeded the cap by increasing School Aid by \$1.4 billion (including an increase in Foundation Aid by 3.9 percent), over the statutory growth cap of 3.7 percent. If policymakers continue to ignore this cap and further increase education spending beyond DOB's projections, there may be additional costs beyond those originally projected.

The upcoming report on Foundation Aid, currently required to be released on or before December 1, 2024, to the Executive and Legislature only (at least as required by statute), may include recommendations that could address the need for fair and equitable funding for our schools while recognizing the changed landscape in Education since the original implementation of the Foundation Aid formula in 2007. Depending on the report's findings and whether any of them are actionable and implemented, there may be additional costs or savings relating to education funding in the upcoming years.

Appendix A – The “Quick Start” Process

This Report on Estimated Receipts and Disbursements for State Fiscal Year (SFY) 2024-25 through SFY 2026-27, 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 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.”³⁴ 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 federal receipts and disbursements relating to 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.

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.

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.

Appendix B – 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 2024-25
(in millions of dollars)

	Office of the State Comptroller	Division of the Budget	Difference
Receipts:			
Personal Income Tax	59,368	59,545	(177)
Consumer Taxes	22,383	22,443	(60)
Business Taxes	28,761	29,074	(313)
Other Taxes	2,569	2,551	18
<i>Total Taxes</i>	<i>113,081</i>	<i>113,613</i>	<i>(532)</i>
General Fund Miscellaneous Receipts	4,683	4,683	-
Lottery	4,912	4,912	-
Subtotal	122,676	123,208	(532)
Other Miscellaneous Receipts	21,894	21,894	-
Federal Grants	93,730	93,726	4
Total Receipts	238,300	238,828	(528)
Disbursements:			
Elementary and Secondary Education	43,270	43,270	-
DOH Medicaid (incl. administration)	84,945	84,945	-
Public Assistance	1,854	1,831	23
Subtotal	130,069	130,046	23
All Other Disbursements	109,897	109,897	-
Total Disbursements	239,966	239,943	23

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)

	<u>Office of the State Comptroller</u>	<u>Division of the Budget</u>	<u>Difference</u>
Receipts:			
Personal Income Tax	62,278	61,668	610
Consumer Taxes	23,107	22,988	119
Business Taxes	26,498	26,891	(393)
Other Taxes	2,700	2,696	4
<i>Total Taxes</i>	<u>114,583</u>	<u>114,243</u>	<u>340</u>
General Fund Miscellaneous Receipts	4,112	4,112	-
Lottery	4,850	4,850	-
Subtotal	123,545	123,205	340
Other Miscellaneous Receipts	24,655	24,655	-
Federal Grants	88,212	88,207	5
Total Receipts	<u>236,412</u>	<u>236,067</u>	<u>345</u>
Disbursements:			
Elementary and Secondary Education	40,042	40,042	-
DOH Medicaid (incl. administration)	88,059	88,059	-
Public Assistance	1,879	1,854	25
Subtotal	129,980	129,955	25
All Other Disbursements	111,235	111,235	-
Total Disbursements	<u>241,215</u>	<u>241,190</u>	<u>25</u>

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 2026-27**

(in millions of dollars)

	<u>Office of the State Comptroller</u>	<u>Division of the Budget</u>	<u>Difference</u>
Receipts:			
Personal Income Tax	73,670	73,182	488
Consumer Taxes	23,739	23,606	133
Business Taxes	12,461	12,352	109
Other Taxes	2,845	2,847	(2)
<i>Total Taxes</i>	<u>112,715</u>	<u>111,987</u>	<u>728</u>
General Fund Miscellaneous Receipts	2,569	2,569	-
Lottery	4,928	4,928	-
Subtotal	120,212	119,484	728
Other Miscellaneous Receipts	26,839	26,839	-
Federal Grants	88,607	88,593	14
Total Receipts	<u>235,658</u>	<u>234,916</u>	<u>742</u>
Disbursements:			
Elementary and Secondary Education	40,776	40,776	-
DOH Medicaid (incl. administration)	92,228	92,228	-
Public Assistance	1,889	1,869	20
Subtotal	134,893	134,873	20
All Other Disbursements	116,617	116,617	-
Total Disbursements	<u>251,510</u>	<u>251,490</u>	<u>20</u>

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)

	<u>Office of the State Comptroller</u>	<u>Division of the Budget</u>	<u>Difference</u>
Receipts:			
Personal Income Tax	59,368	59,545	(177)
Consumer Taxes	21,753	21,819	(66)
Business Taxes	28,205	28,472	(267)
Other Taxes	2,312	2,294	18
<i>Total Taxes</i>	<u>111,638</u>	<u>112,130</u>	<u>(492)</u>
General Fund Miscellaneous Receipts	4,683	4,683	-
Lottery	4,912	4,912	-
Subtotal	121,233	121,725	(492)
Other Miscellaneous Receipts	14,179	14,179	-
Federal Grants	3,696	3,696	-
Total Receipts	<u>139,108</u>	<u>139,600</u>	<u>(492)</u>
Disbursements:			
Elementary and Secondary Education	35,322	35,322	-
DOH Medicaid (incl. administration)	30,896	30,896	-
Public Assistance	793	774	19
Subtotal	67,011	66,992	19
All Other Disbursements	67,062	67,062	-
Total Disbursements	<u>134,073</u>	<u>134,054</u>	<u>19</u>

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	62,278	61,668	610
Consumer Taxes	22,471	22,363	108
Business Taxes	25,805	26,310	(505)
Other Taxes	2,443	2,439	4
<i>Total Taxes</i>	<u>112,997</u>	<u>112,780</u>	<u>217</u>
General Fund Miscellaneous Receipts	4,112	4,112	-
Lottery	4,850	4,850	-
Subtotal	121,959	121,742	217
Other Miscellaneous Receipts	15,088	15,088	-
Federal Grants	48	48	-
Total Receipts	<u>137,095</u>	<u>136,878</u>	<u>217</u>
Disbursements:			
Elementary and Secondary Education	36,476	36,476	-
DOH Medicaid (incl. administration)	34,700	34,700	-
Public Assistance	815	795	20
Subtotal	71,991	71,971	20
All Other Disbursements	67,804	67,804	-
Total Disbursements	<u>139,795</u>	<u>139,775</u>	<u>20</u>

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 2026-27

(in millions of dollars)

	<u>Office of the State Comptroller</u>	<u>Division of the Budget</u>	<u>Difference</u>
Receipts:			
Personal Income Tax	73,670	73,182	488
Consumer Taxes	23,098	22,980	118
Business Taxes	11,868	11,775	93
Other Taxes	2,588	2,590	(2)
<i>Total Taxes</i>	<u>111,224</u>	<u>110,527</u>	<u>697</u>
General Fund Miscellaneous Receipts	2,569	2,569	-
Lottery	4,928	4,928	-
Subtotal	118,721	118,024	697
Other Miscellaneous Receipts	15,401	15,401	-
Federal Grants	44	44	-
Total Receipts	<u>134,166</u>	<u>133,469</u>	<u>697</u>
Disbursements:			
Elementary and Secondary Education	37,350	37,350	-
DOH Medicaid (incl. administration)	37,481	37,481	-
Public Assistance	818	812	6
Subtotal	75,649	75,643	6
All Other Disbursements	73,156	73,156	-
Total Disbursements	<u>148,805</u>	<u>148,799</u>	<u>6</u>

Note: Figures may not total due to rounding.

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

Endnotes

- ¹ U.S. Bureau of Economic Analysis, [Table 1.1.1 Percent Change from Preceding Period in real Gross Domestic Product](#) (accessed on October 7, 2024).
- ² 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 2024.
- ³ U.S. Department of Labor, Bureau of Labor Statistics, [Household Data Series from the Monthly A Tables](#), (accessed on October 16, 2024)
- ⁴ On a seasonally adjusted basis.
- ⁵ U.S. Bureau of Economic Analysis, "[SQGDP9 Real GDP by state](#)" (accessed on October 16, 2024).
- ⁶ New York State Department of Labor, [Seasonally Adjusted Employment Data for New York State and Metro Areas](#) (accessed on October 17, 2024)
- ⁷ U.S. Bureau of Economic Analysis, [Gross Domestic Product by State and Personal Income by State, 2nd Quarter 2024](#), on a seasonally adjusted annual basis (accessed on October 16, 2024).
- ⁸ Earnings include wages and salaries, income of sole proprietors and partnerships, and employer benefits such as contributions to retirement plans and health and life insurance.
- ⁹ The federal Tax Cuts and Jobs Act, which includes the federal itemized deduction limitation on state and local taxes paid, is currently scheduled to sunset on December 31, 2025. The forecast assumes no change to the current sunset resulting in no participation in the PTET for tax years 2026 and thereafter.
- ¹⁰ As measured by the estimated annual change in the S&P 500, S&P Global Macroeconomic Forecast, October 2024.
- ¹¹ The number of businesses participating in the Pass-Through Entity Tax has fluctuated since its inception as follows: 95,879 (2021), 98,926 (2022), 92,264 (2023), and 96,376 (2024).
- ¹² New York Gaming Facility Location Board, <https://nycasinos.ny.gov/> (accessed on October 23, 2024)
- ¹³ See Office of the State Comptroller, "[Taxpayer Movement During the Pandemic](#)" and "[Moving In or Moving Out? New York State Personal Income Taxpayer Migration Trends](#)" (accessed on October 23, 2024)
- ¹⁴ New York State Department of Taxation and Finance, Personal Income Tax Study Files, tax years 2020 and 2022.
- ¹⁵ For this purpose, personal income within New York State is measured on a State Fiscal Year basis.
- ¹⁶ 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.
- ¹⁷ The figure reflects General Support for Public Schools 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.
- ¹⁸ In the SFY 2022-23 Enacted Budget made a change to this method from previously determining such cap based on the 10-year average growth in the medical component of the Consumer Price Index.
- ¹⁹ Between SFY 2014-15 and SFY 2017-18, such actions ranged from \$50 million to roughly \$435 million. Then, in SFY 2018-19, DOH deferred \$1.7 billion in certain State-share Medicaid costs. The practice of deferring over a billion dollars of Medicaid costs across fiscal years continues: \$1.1 billion deferred from SFY 2019-20 to SFY 2020-21; \$1.7 billion deferred from SFY 2020-21 to SFY 2021-22; \$1.8 billion deferred from SFY 2022-23 to SFY 2023-24; and \$1.4 billion deferred from SFY 2023-24 into the current SFY 2024-25.
- ²⁰ Division of the Budget, "[FY 2025 NYS Enacted Budget Financial Plan Mid-Year Update](#)," page 97 (accessed October 30, 2024).
- ²¹ Division of the Budget, "[FY 2025 NYS Enacted Budget Financial Plan Mid-Year Update](#)," page 38 (accessed October 30, 2024)

- ²² U.S. Bureau of Labor Statistics, [Employment Situation Summary Table A. Household data, seasonally adjusted](#) (accessed on October 22, 2024).
- ²³ New York State Department of Labor, [News Release](#), October 17, 2024 (accessed on October 22, 2024).
- ²⁴ 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.
- ²⁵ U.S. Bureau of Labor Statistics, [Local Area Unemployment Statistics](#), (accessed on October 28, 2024).
- ²⁶ Office of the State Comptroller, [“Report on the State Fiscal Year 2024-25 Enacted Budget Financial Plan,”](#) page 21 (accessed on October 17, 2024).
- ²⁷ New York State Division of the Budget, [“NY 2025 NYS Enacted Budget Financial Plan Mid-Year Update,”](#) page 39 (accessed on October 30, 2024).
- ²⁸ Office of the State Comptroller, [“Report on the State Fiscal Year 2024-25 Enacted Budget Financial Plan,”](#) page 8, (accessed on October 15, 2024).
- ²⁹ New York State Division of the Budget, [“FY 2025 NYS Enacted Budget Financial Plan,”](#) page 35 (accessed on October 17, 2024).
- ³⁰ See Chapter 57 of the Laws of 2024 (S.8307-C/A.8807-C), Part II, Section 2. See also §99-rr of the State Finance Law (note: there are two §99-rrs).
- ³¹ New York State Division of the Budget, [“FY 2025 NYS Enacted Budget Financial Plan,”](#) page 12 (accessed on October 17, 2024).
- ³² CMS has indicated, in a letter to the State of California, that it “intends to develop and propose new regulatory requirements through the notice-and-comment rulemaking process to address” the issue of how California’s MCO tax proposal technically met existing federal regulations even though “its tendency to derive revenues from Medicaid, does not appear consistent with the definition of ‘generally redistributive’ as defined in the preambles to the 1992 [Interim Final Rule with Comment Period] and the August 1993 final rule.” [Companion letter from the Centers for Medicare & Medicaid Services to the California Department of Health Care Services](#), page 2, as uploaded by the California Department of Health Care Services (accessed on October 18, 2024).
- ³³ Division of the Budget, [“FY 2025 NYS Enacted Budget Financial Plan Mid-Year Update,”](#) page 13 (accessed October 30, 2024).
- ³⁴ See Section 23(5) of the State Finance Law.

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