

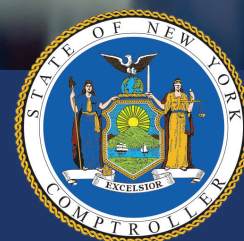
STATE OF NEW YORK

Financial Condition Report

for Fiscal Year Ended March 31, 2023



New York State Comptroller THOMAS P. DiNAPOLI



Message from the Comptroller



Despite significant uncertainty caused by inflation and other factors, State Fiscal Year (SFY) 2022-23 reflected continuing recovery from COVID-19 and economic growth. In this environment, State policymakers increased support for schools, health care and other programs. At the same time, new risks to financial stability are emerging. These include unexpected costs to support an influx of migrants seeking asylum and significant reductions to projected State tax revenues driven by declining personal income tax receipts.

Federal aid provided \$89.6 billion, or 38 percent, of the State's All Funds receipts in SFY 2022-23. This aid supports health coverage for nearly 9.4 million New Yorkers and plays essential roles in programs including K-12 education, mass transit and social assistance. Critically, the financial plan used more than \$14.7 billion of COVID-19 stimulus funding in SFY 2022-23, and the remainder of this funding is scheduled to be substantially depleted by the end of SFY 2024-25.

State tax receipts totaled \$111.7 billion in SFY 2022-23, a decrease of \$9.5 billion from the prior year caused by a \$12.0 billion reduction in Personal Income Tax (PIT) receipts. PIT declines were partially offset by growth in consumption and use taxes, business taxes, and other taxes.

This report provides information and analysis on the full spectrum of New York State government finances and services, starting with key fiscal indicators for revenue, spending, capital investments and debt. It highlights major issues in programmatic areas ranging from public health to public safety, energy and the environment, K-12 and higher education, transportation and more.

We remain in a period of uncertainty and ongoing risk due to global, national and State-level factors including the ongoing conflict in Ukraine, elevated interest rates to combat inflation, and sluggish employment recovery in New York relative to the rest of the nation. My hope is that this Financial Condition Report can serve as a resource for New Yorkers as the State emerges from the pandemic and policymakers contemplate the best path forward.

Thomas P. DiNapoli
State Comptroller

ABOUT THIS REPORT

This report provides citizens with an overview of the financial condition of New York State. It presents selected financial, economic, and demographic information in an easy-to-understand format.

The report also presents basic information on trends in State receipts (revenues) and spending (disbursements), the State’s financial position as measured by Generally Accepted Accounting Principles (GAAP), and selected economic and demographic trends affecting the State. This report fills an information need not met by the traditional, more detailed financial reports issued by the Office of the New York State Comptroller, and is meant to complement those other reports, not to replace them. Detailed accounting data can be found in reports such as the [Annual Comprehensive Financial Report \(ACFR\)](#).

Financial condition is a broad concept aimed at assessing the ability of a government to balance recurring expenditures with recurring revenues and meet current and future financial and service obligations. This concept relates to a government’s ability to deliver services and generate revenues, while achieving budget balance and making required debt

service payments and pension contributions.

The Office of the New York State Comptroller was honored for the 26th year when it received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for the [2022 Financial Condition Report](#).

Government Finance Officers Association

**Award for
Outstanding
Achievement in
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Financial Reporting**

Presented to

State of New York

For its Annual Financial Report
For the Fiscal Year Ended

March 31, 2022

Christopher P. Morill
Executive Director/CEO

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Government-Wide Financial Data

Government-wide financial statements provide a long-term view of finances. They record revenues and expenses when the earnings process is complete (full accrual basis), as opposed to when they are actually received or paid (cash basis).

Each statement breaks down the activities of State government into two types:

- Governmental activities: includes most of the State's core services as well as general administrative support.
- Business-type activities: includes activities that are partially or fully supported by user fees.

Statement of Net Position

This statement reports:

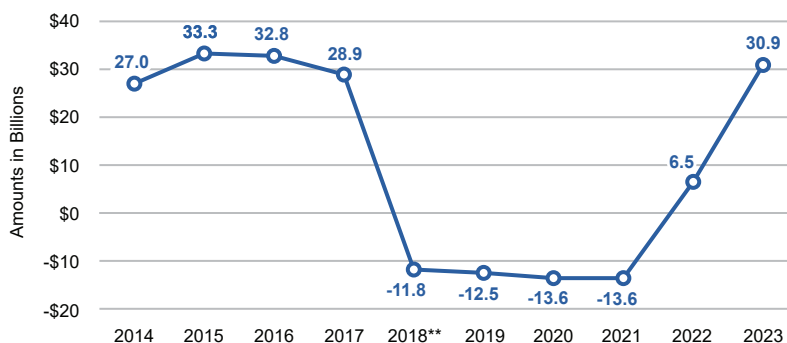
- Assets;
- Deferred outflows of resources (the consumption of net assets applicable to a future reporting period);
- Liabilities;
- Deferred inflows of resources (the acquisition of net assets applicable to a future reporting period); and
- The difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in three categories:
 - Net investment in capital assets
 - Restricted net position
 - Unrestricted net position (deficits)
- The 2023 year over year increase in net position is most notably related to increased tax revenue resulting from a decline in unemployment, continued economic recovery from COVID-19, and the effects of inflation on consumption and use taxes.

Condensed Statement of Net Position – Primary Government*

As of March 31, 2023 (amounts in millions)

| | Governmental Activities | Business-Type Activities | Total |
|---------------------------------------|-------------------------|--------------------------|-----------------|
| Assets: | | | |
| Noncapital assets: | | | |
| Cash and investments | \$88,392 | \$10,994 | \$99,386 |
| Receivables, net | 47,708 | 4,968 | 52,676 |
| Other | 4,172 | 1,018 | 5,190 |
| Total noncapital assets | 140,272 | 16,980 | 157,252 |
| Capital assets | 97,064 | 19,615 | 116,679 |
| Total assets | 237,336 | 36,595 | 273,931 |
| Deferred outflows of resources | 14,739 | 3,269 | 18,008 |
| Liabilities: | | | |
| Other liabilities | 71,870 | 3,838 | 75,708 |
| Long-term liabilities | 112,936 | 44,625 | 157,561 |
| Total liabilities | 184,806 | 48,463 | 233,269 |
| Deferred inflows of resources | 20,816 | 6,966 | 27,782 |
| Net position: | | | |
| Net investment in capital assets | 75,994 | 1,688 | 77,682 |
| Restricted | 8,957 | 1,882 | 10,839 |
| Unrestricted deficits | (38,498) | (19,135) | (57,633) |
| Total net position | \$46,453 | (\$15,565) | \$30,888 |

Primary Government Net Position



Figures are as of March 31

** 2018 has been restated due to the effect of the adoption of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, and State University of New York (SUNY) adoption of GASB Statement No. 81, Irrevocable Split-Interest Agreements.

* The primary government category includes governmental activities and business-type activities combined.

Condensed Statement of Activities – Primary Government For the year ended March 31, 2023 (amounts in millions)

| Functions/Programs | Expenses | Program Revenues | Net (Expenses) Revenues |
|--|------------------|------------------|-------------------------|
| Governmental activities: | | | |
| Education | \$44,877 | \$7,895 | (\$36,982) |
| Public health | 109,812 | 82,283 | (27,529) |
| Public welfare | 25,064 | 18,648 | (6,416) |
| Public safety | 14,836 | 9,441 | (5,395) |
| Transportation | 12,958 | 4,018 | (8,940) |
| Environment and recreation | 1,652 | 829 | (823) |
| Support and regulate business | 2,706 | 1,457 | (1,249) |
| General government | 25,086 | 4,873 | (20,213) |
| Interest on debt | 1,484 | 33 | (1,451) |
| Total governmental activities | 238,475 | 129,477 | (108,998) |
| Business-type activities: | | | |
| Lottery | 7,031 | 10,545 | 3,514 |
| Unemployment insurance | 2,305 | 3,533 | 1,228 |
| State University of New York | 11,860 | 7,968 | (3,892) |
| City University of New York | 4,284 | 2,219 | (2,065) |
| Total business-type activities | 25,480 | 24,265 | (1,215) |
| Total primary government | \$263,955 | \$153,742 | (110,213) |
| General revenues, net transfers and special item: | | | |
| Taxes | | | 117,475 |
| Other | | | 22,233 |
| Net transfers | | | (909) |
| Total general revenues and net transfers | | | 138,799 |
| Change in net position | | | \$28,586 |

Statement of Activities

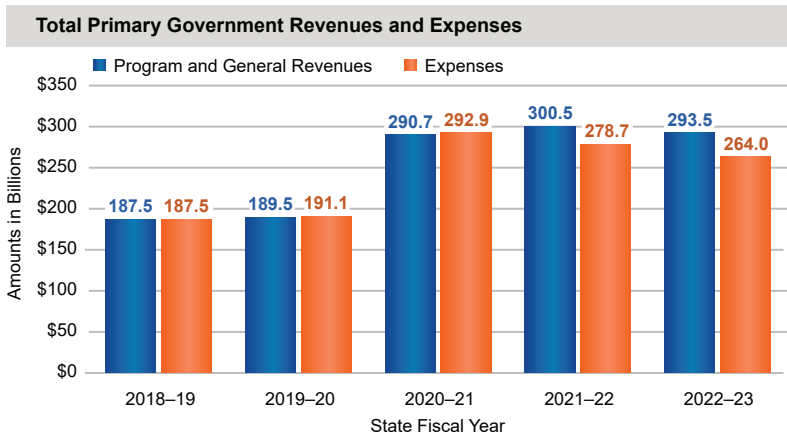
This statement reports the change in net position, which is calculated by:

- Reducing the expenses of each of the State’s programs by the revenues generated by those programs to arrive at net program expense; and
- Reducing the net program expense by general revenues and other gains and losses.

Program revenues include:

- Charges to customers or others for services related to the program;
- Grants and contributions that can only be used to pay for the operations of a particular function or segment; and
- Capital grants and contributions, including special assessments.

General revenues include internally dedicated resources, taxes and other items not included as program revenues.



For prior years’ comparative government-wide data, please see the Statistical Section of the [Annual Comprehensive Financial Report \(ACFR\)](#) (Net Position by Component, Changes in Net Position, and Program Revenues by Function schedules). For an overview of the reasons for changes in revenues and expenses, please see Management’s Discussion and Analysis in the ACFR.

Fund Financial Data

Fund financial statements provide a short-term view of finances. As such, these statements only focus on the inflows and outflows of current financial resources—cash or liquid assets that are available to pay current obligations (or will be soon).

Funds represent sources of funding and spending for particular purposes.

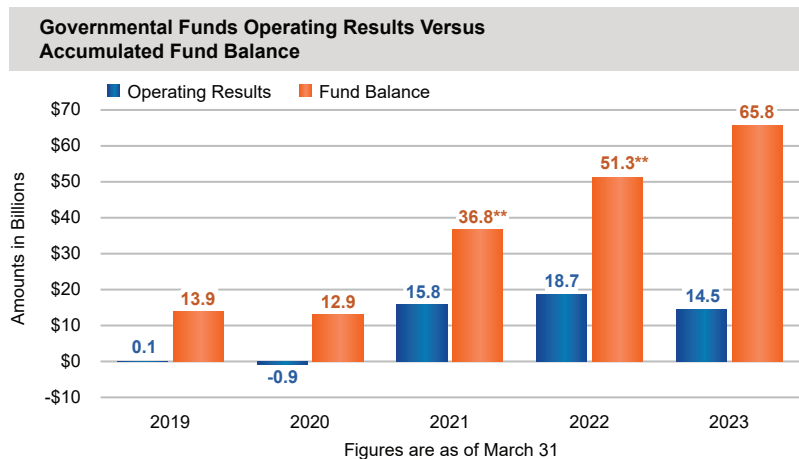
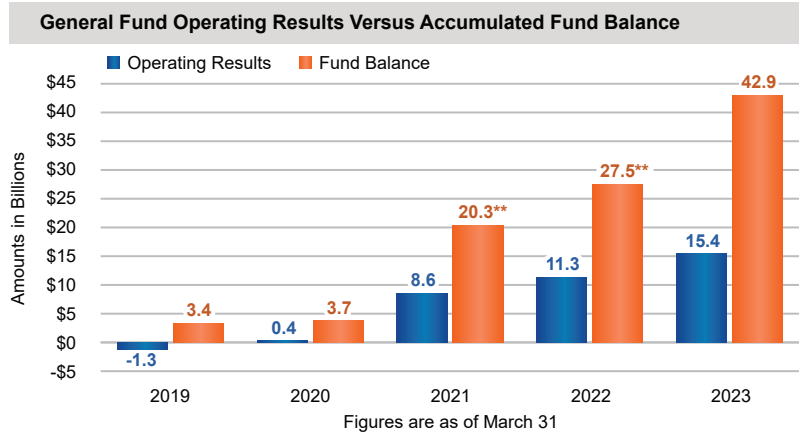
- The General Fund is used to report sources of funds and expenditures that are not required to be accounted for in another separate fund.
- In New York State, significant sources of funds that normally would be reported in the General Fund have been pledged or dedicated to other funds for repayment of debt or project funding and are therefore reported in other governmental funds.

The accumulated fund balance is the amount of funds available at the end of the fiscal year. The operating result is the amount the fund balance increased or decreased during the year.

General Fund Balance (GAAP Basis) Increases From Prior Year

- At the end of State Fiscal Year (SFY) 2022-23, the General Fund balance was \$42.9 billion, an increase from the previous year’s restated balance of \$27.5 billion.
- For SFY 2022-23, governmental funds* reported a combined operating surplus of \$14.5 billion, increasing the fund balance to \$65.8 billion.
- The operating surplus included a \$15.4 billion surplus in the General Fund.

For more detail, please see the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) in the [ACFR](#).



* The State’s governmental funds include the General Fund, the Federal Special Revenue Fund, the General Debt Service Fund and all nonmajor governmental funds.

** The 2021 and 2022 beginning fund balances were restated due to the implementation of GASB Statement No. 84, Fiduciary Activities, and an immaterial correction related thereto, respectively.

Total Receipts

Revenues are affected by economic changes and changes in federal and State policies. Tax base is a measure of the State's ability to generate revenue. A decreasing tax base may force spending reductions, increased taxes, or both. Receipts are revenues that have been recorded on a cash basis.

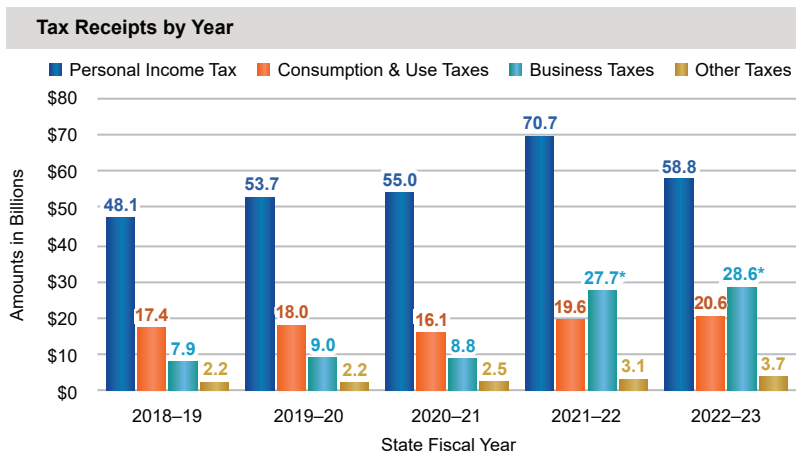
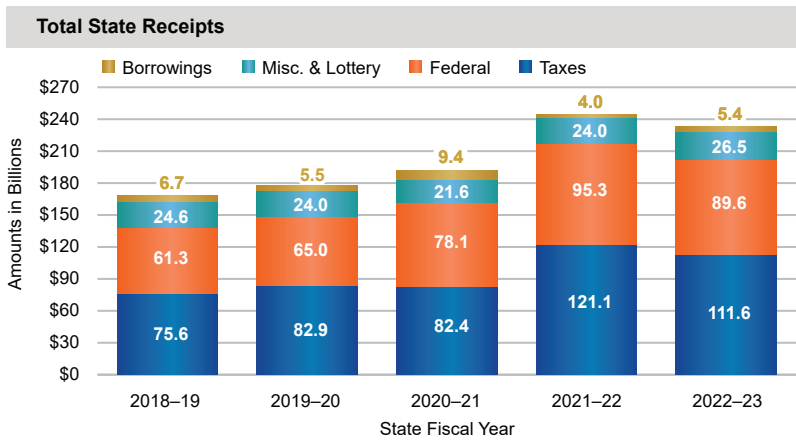
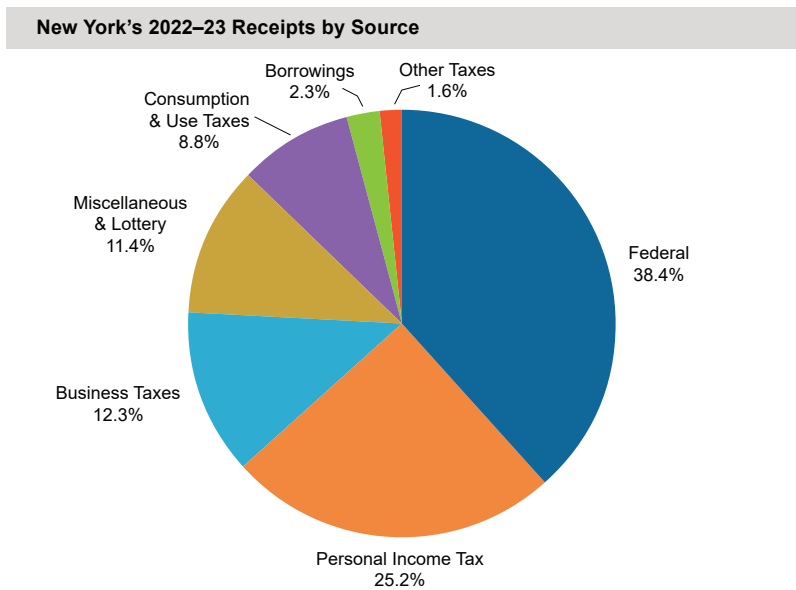
See [Appendix 3](#) for a breakdown of State receipts by major source for the past five State fiscal years.

Total State Receipts Have Increased Over the Past Five Fiscal Years

- From 2019 to 2023:
 - Total receipts increased 38.5 percent.
 - Tax receipts increased 47.7 percent.
 - Federal receipts increased 46.0 percent.

Personal Income Tax and Consumer Tax Receipts Have Increased Over the Past Five Fiscal Years

- Personal income tax and consumer (consumption and use) taxes:
 - Accounted for 34.1 percent of 2023 receipts; and
 - Have increased 21.3 percent since 2019.
- In 2023, personal income tax receipts—the State's largest tax revenue source—decreased 16.9 percent from the previous year.



* Beginning in SFY 2021-22, Pass-through entity tax (PTET) is an elective tax that allows NYS partnerships and S-corporations to make tax payments at the corporate tax rate for their principal employees for which a corresponding personal income tax credit can be received by the principal tax filer.

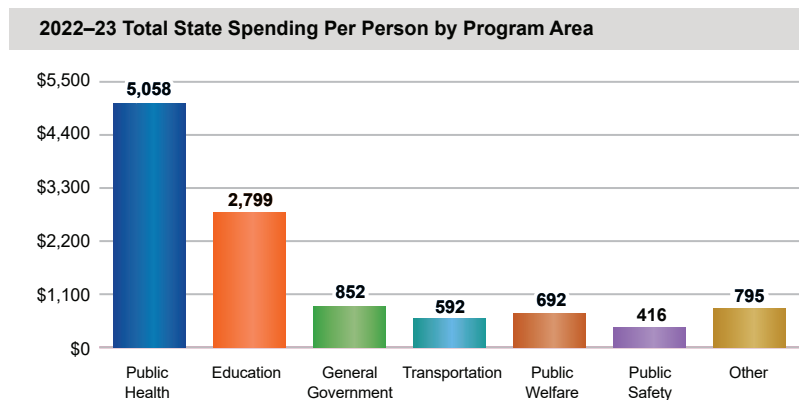
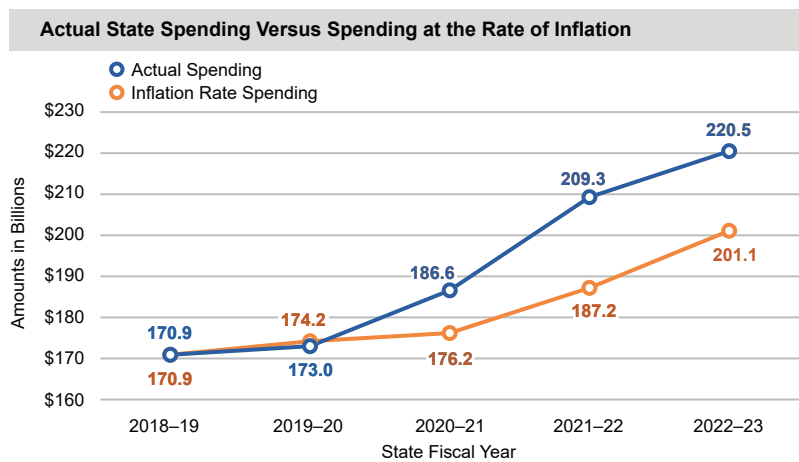
Total Spending

Spending generally reflects the State’s program priorities. Comparing spending to revenue provides an indication of the State’s ability to support continuing programs. State spending, which includes spending from federal funds, is recorded on a cash basis.

See [Appendices 1 and 2](#) for a breakdown of State spending by major service function and funding source for the past five years.

Growth in State Spending Has Exceeded the Rate of Inflation Over the Past Five Years

- Compared to the prior year, State spending increased \$11.1 billion (5.3 percent) to \$220.5 billion in 2023.
- Since 2019, the growth in State spending (29 percent) has exceeded the rate of inflation (Consumer Price Index increase of 17.7 percent).
- State spending has been partially paid for by borrowing \$31 billion since 2019, including \$5.4 billion in 2023.
- In 2023, State spending was \$11,204 per person.
- Spending on public health and education represents 70.1 percent of total State spending.

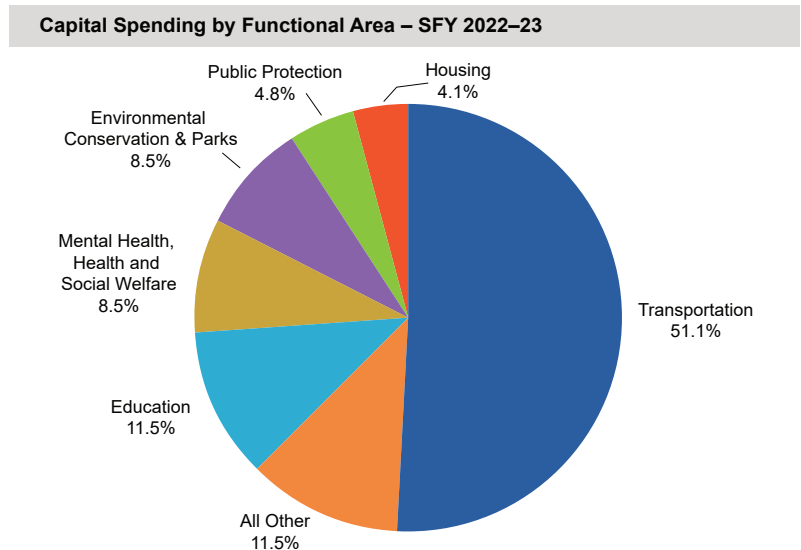
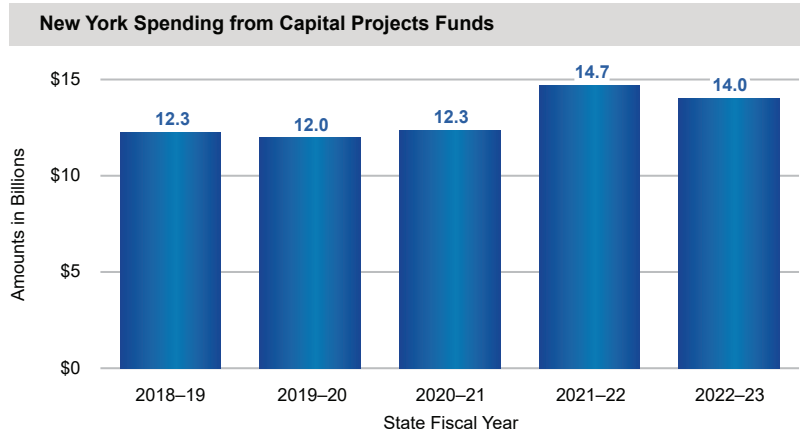


Capital

A robust, efficiently managed capital investment program can support healthy economic growth, while the deterioration of capital assets can weaken the State's economy and its ability to attract and retain business. Capital assets include not only highways and bridges, but also facilities for education, government, health, housing, environmental conservation and recreation.

Capital Spending Has Increased Over the Past Five Years*

- From SFY 2018-19 to SFY 2022-23, capital spending increased by \$1.8 billion (14.3 percent). Spending increases within major categories included:
 - Transportation, up by approximately \$1.2 billion (20.3 percent). Transportation accounted for 51.1 percent of all capital projects spending in SFY 2022-23, up from 48.5 percent five years earlier. The increase is largely related to spending for the Metropolitan Transportation Authority.
 - Education, up by \$449.2 million (38.7%).
 - Housing, up by \$239.4 million (71.5 percent). This category's share of total capital spending increased from 2.7 percent to 4.1 percent.
 - Mental Health, Health and Social Welfare purposes, up \$238.6 million (25 percent).
 - All other purposes decreased by \$726.8 million (31 percent), partially offsetting the above increases.

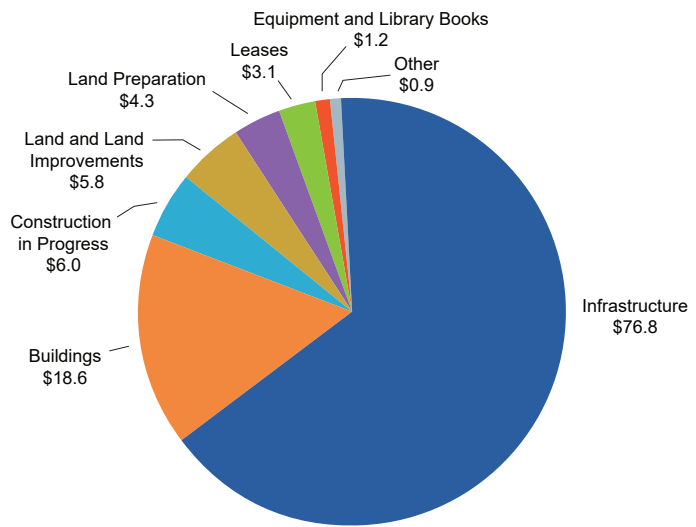


* Actual spending figures in this section do not include off-budget spending by public authorities funded directly from State-Supported bond proceeds, while figures for Division of the Budget's projections include such spending.

- Over the past 20 years, the State has financed an average of 41.4 percent of non-federal capital spending on a pay-as-you-go basis when including off-budget spending.
- Over the next five years, the Division of the Budget projects:
 - Capital spending to average \$18.8 billion per year; and
 - The share of nonfederal capital spending financed on a pay-as-you-go basis to average 37.1 percent.

At the end of SFY 2022-23, the State reported \$116.7 billion in capital assets, an increase of \$4.4 billion (4 percent) from the prior year.

New York State Capital Assets – as of March 31, 2023, Amounts in Billions



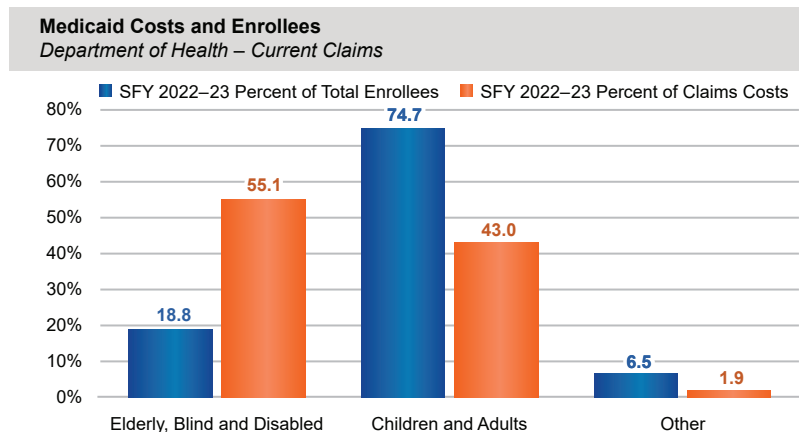
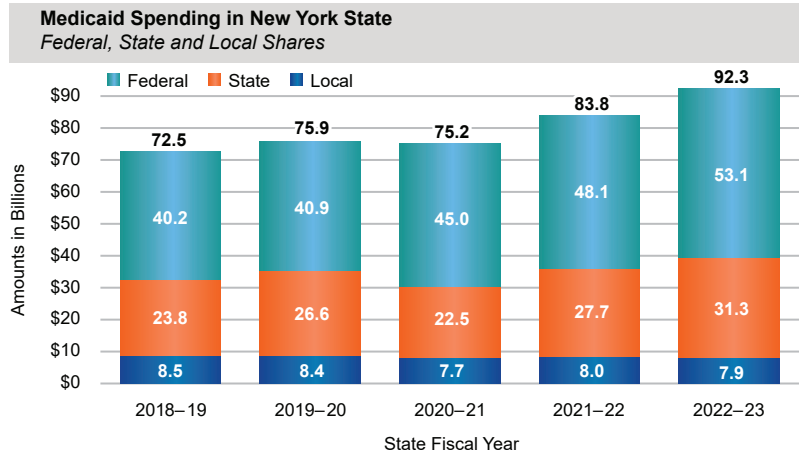
Public Health

Total Medicaid Spending Reaches Record High of \$92 billion, a 10 Percent Increase

- State Medicaid spending grew by \$3.6 billion (13 percent) to \$31.3 billion in SFY 2022-23, its highest level ever, due in part to higher enrollment levels impacted by federal restrictions on disenrollment during the COVID public health emergency. Federal restrictions during the pandemic have also prevented the State from implementing a portion of Medicaid savings actions enacted in 2020.
- Enhanced federal Medicaid funding during the pandemic helped lower overall State Medicaid spending by an estimated \$3.7 billion and local Medicaid spending by \$789 million in SFY 2022-23.
- State share spending is further influenced by the continued deferral of certain Medicaid payments with a State share total of \$1.8 billion from SFY 2022-23 to SFY 2023-24.

Nearly 9.4 Million New Yorkers Benefited from Medicaid, Essential Plan or Child Health Plus

- In March 2023, nearly 9.4 million individuals or 47.6 percent of New Yorkers were enrolled in Medicaid, the Essential Plan or Child Health Plus (which provides coverage for children under the age of 19 with incomes above Medicaid eligibility levels, subject to other income limits).



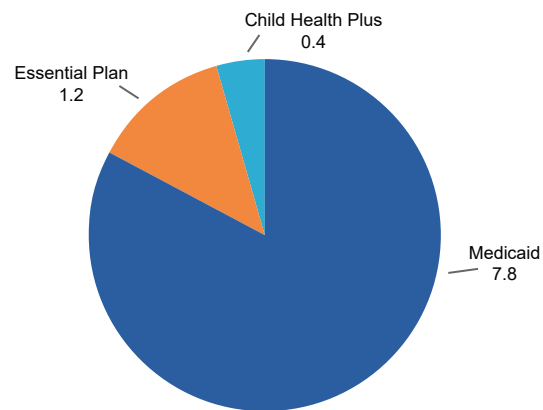
Medicaid Enrollment Reaches Record Heights

- Individuals covered by the State Medicaid program rose by 214,090 (2.8 percent) to nearly 7.8 million by the end of March 2023, the highest level ever to that point, largely due to federal restrictions on disenrollment during the public health emergency.
- The State Department of Health (DOH) reports that enrollment exceeded 7.9 million in July 2023, a decrease of about 103,000 enrollees (1.3 percent) which was the first decrease since February 2020. However, the Division of the Budget expects enrollment to decline to 6.9 million by March 2024 and to 6.6 million by March 2025.
- Children and adults represented 74.7 percent of all average monthly DOH Medicaid enrollees, but only 43 percent of the costs of DOH Medicaid claims for the State in SFY 2022-23. Elderly, blind, and disabled enrollees made up 18.8 percent of eligible recipients, but accounted for 55.1 percent of DOH Medicaid claims costs.

Essential Plan Enrollment Exceeds 1 Million

- Enrollment in the Essential Plan, which began in SFY 2015-16, exceeded 1 million in SFY 2022-23, increasing by 19.8 percent to 1,163,584, largely due to coverage extensions without eligibility review during the COVID-19 public health emergency. The Division of the Budget expects enrollment to grow to over 1.2 million by March 2026.
- In 2015, New York State joined Minnesota to become the only states in the nation to establish a Basic Health Program, a new low-cost health insurance option authorized by the Affordable Care Act (ACA) and largely funded by the federal government. In New York, the program is known as the Essential Plan. It is available to individuals who are under 65, not eligible for Medicaid or the Child Health Plus (CHP) Program, without access to affordable coverage and

Enrollment in Medicaid, Essential Plan and Child Health Plus* – SFY 2022-23
Amounts in Millions



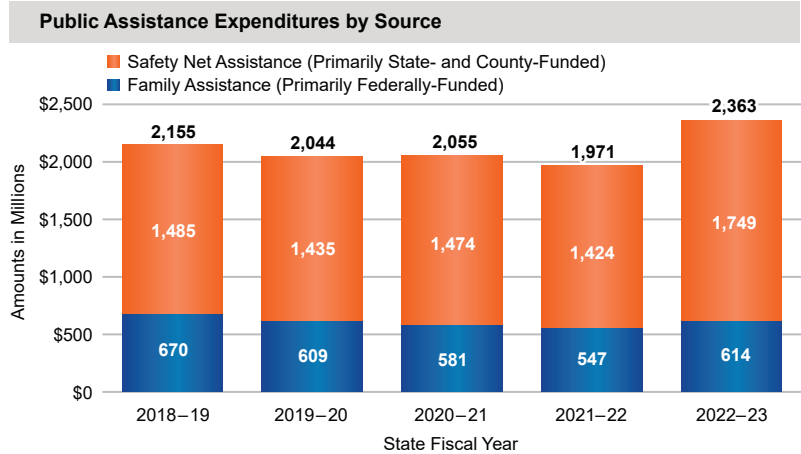
* Reflects preliminary unaudited actuals.

with incomes at or below 200 percent of the federal poverty level. The State has submitted a proposal to the federal government to expand the Essential Plan to New Yorkers with incomes between 200 and 250 percent of the federal poverty level. Spending on the Essential Plan increased by \$789 million (14.2 percent) to more than \$6.3 billion. In SFY 2022-23, federal funds covered 99 percent or nearly \$6.3 billion in Essential Plan costs, with State funds covering the remaining 1 percent.

Public Welfare

Public Assistance Recipients Increase to Highest Level Since 2015

- For SFY 2022-23, the average monthly number of public assistance recipients in the State increased by 68,614 (14.5 percent) to 540,656, following near-record-low caseloads in SFY 2021-22. The number of public assistance recipients increased every month since September 2021, reaching 574,154 in March 2023 – its highest level since October 2015.
- “Public assistance” as discussed in this report includes both Family Assistance (FA) and Safety Net Assistance (SNA). FA provides up to 60 months of cash assistance to eligible needy families; SNA provides cash or non-cash assistance to eligible single adults, childless couples, persons who have exceeded the 60-month limit on Family Assistance, children living apart from adult relatives and certain other individuals. FA is largely funded by the federal government, while SNA is largely funded by the State and the counties and comprises 74 percent of public assistance expenditures.
- The average number of FA recipients increased for the first time in nine years, by 8.4 percent to 175,761 in SFY 2022-23, reaching 180,597 in March 2023 – the highest level since August 2020. The average number of SNA recipients increased by 17.7 percent to 364,896, reaching 393,557 in March 2023 – the highest levels ever.

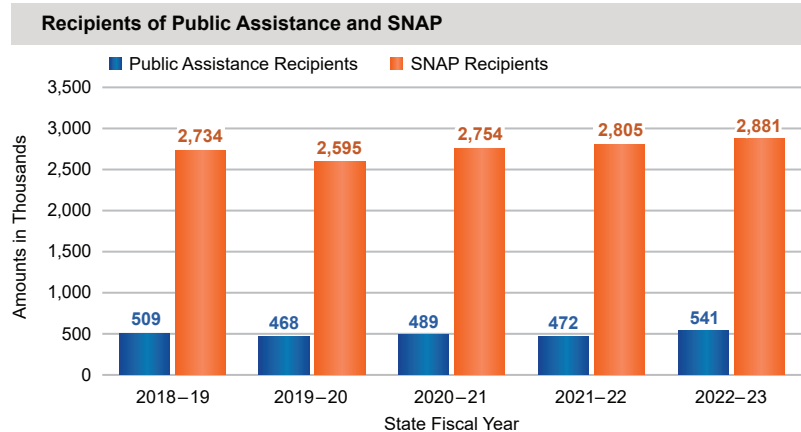


Spending for Public Assistance Reaches Record Level

- Public assistance spending increased in SFY 2022-23 by \$392 million (19.9 percent) from the previous year, mainly because of an increase in SNA expenditures in New York City.
- SNA expenditures increased by \$324.7 million (22.8 percent) from the prior year.
- FA expenditures in New York State increased by \$67.4 million (12.3 percent) from the prior year.

SNAP Spending Surge Continues

- Compared to the prior year, disbursements for the State's Supplemental Nutrition Assistance Program (SNAP) increased by \$846.4 million (9.7 percent) to \$9.6 billion, continuing an upsurge in spending largely related to the pandemic. Over the last three State fiscal years, spending for SNAP, formerly known as the Food Stamp Program and funded by the federal government, has more than doubled, increasing by \$5.2 billion (123 percent) since SFY 2019-20.
- A portion of the increase was due to federal legislation authorizing emergency supplemental benefits to households receiving SNAP and boosting maximum benefits by 15 percent from January through September 2021. New York began issuing the supplemental benefits in March 2020 and did so until March 2023, when Congress ended them. In addition, program updates in 2021 reflecting current food prices and trends in what recipients buy and eat increased SNAP benefits by 21 percent. Last October, SNAP benefits also automatically rose by 12.5 percent to reflect changes in the cost of living. The average number of SNAP recipients increased for the third consecutive year by 75,541 (2.7 percent) to nearly 2.9 million, the highest average number of program recipients since SFY 2016-17.



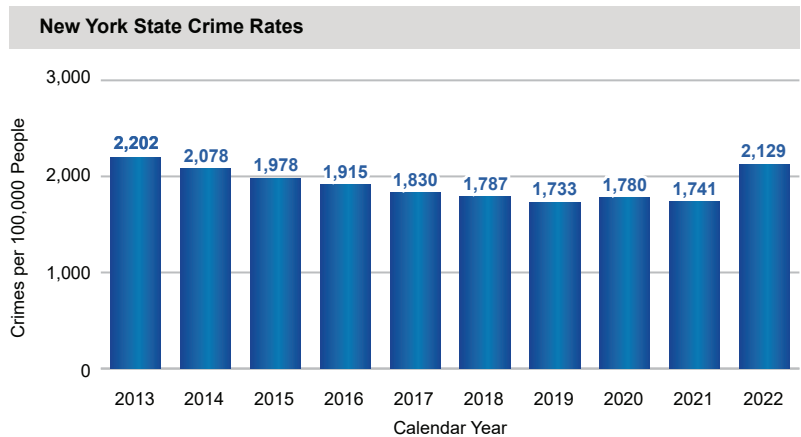
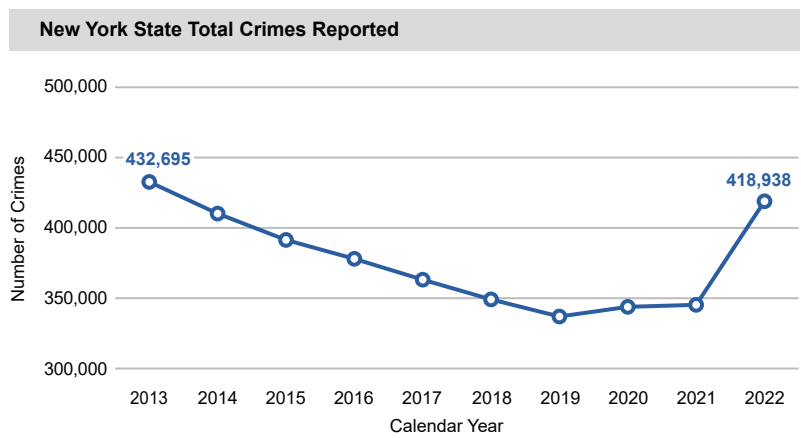
SSI Recipients Decrease for Seventh Consecutive Year; Disbursements Increase Due to Higher Federal Expenditures

- The average number of recipients of Supplementary Security Income (SSI)—a State- and federally-funded program for the aged, blind and disabled with little or no income and resources—decreased by 15,376 (2.4 percent) to 621,605 in SFY 2022-23.
- Compared to the prior year, SSI disbursements in the State increased by \$71.1 million (1.5 percent) to \$4.9 billion. Of this amount, the federal government contributed \$4.4 billion, an increase of \$94.3 million (2.2 percent) compared to the prior year. State expenditures totaled \$522.8 million, a decrease of \$23.3 million (4.3 percent) compared to the prior year.

Public Safety

Number of Reported Crimes Rose in 2022

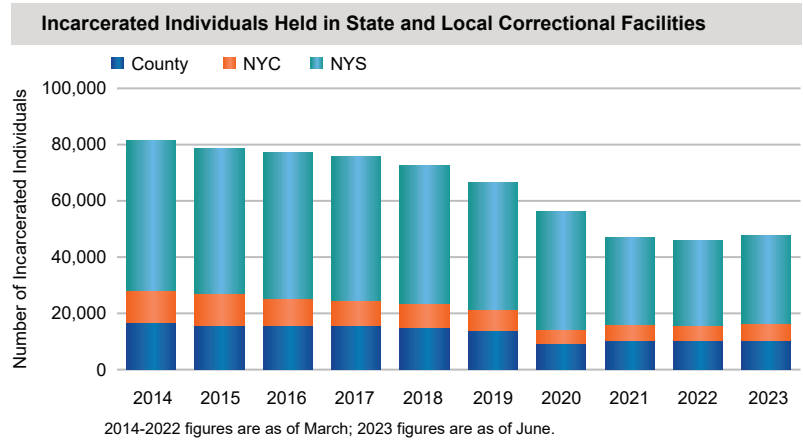
- According to data published by the State Division of Criminal Justice Services (DCJS), the number of Index Crimes reported by local law enforcement agencies rose by 73,646 incidents, or 21 percent, in 2022. This increase in the seven major crime categories used by law enforcement as indicators of overall crime trends is relatively large compared to data trends over the past decade.
 - The statewide crime rate also rose in 2022, increasing by 22 percent to 2,129 crimes per 100,000 people.
- Within the seven major crime categories, property crimes (Burglary, Larceny and Motor Vehicle Theft), accounted for the majority of the overall increase (collectively rising by 65,681).
- Collectively, the violent crimes rose by 7,965 incidents from last year. Two of the four violent crime categories declined (Murder and Rape) while instances of Robbery and Aggravated Assault rose.
- Despite the increase in 2022, total Index Crimes are 3.2 percent lower than they were in 2013.



Note: Rates reflect use of the seven crime categories as indicators of overall crime trends.

Incarcerated Individual Populations

- As of June 2023, 47,710 incarcerated individuals—an increase of 1,664 (3.6 percent) from the prior year—were collectively being held in 44 State correctional facilities, 63 county jail and correctional facilities and 12 New York City correctional facilities.
- Over the last 10 years, the total incarcerated population declined by 33,870 (42 percent), with the majority of the decline occurring in State correctional facilities, followed by county jails and then facilities in New York City.



Combating Gun Violence

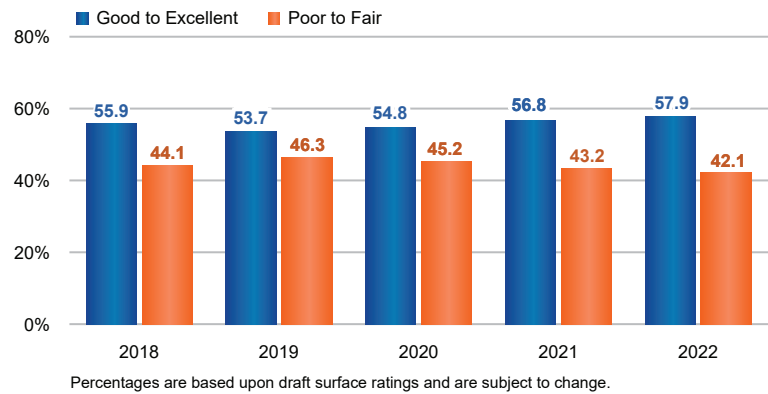
- DCJS provides funding, training and technical support to 20 law enforcement agencies in 17 counties through the Gun Involved Violence Elimination (GIVE) program. According to DCJS data reported by these 20 police departments, incidents of gun-related violence involving injury declined by 185 incidents (15 percent) in the areas reporting on this data in 2022. This decline follows steep increases in the two years prior.
- When comparing the five-year averages (2017-2021) to the number of reported incidents in 2022, shooting incidents where a person was hit are up 15 percent, and the number of individuals killed by gun violence was 31 percent greater in the areas reported by these 20 police departments.

Transportation

Highway Conditions Improve Slightly for the Third Year in a Row

- The State is responsible for maintaining more than 42,700 lane miles of highway.
- Compared to the prior year, the number of highway lane miles rated poor to fair decreased by 2.6 percent in 2022.
- In 2022, 57.9 percent of the State’s highway lane miles were rated good to excellent, a 1.1 percentage increase since 2021.

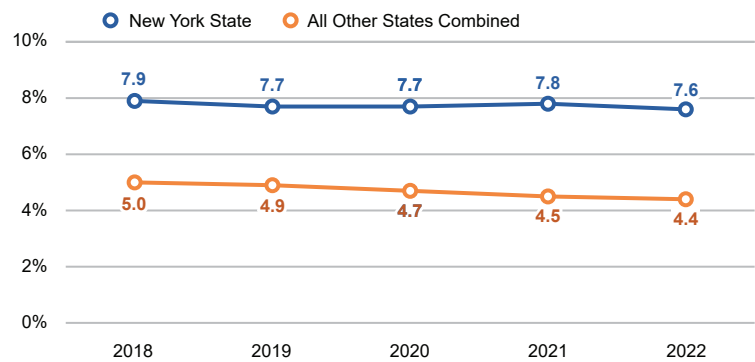
Highway Condition Ratings in New York
(as a percentage of total lane miles)



Bridge Conditions Have Improved Since 2018, But Are Worse Than in Other States

- In 2022, New York State was responsible for maintaining 8,535 bridges.*
- A bridge is considered in poor condition if it has deterioration to one or more major components. The fact that a bridge is in poor condition does not imply that it is unsafe or likely to collapse. A poor bridge, when left open to traffic, typically requires posting for weight limits, significant maintenance and repair to remain in service and eventual rehabilitation or replacement to address deficiencies. In 2022, 7.6 percent of State-maintained bridges were rated poor. This is an improvement from 7.9 percent in 2018, but it compares unfavorably to the 4.4 percent share for all other states combined.

State Bridges in Poor Condition**
(as a percentage of total State-maintained bridges)



** Previously known as "Structurally Deficient."

* Based upon the U.S. Federal Highway Administration’s National Bridge Inventory, all bridges where the owner is State, State Park, Other State and State Toll are included as State-maintained bridges.

Environment, Energy and Agriculture

Department of Environmental Conservation (DEC)

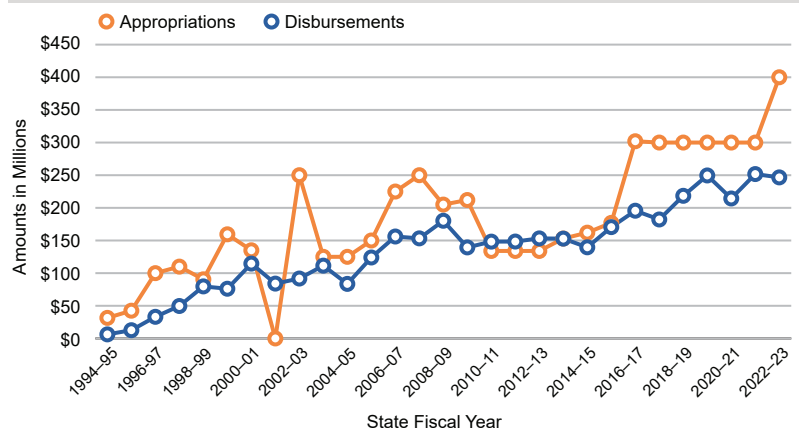
- In SFY 2022-23, DEC All Funds spending totaled \$1.5 billion, an increase of \$135.3 million (10.1 percent) from SFY 2021-22, with local assistance spending growing 33 percent year-over-year. This increase is accounted for by additional spending from federal clean water funding provided by the federal Infrastructure Investment and Jobs Act of 2021.
- As of March 31, 2023, employment at DEC was 2,885 Full-Time Equivalent (FTE) positions, an increase of 70 FTEs above levels as of March 31 in the previous year and 16 FTE positions below levels from March 31, 2012.

Environmental Protection Fund (EPF)

Created in 1993, the EPF:

- Provides an ongoing source of primarily pay-as-you-go funding to address the State’s environmental needs. Appropriations to the EPF have fluctuated over time and reached a high of \$400 million in the Enacted Budget for SFY 2022-23.
- Supports an array of environmental programs, such as State and municipal open space conservation; municipal and agricultural nonpoint source water pollution control; State and local parks projects; municipal water pollution control and aquatic habitat conservation; support for the State’s zoos, botanical gardens and aquaria; waterfront revitalization; farmland conservation; and municipal climate change mitigation and resilience programs.

History of EPF Appropriations and Disbursements (1994–95 Through 2022–23)



The SFY 2016-17 Enacted Budget contained an EPF appropriation of \$302 million. The SFY 2017-18 Enacted Budget amended and reappropriated the SFY 2016-17 appropriation, reducing it to \$300 million.

- Has been primarily funded with a portion of the State’s real estate transfer tax. However, from SFY 2014-15 through SFY 2022-23, General Fund Transfers were also a recurring funding source and accounted for 20 percent of all EPF revenues over this period.

Clean Water, Clean Air, and Green Jobs Environmental Bond Act of 2022

- In November 2022, New York State voters approved the \$4.2 billion “Clean Water, Clean Air, and Green Jobs Environmental Bond Act of 2022.” With nearly 68 percent of voters who voted on the ballot question supporting it, the Bond Act became the largest bond act in State history that received voter approval. The Enacted Budget for SFY 2022-23 appropriated the full \$4.2 billion in the DEC Capital Projects Budget. The Bond Act is authorized to fund climate change resiliency and mitigation, flood risk reduction, water quality improvement and infrastructure, as well as open space conservation and recreation.

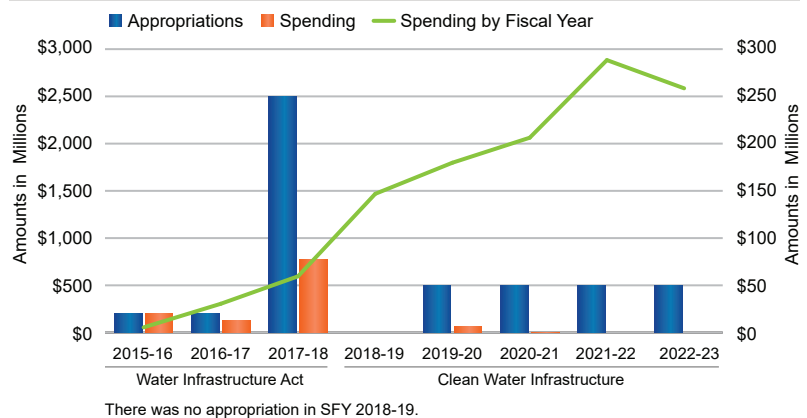
Water

- Since SFY 2015-16, Enacted Budgets have included a total of \$5.4 billion for clean water infrastructure projects, including those projects authorized by the New York State Water Infrastructure Improvement and Clean Water Infrastructure Improvement Acts. Eligible projects include nonagricultural nonpoint source control; municipal wastewater treatment; remediation of contaminated sites that contribute to water contamination; source water protection; and upgrades to septic systems and cesspools. As of March 31, 2023, \$1.2 billion (22 percent) had been spent from these appropriations.

Climate Action Fund

- The Enacted Budget for SFY 2023-24 created a Climate Action Fund to receive revenues from a regulatory program to establish an economy-wide cap on greenhouse gas emissions. Under statute, 33 percent of revenues in the Fund would serve as a source of rebates and other programs to offset the costs of the program to consumers and small businesses. Remaining revenues would support State efforts to reduce greenhouse gas emissions. Revenues for the Fund are intended to come from an annual auction of allowances to emit greenhouse gases. Regulations which will specify sources of emissions that must purchase allowances and other terms of the auctions are under development by DEC.

Clean Water Infrastructure Appropriations, and Disbursements by Appropriation and Fiscal Year, SFY 2015-16 Through SFY 2022-23



State Parks

- In SFY 2022-23, State Parks spending was \$430.2 million, an increase of 11.3 percent over SFY 2021-22 spending. The largest areas of increased spending were in capital projects with a 13.9 percent year-over-year increase and State operations with a 9 percent year-over-year increase.
- As of March 31, 2023, employment at State Parks was 2,099 FTE positions, an increase of 4 positions over SFY 2021-22 employment and an increase of 21.3 percent over SFY 2012-13 levels.
- Appropriations of \$303.9 million for various maintenance and recreation projects were included in the State Parks Capital Projects Budget for SFY 2023-24.

Agriculture

- In SFY 2022-23, Department of Agriculture and Markets spending was \$99.9 million, an increase of 3.5 percent over SFY 2021-22 spending. Increased spending was supported by a 31.8 percent increase in Capital Project spending.
- The Enacted Budget for SFY 2023-24 contained provisions allowing local governments and school districts to purchase up to \$150,000 of locally grown foods.

New York State Energy Research and Development Authority

- In SFY 2022-23 New York State Energy Research and Development Authority (NYSERDA) spending was \$1.4 billion, an increase of \$21.4 million, or 1.5 percent, over SFY 2021-22 spending.
- Revenues collected by NYSERDA in SFY 2022-23 totaled \$1.6 billion. Of these revenues \$1.4 billion, or 87.5 percent, were derived from assessments on electric and gas utilities, or from the proceeds of auctions conducted under the Regional Greenhouse Gas Initiative.

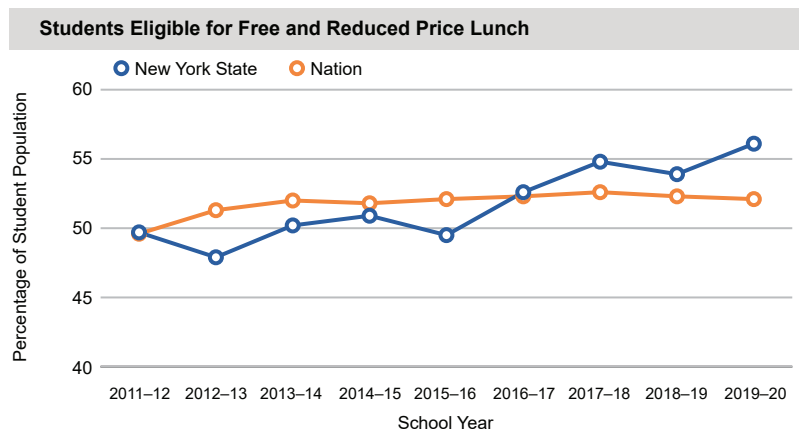
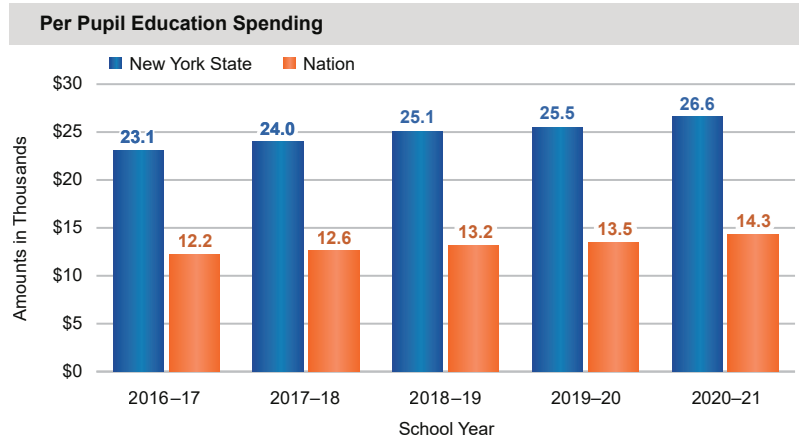
Elementary and Secondary Education

Significant Federal Aid Continues to Support New York Schools

- According to the Division of the Budget, schools received \$4.6 billion of federal education aid in SFY 2022-23. Schools also received \$4.2 billion of temporary funding from COVID-19 assistance programs, including \$2.2 billion from the American Rescue Plan Act, \$1.8 billion from the Education Supplemental Appropriations Act, and \$243 million from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Federal pandemic relief for K-12 education is expected to run through SFY 2024-25.
- In SFY 2022-23, the \$4.2 billion of federal COVID-19 recovery funding disbursed to New York school districts was equal to 13.9 percent of State school aid funding for the same period.

New York State Ranks Highest in Nation in Per Pupil Spending

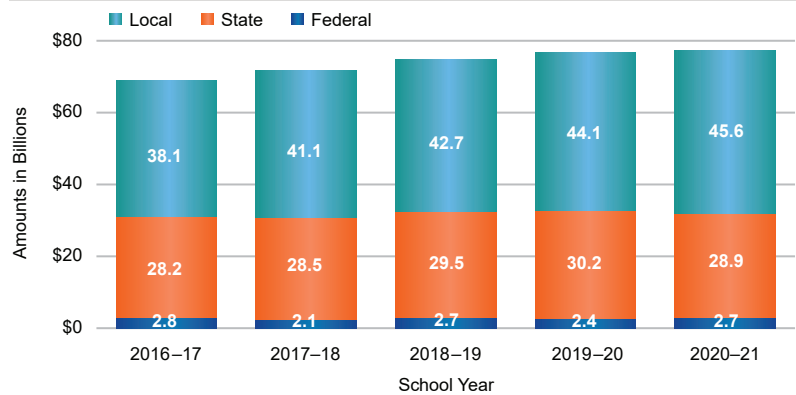
- For the 2020-21 school year (SY), the most recent year for which data are available, New York State led all states in per-pupil disbursements for public elementary and secondary education at \$26,571, according to the U.S. Census Bureau. New York's per-pupil spending rose 4.1 percent from the previous year and is 86 percent greater than the national average. Differences in educational spending among states may reflect variations in student profiles and regional costs, among other factors.
- In SY 2019-20, 56.1 percent of K-12 students were certified for free and reduced-price school meals based on household income, higher than the national average (52.1 percent).



Local Resources Represent the Largest Source of Funding

- In SY 2020-21, the most recent data available, support for public elementary and secondary schools in New York came from the following sources:
 - Local, \$45.6 billion;
 - State, \$28.9 billion, including the School Tax Relief Program (STAR) of \$2 billion; and
 - Federal, \$2.7 billion.
- In school budgets proposed for SY 2023-24, property tax levy increases averaged 2.1 percent, compared to a 1.7 percent increase the previous year. More than 557,000 votes were cast, with 663 district proposals being approved and 11 district proposals defeated on the first try.

Federal, State and Local Funding for Elementary and Secondary Schools



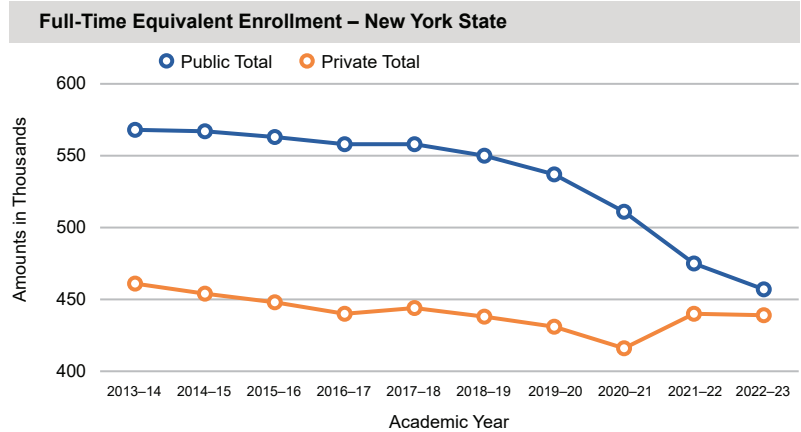
Student Performance

- The graduation rate in New York State was 87 percent for SY 2021-22, an increase from 86 percent the prior year and from 77 percent in SY 2011-12.
- New York's fourth grade students' scaled scores were below the national average on the National Assessment for Education Progress (NAEP) math and reading tests in 2022. Eighth graders in New York matched national results in 2022 in math, and slightly outperformed the national result in reading.

Higher Education

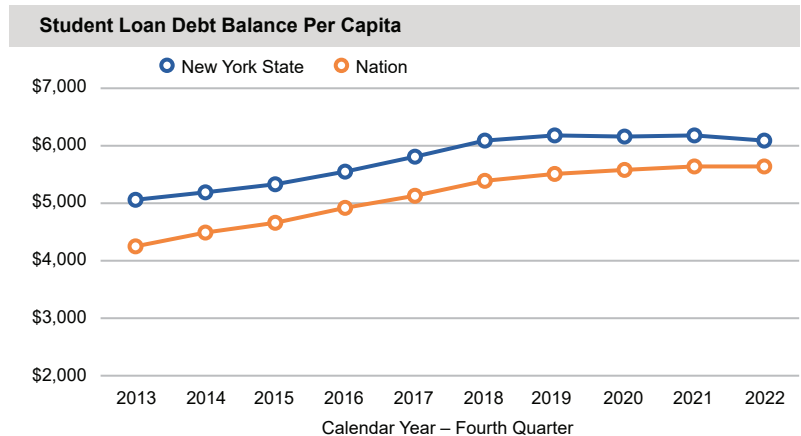
Enrollment

- In academic year 2022-23, New York State public and private higher education institutions enrolled 777,838 full-time and 334,247 part-time students.
- Full-time equivalent (FTE) enrollment at public institutions decreased in 2022-23 by almost 17 percent compared to 2018-19 and by 19.5 percent compared to 2013-14. Private sector FTE enrollment decreased marginally from the prior year.
- The State has a higher proportion of private college attendance than most states, or 45 percent compared to 22 percent of students nationwide in Spring 2023, according to the National Student Clearinghouse.



Costs and Financial Assistance

- Average costs of tuition and fees for full-time, in-state students for the State and City University of New York (SUNY and CUNY) in 2022-23 were:
 - SUNY, \$8,810 (\$6,025 for two-year colleges); and
 - CUNY, \$7,190 (\$5,060 for two-year colleges).
- In the 2021-22 academic year, an estimated 236,729 students received State Tuition Assistance Program (TAP) awards, totaling \$719 million. New York State also provided an estimated 53,111 other scholarships and awards totaling almost \$182 million in aid, including 29,610 Excelsior scholarships totaling \$126.5 million. The New York State TAP provides grant awards to eligible New York residents for paying tuition at a SUNY, CUNY or not-for-profit independent degree-granting college in New York State. For eligible



students, the Excelsior Scholarship Program covers any remaining tuition expenses at SUNY or CUNY after other federal and state grants and scholarships have been applied.

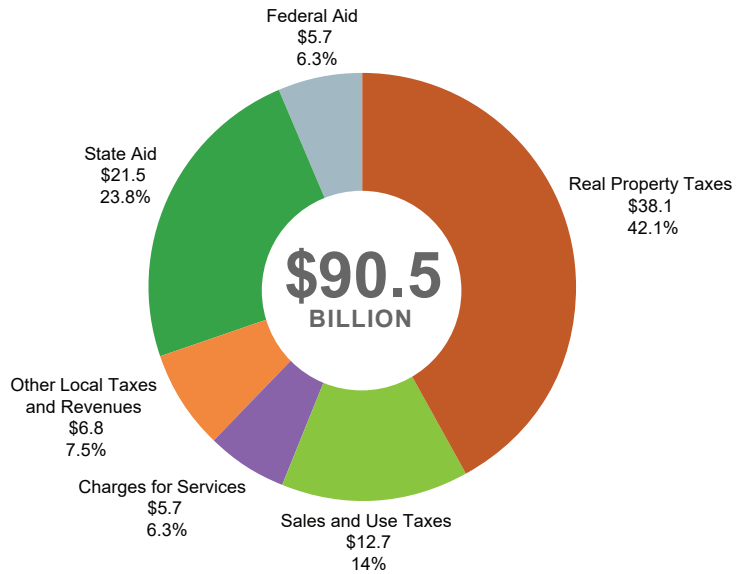
- The increase from 2017-18 to 2022-23 in average in-state tuition and fees at public four-year colleges has been slightly more modest in New York compared to the nation. These amounts grew from \$7,930 to \$8,556, 7.9 percent, in New York and from \$9,980 to \$10,940, 9.6 percent, for the United States overall.
- The percentage of student loan debt balance in New York State that was 90 or more days delinquent (and in default) was 0.96 percent in 2022, down from 4.5 percent in 2020 and 8.6 percent in 2018. New York's figure is marginally higher than the national average in 2022 (0.87 percent).

Local Government

Major Local Revenue Sources Remain in Strong Condition

- Real property tax revenues are the largest source of revenue for local governments. In local fiscal years ending (LFY) in 2021, property taxes accounted for \$38.1 billion, or 42.1 percent, of total revenue (\$90.5 billion) for local governments outside of New York City.
- School districts, towns, and villages received \$23.9 billion, \$4.4 billion, and \$1.5 billion, respectively, in real property taxes, representing around half of the total revenue for each class. Fire districts depend the most on property taxes, as they represented 89.5 percent (\$870 million) of their total revenue; counties are least reliant at 21.5 percent (\$6 billion).
- State aid remained the second largest source of local government revenue in LFY 2021. School districts were the most dependent on State aid, as it represented 36.7 percent (\$16.2 billion) of their total revenue. It also represents a significant share of revenue for other types of local governments – for social service programs in counties, to support highways (mostly in cities and towns), and as unrestricted municipal aid (mainly cities).

Local Revenues by Source, Local Fiscal Years Ending 2021
Amounts in Billions



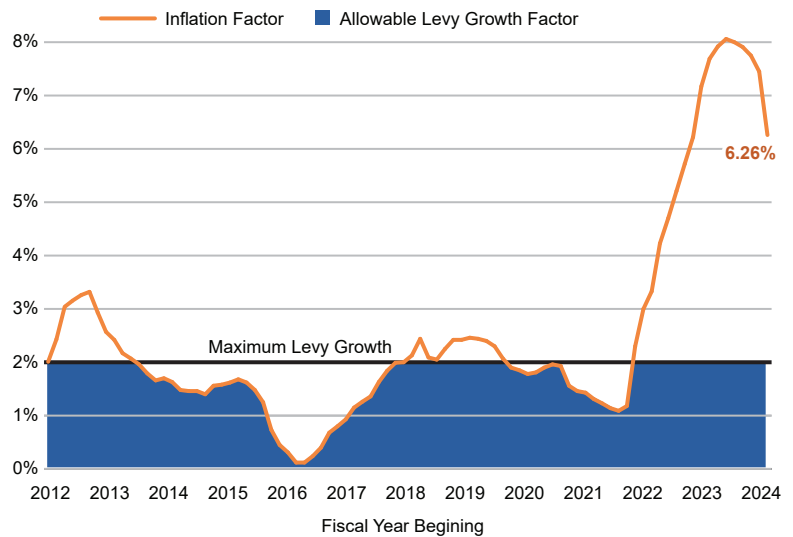
Includes counties, cities, towns, villages, fire districts and school districts. Excludes New York City.

- Sales and use taxes, the next largest source of revenue for local governments, experienced a significant rebound in LFY 2021, increasing by 18.8 percent over LFY 2020, when it was negatively impacted by the closure of non-essential businesses during the first wave of the COVID-19 pandemic. For counties, sales taxes remained the largest single revenue source, accounting for 36.6 percent (\$10.3 billion) of their total revenue, followed by cities at 19.4 percent (\$1 billion).

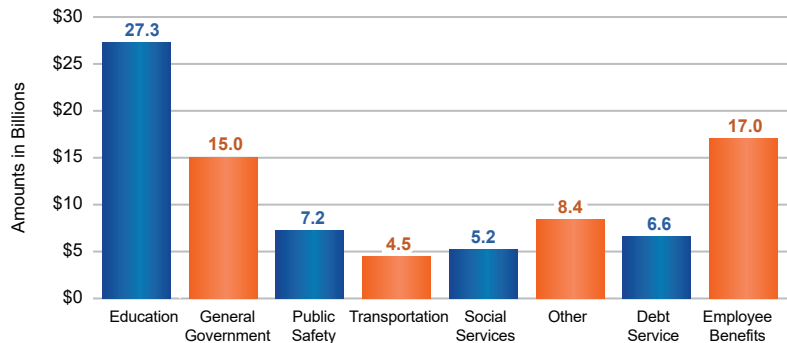
Property Tax – Inflation Far Outpaced Allowable Levy Growth

- Generally, the property tax cap limits levy increases to the lesser of 2 percent or the rate of inflation, with some exceptions. However, each local government’s tax cap calculation involves a multi-step formula. The law also includes provisions for a local government to override the tax cap.
- Inflation remained quite low, below 2 percent, during the first couple of years of the pandemic, which reduced the allowable levy growth factor to below 2 percent for nearly all local governments in local fiscal years beginning in 2020 and 2021. For fiscal years beginning in 2022, however, the inflation factor grew past 2 percent, and continued to increase throughout the year and into 2023, holding the allowable levy growth factor at its maximum value (2 percent) through the entire period.
- The inflation factor for local governments with a calendar fiscal year in 2024 is 6.26 percent. The combination of high inflation and the 2 percent tax cap may create budgetary challenges for local governments.

Property Tax – Allowable Levy Growth Factor by Local Fiscal Year



Local Expenditures by Function, Debt Service and Employee Benefits, Local Fiscal Years Ending in 2021



Includes counties, cities, towns, villages, fire districts and school districts. Excludes New York City. "Other" includes Health, Sanitation, Economic Development, Culture-Recreation, Community Service and Utilities.

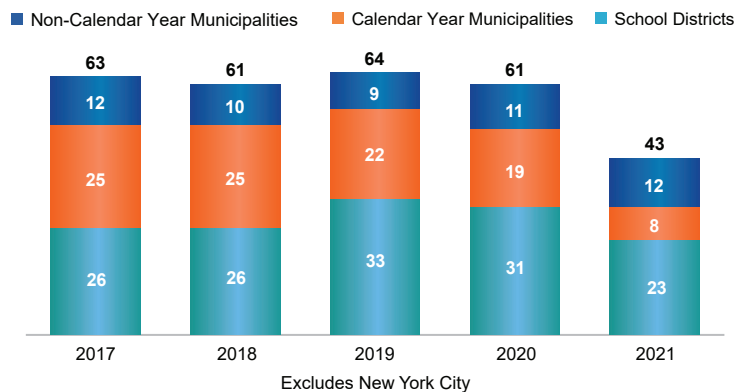
Education and Employee Benefits Account for Nearly Half of Local Expenditures

- Local expenditures totaled \$91.2 billion in LFY 2021. School districts spent the most at \$45.6 billion, followed by counties (\$26.8 billion), towns (\$9 billion), cities (\$5.5 billion), villages (\$3.3 billion) and fire districts (\$1 billion).

- When looking at spending by function, education was the largest category at \$27.3 billion or 29.9 percent of total expenditures in LFY 2021. Nearly all of this (95.8 percent) came from school district elementary and secondary education, with most of the rest being county expenditures on higher education. Education spending was down 0.1 percent in LFY 2021, largely due to continued pandemic-related changes to school district operations and the State temporarily withholding 20 percent of several school aid payments, requiring difficult budget management for school officials.

- Employee benefits was the next largest area of expenditures in LFY 2021, accounting for \$17 billion (18.6 percent) of total spending, an increase of 2.4 percent compared to LFY 2020. In fact, employee benefits have been the fastest growing expenditure historically, increasing at an average annual rate of 2.6 percent from LFYs 2011 to 2021, higher than the rate of growth in total expenditures at 1.8 percent.

**Local Governments Designated in Fiscal Stress by Fiscal Year End Date
Local Fiscal Years Ending in 2017 to 2021**



Fiscal Stress Was Relatively Low in LFY 2021

- The Office of the New York State Comptroller analyzes the financial condition of counties, cities, towns, villages and school districts through its Fiscal Stress Monitoring System (FSMS), which combines several financial indicators into an overall score intended to measure each entity’s budgetary solvency.
- Overall fiscal stress levels decreased in LFY 2021 compared to LFY 2020. A total of 43 local governments, including 23 school districts, were in some fiscal stress designation in LFY 2021, resulting in 18 fewer local governments than in LFY 2020. This marked the lowest number of local governments in a fiscal stress designation since FSMS was implemented in 2013.
- The number of calendar year municipalities (all counties, towns, most cities and a few villages) designated in fiscal stress dropped from 19 in LFY 2020 to 8 in LFY 2021, while the number of non-calendar year ones (some cities and most villages) slightly increased over the same period, from 11 to 12. Separately, school districts saw a significant decrease in stress designations – from 31 in LFY 2020 to 23 in LFY 2021.
- Much of the drop in fiscal stress in LFY 2021 was related to the impact of responses to the pandemic. The decline was most noticeable among calendar year municipalities, who received the first of two American Rescue Plan Act (ARPA) federal aid lump sum payments in the summer of 2021. (The distribution of 2021 ARPA payments affected LFY 2022 for most non-calendar year municipalities.) Many calendar year municipalities also benefitted from the robust recovery of local sales tax revenues during the fiscal year. The number of school districts in stress also declined, but mostly because many of them had made budget cuts in response to fiscal uncertainty early in the 2020-21 school year.
- A total of 188 municipalities failed to file their annual financial reports in time to receive a fiscal stress score in LFY 2021. This was the highest rate of non-filers since FSMS began in 2013. (School districts typically do not have issues filing in time to receive a score.)

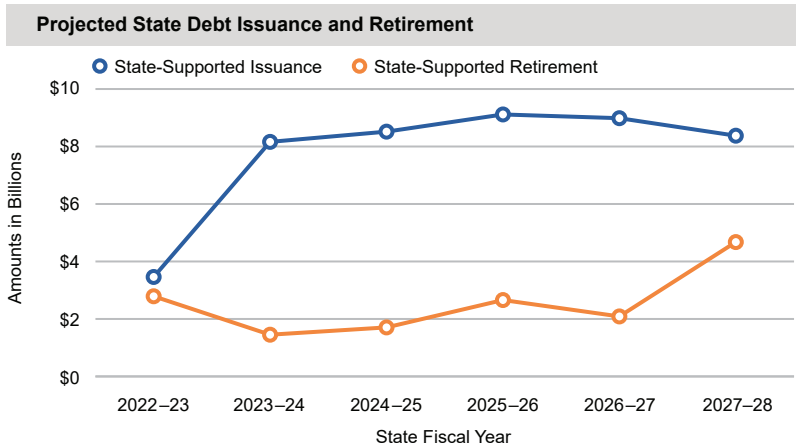
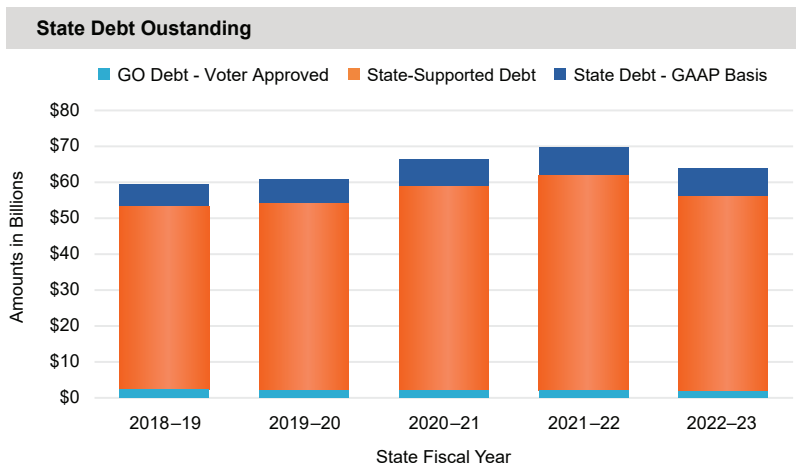
Debt

The debt burden of a governmental entity creates fixed costs that directly affect its ability to provide current services, as well as its long-term fiscal health. High borrowing levels may:

- Indicate reduced ability to support current programs with current revenues.
- Force future program reductions, increased taxation or additional future borrowing.
- Limit the capacity to finance future capital assets and grants.

New York State Ranks Second Highest in Outstanding Debt Nationwide

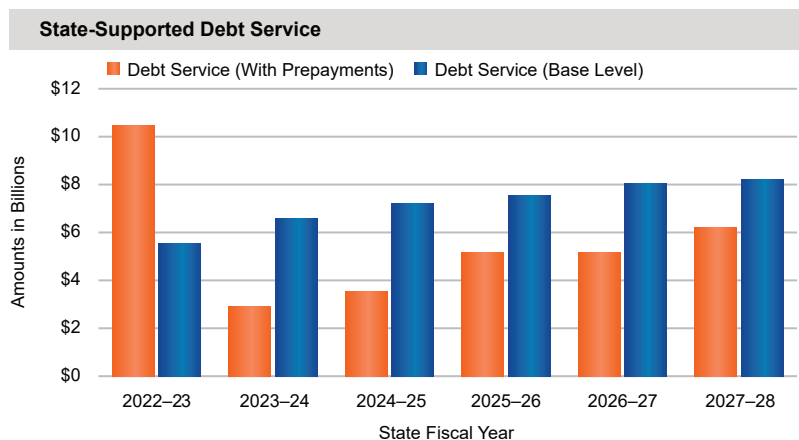
- At the end of SFY 2022-23, the State reported the following debt levels:
 - \$1.8 billion of constitutionally authorized, voter-approved general obligation (GO) debt, a decrease of \$451 million or nearly 20 percent since SFY 2018-19.
 - \$55.9 billion of State-Supported debt, as defined in State law, an increase of \$2.7 billion or 5 percent since SFY 2018-19. Nearly 97 percent of State-Supported debt outstanding is so-called “backdoor borrowing” issued by public authorities without voter approval.
 - \$63.9 billion of State debt reported in accordance with Generally Accepted Accounting Principles (GAAP), an increase of \$4.3 billion or 7.3 percent since SFY 2018-19.
- According to Moody’s Investor Service, New York State had the second highest debt burden in 2021, behind only California. It was sixth highest among all states in their measure of debt per capita.



- At the end of SFY 2022-23, State-Supported debt per capita was \$2,841. State-Supported debt was equivalent to 3.6 percent of State personal income.
- State-Supported debt outstanding is projected to grow from \$55.9 to \$86.5 billion over the next five years, an increase of \$30.6 billion or nearly 55 percent.
- New York issues State-Supported debt to fund certain capital purpose grants to other entities, which creates State liabilities without corresponding State assets.

New York State Projects Increasing Debt Levels in Coming Years

- The SFY 2023-24 Enacted Budget Five-Year Capital Program and Financing Plan projects that the State will issue over 3.4 times more debt than it will retire over the next five years, with:
 - \$43.2 billion of new issuances of State-Supported debt; and
 - \$12.6 billion of State-Supported debt retirements.
- The Debt Reform Act of 2000 defines State-Supported debt and sets limits on the amount of debt outstanding and debt service, based on affordability measures such as State personal income and All Funds Receipts. The State projects reduced statutory debt capacity over the next five years, declining to \$3.7 billion in SFY 2027-28. For both SFYs 2020-21 and 2021-22, new debt issuances were excluded from the caps on debt outstanding and debt service. The State has since resumed counting new debt issued under the caps, but continues to exclude debt resulting from the \$17.9 billion issued during those two years. It also continues to authorize debt issuance for MTA purposes in excess of the 30-year maximum term limit, up to 50 years.



- \$6 billion in State-Supported debt service otherwise due during SFY 2023-24 through SFY 2027-28 was prepaid or defeased in SFY 2022-23. Prepayments typically do not reduce the State’s interest costs, and artificially reduce reported year-over-year growth in both debt service and overall spending levels. Excluding the distortions from prepayment actions, base level debt service costs are projected to grow from \$5.6 to \$8.2 billion over the next five years, an increase of nearly \$2.7 billion or over 48 percent.

New York State Bond Ratings

At the end of SFY 2022-23, the State’s general obligation bond ratings were assigned as follows:

- AA+ by Fitch Ratings;
- Aa1 by Moody’s Investors Service; and
- AA+ by Standard & Poor’s (S&P) Rating Services.

These ratings are one step below the highest investment grade ratings. Ratings can influence interest rates and bond pricing. Higher ratings provide greater confidence to the investment community that the issuer is willing and able to meet the financial commitments of its obligations. The rating agencies have previously cited issuing additional debt for operating purposes as a potential risk factor that may lead to a downgrade of the State’s credit rating.

Public Authorities

Public authorities are distinct legal entities that provide services to the public as well as to the State and local governments. New Yorkers pay for public authorities in a variety of ways including service charges, tolls, fees, and in some cases, taxes. Public authorities are generally self-supporting through their revenue-generating activities; however, in some cases, governmental financial assistance and support is provided for operating and other expenses. In 2022, public authorities and subsidiaries reported almost \$88 billion in revenue and capital contributions, employed almost 169,000 people, and made \$21 billion in contract payments.

The fiscal stability of the State is often intertwined with certain public authorities. In 2022, public authorities reported more than \$327 billion in debt outstanding. The State's access to public credit markets could be impaired if public authorities closely associated with the State were to default on their obligations. In addition to issuing debt for their own purposes, public authorities issue debt on behalf of the State for which the State provides the funds for repayment.

For more information on public authorities, please see www.osc.state.ny.us/public-authorities

* The data reported are submitted by public authorities through the Public Authorities Reporting Information System (PARIS). The data contained in PARIS and used in this section of the report are self-reported by the authorities and have not been verified by the Office of the State Comptroller. As required by Public Authorities Law, certain data submitted are required to be approved by the board of directors and/or the accuracy and completeness certified in writing by the authority's chief executive officer and chief financial officer. Not all authorities have complied with reporting requirements for 2022.

** Numbers may not add due to rounding.

*** Certain New York State Urban Development Corporation staff are also reported as employees of the Job Development Authority.

**** Certain Long Island Power Authority (LIPA) staff are also reported as employees of the Utility Debt Securitization Authority (UDSA).

The Enacted Budget for State Fiscal Year 2023-24:

- Increased bonding authorizations for 26 programs financed through State-Supported debt issued by public authorities.
- Added one new authorization for a potential back-up to repay a loan from the State's Short Term Investment Pool (STIP) for the New York Racing Association's Belmont Park redevelopment, which coincided with a \$455 million appropriation in the Urban Development Corporation's capital budget; and
- Provided for a combined increase in State-Supported public authority bonding authorizations of \$15.5 billion, or 10.9 percent over previous limits. Most of the bond cap increase was for economic development and transportation, and included \$500 million more for the Hudson Tunnel Project, part of the Gateway Program to improve rail infrastructure between New York and New Jersey.

Public Authority Data on Expenses, Debt and Employees* For Fiscal Years Ending in 2022

| Authority | Expenses** (amounts in millions) | Debt Outstanding** (amounts in millions) | Employees |
|--|--|---|----------------|
| Dormitory Authority of the State of New York | \$ 2,967 | \$ 59,646 | 532 |
| Metropolitan Transportation Authority | 20,343 | 48,673 | 77,856 |
| New York State Urban Development Corporation*** | 2,470 | 19,692 | 359 |
| New York State Housing Finance Agency | 738 | 18,032 | 265 |
| New York Job Development Authority | 0 | 15,767 | 2 |
| New York State Thruway Authority | 1,109 | 11,330 | 1,973 |
| Environmental Facilities Corporation | 562 | 5,362 | 106 |
| Long Island Power Authority | 4,288 | 5,089 | 81 |
| Utility Debt Securitization Authority (UDSA)**** | 361 | 3,802 | 3 |
| State of New York Mortgage Agency | 436 | 2,833 | 265 |
| Power Authority of the State of New York | 3,866 | 2,388 | 2,561 |
| New York State Energy Research and Development Authority | 1,412 | 1,601 | 475 |
| Battery Park City Authority | 267 | 844 | 205 |
| Niagara Frontier Transportation Authority | 276 | 140 | 1,638 |
| New York State Bridge Authority | 89 | 114 | 170 |
| All Other State Public Authorities | 10,393 | 2,473 | 20,908 |
| All Other State Public Authorities | 49,576 | 197,787 | 107,399 |
| Total Local | 29,668 | 129,523 | 61,409 |
| Grand Total | \$ 79,243 | \$ 327,310 | 168,808 |

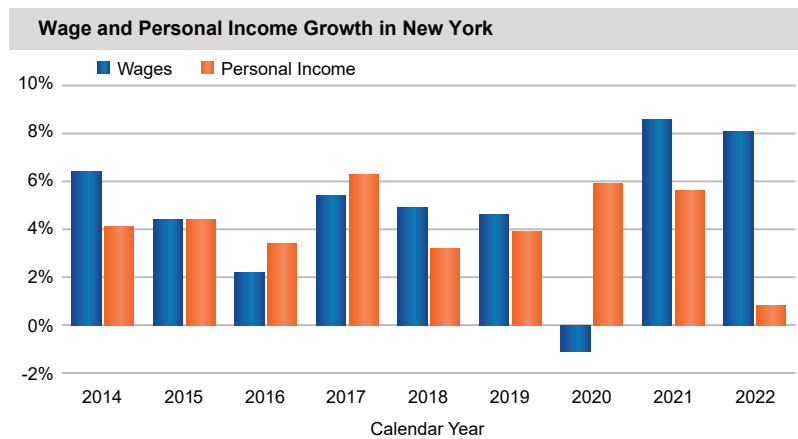
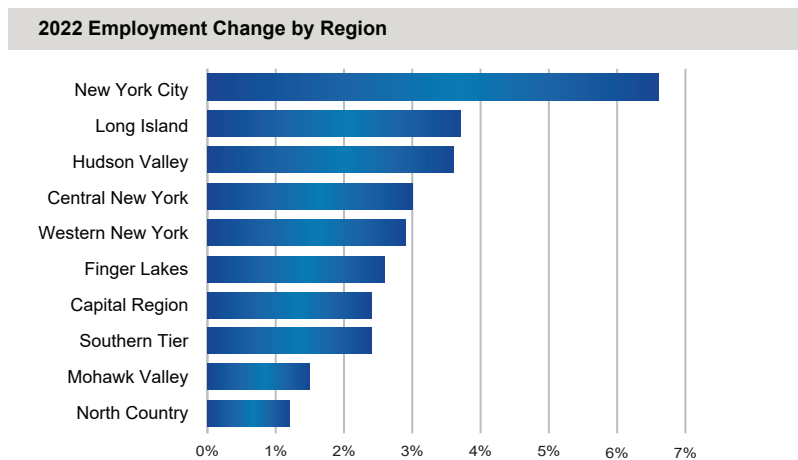
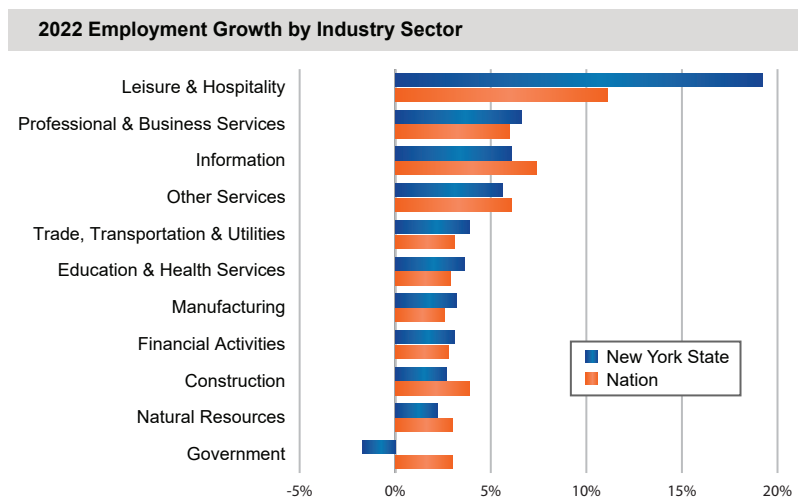
Economic and Demographic Trends

Employment Still Below Pre-Pandemic Levels in 2022

- In calendar year 2022, the State gained over 443,000 jobs, an increase of 5 percent compared to growth nationally of 7.3 percent.
- Employment in the State was still 3 percent lower than that in 2019.
- The State’s unemployment rate fell from 7 percent in 2021 to 4.3 percent in 2022.
- The leisure and hospitality sector realized the largest job gains in 2022, 19.2 percent, but was still 10.4 percent below that in 2019.
- Employment in four industry sectors exceeded 2019 levels: information, professional and technical services, transportation and warehousing, and finance and insurance.
- The government sector lost jobs, down 1.7 percent from 2021.
- Job gains in all 10 State regions continued in 2022. New York City had the highest percentage of job gains of any region (6.6 percent) while the North Country had the lowest (1.2 percent).
- None of the 10 regions had returned to their 2019 employment levels.

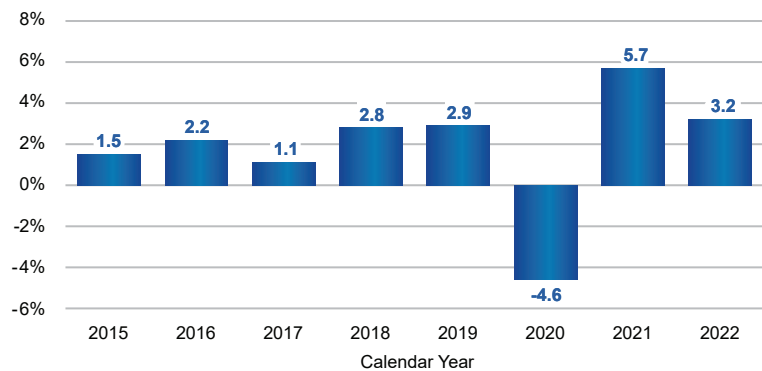
New York Ranked 45th Nationwide for Personal Income Growth in 2022.

- Personal income in 2022 grew by 0.8 percent due, in part, to the expiration of economic impact payments (“stimulus checks”) and enhanced unemployment benefits in 2021.
- Idaho ranked first with an increase of 6.2 percent.



- With employment growth, total wages in the State increased by 8.1 percent in 2022. The leisure and hospitality industry realized the largest increase in wages (21.3 percent).
- Average annual wages statewide increased by 1.7 percent. The hospitality sector had the largest growth (8.1 percent).
- The information sector realized wage loss of 3.1 percent.

New York Real GDP Growth

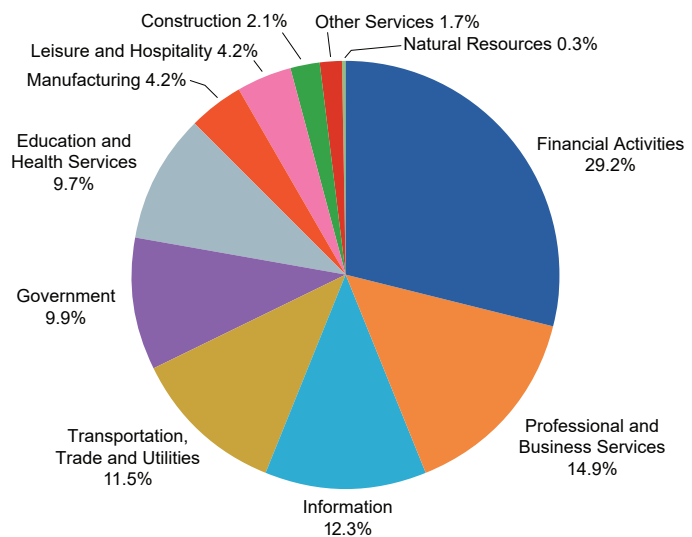


NYS GDP Nearly \$1.6 Trillion in 2022

A state's Gross Domestic Product (GDP) is the value of production originating from all industries in the state, as defined by the U.S. Bureau of Economic Analysis.

- New York State's real GDP increased by 3.2 percent, compared to 2.1 percent nationally.
- State GDP was 7.8 percent of the U.S. total in 2022, ranking third nationwide.
- New York ranked eighth for economic growth in 2022. Idaho ranked highest (4.9 percent), while Alaska ranked the lowest (-2.4 percent).
- The financial activities sector comprised the largest share of the State's GDP in 2022 at 29.2 percent, down from 30.4 percent in 2021. The second and third top industries—professional and business services and information—together make up 27.2 percent.

Composition of New York GDP, 2022



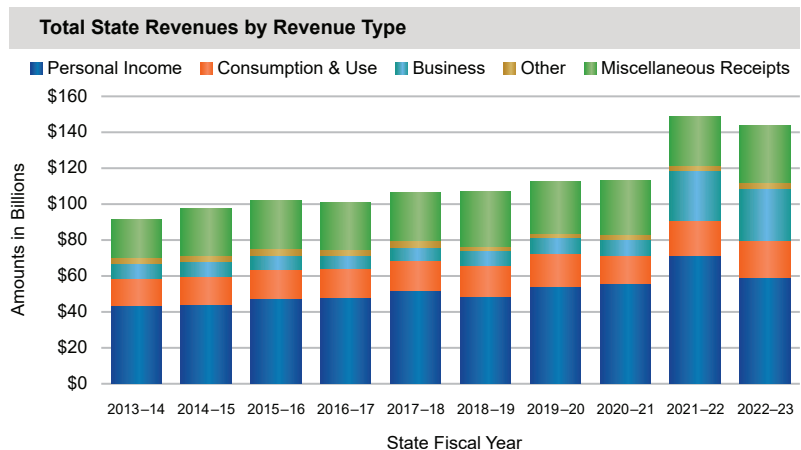
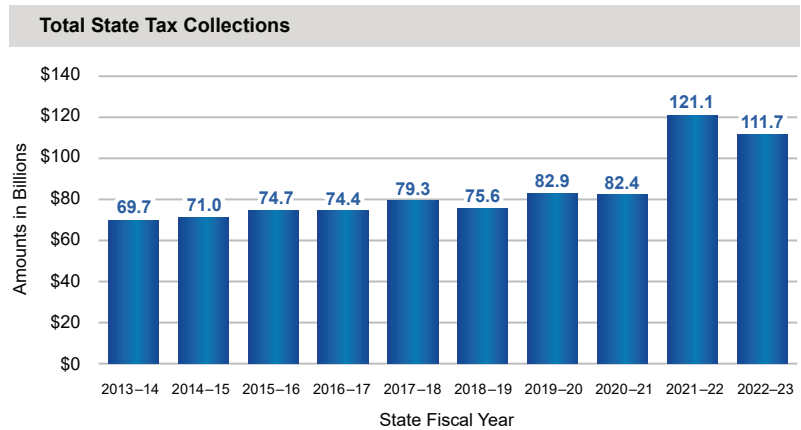
New York's Population Continued to Decline in 2022

- According to U.S. Census estimates, the State's population decreased by 0.9 percent from 2021, whereas the national population increased by 0.4 percent.

Taxes

State Tax Collections Declined in SFY 2022-23 from \$121.1 Billion to \$111.7 Billion

- In SFY 2022-23, reported New York State tax collections decreased by 7.8 percent, primarily reflecting the one-time homeowner’s property tax relief credit, and enhanced earned income and child tax credits.
 - Personal income tax (PIT) collections declined by 16.8 percent due, in part, to financial market volatility during 2022 which resulted in a 26 percent decline in securities industry bonuses as well as lower tax rates on the middle class effective January 1, 2023.
 - The 5.1 percent increase in Consumption and Use Taxes was due, in part, to continued inflation partially offset by the impact of the suspension of sales and excise taxes on motor fuel from June 1 to December 31, 2022.



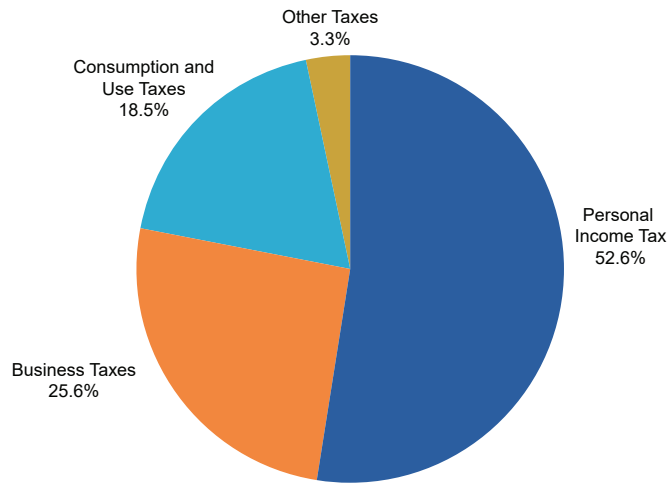
The Pass-Through Entity Tax (PTET) Obscuring Collections Trends

- The PTET provides a way for certain taxpayers to avoid the \$10,000 limit on federal itemized deductions for state and local taxes (SALT) by imposing a tax on the business entity (S-corporations, LLCs, and partnerships) rather than imposing the PIT on individual members of the business.
 - PTET collections totaled \$14.9 billion in SFY 2022-23, a decline of 9 percent.
- Members of the business entities are authorized to claim a PIT credit for their shares of the PTET paid.
 - Approximately \$11.5 billion in credits were claimed in returns filed for the 2021 tax year.

The State Budget Relies Heavily on the Personal Income Tax

- Personal income tax collections:
 - Made up 52.6 percent of New York State's tax collections in SFY 2022-23.
 - Were lower than the 58.4 percent in SFY 2021-22 due to the PTET credits claimed for the 2021 tax year, one-time property tax credits and enhanced earned income and child tax credits.
- Only Oregon had a greater reliance on the personal income tax, 62.3 percent of total tax collections. Nationwide, over two-thirds of the states rely more heavily on sales and user taxes.

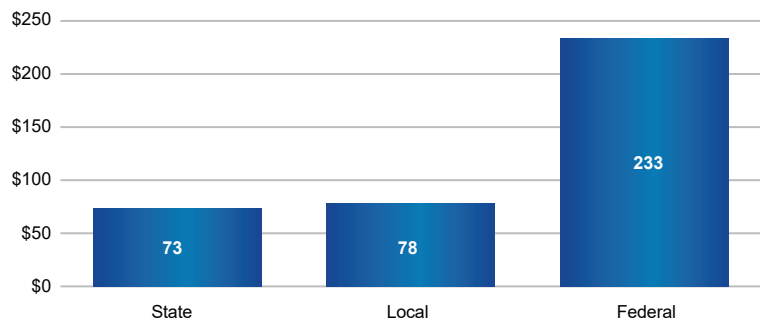
SFY 2022–23 State Tax Collections by Tax Type



Tax Burden Increases

- The combined federal, State, and local tax burden in New York State was \$384 per \$1,000 of personal income in fiscal year 2022, an increase from \$372 in 2021.

Taxes of New York Taxpayer per \$1,000 of Personal Income (Fiscal year ending in 2022)



Implications for the Future

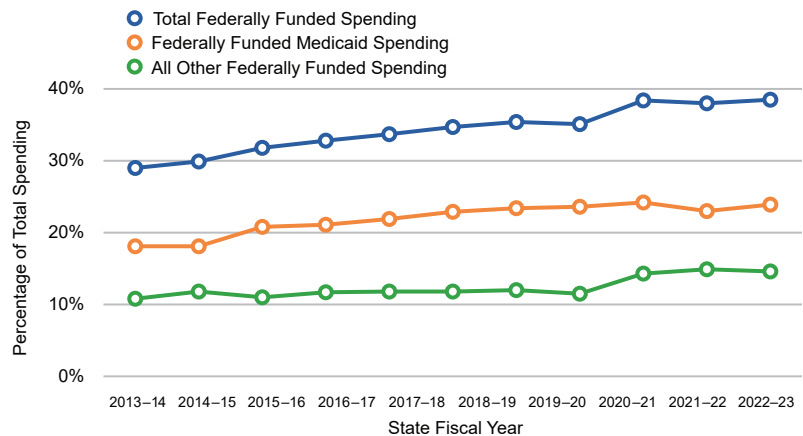
The Economic Outlook: Uncertainty Remains

Looking ahead, numerous factors will continue to present risks to economic growth, and many forecasters continue to believe that a recession is more likely than not. These factors include persistent inflation, the effects of elevated interest rates due to Federal Reserve Bank actions, and global uncertainty. In New York, lagging employment and labor force recovery relative to the nation will heighten those risks. For example, nearly three years after the end of COVID-related shutdowns, other large states and most of New York's neighboring states have returned to pre-pandemic employment levels. As of July 2023, the State had regained only 93 percent of jobs lost in March and April 2020. The rate of job gains has also lagged, only one-third the rate of the rest of the nation in the first seven months of 2023.

The Importance and Expected Decline of Federal Funding

Federal aid has long played an essential role in the State's budget and its ability to provide health care, education, human services and other essential programs. In recent years, for example, new federal funding has helped to extend health coverage to more than 1.5 million additional New Yorkers. In SFY 2022-23, federal aid was 38 percent of total State receipts, higher than the 29 percent average in the 10-year period ending in March 2020 prior to the impact of COVID-19. The largest share of federal aid supports Medicaid and other health care programs.

Total Federally Funded Spending as a Percentage of All Funds Spending



Significant federal COVID-19 recovery funding helped support State spending for both pandemic needs and new initiatives. However, that extraordinary aid will be depleted in the coming years. According to the Division of the Budget (DOB), disbursements related to pandemic assistance totaled \$14.7 billion in SFY 2022-23, but will decline to \$5 billion by SFY 2024-25 and approximately \$100 million in the next two fiscal years. In addition, the State received \$12.7 billion from the American Rescue Plan Act for a wide range of discretionary purposes, including the offset of lost revenues. These funds are expected to be exhausted by the end of SFY 2024-25.

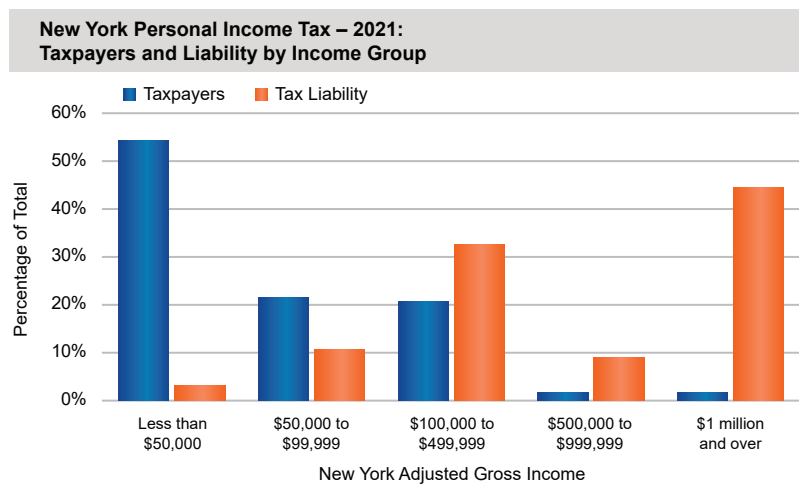
Up until Federal Fiscal Year (FFY) 2020, New Yorkers consistently paid more in federal taxes than the State received in federal spending, as several reports by the Office of the State Comptroller have shown. However, the most recent report, issued in April 2023, found that every state, including New York, received more than it paid in FFY 2021. For every dollar New York paid, it received \$1.51 in return; however, this was still well below the \$1.70 national average.

The State Relies Heavily on a Small Segment of Taxpayers

New York State’s budget relies heavily on its Personal Income Tax (PIT), which produces over half of all State tax revenues. The SFY 2021-22 Enacted Budget increased rates for high-income taxpayers and increased dependence on the personal income tax and the potential volatility of tax collections even more. High-income individuals generate a large share of PIT receipts. In 2021, the top 1.6 percent of taxpayers in New York generated 44.5 percent of all PIT liability. An economic downturn may cause taxable income and tax liability from such individuals to drop sharply because they tend to rely on non-wage income, such as capital gains, which are more volatile than wages. This disproportionate volatility in the State’s revenue mix magnifies the impacts of both good and bad economic times on the State’s budget.

Continue with Commitment to Increasing Statutory Reserves

Comptroller DiNapoli repeatedly warned in the years before the COVID-19 pandemic and ensuing recession hit New York that the State’s budgetary reserves were not sufficient to guard against unwanted spending cuts, tax increases or other actions in case of an economic downturn or catastrophic event. Unfortunately, the fiscal impacts of the pandemic proved those warnings were well founded and DOB had to rely on other budget actions, including withholding payments and raising taxes to keep the budget in balance.



More recently, progress has been made by increasing statutory rainy day reserves to a record level of \$6.3 billion. When combined with other informal reserves, the State has set aside nearly \$19.5 billion, which is more than 15 percent of State Operating Funds spending. The State also increased allowable annual deposits to statutory reserves to 15 percent of General Fund spending, and increased the maximum allowable balance to 25 percent of General Fund spending. The State should make efforts to increase the level of statutory reserves rather than relying on informal reserves that do not have safeguards including mandatory repayment requirements. And, while these resources are an important budget management tool, they are not a substitute for prudent fiscal practices.

Appendix 1: State Funds Spending by Major Service Function

(Cash Basis, amounts in millions)

| State Funds Spending for the Fiscal Year Ended March 31: | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------------------|------------------|------------------|------------------|------------------|
| EDUCATION | \$41,177 | \$41,880 | \$41,255 | \$43,076 | \$45,817 |
| Public Schools | 28,669 | 29,855 | 28,791 | 30,712 | 32,819 |
| School Tax Relief (STAR) | 2,423 | 2,184 | 2,027 | 1,904 | 1,781 |
| State University of New York | 7,366 | 7,734 | 7,355 | 7,720 | 8,393 |
| City University of New York | 1,649 | 1,075 | 2,411 | 2,014 | 2,093 |
| Higher Education Services Corporation | 1,023 | 980 | 633 | 628 | 630 |
| Cultural Programs | 47 | 52 | 38 | 98 | 101 |
| PUBLIC HEALTH | 28,078 | 31,884 | 28,009 | 34,419 | 37,606 |
| Health and Mental Health Services | 7,424 | 8,411 | 8,471 | 9,545 | 9,558 |
| Medical Assistance (Medicaid) | 20,654 | 23,473 | 19,538 | 24,874 | 28,048 |
| PUBLIC WELFARE | 3,897 | 3,329 | 4,181 | 6,425 | 6,457 |
| Public Welfare | 3,186 | 2,579 | 3,256 | 3,376 | 5,270 |
| Public Housing | 496 | 542 | 720 | 719 | 895 |
| Employment Services | 215 | 208 | 205 | 2,330 | 292 |
| PUBLIC SAFETY | 4,322 | 4,733 | 2,817 | 3,663 | 4,772 |
| Criminal Justice and Correctional Alternatives | 1,133 | 1,196 | 797 | 1,049 | 1,366 |
| Emergency Management and Security Services | 236 | 255 | 440 | 330 | 392 |
| Prisons and Reformatories | 2,953 | 3,282 | 1,580 | 2,284 | 3,014 |
| TRANSPORTATION | 7,824 | 7,196 | 8,294 | 10,031 | 9,787 |
| Traffic Safety | 207 | 237 | 275 | 271 | 280 |
| Transportation | 7,617 | 6,959 | 8,019 | 9,760 | 9,507 |
| ENVIRONMENT AND RECREATION | 1,196 | 1,302 | 1,246 | 1,379 | 1,423 |
| Environmental Protection | 845 | 912 | 832 | 1,011 | 1,012 |
| Parks, Recreation and Historic Preservation | 351 | 390 | 414 | 368 | 411 |
| SUPPORT AND REGULATE BUSINESS | 1,896 | 1,617 | 1,405 | 2,059 | 2,099 |
| Commerce, Industry and Agriculture | 1,514 | 1,200 | 1,005 | 1,680 | 1,422 |
| Regulate Business | 382 | 417 | 400 | 379 | 677 |
| SHARE GENERAL REVENUES WITH LOCAL GOVERNMENTS | 1,077 | 1,109 | 1,004 | 1,022 | 1,263 |
| REPAY BORROWED MONEY AND REDUCE DEBT | 6,736 | 4,952 | 13,258 | 12,559 | 10,528 |
| GENERAL GOVERNMENT | 14,255 | 14,291 | 13,432 | 15,223 | 15,801 |
| Executive Agencies | 2,626 | 2,432 | 2,139 | 1,922 | 2,057 |
| Office of the State Comptroller | 183 | 188 | 187 | 198 | 210 |
| Office of the Attorney General | 194 | 189 | 193 | 194 | 230 |
| Legislature | 223 | 228 | 226 | 230 | 236 |
| Court Administration | 2,274 | 2,310 | 2,222 | 2,149 | 2,320 |
| Pension Contributions and Other Employee Benefits | 8,348 | 8,581 | 8,046 | 10,096 | 10,326 |
| Other | 407 | 363 | 419 | 434 | 422 |
| TOTAL STATE FUNDS SPENDING | \$110,458 | \$112,293 | \$114,901 | \$129,856 | \$135,553 |

Appendix 2: Federal Funds Spending by Major Service Function

(Cash Basis, amounts in millions)

| Federal Funds Spending for the Fiscal Year Ended March 31: | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| EDUCATION | \$4,365 | \$4,053 | \$3,642 | \$7,464 | \$9,252 |
| Public Schools | 4,008 | 3,698 | 3,165 | 6,641 | 8,781 |
| State University of New York | 351 | 348 | 473 | 818 | 469 |
| City University of New York | 2 | 2 | 1 | – | – |
| Higher Education Services Corporation | 3 | 4 | 2 | 3 | 1 |
| Cultural Programs | 1 | 1 | 1 | 2 | 1 |
| PUBLIC HEALTH | 46,785 | 47,339 | 51,827 | 56,346 | 61,931 |
| Health and Mental Health Services | 6,805 | 6,495 | 6,976 | 8,261 | 8,853 |
| Medical Assistance (Medicaid) | 39,980 | 40,844 | 44,851 | 48,085 | 53,078 |
| PUBLIC WELFARE | 5,436 | 5,379 | 9,082 | 8,540 | 7,163 |
| Public Welfare | 5,023 | 4,934 | 8,342 | 7,769 | 6,219 |
| Public Housing | 26 | 27 | 23 | 151 | 447 |
| Employment Services | 387 | 418 | 717 | 620 | 497 |
| PUBLIC SAFETY | 1,369 | 1,578 | 3,765 | 3,031 | 3,425 |
| Criminal Justice and Correctional Alternatives | 117 | 118 | 476 | 427 | 145 |
| Emergency Management and Security Services | 1,252 | 1,459 | 1,992 | 1,842 | 3,277 |
| Prisons and Reformatories | – | 1 | 1,297 | 762 | 3 |
| TRANSPORTATION | 1,646 | 1,621 | 1,677 | 1,974 | 1,854 |
| Traffic Safety | 29 | 28 | 27 | 46 | 34 |
| Transportation | 1,617 | 1,593 | 1,650 | 1,928 | 1,820 |
| ENVIRONMENT AND RECREATION | 239 | 234 | 68 | 184 | 296 |
| Environmental Protection | 224 | 219 | 49 | 162 | 279 |
| Parks, Recreation and Historic Preservation | 15 | 15 | 19 | 22 | 17 |
| SUPPORT AND REGULATE BUSINESS | 27 | 25 | 20 | 27 | 26 |
| Commerce, Industry and Agriculture | 24 | 23 | 18 | 22 | 22 |
| Regulate Business | 3 | 2 | 2 | 5 | 4 |
| SHARE GENERAL REVENUES WITH LOCAL GOVERNMENTS | 2 | 1 | 1 | – | – |
| REPAY BORROWED MONEY | – | – | 102 | 42 | – |
| GENERAL GOVERNMENT | 548 | 457 | 1,502 | 1,875 | 961 |
| Executive Agencies | 78 | 79 | 141 | 769 | 535 |
| Office of the Attorney General | 28 | 26 | 25 | 29 | 26 |
| Court Administration | 7 | 8 | 8 | 12 | 10 |
| Pension Contributions and Other Employee Benefits | 435 | 344 | 1,328 | 1,065 | 390 |
| TOTAL FEDERAL FUNDS SPENDING | \$60,417 | \$60,687 | \$71,686 | \$79,483 | \$84,908 |

Appendix 3: State Receipts by Major Source

(Cash Basis, amounts in millions)

| State Receipts for the Fiscal Year Ended March 31: | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------------------|------------------|------------------|------------------|------------------|
| TOTAL TAXES | \$75,577 | \$82,889 | \$82,376 | \$121,136 | \$111,656 |
| Personal Income Tax | 48,087 | 53,659 | 54,967 | 70,737 | 58,776 |
| Consumer Taxes | 17,356 | 18,022 | 16,118 | 19,621 | 20,585 |
| Sales and Use | 15,127 | 15,932 | 14,146 | 17,580 | 18,933 |
| Cigarette/Tobacco Products | 1,108 | 1,035 | 1,006 | 957 | 860 |
| Cannabis | 4 | 6 | 8 | 13 | 13 |
| Motor Fuel | 528 | 512 | 425 | 495 | 179 |
| Alcoholic Beverage | 262 | 259 | 271 | 277 | 282 |
| Highway Use | 145 | 142 | 135 | 142 | 142 |
| Auto Rental | 130 | 107 | 64 | 99 | 122 |
| Vapor Excise | – | 10 | 33 | 29 | 25 |
| Opioid Excise | – | 19 | 30 | 29 | 27 |
| Peer-to-Peer Car Sharing | – | – | – | – | 2 |
| MCTD Taxicab Trip* | 52 | – | – | – | – |
| Business Taxes | 7,912 | 8,996 | 8,792 | 27,725 | 28,616 |
| Corporation Franchise | 4,297 | 4,824 | 4,954 | 7,235 | 9,017 |
| Corporation and Utilities | 672 | 705 | 550 | 555 | 525 |
| Insurance | 1,837 | 2,306 | 2,190 | 2,453 | 2,680 |
| Bank | (59) | – | 156 | 20 | 355 |
| Pass-Through Entity | – | – | – | 16,430 | 14,944 |
| Petroleum Business | 1,165 | 1,161 | 942 | 1,032 | 1,095 |
| Other Taxes | 2,222 | 2,212 | 2,499 | 3,053 | 3,679 |
| Estate and Gift | 1,068 | 1,070 | 1,537 | 1,386 | 2,185 |
| Employer Compensation Expense Tax | – | 2 | 3 | 13 | 7 |
| Pari-Mutuel | 16 | 14 | 10 | 13 | 13 |
| Real Estate Transfer | 1,135 | 1,124 | 949 | 1,639 | 1,472 |
| Racing and Combative Sports | 3 | 2 | – | 2 | 2 |
| GAMING – LOTTERY INCOME, WAGERING, VLT AND CASINO | 3,767 | 3,749 | 3,066 | 4,756 | 4,812 |
| FEDERAL RECEIPTS | 61,344 | 65,080 | 78,152 | 95,306 | 89,563 |
| OTHER RECEIPTS | 20,807 | 20,219 | 18,542 | 19,182 | 21,666 |
| Student Tuition and Fees (SUNY/CUNY) | 1,726 | 1,541 | 1,390 | 1,244 | 1,287 |
| Revenues of State Departments | 5,001 | 4,465 | 4,561 | 4,687 | 4,872 |
| Receipts from Municipalities | 344 | 105 | 330 | 326 | 229 |
| Income from Investments | 344 | 431 | 120 | 66 | 1,801 |
| Abandoned Property | 505 | 462 | 591 | 585 | 732 |
| Unclaimed Bottle Deposits | 121 | 117 | 139 | 129 | 121 |
| Public Benefit Corporations | 132 | 182 | 136 | 116 | 135 |
| Assessments | 6,950 | 7,404 | 6,806 | 7,281 | 7,861 |
| Fees, Licenses, Permits | 3,665 | 3,696 | 3,316 | 3,791 | 3,668 |
| Fines, Penalties and Forfeitures | 1,539 | 1,386 | 924 | 434 | 521 |
| Miscellaneous | 480 | 430 | 229 | 523 | 439 |
| BORROWED AND ADDED TO DEBT | 6,744 | 5,498 | 9,367 | 3,995 | 5,363 |
| Bonds and Notes Issued by the State | 133 | – | 203 | – | – |
| Public Authority Financings | 6,611 | 5,498 | 9,164 | 3,995 | 5,363 |
| TOTAL RECEIPTS | \$168,239 | \$177,435 | \$191,503 | \$244,375 | \$233,060 |

* Metropolitan Commuter Transportation District (MCTD)

Data Sources

City University of New York

College Board

Federal Reserve Bank of New York

Fitch Ratings

IHS Markit/S&P Global

Internal Revenue Service

Moody's Investors Service

National Student Clearinghouse Research Center

NYS Department of Corrections and
Community Supervision

NYS Department of Health

NYS Department of Taxation and Finance

NYS Department of Transportation

NYS Division of Criminal Justice Services

NYS Division of the Budget

NYS Education Department

NYS Higher Education Services Corporation

Office of the New York State Comptroller

Public Authorities Reporting Information System

Standard and Poor's Rating Services

State University of New York

U.S. Commerce Department – Bureau of the Census
and Bureau of Economic Analysis

U.S. Department of Education – National Center for
Education Statistics

U.S. Department of Labor – Bureau of Labor Statistics

U.S. Federal Highway Administration

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