

**NEW YORK CONSENSUS  
FORECASTING CONFERENCE**

Hon. Liz Krueger  
Chair  
Senate Finance Committee

Robert F. Mujica Jr.  
Director  
NYS Division of the Budget

Hon. Helene E. Weinstein  
Chair  
Assembly Ways and Means Committee






Hon. Tom O'Mara  
Ranking Minority Member  
Senate Finance Committee

Hon. Ed Ra  
Ranking Minority Member  
Assembly Ways and Means Committee

**MEMORANDUM**

**TO:** Governor Kathy Hochul  
Senator Andrea Stewart-Cousins  
Assemblymember Carl E. Heastie  
Senator Robert G. Ort  
Assemblymember Will Barclay

**March 1, 2022**

**FROM:** Robert F. Mujica Jr.   
David Friedfel   
Blake G. Washington   
Shawn MacKinnon   
Lauren O'Hare 

**SUBJECT:** Consensus Forecast Report

Attached please find the FY 2023 "Consensus Economic and Revenue Forecast Report" as required by Section 23 of the State Finance Law.

Attachment

## **ECONOMIC AND REVENUE CONSENSUS REPORT FY 2023**

This report contains the results of the consensus economic and revenue forecasting process conducted by the Executive and the Legislature in advance of the enactment of the FY 2023 Budget, pursuant to the provisions of Chapter 309 of the Laws of 1996.

The Consensus Forecasting Conference was held on February 28, 2022. Based on the testimony of experts at the Conference, the baseline outlook for both the economy and revenue remains positive with continuing growth, albeit at a slower pace. However, the economy remains vulnerable to substantial headwinds from domestic fiscal/monetary policies, recurrent waves of the coronavirus, and worldwide uncertainties.

### **Economic Forecast Review**

The economic forecasts contained in the Executive Budget and Legislative reports portray recovering national and State economies for both the 2022 and 2023 calendar years. It is important to note that all parties' forecasts were completed prior to the February 28 Consensus Forecasting Conference.

All parties agree that the national economy, as measured by inflation-adjusted Gross Domestic Product, will increase at a slower pace in 2022, following growth of 5.7 percent in 2021. The consensus forecast for U.S. real GDP growth for 2022 is 3.8 percent, followed by growth of 2.8 percent for 2023.

All parties expect national employment growth to continue to recover. The consensus forecast calls for employment growth of 3.8 percent in 2022 and 1.8 percent in 2023, following an increase of 2.8 percent in 2021. All parties expect substantially higher inflation for 2022, as measured by the Consumer Price Index. All parties consent to an inflation rate projection of 5.0 percent for 2022 and 2.3 percent for 2023. Consistent with expectations pertaining to both employment and inflation, all parties consent to a wage growth projection of 8.3 percent for 2022 and 5.2 percent for 2023, following growth of 9.1 percent for 2021. Similarly, all parties consent to a personal income growth projection of 1.7 percent for 2022 and 4.9 percent for 2023, following growth of 7.3 percent for 2021. The consensus forecast for U.S. corporate profits with capital consumption and inventory valuation adjustments included, calls for 24.8 percent growth in 2021 with growth of 5.2 percent in 2022 and 3.0 percent in 2023. All parties agree that the yearly yield on 3-Month Treasury bills will average 0.55 percent in 2022 and 1.38 percent in 2023, based on the parties' baseline forecast assumptions.

**CONSENSUS U.S. FORECAST**  
**CALENDAR YEAR**  
**Percent Change**

	<b>CY2022</b>	<b>CY2023</b>
<b>REAL GDP</b>	3.8	2.8
<b>PERSONAL INCOME</b>	1.7	4.9
<b>WAGES</b>	8.3	5.2
<b>CORP PROFITS</b>	5.2	3.0
<b>NONFARM EMPLOYMENT</b>	3.8	1.8
<b>3-MONTH T-BILL RATE</b>	0.55	1.38
<b>CPI</b>	5.0	2.3

The parties agree that payroll employment in New York State will increase by 4.2 percent in FY 2023 following a 6.7 percent increase in FY 2022. The consensus forecast for personal income growth is 1.5 percent for FY 2022 and FY 2023. The consensus forecast calls for wage growth of 3.7 percent for FY 2023, following an increase of 11.9 percent for FY 2022.

**CONSENSUS N.Y. FORECAST**  
**FISCAL YEAR**  
**Percent Change**

	<b>FY 2022</b>	<b>FY 2023</b>
<b>NONFARM EMPLOYMENT</b>	6.7	4.2
<b>PERSONAL INCOME</b>	1.5	1.5
<b>WAGES</b>	11.9	3.7

**Note: The Senate and Assembly Minority construct their personal income and wage series based on BEA data, whereas all other parties use NYS Department of Labor QCEW data; the two series can deviate substantially from one another.**

All parties agree that there are multiple and elevated risks to the economic outlook for the national and State economies including a resurgence of the COVID virus and geopolitical conflicts. A weaker or more volatile equity market could trigger unexpected layoffs that would slow the employment and wage recovery. Likewise, prolonged supply-chain disruptions and sustained inflationary pressures could hinder the economic recovery.

Risks to both the national and the New York forecasts also stem from monetary and fiscal policy actions. A more aggressive tightening of monetary policy and higher interest rates than reflected in the consensus forecast could hamper the economic recovery and reduce business investment and hiring. All parties identify the financial market outlook as critical for the health of the State economy and the underlying tax base. The impact of the federal tax law changes on taxpayer behavior, especially the state and local taxes (SALT) deduction limitation, will continue to present a major source of risk to the State's housing market, especially in certain downstate markets. In addition, the persistence of telework, the relocation of urban workers out of State, and domestic outmigration pose a long-term risk to the New York State economy.

**Revenue Forecast Review**

Section 23 of the State Finance Law defines receipts subject to consensus as the combined total of All Funds tax receipts, General Fund miscellaneous receipts, and lottery revenues. The revenue estimates from all parties for FY 2022 and projections for FY 2023 exhibited significant variance, but participants reached consensus on a two-year revenue total range that is \$800 million to \$1.2 billion above the Executive Budget estimate.