

NEW YORK STATE SENATE DEMOCRATIC MAJORITY FINANCE COMMITTEE 2024 MIDYEAR REPORT ON RECEIPTS AND DISBURSEMENTS



SENATOR ANDREA STEWART-COUSINS
TEMPORARY PRESIDENT OF THE SENATE
MAJORITY LEADER



Senator Liz Krueger

Chair, Senate Finance Committee

David Friedfel

Secretary to the Finance Committee

New York State Senate Democratic Majority Conference Finance Committee

2024 Midyear Report on Receipts and Disbursements



Senator Andrea Stewart-Cousins

President Pro Tempore
NYS Senate Majority Leader

Senator Liz Krueger

Chair, Senate Finance Committee

David Friedfel

Secretary to the Finance Committee

Jonathan Lang

Secretary of Majority Counsel and Program

Dorothy Powell

Counsel to the Majority

November 6, 2024

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2024 Midyear Report

on Receipts and Disbursements

Senate Majority Conference Finance Committee

Senator Liz Krueger
Chair

Prepared by Senate Majority Finance Committee Staff

David Friedfel
Secretary to the Finance Committee

Lekeya Martin, Deputy Secretary

Zeki Tansel, Director of Tax and Fiscal Studies

Priya Singh, Senior Fiscal Analyst

Francis Amoasah, Fiscal Analyst

Victor Diaz, Fiscal Analyst

Nicholas Shamlan, Budget Analyst

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EXECUTIVE SUMMARY

The Senate Majority Conference Finance Committee has produced this mid-year report (known as “Quickstart”) pursuant to Chapter 1 of the Laws of 2007, which provides for representatives of the Executive, Senate, Assembly, and Comptroller to meet on or before November 15 to review financial and economic information and projections for the current and next State Fiscal Year (SFY). The goal of this process is to facilitate the timely adoption of the upcoming State budget. As part of the Quickstart process, each participating entity prepares a forecast of receipts and disbursements for the current and ensuing fiscal years.

REVENUE FORECAST HIGHLIGHTS

General Fund Receipts SFY 2024-25 and SFY 2025-26

The Senate Majority Conference Finance Committee staff conclude that the:

- SFY 2024-25 projection for General Fund receipts, inclusive of miscellaneous receipts and net of dedicated transfers to other funds, will total \$63.0 billion. This estimate represents an increase of \$3.6 billion from SFY 2023-24 actuals. This estimate is \$636 million over the Executive estimate of \$62.3 billion.
- SFY 2025-26 projection for General Fund receipts, inclusive of miscellaneous receipts and net of dedicated transfers to other funds, is \$62.9 billion. This estimate represents a decrease of \$37 million below the committee staff’s SFY 2024-25 estimate. This estimate is \$739 million over the Executive estimate of \$62.2 billion.

All Funds Receipts SFY 2024-25 and SFY 2025-26

The committee staff conclude that the:

- SFY 2024-25 estimate for All Funds receipts is \$145.8 billion. This estimate represents an increase of \$5.6 billion from SFY 2023-24 actuals. This estimate is \$687 million over the Executive estimate of \$145.1 billion.
- SFY 2025-26 projection for All Funds receipts is \$148.7 billion. This estimate represents an increase of \$2.9 billion from the committee staff’s SFY 2024-25 estimate. This projection is \$872 million over the Executive estimate of \$147.9 billion.
- SFY 2024-25 estimate for All Funds receipts from Gaming is \$4.9 billion, reflecting an increase of \$75.5 million from SFY 2023-24. This estimate is \$25 million below the Executive estimate for SFY 2024-25.

- SFY 2025-26 projection for All Funds receipts for Gaming is \$4.9 billion, an increase of \$47.4 million from the SFY 2024-25 estimate. This projection is \$84 million more than the Executive projection for SFY 2025-26.

REVENUE OUTLOOK

Revenues are primarily affected by economic changes and changes in Federal and State tax policies. The tax base is a measure of the State's ability to generate revenue. Among taxes through the Mid-Year Update for SFY 2024-25, exclusive of federal receipts, personal income tax receipts make up the largest share of all funds receipts (41.2%), business taxes (20%) followed by consumer/use taxes (15.4 %), and other taxes (1.8%). Miscellaneous receipts, including licensing and motor vehicle fees, make up 21.6%.

The figures above, as well as the General Fund and All Fund estimates, include the Pass-Through Entity Tax (PTET). PTET is projected to be revenue neutral for the State over the duration of the tax but will not appear neutral within each fiscal year.

SFY 2024-25			
General Fund Taxes and Miscellaneous Receipts (amounts in millions of dollars)			
	Senate Majority Conference Estimate	Executive Estimate	Difference with Executive
Taxes			
Personal Income Tax	28,767	28,197	570
Withholdings	59,126	58,736	390
Estimated Payments	13,087	12,907	180
Final and Other Payments	5,546	5,546	0
Gross Collections	77,759	77,189	570
State/City Offset	(1,432)	(1,432)	0
Refunds	(16,212)	(16,212)	0
STAR (Dedicated Deposits)	(1,575)	(1,575)	0
RBTF (Dedicated Transfers)	(29,773)	(29,773)	0
Consumption/Use Taxes	10,070	10,091	(21)
Sales and Use Tax	19,047	19,068	(21)
Cigarette and Tobacco Taxes	259	259	0
Vapor Excise Tax	0	0	0
Motor Fuel Tax	0	0	0
Alcoholic Beverage Taxes	276	276	0
Opioid Excise Tax	20	20	0
Medical Cannabis Excise Tax	0	0	0
Adult-Use Cannabis Tax	0	0	0
Highway Use Tax	0	0	0
Auto Rental Tax	0	0	0
Peer to Peer Car Sharing Tax	2	2	0
Gross Consumption/Use Taxes	19,604	19,625	(21)
LGAC/STBF (Dedicated Transfers)	(9,534)	(9,534)	0
Business Taxes	18,050	17,963	87
Corporation Franchise Tax	7,173	7,086	87
Corporation and Utilities Tax	458	458	0
Insurance Taxes	2,570	2,570	0
Bank Tax	90	90	0
Pass Through Entity Tax	15,518	15,518	0
Petroleum Business Tax	0	0	0
Gross Business Taxes	25,809	25,722	87
RBTF (Dedicated Transfers)	(7,759)	(7,759)	0
Other Taxes	1,397	1,397	0
Estate Tax	1,375	1,375	0
Real Estate Transfer Tax	1,167	1,147	20
Employer Compensation Expense Program	15	15	0
Gift Tax	0	0	0
Real Property Gains Tax	0	0	0
Pari-Mutuel Taxes	12	12	0
Other Taxes	2	2	0
Gross Other Taxes	2,571	2,551	20
Real Estate Transfer Tax (Dedicated)	(1,167)	(1,147)	(20)
RBTF (Dedicated Transfers)	(7)	(7)	0
Total Taxes	58,284	57,648	636
Miscellaneous Receipts	4,683	4,683	0
Total Taxes and Miscellaneous Receipts	62,967	62,331	636

SFY 2025-26 General Fund Taxes and Miscellaneous Receipts (amounts in millions of dollars)			
	Senate Majority Conference Estimate	Executive Estimate	Difference with Executive
Taxes			
Personal Income Tax	29,893	29,288	605
Withholdings	61,740	61,333	407
Estimated Payments	13,851	13,653	198
Final and Other Payments	5,790	5,790	0
Gross Collections	81,381	80,776	605
State/City Offset	(1,631)	(1,631)	0
Refunds	(17,477)	(17,477)	0
STAR (Dedicated Deposits)	(1,547)	(1,547)	0
RBTF (Dedicated Transfers)	(30,833)	(30,833)	0
Consumption/Use Taxes	10,350	10,314	36
Sales and Use Tax	19,565	19,529	36
Cigarette and Tobacco Taxes	250	250	0
Vapor Excise Tax	0	0	0
Motor Fuel Tax	0	0	0
Alcoholic Beverage Taxes	278	278	0
Opioid Excise Tax	20	20	0
Medical Cannabis Excise Tax	0	0	0
Adult-Use Cannabis Tax	0	0	0
Highway Use Tax	0	0	0
Auto Rental Tax	0	0	0
Peer to Peer Car Sharing Tax	2	2	0
Gross Consumption/Use Taxes	20,115	20,079	36
LGAC/STBF (Dedicated Transfers)	(9,765)	(9,765)	0
Business Taxes	17,116	17,019	97
Corporation Franchise Tax	7,405	7,308	97
Corporation and Utilities Tax	457	457	0
Insurance Taxes	2,676	2,676	0
Bank Tax	90	90	0
Pass Through Entity Tax	12,977	12,977	0
Petroleum Business Tax	0	0	0
Gross Business Taxes	23,605	23,508	97
RBTF (Dedicated Transfers)	(6,489)	(6,489)	0
Other Taxes	1,458	1,458	0
Estate Tax	1,438	1,438	0
Real Estate Transfer Tax	1,252	1,230	22
Employer Compensation Expense Program	15	15	0
Gift Tax	0	0	0
Real Property Gains Tax	0	0	0
Pari-Mutuel Taxes	12	12	0
Other Taxes	1	1	0
Gross Other Taxes	2,718	2,696	22
Real Estate Transfer Tax (Dedicated)	(1,252)	(1,230)	(22)
RBTF (Dedicated Transfers)	(8)	(8)	0
Total Taxes	58,818	58,079	739
Miscellaneous Receipts	4,112	4,112	0
Total Taxes and Miscellaneous Receipts	62,930	62,191	739

SFY 2024-25			
All Funds Taxes and Miscellaneous Receipts (amounts in millions of dollars)			
	Senate Majority Conference Forecast	Executive Estimate	Difference with Executive
Taxes			
Personal Income Tax	60,115	59,545	570
Withholdings	59,126	58,736	390
Estimated Payments	13,087	12,907	180
Final and Other Payments	5,546	5,546	0
Gross Collections	77,759	77,189	570
State/City Offset	(1,432)	(1,432)	0
Refunds	(16,212)	(16,212)	0
Consumption/Use Taxes	22,455	22,443	12
Sales and Use Tax	20,348	20,371	(23)
Cigarette and Tobacco Taxes	829	829	0
Vapor Excise Tax	21	21	0
Motor Fuel Tax	484	484	0
Alcoholic Beverage Taxes	276	276	0
Opioid Excise Tax	20	20	0
Medical Cannabis Excise Tax	5	5	0
Adult-Use Cannabis Tax	193	158	35
Highway Use Tax	140	140	0
Auto Rental Tax	137	137	0
Peer to Peer Car Sharing Tax	2	2	0
Business Taxes	29,184	29,074	110
Corporation Franchise Tax	9,033	8,923	110
Corporation and Utilities Tax	593	593	0
Insurance Taxes	2,879	2,879	0
Bank Tax	106	106	0
Pass Through Entity Tax	15,518	15,518	0
Petroleum Business Tax	1,055	1,055	0
Other Taxes	2,571	2,551	20
Estate Tax	1,375	1,375	0
Real Estate Transfer Tax	1,167	1,147	20
Employer Compensation Expense Program	15	15	0
Gift Tax	0	0	0
Real Property Gains Tax	0	0	0
Pari-Mutuel Taxes	12	12	0
Other Taxes	2	2	0
Total Taxes	114,325	113,613	712
Miscellaneous Receipts	31,464	31,489	(25)
Total Taxes and Miscellaneous Receipts	145,789	145,102	687
Total Receipts	145,789	145,102	687

SFY 2025-26			
All Funds Taxes and Miscellaneous Receipts (amounts in millions of dollars)			
	Senate Majority Conference Forecast	Executive Estimate	Difference with Executive
Taxes			
Personal Income Tax	62,273	61,668	605
Withholdings	61,740	61,333	407
Estimated Payments	13,851	13,653	198
Final and Other Payments	5,790	5,790	0
Gross Collections	81,381	80,776	605
State/City Offset	(1,631)	(1,631)	0
Refunds	(17,477)	(17,477)	0
Consumption/Use Taxes	23,027	22,988	39
Sales and Use Tax	20,902	20,863	39
Cigarette and Tobacco Taxes	793	793	0
Vapor Excise Tax	21	21	0
Motor Fuel Tax	484	484	0
Alcoholic Beverage Taxes	278	278	0
Opioid Excise Tax	20	20	0
Medical Cannabis Excise Tax	4	4	0
Adult-Use Cannabis Tax	245	245	0
Highway Use Tax	141	141	0
Auto Rental Tax	137	137	0
Peer to Peer Car Sharing Tax	2	2	0
Business Taxes	27,014	26,891	123
Corporation Franchise Tax	9,324	9,201	123
Corporation and Utilities Tax	591	591	0
Insurance Taxes	2,999	2,999	0
Bank Tax	106	106	0
Pass Through Entity Tax	12,977	12,977	0
Petroleum Business Tax	1,017	1,017	0
Other Taxes	2,718	2,696	22
Estate Tax	1,438	1,438	0
Real Estate Transfer Tax	1,252	1,230	22
Employer Compensation Expense Program	15	15	0
Gift Tax	0	0	0
Real Property Gains Tax	0	0	0
Pari-Mutuel Taxes	12	12	0
Other Taxes	1	1	0
Total Taxes	115,031	114,243	788
Miscellaneous Receipts	33,701	33,617	84
Total Taxes and Miscellaneous Receipts	148,732	147,860	872
Total Receipts	148,732	147,860	872

NEW YORK STATE ECONOMIC OUTLOOK

OVERVIEW AND SECTOR ANALYSIS

According to the Federal Reserve’s October 2024 Beige Book, economic activity in New York held steady from the prior period. Buoyed by small gains in employment and wages, consumers increased spending on goods and services. Despite wage pressures, inflation remained modest. The finance sector saw improvements following an extended period of decline. Uncertainty surrounding the presidential election led to hesitancy amongst many businesses, although capital spending plans and investments were strong. Looking ahead, businesses are optimistic conditions will improve.

Employment and Wages

Employment in New York was mixed but increased slightly. Employment gains in manufacturing, hospitality, education, and health were offset by reductions in information services, construction, and retail. A moderate growth in wages saw signs of slowing as imbalances between labor demand and supply began to appear. Exceptionally low turnover rates were reported as businesses plan to hire for replacement, rather than growth.

Prices

Both selling and input prices remained elevated in recent weeks. Although fuel costs have declined, contacts reported net delivery costs held steady. Businesses expect little change in pricing pressures in the coming months.

Consumer Spending

Consumer spending increased slightly since the last report. Retail sales grew following a muted summer and changes in consumer behavior, such as purchasing substitute goods. This was most pronounced in accessories and luxury goods. Auto dealers reported softer sales this period following a bounce back from a June cyber-attack and affordability concerns. Inventories remained strong and used car sales remained solid despite tightening credit conditions.

Manufacturing and Distribution

Manufacturing activity changed slightly from the prior reporting period. Shipments remained the same, and new orders declined slightly. Wholesale trade businesses reported a modest decline in business activities. Contacts reported that supply availability worsened, and there were short-lived concerns about the possibility of supply-chain disruptions due to the dockworkers strike. Over the next few months, manufacturing companies remain optimistic that conditions will improve.

Services

The service industry reported that activity remained mostly steady. Businesses engaged in leisure and hospitality, education, and health services reported an increase in activity, while businesses in the personal service sector reported a decline in activity. For the first time in a while, the service sector reported a modest increase in capital spending. Optimism in the service industry remained subdued.

Tourism activity has declined since the last report. In New York City, tourism has been quieter during the busy fall weekends than anticipated. Tourism experts reported less suburban residents visiting New York City, which contributed to a decline in the restaurant industry. However, Broadway shows attendance improved and is slightly below pre-pandemic levels. Hotel bookings have slowed down for the upcoming months, as travelers placed travel plans on hold.

Real Estate and Construction

Housing markets have remained firm in recent weeks. Inventory has continued a slow upward trend in New York State but remained around the historic low. Demand remained solid and continued to outpace supply, with house prices edged up across New York State. The rental market eased slightly after a long period of increasing rents. Commercial real estate markets continued to weaken, office vacancy rates increased across New York State, and the demand for office space continued to decline. Construction businesses reported a decline in activity.

Banking and Finance

Banks across the State reported a slight increase in activity. Credit standards tightened for business loans, consumer loans, and commercial mortgages. Small and medium sized banks reported a decline in the demand for business and consumer loans. Banks reported a continued decline in deposit rates, while delinquency rates continued to increase across all categories. Banking contacts are optimistic that demand will increase in the upcoming months.

ECONOMIC INDICATORS FORECAST – U.S. AND NEW YORK STATE

U.S. and New York State Economies Calendar Year (CY)		
U.S Economy	2024 Estimate	2025 Forecast
Real GDP	2.7	2.3
Personal Income	5.8	4.5
Consumer Price Index (CPI)	2.9	2.4
Wages	6.6	4.7
10-Year Treasury Yield	4.2	4.1
Corporate Profits	6.2	3.6
New York State Economy		
Wages (Total)	6.1	4.4
Personal Income	5.7	4.1
Source: Moody's Analytics, Senate Majority Finance Committee staff calculations		

Wage growth in New York State was slightly behind the U.S. with estimates at 6.1 percent in the State compared to 6.6 percent for the U.S. on a national level in CY 2024. The Consumer Price Index (CPI) is projected at 2.9 percent for CY 2024 and is anticipated to decrease slightly to 2.4 percent in CY 2025. There are additional concerns that may have negative economic impacts going forward in CY 2025, including persistent high inflation and supply chain issues.

The economy appears to be growing at an increased pace when compared to SFY 2024-25 Revenue Consensus projections. The committee staff estimate U.S. Real Gross Domestic Product (GDP) to grow at 2.7 percent. This estimate is 0.6 percent higher than the SFY 2024-25 Economic and Revenue Consensus estimate. Current estimates show higher growth for wages, personal income, corporate profits, and nonfarm employment in CY 2024 compared to the SFY 2024-25 Economic and Revenue Consensus projections, as shown in the accompanying chart. Inflation is slightly elevated from the prior estimate but is expected to moderate in 2025. Current projections show increased growth for all the selected New York State economic indicators for both SFY 2024-25 and SFY 2025-26, compared to the SFY 2024-25 Economic and Revenue Consensus.

The committee staff and Executive estimates both reflect a strengthening economy for the U.S. and New York State, however, the committee staff economic estimates vary slightly from Executive estimates. Committee staff estimate wage growth in NYS to be 5.5 percent for SFY 2024-25, 1.3 percent above the Executive estimate. Both estimates are higher than the SFY 2024-25 Economic and Revenue Consensus estimate of 1.4 percent.

The results of the U.S. Presidential and U.S. Congressional elections may not be known upon publication of this report. These elections are likely to influence both the national and State economies. The timing and size of any federal legislation, including possible financial assistance to state and local governments, will heavily influence the economic and revenue outlook.

U.S. and New York State Economics		
U.S Economy Calendar Year (CY)	2024 Estimate	2025 Forecast
Real GDP		
SFC Quick Start	2.7	2.3
DOB Mid-year	2.8	2.3
Economic and Revenue Consensus	2.1	1.8
Personal Income		
SFC Quick Start	5.8	4.5
DOB Mid-Year	5.7	4.0
Economic and Revenue Consensus	4.6	4.3
Consumer Price Index (CPI)		
SFC Quick Start	2.9	2.4
DOB Mid-Year	2.9	2.2
Economic and Revenue Consensus	2.7	2.3
Wages		
SFC Quick Start	6.6	4.7
DOB Mid-Year	6.5	4.1
Economic and Revenue Consensus	4.9	4.3
3-Month T-Bill Rate		
SFC Quick Start	5.1	3.8
DOB Mid-Year	5.0	3.8
Economic and Revenue Consensus	4.9	3.9
Corporate Profits		
SFC Quick Start	6.2	3.6
DOB Mid-Year	7.8	3.8
Economic and Revenue Consensus	3.8	3.2
Nonfarm Employment		
SFC Quick Start	1.6	0.9
DOB Mid-Year	1.6	0.9
Economic and Revenue Consensus	1.1	0.6
New York State Economy Fiscal Year (FY)		
Wages (Total)		
SFC Quick Start	5.5	5.8
DOB Mid-Year	4.2	4.6
Economic and Revenue Consensus	1.4	0.4
Personal Income		
SFC Quick Start	6.0	5.2
DOB Mid-Year	5.3	4.7
Economic and Revenue Consensus	3.8	4.2
Nonfarm Employment		
SFC Quick Start	1.7	1.5
DOB Mid-Year	1.8	1.1
Economic and Revenue Consensus	1.4	0.4
Source: DOB Mid-Year Report, Moody's Analytics, Senate Majority Finance Committee staff calculations		

NEW YORK STATE UNEMPLOYMENT RATES

The State’s unemployment rate is calculated by the U.S. Bureau of Labor Statistics (BLS). In September 2024, the statewide seasonally adjusted unemployment rate stood at 4.4 percent. New York City’s unemployment rate was 5.3 percent. Outside of New York City, the unemployment rate was 3.7 percent. The total number of unemployed New Yorkers in September 2024 was 426,727.

Unemployed Rates: Year over Year Change		
	Sep-2023	Sep-2024
United States	3.8%	4.1%
New York State	4.4%	4.4%
New York City	5.2%	5.3%
Rest of State	3.8%	3.7%
Source: US Bureau of Labor Statistics Seasonally adjusted data. Preliminary and subject to change.		

U.S. CONSUMER PRICE INDEX (CPI)

According to the BLS, the Consumer Price Index for All Urban Consumers (CPI-U) increased 0.2 percent in September 2024 over the previous month on a seasonally adjusted basis. The all-items index increased 2.4 percent before seasonal adjustment over the last 12 months.

The indexes for shelter and food increased in September and together, contributed over 75 percent of the monthly all items increase. The index for food rose 0.4 percent, with the index for food at home also increasing 0.4 percent. The energy index decreased 1.9 percent, while the gasoline index decreased 4.1 percent.

The index for all items, excluding food and energy, rose 0.3 percent in September after increasing 0.3 percent in August. Along with the index for shelter, the indexes for motor vehicle insurance, medical care, apparel, and airline fare also rose in September. The indexes for recreation and communication were among those that declined over the month.

The all-items index rose 2.4 percent for the 12 months ending in September, the smallest 12-month increase since February 2021. The index for all items, less food and energy increased 3.3 percent over the last 12 months. The energy index decreased 6.8 percent over the last 12 months, while the food index increased 2.3 percent over that same period.

DISBURSEMENT OUTLOOK

EDUCATION

Lottery Receipts and VLTs

The State finances School Aid from General Fund revenues and from Lottery Fund receipts, including Video Lottery Terminals (VLTs), which are accounted for and disbursed from dedicated revenue accounts. Because the State's fiscal year begins on April 1, the State disburses approximately 70 percent of the annual school year commitment during the State fiscal year in which it is enacted and pays the remaining 30 percent in the first three months of the following State fiscal year.

State Operating Funds spending for School Aid is projected to total approximately \$35.3 billion in SFY 2024-25, an increase of \$1.9 billion or 5.8 percent from SFY 2023-24. Following a three-year phase-in, the increases in Foundation Aid are driven mostly by the formula's inflation factor, which is set at 2.8 percent for school year (SY) 2025. In FY 2025, School Aid spending supported by Lottery and VLT Aid is expected to increase due to higher collections in FY 2024. School aid spending supported by mobile sports wagering receipts is projected to decrease slightly in FY 2025 due to higher FY 2023 collections supporting elevated FY 2024 disbursements.

Traditional (Core) Lottery Education Aid

For SFY 2024-25, traditional lottery sales are projected to contribute \$2.8 billion for Aid to Education for New York State, which is an increase of \$504 million or 21.9 percent from SFY 2023-24. The Senate Majority Conference Finance Committee staff accepts the Executive estimates and forecasts for current law spending for SFY 2024-25.

Video Gaming (VLT) Lottery Education Aid

VLTs for SFY 2024-25 are estimated to contribute \$1.1 billion in Aid to Education for New York State, reflecting an increase of \$63 million or 6.1 percent, over SFY 2023-24 collections. Spending in School Aid from dedicated gaming sources is limited by appropriation authority as set by the Enacted Budget. The Senate Majority Conference Finance Committee staff estimates that VLT receipts will exceed the Executive estimate by \$56 million in SFY 2024-25, any revenue received above existing appropriation authority will be accounted for in the SFY 2025-26 Budget. The Senate Majority Conference Finance Committee staff accepts the Executive estimates and forecasts for current law spending for SFY 2024-25.

Mobile Sports Wagering Education Aid

Mobile Sports Betting (MSB) launched in New York on January 8, 2022. In SFY 2024-25, MSB is projected to fund \$1 billion in Aid to Education. This reflects a decrease of \$21 million or 2.0

percent over SFY 2023-24 collections. Spending in School Aid from dedicated gaming sources is limited by appropriation authority as set by the Enacted Budget. The Senate Majority Conference Finance Committee staff estimates that MSB receipts will exceed the Executive estimate by \$46 million in SFY 2024-25, any revenue received above existing appropriation authority will be accounted for in the SFY 2025-26 Budget. The Senate Majority Conference Finance Committee staff accepts the Executive estimates and forecasts for current law spending for SFY 2024-25.

Education Assistance

The State Education Department (SED) updates State Aid projections for school districts several times per year. These numbers are based on school district spending, as reported to SED, along with changes in funding and formulas approved by the Legislature and Governor. By releasing updated State Aid projections, districts are better equipped to forecast future increases or decreases in funding and plan their school budgets accordingly.

The State Education Department provides statutorily mandated updates to State Aid projection in February, May, and November. These updates allow the legislative bodies to forecast future costs to the State based on changes in the Foundation Aid formula and changes in school district spending that could result in fluctuations in expense-based aid categories.

On a school year (SY) basis, the Enacted Budget increased State Aid to school districts by \$1.4 billion or 4.1 percent in SY 2025. This increase is comprised of \$934 million in Foundation Aid, \$366 million in expense-based aid, and roughly \$100 million in funds supporting the State's full takeover of prekindergarten expansion grants previously funded by Federal ARP funds.

The Financial Plan projections assume that School Aid growth will adhere to the School Aid Growth Cap in SFY 2024-25. The School Aid Growth Cap limits growth based on the 10-year average increase in personal income. The next two years assume increases of \$1 billion (2.8 percent) and \$815 million (2.2 percent) respectively. The Financial Plan assumes adherence to the growth cap in SFY 2025-26 and onward. The Senate Majority Conference Finance Committee staff accepts the Executive estimates and forecasts for current law spending in SFY 2024-25 and SFY 2025-26.

MEDICAID

Medicaid Mid-Year Update & Forecasts

The Mid-year Update projects that the Department of Health (DOH) Medicaid State-share spending will grow to \$31 billion in SFY 2024-25, an increase of \$3.1 billion or 11 percent compared to SFY 2023-24. This projected spending is \$625 million higher than originally projected due to additional spending, resulting from elimination of various delayed savings actions and recoveries dating back to SFY 2020-21. The DOH Medicaid State-Share spending is projected to grow to \$39.4 billion in SFY 2027-28.

Public Health Insurance enrollment is projected to decrease from 9.09 million people in SFY 2023-24 to 9.08 million people in SFY 2024-25. This includes Medicaid enrollment of 7 million people in SFY 2024-25, a decrease of 300,000 compared to SFY 2023-24. Following statewide eligibility redeterminations ending in August 2024, The Executive estimates that over 900,000 more people will remain enrolled in Public Health Insurance relative to pre-COVID-19 pandemic levels. Future enrollment is subject to risks related to the lingering impacts of the COVID-19 pandemic and economic uncertainty, among other factors. While the Senate Majority Conference Finance Committee staff accepts the Executive estimates and forecasts for current law spending for SFY 2024-25, it will be challenging to maintain projected spending levels if the public health insurance enrollment trends do not align with financial plan estimates.

Medicaid Global Cap Spending

The SFY 2022-23 Enacted Budget implemented a new Global Cap index based on the five-year rolling average of the Centers of Medicare and Medicaid Services (CMS) annual projections of health care spending. This index accounts for factors not previously captured under the Global Cap. The new Global Cap index authorizes an additional \$16 billion in State-Share Medicaid spending growth covering six years through SFY 2027-28. The \$16 billion increase includes \$2.5 billion in SFY 2024-25, \$3.3 billion in SFY 2025-26, \$3.9 billion in SFY 2026-27 and \$4.4 billion in SFY 2027-28.

The updated forecast for Medicaid spending subject to the Global Cap is estimated to total \$24.8 billion in SFY 2024-25. This is an increase of \$1.6 billion or 6.7 percent from the prior year. Medicaid spending under the Global Cap is projected to remain within the indexed allowance through SFY 2024-25. This is achieved by utilizing \$1.1 billion from the Mental Hygiene Stabilization Fund. Due to utilization costs and trends, Medicaid spending is expected to exceed the Global Cap beginning in SFY 2025-26. The Senate Majority Conference Finance Committee staff accepts the Executive estimates and forecasts for current law spending for SFY 2024-25

PUBLIC ASSISTANCE

The Office of Temporary and Disability Assistance (OTDA) posts public assistance caseload data each month. The pattern of enrollee movement between case types and closed status is complex, with enrollees' statuses constantly changing.

Although the welfare caseload is volatile and difficult to predict, there is a strong relationship between the number of welfare enrollees and certain economic factors, such as employment and low wage work, unemployment rate and entry-level employment. The New York State Division of the Budget (DOB) anticipates public assistance caseloads to total 688,153 recipients in SFY 2025-26. Disbursements are projected to reach \$3.7 billion in SFY 2024-25, which reflects an increase of \$1.4 billion or 58.7 percent from the prior year. Disbursements are expected to

decrease in SFY 2025-26 to an estimated \$2.7 billion. The Senate Majority Conference Finance Committee staff accepts the Executive estimates and forecasts for current law spending for SFY 2024-25 and SFY 2025-26.