

NEW YORK STATE ASSEMBLY

MID-YEAR UPDATE

CARL E. HEASTIE

Speaker

HELENE E. WEINSTEIN

Chair

Prepared by the
Assembly Ways and Means Committee Staff

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FINANCIAL PLAN

FINANCIAL PLAN

Financial Plan Overview

The State’s cash position through September 2022 is sound with closing balances of \$50 billion in the General Fund and \$74.1 billion in All Funds; receipts currently exceed disbursements by \$16.9 billion in the General Fund and \$20.6 billion in All Funds. This is a result of a decline in Local Assistance Grants disbursements of \$1.3 billion from the General Fund and \$3.6 billion in All Funds as compared to the Division of Budget’s First Quarter Financial Plan estimates.

Table 1

BUDGETARY BASIS						
SFY 2022-23 vs SFY 2021-22						
(\$ in millions)						
	GENERAL FUND			ALL FUNDS		
	Midyear 2022	Midyear 2021	Difference	Midyear 2022	Midyear 2021	Difference
OPENING CASH BALANCE - April 1, 2022	33,053	9,161	23,891.9	53,549	18,751	34,798
RECEIPTS	56,105	51,119	4,986	116,842	116,740	102
DISBURSEMENTS	39,164	40,326	(1,162)	96,242	91,846	4,396
EXCESS (DEFICIENCY) of RECEIPTS OVER DISBURSEMENTS	16,941	10,793	6,148	20,600	24,894	(4,294)
OTHER FINANCING SOURCES (USES)	-	-	-	(60)	(74)	14
EXCESS (DEFICIENCY)	16,941	10,793	6,148	20,540	24,820	(4,280)
CLOSING CASH BALANCE -Sept. 30, 2022	49,993	19,954	30,040	74,089	43,571	30,518

Year to Year Financial Plan Actuals: Revenues Decline

Through September 2022 the General Fund’s cash balance is \$30 billion above last year’s mid-year results. General Fund receipts totaled \$56.1 billion, an increase of \$5.0 billion from SFY 2021-22. Higher receipts are due to a substantial increase in business tax collections of \$3.7 billion and an increase in transfers from other funds of \$1.8 billion compared to last year. This growth is partially offset by a decrease in Personal Income Tax (PIT) collections of \$1.3 billion. General Fund disbursements total \$39.2 billion, a decrease of \$1.2 billion from last year’s mid-year results.

Through September 2022 All Funds receipts totaled \$116.8 billion, an increase of \$102 million, or 0.1 percent from SFY 2021-22. The increase is substantially less than that of General Fund receipts, primarily due to \$9.1 billion less in Federal aid compared to last year. All Funds disbursements totaled \$96.2 billion, \$4.4 billion above last year’s mid-year results.

In The Division of Budget’s Mid-Year Financial Plan, actual General Fund revenues collected to date make up 62.6 percent of estimated annual collections, higher than the 56.9 percent anticipated in the Enacted Financial Plan. Disbursements to date make up 41.1 percent of estimated annual spending, lower than the 45.9 percent Financial Plan estimate.

On an All Funds basis, revenues collected to date make up 54.2 percent of estimated annual collections, slightly lower than the 53.2 percent anticipated in the Enacted Financial Plan. Current disbursements make up 43.3 percent of total spending, lower than the 47.8 percent estimated in the Enacted Financial Plan.

Financial Plan Estimates versus Actual Receipts and Disbursements

Table 2

BUDGETARY BASIS Financial Plan v. Actual (in millions)										
	GENERAL FUND					ALL FUNDS				
	Enacted Financial Plan (*)	1st Quarter Financial Plan (**)	Actual/ Midyear Financial Plan	Enacted (Over/Under) Financial Plan	1st Quarter (Over/Under) Financial Plan	Enacted Financial Plan (*)	1st Quarter Financial Plan (**)	Actual/ Midyear Financial Plan	Enacted (Over/Under) Financial Plan	1st Quarter (Over/Under) Financial Plan
OPENING CASH BALANCE - April 1, 2022	33,053	33,053	33,053	(0.3)	(0.3)	53,549	53,549	53,549	-	0.0
RECEIPTS	50,216	52,996	56,105	5,888.8	3,108.8	112,913	115,828	116,842	3,928.8	1,013.8
DISBURSEMENTS	44,147	40,824	39,164	(4,982.8)	(1,659.8)	106,224	101,215	96,242	(9,981.9)	(4,972.9)
EXCESS (DEFICIENCY) of RECEIPTS OVER DISBURSEMENTS	6,069	12,172	16,941	10,871.6	4,768.6	6,689.0	14,613.0	20,599.7	13,910.7	5,986.7
OTHER FINANCING SOURCES (USES)	-	-	-	-	-	(125)	(119)	(60)	65.0	59.0
EXCESS (DEFICIENCY)	6,069	12,172	16,941	10,871.6	4,768.6	6,564	14,494	20,540	13,975.7	6,045.7
CLOSING CASH BALANCE -Sept. 30, 2022	39,122	45,225	49,993	10,871.3	4,768.3	60,113	68,043	74,089	13,975.7	6,045.7

Compared to the First Quarter Financial Plan, the General Fund and All Funds cash balances are \$4.8 billion and \$6.0 billion above projections, respectively.

All Funds receipts through September were \$1.0 billion above the First Quarter Financial Plan. This is attributed to a decrease in Consumption Tax revenues (\$560.2 million) and Federal receipts (\$1.1 billion), offset by an increase in Personal Income Tax (PIT) collections of \$2.4 billion.

General Fund Revenue through September was \$3.1 billion above the First Quarter Financial Plan. This is mainly the result of a \$1.2 billion increase in PIT collections and increased transfers from the Revenue Bond Tax Fund of \$1.0 billion.

All Funds spending through September 2022 was \$96.2 billion which is \$5.0 billion below the First Quarter Financial Plan. This is attributed to lower than anticipated spending in all categories, including a \$3.6 billion decrease in Local Assistance Grants disbursements.

General Fund spending, including transfers, through September 2022 was \$39.2 billion, which is \$1.7 billion below the Updated Financial Plan. This is primarily attributed to lower than anticipated spending of \$1.3 billion in Local Assistance Grants.

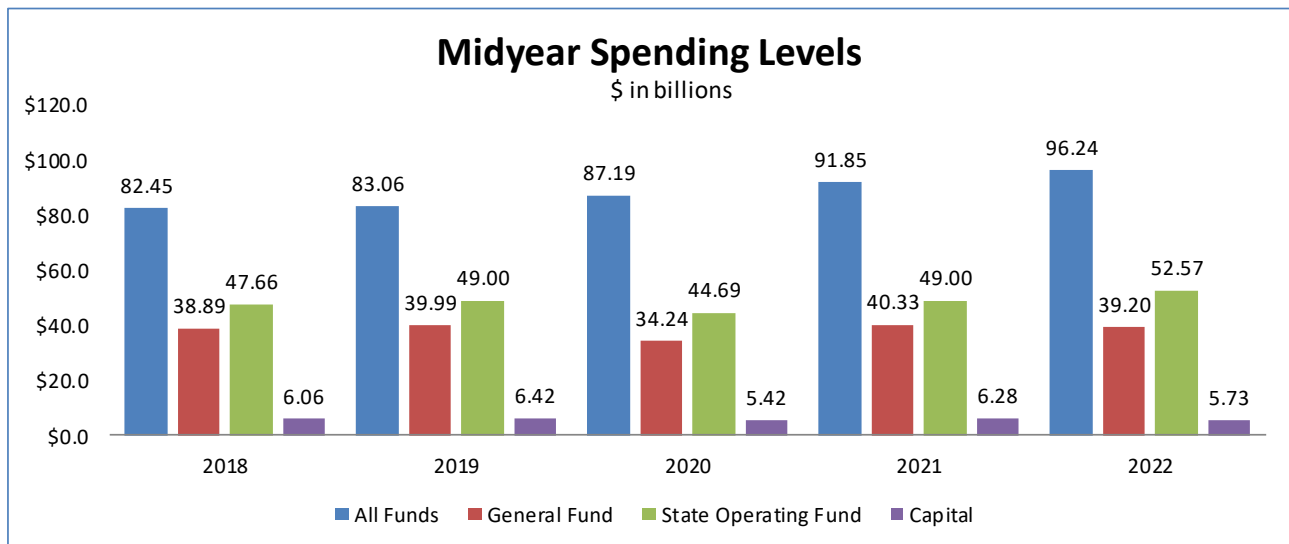


Figure 1

Mid-year Spending Levels over the Past Five Fiscal Years

Historically, the five-year average for mid-year All Funds spending is \$88.2 billion. Current All Funds spending is \$96.2 billion, or 42.97 percent of planned spending for SFY 2022-23. This is a growth of \$8.0 billion or 9.17 percent over the five-year average.

The five-year average for mid-year General Fund spending is \$38.5 billion. Current General Fund spending is at \$39.2 billion, or 40.83 percent of planned spending for SFY 2022-23. This is a growth of \$641.8 million or 1.67 percent over the five-year average.

The five-year average for mid-year State Operating Funds spending is \$48.6 billion. Current State Operating Fund spending is \$52.57 billion, or 42.86 percent of planned spending for SFY 2022-23. This is a growth of \$4.0 billion or 8.2 percent over the five-year average.

The five-year average for mid-year Capital Fund spending is \$6.0 billion. Current Capital Fund spending is \$5.7 billion, or 33 percent of planned spending for SFY 2022-23. This is a decrease of \$250 million or 4.2 percent over the five-year average.

Table 3
ALL FUNDS
Receipts
(\$ in millions)

	Midyear 2022	Midyear 2021	Difference	% Change
RECEIPTS	116,841.8	116,739.7	102.1	0.1
Taxes	58,390.2	52,944.6	5,445.6	10.3
Personal Income Tax	33,178.6	35,795.2	(2,616.6)	(7.3)
Consumption/Use Taxes and Fees	10,338.9	9,820.7	518.2	5.3
Business Taxes	12,920.8	5,884.8	7,036.0	119.6
Other Taxes	1,951.9	1,443.9	508.0	35.2
Other				
Miscellaneous Receipts	15,264.6	11,494.7	3,769.9	32.8
Federal Grants	43,187.0	52,300.4	(9,113.4)	(17.4)

All Funds Receipts Increase Slightly from SFY 2021-22

To date, on a year over year basis, All Funds receipts totaled \$116.8 billion, \$102.1 million or 0.1 percent higher than last year for the same period but \$2.4 billion higher than anticipated in the First Quarterly Update. Most notably, tax collections increased by \$5.4 billion resulting from a \$7.0 billion surge in Business Tax Collections largely attributable to the collection of Pass Through Entity Tax (PTET) which are offset by a decline of \$2.6 billion in PIT collections. Miscellaneous Receipts increased \$3.8 billion, mostly due to the impact of bond proceeds. Federal Grants decreased by \$9.1 billion as a result of the depletion of pandemic relief funds.

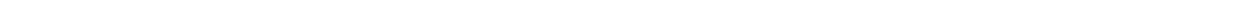
Table 4

ALL FUNDS Disbursements (\$ in millions)				
	Midyear 2022	Midyear 2021	Difference	% Change
DISBURSEMENTS	96,242.1	91,846.2	4,395.9	4.8
Local Assistance Grants	74,524.4	70,011.8	4,512.6	6.4
Education	18,106.5	16,979.7	1,126.8	6.6
Environment	196.3	123.3	73.0	59.2
General Government	1,662.7	1,408.0	254.7	18.1
Public Health Medicaid	38,885.8	34,824.8	4,061.0	11.7
Public Health Other	6,005.1	5,767.4	237.7	4.1
Public Safety	987.8	1,007.5	(19.7)	(2.0)
Public Welfare	5,291.2	5,916.3	(625.1)	(10.6)
Support and Regulate Business	706.6	701.0	5.6	0.8
Transportation	2,682.4	3,283.8	(601.4)	(18.3)
Department Operations	11,136.9	11,312.3	(175.4)	(1.6)
Personal Service	7,580.0	7,444.3	135.7	1.8
Non-Personal Service	3,556.9	3,868.0	(311.1)	(8.0)
Other	10,580.8	10,522.1	58.7	0.6
General State Charges	5,233.2	5,774.0	(540.8)	(9.4)
Debt Service (including pmts on financing agreements)	1,425.4	1,240.5	184.9	14.9
Capital Projects	3,922.2	3,507.6	414.6	11.8

All Funds Disbursements Increase 4.8 percent over SFY 2021-22

Disbursements in All Funds year to date have increased 4.8 percent over the previous fiscal year. This is mainly attributed to a \$4.5 billion increase in Local Assistance Grants. Medicaid spending increased by approximately \$4.1 billion due to an increase in enrollment related to the Covid-19 Pandemic. Education spending increased by \$1.1 billion over SFY 2021-22.

ECONOMIC OUTLOOK



ECONOMIC OUTLOOK

United States Economy

- The U.S. economy, as measured by inflation-adjusted **Gross Domestic Product**, is estimated to grow a mere 1.8 percent in 2022, a sharp contrast from a strong 5.9 percent rebound in 2021 (see Table 7). Growth of national output is forecast to continue to slow to 0.5 percent in 2023. The deceleration of growth in 2023 will be broad-based, ranging from business capital spending to household spending.
- After a strong 7.4 percent rebound in 2021, U.S. **personal income** growth is estimated to slow to 2.2 percent in 2022, reflecting a sharp decline in federal transfer payments to households (see Table 7). Personal income growth is projected to increase to 4.5 percent in 2023, supported mainly by growth in wages and interest income.
- U.S. **wages and salaries**, the largest component of U.S. personal income, are expected to increase by another 8.8 percent in 2022, following 8.8 percent growth in 2021, as upward pressure on wages persists due to labor supply shortages (see Table 7). Growth of wages and salaries is forecast to moderate to 4.9 percent in 2023.
- With the help of strong recovery in sales and pricing power, U.S. **corporate profits** increased 22.6 percent in 2021, after declining 5.9 percent in 2020 during the COVID-19 pandemic (see Table 7). As sales growth is weakening and cost pressures remain elevated, corporate earnings growth is estimated to slow to 7.1 percent in 2022. With sales growth expected to weaken further, corporate profits are forecast to gain little in 2023.
- U.S. **nonfarm payroll employment** surpassed its pre-pandemic peak in August 2022, twenty-nine months after losing 22 million jobs between March and April 2020. Nonfarm payroll is estimated to increase 4.0 percent in 2022, following growth of 2.8 percent in 2021 (see Table 7). In 2023, with overall economic growth expected to slow and the labor market to remain tight, U.S. payroll employment growth is forecast to moderate to 1.2 percent.
- To rein in rampant inflation, the **Federal Reserve** has been aggressively reversing its accommodative monetary policy measures that were in place in the wake of the

COVID-19 pandemic. These Fed moves and policy expectations have put large strains on financial markets, driving **interest rates** to increase steeply and equity prices to fall into bear market territory. The current forecast assumes that the Federal Reserve will continue to raise its target interest rate until February 2023 before a cautious pause. On a yearly average basis, the 10-year Treasury yield is forecast to rise to 3.56 percent in 2023 from an estimated 2.90 percent in 2022 (see Table 7). The yield on 3-month Treasury bills is forecast to increase to 3.70 percent in 2023 from an estimated 1.99 percent in 2022.

- The Committee’s current economic forecast is subject to significant downside **risks**. As the central bank is widely expected to tighten further its monetary policy in the coming months, interest rates will likely continue to increase. Should financial market volatility worsen and the sentiments of households and businesses sour abruptly, consumer and business spending could cool more sharply than called for in the current forecast. Consequently, the odds of the economy falling into a recession would increase further. Also, should the Russia-Ukraine War escalate or become protracted supply shortage problems would worsen, making inflation more rampant and forcing central banks around the world to tighten further. In that case, the outlook for consumer and business spending would be more pessimistic and financial markets would experience even more volatility than called for in the current forecast. In addition, although the daily number of COVID-19-related hospital admissions and deaths has declined sharply from the recent peak during the last winter, risks to the economic and State revenue forecast remain, given the highly unpredictable nature of the virus.

National Forecast Comparisons

- The NYS Assembly Ways and Means Committee’s forecast for overall national economic growth for 2023 is 0.5 percent. The Committee’s forecast is 0.6 percentage point below the Division of Budget’s forecast (see Table 5). It is 0.3 percentage point above the Blue Chip Consensus; 0.2 percentage point below Moody’s Analytics; and 1.0 percentage point above S&P Global/IHS Markit forecast.

Table 5

U.S. Real GDP Forecast Comparison			
	Actual 2021	Estimate 2022	Forecast 2023
Ways and Means	5.9	1.8	0.5
Division of the Budget	5.9	1.8	1.1
Blue Chip Consensus	N/A	1.6	0.2
Moody's Analytics	5.9	1.7	0.7
S&P Global/IHS Markit	5.9	1.7	(0.5)

Sources: NYS Assembly Ways and Means Committee; NYS Division of the Budget, NYS Division of Budget, Mid-Year Update To The FY 2023 Enacted Budget Financial Plan, November 2022; Blue Chip Economic Indicators, October 2022; Moody's Analytics, October 2022; IHS Markit, October 2022.

New York State Economy

- **Total nonfarm employment** in the State rebounded strongly by 7.1 percent in State Fiscal Year (SFY) 2021-22, as the economy recovered from the pandemic-led recession (see Table 9). As the economic recovery continues, nonfarm employment is estimated to increase 4.2 percent in SFY 2022-23. Due to labor supply shortages and slowing economic growth, employment growth is forecast to decelerate to 0.8 percent in SFY 2023-24.
- After a strong rebound to 8.6 percent in 2020-21, the growth of **personal income** in the State slowed sharply to 1.5 percent in SFY 2021-22, as various pandemic-related government support programs started receding (see Table 9). Overall personal income growth in the State is estimated to remain slow at 1.9 percent in SFY 2022-23, as personal transfer receipts from the federal government continue to recede and the growth of wages and salaries is expected to weaken in the coming months. Personal income growth is forecast to improve to 3.3 percent in SFY 2023-24.
- Total nonfarm **wages and salaries** in the State rebounded strongly by 12.4 percent in SFY 2021- 2022 (see Table 9). With employment growth slowing and Wall Street bonuses expected to decline in the upcoming bonus season, growth of total wages and salaries in New York State is estimated to decelerate to 4.5 percent in SFY 2022-23. In SFY 2023-24, as employment growth and inflation expectations are expected to moderate, growth of total wages is forecast to slow further to 3.3 percent.

- The key **risks** to the national economy also apply to the State’s forecast. In addition, Wall Street and the financial markets play a central role in the State economy. The Federal Reserve’s aggressive reversal of its monetary policy has pushed interest rates to rise rapidly, causing financial markets to plunge. Should financial market volatility worsen, consumer and business spending could cool more sharply and might have critical implications for the economic and fiscal health of the State.

State Forecast Comparisons

- For SFY 2022-23, the NYS Assembly Ways and Means Committee estimates the State’s total nonfarm payroll employment to grow 4.2 percent, which is 1.2 percentage points above the Division of Budget’s estimate (see Table 6). The Committee’s estimate for wage growth is 4.5 percent, which is 1.8 percentage points higher than the Division of Budget’s estimate. The Committee’s estimate for personal income growth is 1.9 percent, which is 1.0 percentage point higher than the Division of Budget’s estimate.
- For SFY 2023-24, the NYS Assembly Ways and Means Committee forecasts the State’s total nonfarm payroll employment to grow 0.8 percent, which is 0.2 percentage point above the Division of Budget’s forecast. The Committee’s forecast for wage growth is 3.3 percent, which is 0.5 percentage point lower than the Division of Budget’s forecast. The Committee’s forecast for personal income growth is 3.3 percent, which is 0.6 percentage point lower than the Division of Budget’s forecast.

Table 6

New York State Economic Forecast Comparison (Percent change from prior State Fiscal Year)			
	Actual SFY 2021-22	Estimate SFY 2022-23	Forecast SFY 2023-24
Employment			
Ways and Means	7.1	4.2	0.8
Division of the Budget	7.1	3.0	0.6
Wages			
Ways and Means	12.4	4.5	3.3
Division of the Budget	12.4	2.7	3.8
Personal Income			
Ways and Means	1.5	1.9	3.3
Division of the Budget	1.5	0.9	3.9

Sources: NYS Assembly Ways and Means Committee staff; NYS Division of Budget, Mid-Year Update To The FY 2023 Enacted Budget Financial Plan, November 2022.

U.S. ECONOMIC FORECAST TABLE

Table 7

U.S. Economic Outlook				
(Percent Change)				
	Actual 2020	Actual 2021	Estimate 2022	Forecast 2023
Real GDP	(2.8)	5.9	1.8	0.5
Personal Income	6.7	7.4	2.2	4.5
Wages & Salaries	1.4	8.8	8.8	4.9
Corporate Profits	(5.9)	22.6	7.1	(0.0)
Employment	(5.8)	2.8	4.0	1.2
Unemployment Rate*	8.1	5.4	3.7	3.9
S&P 500 Stock Price	10.5	32.6	(3.6)	(4.3)
Treasury Bill Rate (3-month)*	0.4	0.0	2.0	3.7
Treasury Note Rate (10-year)*	0.9	1.4	2.9	3.6
* Annual average rate.				
Note: Personal income and corporate profits growth rates are based on nominal values.				
<i>Sources: U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; Federal Reserve; Standard & Poor's; NYS Assembly Ways and Means Committee staff.</i>				

N.Y.S. ECONOMIC FORECAST TABLE

Table 8

New York State Economic Outlook (Percent Change)				
	Actual 2020	Actual 2021	Estimate 2022	Forecast 2023
Employment	(10.0)	2.7	5.1	1.3
Personal Income	6.2	5.7	0.6	3.0
Total Wages	(0.8)	8.8	7.8	2.6
<p>Note: Base wages and variable compensation are estimated by the NYS Assembly Ways and Means Committee staff and sum to total wages. New York area CPI is based on the New York-Northern NJ-Long Island, NY-NJ-CT-PA CPI-U series from the U.S. Bureau of Labor Statistics. <i>Sources: U.S. Bureau of Economic Analysis; NYS Department of Labor; U.S. Bureau of Labor Statistics; NYS Assembly Ways and Means Committee staff.</i></p>				

Table 9

New York State Economic Outlook State Fiscal Year				
		Actual 2021-22	Estimate 2022-23	Forecast 2023-24
Employment	Percent Change	7.1	4.2	0.8
	Level (Thousands)	8,917.8	9,289.7	9,366.6
Personal Income	Percent Change	1.5	1.9	3.3
	Level (Billions)	1,491.1	1,519.3	1,569.6
Total Wages	Percent Change	12.4	4.5	3.3
	Level (Billions)	799.9	835.7	863.1
<p>Note: Employment level is in thousands; wage and personal income levels are in billions of dollars. <i>Sources: U.S. Bureau of Economic Analysis; NYS Department of Labor, QCEW; U.S. Bureau of Labor Statistics; NYS Assembly Ways and Means Committee staff.</i></p>				

REVENUE UPDATE



REVENUE UPDATE

All Funds Tax Receipts State Fiscal Year 2022-23

- **All Funds revenues** are estimated to total \$220.111 billion in SFY 2022-23 for a year-to-year decline of 9.9 percent, or a decrease of \$24.264 billion, mainly attributed to a decline in federal aid and **Personal Income Tax (PIT) collections**.
- The Assembly Ways and Means Committee projection of **All Funds tax revenue** for SFY 2022-23 is \$104.957 billion, representing a decrease of 13.4 percent, or \$16.179 billion, from SFY 2021-22.
- The decrease in overall tax receipts is primarily related to a \$5.587 billion decrease in Federal Funds Receipts and a \$17.757 billion decrease in PIT collections due to changes in taxpayer behavior in response to the Pass-Through Entity Tax (PTET) and one-time inflation relief actions enacted in the SFY 2022-23 Budget that has led to extraordinary growth in PIT refunds. This decrease is partially offset by a \$1.084 billion increase in Sales and Use Tax collections, a \$360 million increase in Business Tax collections, and a \$134 million increase in Other Tax collections.
- The Committee's All Funds revenue estimate is \$4.584 billion above the Executive's estimate at mid-year, predominately related to a \$4.030 billion positive variance in **PIT collections**.

All Funds Tax Receipts State Fiscal Year 2023-24

- The Committee expects **All Funds revenues** to increase by 1.1 percent, for a total of \$222.634 billion, in SFY 2023-24, primarily related to a \$7.488 billion increase in PIT collections, which is partially offset by a \$6.854 billion decrease in **Federal Funds Receipts**
- The Committee expects a 6.6 percent increase in All Funds tax receipts in SFY 2023-24, for a total of \$111.919 billion.
- The Committee's All Funds revenue forecast is \$735 million above the Executive's estimates.
- The Committee's forecasts reflect ongoing economic uncertainty at the state and national levels, as well as unpredictability in taxpayer behavior in response to the PTET, which makes forecasting tax collections increasingly difficult.

Table 10

SFY 2022-23 All Funds Estimate Summary					
(\$ in Millions)					
	2021-22	2022-23			Diff.
	Actual	Estimate	Change	Growth	Exec.
Personal Income Tax	70,737	52,980	(17,757)	(25.1%)	4,030
User Taxes	19,621	20,705	1,084	5.5%	486
Business Taxes	27,725	28,085	360	1.3%	(3)
Other Taxes	3,054	3,187	133	4.3%	49
Total Tax Collections	121,137	104,957	(16,180)	(13.4%)	4,562
All Funds Miscellaneous Receipts	23,830	21,151	(2,679)	(11.2%)	(8)
Gaming	4,102	4,283	181	4.4%	30
Total w/Miscellaneous Receipts & Gaming	149,069	130,391	(18,678)	(12.5%)	4,584
Federal Funds	95,307	89,720	(5,587)	(5.9%)	-
Total All Funds Receipts	244,376	220,111	(24,265)	(9.9%)	4,584

* Totals may not add up due to rounding.

Table 11

SFY 2023-24 All Funds Forecast Summary					
(\$ in Millions)					
	2022-23	2023-24			Diff.
	Estimate	Forecast	Change	Growth	Exec.
Personal Income Tax	52,980	60,469	7,488	14.1%	759
User Taxes	20,705	21,234	528	2.6%	94
Business Taxes	28,085	27,323	(762)	(2.7%)	(188)
Other Taxes	3,187	2,894	(293)	(9.2%)	107
Total Tax Collections	104,957	111,919	6,962	6.6%	771
All Funds Miscellaneous Receipts	21,151	23,549	2,399	11.3%	(7)
Gaming	4,283	4,300	17	0.4%	(29)
Total w/Miscellaneous Receipts & Gaming	130,391	139,768	9,377	7.2%	735
Federal Funds	89,720	82,866	(6,854)	(7.6%)	-
Total All Funds Receipts	220,111	222,634	2,523	1.1%	735

* Totals may not add up due to rounding.

Year-To-Date Tax Receipts

- Year-to-date tax receipts through September reflect steady growth over the first six months of SFY 2021-22. When compared to the SFY 2019-20 level, this fiscal year’s tax collections indicate a continuation of the strong growth in overall collections that had occurred prior to the pandemic (see Figure 2 below).
- Through September 2022, All Funds tax revenue has increased by 10.3 percent over the same period in SFY 2021-22, and 47.6 percent over the SFY 2019-20 pre-pandemic level.
- While the year-to-date increase in collections has largely been driven by tax changes enacted in the SFY 2021-22 Budget, such as the increase in certain tax rates and the new Pass-Through Entity Tax, collections have also benefited from moderate growth in total wages, consumer demand, and corporate profits (see economic section). Robust growth in the nominal prices of goods and services due to inflation has also contributed to a strong increase in Sales Tax collections. However, growth in collections is expected to weaken over the final six months of the fiscal year due to revenue actions taken in the SFY 2022-23 Enacted Budget and a decline in year-over-year financial and insurance sector bonuses.

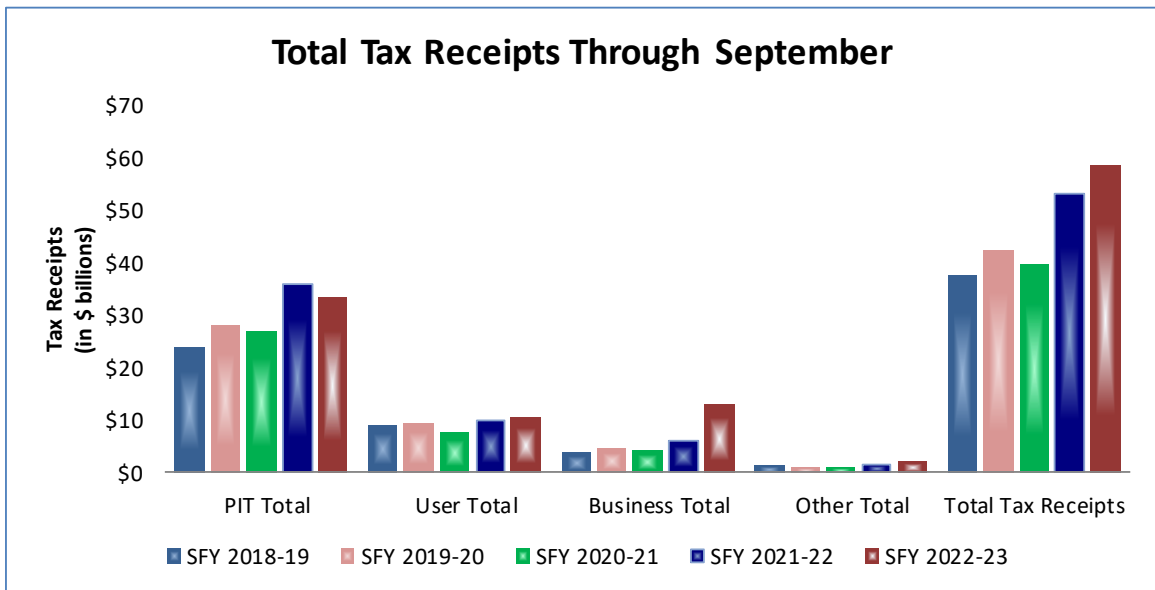


Figure 2

SFY 2022-23 Enacted Budget - Major Revenue Actions

- **Middle Class Tax Cuts:** The budget accelerated the scheduled middle-class tax cuts, originally set to be phased-in by 2025, to instead be fully phased-in for tax year 2023. This action is projected to reduce PIT collections by \$162 million in SFY 2022-23 and \$615 million in SFY 2023-24.
- **Small Business Tax Reform:** The budget increased the small business subtraction modification from 5 to 15 percent of net business income or farm income and expanded eligibility to include certain pass-through entities. This action is expected to reduce Business Tax Collections by \$100 million in SFY 2022-23 and SFY 2023-24.
- **Tax Credit for Small Business COVID-19 Related Expenses:** The budget established a refundable tax credit program to support small business capital expenses resulting from the COVID-19 pandemic. This action is projected to increase Business Tax collections by \$250 million in SFY 2023-24.
- **One-Time/Temporary Inflation Relief Revenue Actions:**
 - **Homeowner Tax Rebate Credit:** The budget created a one-year property tax rebate for households eligible for STAR and Enhanced STAR, and that have incomes at or below \$250,000. This action is projected to reduce PIT Collections by \$2.2 million in SFY 2022-23.
 - **Supplemental Empire State Child Credit (ESCC):** The budget provided a one-time supplemental child tax credit, calculated as a percentage of taxpayer's 2021 ESCC. This action is projected to reduce PIT collections by \$287 million in SFY 2022-23.
 - **Supplemental Earned Income Tax Credit (EITC):** The budget provided a one-time supplemental EITC payment to taxpayers that would be equal to 25 percent of their 2021 EITC benefit. This action is projected to reduce PIT collections by \$188 million in SFY 2022-23.
 - **Gas Tax Suspension:** In response to rising gas prices, the budget provided a gas tax holiday from June 1, 2022 to December 31, 2022. This action is projected to reduce Sales Tax collections by \$297 million and Motor Fuel Tax collections by \$297 million in SFY 2022-23.

EXPENDITURE FORECAST AND RISKS



EXPENDITURE FORECAST AND RISKS

Medicaid

Enhanced Federal Support

With the enactment of the Families First Coronavirus Response Act (FFCRA) in March 2020, Federal Medical Assistance Percentages (FMAP) were increased by 6.2 percent for each calendar quarter occurring during the declared public health emergency. Due to this enhanced level of Federal cost sharing, for the period of April 2021 to March 2022 an additional \$2.984 billion was claimed by the State and from March 2022 to March 2023 the State will claim approximately \$3.454 billion. Federal support has been used to offset increased Medicaid enrollment, which has reached 7.6 million recipients as of August 2022, an increase of 1.6 million enrollees since the beginning of the COVID-19 pandemic. The Executive projects that enrollment levels will peak at 7.7 million in FY 2023 before decreasing to pre-pandemic levels in FY 2025. On October 13th, 2022 the COVID Public Health Emergency was extended for additional 90 days, ensuring enhanced FMAP support through March 2023.

Medicaid Spending: SFY 2021-22, 2022-23, 2023-24

Total New York State share Medicaid spending for DOH in State Fiscal Year (SFY) 2021-22 was \$22.29 billion. Based on the data for the first six months of SFY 2022-23, and accounting for adjustments related to enhanced federal support, it is estimated that DOH Medicaid expenditures will total \$25.575 billion in SFY 2022-23, an increase of 14.7 percent. In SFY 2023-24, DOH Medicaid spending is projected at \$27.317 billion, representing an increase in State share spending of 6.8 percent. The notable increase in projected state spending in SFY 2023-24 can be attributed to the phase-out of eFMAP, which in prior fiscal years had served to offset spending.

Table 12

COVID-19 eFMAP Medicaid Spending Impact			
\$ in Thousands			
	SFY 2021-22	SFY 2022-23	SFY 2023-24
Total DOH Medicaid Spending	\$25,274	\$29,029	\$27,584
State Share eFMAP	(\$2,984)	(\$3,454)	(\$267)
Adjusted DOH Medicaid Spending	\$22,290	\$25,575	\$27,317

Medicaid Global Cap

The SFY 2022-23 budget implemented an update to the metric used to calculate the Global Cap by utilizing the 5-year rolling average of the CMS Medicaid Spending Annual Growth Rate. As a result of this cap, DOH Medicaid expenditures will utilize the new allowable growth rate of 5.2 percent or \$1.1 billion and will be limited to \$21.54 billion in SFY 2022-23 and \$22.65 billion in SFY 2023-24.

If DOH Medicaid spending is projected to exceed the global cap, the state Medicaid Director is authorized to implement a Medicaid Savings Allocation Plan, consisting of reimbursement rate reductions and/or benefit reductions, to bring expenditures in-line with the budgeted amounts under the cap. The Executive must provide notification to the Legislature 30 days prior to the implementation of any savings plan.

Risks to the Medicaid Spending Forecast

The Financial Plan assumes that the Federal Government will allow the public health emergency period to expire in January 2023, which will allow for continued eFMAP support through March 2023. With the end of the emergency period, existing federal Maintenance of Effort (MOE) requirements will also be lifted. Currently, MOE requirements, which are tied to eFMAP support, allow individuals covered by Medicaid to receive a minimum of twelve-month continuous coverage regardless of eligibility status. Accordingly, the Financial Plan projects that with the end of MOE requirements, and as the economic and unemployment trends return to pre-pandemic baselines, there will be a precipitous decline in Medicaid enrollment beginning in SFY 2023-24 and reaching near pre-pandemic levels in SFY 2024-25.

The inherent risk associated with these projections is that economic recoveries and factors determining unemployment rates can be hard to predict accurately on short timetables, especially when faced with the uncertain trajectory of a global pandemic. Although the Executive projects substantial increases in Medicaid expenditure through SFY 2024-25, the uncertain timeline to disenroll individuals may add risk to out-year spending projections due to the phase-out of eFMAP funding offsets.

Public Assistance Caseload and Expenditures

Public assistance expenditures consist of two main categories of spending: Family Assistance and Safety Net Assistance. The Family Assistance program is a federal program that provides support services and cash assistance to eligible families and children, and is financed through the federal Temporary Assistance for Needy Families (TANF) grant. The Safety Net Assistance program is a State program, financed jointly between the State and local governments. As the name implies, it offers a “safety net” by providing cash assistance to those individuals who do not qualify for Family Assistance (i.e., single adults, childless couples, and families that have exhausted their five year time limit for TANF eligibility imposed under federal law). It should be noted that while the data available from the Office of Temporary and Disability Assistance (OTDA) is sufficient for estimating the public assistance caseload, it lacks the needed specificity for preparing a public assistance spending forecast. While economic factors such as employment, wages, and unemployment exhaustions may help to forecast the number of recipients on the public assistance rolls, translating those figures into spending terms cannot be done with precision because a significant portion of public assistance expenditures are made for emergency situations that are unrelated to the public assistance caseload. Consequently, in order to forecast public assistance expenditures more accurately, OTDA needs to refine currently available data by segregating emergency and other non-assistance spending from basic expenditures that are directly related to the public assistance caseload.

Table 13

Expenditures (\$ in millions)	SFY 2021-22 (actual)	SFY 2022-23 (WAM estimate)	SFY 2023-24 (WAM estimate)
Federal	\$997	\$1,074	\$1,039
General Fund	\$493	\$565	\$571

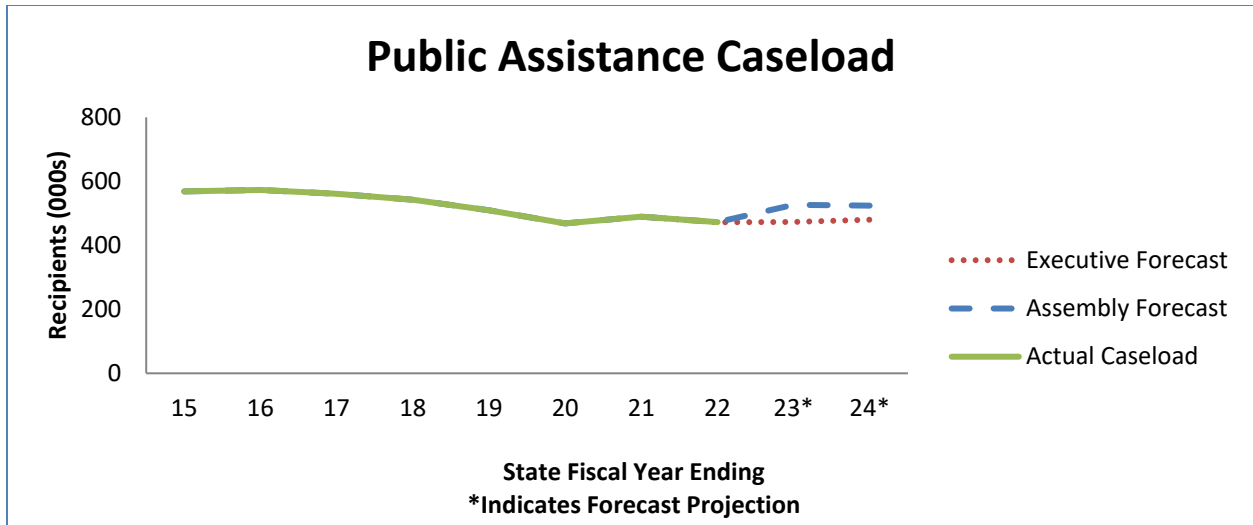


Figure 3

SFY 2021-22 Closeout

For SFY 2021-22, actual public assistance expenditures were \$2.70 billion on an All Funds basis, with an average monthly caseload of 472,043. This represented a caseload decrease of 3.5 percent from the previous State fiscal year and a spending decrease of \$341.2 million or 11.2 percent.

The actual caseload in SFY 2021-22 was 85,957 recipients lower than levels projected in the SFY 2021-22 Enacted Budget. At the time, expenditures for SFY 2021-22 were estimated at \$3.4 billion, or \$733.2 million higher than the actual spending level.

SFY 2022-23 Forecast

Assembly Ways and Means Committee staff estimate that public assistance spending will total approximately \$3.02 billion on an All Funds basis in SFY 2022-23, with State share spending of \$564.6 million, to provide benefits to 526,236 recipients. This represents an aggregate increase of \$324.2 million and 54,193 recipients above the SFY 2021-22 closeout. The increase in caseload can largely be attributed to the expiration of State and Federal assistance programs that were made available during the pandemic, including enhanced Unemployment Insurance programs, stimulus payments, and child care tax credits. Localities can expect to see a similar trend in their share of public assistance contributions. On a State Funds basis, the Committee staff projection is \$11.2 million higher than the SFY 2022-23 Enacted Budget. At midyear, the Executive estimates the State share expenditures for SFY 2022-23 at \$596 million, approximately \$31.4 million above the Assembly estimate. The Executive projects a monthly average caseload of 472,440, a

0.08 percent caseload increase from SFY 2021-22. This estimate is 10.2 percent lower than the Assembly projection.

SFY 2023-24 Forecast

The Executive estimates caseload will increase to 479,652 (or 1.5 percent) in SFY 2023-24, with State share spending of \$600 million. The Ways and Means Committee staff estimates that the public assistance caseload will increase to 523,894, or 44,242 recipients above the Executive mid-year forecast. State share spending for public assistance expenditures is estimated to increase to \$570.7 million, which is \$29.3 million below the Executive's forecast.

Risks to the Public Assistance Forecast

The extraordinary measures taken by the federal and state governments during the pandemic, including expansions of the Unemployment Insurance program, rental assistance, and eviction moratoria, have now mostly expired. The expiration of these programs is expected to lead to an increased caseload as people are no longer receiving these emergency benefits and may need to turn to public assistance for financial help.

High inflation, increased rents, and higher energy bills may lead to greater financial burdens for many New Yorkers in the coming year. Workforce participation is not yet back to pre-pandemic levels, and individuals who have not yet returned to work may need to rely on public assistance to support themselves and their families as personal savings are depleted. It is projected that public assistance caseloads will be higher in the coming fiscal year for these reasons.

Education

School Year 2022-23

The 2022-23 enacted Education Budget provides a total of \$31.2 billion in General Support for Public Schools. Of this amount, \$30.9 billion is allocated through computerized school aid formulas. This amount reflects a year to year increase of approximately \$2.1 billion from School Year 2021-22. In addition, a portion of funds received from the Federal Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA) and the American Rescue Plan Act of 2021 (ARPA) is still to be expended by school districts.

Foundation Aid remains the largest component of school aid at a total of \$21.3 billion. The Foundation Aid formula was developed to take into account the needs of individual districts with low fiscal capacity and a concentration of high-need students. The 2022-23 State Budget increased Foundation Aid by \$1.5 billion over the 2021-22 School Year as part of the Legislature's multi-year commitment to fully fund Foundation Aid by the 2023-24 School Year.

Reimbursable Aids for School Year 2022-23 totaled approximately \$8.5 billion, an increase of \$397.2 million or 4.9 percent over School Year 2021-22. Additionally, the 2022-23 enacted budget provided an increase of \$125 million for the Universal Prekindergarten program to expand the number of prekindergarten slots statewide; \$25 million of this funding will be distributed through a Request for Proposals (RFP) process and will pay \$10,000 per prekindergarten slot.

Federal Funding

The 2021-22 enacted budget was supplemented by two major sources of federal funding: \$4 billion from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and nearly \$9 billion from the American Rescue Plan Act (ARPA) Elementary and Secondary School Emergency Relief (ESSER) Funds and the Governor's Emergency Education Relief (GEER) Funds. Additionally, school districts across the state have benefitted from \$1.13 billion in Federal Coronavirus Aid, Relief and Economic Security (CARES) Act funding enacted in March of 2020.

The ARPA requires Local Educational Agencies (LEA) to reserve at least 20 percent of their ESSER allocation to address learning loss through the implementation of evidence-based interventions, and ensure that such interventions respond to students' academic, social, and

emotional needs and address the disproportionate impact of the coronavirus on economically disadvantaged students, children with disabilities, English language learners, racial and ethnic minorities, migrant students, students experiencing homelessness, and children and youth in foster care. Funds from the CARES Act must be spent by January 28, 2023, CRRSAA funds must be spent by January 28, 2024, and ARPA funds must be spent by January 28, 2025.

School Year 2023-24

School aid increases are statutorily benchmarked to a ten year average of the Personal Income Growth Index (PIGI), a measure of personal income growth in New York State. The School Year 2023-24 PIGI is 1.042 percent, or an increase of approximately \$1.31 billion. Statutorily, this amount must support Foundation Aid, Reimbursable Aids and the reimbursement of certain grants. However, the Legislature has traditionally overridden this cap, if necessary, to provide appropriate levels of school aid funding.

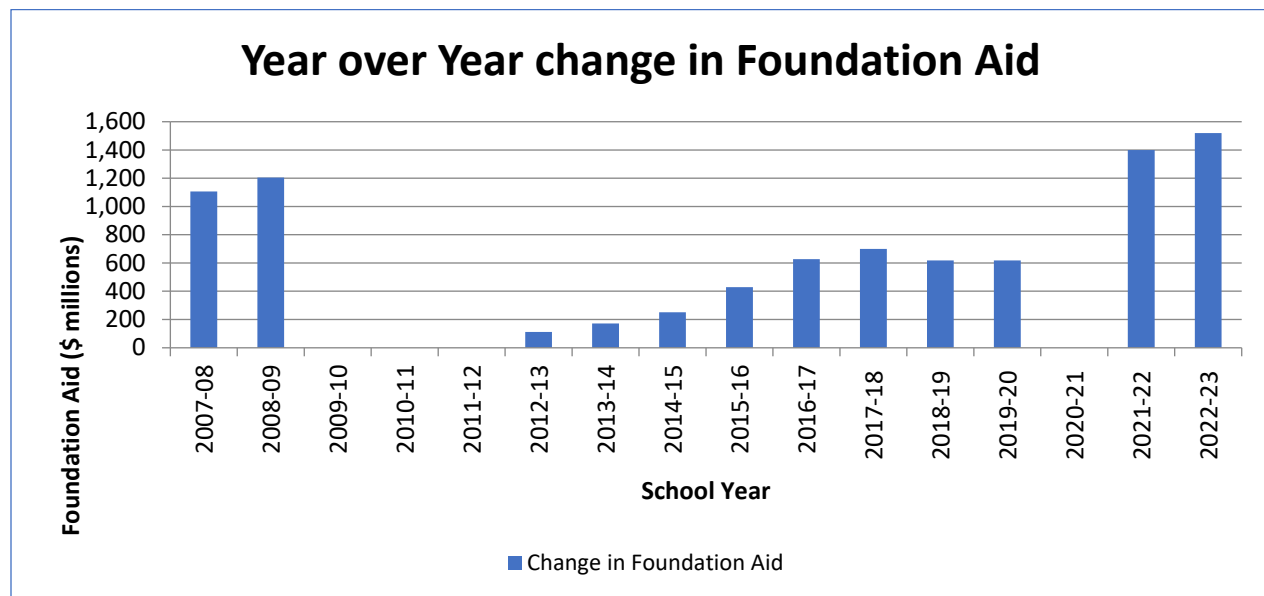


Figure 4

In School Year 2023-24, there is a commitment to provide the full amount of Foundation Aid that is owed to school districts. When accounting for inflation and expected changes in enrollment, the Assembly projects a \$2.98 billion increase in Foundation Aid. Upcoming database updates will provide further clarity on expected Foundation Aid growth for the 2023-24 school year.

In 2022-23 an agreement was reached to provide a three year, \$375 million investment in Universal Prekindergarten (UPK), with \$125 million in additional funding being allocated each year. A portion of this funding supports new prekindergarten slots at the current program level, and another portion of the funding supports request for proposal (RFP) processes to pay \$10,000 per prekindergarten slot. The second year of funding is expected to come in the 2023-24 Budget.

Additionally, the State provides reimbursement for a variety of education expenses that school districts incur. Ensuring proper facilities, reducing costs by using shared services, educating students with special needs, and transporting students to and from schools safely are all part of providing a sound, basic education. In developing estimates of growth in formula based aids, the Assembly has traditionally used an average of recent growth in these programs to reflect current expenditure levels. Due to uncertainty caused by the lingering impacts of the COVID-19 pandemic, as well as inflationary pressures and labor shortages, the rate of growth for reimbursable aids remains difficult to predict. Over the past several school years, the rate of change in formula based aids has been unusually inconsistent with a marked drop in these aids in the 2020-21 school year and a corresponding large increase in the 2021-22 school year. By averaging year to year aid growth, and excluding the atypical years of the pandemic, the Assembly projects Reimbursable Aids will increase by \$292 million, or 3.43 percent. The November 15 database will provide more specific data on projected growth.

Table 14

YEAR TO YEAR AID GROWTH								
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (estimated)
Reimbursable Aids	7,406,817,871	7,602,091,849	7,809,984,062	8,079,823,953	6,717,913,372	8,128,342,165	8,525,496,493	8,817,754,485
Change		195,273,978	207,892,213	269,839,891	(1,361,910,581)	1,410,428,793	397,154,328	292,257,992
% Change		2.64%	2.73%	3.46%	-16.86%	21.00%	4.89%	3.43%

Source: State Education Department Local Assistance Tables

When accounting for increases in Foundation Aid and Reimbursable Aids, the Assembly projects School Aid will increase from \$31.4 billion in School Year 2022-23, to \$34.9 billion in School Year 2023-24, for a total increase of \$3.4 billion, or 10.8 percent. As noted above, more specific data will become available from the State Education Department on the projected growth of Foundation Aid and Reimbursable Aids with the release of the November 15th database.

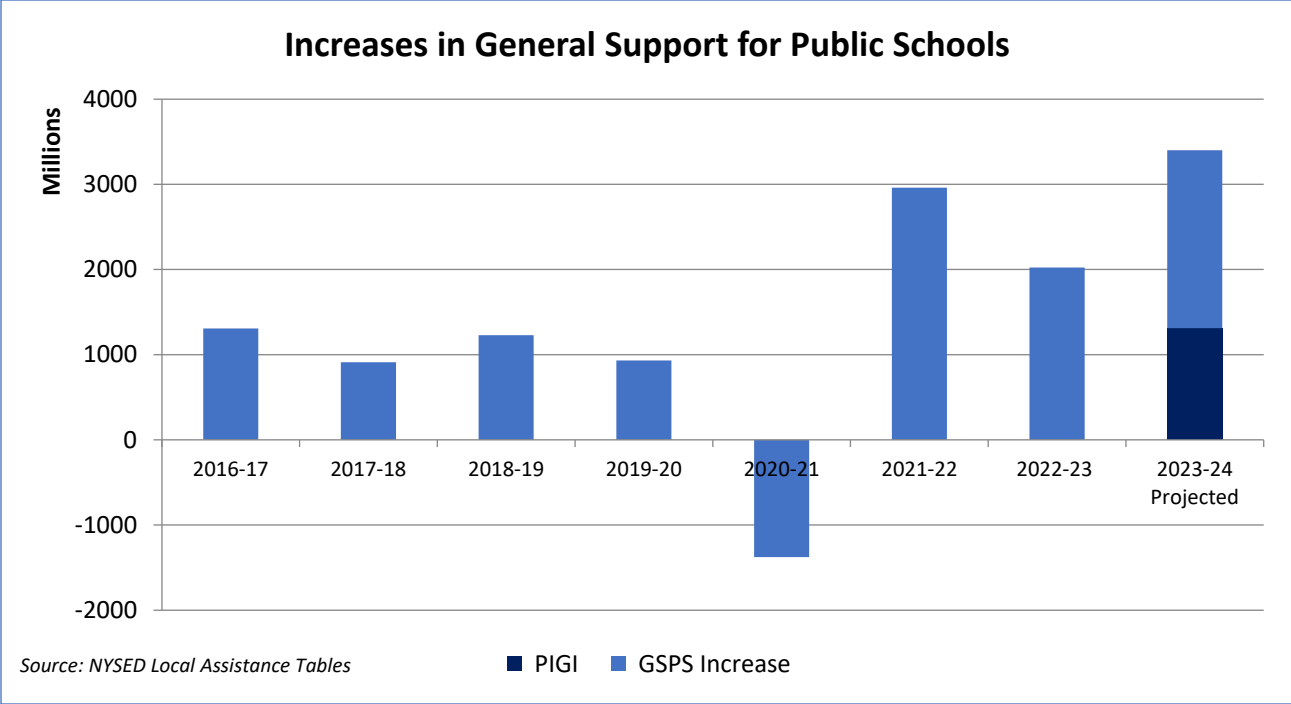


Figure 5

Federal Impacts to the Financial Plan

Federal Coronavirus Response Legislation and Action

The Federal Government passed several bills in response to the COVID-19 public health emergency. New York State has received a total of \$350.3 billion under Federal pandemic assistance legislation and actions. It is projected that a total of \$64.1 billion, including \$12.75 billion in unrestricted aid, will flow through the State’s Financial Plan and the rest will go directly to eligible individuals and entities.

Table 15

FEDERAL PANDEMIC ASSISTANCE LEGISLATION AND ACTION (\$ in millions)		
Bill/Source	Total Funds Available	Funding Flowing Through The Financial Plan
CARES Act	140,704	8,225
Families First Coronavirus Response Act	92,044	12,619
American Rescue Plan ARP Act of 2021	86,877	31,925
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act of 2021	24,983	7,248
FEMA Lost Wage Assistance (Administrative Action)	4,120	4,120
Paycheck Protection Program and Health Care Enhancement Act	1,555	0
CPRSA Act	66	0
Total	350,349	64,137

Source: DOB SFY 2022-23 Mid-Year Financial Plan.
The total projected funding through the Financial Plan includes \$12.75 billion in unrestricted aid provided through the ARP.

Federal Funds Projected Disbursements per Program Area

Federal Funds spending is expected to total \$86.2 billion in SFY 2022-23 including \$16.8 billion related to pandemic assistance. Federal Funds spending is estimated to increase by \$6.7 billion over SFY 2021-22 driven by increasing costs for health care, public protection, transportation as well as pandemic assistance spending. DOB assumes total projected pandemic assistance spending of \$29.4 billion over the five next fiscal years from SFY 2022-23 to SFY 2026-27. This is in addition to pandemic assistance spending of \$11.9 billion in SFY 2020-21 and \$12.7 billion in SFY 2021-22. An additional \$12.75 billion in unrestricted federal aid is not reflected in total disbursements and is instead used over the course of the plan to support the General Fund.

Table 16

FEDERAL FUNDS DISBURSEMENTS								
(\$ in millions)								
	SFY 2020-21	SFY 2021-22	SFY 2022-23	SFY 2023-24	SFY 2024-25	SFY 2025-26	SFY 2026-27	
	Actuals	Actuals	Projected	Projected	Projected	Projected	Projected	Total
DISBURSEMENTS								
Medicaid ¹	40,880	44,474	47,183	47,996	48,219	50,929	52,244	331,925
Health	7,055	8,227	8,749	9,346	9,732	10,268	10,681	64,058
Social Welfare	4,245	4,770	4,477	4,546	4,698	4,701	4,702	32,139
Education	2,660	4,601	3,941	3,940	3,857	3,857	3,857	26,713
Public Protection	2,152	1,128	1,327	1,297	1,290	1,292	1,295	9,781
Transportation	1,633	1,966	2,271	2,493	2,694	2,823	2,885	16,765
All Other ²	1,195	1,609	1,457	1,380	1,333	1,315	1,319	9,608
Pandemic Assistance*	11,865	12,738	16,759	8,758	3,648	134	69	53,971
Child Care Funds	30	1,017	966	445	0	0	0	2,458
Education ARP Funds	0	496	2,864	3,491	2,454	0	0	9,305
FFCRA/COVID eFMAP, including local passthrough	4,174	3,629	4,201	325	0	0	0	12,329
ARP HCBS eFMAP	0	0	1,735	702	0	0	0	2,437
Coronavirus Relief Fund (CRF)	2,824	2,318	0	0	0	0	0	5,142
Education Supplemental Appropriations Act	0	843	2,196	1,353	0	0	0	4,392
Lost Wages Assistance	4,101	5	0	0	0	0	0	4,106
Emergency Rental Assistance Program (ERAP)	0	1,833	415	325	0	0	0	2,573
Education CARES Act Funds	552	755	267	0	0	0	0	1,574
SUNY State-Operated Campuses Federal Stimulus	184	373	278	0	0	0	0	835
FEMA Reimbursement of Eligible Pandemic Expenses	0	0	800	200	0	0	0	1,000
FEMA Reimbursement of COVID Home Testing Kits	0	0	0	225	225	0	0	450
FEMA Local Pass-Through Funding	0	780	1,452	1,250	750	0	0	4,232
COVID Local Fiscal Recovery Fund Non-Entitlement Pass-Through	0	387	387	0	0	0	0	774
Homeowner Assistance Program	0	75	465	0	0	0	0	540
Home Energy Assistance Program	0	224	335	0	0	0	0	559
Coronavirus Capital Projects Fund	0	0	69	69	69	69	69	345
State Small Business Credit Initiative	0	0	279	223	0	0	0	502
FHWA Surface Transportation Block Grant	0	2	50	150	150	65	0	417
Total Disbursements	71,685	79,513	86,164	79,756	75,471	75,319	77,052	544,960
¹ All Other includes housing and homeless services, economic development, mental hygiene, environment, higher education and general government areas.								
² Pandemic Assistance excludes \$12.75 billion in State aid provided through the American Rescue Plan Act, as this is reflected in the Financial Plan as a receipt to Federal Funds and transfer to the General Fund.								
Sources: DOB SFY 2021-22 Mid-Year Financial Plan and DOB SFY 2022-23 Mid-Year Financial Plan								

Federal Funds Spending - Pandemic Assistance

- **Child Care Funds:** Provides additional funding to help in stabilizing the childcare sector.
- **American Rescue Plan (ARP) – Education Funds:** The ARP granted additional education funding for the ESSER and Emergency Assistance for Nonpublic Schools (EANS) programs, as well as funding for homeless education, IDEA, library services and the arts.
- **eFMAP:** The Federal government increased its share of Medicaid funding (eFMAP) by 6.2 percent for each calendar quarter in response to the COVID-19 pandemic. In FY 2022 the enhanced funding reduced State and local government costs by approximately \$3.0 billion and \$650 million, respectively.
- **eFMAP Home and Community Based Services:** the ARP provided a temporary 10 percentage point increase to the FMAP for certain Medicaid Home and Community-Based Services (HCBS) through March 31, 2022. The State is expecting to receive \$1.7 billion in FY 2023 and \$702 million in FY 2024 for HCBS services across health and mental hygiene programs.
- **Coronavirus Relief Fund:** New York State received \$5.1 billion in SFY 2020-21 to fund eligible costs incurred in response to the COVID-19 pandemic through December 31, 2021. These funds have been used in SFY 2020-21 and SFY 2021-22 in support of extraordinary payroll costs for public health and safety employees (\$4.5 billion) and \$600 million in certain other pandemic response costs.
- **Education Supplemental Appropriations Act:** Provides additional funding for education to support pandemic-related services and assistance to nonpublic schools through the EANS program.
- **Education CARES Act Funds:** Additional education support provided through the CARES Act included funding to school districts and charter schools.
- **Homeowner Relief and Protection Program:** This program provides services to ensure that homeowners experiencing economic hardships associated with the pandemic can stay in their homes.
- **Lost Wages Assistance (LWA) Program:** Distributed grants to eligible claimants that were unemployed or partially unemployed due to the pandemic. It consisted of a payment of \$300 per week through December 27, 2020 or when funding limits were reached, which was September 6, 2020, in addition to their unemployment benefits.

- **Emergency Rental Assistance Program:** Makes funding available to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic. Additional funding for the program is provided through the ARP.
- **SUNY State-Operated Campuses Federal Stimulus Spending:** Funding provided through various Federal stimulus bills results in greater Federal spending projections for SUNY State-Operated campuses.
- **FEMA Reimbursement of Eligible Pandemic Expenses:** The Updated Financial Plan assumed that FEMA will reimburse the state \$800 million in SFY 2022-23, and \$200 million in SFY 2023-24 for expenses incurred to date related to emergency protective measures due to the COVID-19 pandemic. However, there is no assurance that FEMA will approve claims for the State to receive reimbursement in the amounts or State Fiscal Years as projected in the Financial Plan.
- **FEMA Reimbursement of COVID Home Testing Kits:** The Updated Financial Plan assumes that FEMA will reimburse the State \$225 million in SFY 2024 and \$225 million in SFY 2025 for the purchase of test kits for schools.
- **FEMA Local Pass Through Funding:** The Financial Plan assumes that Federal funding for COVID-19 claims submitted to FEMA will pass through the financial plan to reimburse local entities.
- **Coronavirus Local Fiscal Recovery Fund Non-Entitlement Pass-Through:** The State distributed \$387 million to local governments in FY 2022 and an additional \$387 million in FY 2023 as part of an ARP requirement for states to pass-through allocations to non-entitlement cities, towns and villages.
- **Homeowner Assistance Fund:** This program provides services to ensure that homeowners experiencing economic hardships associated with the pandemic can stay in their homes.
- **Home Energy Assistance Program:** This program helps low-income households pay for the cost of heating, cooling, and weatherizing of their homes. Supplemental funding to the existing program is provided through the ARP.
- **Coronavirus Capital Projects Fund:** A new \$345 million was provided to carry out critical capital projects that directly enable work, education and health monitoring in response to COVID-19.
- **State Small business Credit Initiative:** Funding to empower small businesses to access capital needed to invest in job-creating opportunities.

- **Federal Highway Administration (FHWA) Surface Transportation Block Grant:** This emergency funding was provided under the CRRSA Act to address COVID-19 impacts related to Highway Infrastructure Programs.

Out-Year Budget Gaps

The General Fund is expected to remain in balance in SFY 2022-23, however the mid-year update estimates budget gaps of \$148 million in SFY 2023-24, \$3.5 billion in SFY 2024-25, \$3.3 billion in SFY 2025-26 and \$6 billion in SFY 2026-27. The Mid-Year Financial Plan maintains all planned deposits to principal reserves, bringing the balance of all reserves to \$19.5 billion in SFY 2024-25.