

NEW YORK STATE ASSEMBLY

MID-YEAR UPDATE

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FINANCIAL PLAN

FINANCIAL PLAN

Financial Plan Overview

The Mid-year Financial Plan released by the Division of the Budget (DOB) for State Fiscal Year (SFY) 2021-22 reflects significant improvements in the State’s fiscal position compared to last fiscal year. Cumulative budget gaps estimated at \$1.4 billion in the First Quarter Budget Financial Plan have now turned into surpluses of \$16.1 billion over the four-year Financial Plan. As of September 2021, the State’s cash position is sound with closing balances of \$19.95 billion in the General Fund and \$43.6 billion on an All Funds basis. The State’s cash position is influenced by stronger revenue collections across all major tax categories, and large amount of Federal assistance, including \$12.8 billion from the American Rescue Plan (ARP), of which \$4.5 billion will be transferred to the General Fund.

Table 1

BUDGETARY BASIS SFY 2021-22 vs SFY 2020-21 (\$ in millions)						
	GENERAL FUND			ALL FUNDS		
	Sep-21	Sep-20	Difference	Sep-21	Sep-20	Difference
OPENING CASH BALANCE - April 1, 2021	9,161	8,944	216.8	18,751	14,285	4,466
RECEIPTS	51,119	40,735	10,383	116,740	98,902	17,838
DISBURSEMENTS	40,326	34,238	6,088	91,846	87,189	4,658
EXCESS (DEFICIENCY) of RECEIPTS OVER DISBURSEMENTS	10,793	6,498	4,295	24,894	11,714	13,180
OTHER FINANCING SOURCES (USES)	-	-	-	(74)	(102)	28
EXCESS (DEFICIENCY)	10,793	6,498	4,295	24,820	11,612	13,208
CLOSING CASH BALANCE -Sept. 30, 2021	19,954	15,442	4,512	43,571	25,897	17,674

Year to Year Financial Plan Actuals: Revenues Increase

Through September 2021, the General Fund’s cash balance is \$19.9 billion, an increase of \$4.5 billion above levels reported at mid-year in SFY 2020-21. Overall General Fund receipts totaled \$51.1 billion at mid-year, an increase of \$10.4 billion from SFY 2020-21. The higher receipts are due to a higher tax collections, most notably in personal income tax (PIT) compared to the same period of last fiscal year. General Fund disbursements total \$40.3 billion, an increase of \$6.1 billion from last year’s mid-year results.

Through September 2021, the All Funds cash balance is \$43.6 billion, an increase of \$17.7 billion above the mid-year of state fiscal year 2021. All Funds receipts totaled \$116.7 billion, an increase of \$17.8 billion from SFY 2020-21. All Funds disbursements totaled \$91.8 billion, \$4.7 billion above last year's mid-year results.

In the Division of the Budget's Mid-Year Financial Plan, actual General Fund revenues collected to date make up 54.9 percent of estimated annual collections, slightly lower than the 57.2 percent anticipated in the First Quarter Financial Plan. Disbursements to date comprise 44.6 percent of estimated annual spending.

On an All Funds basis, actual revenues collected to date make up 52.9 percent of estimated annual collections and current disbursements make up 43.6 percent of total spending.

Amended Financial Plan Estimates versus Actuals

Table 2

BUDGETARY BASIS Financial Plan v. Actual (\$ in millions)										
	GENERAL FUND					ALL FUNDS				
	Enacted Financial Plan (*)	1st Quarter Financial Plan (**)	Actual/ Midyear Financial Plan	Enacted Financial Plan	1st Quarter (Over/Under) Financial Plan	Enacted Financial Plan (*)	Quarter Financial Plan (**)	Actual/ Midyear Financial Plan	Enacted Financial Plan	1st Quarter (Over/Under) Financial Plan
OPENING CASH BALANCE - April 1, 2021	9,161	9,161	9,161	(0.2)	(0.2)	18,751	18,751	18,751	0.1	0.1
RECEIPTS	44,046	49,349	51,119	7,072.6	1,769.6	112,270	116,254	116,740	4,469.7	485.7
DISBURSEMENTS	41,769	40,423	40,326	(1,443.3)	(97.3)	96,937	93,319	91,846	(5,090.8)	(1,472.8)
EXCESS (DEFICIENCY) of RECEIPTS OVER DISBURSEMENTS	2,277	8,926	10,793	8,515.9	1,866.9	15,333	22,935	24,894	9,560.5	1,958.5
OTHER FINANCING SOURCES (USES)	-	-	-	-	-	(76)	(75)	(74)	2.2	1.2
EXCESS (DEFICIENCY)	2,277	8,926	10,793	8,515.9	1,866.9	15,257	22,860	24,820	9,562.7	1,959.7
CLOSING CASH BALANCE - Sept. 30, 2021	11,438	18,087	19,954	8,515.7	1,866.7	34,008	41,611	43,571	9,562.8	1,959.8

General Fund receipts, including transfers, through September 2021 were \$51.1 billion, an increase of \$1.8 billion above the first quarter update. This is the result of stronger business tax collections of \$795.2 million and higher than expected collection in almost all other revenue categories.

All Funds spending through September 2021 were \$91.8 billion which is \$1.5 billion below the updated First Quarter Financial Plan. This is mostly attributed to lower than expected spending in local assistance (\$1.1 billion) and capital projects (\$288.4 million).

General Fund spending, including transfers, through September 2021 was \$40.3 billion, which is \$97.3 million below the updated First Quarter Financial Plan. This is primarily attributed to lower than expected spending of \$489.4 million in Local Assistance Grants and transfers for Other Purposes of \$205.2 million; and offset by higher than expected spending in all other areas.

All Funds Receipts Increase Significantly from SFY 2020-21

Table 3
ALL FUNDS
Receipts
(\$ in millions)

	Midyear 2021	Midyear 2020	Difference	% Change
RECEIPTS	116,739.7	98,902.1	17,837.6	18.0
Taxes	52,944.6	39,552.8	13,391.8	33.9
Personal Income Tax	35,795.2	26,859.0	8,936.2	33.3
Consumption/Use Taxes and Fees	9,820.7	7,725.2	2,095.5	27.1
Business Taxes	5,884.8	4,025.3	1,859.5	46.2
Other Taxes	1,443.9	943.3	500.6	53.1
Other				
Miscellaneous Receipts	11,494.7	16,608.5	(5,113.8)	(30.8)
Federal Grants	52,300.4	42,740.8	9,559.6	22.4

On a year over year basis, All Funds receipts have increased significantly. Most notably, tax collections increased \$17.8 billion as a result of an increase of \$8.9 billion in PIT receipts; \$2.1 billion increase in user taxes; \$1.9 billion in business taxes; and \$500.6 million in other taxes. Miscellaneous receipts decreased \$5.1 billion due to lesser bonds proceeds received in SFY 2021-22. Federal Grants increased by \$9.6 billion as a result of larger amount of increased funding received by the State related to the COVID-19 pandemic response legislation and related actions.

All Funds Disbursements Increase 5.3 percent over SFY 2020-21

Table 4

ALL FUNDS				
Disbursements				
(\$ in millions)				
	Midyear	Midyear		%
	2021	2020	Difference	Change
DISBURSEMENTS	91,846.2	87,188.6	4,657.6	5.3
Local Assistance Grants	70,011.8	66,115.8	3,896.0	5.9
Education	16,979.7	15,273.8	1,705.9	11.2
Environment	123.3	71.3	52.0	72.9
General Government	1,408.0	4,723.5	(3,315.5)	(70.2)
Public Health Medicaid	34,824.8	34,247.4	577.4	1.7
Public Health Other	5,767.4	5,030.3	737.1	14.7
Public Safety	1,007.5	809.6	197.9	24.4
Public Welfare	5,916.3	3,520.6	2,395.7	68.0
Support and Regulate Business	701.0	232.6	468.4	201.4
Transportation	3,283.8	2,206.7	1,077.1	48.8
Department Operations	11,312.3	11,126.7	185.6	1.7
Personal Service	7,444.3	7,681.5	(237.2)	(3.1)
Non-Personal Service	3,868.0	3,445.2	422.8	12.3
Other	10,522.1	9,946.1	576.0	5.8
General State Charges	5,774.0	5,053.7	720.3	14.3
Debt Service (including pmts on financing agreements)	1,240.5	1,279.0	(38.5)	(3.0)
Capital Projects	3,507.6	3,613.4	(105.8)	(2.9)

On an All Funds basis disbursements year to date disbursements have increased 5.3 percent over the previous fiscal year. This is mainly attributable to a \$3.9 billion increase in local assistance grants. Public welfare spending increased by \$2.4 billion, which includes additional funds provided for the Emergency Rental Assistance Program. Transportation and General State Charges spending increased by \$1.1 billion and \$720.3 million respectively. Spending toward General Government local assistance grants reflects a year-to-year decrease of \$3.3 billion primarily related to the conclusion of Federal Lost Wages Assistance that was received in SFY 2020-21.

ECONOMIC OUTLOOK



ECONOMIC OUTLOOK

United States Economy

- As the U.S. economy has been ravaged by the COVID-19 pandemic, national output, as measured by inflation-adjusted **Gross Domestic Product**, contracted by 3.4 percent in 2020, the sharpest yearly contraction since the 1930's. With the development of vaccines and a series of massive fiscal stimulus programs, the national economy is estimated to rebound by 5.5 percent in 2021. The recovery is expected to continue in 2022, with the pace of yearly growth slowing to 4.1 percent.
- After increasing 6.5 percent in 2020, **U.S. personal income** is estimated to grow another 6.5 percent in 2021, supported by rising wages and salaries and another round of federal stimulus payments. In 2020, growth in personal income was primarily related to various fiscal stimulus benefits provided to households and businesses. Although upward pressure on wages is anticipated to persist, personal income growth is projected to slow to 0.5 percent in 2022 as pandemic-related government assistance dissipates.
- **Wages and salaries**, the largest component of U.S. personal income, are expected to increase 7.9 percent in 2021, following 1.3 percent growth in 2020, as more people have returned to work. Despite the reopening of many businesses, schools, hospitals, and government agencies, employers have had difficulty filling job openings. The labor shortage has forced employers to increase compensation in an effort to attract prospective employees. Wages and salaries are forecast to increase 7.0 percent in 2022.
- In 2020, **corporate profits** decreased 5.2 percent, as sales plummeted from the initial blow of the pandemic. On account of subsidies from the federal government and strong recovery in sales revenue, corporate profits are estimated to increase by 19.1 percent in 2021. With the federal subsidies set to recede and sales growth expected to decelerate, corporate earnings are forecast to slow to 5.3 percent in 2022.
- Nonfarm payroll **employment** is likely to increase 2.7 percent in 2021, reflecting the continued job recovery from the economic fallout of stay-in-place orders, social distancing recommendations, and business closures of 2020. Employment growth is

being adversely affected by labor supply issues, but as they subside, employment is forecast to increase by 3.5 percent in 2022.

- With the economy growing at above-trend rates, employment continuing to recover and inflation expectations still remaining at elevated levels, the **Federal Reserve** has begun unwinding its accommodative monetary policy. The Fed has started to taper its asset purchase programs in November, although its target rate hikes will likely be put on hold through 2022. These Fed moves in combination with enlarged federal budget deficits, will likely put upward pressure on long-term interest rates. On a yearly average basis, the ten-year **Treasury yield** is forecast to rise to 1.90 percent in 2022 from an estimated 1.45 percent in 2021. The yearly average yield on 3-month Treasury bills is forecast to increase to 0.08 percent in 2022 from an estimated 0.04 percent in 2021.
- The COVID-19 pandemic and government policies present **risks** to the Committee's economic forecast, and thus, the Committee's receipts outlook. Should the recent spread of the Delta variant lead to widespread imposition of social distancing restrictions or lockdowns, the economic growth outlook for 2022 would be less optimistic than called for in the current forecast. Anticipated and large fiscal policy actions such as an infrastructure bill and budget resolution bills are expected to add to the already outsized federal budget deficits in the coming years. Also, should the global supply chain problems persist longer than assumed, inflation expectations would rise faster, tempting the Federal Reserve to start raising its policy rate target sooner; in that case, growth in consumer and business spending would be less optimistic.

National Forecast Comparisons

- The NYS Assembly Ways and Means Committee forecast for overall national economic growth for 2022 is 4.1 percent. The Committee's forecast is 0.3 percentage point below the Division of the Budget's. It is the same as Blue Chip Consensus; and 0.2 percentage point below Moody's Analytics and IHS Markit forecasts.

Table 5

U.S. Real GDP Forecast Comparison			
	Actual 2020	Forecast 2021	Forecast 2022
Ways and Means	(3.4)	5.5	4.1
Division of the Budget	(3.4)	5.6	4.4
Blue Chip Consensus	N/A	5.7	4.1
Moody's Analytics	(3.4)	5.8	4.3
IHS Markit	(3.4)	5.4	4.3

Sources: NYS Assembly Ways and Means Committee; NYS Division of the Budget, NYS FY 2022 Mid-Year Update October 2021; Blue Chip Economic Indicators, October 2021; Moody's Analytics, October 2021; IHS Markit, October 2021.

New York State Economy

- **Total nonfarm employment** in the State fell sharply by 12.6 percent in State Fiscal Year (SFY) 2020-21 as the COVID-19 pandemic brought U.S. and New York State economies into a deep recession in 2020. As the economy recovers, nonfarm employment is expected to grow 8.2 percent in SFY 2021-22 and is forecast to grow further by 4.6 percent in SFY 2022-23.
- **Personal income** in the State grew by 8.5 percent in SFY 2020-21, supported by enormous transfer payments from the federal government to individuals and businesses. Without such payments, personal income would have fallen by 2.0 percent in SFY 2020-21. In SFY 2021-22, despite solid recovery in other categories of income, growth in overall personal income is estimated to decelerate to 1.0 percent, as various pandemic-related government support programs start to recede. With the unwinding of transfer receipts from the federal government expected to continue, overall personal income growth is forecast to remain low at 2.6 percent in SFY 2022-23.
- Almost two million jobs have been lost during the pandemic. As a result, **wages** fell 2.0 percent in SFY 2020-2021. With the economy adding more jobs, total wages in New York State are estimated to grow solidly at 9.7 percent in SFY 2021-22. Total wages are forecast to grow further by 5.6 percent in SFY 2022-23.

- The current economic climate presents particular challenges and **risks to the New York State forecast**. The key risks to the national economy also apply to the State forecast. In addition, Wall Street and the financial markets play a central role in the State economy. As such, ongoing technological changes as well as the pandemic-driven structural changes have critical implications for the economic and fiscal health of the State.

State Forecast Comparisons

- The NYS Assembly Ways and Means Committee forecasts the State’s total nonfarm payroll employment to grow 8.2 percent in SFY 2021-22, which is 0.4 percentage point above the Division of the Budget’s forecast. The Committee’s forecast for wage growth for SFY 2021-22 is 9.7 percent and is 0.9 percentage point above the Division of the Budget’s forecast.

Table 6

New York State Economic Forecast Comparison (Percent change from prior State Fiscal Year)			
	Actual SFY 2020-21	Estimate SFY 2021-22	Forecast SFY 2022-23
Employment			
Ways and Means	(12.6)	8.2	4.6
Division of the Budget	(12.6)	7.8	3.9
Wages			
Ways and Means	(2.0)	9.7	5.6
Division of the Budget	(1.9)	8.8	4.7

Sources: NYS Assembly Ways and Means Committee staff; NYS Division of Budget, FY 2022 Mid-Year Update, October 2021.

- The NYS Assembly Ways and Means Committee’s forecast for total nonfarm payroll employment growth for SFY 2022-23 is 4.6 percent, which is 0.7 percentage point higher than the forecast of the Division of Budget. The Committee’s forecast for wage growth in SFY 2022-23 is 5.6 percent which is 0.9 percentage point higher than the Division of Budget forecast.

U.S. ECONOMIC FORECAST TABLE

Table 7

U.S. Economic Outlook				
(Percent Change)				
	Actual 2019	Actual 2020	Estimate 2021	Forecast 2022
Real GDP	2.3	(3.4)	5.5	4.1
Personal Income	4.1	6.5	6.5	0.5
Wages & Salaries	4.8	1.3	7.9	7.0
Corporate Profits	2.7	(5.2)	19.1	5.3
Employment	1.3	(5.7)	2.7	3.5
Unemployment Rate*	3.7	8.1	5.5	4.3
S&P 500 Stock Price	6.1	10.5	31.4	4.6
Treasury Bill Rate (3-month)*	2.1	0.4	0.0	0.1
Treasury Note Rate (10-year)*	2.1	0.9	1.4	1.9
* Annual average rate.				
Note: Personal income and corporate profits growth rates are based on nominal values.				
Sources: U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; Federal Reserve; Standard & Poor's; NYS Assembly Ways and Means Committee staff.				

N.Y.S. ECONOMIC FORECAST TABLE

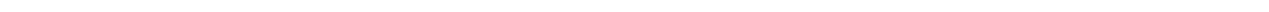
Table 8

New York State Economic Outlook				
(Percent Change)				
	Actual 2019	Actual 2020	Estimate 2021	Forecast 2022
Employment	1.2	(10.0)	3.5	5.3
Personal Income	3.4	6.0	5.1	0.4
Total Wages	4.6	(0.8)	6.5	6.8
<p>Note: Base wages and variable compensation are estimated by the NYS Assembly Ways and Means Committee staff and sum to total wages. New York area CPI is based on the New York-Northern NJ-Long Island, NY-NJ-CT-PA CPI-U series from the U.S. Bureau of Labor Statistics.</p> <p>Sources: U.S. Bureau of Economic Analysis; NYS Department of Labor; U.S. Bureau of Labor Statistics; NYS Assembly Ways and Means Committee staff.</p>				

Table 9

New York State Economic Outlook				
State Fiscal Year				
		Actual 2020-21	Forecast 2021-22	Forecast 2022-23
Employment	Percent Change	(12.6)	8.2	4.6
	Level (Thousands)	8,325.2	9,006.7	9,421.9
Personal Income	Percent Change	8.5	1.0	2.6
	Level (Billions)	1,465.6	1,479.9	1,517.9
Total Wages	Percent Change	(2.0)	9.7	5.6
	Level (Billions)	711.4	780.2	823.7
<p>Note: Employment level is in thousands; wage and personal income levels are in billions of dollars.</p> <p>Sources: U.S. Bureau of Economic Analysis; NYS Department of Labor, QCEW; U.S. Bureau of Labor Statistics; NYS Assembly Ways and Means Committee staff.</p>				

REVENUE UPDATE



REVENUE UPDATE

All Funds Tax Receipts State Fiscal Year 2021-22

- **All Funds revenues** are estimated to total \$225.092 billion in State Fiscal Year (SFY) 2021-22 with year-to-year growth of 17.7 percent, or an increase of \$33.924 billion, related to the receipt of extraordinary federal aid and robust growth across all tax categories.
- The Assembly Ways and Means Committee projection of **All Funds tax revenue** for SFY 2021-22 is \$101.607 billion, representing an increase of 23.3 percent, or \$19.231 billion, from SFY 2020-21.
- The increase in tax receipts is primarily related to a \$12.973 billion increase in **Personal Income Tax (PIT) collections**, a \$3.107 billion increase in **Sales Tax collections**, a \$2.75 billion increase in **Business Tax collections**, and a \$401 million increase in **Other Tax collections**.
- The Committee's estimates reflect the continued recovery from the recession caused by the COVID-19 pandemic, which severely limited the State's economic activity and, at its peak, resulted in the loss of almost two million jobs in New York State.
- The Committee's All Funds revenue estimate is \$4.505 billion above the Executive's estimate at mid-year, predominately related to a \$2.567 billion positive variance in PIT collections.

All Funds Tax Receipts State Fiscal Year 2022-23

- The Committee expects **All Funds revenues** to decrease by 6.7 percent, for a total of \$209.98 billion, in SFY 2022-23, primarily related to a \$20.391 billion decrease in **Federal Funds Receipts** partially offset by a \$3.989 billion increase in **PIT collections** and a \$610 billion increase in **Business Tax collections**.
- The Committee expects a 4.7 percent increase in **All Funds tax receipts** in SFY 2022-23, for a total of \$106.365 billion.
- The Committee's All Funds revenue forecast is \$564 million above the Executive's estimates.

Table 10

SFY 2021-22 All Funds Estimate Summary					
(\$ in Millions)					
	2020-21	2021-22			Diff.
	Actual	Estimate	Change	Growth	Exec.
Personal Income Tax	54,967	67,940	12,973	23.6%	2,567
User Taxes	16,117	19,224	3,107	19.3%	699
Business Taxes	8,792	11,542	2,750	31.3%	698
Other Taxes	2,500	2,901	401	16.0%	409
Total Tax Collections	82,376	101,607	19,231	23.3%	4,373
All Funds Miscellaneous Receipts	27,884	22,122	(5,763)	(20.7%)	153
Gaming	2,888	3,836	948	32.8%	(20)
Total w/Miscellaneous Receipts & Gaming	113,148	127,564	14,416	12.7%	4,505
Federal Funds	78,152	97,528	19,376	24.8%	-
Total All Funds Receipts	191,300	225,092	33,792	17.7%	4,505
* Totals may not add up due to rounding					

Table 11

SFY 2022-23 All Funds Forecast Summary					
(\$ in Millions)					
	2021-22	2022-23			Diff.
	Estimate	Forecast	Change	Growth	Exec.
Personal Income Tax	67,940	71,929	3,989	5.9%	260
User Taxes	19,224	19,520	296	1.5%	77
Business Taxes	11,542	12,153	610	5.3%	(297)
Other Taxes	2,901	2,763	(138)	(4.7%)	293
Total Tax Collections	101,607	106,365	4,758	4.7%	333
All Funds Miscellaneous Receipts	22,122	22,321	199	0.9%	127
Gaming	3,836	4,157	321	8.4%	104
Total w/Miscellaneous Receipts & Gaming	127,564	132,843	5,278	4.1%	564
Federal Funds	97,528	77,137	(20,391)	(20.9%)	-
Total All Funds Receipts	225,092	209,980	(15,113)	(6.7%)	564
* Totals may not add up due to rounding.					

Year-To-Date Tax Receipts

- Year-to-date tax receipts through September have recovered from the losses experienced in the first six months of SFY 2020-21, which represents the peak of the economic disruptions caused by the COVID-19 pandemic. When compared to the SFY 2019-20 level, this fiscal year's tax collections reflect a continuation of the strong growth in overall collections that had occurred prior to the pandemic.
- Through September 2021, All Funds tax revenue has increased by 33.9 percent over the SFY 2020-21 levels, and 24.9 percent over the SFY 2019-20 pre-pandemic level.
- Even with the tax changes enacted in this year's budget, the increase in year-to-date collections are primarily the result of robust growth in total wages, consumer demand, and corporate profits (see economic outlook section).

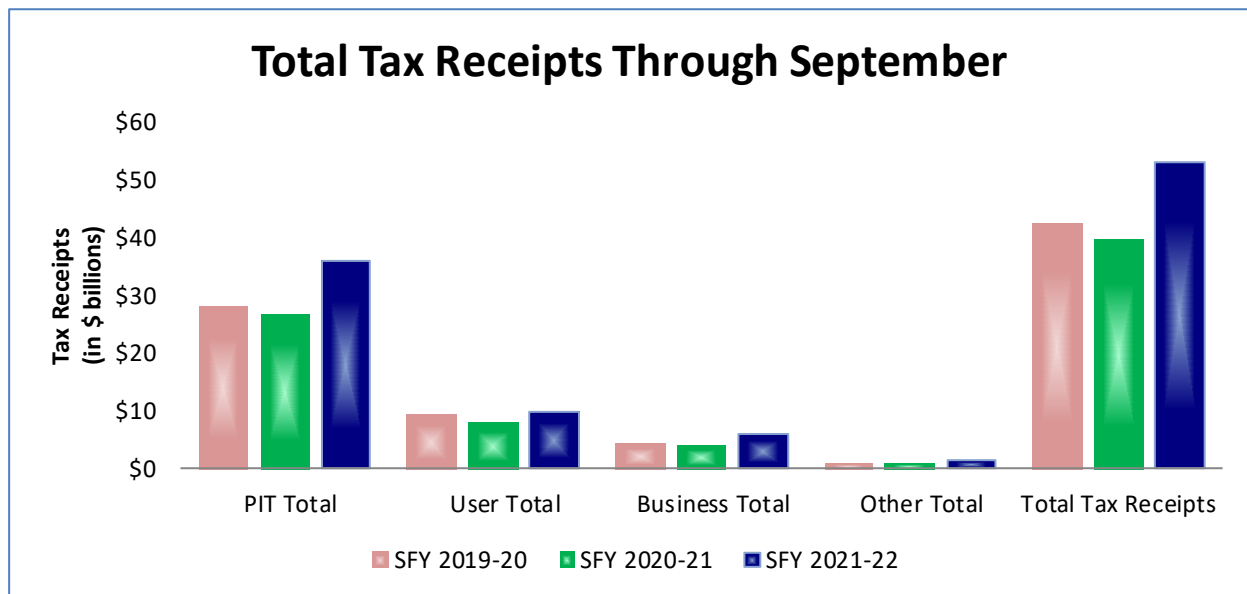


Figure 1

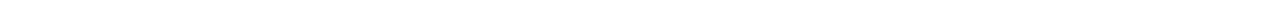
SFY 2021-22 Enacted Budget - Major Revenue Actions

- **Personal Income Tax (PIT) High Income Surcharge:** The budget established a new progressive PIT surcharge on taxpayers with incomes over \$5 million, by increasing the previous 8.82 percent rate to 9.65 percent and establishing two new brackets as follows: 10.30 percent for taxpayers between \$5 million and \$25 million and 10.90 percent for

taxpayers over \$25 million. This action is projected to increase **PIT collections** by \$2.8 billion in SFY 2021-22 and \$3.3 billion in SFY 2022-23.

- **Modify Corporate Tax Rates:** The budget increased the corporate tax rate from 6.5 percent to 7.25 percent for corporate franchise taxpayers with net incomes over \$5 million, and reinstated the capital base tax at 0.1875 percent for businesses that are not categorized as small businesses (net incomes less than \$390,000 and less than 100 employees) or co-operative apartments. This action is projected to increase **Business Tax collections** by \$750 million in SFY 2021-22 and \$1.1 billion in SFY 2022-23.
- **Authorize Mobile Sports Wagering:** The budget authorized mobile sports wagering within New York State, established a minimum tax on gross gaming revenue of 12 percent, and established a \$25 million licensing fee for each participating platform. This action is projected to increase **Gaming collections** by \$98 million in SFY 2021-22 and \$357 million in SFY 2022-23.
- **Property Tax Relief Credit (Circuit Breaker):** The budget established a property tax circuit breaker program, which would provide a PIT credit to taxpayers with incomes under \$250,000 that have property tax burdens that exceed six percent of their income. These benefits will be provided on a sliding scale, which will be based on a taxpayer's income, and will be capped at a maximum of \$350 per year. This action is projected to reduce **PIT collections** by \$382 million in SFY 2022-23.
- **Pandemic Recovery and Restart Program:** In response to the COVID-19 pandemic the budget established a restaurant return-to-work tax credit and a New York City musical and theatrical production tax credit. These actions are projected to reduce **Business Tax collections** by \$20 million in SFY 2021-22 and \$40 million in SFY 2022-23.
- **Marihuana Regulation and Taxation Act:** Outside of the budget process the Legislature passed the Marihuana Regulation and Taxations Act (Chapter 92 of the Laws of 2021), which provides for the legalization, regulation, and taxation of cannabis and cannabis products for adult-use. This action is projected to increase **User Tax collections** by \$56 million in SFY 2022-23

EXPENDITURE FORECAST AND RISKS



EXPENDITURE FORECAST AND RISKS

Medicaid

Enhanced Federal Support/Enrollment Increases

With the enactment of the Families First Coronavirus Response Act (FFCRA) in March 2020, Federal Medical Assistance Percentages (FMAP) was increased by 6.2 percent for each calendar quarter occurring during the public health emergency. For the period of January 2020 to February 2021, an additional \$3.4 billion state share enhanced FMAP (eFMAP) was claimed by the State and from March 2021 to March 2022, the State will claim approximately \$3.2 billion in eFMAP. Federal support has been used to offset increased Medicaid enrollment, which the Executive projects to reach 7.1 million by March 2022. This is an increase of nearly 1.1 million enrollees since the beginning of the COVID-19 pandemic. It should be noted that SFY 2021-22 expenditure projections reflect an annualized enrollment growth of 870,000 enrollees which significantly contributed to expenditure growth. On October 18, 2021, the COVID Public Health Emergency was extended for an additional ninety days ensuring eFMAP support through March 2022.

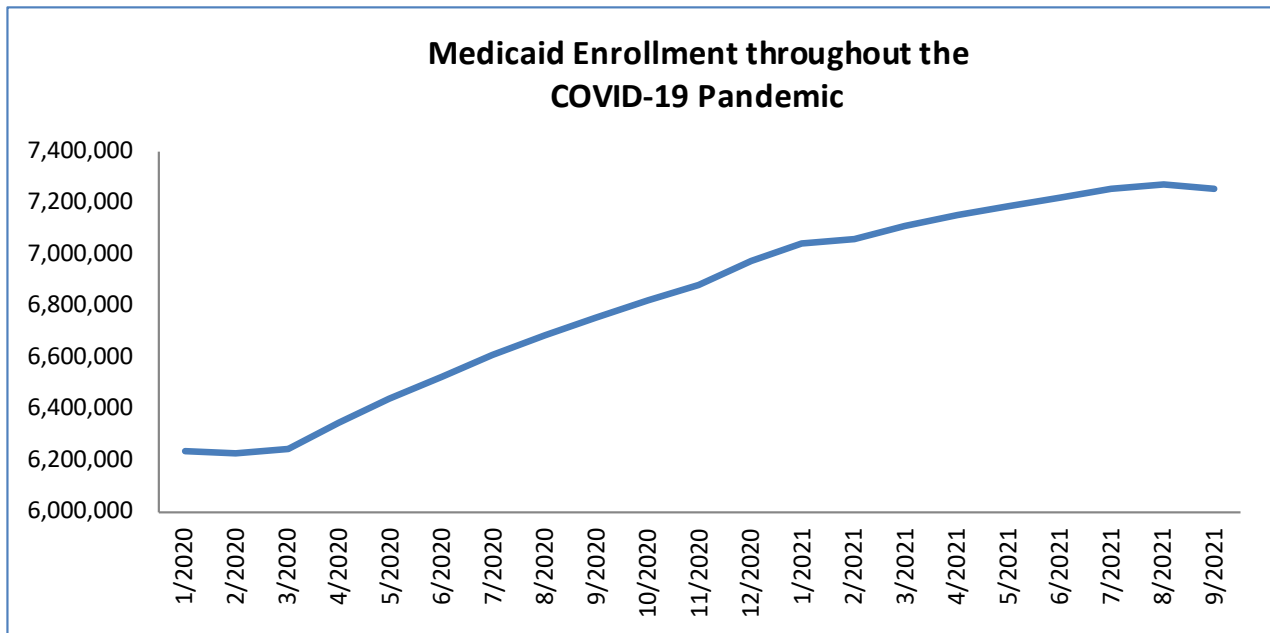


Figure 2

Medicaid Spending: SFY 2020-21, 2021-22, 2022-23

Total New York State share Medicaid spending for the Department of Health (DOH) in State Fiscal Year (SFY) 2020-21 was \$19.6 billion. Based on the data for the first six months of SFY 2021-22, and accounting for adjustments related to enhanced federal support it is estimated that DOH Medicaid expenditures will total \$21.9 billion in SFY 2021-22, an increase of \$2.3 billion, or 11.7 percent. In SFY 2022-23, DOH Medicaid spending is projected at \$25.3 billion, representing an increase in State share spending of \$3.4 billion, or 15.6 percent. The notable increase in projected spending in SFY 2022-23 can be attributed to the anticipated phase-out of eFMAP, which in prior fiscal years had served to offset spending, and increased enrollment growth in both Managed Care and Managed Long-term Care. With the extension of eFMAP through March 2022, roughly \$249 million in relief will be realized in April 2022, further offsetting SFY 2022-23 Medicaid expenditures.

Table 12

COVID-19 eFMAP Medicaid Spending Impact			
(\$ in Millions)			
	SFY 2020-21	SFY 2021-22	SFY 2022-23
Protected DOH Medicaid Spending	\$23,057	\$24,917	\$25,594
eFMAP Financial Plan Benefits	(\$3,420)	(\$2,984)	(\$249)
Adjusted DOH Medicaid Spending	\$19,637	\$21,933	\$25,345

Medicaid Global Cap

The SFY 2021-22 budget established a cap on State DOH Medicaid expenditures that limits annual growth to the 10-year rolling average of the medical component of the consumer price index (CPI). As a result of this cap, DOH Medicaid expenditures will be limited to \$20.6 billion in SFY 2021-22 and \$21.2 billion in SFY 2022-23. Enrollment increases due to the COVID-19 pandemic are currently being offset by eFMAP funds.

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

Beginning in SFY 2022-23, Medicaid spending is projected to exceed the Global Cap due to increased utilization, spending trends, and delayed Medicaid Redesign Team (MRT II) savings initiatives. DOB currently projects a \$137 million deficit in SFY 2022-23, \$1.1 million deficit in SFY 2023-24, and \$1.3 billion deficit in SFY 2024-25.

Risks to the Medicaid Spending Forecast

The Financial Plan assumes that the federal government will allow the public health emergency period to expire in January 2022, which will allow for continued eFMAP support through March 2022. With the end of the emergency period, federal Maintenance of Effort (MOE) requirements will be lifted. Currently, MOE requirements, which are tied to eFMAP support, allow individuals covered by Medicaid to receive a minimum of twelve-month continuous coverage regardless of eligibility status. Accordingly, the Financial Plan assumes the end of MOE requirements, and economic and unemployment trends return to pre-pandemic baselines, resulting in a precipitous decline in Medicaid enrollment to normalized levels beginning in SFY 2022-23.

The inherent risk associated with these projections is that economic recovery and factors determining unemployment rates can be hard to predict accurately on short timetables, especially when faced with the uncertain trajectory of a global pandemic. Although the Executive projects substantial increases in Medicaid expenditures through SFY 2022-23, the possibility of continued, heightened enrollment resulting from the pandemic through SFY 2023-24 is a risk to out-year projections. In addition, with the phase-out of eFMAP to offset increased enrollment, there could be substantial unforeseen pressure on State-share Medicaid spending beginning in SFY 2023-24 and persisting for an uncertain amount of time.

The pending federal Build Back Better Act (BBBA) poses an additional risk to the SFY 2022-23 projected Medicaid spending, as well as out-year projections. It is likely that the BBBA will continue some level of eFMAP support into the future, but it is uncertain if MOE requirements will remain in effect. In the short-term, continued eFMAP support from the BBBA will serve to offset Medicaid expenditures in SFY 2022-23. However, if MOE requirements persist through SFY 2022-23, Medicaid expenditures will likely continue to trend upwards into SFY 2023-24.

Public Assistance Caseload and Expenditures

Public assistance expenditures consist of two main categories of spending: Family Assistance and Safety Net Assistance. The Family Assistance program is a federal program that provides support services and cash assistance to eligible families and children, and is financed through the federal Temporary Assistance for Needy Families (TANF) grant. The Safety Net Assistance program is a State program, financed jointly between the State and local governments. As the name implies, it offers a “safety net” by providing cash assistance to those individuals who do not qualify for Family Assistance (i.e., single adults, childless couples, and families that have exhausted their five year time limit for TANF eligibility imposed under federal law).

It should be noted that while the data available from the Office of Temporary and Disability Assistance (OTDA) is sufficient for estimating the public assistance caseload, it lacks the needed specificity for preparing a public assistance spending forecast. While economic factors such as employment, wages, and unemployment exhaustions may help to forecast the number of recipients on the public assistance rolls, translating those figures into spending terms cannot be done with precision because a significant portion of public assistance expenditures are made for emergency situations that are unrelated to the public assistance caseload.

Table 13

Public Assistance Spending			
(\$ in Millions)			
Expenditures	SFY 2020-21 (actual)	SFY 2021-22 (WAM estimate)	SFY 2022-23 (WAM estimate)
Federal	1,150	1,055	1,082
Local	1,340	1,290	1,330
General Fund	547	527	543

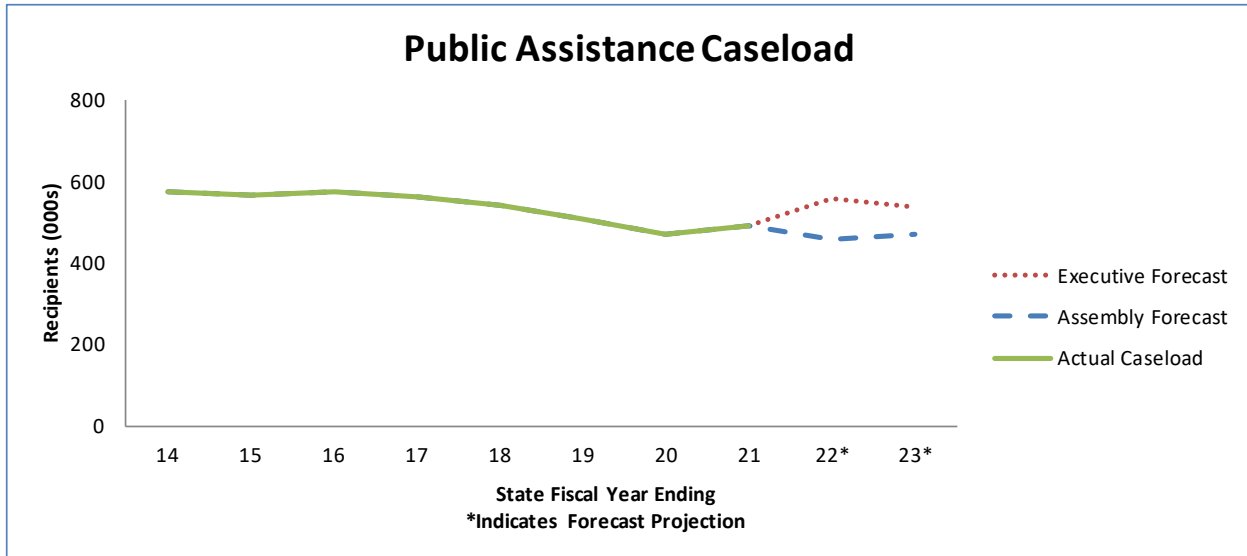


Figure 3

SFY 2020-21 Closeout

For SFY 2020-21, actual public assistance expenditures were \$3.0 billion inclusive of federal, state and local funds, with an average monthly caseload of 489,192. This represented a caseload increase of 4.5 percent over the previous State fiscal year and a spending increase of \$246.8 million or 8.8 percent. The actual caseload in SFY 2020-21 was 20,007 recipients higher than levels projected in the SFY 2020-21 Enacted Budget. At the time, expenditures for SFY 2020-21 were estimated at \$2.8 billion, or \$234.4 million lower than the actual spending level. While caseload increased, the impact of the pandemic was more moderate than expected, reflecting extraordinary levels of emergency federal aid that benefited households throughout the State.

SFY 2021-22 Forecast

The Assembly Ways and Means Committee staff estimates that public assistance spending will total approximately \$2.9 billion on an All Funds basis in SFY 2021-22, with State share spending of \$526.8 million, to provide benefits to 458,549 recipients. This represents an aggregate decrease of \$166.4 million and 30,643 recipients below the SFY 2020-21 closeout. On a State Funds basis, the Committee staff projection is \$73.1 million lower than the SFY 2021-22 Enacted Budget. At mid-year, the Executive estimates expenditures for SFY 2021-22 at \$3.43 billion on an All Funds basis (\$599.9 million State share), approximately \$391.9 million above the SFY 2020-21 closeout and \$558.4 million (\$73.1 million State share) above the Assembly estimate. The Executive projects a monthly average caseload of 558,000, a

4.1 percent caseload increase from SFY 2020-21, this estimate is 21.7 percent higher than the Assembly projection. It should be noted that Executive projections appear to be benchmarked to late 2020, prior to the issuance of many aid programs that were implemented after that time.

SFY 2022-23 Forecast

The Executive estimates caseload will decrease to 536,699 or by 3.8 percent in SFY 2022-23, with a State share spending of \$583 million. The Assembly Ways and Means Committee staff estimates that the public assistance caseload will increase to 471,826, or 64,873 recipients below the Executive mid-year forecast. State share for public assistance expenditures are estimated to increase to \$543.4 million, which is \$40 million below the Executive's forecast.

Risks to the Public Assistance Forecast

The State has experienced a more robust recovery from the COVID-19 pandemic than was initially expected. Extraordinary measures taken by federal and state governments, including expansions of the Unemployment Insurance program, rental assistance, and eviction moratoria, served to mitigate the economic impacts of the pandemic. In addition, large investments in child care provided an expanded safety net for low income families, allowing them to remain employed or return to the workforce as the economy reopened.

While the benefits of these emergency programs have staved off more significant increases in the caseload, the expiration of such programs may result in more families and individuals relying on public assistance. Increased unemployment benefits, combined with expansion of unemployment insurance assistance to nontraditional workers, helped many households avoid large losses in income. While businesses are continuing to re-open, there are many who are still hesitant to return to employment because of COVID-19. It is unclear how this dynamic will impact public assistance caseloads in New York State.

Education

School Year 2021-22

The 2021-22 enacted budget provides a total of \$29.4 billion in General Support for Public Schools. Of this amount, \$29.1 billion is allocated through computerized school aid formulas. This amount reflects a year to year increase of approximately \$3.1 billion from School Year 2020-21. In addition, approximately \$4 billion received from the Federal Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA) and \$9 billion from the American Rescue Plan Act of 2021 (ARPA) were appropriated and will be expended by school districts over the next several years.

Foundation Aid remains the largest component of school aid at a total of \$19.8 billion. The Foundation Aid formula was developed to take into account the needs of individual districts with low fiscal capacity and a concentration of high-need students. The SFY 2021-22 budget increased Foundation Aid by \$1.4 billion over the 2020-21 School Year, and the Legislature provided for a multi-year commitment to fully fund Foundation Aid by the 2023-24 school year.

Expense based aids for School Year 2021-22 totaled approximately \$5.3 billion, an increase of \$365.7 million or 7.4 percent over School Year 2020-21. Additionally, the SFY 2021-22 enacted budget provided an increase of \$105 million for the Universal Prekindergarten program to expand the number of prekindergarten slots statewide; \$15 million of this funding will be distributed through a Request for Proposals (RFP) process and will pay \$10,000 per prekindergarten slot.

Federal Funding

The SFY 2021-22 enacted budget was supplemented by two major sources of federal legislation: \$4 billion from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) and nearly \$9 billion from the American Rescue Plan Act (ARPA) which included both Elementary and Secondary School Emergency Relief (ESSER) Funds and the Governor's Emergency Education Relief (GEER) Funds. School districts are authorized to expend this funding through the 2022-23 school year. Additionally, school districts across the State benefitted from \$1.13 billion in Federal Coronavirus Aid, Relief and Economic Security (CARES) Act funding from March of 2020.

The ARPA requires Local Educational Agencies (LEAs) to reserve at least 20 percent of their ESSER allocation to address learning loss through the implementation of evidence-based interventions, and ensure that such interventions respond to students' academic, social, and emotional needs and address the disproportionate impact of the coronavirus on certain high-need student populations.

School Year 2022-23

School aid increases are statutorily benchmarked to a ten year average of the Personal Income Growth Index (PIGI), a measure of personal income growth in New York State. The School Year 2022-23 PIGI is 4.5 percent, or an increase of approximately \$1.3 billion. Statutorily, this amount must support Foundation Aid, expense based aids and reimbursement of certain grants. The Legislature has overridden this cap on several occasions to provide appropriate levels of school aid funding.

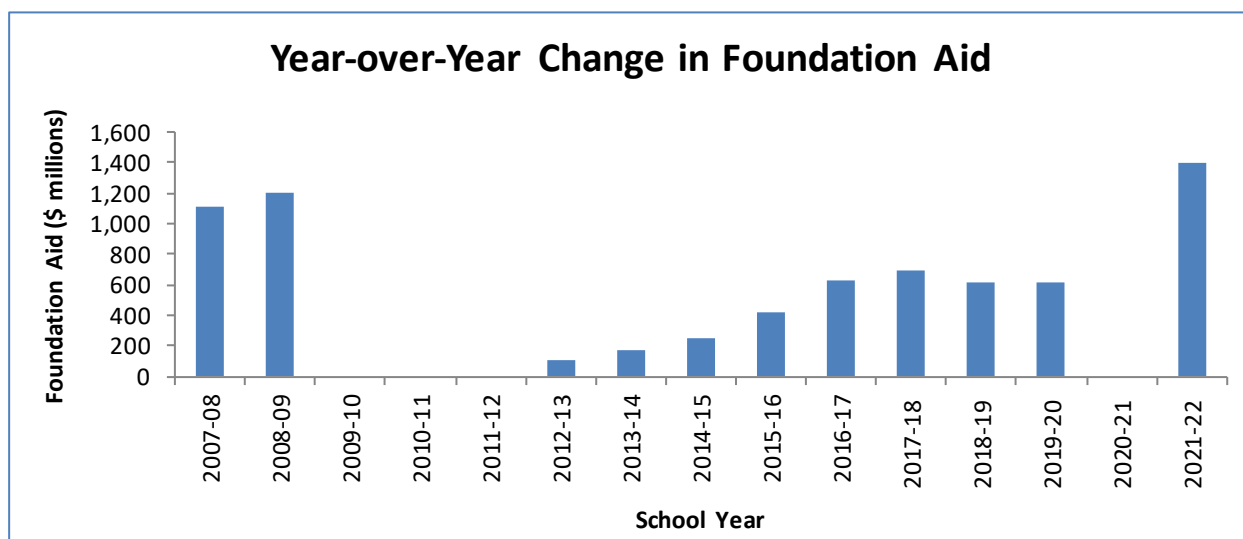


Figure 4

In School Year 2022-23, there is a commitment to provide fifty percent of the Foundation Aid that is still owed to school districts, resulting in a \$1.4 billion increase to Foundation Aid.

Additionally, the State provides reimbursement for a variety of education expenses that school districts incur. Ensuring proper facilities, reducing costs by using shared services, educating students with special needs, and transporting students to and from schools safely are

all part of providing a sound, basic education to students throughout the State. In developing estimates of growth in formula based aids, the Assembly has traditionally used an average of recent growth in these programs to reflect current expenditure levels. As school districts have continued to grapple with the COVID-19 pandemic, the rate of growth for reimbursable aids is difficult to predict. Over the past two school years, the rate of change in formula based aids have been unusually inconsistent with a drop in these aids in the 2020-21 school year and a corresponding large increase in the 2021-22 school year. Based on the four years prior to the pandemic, the Assembly projects expense based aids will increase by \$253.4 million, or 3.05 percent. The November 15 database is currently unavailable and will provide more specific data on projected growth.

Table 14

	YEAR TO YEAR AID GROWTH							
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23 (estimated)
Expense-based Aids	7,167,417,128	7,407,125,004	7,604,930,041	7,811,807,718	8,080,954,980	7,752,381,311	8,322,344,867	8,575,772,356
Change		239,707,876	197,805,037	206,877,677	269,147,262	-328,573,669	569,963,556	253,427,489
% Change		3.34%	2.67%	2.72%	3.45%	-4.07%	7.35%	3.05%

Source: State Education Department Local Assistance Tables.

When accounting for increases in Foundation Aid and expense based aids, the Assembly projects School Aid will increase from \$29.4 billion in School Year 2021-22, to \$31.05 billion in School Year 2022-23, for a total increase of \$1.7 billion, or 5.62 percent. As noted above, more specific data will become available from the State Education Department on the projected growth of Foundation Aid and expense based aids. Additionally, as the school year continues, any other needs of the almost 700 school districts in New York State will become more apparent.

Federal Impacts to the Financial Plan

The federal government passed several bills in response to the COVID-19 public health emergency. New York State has received a total of \$264.8 billion under federal pandemic assistance legislation and related actions. It is projected that a total of \$57.0 billion including \$12.8 billion in unrestricted aid will flow through the State’s Financial Plan and the rest will be directed to eligible individuals and entities. The Division of the Budget (DOB) assumed roughly \$700 million for education spending in SFY 2025-26, bringing the total estimated pandemic assistance to \$56.3 billion throughout the five-year Financial Plan.

Table 15

FEDERAL PANDEMIC ASSISTANCE LEGISLATION AND ACTION		
(\$ in Millions)		
Bill/Source	Total Funds Available	Amounts Flowing Through State
CARES Act	105,995	8,076
ARP Act	73,568	29,975
Families First Coronavirus Response Act	51,233	8,410
CRRSA	28,345	6,426
Lost Wage Assistance (Administrative Action)	4,120	4,120
Paycheck Protection Program and Health Care Enhancement Act	1,514	0
CPRSA Act	66	0
Total	264,841	57,007

The total projected amount of \$57.0 billion includes \$1.6 billion in Home and Community Based Services, \$702 million for Education spending assumed in SFY 2025-26, \$549 million in all other spending, as well as \$12.8 billion in unrestricted aid provided through the ARP.

Source: DOB First Quarterly Financial Plan.

Federal Coronavirus Funds Year to Date Receipts and Disbursements

Total pandemic assistance is estimated at \$56.3 billion through SFY 2024-25. As of September 30, 2021, federal coronavirus funds received and spent are estimated at \$29.1 billion and \$14.1 billion, respectively.

Table 16

FEDERAL PANDEMIC ASSISTANCE			
(\$ in Millions)			
	Spending Projection	5-Year Total	
		Year to date Receipts	Year to Date Spending
Pandemic Assistance	56,305	29,091	14,045
American Rescue Plan (ARP) ¹	12,800	12,800	387
Coronavirus Relief Fund (CARES Act)	5,141	5,141	3,900
Coronavirus Local Fiscal Recovery Fund Non-Entitlement Pass Through	774	385	0
<u>Education</u>	<u>14,739</u>	<u>925</u>	<u>937</u>
Education ARP Act Funds	8,766		
Education Supplemental Appropriations Act	4,397		
Education CARES Act Funds	1,576	552	552
<u>Child Care</u>	<u>2,466</u>	<u>173</u>	<u>182</u>
Child Care CARES Act Funds	158		
Child Care Supplemental Appropriations Act	469		
Child Care ARP	1,833		
Homeowner Relief and Protection Program	540	54	50
Lost Wages Assistance	4,120	4,101	4,101
Emergency Rental Assistance Program	2,425	1,700	696
SUNY State Operated Campuses Federal Stimulus	1,064	184	184
FEMA Reimbursement of Eligible Pandemic Expenses	1,000		
eFMAP, including local passthrough	8,105	4,174	4,174
eFMAP HCBS	1,629		
Home Energy Assistance Program	536		
FHWA Surface Transportation Block Grant	417		
All Other Pandemic Assistance	549		

¹\$12.8 billion in unrestricted aid provided through the ARP is reflected as a receipt to Federal Funds and transfer to the General Fund.
* \$702 million is not included in the 5-year total spending as it is assumed for Education in SFY 2025-26.
Source: DOB First Quarterly Financial Plan and OSC Dashboard on Tracking Federal Covid Funding and State Reliefs Programs.

Federal Funds Projected Disbursements by Program Area

Federal Funds spending is expected to total \$83.8 billion in SFY 2021-22 including \$15.3 billion in spending related to pandemic assistance. Federal Funds spending is estimated to increase by \$12.1 billion over SFY 2020-21 driven by increasing costs for health care, social welfare, education, and public protection, as well as pandemic assistance spending. DOB assumed total projected pandemic assistance spending of \$41.3 billion, in addition to \$1.6 billion for Home and Community Based Services (HCBS) in Medicaid and \$549 million in All Other spending through SFY 2024-25. An additional \$12.8 billion in unrestricted federal aid is not reflected in total disbursements and is instead used over the course of the plan to support the General Fund expenses.

Table 17

FEDERAL FUNDS DISBURSEMENTS						
(\$ in Millions)						
	SFY 2020-21	SFY 2021-22	SFY 2022-23	SFY 2023-24	SFY 2024-25	5-Year Total
	Actuals	Projected	Projected	Projected	Projected	Projected
DISBURSEMENTS						
Medicaid ¹	40,880	44,343	43,679	42,885	43,786	215,573
Health	7,055	8,499	8,489	8,319	8,266	40,628
Social Welfare	4,245	4,978	4,716	4,718	4,691	23,348
Education	2,660	3,857	3,857	3,857	3,857	18,088
Public Protection	2,152	3,933	2,737	1,307	1,299	11,428
Transportation	1,633	1,664	1,573	1,573	1,573	8,016
All Other ²	1,195	1,228	1,232	1,187	1,147	5,989
Pandemic Assistance*	11,865	15,253	7,812	4,658	1,739	41,327
Education ARP Act Funds	0	1,693	2,969	2,365	1,739	8,766
eFMAP, including local passthrough	4,174	3,629	302	0	0	8,105
Coronavirus Relief Fund (CARES Act)	2,824	2,317	0	0	0	5,141
Education Supplemental Appropriations Act	0	1,681	1,359	1,357	0	4,397
Lost Wages Assistance	4,101	19	0	0	0	4,120
Emergency Rental Assistance Program	0	1,801	624	0	0	2,425
Education CARES Act Funds	552	512	512	0	0	1,576
SUNY State Operated Campuses Federal Stimulus	184	300	290	290	0	1,064
FEMA Reimbursement of Eligible Pandemic Expenses	0	600	200	200	0	1,000
Coronavirus Local Fiscal Recovery Fund Non-Entitlement Pass Through	0	387	387	0	0	774
Child Care	30	1,449	721	266	0	2,466
Homeowner Relief and Protection Program	0	180	180	180	0	540
Home Energy Assistance Program	0	268	268	0	0	536
FHWA Surface Transportation Block Grant	0	417	0	0	0	417
Total Disbursements	71,685	83,755	74,095	68,504	66,358	364,397

*The 5-year total projected pandemic assistance does not include \$1.629 billion in HCBS spending, \$702 million in Education spending that is assumed in SFY 2025-26 and \$549 million in All Other spending category.
¹\$1.629 billion in HCBS spending is included in Medicaid total spending.
²All Other includes housing and homeless services, economic development, mental hygiene, parks, environment, higher education, general government areas and \$549 million in other spending that will flow through the Financial Plan.
³\$12.8 billion in unrestricted aid provided through the ARP is reflected as a receipt to Federal Funds and transfer to the General Fund.
Source: DOB Mid-Year Financial Plan.

Federal Funds Spending - Pandemic Assistance

- **American Rescue Plan (ARP):** The Enacted Budget Financial Plan apportioned the \$12.8 billion the State received in federal recovery aid to support eligible uses and spending over four fiscal years: \$4.5 billion in SFY 2021-22, \$2.4 billion in SFY 2022-23, \$2.3 billion in SFY 2023-24, and \$3.6 billion in SFY 2024-25.
- **Coronavirus Relief Fund:** New York State received \$5.1 billion in SFY 2020-21 to fund eligible costs incurred in response to the COVID-19 pandemic through December 31, 2021. The State incurred \$2.8 billion in eligible costs to the federal Coronavirus Relief Fund (CRF) as of March 31, 2021, including approximately \$2.7 billion in payroll costs primarily for public health and safety employees through December 31, 2020 and certain other pandemic response costs incurred by the State. DOB expects to charge additional eligible costs incurred by the State in SFY 2020-21, as well as eligible current-

year expenses for pandemic response efforts and will fully expend the balance in the CRF in SFY 2021-22.

- **Coronavirus Local Fiscal Recovery Fund Non-Entitlement Pass-Through:** The State is estimated to receive up to \$774 million in pass-through allocations to non-entitlement cities, towns, and villages required by the ARP. This will be distributed in even amounts in SFY 2021-22 and SFY 2022-23.
- **Education ARP Funds:** The ARP granted additional education funding for the ESSER and Emergency Assistance for Nonpublic Schools (EANS) programs, as well as funding for homeless education, IDEA, library services and the arts.
- **Education Supplemental Appropriations Act:** Provides additional funding for education to support pandemic-related services and assistance to nonpublic schools through the EANS program.
- **Education CARES Act Funds:** Additional education support provided through the CARES Act included funding to school districts.
- **Child Care:** Provides stabilization grants such as additional child care funding to child care providers in support of personnel costs, rent, facility maintenance and improvements, PPE, public health emergency related supplies, goods and services necessary to resume providing care, mental health supports for children and early educators, and reimbursement of costs associated with the current public health emergency; guarantee of 12 month eligibility for child care subsidies; expand eligibility to 200 percent of the federal poverty; cap copayments to 10 percent of family income over the federal poverty level; provide for up to 24 absences per year; fund child care deserts; Quality Stars NY and technology improvements to the child care system; facilitated enrollment programs; and provide scholarships for essential workers.
- **Homeowner Relief and Protection Program:** This program provides services to ensure that homeowners experiencing economic hardships associated with the pandemic can stay in their homes.
- **Lost Wages Assistance (LWA) Program:** Distributed grants to eligible claimants that were unemployed or partially unemployed due to the pandemic. It consisted of a

payment of \$300 per week for six weeks, from August 20, 2020 through September 6, 2020, in addition to claimants ordinary unemployment benefits.

- **Emergency Rental Assistance Program:** Makes funding available to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic. Additional funding for the program is provided through the ARP.
- **SUNY State-Operated Campuses Federal Stimulus Spending:** Funding provided through various federal stimulus bills results in greater federal spending projections for SUNY State-Operated campuses.
- **FEMA Reimbursement of Eligible Pandemic Expenses:** The Updated Financial Plan assumes that FEMA will reimburse the State \$600 million in SFY 2021-22, and \$200 million in each of SFY 2022-23 and SFY 2023-24 for expenses incurred related to emergency protective measures due to the COVID-19 pandemic. However, there is no assurance that FEMA will approve claims for the State to receive reimbursement in the amounts or State Fiscal Years as projected in the Financial Plan.
- **eFMAP:** The Federal government increased its share of Medicaid funding (eFMAP) by 6.2 percentage points for each calendar quarter in response to the COVID-19 pandemic. The enhanced funding would provide \$3.9 billion in additional Federal resources in SFY 2021-22 that are anticipated to reduce State and local government costs by approximately \$2.5 billion and \$500 million, respectively.
- **eFMAP Home and Community Based Services:** the ARP provided a temporary 10 percentage point increase to the FMAP for certain Medicaid Home and Community-Based Services (HCBS) through March 31, 2022. Accordingly, the SFY 2021-22 Enacted Budget appropriated \$1.6 billion over two years for such purposes.
- **Home Energy Assistance Program:** This program helps low-income households pay for the cost of heating, cooling, and weatherizing of their homes. Supplemental funding to the existing program is provided through the ARP.
- **Federal Highway Administration (FHWA) Surface Transportation Block Grant:** This emergency funding was provided under the CRRSA Act to address COVID-19 impacts related to highway infrastructure programs.