



State of New York

Financial Condition Report

for Fiscal Year Ended March 31, 2021

New York State Comptroller
THOMAS P. DiNAPOLI



Message from the Comptroller



State Fiscal Year (SFY) 2020-21 will long be remembered for the disruption caused by the COVID-19 pandemic and for the resilience demonstrated by New Yorkers in responding to the multitude of challenges. The impact of the economic shutdown on the State's financial plan was sudden and dramatic; ultimately, historic federal relief funding and higher-than-anticipated tax collections stabilized the State's financial footing. This Financial Condition Report can help New Yorkers better understand the impacts of the COVID-19 pandemic, the ongoing risks and challenges, and opportunities for changes to improve the long-term outlook for State finances.

Federal aid provided nearly 41 percent of the State's All Funds receipts in SFY 2020-21. Federal funding supports health coverage for more than 8 million New Yorkers, and plays essential roles in programs including K-12 education, mass transit and social assistance. Critically, the financial plan depends on more than \$27 billion of COVID-19 stimulus funding authorized by the federal government to continue supporting COVID-19 response costs, economic support, and stabilization of State finances over the life of the financial plan. In SFY 2020-21, State tax receipts performed better than initially forecast, but remained more than \$500 million lower than the prior year.

This report provides information and analysis across the full spectrum of New York State government, 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 the persistence of COVID-19. This report provides a factual assessment of the State of New York's financial condition for the first of what will be multiple years affected by COVID-19. My hope is that it will inform all New Yorkers as well as the ongoing decision-making regarding the best path forward for New York State.

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 Comprehensive Annual Financial Report.

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.

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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

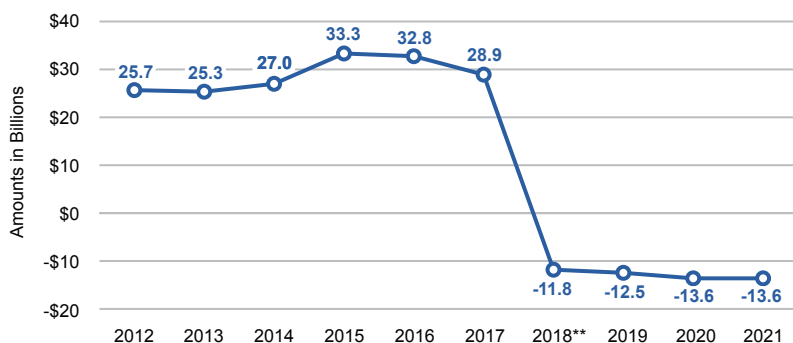
This statement reports:

- 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)

Condensed Statement of Net Position – Primary Government* As of March 31, 2021 (amounts in millions)

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$40,419	\$9,056	\$49,475
Receivables, net	36,686	5,690	42,376
Internal balances	(597)	958	361
Other assets	638	216	854
Capital assets	92,045	18,928	110,973
Total assets	169,191	34,848	204,039
Deferred outflows of resources	16,949	3,777	20,726
Liabilities:			
Tax refunds payable	11,115	–	11,115
Payable to local governments	8,754	–	8,754
Accrued liabilities and accounts payable	15,384	4,285	19,669
Other liabilities due within one year	11,469	2,318	13,787
Liabilities due in more than one year	127,986	50,571	178,557
Total liabilities	174,708	57,174	231,882
Deferred inflows of resources	4,103	2,376	6,479
Net position:			
Net Investment in Capital Assets	72,568	1,456	74,024
Restricted for debt service and other purposes	11,305	1,684	12,989
Unrestricted deficits	(76,544)	(24,065)	(100,609)
Total net position	\$7,329	(\$20,925)	(\$13,596)

Primary Government Net Position



** 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, 2021 (amounts in millions)

Functions/Programs	Expenses	Program Revenues	Net (Expenses) Revenues
Governmental activities:			
Education	\$36,092	\$4,277	(\$31,815)
Public health	88,501	70,620	(17,881)
Public welfare	18,342	19,168	826
Public safety	9,795	2,142	(7,653)
Transportation	12,878	3,555	(9,323)
Environment and recreation	1,601	306	(1,295)
Support and regulate business	2,200	1,506	(694)
General government	26,748	5,881	(20,867)
Interest on debt	965	39	(926)
Total governmental activities	197,122	107,494	(89,628)
Business-type activities:			
Lottery	5,726	8,595	2,869
Unemployment insurance	72,957	61,222	(11,735)
State University of New York	13,122	8,177	(4,945)
City University of New York	4,022	2,002	(2,020)
Total business-type activities	95,827	79,996	(15,831)
Total primary government	\$292,949	\$187,490	(105,459)
General revenues, net transfers and special item:			
Taxes			92,383
Other			10,839
Net transfers			(2,676)
Total general revenues and net transfers			100,546
Change in net position			(\$4,913)

Statement of Activities

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

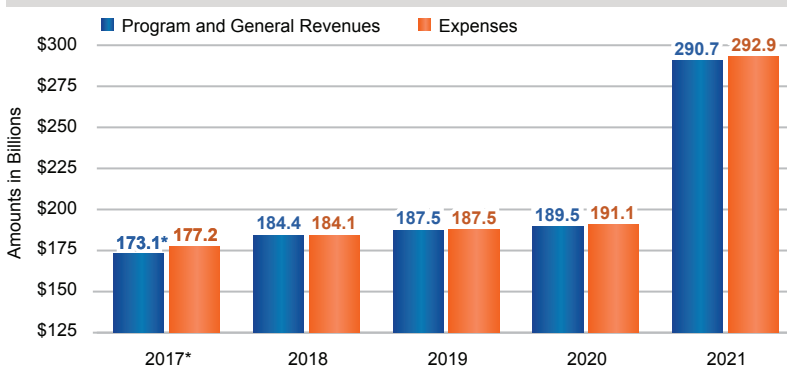
- Reducing the expenses of each of the State’s programs by the revenues generated by those programs to arrive at net program expense; and
- Reducing the net program expense by general revenues and other gains and losses.

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.

Total Primary Government Revenues and Expenses



* 2017 Revenues were restated for the effect of the implementation of GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14.*

For prior years’ comparative government-wide data, please see the Statistical Section of the Comprehensive Annual Financial Report (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 [Comprehensive Annual Financial Report](#).

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.

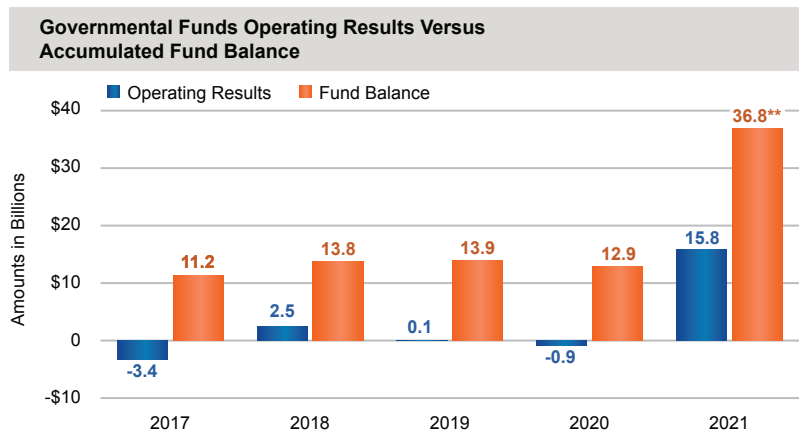
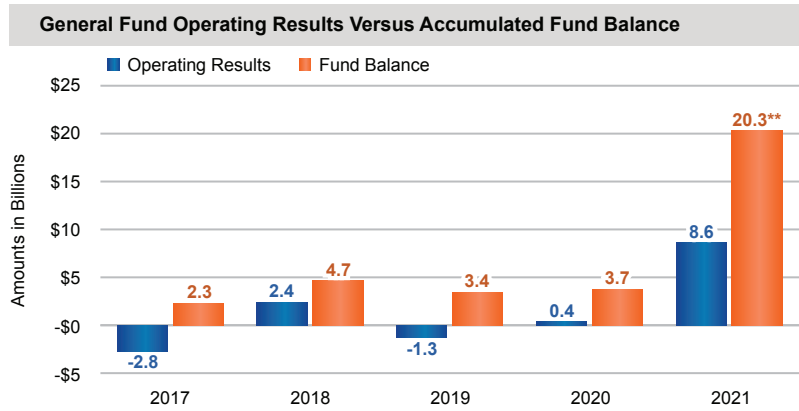
- The General Fund is used to report sources of funds and expenditures that are not required to be accounted for in another separate fund.
- In New York State, significant sources of funds that normally would be reported in the General Fund have been pledged or dedicated to other funds for repayment 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) 2020-21, the General Fund balance was \$20.3 billion, an increase from the previous year's balance of \$3.7 billion.
- For SFY 2020-21, governmental funds* reported a combined operating surplus of \$15.8 billion, increasing the fund balance to \$36.8 billion.
- The operating surplus included an \$8.6 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 [Comprehensive Annual Financial Report](#).



* 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 beginning fund balance was restated due to the implementation of GASB Statement No. 84, *Fiduciary Activities*.

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.

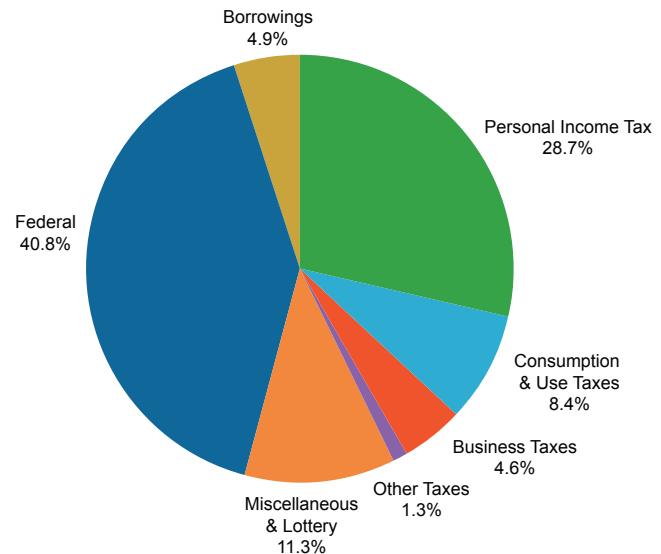
Total State Receipts Have Increased Over the Past Five Fiscal Years

- From 2017 to 2021:
 - Total receipts increased 22.5 percent.
 - Tax receipts increased 10.8 percent.
 - Federal receipts increased 41.1 percent.

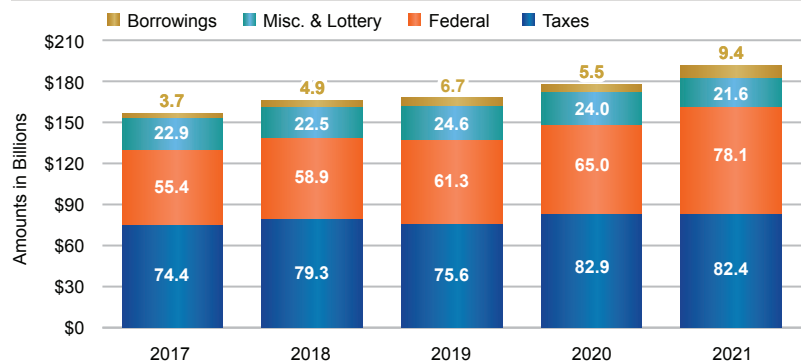
Personal Income Tax and Consumer Tax Receipts Have Increased Over the Past Five Fiscal Years

- Personal income tax and consumer (consumption and use) taxes:
 - Accounted for 37.1 percent of 2021 receipts; and
 - Have increased 11.5 percent since 2017.
- In 2021, personal income tax receipts—the State's largest tax revenue source—increased 2.4 percent from the previous year.

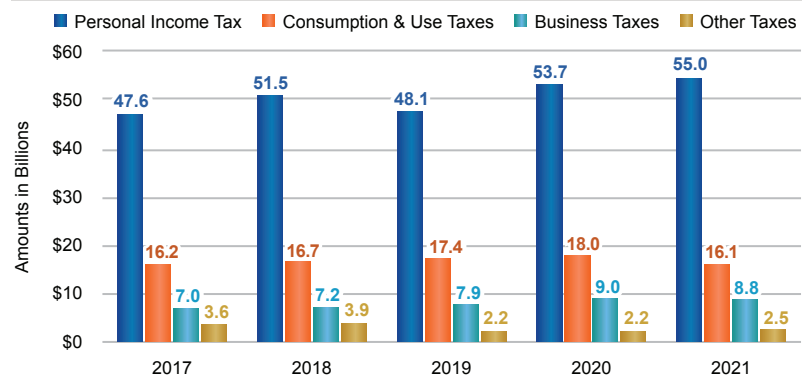
New York's 2021 Receipts by Source



Total State Receipts



Tax Receipts by Year



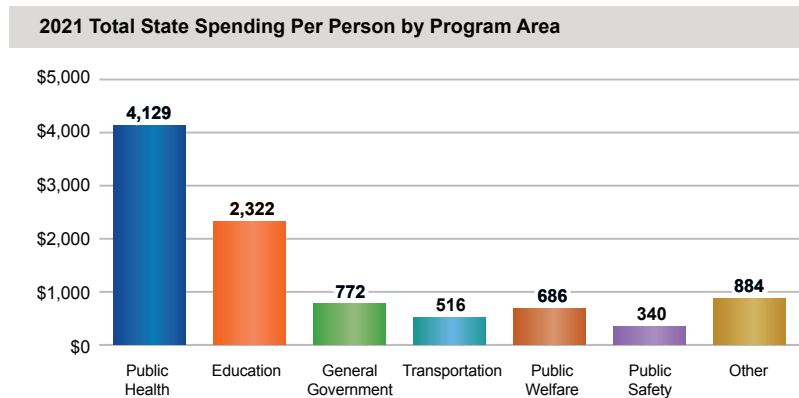
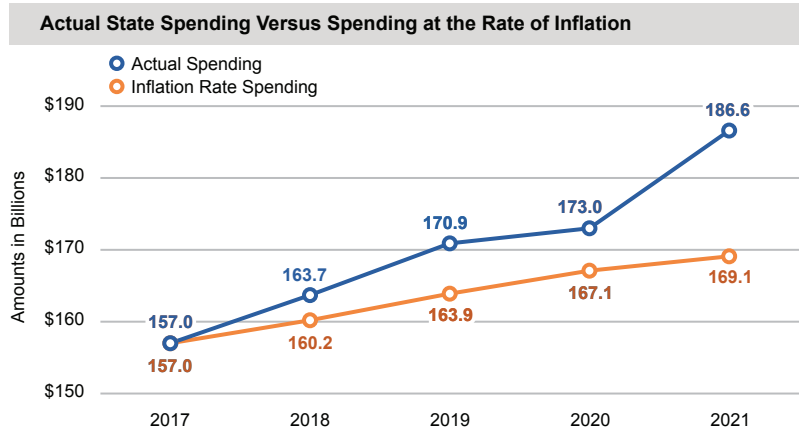
Total Spending

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 \$13.6 billion (7.9 percent) to \$187 billion in 2021.
- Since 2017, the growth in State spending (18.8 percent) has exceeded the rate of inflation (Consumer Price Index increase of 7.7 percent).
- State spending has been partially paid for by borrowing \$30.2 billion since 2017, including \$9.4 billion in 2021.
- In 2021, State spending was \$9,649 per person.
- Spending on public health and education represents 66.8 percent of total State spending.



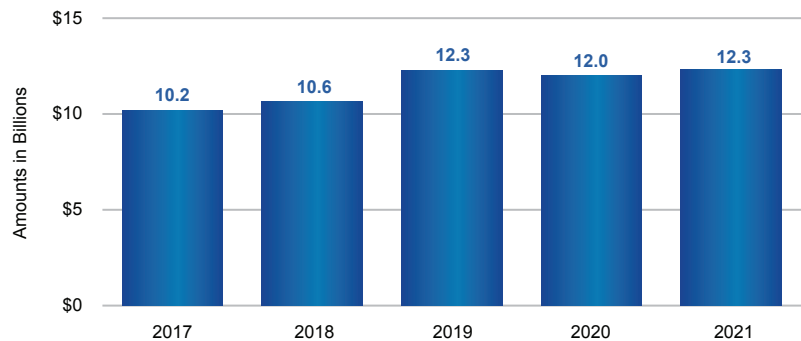
Capital

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.

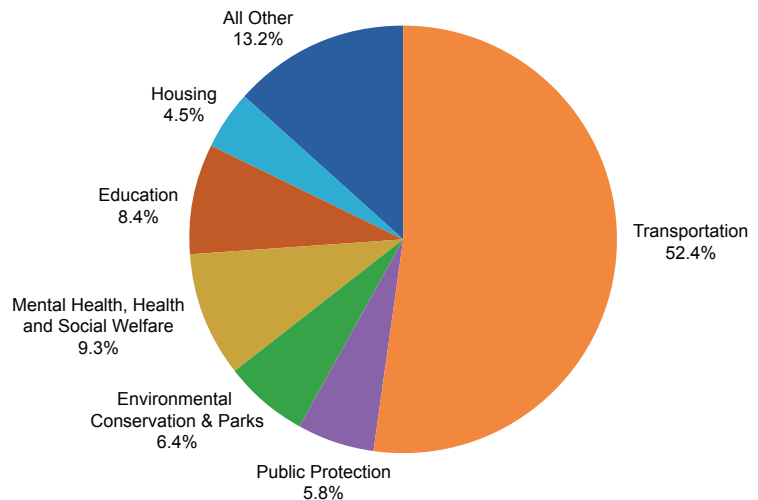
Capital Spending Has Increased Over the Past Five Years*

- From SFY 2016-17 to SFY 2020-21, capital spending increased by \$2.2 billion (21.4 percent). Spending increases within major categories included:
 - Transportation, up by \$659.6 million (11.4 percent). Transportation accounted for 52.4 percent of all capital projects spending in SFY 2020-21, down from 57.1 percent five years earlier.
 - Housing, up by \$421.9 million (322.1 percent). This category's share of total capital spending increased from 1.3 percent to 4.5 percent.
 - Mental Health, Health and Social Welfare purposes, up \$523.9 million (83.4 percent).

New York Spending from Capital Projects Funds



Capital Spending by Functional Area – SFY 2020–21



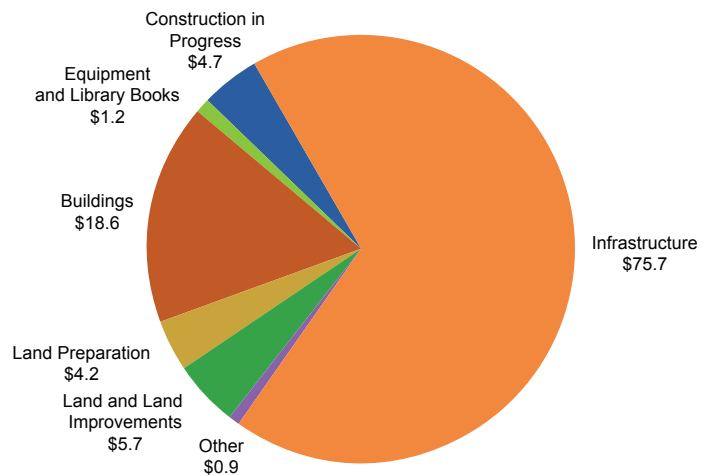
- All other purposes, up by \$187.4 million (13.0 percent). The increase is largely attributable to:
 - Certain economic development initiatives funded with State resources by the State's public authorities in recent years; and
 - Projects funded with extraordinary monetary settlement resources from the Dedicated Infrastructure Investment Fund. These included certain funding provided to the Thruway Authority for the Governor Mario M. Cuomo Bridge and other Thruway system improvements.

* 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 projections on the following page include such spending.

- Over the past 20 years, the State has financed an average of 38.9 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 \$15.5 billion per year; and
 - The share of non-federal capital spending financed on a pay-as-you-go basis to average 26.3 percent.

At the end of SFY 2020-21, the State reported \$111 billion in capital assets, an increase of \$1.2 billion (1.1 percent) from the prior year.

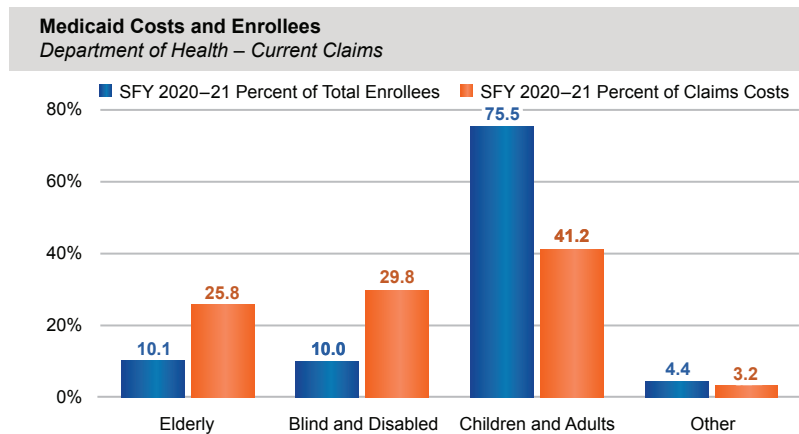
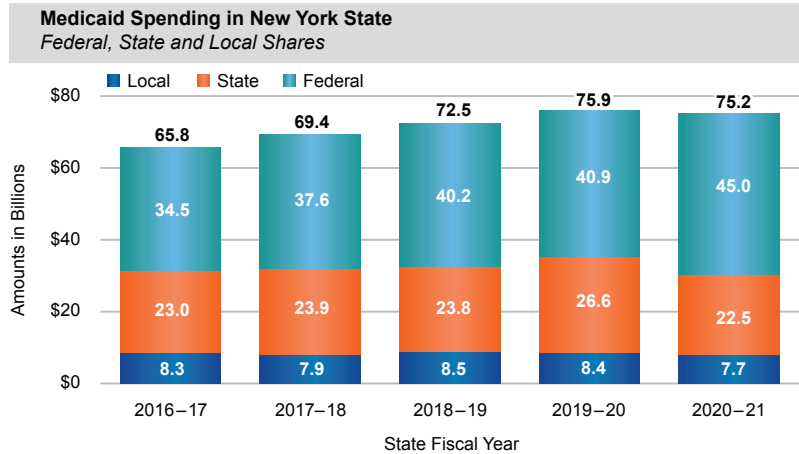
New York State Capital Assets – 2021, Amounts in Billions



Public Health

Enhanced Federal Funding Helps Lower State and Local Medicaid Spending; Overall Spending Decreases Slightly

- Enhanced federal Medicaid funding during the pandemic helped lower State Medicaid spending by \$4.1 billion (15.4 percent) to \$22.5 billion and local Medicaid spending by \$693 million (8.3 percent) to \$7.7 billion in SFY 2020-21. Federal COVID relief legislation shifted \$3.4 billion in State Medicaid costs and \$754 million in local Medicaid costs to the federal government. Compared to the year before, combined local, State and federal Medicaid spending decreased by \$650 million (0.9 percent) to \$75.2 billion in SFY 2020-21. State share spending is further influenced by the continued deferral of certain Medicaid payments with a State share total of \$1.7 billion from SFY 2020-21 to SFY 2021-22, which according to the Division of the Budget was necessary to ensure compliance with the global cap limit for SFY 2020-21.



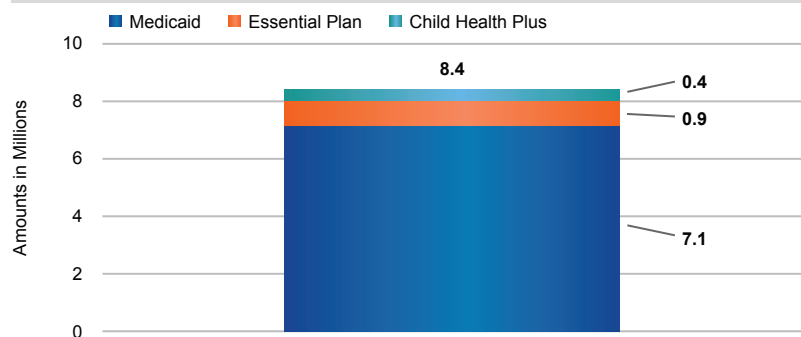
Pandemic Brings Jump in Medicaid Enrollment

- Department of Health (DOH) Medicaid enrollment rose by 521,805 (8.4 percent) to 6.7 million in SFY 2020-21 during the COVID-19 pandemic, the largest overall and percentage increases in average monthly enrollment since SFY 2014-15. According to DOH data, in February 2021, enrollment surpassed 7 million for the first time in the history of the program, with 7,021,739 enrollees. The Division of the Budget expects current year enrollment to exceed 7.1 million in March 2022, largely due to federal provisions banning states from terminating coverage and requiring one-year extensions of eligibility during the public health emergency.
- Children and adults represented 75.5 percent of all average monthly DOH Medicaid enrollees, but only 41.2 percent of the costs of DOH Medicaid claims for the State in SFY 2020-21. Elderly, blind, and disabled enrollees made up 20.2 percent of eligible recipients, but accounted for 55.6 percent of DOH Medicaid claims costs.

Pandemic Boosts Essential Plan Enrollment

- Enrollment in the Essential Plan, which began in SFY 2015-16 and rose to more than 728,000 over its first three years, increased by 11.4 percent, its fastest rate in four years, to 891,932, largely due to the pandemic-induced recession. The Division of the Budget expects enrollment to grow by nearly 71,000 individuals (8.0 percent) to nearly 963,000 in SFY 2021-22.
- 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 with incomes at or below 200 percent of poverty level.
- Spending on the Essential Plan increased by \$696 million (17.8 percent) to \$4.6 billion. In SFY 2020-21, federal funds covered 98.6 percent or \$4.5 billion in Essential Plan costs, with State funds covering the remaining 1.4 percent.

Enrollment in Medicaid, Essential Plan and Child Health Plus – SFY 2020-21



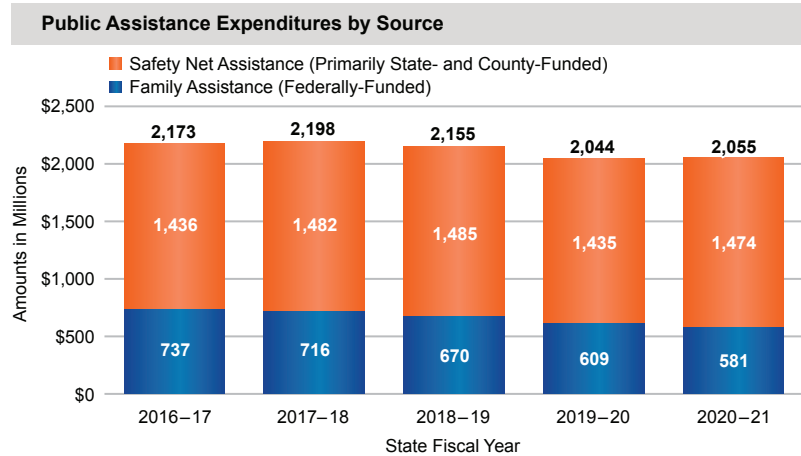
Nearly 8.4 Million New Yorkers Benefit from DOH Medicaid, Essential Plan or Child Health Plus

- In March 2021, nearly 8.4 million individuals or more than two in five New Yorkers were enrolled in DOH Medicaid, the Essential Plan or CHP.

Public Welfare

Public Assistance Recipients Increase for the First Time in Five Years

- Family Assistance (FA) provides up to 60 months of cash assistance to eligible needy families; Safety Net Assistance (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. SNA is largely funded by the State and the counties, while FA is funded by the federal government. “Public assistance” as discussed in this report includes both programs; almost 72 percent of public assistance expenditures are in the SNA program.
- For SFY 2020-21, the average monthly number of public assistance recipients in the State increased by 20,816 (4.5 percent) to 489,086.
- The number of FA recipients decreased for the seventh year in a row, by less than 1 percent, bringing the cumulative decline over the five-year period to 32.2 percent. In contrast, SNA recipients increased for the first time in four years, by 7.1 percent, largely due to growth in New York City.

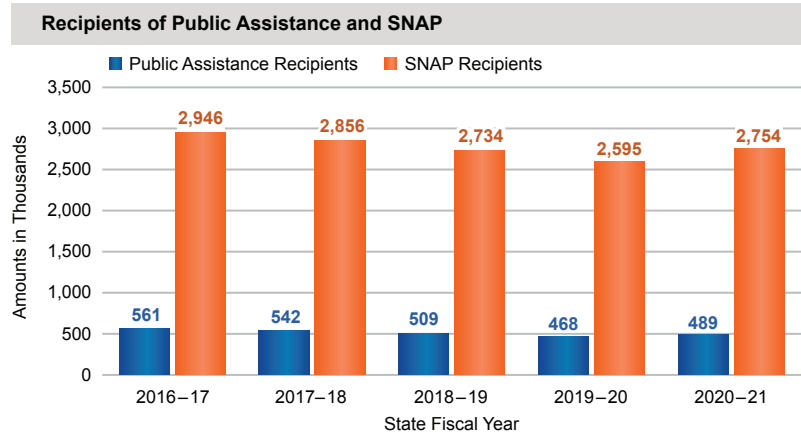


Spending for Public Assistance Ticks Up for the First Time in Three Years

- Public assistance spending increased in SFY 2020-21 by \$10.6 million (0.5 percent), compared to the previous year mainly because of an increase in SNA expenditures in New York City.
- SNA expenditures, which accounted for over two-thirds (71.7 percent) of total public assistance spending in SFY 2020-21, increased by \$38.9 million (2.7 percent), compared to the prior year.
- Compared to the prior year, FA expenditures in New York State decreased by \$28.3 million (4.6 percent).

SNAP Recipients and Spending Surge During Pandemic Recession

- The number of recipients in the State’s Supplemental Nutrition Assistance Program (SNAP) increased for the first time in seven years in SFY 2020-21 due to the loss of jobs and income during the pandemic-induced recession. SNAP, formerly known as the Food Stamp Program, is funded by the federal government.
- Compared to the prior year, the average monthly number of recipients of SNAP in New York State increased by 158,747 (6.1 percent) to over 2.7 million.
- Compared to the prior year, SNAP disbursements in New York State increased by \$2.1 billion (49.4 percent) to \$6.4 billion.
- Disbursements for SNAP rose for the first time in eight years, largely due to the increase in recipients, a 15 percent increase in normal benefit levels authorized by federal COVID legislation, and the issuance of emergency supplemental benefits to households not already receiving the maximum benefit during the public health emergency.



SSI Recipients Decrease for Fifth Consecutive Year; Disbursements Drop Below \$5 Billion

- The 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 15,114 (2.2 percent) to 659,346 in SFY 2020-21.
- Compared to the prior year, SSI disbursements in the State decreased by \$103.7 million (2.1 percent) to \$4.9 billion. Of this amount, the federal government contributed nearly \$4.4 billion, a decrease of \$84.7 million (1.9 percent) compared to the prior year. State expenditures totaled \$573.1 million, a decrease of \$19.1 million (3.2 percent) compared to the prior year.

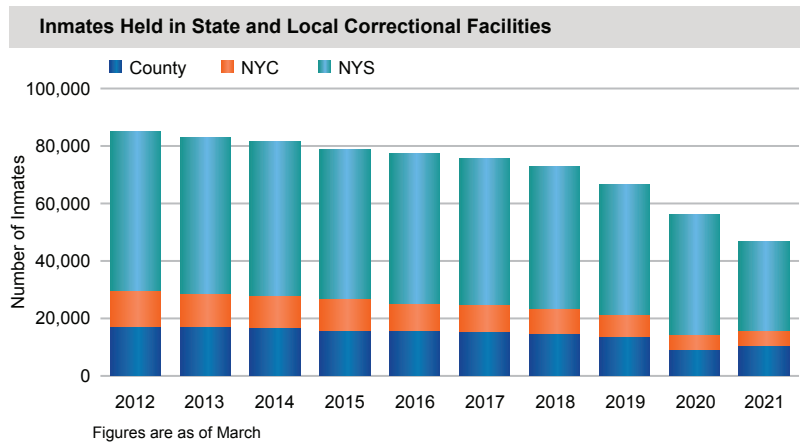
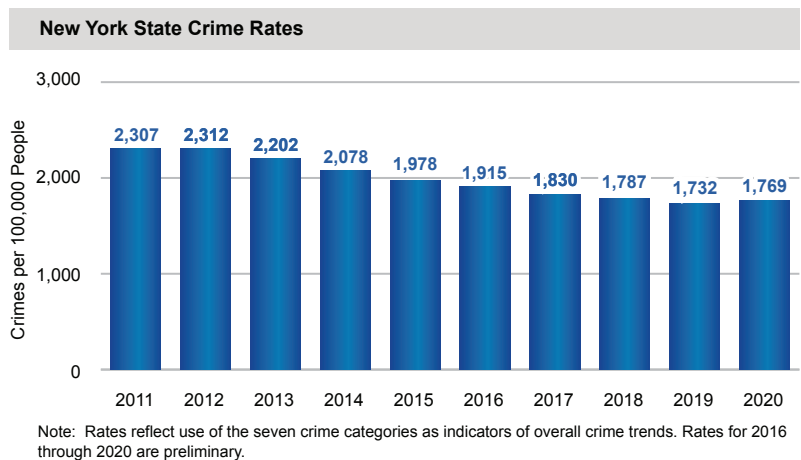
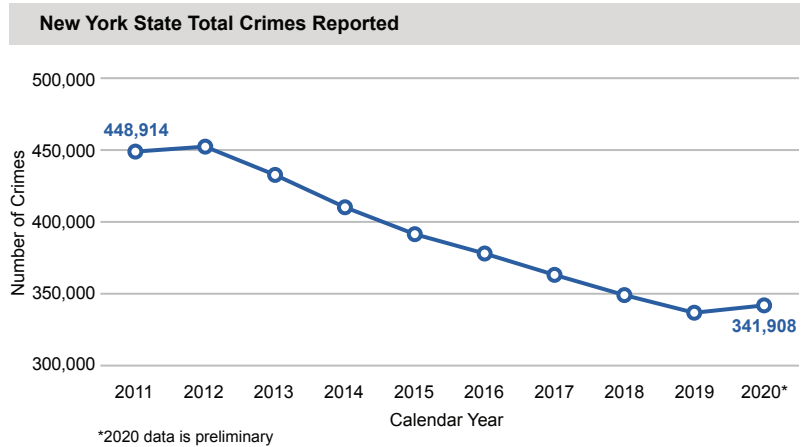
Public Safety

Number of Crimes and Crime Rates Rise for the First Time in Eight Years

- The number of crimes in seven categories increased for the first time since 2012, rising 1.5 percent to 341,908 in 2020, according to preliminary data reported to the State Division of Criminal Justice Services (DCJS). Motor vehicle thefts increased by the greatest percentage (54.1 percent), followed by murders (45.8 percent), burglaries (16.6 percent) and aggravated assaults (4.4 percent). DCJS recorded decreases in rapes (15.8 percent), robberies (3.2 percent) and larcenies (3.1 percent). Total crimes in the seven categories reported to the State are 107,006 (or 23.8 percent) lower than they were in 2011.
- Crime rates also increased in 2021, rising 2.1 percent to 1,769 crimes per 100,000 people.

Inmate Populations Keep Dropping

- As of March 2021, 46,823 inmates—a decrease of 9,314 (16.6 percent)—were held in 126 State and local correctional facilities, which include:
 - 50 State correctional facilities;
 - 63 county jail and correctional facilities; and
 - 13 New York City correctional facilities.
- Between March 2012 and March 2021, the total inmate population declined by 38,341 (45.0 percent), with the majority of the decline occurring in State correctional facilities, followed by facilities in New York City.
- The number of State prison inmates declined 25.8 percent in SFY 2020-21 from the prior year.

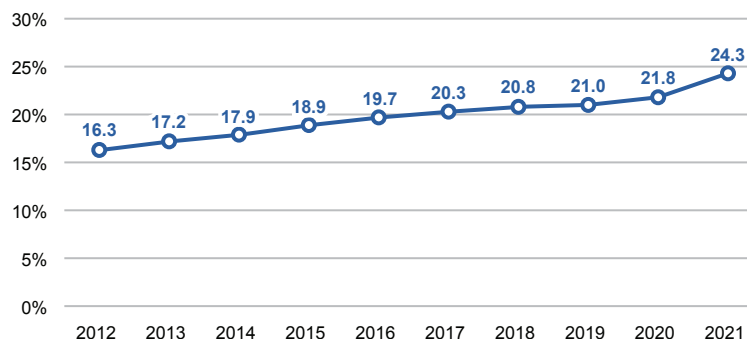


- The number of inmates in county and New York City jail facilities grew by 11 percent, the first increase in nine years. In SFY 2019-20, statutory changes to eliminate cash bail for most misdemeanor and non-violent felony offenses contributed to a 33 percent reduction in local jail populations. These reforms were amended in 2020 to re-authorize bail for a limited number of offenses, likely contributing to the growth in SFY 2020-21.
- Over the last 10 years, the proportion of inmates aged 50 and over in State correctional facilities increased by 60.3 percent.
- From 2009 through 2021, New York has closed all or part of 22 State correctional facilities. The SFY 2021-22 Enacted Budget authorized the closure of an unspecified number of additional State correctional facilities during the year, as determined necessary for the cost-effective and efficient operation of the system, provided the Speaker of the Assembly and the Temporary President of the Senate receive 90 days' notice of any closure(s).

Raising the Age of Criminal Responsibility to 18

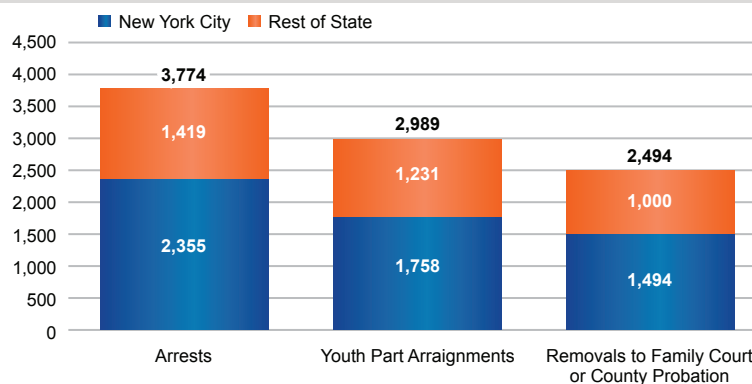
- Adolescent Offender (AO) arrests occurring after full implementation of the State's Raise the Age law in October 2019 totaled 3,774 for the 12-month period through September 2020, according to preliminary data reported to DCJS by the local law enforcement agency making the arrest. Under the law, cases against AOs (defined as 16- and 17-year olds charged with felony offenses) are no longer processed in adult Criminal Court, but are processed

Percentage of NYS Inmate Population Aged 50 and Older



Figures are as of March 31

Adolescent Offender Arrests and Youth Part Court Activity



Note: Figures are for the period from October 1, 2019 through September 30, 2020 and are preliminary and subject to change.

in the Youth Part of Criminal Court (YPCC) or transferred to Family Court or a county probation department. Youth who are 16 and 17 can no longer be held in adult jails or prisons. When confinement is ordered, 16- and 17-year-olds are now housed in specialized youth facilities operated by the State Office of Children and Family Services (OCFS).

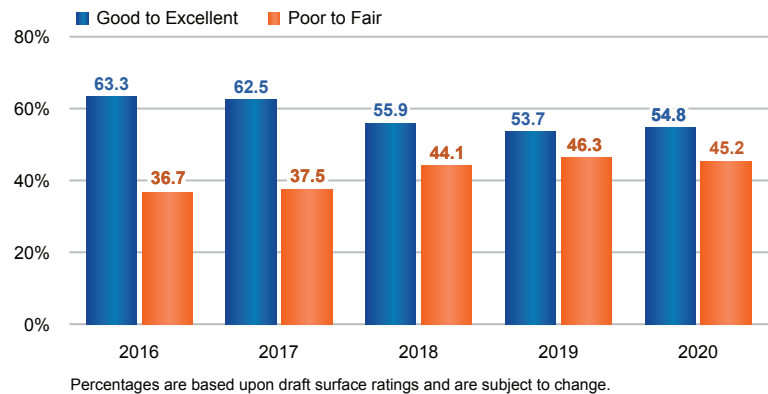
- Of the AO arrests reported to DCJS, 62 percent occurred in New York City and nearly 80 percent resulted in arraignments in the YPCC. Certain felony arrests, including those where a District Attorney's Office has declined to prosecute, are not arraigned in YPCC and, as a result, are not included in the total number of arraignments. Over 80 percent of the AO arraignments were transferred to Family Court for adjudication or a county probation department and treated as juvenile delinquents with opportunities for diversion.

Transportation

Highway Conditions Have Slightly Improved in the Past Year After Declining Since 2016

- 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 1.7 percent in 2020.
- In 2020, 54.8 percent of the State's highway lane miles were rated good to excellent, a 1.0 percentage point increase since 2019.

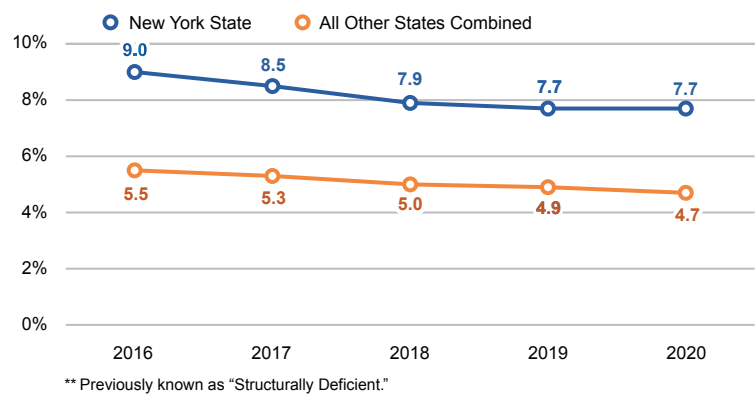
Highway Condition Ratings in New York
(as a percentage of total lane miles)



Bridge Conditions Have Improved Since 2016, But Are Worse Than in Other States

- In 2020, New York State was responsible for maintaining 8,528 bridges.*
- A bridge is considered to be in poor condition (previously known as structurally deficient) 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 2020, 7.7 percent of State-maintained bridges were rated poor. This is an improvement from 9.0 percent in 2016, but it compares unfavorably to the 4.7 percent share for all other states combined.

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



* 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)

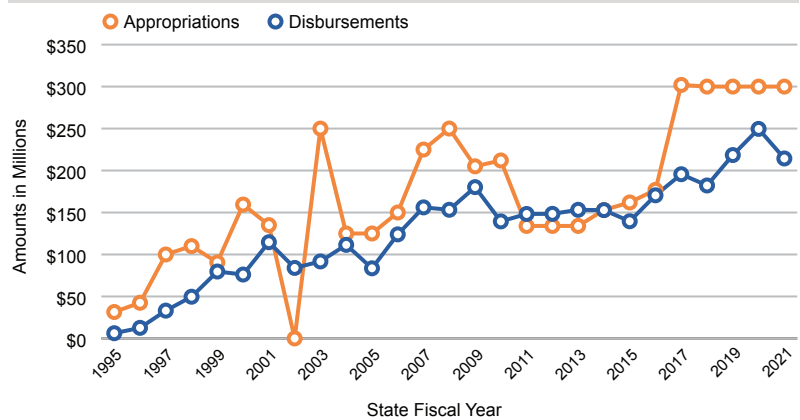
- In SFY 2020-21, DEC All Funds spending totaled \$991.8 million, a decrease of \$251.3 million (20.2 percent) from SFY 2019-20 due to COVID-19 related reductions in activity and spending. Compared with SFY 2019-20, spending was reduced in all areas except personal service. The largest reduction was in local assistance spending with a year-over-year reduction of 55.5 percent.
- As of March 31, 2021, employment at DEC reached 2,853 Full-Time Equivalent (FTE) positions, a reduction of 164 FTEs below levels as of March 31 in the previous year and 4.9 percent below levels from March 31, 2011.

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 were \$300 million in SFY 2020-21.
- Supports a broad array of environmental programs, such as State and municipal open space conservation; municipal and agricultural non-point 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 2020-21)



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 2020-21, General Fund Transfers were also a recurring funding source and accounted for 24 percent of EPF funding.

Restore Mother Nature Bond Act

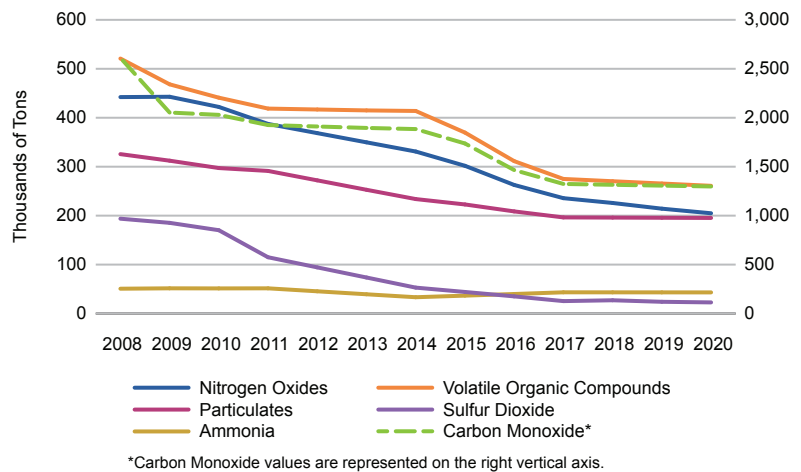
- The Enacted Budget for SFY 2021-22 authorized a bond act to be considered by voters at the ballot box in November of 2022 entitled the "Environmental Bond Act of 2022: Restore Mother Nature." If approved by the voters, the ballot question would authorize the issuance of \$3 billion in bonds in support of climate change mitigation, flood prevention, aquatic restoration, water quality improvement and upgrades of water infrastructure.

Air

- For 2020, the U.S. Environmental Protection Agency's State Average Annual Emissions Trend report showed estimated total emissions in New York from certain criteria pollutants covered by the National Ambient Air Quality Standards, excluding lead, of 2 million tons, a decrease of 1.2 percent from the previous year's estimated emissions and a decrease of more than 40.6 percent from 2010. These emissions include nitrogen oxides, volatile organic compounds, particulate pollution, sulfur dioxide, carbon monoxide and ammonia. Nitrogen oxides and volatile organic compounds are precursors of ground level ozone, or smog. Sulfur dioxide is a precursor of particulate formation in the atmosphere and of acid rain. Total emissions of each pollutant and the most prominent source for each are listed below:

- Carbon monoxide – 1.3 million tons. Together, highway and off-highway vehicles accounted for 85.3 percent of carbon monoxide emissions.
- Volatile organic compounds – 260,945 tons. Industrial and commercial solvent use accounted for 42.2 percent of that total.
- Nitrogen oxides – 204,856 tons. Highway and off-highway vehicles accounted for 61.9 percent of these emissions.
- Particulates – 195,306 tons. Mining and quarrying, construction, agriculture and road dust combined produced 70.6 percent of these emissions.

Emissions of Selected Air Pollutants in New York State



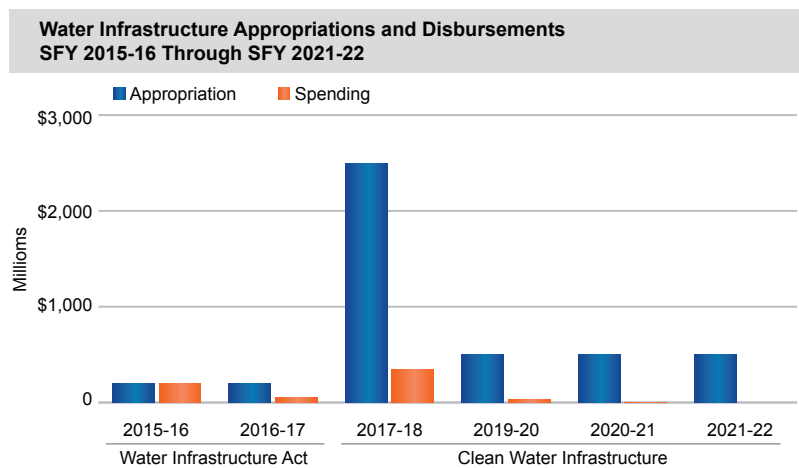
- Ammonia – 43,180 tons. Agricultural livestock and fertilizer application combined accounted for 84.5 percent of this total.
- Sulfur dioxide – 22,751 tons. Fuel combustion by industry produced 51.5 percent of the total.

Water

- Since SFY 2015-16, Enacted Budgets have included \$4.4 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, 2021, \$625.5 million (14.2 percent) had been spent from these appropriations.
- In 2020, there were reported incidences of harmful algal blooms (HAB) on 184 bodies of water in New York State, a decrease of four from the prior year. HABs lead to reduced oxygen in the water and produce toxins that can make it unsuitable for use as a surface drinking water supply. Of the affected water bodies:
 - 53.3 percent experienced more than one HAB event;
 - 4.3 percent experienced between 10 and 20; and
 - 6.0 percent experienced 20 or more.

Cayuga Lake, in the Finger Lakes region, had the largest number of observed HAB events, with 94.

- According to the DEC in 2016:
 - Approximately 25 percent of assessed river and stream miles in the state are impaired or suffer minor impacts or threats.
 - Nearly 31 percent of assessed lakes and reservoirs are impaired or suffer minor impacts or threats.
 - About 62 percent of the state’s estuary waters are impaired, as are the entire state Great Lakes shoreline and 2 percent of the Atlantic Ocean coastline.



Solid Waste

- According to the DEC in 2018:
 - A total of 39.1 million tons of waste were generated in New York State including:
 - 18.3 million tons of municipal solid waste;
 - 15.4 million tons of construction and demolition debris;
 - 2.6 million tons of industrial wastes; and
 - 2.8 million tons of biosolids.
 - Of these wastes:
 - 14.3 million tons were landfilled;
 - 14.0 million tons were recycled;
 - 7.5 million tons were exported for disposal; and
 - 3.3 million tons were incinerated.

Energy

- Legislation to streamline and expedite the siting of major renewable energy projects was enacted in the SFY 2020-21 Enacted Budget. The legislation moves permitting of certain renewable energy facilities from the Public Service Commission to the Department of State and sets a deadline of one year for permit decisions. Eligible renewable energy facilities include those capable of generating 20 megawatts or more of electricity using the following technologies:
 - Solar thermal
 - Photovoltaic
 - Land-based and offshore wind
 - Hydroelectric
 - Geothermal electric
 - Geothermal ground source heat
 - Tidal energy
 - Wave energy
 - Ocean thermal
 - Fuel cells relying on fuels other than fossil fuel
- Legislation creating a statewide standard for establishing the assessed value of solar and wind energy systems and strict notice requirements for municipalities requiring payments in lieu of taxes from these facilities was included in the SFY 2021-22 Enacted Budget.

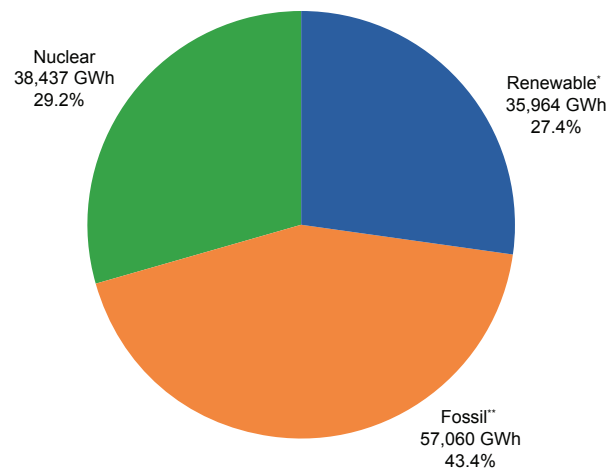
- According to the New York State Independent System Operator, in 2020, 131,461 gigawatt hours (GWh) of electricity were generated in New York State. Of this electricity:
 - 35,964 GWh (27 percent) was produced from renewable fuels;
 - 38,437 GWh (29 percent) was produced from nuclear fuels; and
 - 57,060 GWh (43 percent) was produced from fossil fuels.

Renewable generation includes hydroelectric (29,521 GWh), wind (4,162 GWh), 2,233 GWh from methane, refuse and wood, and solar (49 GWh). Fossil generation includes gas and oil (45,540 GWh), gas (10,530 GWh), oil (209 GWh) and coal (146 GWh).

According to the U.S. Energy Information Administration:

- In 2018, New York State emitted 167.5 million metric tons of carbon dioxide due to energy use, or 19.7 percent lower than 1990 levels.
- In 2017, New York State had the most energy efficient economy among U.S. states, consuming 2.6 thousand BTUs for every dollar of gross domestic product.
- In 2018, with energy consumption of 197 BTU per person, New York State had the second lowest per capita energy consumption of any state.
- For March 2021, New York State's average residential natural gas price of \$11.54 per thousand cubic feet was 18th in the nation. The commercial average natural gas price for March was \$7.71 per thousand cubic feet.

Electric Generation by Source, New York State, 2020



* Renewable generation includes hydroelectric 29,521 GWh, Wind 4,162 GWh, Solar 49 GWh and 2,233 GWh from methane, refuse and wood.

** Fossil generation includes gas and oil 45,540 GWh, gas 10,530 GWh, oil 209 GWh and coal 146 GWh.

- For April 2021, at 18.05 cents per kilowatt hour, New York State's average residential electric rate was ninth in the nation. At 15.85 cents per kilowatt hour, New York State's average commercial electric rate was seventh in the nation.

Agriculture

According to the U.S. Department of Agriculture, in 2020:

- There were 33,400 farms in New York State encompassing 6.9 million acres, with an average farm area of 207 acres.
- At \$3,150 per acre, New York had the second lowest average value for farmland among Northeastern states—only Maine's value was lower.

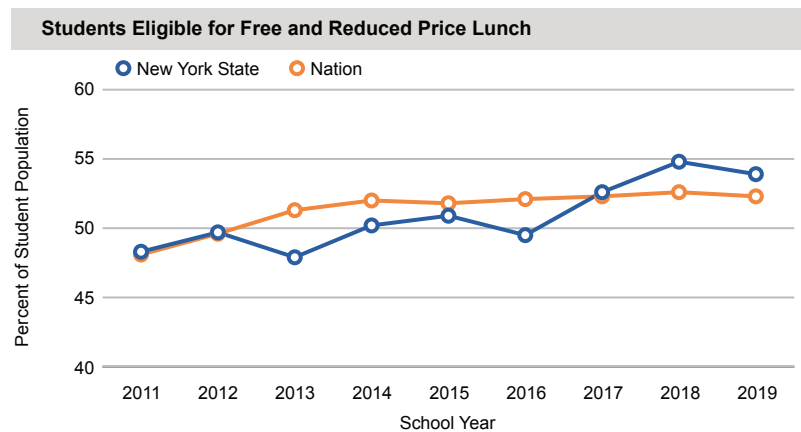
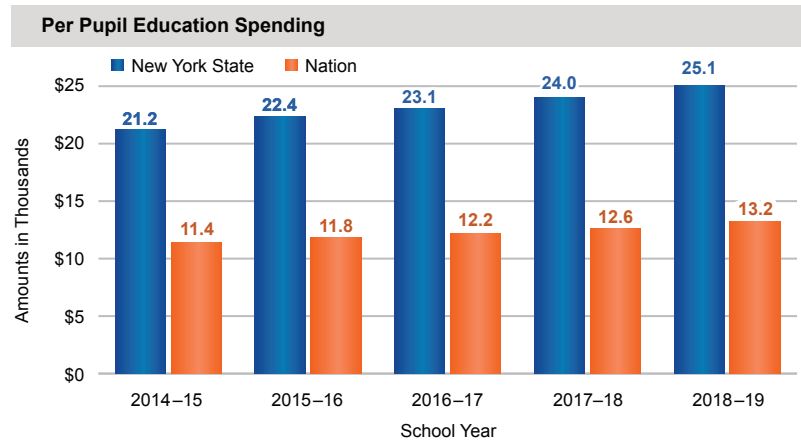
According to the U.S. Department of Agriculture, in 2019:

- The overall economic impact from New York farms as measured by net farm income was \$1.9 billion, an increase of more than 45 percent from 2018.
- Receipts from the sale of all agricultural commodities in New York State were approximately \$5.3 billion.
- With total receipts of \$276.2 million, New York was the second largest apple producer in the nation.
- New York was the fourth largest milk producer in the nation, with total sales of \$2.8 billion.

Elementary and Secondary Education

School Buildings Shut Down in the Last Quarter of the 2019-20 School Year, and Have Been Granted Significant Federal Aid

- The COVID-19 pandemic resulted in a complete shutdown of school buildings in March 2020, with partial reopening plans developed that summer and continuing to evolve based on school district experiences and capacity. New York’s educators took on the extraordinary challenge of quickly shifting teaching to remote formats. As of October 2020, the State Education Department reported that over 90 percent of elementary and secondary education students were still learning remotely, either fully or in part.
- Schools have received or are slated to receive \$14.7 billion from various federal aid programs, including \$1.6 billion from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), \$4 billion from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act), and nearly \$9 billion from the American Rescue Plan Act (ARP Act). Federal pandemic relief for K-12 education is expected to run through SFY 2024-25.



New York State Ranks Highest in Nation in Per Pupil Spending

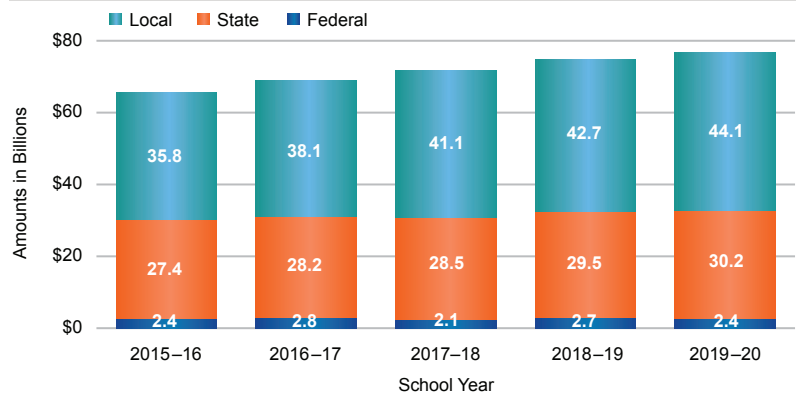
- For the 2018-19 school year,* New York State was the highest among the states in per-pupil disbursements for current public elementary and secondary education at \$25,139, according to the U.S. Census Bureau. New York’s per-pupil spending rose 4.6 percent from the previous year and is 191 percent greater than the national average. Differences in educational spending among states may reflect variations in student profiles and regional costs, among other factors.
- In 2019, 54 percent of K-12 students were certified for free and reduced-price school meals based on household income, higher than the national average (52 percent).

*Most recent available year.

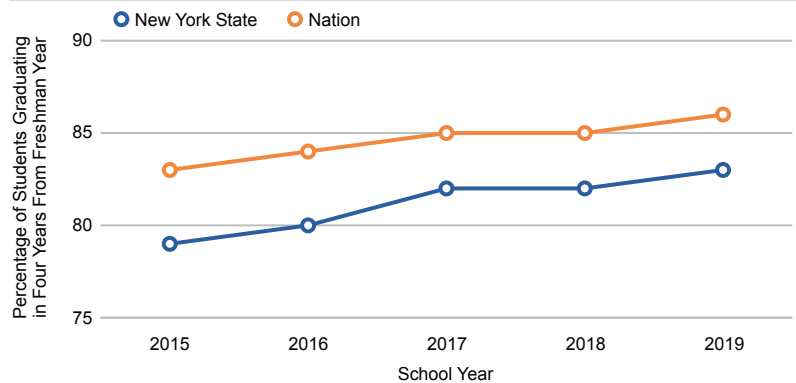
Local Resources Represent the Largest Source of Funding

- In 2019-20, support for public elementary and secondary schools in New York came from the following sources:
 - Local, \$44.1 billion;
 - State, \$30.2 billion, including the School Tax Relief Program (STAR) of \$2.2 billion; and
 - Federal, \$2.4 billion.
- In school budgets proposed for the 2021-22 school year, property tax levy increases averaged 1.4 percent, compared to a 2.2 percent increase the previous year. School districts in the State were required to provide all residents with an absentee ballot, resulting in a three-fold increase in the number of votes. Nearly every school district saw an increase in the number of ballots cast which, historically, has been relatively low since implementation of the property tax cap in 2012-13. However, even with this significant increase in voter participation, the results were similar to prior years; of the 675 district budgets that were voted on, only 11 failed on the first vote, which is similar to the 12 defeats from last year.

Federal, State and Local Funding for Elementary and Secondary Schools



Graduation Rates - New York and Nation



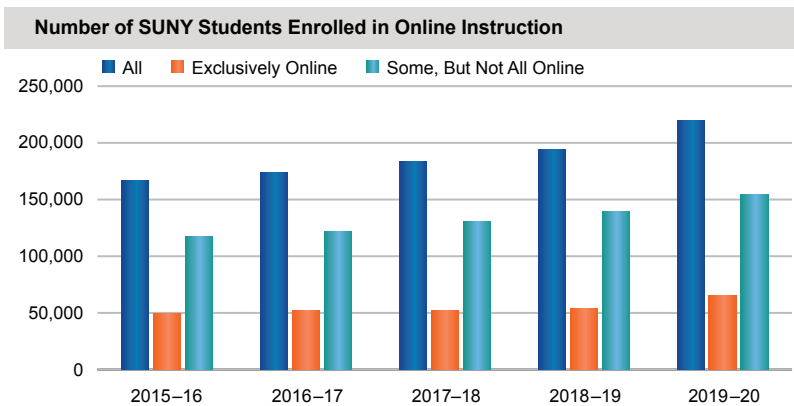
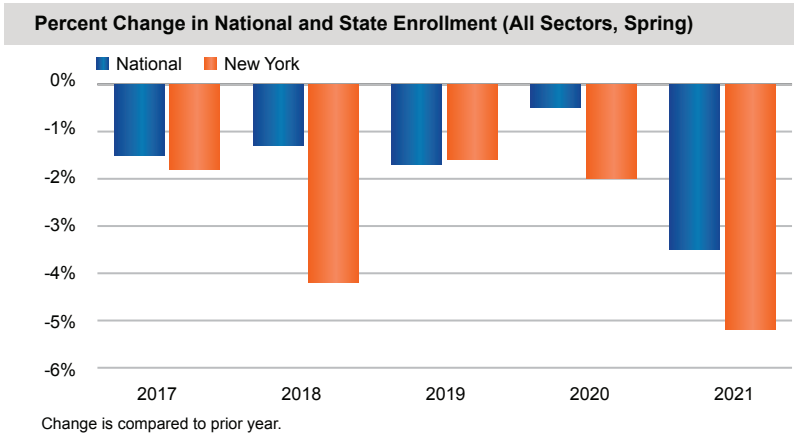
Student Performance

- Graduation and dropout rates improved in the State during the first wave of COVID-19 in spring 2020, with an 85 percent four-year graduation rate (up from 83 percent the year before) and a dropout rate of 5 percent (down from 6 percent).

Higher Education

Enrollment

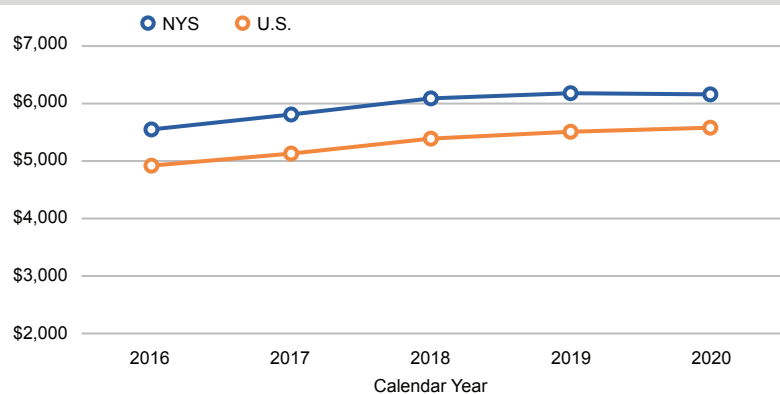
- In spring 2021, New York State higher education enrollment totaled 943,336. This represents a 5.2 percent decrease from the previous year compared to a 3.5 percent decline nationwide. In spring 2020, such decreases from the year before were 2.0 and 0.5 percent, respectively.
- Online course enrollment for the State University of New York (SUNY) increased by 13.6 percent in the 2019-20 academic year from the previous period. The increase in online instruction in 2018-19 academic year was 5.6 percent. Of the 220,103 students in 2019-20 academic year that enrolled in online instruction, 30 percent attended exclusively through this means and 70 percent used some but not all online instruction.



Costs and Financial Assistance

- In the 2020-21 academic year, average costs of tuition and fees for full-time, in-state students for SUNY and the City University of New York (CUNY) were:
 - SUNY, \$8,810 (\$5,840 for two-year colleges); and
 - CUNY, \$7,405 (\$5,275 for two-year colleges).
- In the 2019-20 academic year, an estimated 297,661 students received State Tuition Assistance Program (TAP) awards, totaling \$838.3 million. New York State also provided an estimated 66,406 other scholarships and awards totaling almost \$201 million in aid, including 32,000 Excelsior scholarships totaling \$130 million.
- The increase from 2015-16 to 2020-21 in average in-state tuition and fees at public four-year colleges has been more modest in New York compared to the nation. These amounts grew from \$7,640 to \$8,500 in New York and from \$9,410 to \$10,560 for the United States overall.

Student Loan Debt Balance Per Capita



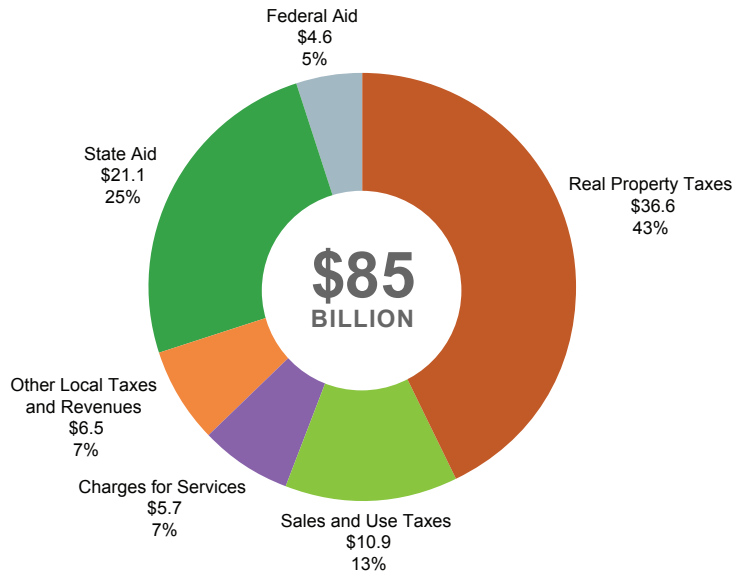
- According to the College Board, in SFY 2020-21, the State spent \$312 per resident on higher education, ranking 19th in the nation for higher education spending per capita.
- According to the Federal Reserve, the student loan debt balance per capita in the State grew by 11.0 percent from 2016 to 2020, slower than the 13.4 percent rate of growth for the nation during the same period. The percent of the student loan debt balance in New York State that was 90 or more days delinquent (and in default) was 4.5 percent in 2020, down from 8.4 percent in 2019 and 8.9 percent in 2016. These figures are lower than national averages of 6.4 percent in 2020 and 11.1 percent in 2016. The 2020 figures reflect federal COVID-19 emergency flexibilities that include a suspension of federal student loan payments, 0 percent interest rate and stopped collections on defaulted loans until January 31, 2022.

Local Government

Real Property Taxes and Sales Taxes Are Major Local Revenue Sources

- Real property taxes remain the single largest source of local government revenue in the State, accounting for \$36.6 billion, or 43 percent, of the \$85 billion in total revenue from local fiscal years ending in 2019 (not including New York City).
- School districts and towns received \$22.9 billion and \$4.3 billion, respectively, in revenues from real property taxes (representing 53 percent of total revenues for each), while villages received \$1.4 billion (47 percent). With 93 percent of their total revenue coming from property taxes (\$0.8 billion), fire districts are the most dependent on this source.
- State aid is the next largest revenue source for local governments. It is a major source for school districts, accounting for \$16.2 billion, 38 percent of total revenues. State aid also represents a significant share of revenues for other local governments—for social service programs in counties, for highways (mostly in cities and towns) and as unrestricted municipal aid (mainly in cities).
- Sales and use taxes are also an important revenue source for local governments, representing \$11 billion, or 13 percent of total revenue in 2019, and are the largest single revenue source for counties (34 percent).

Revenues by Source, Fiscal Year Ending 2019
Amounts in Billions

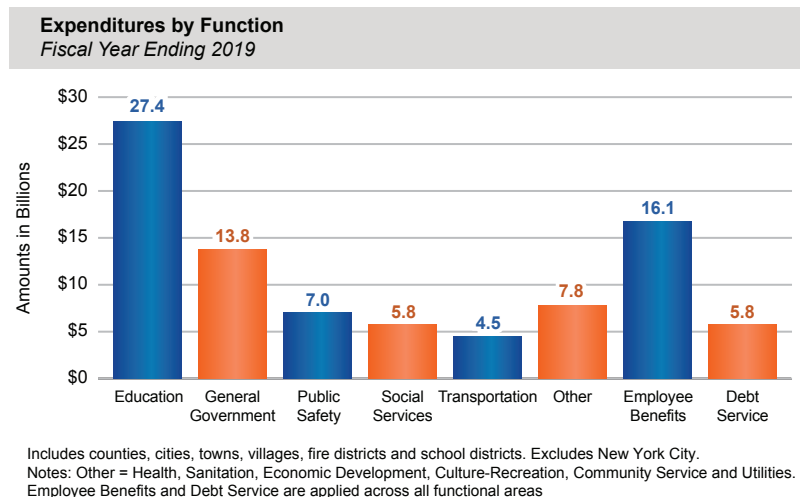
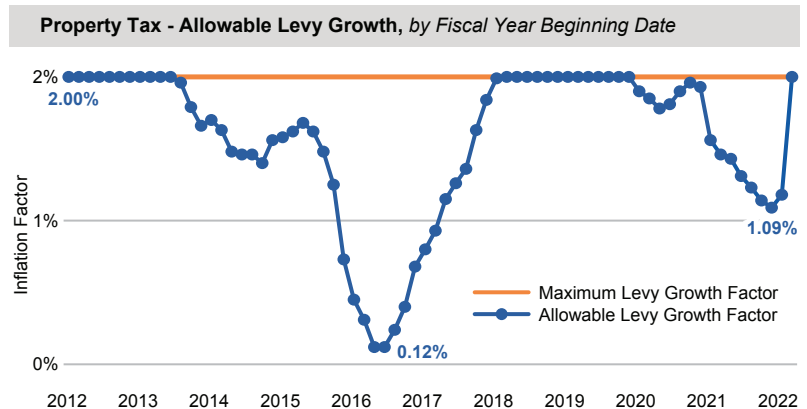


Includes counties, cities, towns, villages, fire districts and school districts. Excludes New York City.

- Local sales tax collections declined by \$1.8 billion, or 10 percent, in calendar year 2020. This major decline was the result of the impact of COVID-19 on New York's economy, especially during the shutdowns in the spring of 2020. As restrictions eased, sales tax collections improved, with much of the State seeing stronger collections than before the pandemic in the first two quarters of 2021, although New York City's collections were still below pre-pandemic levels.

Property Tax – Allowable Levy Growth Is Increasing Again After a Decline

- Generally, the property tax cap law limits levy increases to the lesser of 2 percent or the rate of inflation, with some exceptions, though 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.
- The calculated allowable levy growth dipped below 2 percent for all local governments with fiscal years beginning between March 1, 2020 and October 1, 2021. As the low inflation rates during the pandemic took hold, allowable levy growth dropped, to a low of 1.09 percent for local governments with fiscal years beginning on September 1, 2021, the lowest since 2017. While it did not approach the near-zero growth seen in 2016, these reductions in allowable levy growth did reduce local government budgetary flexibility during the COVID-19 pandemic. With the inflation increasing, allowable levy growth increased to 2 percent for local governments with fiscal years beginning on January 1, 2022.



Education and Employee Benefits Account for Half of Local Government Expenditures

- In 2019, total local government expenditures were \$88.8 billion. School districts spent \$44.7 billion, counties spent \$26.1 billion, towns spent \$8.6 billion, cities (not including New York City) spent \$5.3 billion, villages spent \$3.2 billion and fire districts spent \$0.9 billion.
- The mix of local government expenditures varies by class. Overall, education made up 31 percent of total local government expenditures for the 2019 fiscal year (\$27.4 billion). Most of this is school district spending on primary and secondary education.
- Employee benefits accounted for another 19 percent of local government spending (\$16.7 billion). This is the fastest growing segment, increasing at an annual rate of 3.8 percent over the 10-year period ending in the 2019 fiscal year, twice the annual rate of growth in total expenditures of 1.9 percent.

Local Governments in Fiscal Stress by Class - Fiscal Years Ending 2020						
Stress Designation	By Class					Total
	Counties	Cities	Towns	Villages	School Districts	All Classes
Significant Fiscal Stress	0	5	1	3	2	11
Moderate Fiscal Stress	2	1	1	1	7	12
Susceptible to Fiscal Stress	4	1	7	4	22	38
Total in Fiscal Stress	6	7	9	8	31	61
No Designation	49	45	835	452	637	2,018
Total Filed and Scored	55	52	844	460	668	2,079
Percentage of Scored Entities In Fiscal Stress	10.9%	13.5%	1.1%	1.7%	4.6%	2.9%
Not Filed	2	9	89	73	4	177
Total All Entities	57	61	933	533	672	2,256

Fiscal Stress Remained Low in 2020, but Significant Risks May Still Emerge

- The Office of the State Comptroller analyzes the financial condition of each municipality and school district through its Fiscal Stress Monitoring System, which combines several financial indicators into an overall score intended to measure each entity's budgetary solvency.
- Based on 2020 financial reports, 61 local governments and school districts were designated as being in fiscal stress (2.9 percent of those scored). Of these, 11 were in significant fiscal stress, 12 were in moderate fiscal stress and 38 were susceptible to fiscal stress.
- School districts had the largest number of entities in stress, with 31 in total.
- However, cities had the highest incidence of stress, with 13.5 percent (7 of 52 scored) being in some level of stress. This was an increase from 2019, when 11.5 percent (6 of 52 cities scored) were in stress.
- For counties, 10.9 percent (6 of 55 counties scored) were in a stress category, a decline from 12.7 percent (7 of 55 counties scored) in 2019.
- Towns and villages had much lower rates of stress than other classes.
- While local governments did not see significant increases in fiscal stress in 2020, there are still risks to the fiscal health of local governments, as pandemic-related issues continue to affect local economies.

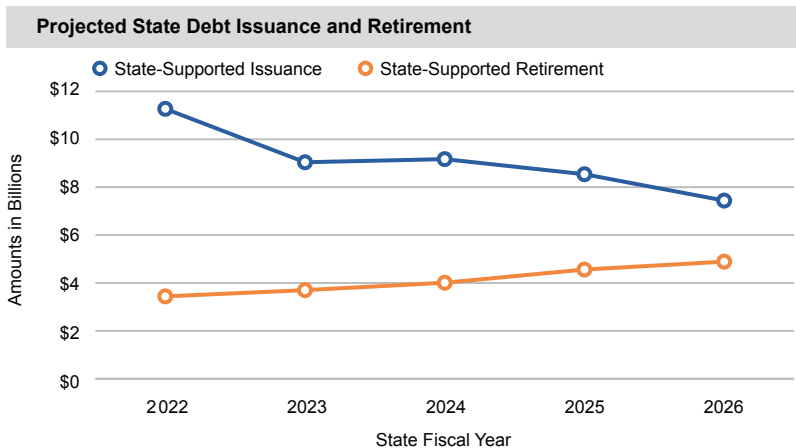
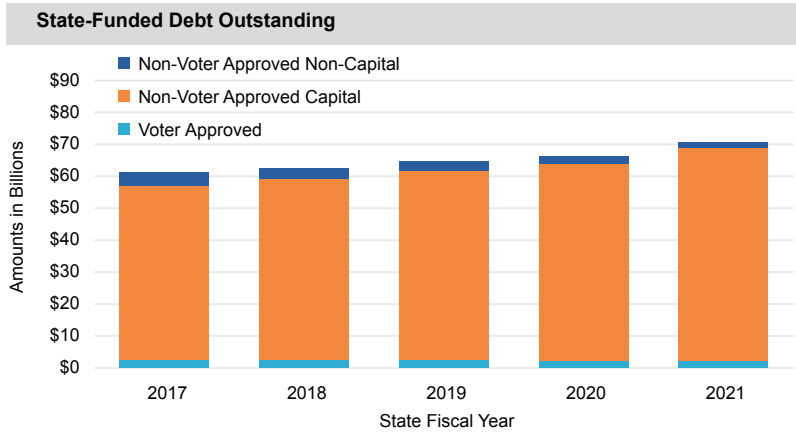
Debt

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

New York State Ranks Second Highest in Outstanding Debt Nationwide

- At the end of SFY 2020-21, the State reported the following debt levels:
 - \$2.2 billion of constitutionally authorized, voter-approved general obligation debt, a decrease of 11.9 percent since SFY 2016-17.
 - \$58.7 billion of State-Supported debt, as defined in section 67-a of the State Finance Law, an increase of 18.3 percent since SFY 2016-17.
 - \$66.5 billion of debt reported in accordance with Generally Accepted Accounting Principles (GAAP), an increase of 18.3 percent since SFY 2016-17.

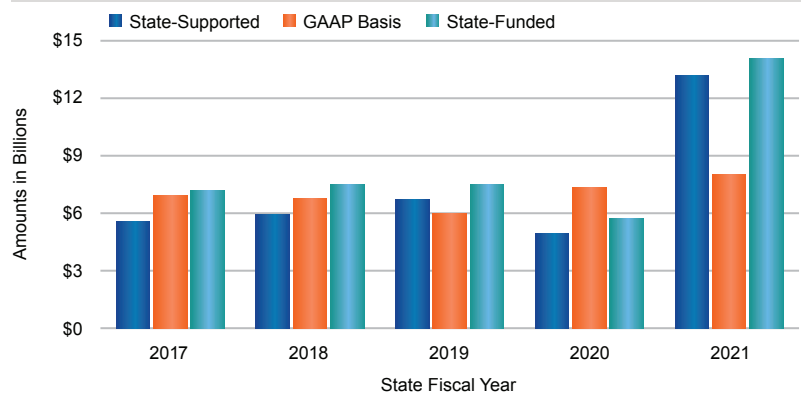


- \$70.7 billion of State-Funded debt, an increase of 15.1 percent since SFY 2016-17. This is the State Comptroller's more comprehensive measure of the State's debt burden, which includes certain obligations that are not recognized within the measure of State-Supported debt. It recognizes debt where the State makes payments with State resources, directly or indirectly, to a public authority, bank trustee or other municipal issuer. Nearly 97 percent of State-Funded debt has been issued by public authorities without voter approval.
- In 2020, New York State had the second highest debt burden, behind only California. It was fifth highest among all states in debt per capita.
- At the end of SFY 2020-21, State-Funded debt outstanding per capita was \$3,500. State-Funded debt was equivalent to 4.8 percent of State personal income.

New York State Projects Increasing Debt Levels in Coming Years

- The SFY 2021-22 Enacted Budget Five-Year Capital Program and Financing Plan projects that the State will issue 221 percent more debt than it will retire over the next five years, with:
 - \$45.4 billion of new issuances of State-Supported debt; and
 - \$20.6 billion of State-Supported debt retirements.
- The SFY 2021-22 Enacted Budget authorized the issuance of up to \$5 billion in borrowings for State cash flow relief, consisting of a \$2 billion line of credit and \$3 billion in short-term notes. In SFY 2020-21, the Dormitory Authority of the State of New York (DASNY) issued \$4.4 billion of short-term Personal Income Tax notes, which were fully retired by the end of the fiscal year.
- The State projects reduced statutory debt capacity over the next five years, declining to \$4 billion in SFY 2025-26. For the second year in a row, the SFY 2021-22 Enacted Budget excluded new debt issuances (in both SFYs 2020-21 and 2021-22) from the caps on debt outstanding and debt service, as well as removing requirements that proceeds be used for capital purposes. It also authorized issuing debt for MTA purposes in excess of the 30-year maximum term limit, up to 50 years. Combined, over \$20 billion in new debt issuances are expected to be excluded from the caps in SFYs 2020-21 and 2021-22.

Debt Service Expenditures in New York



- The State's accumulated deficit financing (\$388.7 million in SFY 2020-21) is scheduled to be fully repaid by SFY 2024-25. This includes remaining bonds issued by the New York Local Government Assistance Corporation (LGAC), bonds issued by the Urban Development Corporation to refund certain LGAC bonds and the Municipal Bond Bank Agency. An additional \$1.5 billion in debt outstanding is associated with issuances by the Sales Tax Asset Receivable Corporation, which was refunded by the DASNY in June 2021, making it State-Supported debt.
- New York issues State-Supported debt to fund certain capital purpose grants to other entities, which also creates State liabilities without corresponding State assets.
- \$3.1 billion in State-Supported debt service otherwise due during SFY 2020-21 through SFY 2024-25 was prepaid or defeased in SFY 2020-21. 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.

New York State Bond Ratings

At the end of SFY 2020-21, the State's general obligation bond ratings were assigned as follows:

- AA+ by Fitch Ratings;
- Aa2 by Moody's Investors Service; and
- AA+ by Standard & Poor's (S&P) Rating Services.

These ratings are one to two steps below the highest investment grade ratings. In August 2021, Moody's assigned a positive outlook to the State's credit, reflecting recovery from the impacts of the COVID-19 crisis on the State's finances. 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 legally separate public 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 rates, 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 2020, public authorities and subsidiaries reported more than \$69 billion in revenue and capital contributions, employed more than 159,000 people, and made more than \$16 billion in payments pursuant to contracts in 2020.

The fiscal stability of the State is related in part to the fiscal stability of certain public authorities closely related to the State. In 2020, public authorities reported more than \$291 billion in debt outstanding. The State's access to public credit markets

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 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 have 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 2020.

** Numbers may not add due to rounding.

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

**** The New York State Urban Development Corporation has not complied with certain reporting requirements for 2020.

could be impaired if certain 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.

The Enacted Budget for State Fiscal Year 2021-22:

- Increased bonding authorizations for 24 programs financed through State-Supported debt issued by public authorities;
- Added a new \$1.3 billion authorization for State-Supported borrowing for the Empire Station Complex; and
- Provided for a combined increase in State-Supported public authority bonding authorizations of \$22.1 billion, or 15.4 percent over previous limits.

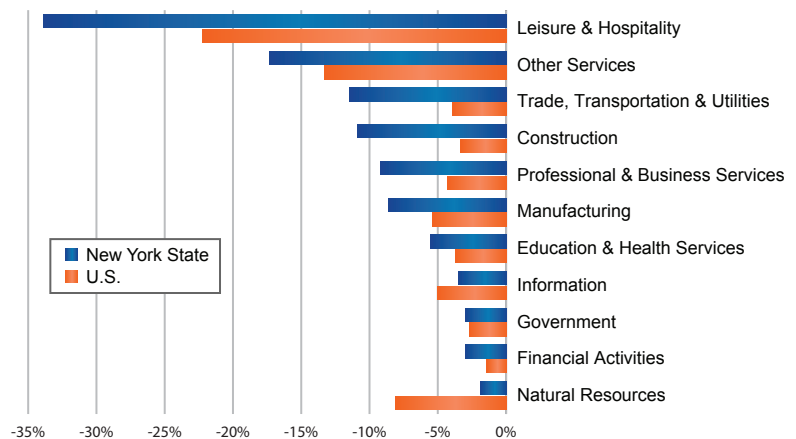
Public Authority Data on Expenses, Debt and Employees* For Fiscal Years Ending in 2020			
Authority	Expenses** (amounts in millions)	Debt Outstanding** (amounts in millions)	Employees
Dormitory Authority of the State of New York	\$ 2,705	\$ 58,216	587
Metropolitan Transportation Authority	18,610	48,368	76,701
New York State Housing Finance Agency	882	17,301	269
New York Job Development Authority	2	11,032	5
New York State Thruway Authority	1,026	7,334	3,142
Environmental Facilities Corporation	583	5,881	101
Long Island Power Authority	4,000	4,880	66
Utility Debt Securitization Authority (UDSA)***	319	3,883	4
State of New York Mortgage Agency	192	2,852	269
Power Authority of the State of New York	2,308	2,111	2,439
New York State Energy Research and Development Authority	1,255	1,626	355
Battery Park City Authority	322	905	191
State of New York Municipal Bond Bank Agency	20	181	269
Niagara Frontier Transportation Authority	291	174	1,771
New York State Urban Development Corporation****	-	-	-
All Other State Public Authorities	10,211	2,119	21,168
Total State	42,726	166,863	107,337
Total Local	26,525	124,811	51,977
Grand Total	\$ 69,251	\$ 291,675	159,314

Economic and Demographic Trends

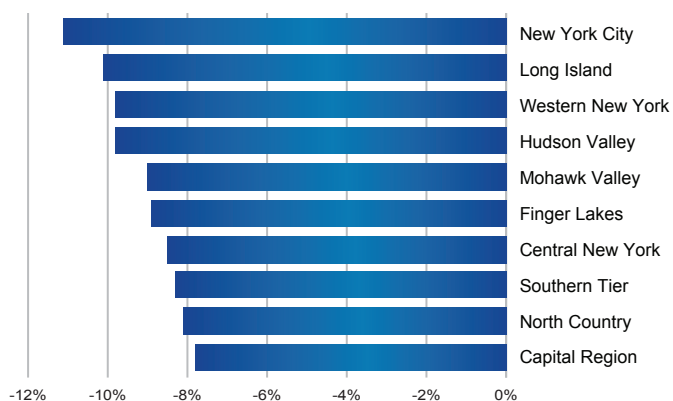
Employment Statewide Declined in 2020 Due to the COVID-19 Pandemic

- In calendar year 2020, the State lost over 955,000 jobs, a decrease of 10.0 percent compared to the decline nationally of 6.1 percent.
- New York ranked second among the states for job losses in 2020; California ranked highest with a decline of over 1.25 million.
- The State’s unemployment rate climbed to a high of 16.2 percent in April 2020 and ended the year at 10.0 percent.
- All industries in the State experienced job losses. The hardest hit was the leisure and hospitality sector, losing over one-third of its employment statewide in 2020.
- In 2020, all 10 regions in the State had decreased employment. New York City lost the highest percentage of jobs of any region (11.1 percent) while the Capital Region had the lowest decline (7.8 percent).

2020 Employment Growth by Industry Sector



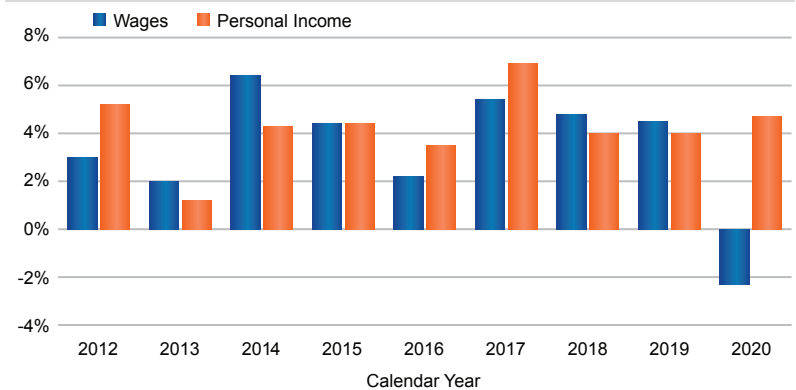
2020 Employment Growth by Region



Wages in the State Decrease, Even As Personal Income Increases

- Due to the pandemic’s impact on employment, total wages in the State decreased by 2.3 percent in 2020. The accommodation and food services industry realized the largest decline in wages (33.6 percent).
- However, wages increased in seven industry sectors, which were primarily those with the lowest number of job losses. The information sector had the highest growth (9.0 percent).
- Personal income in 2020 grew by 4.7 percent primarily due to the economic impact payments (“stimulus checks”) and enhanced unemployment benefits provided through the federal relief packages.

Wage and Personal Income Growth in New York



NYS GDP Just Over \$1.4 Trillion in 2020

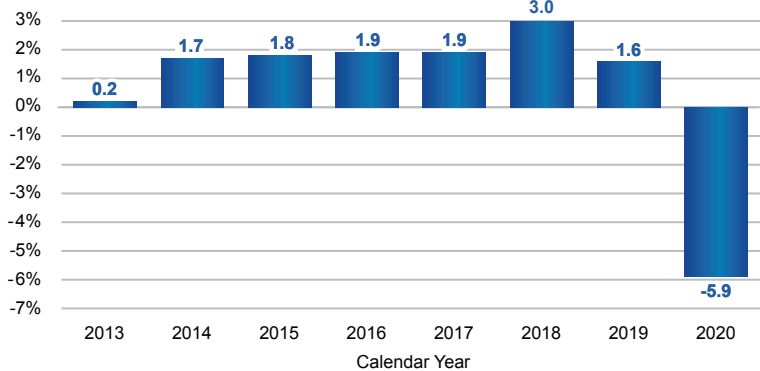
A state's Gross Domestic Product (GDP) is the value of production originating from all industries in the state, as defined by the U.S. Bureau of Economic Analysis.

- New York State's real GDP was just over \$1.4 trillion, 7.6 percent of the U.S. total.
- While GDP in all states declined in 2020, New York had the fourth largest decrease (5.9 percent). Hawaii had the highest (8.0 percent), while Utah had the lowest (0.1 percent).
- The financial activities sector comprised the largest share of the State's GDP in 2020 at 30.4 percent, up from 29.1 percent in 2019. The second and third top industries—professional and business services and transportation, trade, and utilities—together make up 26.0 percent.

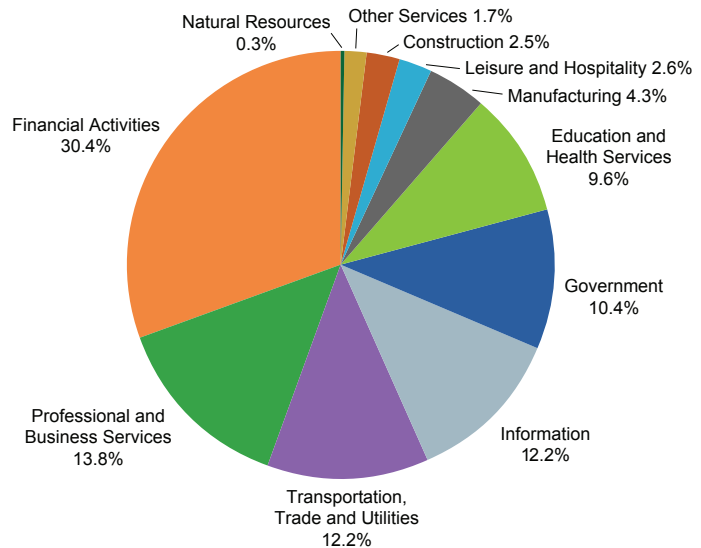
New York's Population Has Grown, But More Slowly Than the Nation's

- From 2010 to 2020, the State's population increased by 4.2 percent, less than the national increase of 7.4 percent.
- New York became more racially diverse. The Asian population had the largest growth from 2010 to 2019, an increase of over 246,000.
- There were over 4.4 million immigrants in New York in 2019, 22.6 percent of the population.
- Of these immigrants, 19 percent came to New York within the last 10 years.

New York Real GDP Growth



Composition of New York GDP, 2020



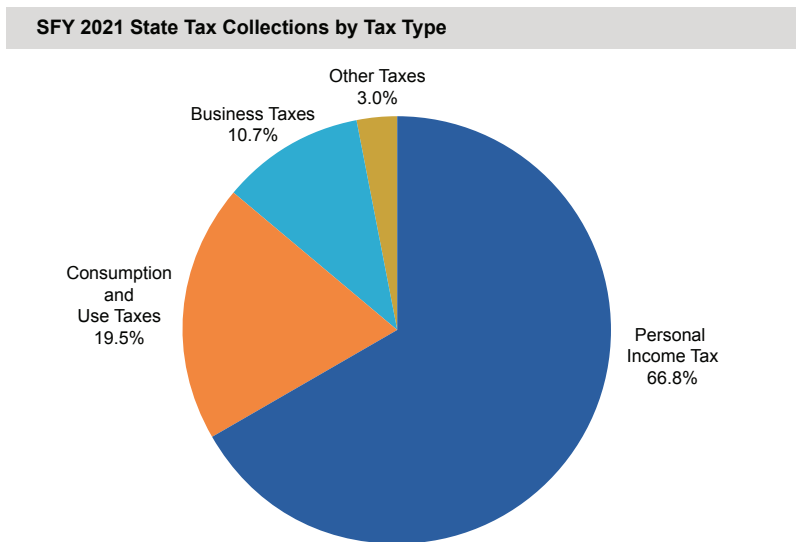
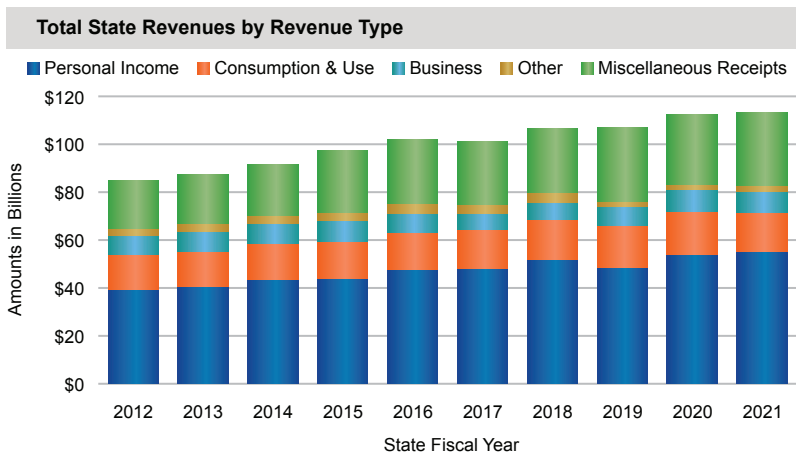
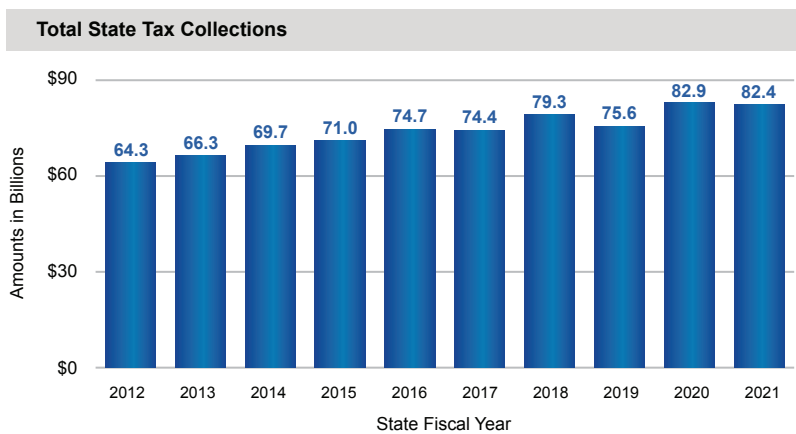
Taxes

State Tax Collections Decreased Slightly in SFY 2020-21 from \$82.9 Billion to \$82.4 Billion

- In SFY 2020-21, reported New York State tax collections decreased by 0.6 percent, primarily reflecting the adverse economic impact of the COVID-19 pandemic.
 - Collections for consumption and use taxes, New York State's second largest tax revenue source, were the lowest since SFY 2016-17 and declined 10.6 percent from the previous year.
 - A 24.4 percent growth in personal income tax collections, buoyed by an estimated 6.8 percent increase in securities industry bonuses, tempered the overall decline in tax receipts.

The State Budget Relies Heavily on the Personal Income Tax

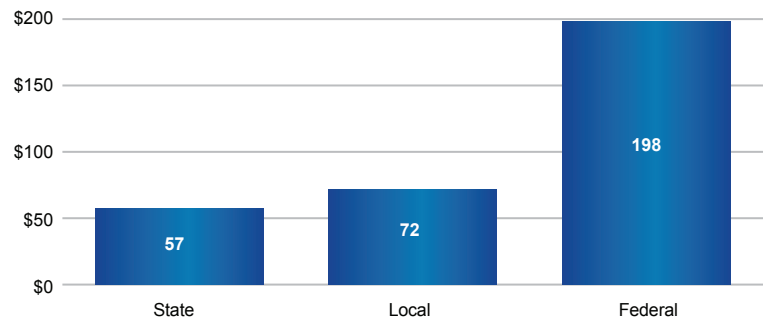
- Personal income tax collections:
 - Made up two-thirds of New York State's tax collections in SFY 2020-21.
 - Increased by 16.8 percent over the past five years.
- Only Oregon has a greater reliance on the personal income tax than New York State, 67.6 percent of total tax collections. Nationwide, over three-quarters of the states rely more heavily on sales and user taxes.
- Effective January 1, 2021, the State's top personal income tax rate increased to 10.9 percent which will be in effect until December 31, 2027. Changes in the State's top tax rate can have significant impacts in the overall level of State tax revenue.



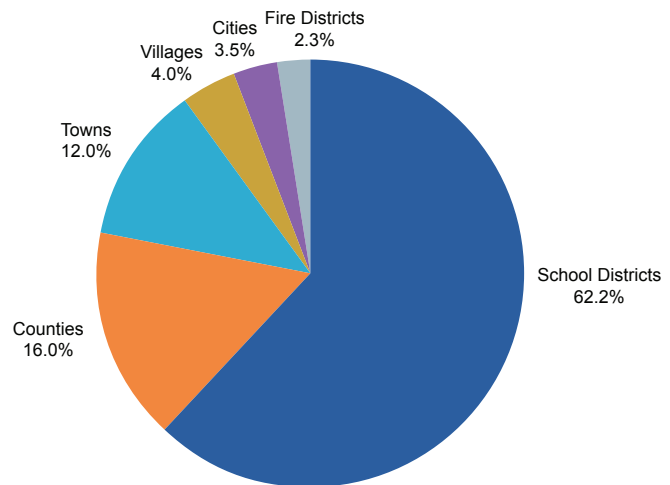
Tax Burden Declines

- The combined federal, State, and local tax burden in New York State was \$327 per \$1,000 of personal income in fiscal year 2020, a decline from \$342 in 2019.
- At the local level, property tax revenues are the largest single tax source overall. Over 62 percent of all property taxes in New York are collected by school districts.

Taxes of New York Taxpayer per \$1,000 of Personal Income
(Fiscal year ending in 2020)



Share of Property Tax by Government Entity in 2020 (Excluding NYC)



Implications for the Future

The Economic Outlook: Employment Struggles and Uncertainty Remains

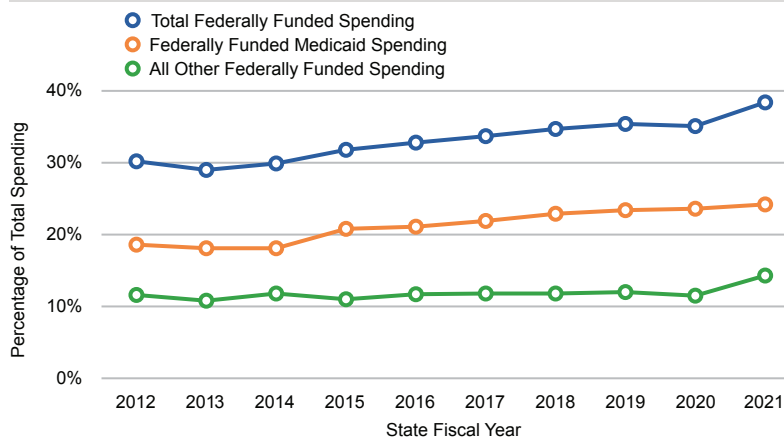
While the recession brought on by the COVID-19 pandemic was short-lived, employment has yet to recover fully. During March and April 2020, nearly 2 million jobs were lost in New York State and, as of August 2021, only 55 percent of those jobs were regained. No region of the State has returned to pre-pandemic employment levels with New York City trailing its February 2020 levels by over 500,000 jobs.

Economic forecasts are inherently subject to risk, but the path of the coronavirus pandemic will heavily influence economic activity for the foreseeable future. Outbreaks of new variants, vaccination rates, and their impact on consumer and employer behavior all provide a high level of uncertainty with regard to the pace of the recovery and its impact on tax revenues and spending on programs.

The Key Role 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. During SFY 2020-21, federal aid represented almost 41 percent of total State receipts, significantly higher than the 34.5 percent average from the previous 10 years. The largest share of federal aid supports Medicaid and other health care programs.

Total Federally Funded Spending as a Percentage of Total Spending – FY 2012 through FY 2021



At the beginning of the COVID-19 pandemic, tax receipts fell sharply, and the Division of the Budget (DOB) projected that tax revenues would not again reach the SFY 2019-20 level until SFY 2023-24. However, total tax collections for SFY 2020-21 ended the year \$6.8 billion higher than projected in the Enacted Budget Financial Plan and only \$513.3 million below the previous year. Higher than anticipated federal COVID-19 response and recovery funding helped support State spending. As a result, by the end of the year, DOB was able to avoid making \$8.2 billion in local assistance reductions, make over \$3 billion in debt service prepayments and defeasements, and pay off more than \$900 million in amortized pension payments.

New Yorkers consistently pay more in federal taxes than the State receives in federal spending, as several reports by the Office of the State Comptroller have shown. The most recent report, issued in November 2020, found that in Federal Fiscal Year 2019, New York generated \$23.7 billion more in taxes paid to Washington than in federal spending received.

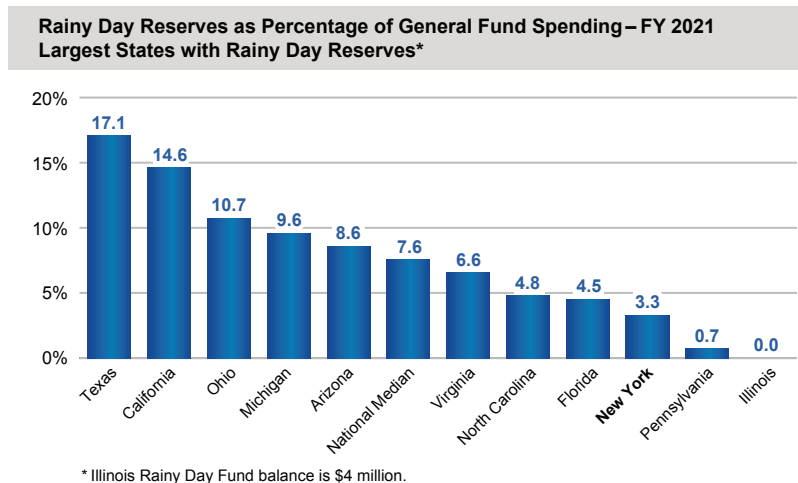
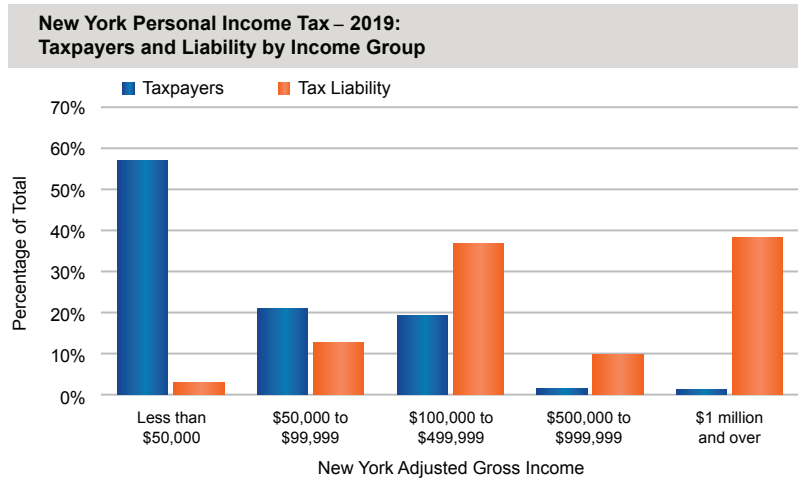
In the SFY 2021-22 Enacted Budget Financial Plan, DOB identifies \$38 billion in pandemic-related federal spending over a five-year period with significantly more going directly to local governments, school districts, businesses and individuals. Federal proposals currently before Congress may provide additional infrastructure and other dollars for New York's State and local governments, although it is unclear whether this increased support would alter the imbalance of payments between New Yorkers and Washington.

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 two-thirds of all State tax revenues. The SFY 2021-22 enacted budget increases tax rates for high-income earners that promises to increase that dependence, and the volatility of the tax base, even more. High-earning individuals generate a large share of PIT receipts. In 2019, the top 1.2 percent of taxpayers in New York generated 38 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.

Going Forward, Statutory Rainy-Day Reserves Should Be More Robust

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 have proven those warnings were well founded.



As of March 31, 2021, combined balances in the State’s two major statutory rainy-day reserves totaled just less than \$2.5 billion, roughly 42 percent of their statutorily allowed levels and approximately 3.3 percent of General Fund spending. These funds were insufficient in the face of a \$14 billion gap identified in SFY 2020-21 by DOB. To manage that gap, DOB withheld substantial amounts from payments to school districts, local governments, nonprofit organizations and other entities. While these payments were eventually made by the end of the fiscal year, adequate reserves would have negated the need to reduce aid to local governments and other entities that were also facing severe financial circumstances.

The SFY 2021-22 Enacted Budget Financial Plan does anticipate adding \$175 million to the Tax Stabilization Reserve Fund and another \$650 million to the Rainy-Day Reserve Fund. In addition, Comptroller DiNapoli proposes using higher-than-anticipated tax collections to make a substantial infusion to the rainy-day reserves to begin increasing these funds to at least 10 percent of General Fund receipts (currently \$8.7 billion).

As noted above, the economic and revenue impacts of the pandemic are likely to continue over multiple State fiscal years. As soon as possible, the State should develop and implement concrete plans to build up its statutory reserves. This will help to counterbalance the inherent volatility of PIT receipts in the State's budget and strengthen its ability to avoid harmful budgetary actions during the next economic downturn.

Appendix 1: State Funds Spending by Major Service Function

(Cash Basis, amounts in millions)

State Funds Spending for the Fiscal Year Ended March 31:	2017	2018	2019	2020	2021
EDUCATION	\$39,685	\$40,441	\$41,177	\$41,880	\$41,255
Public Schools	26,532	27,708	28,669	29,855	28,791
School Tax Relief (STAR)	3,139	2,589	2,423	2,184	2,027
State University of New York	7,266	7,482	7,366	7,734	7,355
City University of New York	1,556	1,605	1,649	1,075	2,411
Higher Education Services Corporation	1,149	1,018	1,023	980	633
Cultural Programs	43	39	47	52	38
PUBLIC HEALTH	26,095	27,150	28,078	31,884	28,009
Health and Mental Health Services	7,158	7,140	7,424	8,411	8,471
Medical Assistance (Medicaid)	18,937	20,010	20,654	23,473	19,538
PUBLIC WELFARE	3,780	3,869	3,897	3,329	4,181
Public Welfare	3,312	3,214	3,186	2,579	3,256
Public Housing	259	445	496	542	720
Employment Services	209	210	215	208	205
PUBLIC SAFETY	4,268	4,407	4,322	4,733	2,817
Criminal Justice and Correctional Alternatives	1,057	1,127	1,133	1,196	797
Emergency Management and Security Services	250	295	236	255	440
Prisons and Reformatories	2,961	2,985	2,953	3,282	1,580
TRANSPORTATION	8,057	8,001	7,824	7,196	8,294
Traffic Safety	183	192	207	237	275
Transportation	7,874	7,809	7,617	6,959	8,019
ENVIRONMENT AND RECREATION	1,042	1,051	1,196	1,302	1,246
Environmental Protection	703	702	845	912	832
Parks, Recreation and Historic Preservation	339	349	351	390	414
SUPPORT AND REGULATE BUSINESS	1,574	1,696	1,896	1,617	1,405
Commerce, Industry and Agriculture	1,213	1,339	1,514	1,200	1,005
Regulate Business	361	357	382	417	400
SHARE GENERAL REVENUES WITH LOCAL GOVERNMENTS	1,051	1,018	1,077	1,109	1,004
REPAY BORROWED MONEY AND REDUCE DEBT	5,552	5,915	6,736	4,952	13,258
GENERAL GOVERNMENT	12,926	13,389	14,255	14,291	13,432
Executive Agencies	2,127	2,182	2,626	2,432	2,139
Office of the State Comptroller	183	178	183	188	187
Office of the Attorney General	176	188	194	189	193
Legislature	226	223	223	228	226
Court Administration	2,120	2,209	2,274	2,310	2,222
Pension Contributions and Other Employee Benefits	7,670	7,995	8,348	8,581	8,046
Other	424	414	407	363	419
TOTAL STATE FUNDS SPENDING	\$104,030	\$106,937	\$110,458	\$112,293	\$114,901

Appendix 2: Federal Funds Spending by Major Service Function

(Cash Basis, amounts in millions)

Federal Funds Spending for the Fiscal Year Ended March 31:	2017	2018	2019	2020	2021
EDUCATION	\$4,039	\$3,695	\$4,365	\$4,053	\$3,642
Public Schools	3,721	3,348	4,008	3,698	3,165
State University of New York	310	341	351	348	473
City University of New York	2	1	2	2	1
Higher Education Services Corporation	6	5	3	4	2
Cultural Programs	-	-	1	1	1
PUBLIC HEALTH	40,042	44,343	46,785	47,339	51,827
Health and Mental Health Services	5,658	6,831	6,805	6,495	6,976
Medical Assistance (Medicaid)	34,384	37,512	39,980	40,844	44,851
PUBLIC WELFARE	4,622	4,837	5,436	5,379	9,082
Public Welfare	4,212	4,404	5,023	4,934	8,342
Public Housing	26	25	26	27	23
Employment Services	384	408	387	418	717
PUBLIC SAFETY	1,744	1,725	1,369	1,578	3,765
Criminal Justice and Correctional Alternatives	69	74	117	118	476
Emergency Management and Security Services	1,655	1,626	1,252	1,459	1,992
Prisons and Reformatories	20	25	-	1	1,297
TRANSPORTATION	1,901	1,543	1,646	1,621	1,677
Traffic Safety	30	26	29	28	27
Transportation	1,871	1,517	1,617	1,593	1,650
ENVIRONMENT AND RECREATION	210	201	239	234	68
Environmental Protection	197	189	224	219	49
Parks, Recreation and Historic Preservation	13	12	15	15	19
SUPPORT AND REGULATE BUSINESS	18	23	27	25	20
Commerce, Industry and Agriculture	16	21	24	23	18
Regulate Business	2	2	3	2	2
SHARE GENERAL REVENUES WITH LOCAL GOVERNMENTS	9	7	2	1	1
REPAY BORROWED MONEY	-	-	-	-	102
GENERAL GOVERNMENT	400	432	548	457	1,502
Executive Agencies	74	74	78	79	141
Office of the Attorney General	25	27	28	26	25
Court Administration	6	6	7	8	8
Pension Contributions and Other Employee Benefits	295	325	435	344	1,328
TOTAL FEDERAL FUNDS SPENDING	\$52,985	\$56,806	\$60,417	\$60,687	\$71,686

Appendix 3: State Receipts by Major Source

(Cash Basis, amounts in millions)

State Receipts for the Fiscal Year Ended March 31:	2017	2018	2019	2020	2021
TOTAL TAXES	\$74,373	\$79,266	\$75,577	\$82,889	\$82,376
Personal Income Tax	47,566	51,501	48,087	53,659	54,967
Consumer Taxes	16,212	16,711	17,356	18,022	16,118
Sales and Use	13,870	14,495	15,127	15,932	14,146
Cigarette/Tobacco Products	1,235	1,171	1,108	1,035	1,006
Medical Marijuana	–	2	4	6	8
Motor Fuel	519	512	528	512	425
Alcoholic Beverage	258	259	262	259	271
Highway Use	139	93	145	142	135
Auto Rental	127	123	130	107	64
Vapor Excise	–	–	–	10	33
Opioid Excise	–	–	–	19	30
MCTD* Taxicab Trip	64	56	52	–	–
Business Taxes	6,979	7,164	7,912	8,996	8,792
Corporation Franchise	3,165	3,080	4,297	4,824	4,954
Corporation and Utilities	720	748	672	705	550
Insurance	1,580	1,777	1,837	2,306	2,190
Bank	390	467	-59	–	156
Petroleum Business	1,124	1,092	1,165	1,161	942
Other Taxes	3,616	3,890	2,222	2,212	2,499
Estate and Gift	1,091	1,308	1,068	1,070	1,537
Employer Compensation Expense Tax	–	–	–	2	3
Pari-Mutuel	16	15	16	14	10
Real Estate Transfer	1,126	1,125	1,135	1,124	949
Racing and Exhibition	3	3	3	2	–
MCTD* Mobility	1,380	1,439	–	–	–
GAMING – LOTTERY INCOME, VLT AND CASINO	3,606	3,619	3,767	3,749	3,066
FEDERAL RECEIPTS	55,407	58,942	61,344	65,080	78,152
OTHER RECEIPTS	19,265	18,928	20,807	20,219	18,542
Student Tuition and Fees (SUNY/CUNY)	1,869	1,891	1,726	1,541	1,390
Revenues of State Departments	3,855	3,681	5,001	4,465	4,561
Receipts from Municipalities	367	348	344	105	330
Income from Investments	83	164	344	431	120
Abandoned Property	450	471	505	462	591
Unclaimed Bottle Deposits	113	118	121	117	139
Public Benefit Corporations	145	174	132	182	136
Assessments	6,916	6,803	6,950	7,404	6,806
Fees, Licenses, Permits	3,400	3,540	3,665	3,696	3,316
Fines, Penalties and Forfeitures	1,593	1,285	1,539	1,386	924
Miscellaneous	474	453	480	430	229
BORROWED AND ADDED TO DEBT	3,721	4,875	6,744	5,498	9,367
Bonds and Notes Issued by the State	–	160	133	–	203
Public Authority Financings	3,721	4,715	6,611	5,498	9,164
TOTAL RECEIPTS	\$156,372	\$165,630	\$168,239	\$177,435	\$191,503

*Metropolitan Commuter Transportation District (MCTD)

Data Sources

Center for the Study of Education Policy,
Illinois State University

City of New York Department of Correction

City University of New York

Federal Reserve Bank of New York

Fitch Ratings

IHS Markit

Internal Revenue Service

Moody's Investors Service

National Association of State Budget Officers

NYC Office of Management and Budget

NYS Department of Agriculture and Markets

NYS Department of Corrections and
Community Supervision

NYS Department of Environmental Conservation

NYS Department of Health

NYS Department of Labor

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

NYS Independent System Operator

NYS Office of Temporary and Disability Assistance

NYS Unified Court System

Office of the New York State Comptroller

Public Authorities Reporting Information System

Standard and Poor's Rating Services

State Higher Education Executive Officers (SHEEO)

State University of New York

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

U.S. Department of Agriculture

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

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

U.S. Energy Information Administration

U.S. Environmental Protection Agency

U.S. Federal Highway Administration

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