



New York State Enacted Budget for FY 2022

Fiscal Year 2021 Was a Wait-and-See Year

- January 2020 financial plan shows significant gaps
- Pandemic impact: April 2020 projections show massive receipts shortfalls
 - Roughly \$15 billion annually; \$60 billion over 4 years
- FY 2021 enacted budget not balanced
- Governor granted extraordinary powers to balance budget midyear; most powers never fully exercised
- State withheld payments to schools, vendors.

Projected Tax Receipts Shortfall Eliminated by Strong Receipts and Federal Aid

<i>(dollars in millions)</i>	FY 2021	FY 2022	FY 2023	FY 2024	Four-Year Total
Initial Receipts Shortfall Estimate	(\$13,471)	(\$15,789)	(\$15,362)	(\$15,362)	(\$59,984)
<i>January Revision (Executive Budget)</i>	\$3,285	\$8,164	\$8,711	\$7,978	\$28,138
<i>February Revision (Amended Budget)</i>	\$1,600	\$1,600	\$1,597	\$1,595	\$6,392
<i>March Revision (Consensus)</i>	\$1,000	\$1,453	\$1,453	\$1,453	\$5,359
<i>April Revision (Actuals and re-estimates)</i>	\$2,030	\$1,044	\$2,391	\$2,798	\$8,263
Receipts Shortfall After Revisions	(\$5,556)	(\$3,528)	(\$1,210)	(\$1,538)	(\$11,832)
<i>American Rescue Plan State Aid</i>	\$0	\$12,745	\$0	\$0	\$12,745
<i>eFMAP and CRF Offsets</i>	\$5,896	\$2,487	\$0	\$0	\$8,383
Receipts Shortfall Prior to Budget Enactment	\$340	\$11,704	(\$1,210)	(\$1,538)	\$9,296
<i>Tax Increases</i>	\$0	\$3,503	\$4,324	\$4,235	\$12,062
Current Receipts Shortfall Estimate	\$340	\$15,207	\$3,114	\$2,697	\$21,358

Improving outlook eliminates 80% of shortfall

Federal aid closes gaps

Taxes

Higher Tax Receipts, Tax Increases, Federal Aid Close Gaps

FY 2022 Enacted Budget Financial Plan Gap-closing Summary				
<i>(dollars in millions)</i>	FY 2022	FY 2023	FY 2024	FY 2025
<u>Executive Budget (Gap)/Surplus</u>	<u>(\$9,525)</u>	<u>(\$9,313)</u>	<u>(\$9,235)</u>	<u>(\$10,654)</u>
Receipts Revisions	\$4,093	\$5,102	\$5,402	\$6,099
Federal Aid	\$6,987	\$2,350	\$2,250	\$3,645
Tax Increases and Other Receipts Actions	\$3,256	\$4,775	\$4,213	\$4,256
<u>Restorations and New Spending</u>	<u>(\$4,811)</u>	<u>(\$2,914)</u>	<u>(\$4,072)</u>	<u>(\$5,320)</u>
Enacted (Gap)/Surplus	\$0	\$0	(\$1,442)	(\$1,974)

Budget Raises Taxes Over \$4 billion per year

<i>(dollars in millions)</i>	FY 2022	FY 2023	FY 2024	FY 2025
<u>Tax Policy Actions</u>	<u>\$3,256</u>	<u>\$4,775</u>	<u>\$4,213</u>	<u>\$4,256</u>
<i>Personal Income Tax High-Income Surcharge</i>	<i>\$2,753</i>	<i>\$3,251</i>	<i>\$3,439</i>	<i>\$4,472</i>
<i>Business Tax Increase (three-year impact)</i>	<i>\$750</i>	<i>\$1,073</i>	<i>\$796</i>	<i>\$0</i>
<i>All Other Receipts Actions (net)</i>	<i>(\$247)</i>	<i>\$451</i>	<i>(\$22)</i>	<i>(\$216)</i>

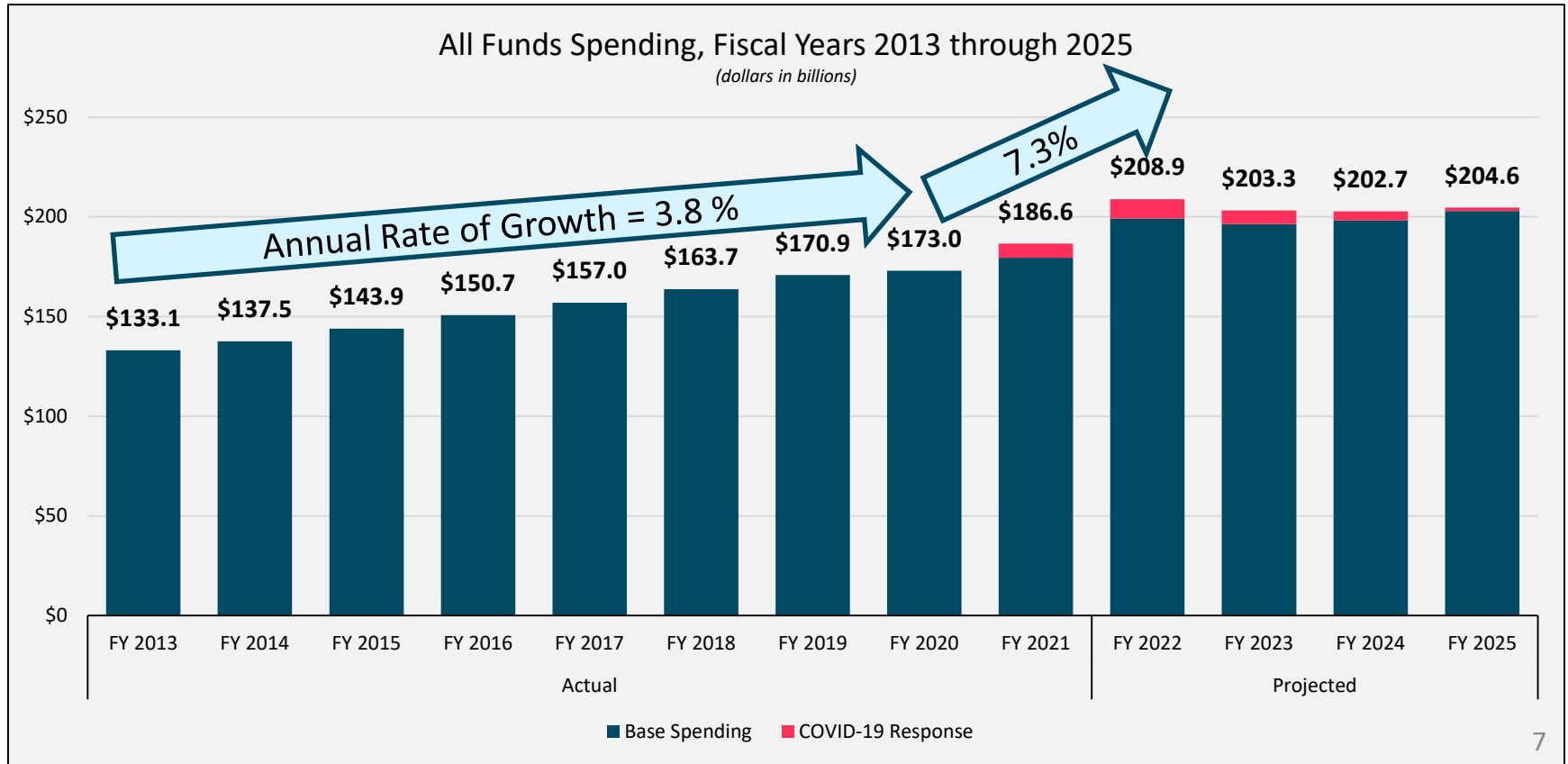
- Personal Income Tax Increase (7 years)
 - Creates new brackets and raises rates on millionaire's
 - Top rate of 10.9 percent (highest in nation when combined with NYC rate)
- Business Tax Increase (3 years)
 - Raises rate from 6.5% to 7.25% for firms with gross business income in New York of \$5 million or more

New spending on recovery, school aid, deposits to reserves

<i>(dollars in millions)</i>	FY 2022	FY 2023	FY 2024	FY 2025
<u>Recovery Spending Actions</u>	<u>\$3,165</u>	<u>\$150</u>	<u>\$160</u>	<u>\$125</u>
<i>Excluded Workers Fund</i>	\$2,100	\$0	\$0	\$0
<i>Rent and Homeowner Relief and Subsidies</i>	\$200	\$100	\$100	\$100
<i>Small Business Recovery</i>	\$845	\$10	\$10	\$0
<i>Recovery Tax Credits</i>	\$20	\$40	\$50	\$25
<u>Other Spending Actions</u>	<u>\$2,771</u>	<u>\$2,315</u>	<u>\$4,397</u>	<u>\$5,619</u>
<i>Property Tax Relief Credit</i>	\$0	\$382	\$403	\$411
<i>School Aid Increase</i>	\$980	\$2,192	\$3,773	\$4,396
<i>Deposit to Rainy Day Fund</i>	\$825	\$0	\$0	\$0
<i>Deposit to Retiree Health Benefits Trust</i>	\$320	\$320	\$0	\$0
<i>All Other Disbursements (net)</i>	\$646	(\$579)	\$221	\$812

- Initial spending focused on recovery
- Out-year spending on school aid increases
- Deposits to Rainy Day Fund and RHBT (first ever)

Spending Grows \$36 billion Over Two Years, \$26 billion without COVID-19 Response Aid



Federal Aid Use Creates \$3.5 billion Fiscal Cliff Beyond FY 2025

<i>(dollars in millions)</i>	FY2021	FY 2022	FY 2023	FY 2024	FY 2025	Five-Year Total
Federal Aid for Budget Relief	<u>\$5,896</u>	<u>\$15,232</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$21,128</u>
Coronavirus Relief Fund	\$2,476	\$0	\$0	\$0	\$0	\$2,476
eFMAP	\$3,420	\$2,487	\$0	\$0	\$0	\$5,907
ARP State and Local Fiscal Relief	\$0	\$12,745	\$0	\$0	\$0	\$12,745
Uses of Federal Aid for Budget Relief	<u>(\$5,896)</u>	<u>(\$6,987)</u>	<u>(\$2,350)</u>	<u>(\$2,250)</u>	<u>(\$3,645)</u>	<u>(\$21,128)</u>
Recovery Programs	\$0	(\$3,165)	(\$140)	(\$150)	(\$125)	(\$3,580)
New Recurring and Baseline Spending	(\$5,896)	(\$3,822)	(\$2,210)	(\$2,100)	(\$3,520)	(\$17,548)

\$3.5 billion potential 'fiscal cliff'

Roses: Reduced Gaps, More Reserves, No Special Power

- Gaps of \$40 billion over four years reduced to \$3 billion
- State makes deposits to rainy day reserves and first ever deposits to retiree health benefits trust
 - Balances still inadequate
 - \$5.3 billion in Rainy Day, \$640 million in RHBT
- Does not extend most extraordinary powers given to Governor in last year's budget

Thorns: Higher Taxes, Accelerated Spending Growth

- Unnecessary and economically risky tax increases
- Failure to restructure Medicaid and school aid to be sustainable
- \$3.5 billion fiscal cliff when federal aid exhausted
- Financial Plan was not released until late May

Uncertainties

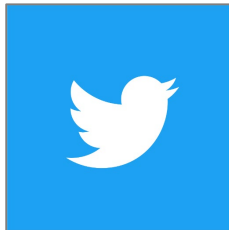
- Revenue strength
- Pandemic recovery
 - Most public health restrictions lifted
 - Economic recovery in low-wage sectors, NYC
- Federal action
 - Bipartisan infrastructure bill
 - ‘Build Back Better’ budget

Questions and Answers

Thank You!

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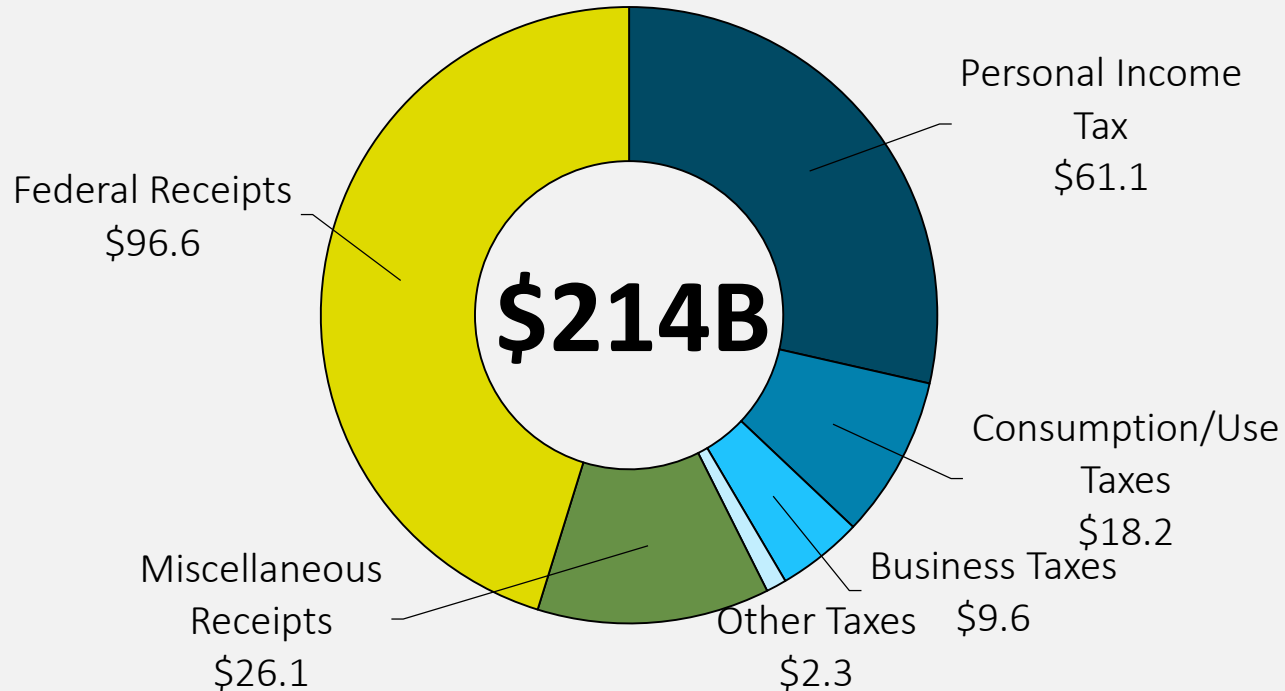
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Appendix

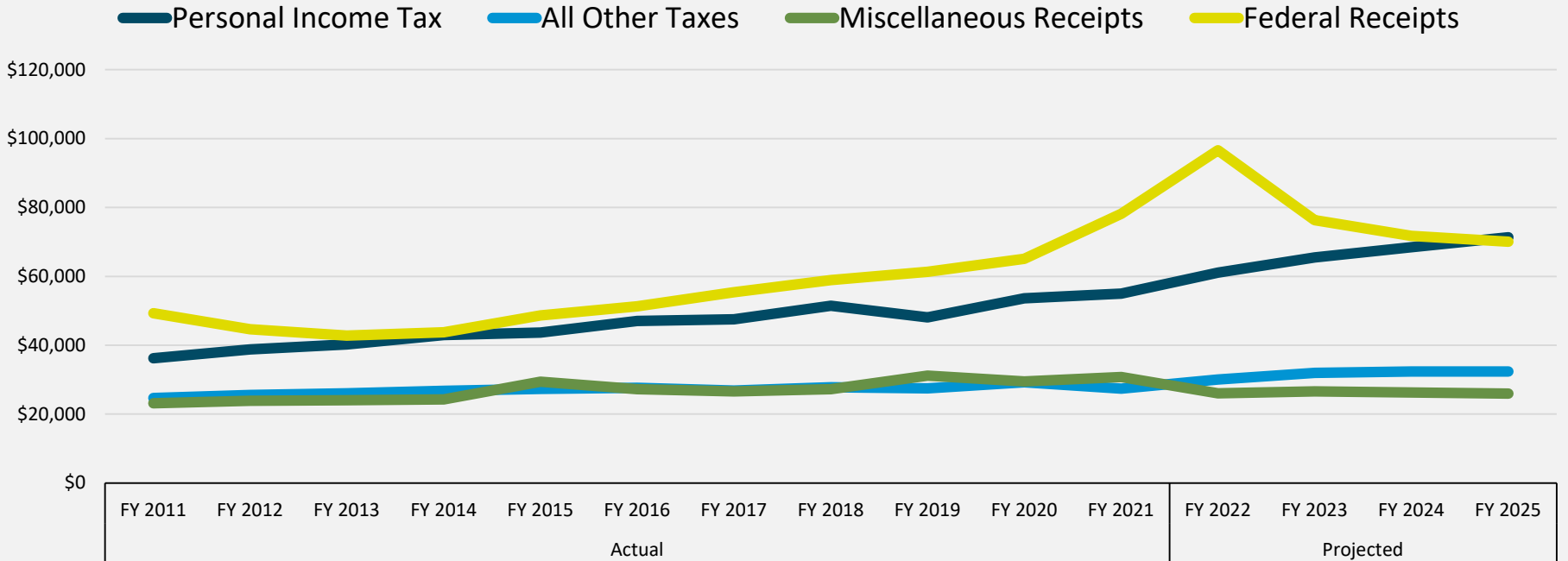
FY 2022 Enacted Budget Receipts

(dollars in billions)



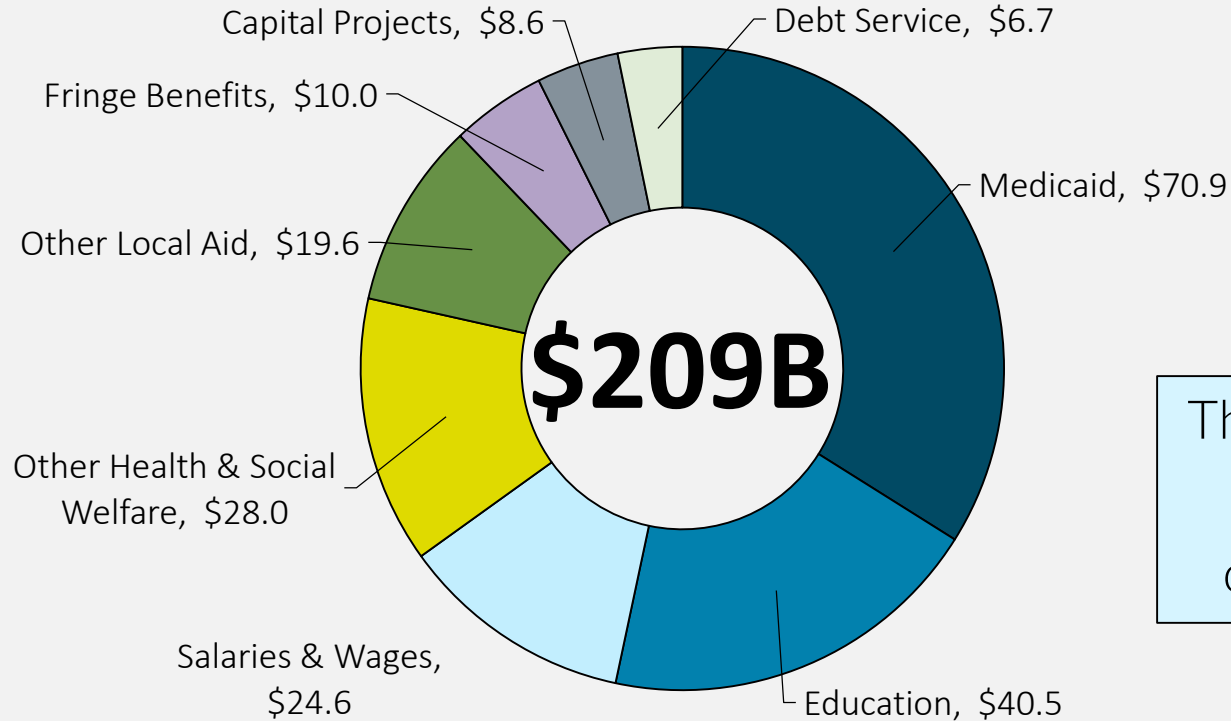
FY 2022 Enacted Budget Receipts Growth

NYS All Funds Receipts Trend, FYs 2011 through 2025



FY 2022 Enacted Budget Disbursements

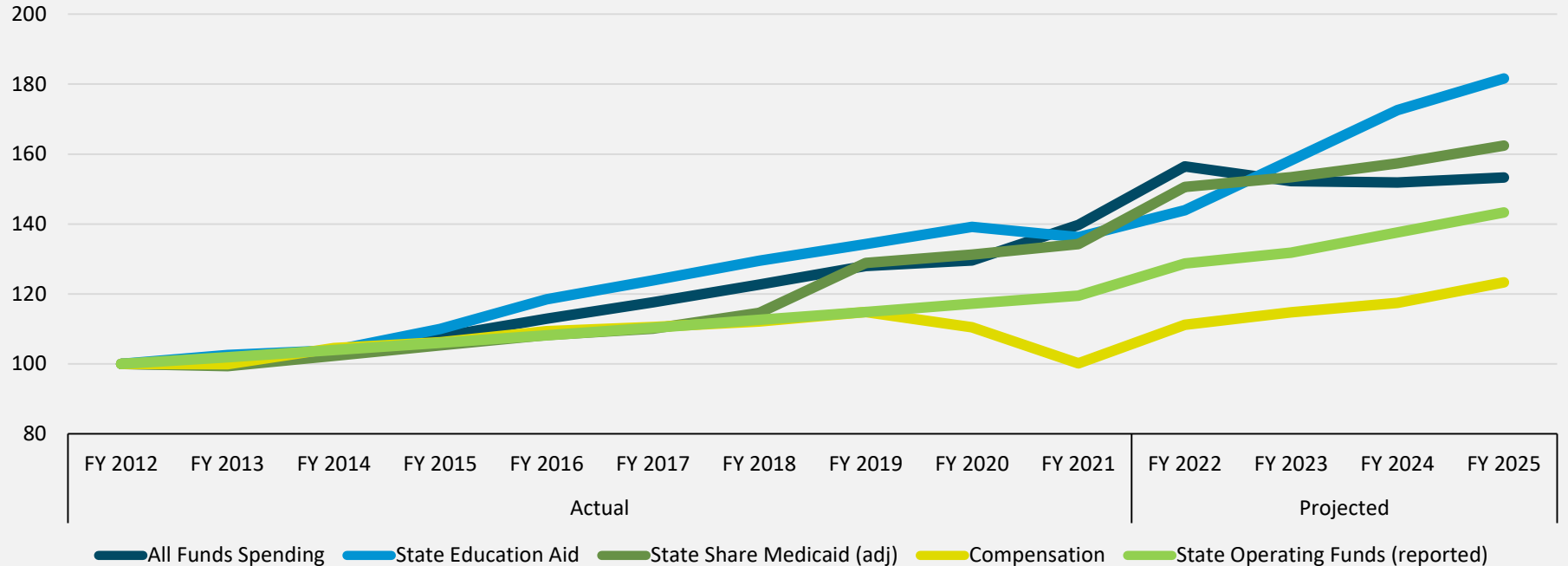
(dollars in billions)



The "Big 3" are
65%
of spending

FY 2022 Enacted Budget Spending Growth

Major Spending Growth Indexed to FY 2012



All Funds Headcount and Average Costs

