# Report on the SFY 2020-21 Enacted Budget Financial Plan

OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

May 2020

# Message from the Comptroller

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New York State has experienced difficult budgets many times over its history. Seldom if ever, however, has the State faced the level of economic and revenue challenges identified in this year's Enacted Budget Financial Plan as a consequence of the COVID-19 pandemic.

The Financial Plan anticipates budget cuts that are sweeping in scope and may affect most of the essential services provided by the State, its schools and local governments. The scale of the potential reductions is deeply troubling. As much as $8.2 billion would be cut from Aid to Localities spending, while large reductions in funding for State Operations are also planned. School children and college students, people living in poverty, individuals with disabilities, and aging New Yorkers are among those who may suffer the loss of vitally important services. Programs that help fund front-line responders, safeguard our health, protect the environment, ease the burden on property taxpayers and maintain a sound transportation system could also face significant cuts.

The risk to public services goes beyond the direct State budget impact. Counties and municipalities across New York rely heavily on local sales tax revenues which, like the State's share, are falling sharply due to the shutdown of much of the economy. Gaming receipts and some other revenues for localities are down, as well. Fare and toll receipts for the Metropolitan Transportation Authority, the Thruway Authority and upstate transit agencies are severely diminished or entirely gone for now.

In a time of crisis, keeping policy makers and the public fully informed is more important than ever. As sharp spending cuts are considered and perhaps implemented, those who depend on State funding and those who pay the taxes deserve to know all the facts underlying budgetary choices. The Division of the Budget should make public all relevant details of its economic and revenue assumptions, along with any planned spending reductions. State agencies should analyze potential impacts of significant spending cuts, and report their assessments publicly. Stakeholders should be part of the discussion.

New York ranks first among the small group of states that send more dollars to the federal government than they receive in return, as reports by my office have repeatedly shown. With leadership from our Congressional representatives, Washington has responded to the current economic crisis with significant relief and stimulus measures. However, given the urgent need to prevent truly damaging cuts to education, health care and other essential services, Washington must do more. Aid that flexibly addresses extraordinary needs and extends through the course of the economic devastation from COVID-19 would represent a full and appropriate response. New Yorkers deserve no less.

Thomas P. DiNapoli
State Comptroller

# Key Findings

- The FY 2021 Enacted Budget Financial Plan accurately portrays a “bleak” economic outlook for the current fiscal year. Budgetary actions must reflect the reality that severe fiscal challenges will continue into State Fiscal Year 2021-22 and perhaps beyond.
- While elevated uncertainty remains due to the COVID-19 pandemic, the economic projections of the Division of the Budget (DOB) are in keeping with those of the Congressional Budget Office (CBO) and other forecasters, and the Financial Plan’s projections of tax revenues for the current year appear reasonable. DOB should make detailed data underlying its economic and revenue forecasts publicly available, and update such information throughout the year.
- The Financial Plan assumes that deep, unspecified cuts to local assistance and State operations will be identified in May 2020 to maintain budget balance in SFY 2020-21 and help to close recurring gaps throughout the Plan period. Any cuts to essential services should be minimized by reevaluating less essential spending where possible.
- Local governments, school districts and certain other entities face uncertainty regarding State funding at the same time as many are experiencing significant loss of other revenues. The State’s response must include more frequent and complete public updates on fiscal developments and ongoing consideration of local needs.
- Recent U.S. Treasury direction regarding the Coronavirus Relief Fund may allow the State to use substantially more of its $5.1 billion allocation to offset budgetary costs than is reflected in the Financial Plan. The Treasury should explicitly make these resources flexibly available for use as needed, and further Congressional action on stimulus/relief measures should avoid needless restrictions on aid to states and localities.
- The State’s receipt of those resources and the anticipated issuance of $4.5 billion in short-term debt are expected to mitigate severe cash-flow challenges otherwise expected in May and June. While the Financial Plan anticipates adequate cash balances throughout the fiscal year, uncertainty regarding tax revenues and spending pressures poses significant risks to cash flow and to the State’s ability to maintain budget balance.
- DOB does not anticipate use of deficit financing this fiscal year, nor the use of rainy day reserves to avoid a deficit. These are positive factors in addressing the reality of a multi-year fiscal challenge. A planned delay in paying $667 million in Social Security taxes and $700 million in additional deferrals of State-share Medicaid payments, among other steps, will push certain costs to future years.
- Medicaid and other health care costs represent a significant budgetary risk this fiscal year and over the Financial Plan period. State costs will rise by levels not yet identifiable due to the direct and indirect impacts of the COVID-19 pandemic. While increased federal aid will pay some of these new costs, the net impact to the State remains unclear.
- Projected outyear budget gaps, after planned actions, have tripled compared to those in the Executive Budget, now totaling $25.6 billion. Actions to balance spending and revenues this year and going forward should have recurring impacts. Without additional, urgently needed federal aid, the State has limited flexibility to avoid undesirable actions including spending cuts, revenue increases or deficit financing.

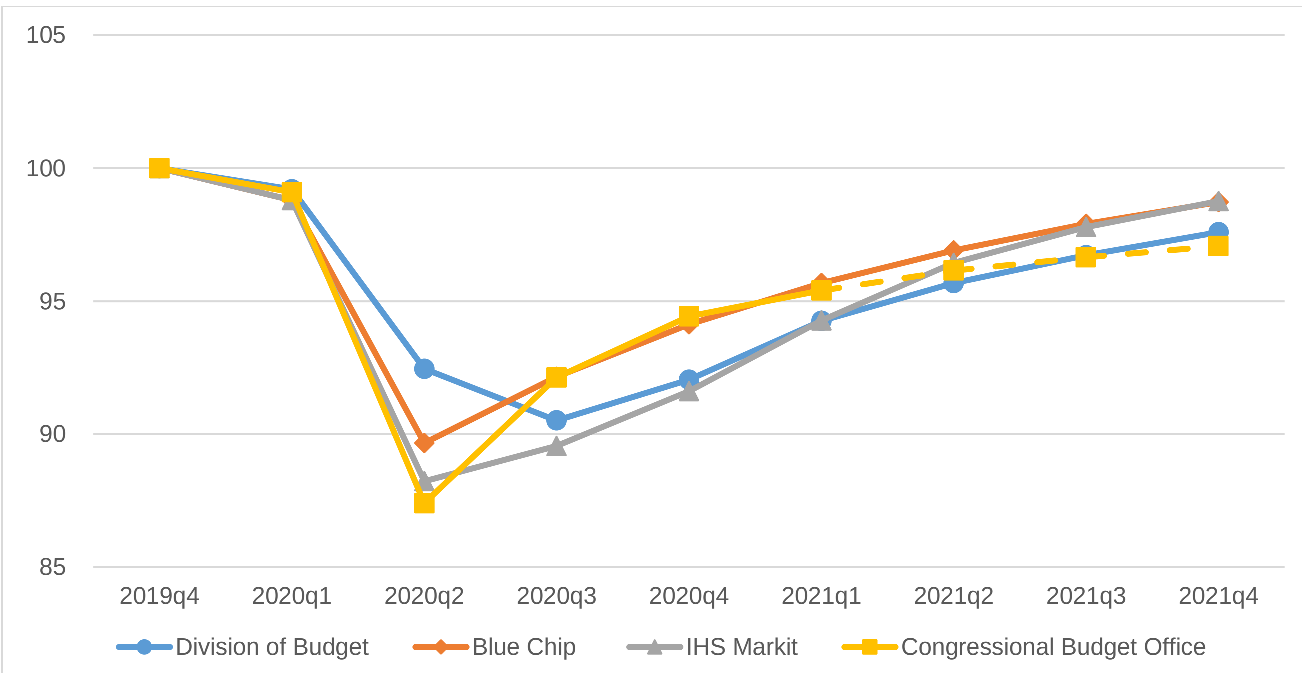
# Economic and Revenue Outlook

The Division of the Budget's economic forecast in the Enacted Budget Financial Plan shows the national economy contracting by 3.1 percent in the first quarter of 2020 and entering a recession in the second quarter. As shown in Figure 1, DOB, as well as other economic forecasters, anticipate a severe decline in real GDP in the first half of the year, particularly in the second quarter. However, unlike other forecasts shown below, DOB projects a continued decline in the national economy into the third quarter. All four forecasts anticipate that overall economic activity will remain below the pre-pandemic level at least through the end of 2021.

**Figure 1**

**Projected Change in National Real GDP, Select Economic Forecasts**

***(Real GDP in fourth quarter of 2019 = 100)***




Sources: New York State Division of the Budget, Blue Chip Economic Indicators, IHS Markit, and the U.S. Congressional Budget Office

Note: The quarterly values in 2021 for the CBO forecast are estimated by the Office of the State Comptroller in a manner that ensures consistency with the CBO annual growth rate of 2.8 percent from the fourth quarter of 2020.

DOB's economic forecast was completed in April and, as noted, estimated a decline in the national economy in the first quarter of 2020. While real GDP did decrease, according to the U.S. Bureau of Economic Analysis (BEA) advance estimate, the rate of decline was sharper, at 4.8 percent. Since the Blue Chip and IHS forecasts were completed at the beginning of May, this decline was included in their projections.

With a forecasted decline in almost every component of the economy, DOB projects a nationwide decrease in employment of 5.3 percent in 2020 and an annual unemployment rate of 9.2 percent. According to the U.S. Bureau of Labor Statistics (BLS), the nation lost 20.5 million jobs in April, the largest month-over-month decline on record (such data extend back to 1939). BLS also reported that the unemployment rate in April was 14.7 percent, the highest since 1948. Because such monthly data are based on surveys in the early to middle part of each month, they do not include the impact of job losses in the latter part of April.

DOB projects New York's economy to be hit harder than the nation's, given the State's more severe impact from COVID-19. For the week ending April 25, over 1.7 million New Yorkers were claiming unemployment, four times higher than the peak during the Great Recession. Total employment in SFY 2020-21 is anticipated to decline by 7.0 percent.

With bonuses projected to shrink by 45 percent, total wages paid in the current fiscal year are estimated to be 7.2 percent lower than in SFY 2019-20. By March 23, the equities markets had lost a third of their values from record highs in February. While over half of those losses had been recouped by the end of April, major market indices remain below recent highs, and significant day-to-day volatility continues. Tax revenues associated with capital gains, financial sector bonuses and corporate profits will be affected by various factors, including whether current market levels can be sustained. A challenge for forecasters in ordinary times, these factors are especially difficult to predict in the current environment, which has little historical precedence.

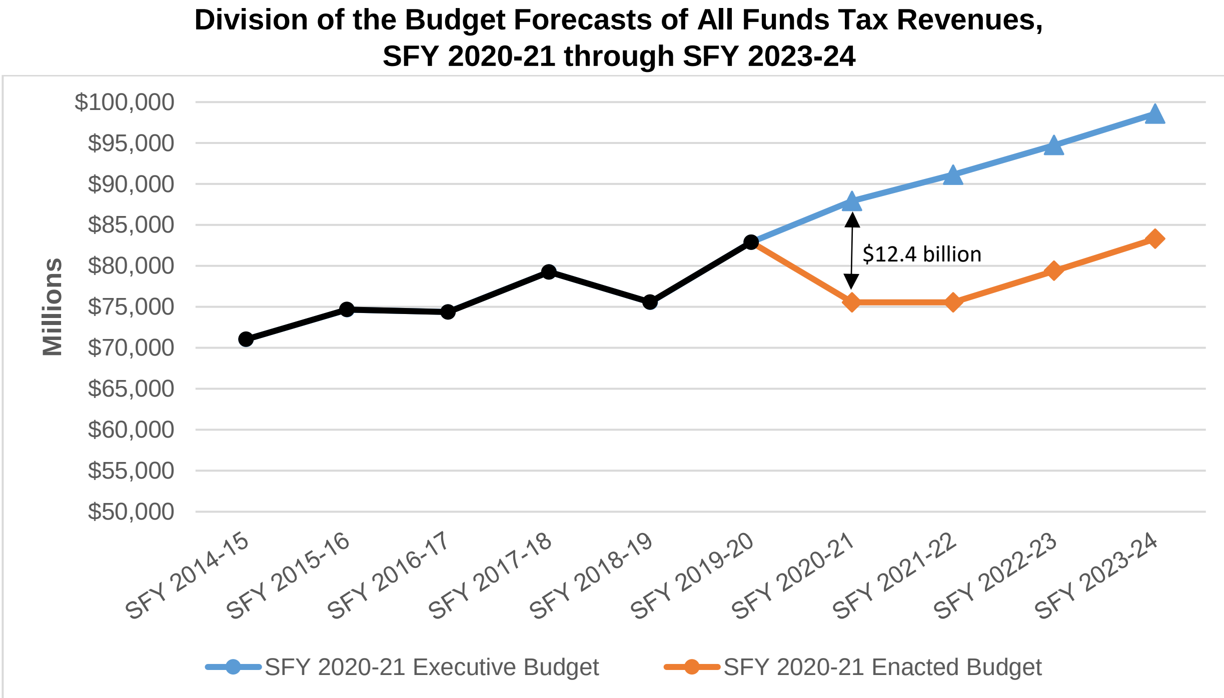
Based on its latest economic projections, DOB is projecting All Funds tax revenues to total $75.5 billion in SFY 2020-21, a decline of $7.3 billion or 8.9 percent from actual collections in SFY 2019-20. Figure 2 compares the forecasts of tax revenues over the life of the current Financial Plan from the Executive Budget (published in February) with those in the Enacted Budget (issued in late April). As shown, for the current fiscal year, total tax revenues are projected to be $12.4 billion lower than those forecast in the Executive Budget Financial Plan.[1] Tax revenues are not projected to exceed collections from last year until SFY 2023-24.

In the outyears, the difference between the two projections widens to an average of $15.4 billion annually. This illustration takes into account the change in anticipated economic conditions from the Executive Budget forecast to the Enacted Budget projection, as well as the impact of how certain Personal Income Tax (PIT) revenues are collected.

While a majority of the PIT is collected in the fiscal year in which the income is earned, in recent years an average of approximately 15 percent has been attributable to the prior calendar year due to the annual tax filing deadline occurring at the start of a new fiscal year. In SFY 2020-21, PIT collections are expected to be bolstered by an estimated $689 million increase from payments made with annual returns and associated filing extension requests based on the 2019 economy. In SFY 2021-22, these collections are projected to decline by nearly 41 percent, or $4 billion, reflecting the projected decline in capital gains from a volatile equities market and decreased business income in 2020.

[1] New York State Division of the Budget, *FY21 Executive Budget Financial Plan, Updated for Governor's Amendments and Forecast Revisions,* February 2020, available at https://www.budget.ny.gov/pubs/archive/fy21/enac/fy21-enacted-fp.pdf.

**Figure 2**




Source: Division of the Budget
Note: The black line in the figure reflects actual amounts.

In addition to tax receipts, other revenues such as those from gaming are projected to decline in the current fiscal year. Receipts from State-authorized gaming are estimated to decrease by over $744 million, or 20.6 percent, from SFY 2019-20. The majority of these revenue losses, 60.5 percent, are attributable to casinos and video lottery terminal (VLT) facilities which have been closed due to the pandemic.

While the Native American casinos have also been closed, DOB projects an increase of nearly $486 million from the Tribal-State compacts from SFY 2019-20. This reflects the assumption that the Seneca Nation will make $385 million in outstanding payments. However, an arbitration ruling requiring that payment is still under appeal by the Senecas. This revenue source represents a risk to the Financial Plan.

Underlying the Financial Plan's revenue forecast is the wide-ranging risk of uncertainty as to the rate of economic re-opening and the possibility of subsequent waves of infection. A report by Boston Consulting Group, commissioned by DOB and released in conjunction with the Financial Plan, includes economic analyses based on an assumption that the "restart" of economic activity in New York will occur at the beginning of the third quarter of 2020, and indicates that its assumption is "consistent with DOB's latest modeling assumptions."[2] While an earlier re-opening could have positive impacts relative to Financial Plan projections, including increases in wages and personal income, increased taxable sales and decreased unemployment, a full statewide reopening before July would depend on rapid, broad advances

[2] Boston Consulting Group, "NY COVID-19 Preliminary Economic Impact Assessment," available at https://www.budget.ny.gov/pubs/archive/fy21/ny-covid19-economic-impact-prelim.pdf.

in public health measures related to COVID-19. Conversely, a greater-than-anticipated delay in the re-opening or a second wave shutdown in response to increased infections could worsen the economic impacts that have already occurred and are projected, further dampening New York's revenue outlook. Certain federal actions that have been discussed in Washington, including possible further delay of income tax filings that have already been delayed from April until July, could also have negative impacts to the Financial Plan.

Clear and comprehensive understanding of the State's financial outlook is especially critical in the context of the COVID-19 pandemic, given the potential for dramatic cuts to funding for essential programs or other harmful budgetary actions. DOB should significantly expand its reporting of relevant information by issuing updates on economic conditions and providing figures on key revenue, spending, cash-flow, out-year gap, and borrowing measures monthly and including in each quarterly update to the Financial Plan the level of detailed economic and revenue data provided with the Executive Budget. Such additional information would enhance ongoing oversight and monitoring by the Legislature and other parties. It would also contribute to effective use of the "Quick Start" process each November, in which staff of the Executive, the Legislature and the Comptroller are statutorily required to report on estimates of receipts and disbursements for the current and ensuing fiscal years.

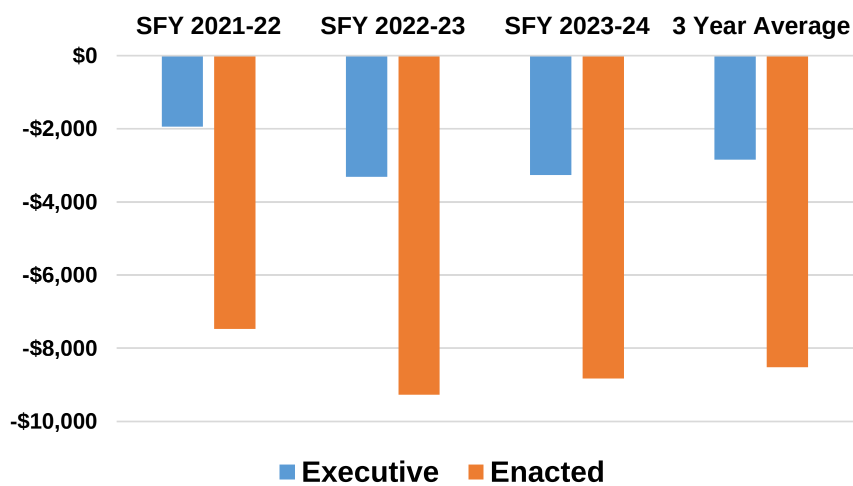
# Financial Plan Highlights and Risks

The SFY 2020-21 Enacted Budget Financial Plan projects multi-billion-dollar budget gaps in the current fiscal year and in the following years of the Plan, largely reflecting steep declines in anticipated revenue as a result of the COVID-19 pandemic.

The Financial Plan anticipates closing more than three-quarters of this year's $13.3 billion projected gap with deep, largely recurring but not-yet-specified cuts to local assistance and State Operations spending. (Local assistance includes funding for education, health care and a wide range of other services.) These reductions, totaling $10.1 billion, are planned to begin in the first quarter of the State fiscal year. Despite the magnitude of planned cuts, outyear gaps after such actions are expected to average $8.5 billion annually, tripling in overall size when compared to those in the Executive Budget Financial Plan, as shown in Figure 3. Projected gaps are now expected to total $25.6 billion over the plan period, jumping from $8.5 billion in the Executive Budget.

**Figure 3**

**Projected Outyear Budget Gaps After Gap-Closing Actions, Executive Budget vs. Enacted Budget Financial Plan**
($ in millions)




Source: Division of the Budget

The Financial Plan anticipates issuance of $4.5 billion in short-term debt during the first quarter of the fiscal year for cash flow purposes, and repayment of that borrowing by the end of the fiscal year. The Enacted Budget authorized up to $11 billion in such financing, which ultimately could be converted to long-term debt. DOB does not anticipate use of deficit financing this year, nor any draws on the State's rainy day reserves. These are both positive factors in addressing the reality of a multi-year fiscal challenge.

The Financial Plan includes estimates of State workforce counts that indicate a modest increase this fiscal year. DOB has indicated these figures may change after specific reductions in State Operations disbursements have been identified.

Certain Financial Plan actions would push costs to future years, worsening the State's structural deficit and increasing future budgetary challenges. These actions include a planned delay in paying $667 million in Social Security taxes, $700 million in additional deferrals of State-share Medicaid payments and the use of certain prior year balances, among other steps.

The planned spending cuts for the current fiscal year that are described above include $8.2 billion in Local Assistance reductions that could affect school districts, local governments, nonprofits and other recipients of State funding, with the possibility of additional impacts in later years. Federal stimulus actions include $848 million largely targeted for K-12 education ($1.1 billion on a School Year basis). However, the Financial Plan uses that funding for budget relief this year by decreasing State-funded spending.

Given the dramatic scope and potential impact of such actions, DOB should provide more frequent public updates on fiscal developments to keep policy makers and the public fully informed throughout the fiscal year. Similarly, other Executive agencies should undertake expanded efforts to keep funding recipients informed, and to assess programmatic impacts from any budget reductions. Ongoing attention to stakeholder concerns should be part of the response to the crisis by DOB and other State agencies.

Careful budget management will be required this year and throughout the Plan period to ensure that any cuts to essential services are minimized. Less essential programs should be re-evaluated in this context, wherever possible. Examples may include funding previously allocated to certain economic development programs, use of monetary settlement resources that have not yet been spent, and reducing or eliminating less-critical capital projects.[3]

*Risks to the Financial Plan*

The SFY 2020-21 Enacted Budget Financial Plan is subject to numerous risks and uncertainties.

DOB expects to mitigate potentially severe cash flow challenges resulting from the impacts of the COVID-19 crisis in May and June by using federal relief and stimulus funds for liquidity as well as through short-term borrowing and other actions. Careful cash management and timely access to the municipal bond markets will be necessary for DOB to effectively manage cash flow issues in this period and throughout the year.

The Financial Plan assumes the issuance of a combined total of $13.8 billion of State-supported debt during SFY 2020-21, nearly triple the amount issued last year. This includes $9.3 billion of State-supported bonds to finance the State's capital plan, along with $4.5 billion of short-term notes and lines of credit to help address the State's cash flow challenges. Some portion of this debt may be placed with the Federal Reserve's recently established Municipal Liquidity Facility. However, the municipal bond market continues to experience considerable

[3] As of May 11th, the Division of the Budget had not published the Capital Program and Financing Plan based on the Enacted Budget, which is expected to provide updated indications of planned capital spending by program area and other detailed information not included in the Financial Plan.

stress and uncertainty, which may continue for some time. Absent a return to more normal market conditions, which may not occur fully until significant economic recovery has taken place, the bond market's ability to absorb such levels of new debt issuances presents a risk to the budget.

Uncertainty regarding tax revenues and spending pressures poses risks to both cash flow and the State's ability to maintain budget balance for the fiscal year. A large portion of the savings tied to the gap-closing plan in the current year is back-loaded. More than 42 percent of the $8.9 billion in gap-closing savings identified in the Financial Plan General Fund cash flow table will come in the last two months of the State's Fiscal Year.[4] At the same time, most General Fund disbursements are projected to have been spent by this point. This leaves little flexibility to make adjustments if actual spending is greater and/or revenues are materially worse than projected. A discussion of risks to the revenue forecast is included in the Economic and Revenue Outlook section.

After school aid, the Medicaid program is the largest item of State Operating Funds (SOF) expenditure in the Budget, accounting for $24.8 billion or nearly one-quarter of such spending projected in SFY 2020-21, according to the Financial Plan. Financing for this large and complicated program has been under strain in recent years. The SFY 2020-21 Enacted Budget addressed a portion of the problem by enacting measures which, when coupled with administrative actions (including continuation and expansion of savings begun last year), are anticipated to generate about $2.2 billion in State Medicaid savings. However, the timing of these savings actions is unclear.

Federal legislation that temporarily increased the federal medical assistance percentage (FMAP) matching rate for state Medicaid programs prohibits states receiving the funding from imposing more restrictive Medicaid eligibility standards, methodologies or procedures. It is unclear whether the Medicaid reductions identified in the 2020-21 Financial Plan as "to be determined" will be implemented in addition to the $2.2 billion in Medicaid savings actions. The timing of both sets of actions is linked at least in part to the expiration of the temporary increase in FMAP funding, which ends on a date not yet identified, to be determined by the federal Department of Health and Human Services. DOB's current estimate of the temporary FMAP increase assumes that the federal government will terminate the relevant emergency period at the end of June 2020 and that there will be no loss of State savings associated with enacted Medicaid Redesign Team II actions. However, uncertainty remains as to when such actions may be implemented, heightening the risk that overall gap-closing targets may not be achieved.

Any cuts in Medicaid funding may exacerbate existing financial pressures on the State's health care industry, already straining under the weight of the COVID-19 pandemic. Reductions in State funding would generally drive reductions in federal matching funding. Due to the countercyclical nature of the Medicaid program – enrollment and spending often rise as the economy weakens – policy makers must be sensitive to the financial condition of hospitals, nursing homes and other providers that vulnerable populations and others rely upon for their health care needs.

[4] See FY 2021 Enacted Budget Financial Plan, page T-76.

Despite the impact of the pandemic, the Financial Plan assumes no increase in Medicaid enrollment, although DOB indicates it will continue to monitor trends. During the Great Recession, Medicaid enrollment grew by 7.9 percent from December 2007 to June 2009 (the period when the U.S. economy is generally considered to have been in recession), while statewide Medicaid claims payments trended higher by about 8.5 percent over that period. DOB acknowledges that enrollment growth is a risk, and that if such growth occurs it may erode the value of the nearly $1.5 billion it expects the State to receive in temporary FMAP savings provided as part of federal stimulus and relief actions.

Even before the COVID-19 pandemic, the Medicaid program was subject to various financial risks, including reductions in the federal Medicaid disproportionate share hospital payments (now scheduled to take effect in December 2020) and the federal denials of State requests to extend and continue federal Medicaid waiver funding to improve health outcomes, control costs and achieve efficiencies in the State's health care system.

# Federal Relief and Stimulus Funding

Revenue for the current State fiscal year from federal stimulus measures that is included in the Financial Plan totals $7.5 billion. This is largely comprised of $5.1 billion from the Coronavirus Relief Fund (CRF), as shown in Figure 4. DOB has indicated that the Financial Plan does not include the full disbursement of CRF resources as it has not yet been determined what spending is eligible and is not covered under Federal Emergency Management Agency (FEMA) resources. As a result, the Financial Plan indicates specific expectations of spending for just over one-third of the federal relief/stimulus funding anticipated to be received this year.

**Figure 4**

**Federal Relief/Stimulus Funds:**
**Financial Plan Revenue and Spending, SFY 2020-21**
($ in millions)

| Category | Estimated Revenue | Anticipated Spending |
|---|---|---|
| Coronavirus Relief Fund | $ 5,100 | $ 133 |
| Enhanced federal medical assistance percentage (FMAP) | $ 1,450 | $ 1,450 |
| Education | $ 848 | $ 848 |
| Transit | $ 71 | $ 71 |
| **Total** | **$ 7,469** | **$ 2,502** |

Source: Division of the Budget
Notes: The enhanced FMAP amount excludes a $365 million pass through of the local share amount. The amount for Education Is $1.1 billion on a school year basis.

Federal provisions and current guidance for the CRF indicate that its funds are limited to expenditures made between March 1, 2020 and December 30, 2020, and eligible jurisdictions need to return any funds that do not meet this requirement to the federal government.[5] The Financial Plan assumes limited use of CRF funds for budget relief, including $133 million to pay interest on planned cash-flow borrowing. The U.S Treasury Department released updated information on May 4th regarding use of CRF resources that may allow the State to use most or all of its $5.1 billion allotment, although specific estimates are not yet possible in part because of limitations in the Treasury materials.[6] For example, the updated information on CRF includes a presumption that payroll costs for public health and public safety employees are eligible for coverage by the CRF unless the chief executive of the entity determines otherwise. The Treasury Department has not specified what types of functions are considered

[5] U.S. Department of the Treasury, *The CARES Act provides Assistance for State and Local Governments* at https://home.treasury.gov/policy-issues/cares/state-and-local-governments; specifically see *Coronavirus Relief Fund, Guidance for State, Territorial, Local, and Tribal Governments, April 22, 2020* at https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf.

[6] U.S. Department of the Treasury, *Coronavirus Relief Fund, Frequently Asked Questions, Updated as of May 4* at https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf.

"public safety" or "public health." The Financial Plan projects $2.2 billion in personal services spending from State funds this year for the Department of Corrections and Community Supervision and $750 million for the State Police, among other agencies the State categorizes as "Public Protection." The Plan includes $313 million in such spending within the "Health" category. It is not clear whether all spending within these categories would be eligible purposes or whether spending within other categories may qualify. The Treasury indicates that CRF resources may be used "to support public or private hospitals to the extent that the costs are necessary expenditures incurred due to the COVID-19 public health emergency," among other purposes. The Treasury Department should provide further clarification regarding the use of these funds, with as much flexibility as can be allowed under the CARES Act, as soon as possible.

Other constraints regarding certain sources of pandemic-related federal aid include requirements to provide a matching share or maintenance-of-effort in some areas, to apply such assistance to specific purposes or to adhere to certain conditions, as well as prohibitions against using funding allocated to local agencies to replace or reduce existing state shares in particular areas. As Congress considers further action to help states and localities meet the extraordinary needs resulting from the COVID-19 pandemic, increased flexibility for funding already authorized and for newly approved stimulus/relief resources should be a high priority.

The State faces substantial budgetary challenges that, based on currently available information regarding the economy, will extend over multiple years. The federal government must approve significant additional funding for both the current year and beyond to offset revenue losses, forestall harmful budgetary actions and assist the State with its economic recovery. Such was the approach the federal government took with enactment of the American Recovery and Reinvestment Act of 2009, which represented Washington's primary response to the most recent national recession. Economic damage from COVID-19 is likely to be significantly worse than that of the 2007-2009 downturn; the federal response should be proportionately larger and continue for as long as the economic devastation lasts.

# Local Governments and Public Authorities

Like the State itself, New York's local governments and public authorities have seen sharp declines in their direct revenues due to the economic contraction caused by the COVID-19 pandemic. These losses threaten to cause significant budget gaps and impacts on essential services, even before potential cuts in State aid.

In January 2020, New York City projected balanced budgets for fiscal years 2020 and 2021, and manageable outyear budget gaps based on the expectation of continued economic growth. As a result of the economic impact of the pandemic, the City has lowered its City-funded revenue forecast by $2.5 billion in FY 2020 and $5.4 billion in FY 2021. While the City has taken actions to balance its budget for fiscal years 2020 and 2021, it still faces substantial risks in the current year, and its FY 2022 budget gap has more than doubled to $5 billion.

In Buffalo, the Mayor's proposed budget assumes $65 million in federal disaster relief to offset revenue shortfalls and costs related to the pandemic. Absent such aid, the City may be forced to make damaging cuts to essential services and consider deficit borrowing, according to the Mayor. Other municipal leaders across the State warn that major losses of local revenues may drive the need for service reductions, depletion of reserves and potential inability to meet outstanding obligations, among other impacts.

Public authorities that provide vital transportation services in the State's most populated regions are experiencing particularly dramatic revenue losses. A consultant hired by the Metropolitan Transportation Authority (MTA) has estimated that fare and toll revenue could be $5.9 billion lower in 2020 than projected by the MTA in February; tax receipts that flow directly to the MTA are also estimated to be much lower than forecast. The Thruway Authority reported in late March that toll revenue for that month was down sharply from comparable weeks a year earlier, with expectation of continuing and perhaps more severe impacts. The Thruway Board of Directors has approved short-term borrowing of $350 million for cash-flow purposes, and the Authority has warned that increased financing costs may detract from planned system improvements. The four upstate transit authorities serving the Capital District, Central New York, the Rochester-Genesee region and the Niagara Frontier have all suspended collection of fares, collectively foregoing millions of dollars for each month of suspension, and may face reductions in local tax receipts and other revenue sources.

Federal stimulus actions to date have provided some relief, including for New York City, the six localities in New York with populations of 500,000 or more, and the MTA. While this funding is helpful, vital public services at all levels of state and local government are threatened by the economic impact of the COVID-19 pandemic. More federal aid is needed to fill gaps from lost revenues and new costs due to the pandemic not only for the State, but in addition for local and other governmental entities throughout New York.

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