Update to
Annual Information Statement
State of New York

March 1, 2016

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Introduction

This AIS Update, dated March 1, 2016 (the "AIS Update"), is the third quarterly update to the Annual Information Statement of the State of New York (the "AIS"), dated June 1, 2015. This AIS Update contains information only through March 1, 2016 and should be read in its entirety, together with the AIS.

In this AIS Update, readers will find:

1. A summary of recent events and changes to the State's financial plan made since the last quarterly update to the AIS dated November 24, 2015 (the "Prior Quarterly Update"). This summary includes the estimated impact of the Governor's Executive Budget proposal for Fiscal Year ("FY") 2017, as amended (the "Executive Budget"), a report on which was issued on February 16, 2016 and is available on the Division of the Budget ("DOB") website at www.budget.ny.gov. The updated information includes (a) revised Financial Plan projections for FY 2016 through FY 2019[1] and initial projections for FY 2020 (the "Updated Financial Plan" or "Executive Budget Financial Plan"), (b) an updated economic forecast, and (c) operating results through the third quarter of FY 2016.
2. A discussion of issues and risks that may affect the Financial Plan during the State's current fiscal year or in future years (under the heading "Other Matters Affecting the State Financial Plan").
3. A summary of the Generally Accepted Accounting Principles ("GAAP")-basis results for the prior three fiscal years.
4. Updated information regarding the State Retirement System.
5. Updated information on certain public authorities and localities of the State.
6. The status of significant litigation and arbitration that has the potential to adversely affect the State's finances.
7. Financial plan tables that summarize actual General Fund receipts and disbursements for fiscal year 2015 and projected receipts and disbursements for fiscal years 2016 through 2019 on a General Fund, State Operating Funds and All Governmental Funds basis.

[1] The State fiscal year is identified by the calendar year in which it ends. For example, fiscal year 2016 ("FY 2016") is the fiscal year that began on April 1, 2015 and will end on March 31, 2016.

DOB is responsible for preparing the State's Financial Plan and presenting the information that appears in this AIS Update on behalf of the State. In preparing this AIS Update, DOB has also relied on information drawn from other sources, including the Office of the State Comptroller ("OSC"). In particular, information contained in the section entitled "State Retirement System" has been furnished by OSC, while information relating to matters described in the section entitled "Litigation and Arbitration" has been furnished by the Office of the Attorney General. DOB has not undertaken any independent verification of the information contained in these sections of this AIS Update.

During the fiscal year, the Governor, the State Comptroller, State legislators, and others may issue statements or reports that contain predictions, projections or other information relating to the State's financial position or condition, including potential operating results for the current fiscal year and projected budget gaps for future fiscal years that may vary materially from the information provided in this AIS Update. Investors and other market participants should, however, refer to the AIS, as updated, or supplemented from time to time, for the most current official information regarding the financial position of the State.

The factors affecting the State's financial condition are complex. This AIS Update contains forecasts, projections and estimates that are based on expectations and assumptions which existed at the time such forecasts were prepared, and contains statements relating to future results and economic performance that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Since many factors may materially affect fiscal and economic conditions in the State, the inclusion in this AIS Update of forecasts, projections, and estimates should not be regarded as a representation that such forecasts, projections, and estimates will occur. The forward-looking statements contained herein are based on the State's expectations and are necessarily dependent upon assumptions, estimates and data that the State believes are reasonable as of the date made but that may be incorrect, incomplete or imprecise or not reflective of actual results. Forecasts, projections and estimates are not intended as representations of fact or guarantees of results. The words "expects", "forecasts", "projects", "intends", "anticipates", "estimates", and analogous expressions are intended to identify forward-looking statements in this AIS Update. Any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially and adversely from those projected. Such risks and uncertainties include, among others, general economic and business conditions; changes in political, social, economic and environmental conditions, including climate change and extreme weather events; impediments to the implementation of gap-closing actions; regulatory initiatives and compliance with governmental regulations; litigation; actions by the Federal government to reduce or disallow expected aid, including Federal aid authorized or appropriated by Congress, but subject to sequestration, administrative actions, or other actions that would reduce aid to the State; and various other events, conditions and circumstances, many of which are beyond the control of the State. These forward-looking statements speak only as of the date of this AIS Update.

In addition to regularly scheduled quarterly updates to the AIS, the State may issue AIS supplements or other disclosure notices to the AIS as events warrant. The State intends to announce publicly whenever an update or a supplement is issued. The State may choose to incorporate by reference all or a portion of this AIS Update in Official Statements or related disclosure documents for State or State-supported debt issuances. The State has filed this AIS Update with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system. An electronic copy of this AIS Update can be accessed through EMMA at www.emma.msrb.org. An official copy of this AIS Update may be obtained by contacting the New York State Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 474-2302.

On July 29, 2015, OSC issued the Basic Financial Statements for FY 2015 (ended March 31, 2015). Copies may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 and on its website at www.osc.state.ny.us. The Basic Financial Statements for FY 2015 can also be accessed through EMMA at www.emma.msrb.org.

Usage Notice

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This AIS Update is available in electronic form on the DOB website (www.budget.ny.gov). Such availability does not imply that there have been no changes in the financial position of the State at any time subsequent to the posting of this information. Maintenance of this AIS Update on the DOB website, or on the EMMA website, is not intended as a republication of the information therein on any date subsequent to its release date. No incorporation by reference or republication of any information contained on any website is intended or shall be deemed to have occurred as a result of the inclusion of any website address in this AIS Update.

Neither this AIS Update nor any portion thereof may be (i) included in a Preliminary Official Statement, Official Statement, or other offering document, or incorporated by reference therein, unless DOB has expressly consented thereto following a written request to the State of New York, Division of the Budget, State Capitol, Albany, NY 12224, or (ii) considered to be continuing disclosure in connection with any offering unless a CDA relating to the series of bonds or notes has been executed by DOB. Any such use, or incorporation by reference, of this AIS Update, or any portion thereof, in a Preliminary Official Statement, Official Statement, or other offering document or continuing disclosure filing without such consent and agreement by DOB, is unauthorized and the State expressly disclaims any responsibility with respect to the inclusion, intended use, and updating of this AIS Update if so misused.

Budgetary and Accounting Practices

Unless clearly noted otherwise, all financial information in this AIS Update is presented on a cash basis of accounting.

The State's **General Fund** receives the majority of State taxes and all income not earmarked for a particular program or activity. State law requires the Governor to submit, and the Legislature to enact, a General Fund budget that is balanced on a cash basis of accounting. The State Constitution and State Finance Law do not provide a precise definition of budget balance. In practice, the General Fund is considered balanced if sufficient resources are, or are expected to be, available during the fiscal year for the State to: (a) make all planned payments, including Personal Income Tax ("PIT") refunds, without the issuance of deficit notes or bonds or extraordinary cash management actions, (b) restore the balances in the Tax Stabilization Reserve and Rainy Day Reserve to levels at or above the levels on deposit when the fiscal year began, and (c) maintain other reserves, as required by law. For purposes of calculating budget balance, the General Fund includes transfers to and from other funds.

The General Fund is the sole financing source for the School Tax Relief ("STAR") fund, and is typically the financing source of last resort for the State's other major funds which include the Health Care Reform Act ("HCRA") funds, the Dedicated Highway and Bridge Trust Fund ("DHBTF"), the Lottery Fund, and the mental hygiene program and patient income accounts. Therefore, the General Fund projections account for any estimated funding shortfalls in these funds. Since the General Fund is the fund that is required to be balanced, the focus of the State's budgetary and gap-closing discussion is generally weighted toward the General Fund.

From time to time, DOB will informally designate unrestricted balances in the General Fund for specific policy goals (e.g., the payment of costs related to potential labor contracts covering prior contract periods). These amounts are typically identified with the phrase "reserved for" and are not held in distinct accounts within the General Fund and may be used for other purposes.

State Operating Funds is a broader measure of spending for operations (as distinct from capital purposes) that is funded with State resources. It includes financial activity not only in the General Fund, but also State-funded Special Revenue funds and debt service funds (spending from capital projects funds and Federal funds is excluded). As more financial activity occurred in funds outside of the General Fund, State Operating Funds became, in DOB's view, a more comprehensive measure of State-funded activities for operating purposes that are funded with State resources (i.e., taxes, assessments, fees, tuition). The State Operating Funds perspective has the advantage of eliminating certain distortions in operating activities that may be caused by, among other things, the State's complex fund structure, the transfer of money among funds, and the accounting of disbursements against appropriations in different funds. For example, the State funds its share of the Medicaid program from both the General Fund and Health Care Reform Act funds, the latter being State Special Revenue Funds. The State Operating Funds perspective captures Medicaid disbursements from both of these fund types, giving a more complete accounting of State-funded Medicaid disbursements. For such reasons, the discussion of disbursement projections often emphasizes the State Operating Funds perspective.

The State also reports disbursements and receipts activity for **All Governmental Funds** ("All Funds"), which includes spending from Capital Projects Funds and State and Federal operating funds, providing the most comprehensive view of the cash-basis financial operations of the State. The State accounts for receipts and disbursements by the fund in which the activity takes place (such as the General Fund), and the broad category or purpose of that activity (such as State Operations). The Financial Plan tables display State projections and results by fund and category.

Fund types of the State include: the General Fund; State Special Revenue funds, which receive certain dedicated taxes, fees and other revenues that are used for a specified purpose; Federal Special Revenue Funds, which receive certain Federal grants; State and Federal Capital Projects Funds, which account for costs incurred in the construction, maintenance and rehabilitation of roads, bridges, prisons, university facilities, and other infrastructure projects; and Debt Service Funds, which account for the payment of principal, interest and related expenses for debt issued by the State and on the State's behalf by its public authorities.

State Finance Law also requires DOB to prepare a *pro forma* GAAP financial plan for informational purposes. The GAAP-basis financial plan is not used by DOB as a benchmark for managing State finances during the fiscal year and is not updated on a quarterly basis. The GAAP-basis financial plan follows, to the extent practicable, the accrual methodologies and fund accounting rules applied by OSC in preparation of the audited Basic Financial Statements. However, GAAP is a financial reporting regime, not a budgeting system.

The Financial Plan projections for future years may show budget gaps or surpluses in the General Fund. Budget gaps represent the difference between: (a) the projected General Fund disbursements, including transfers to other funds, needed to maintain current services levels and specific commitments, and (b) the expected level of resources to pay for these disbursements. The General Fund projections are based on a number of assumptions and are developed by the DOB in conjunction with other State agencies. Some projections are based on specific, known information (e.g., a statutory requirement to increase payments to a prescribed level), while others are based on more uncertain or speculative information (e.g., the pace at which a new program will enroll recipients). In addition, the Financial Plan assumes that money appropriated in one fiscal year will continue to be appropriated in future years, even for programs that were not created in permanent law and that the State has no obligation to fund. Funding levels for nearly all State programs are made (or, in the case of two-year appropriations, reviewed) annually, taking into account the current and projected fiscal position of the State. The Financial Plan projections for FY 2017 and thereafter, set forth in this AIS Update, reflect the savings that DOB estimates would be realized if the Governor continues to propose, and the Legislature continues to enact, balanced budgets in future years that limit annual growth in State Operating Funds spending to no greater than 2 percent. However, total disbursements in Financial Plan tables and discussion contained in this AIS Update do not reflect these savings. The estimated savings are included in the Financial Plan tables and labeled as "Adherence to 2 percent Spending Benchmark". Accordingly, if the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

Overview of the Updated Financial Plan

The Governor submitted his Executive Budget proposal for FY 2016 on January 13, 2016, and amendments through February 12, 2016, as permitted by law. On February 16, 2016, DOB issued the Updated Financial Plan, extracts and summaries of which are set forth herein. The Updated Financial Plan includes updated estimates for the current fiscal year (FY 2016), and projections for FY 2017 through FY 2020, which reflect the estimated impact of the Governor's Executive Budget proposals, as amended.

The projections for FY 2017 through FY 2020 assume that the Legislature enacts the Governor's Executive Budget proposal in its entirety and without modification by the start of FY 2017, which begins on April 1, 2016. The Governor's proposal is awaiting action by the Legislature. There can be no assurance that the Legislature will adopt all, or any specific portion, of the Executive Budget as proposed. Accordingly, there can be no assurance that the fiscal impact of the budget for FY 2017, when adopted, will not differ materially and adversely from the estimates and projections contained in the Updated Financial Plan included in this AIS Update.

Current Fiscal Year Update (FY 2016)

The following table summarizes the most recent quarterly revisions to the FY 2016 Financial Plan.

FY 2016 GENERAL FUND BUDGETARY BASIS SURPLUS/(GAP) SUMMARY OF CHANGES FROM MID-YEAR UPDATE SAVINGS/(COSTS) (millions of dollars)	
MID-YEAR BUDGET SURPLUS/(GAP) ESTIMATE	**0**
Receipts Revisions	**239**
Tax Receipts[1]	812
Tax Refund Acceleration	(550)
Non-Tax Receipts[2]	(23)
Spending Revisions	**(253)**
Local Assistance	294
Agency Operations (incl. GSCs)	84
Transfers to Other Funds	
Debt Service	(348)
Capital Projects	(118)
Federal DSHP Resources	(250)
All Other Transfers	85
Monetary Settlements[3]	**0**
Barclays	185
Morgan Stanley	150
Credit Agricole	74
Credit Suisse	30
Other	1
Allocated in FY 2017 Executive Budget	(440)
Use of Community Projects Fund Balance	**14**
REVISED BUDGET SURPLUS/(GAP) ESTIMATE	**0**

[1] Excludes transfers from other funds after revisions to estimated debt service costs.

[2] Excludes the receipt of additional monetary settlements since the Mid-Year Update.

[3] See "Monetary Settlements" herein.

General Fund receipts, including transfers from other funds, are expected to total $70.3 billion in FY 2016. General Fund disbursements, including transfers to other funds, are expected to total $72.6 billion. Given the State's opening General Fund balance in FY 2016 of $7.3 billion, and the expectation that FY 2016 disbursements will exceed receipts by $2.3 billion, DOB expects the State will end FY 2016 with a General Fund balance of $5.0 billion, an increase of $426 million compared to the Prior Quarterly Update estimate. The change to the estimated FY 2016 closing balance, since the prior quarterly update, reflects the increase in monetary settlements ($440 million) offset by the use of $14 million from the Community Projects Fund balance for spending against reappropriations.

Disbursements are expected to exceed receipts by $2.3 billion in FY 2016, due almost exclusively to the planned use of settlement money received in FY 2015 and transferred (or expected to be transferred) to other funds. Excluding the impact of transactions related to settlement money, disbursements are expected to exceed receipts by $239 million in FY 2016. This reflects the planned uses of fund balance for Financial Plan purposes ($190 million), retroactive labor settlements ($35 million), and community projects fund purposes related to reappropriations ($14 million).

DOB has increased its estimate for General Fund receipts in FY 2016 by $679 million compared to the Prior Quarterly Update. The estimate for tax receipts has been increased by $812 million, mainly reflecting stronger than expected PIT and business tax collections to date. This increase is offset by an increase in the level of PIT refunds that are expected to be paid in FY 2016 ($550 million). DOB has lowered its estimate for non-tax receipts (excluding settlements) based on a review of FY 2016 year-to-date results. In addition, DOB has increased the estimate of payments expected from monetary settlements by $440 million based on expected and actual receipts to date. The full list of settlements is described in "Monetary Settlements" herein.

Estimated General Fund disbursements for FY 2016 have been revised upward by $253 million from the Prior Quarterly Update. Local assistance and agency spending have been revised downward across a range of programs based on operating results to date and other information. Transfers to other funds have been increased to reflect the prepayment of debt service, increased capital funding due to the timing and availability of bond proceeds, and a downward revision in the expected level of Federal resources available to fund mental hygiene services.

Risks to the current estimates and projections remain. For example, while tax receipts have exceeded expectations, collections are subject to significant volatility in the final quarter of the fiscal year. In addition, there can be no assurance that Federal aid for health care, mental hygiene and other purposes will be received at the levels or on the timetable assumed in the Updated Financial Plan. These and other risks and uncertainties are described more fully later in this AIS Update. (See "Other Matters Affecting the State Financial Plan" herein.)

Budget Year Proposal (FY 2017)

DOB estimates that the Executive Budget Financial Plan provides for balanced operations in the General Fund in FY 2017, consistent with legal requirements for a balanced budget. The following table summarizes the projected annual changes from FY 2016 to FY 2017 in General Fund receipts, disbursements, and fund balances.

GENERAL FUND FINANCIAL PLAN
(millions of dollars)

	FY 2016 Current	FY 2017 Proposed	Annual Change Dollar	Annual Change Percent
Opening Fund Balance	7,300	5,011	(2,289)	-31.4%
Taxes (After Debt Service)	63,247	65,388	2,141	3.4%
Miscellaneous Receipts/Federal Grants	5,820	2,642	(3,178)	-54.6%
Other Transfers	1,227	753	(474)	-38.6%
Total Receipts	70,294	68,783	(1,511)	-2.1%
Local Assistance Grants	44,153	45,427	1,274	2.9%
Departmental Operations:	8,222	8,234	12	0.1%
Personal Service	*6,139*	*6,025*	*(114)*	*-1.9%*
Non-Personal Service	*2,083*	*2,209*	*126*	*6.0%*
General State Charges	5,188	5,472	284	5.5%
Transfers to Other Funds[1]	15,020	11,503	(3,517)	-23.4%
Total Disbursements	72,583	70,636	(1,947)	-2.7%
Excess (Deficiency) of Receipts Over Disbursements	(2,289)	(1,853)	436	19.0%
Closing Fund Balance	5,011	3,158	(1,853)	-37.0%
Statutory Reserves:				
"Rainy Day" Reserve Funds	1,798	1,798	0	
Community Projects Fund	60	44	(16)	
Contingency Reserve Fund	21	21	0	
Fund Balance Reserved for:				
Debt Management	500	500	0	
Prior-Term Labor Agreements	15	0	(15)	
Monetary Settlements[1]	2,617	555	(2,062)	
Possible CUNY Labor Agreement[2]	0	240	240	

[1] Includes planned extraordinary transfers of monetary settlement receipts from the General Fund to (a) the Dedicated Infrastructure Investment Fund ($4.55 billion in FY 2016 and $1.84 billion in FY 2017); (b) the mental hygiene account to fund a portion of a Federal disallowance for OPWDD ($850 million in FY 2016); and (c) the Environmental Protection Fund ($120 million in FY 2017).

[2] Amount that would be available if the Legislature enacts the change in funding shares for CUNY Senior Colleges proposed in the FY 2017 Executive Budget. See "FY 2017 Detailed Gap-Closing Plan" herein.

General Fund receipts are affected by various factors, including the deposit of dedicated taxes in other funds for debt service and other purposes; and the transfer of balances between funds of the State. General Fund receipts, including transfers from other funds, are estimated to total $68.8 billion in FY 2017, a decrease of $1.5 billion (2.1 percent) from FY 2016. Tax collections, including transfers of tax receipts to the General Fund after payment of debt service, are estimated to total $65.4 billion in FY 2017, an increase of $2.1 billion (3.4 percent) from FY 2016. This growth is offset by the lower amount of monetary settlements expected to be received in FY 2017 compared to FY 2016.

General Fund PIT receipts, including transfers after payment of debt service on State PIT Revenue Bonds, are estimated to increase by $2.7 billion (6.4 percent) from FY 2016. This primarily reflects increases in withholding and estimated payments attributable to the 2016 tax year, and the planned acceleration of tax refund payments into FY 2016.

General Fund consumption/use tax receipts, including transfers after payment of debt service on Local Government Assistance Corporation ("LGAC") and Sales Tax Revenue Bonds, are estimated to total $12.6 billion in FY 2017, an increase of $361 million (2.9 percent) from FY 2016, reflecting projected growth in taxable consumption.

General Fund business tax receipts are estimated at $5.8 billion in FY 2017, a decrease of $426 million (6.9 percent) from FY 2016. The annual estimate reflects declines across all statutorily imposed business tax components.[2]

Other tax receipts in the General Fund are estimated to total $1.9 billion in FY 2017, a decrease of $486 million (20.1 percent) from FY 2016. The decline primarily reflects extraordinary estate tax and real estate transfer tax collections in FY 2016 that are not expected to recur.

General Fund non-tax receipts and transfers are estimated at $3.4 billion in FY 2017, a decrease of $3.7 billion from FY 2016. The decline is primarily due to the large amount ($3.6 billion) of monetary settlements received in FY 2016 and lower than expected receipts and transfers from a variety of sources.

General Fund disbursements are affected by the level of financing sources available in other funds, transfers of balances between funds of the State, and other factors that may change from year to year. General Fund disbursements, including transfers to other funds, are estimated to total $70.6 billion in FY 2017, a decrease of $1.9 billion (2.7 percent) from FY 2016 spending levels. This change reflects monetary settlements that have been, or are expected to be, transferred from the General Fund to: the Dedicated Infrastructure Investment Fund ("DIIF") ($4.6 billion in FY 2016 and $1.8 billion in FY 2017); the Environmental Protection Fund ("EPF") ($120 million in FY 2017); and the mental hygiene account to fund a portion of a multi-year settlement for the resolution of a Federal Office for People with Developmental Disabilities ("OPWDD") disallowance ($850 million in FY 2016). Excluding these extraordinary transfers, General Fund spending in FY 2017 is expected to increase $1.5 billion or 2.2 percent from FY 2016.

[2] Legislation enacted in 2014 merged the bank tax with the corporate franchise tax, and amended the corporate franchise tax to accommodate changes in the financial services industry and make other modernization changes.

Local assistance grants are expected to total $45.4 billion in FY 2017, an annual increase of $1.3 billion (2.9 percent) from FY 2016, including $654 million for school aid (on a State fiscal year basis) and $433 million for Medicaid. Other local assistance increases include payments for a range of social services, public health, and general purpose aid programs, as well as accounting reclassifications that have the effect of moving spending between financial plan categories, mainly for Medicaid payments to State-operated facilities. These sources of growth in local assistance are offset by the Executive proposals related to City University of New York ("CUNY") senior colleges, STAR, and other programs. See "FY 2017 Detailed Gap-Closing Plan" herein.

State operations disbursements in the General Fund are estimated to total $8.2 billion in FY 2017, an annual increase of $12 million (0.1 percent) from FY 2016. In general, Executive agency spending on a State Operating Funds basis is flat with few exceptions, including Department of Health ("DOH") to operate the New York State of Health ("NYSOH") Exchange, continue the transition of administrative functions from local service districts to the State, and operate the new Essential Plan ("EP").

General State Charges ("GSCs") are estimated to total $5.5 billion in FY 2017, an annual increase of $284 million (5.5 percent) from FY 2016. Health insurance costs are projected to increase $231 million or 6.6 percent. The State's annual pension payment is expected to increase by $161 million (7.3 percent). The State, including the Office of Court Administration ("OCA") does not currently plan to amortize its pension payments in FY 2017, and plans to repay a total of $432 million due in FY 2017 on amortized amounts from FY 2011 through FY 2016.

General Fund transfers to other funds, excluding extraordinary transfers of monetary settlement receipts described earlier, are estimated to total $9.5 billion in FY 2017, a decrease of $77 million from FY 2016.

FY 2017 Detailed Gap-Closing Plan

The following table and narrative summarize the proposed gap-closing plan.

FY 2017 EXECUTIVE BUDGET GENERAL FUND GAP-CLOSING PLAN (millions of dollars)	FY 2017	FY 2018	FY 2019	FY 2020
MID-YEAR BUDGET SURPLUS/(GAP) ESTIMATE[1]	**(1,781)**	**(2,802)**	**(4,414)**	**(4,205)**
SPENDING CHANGES	**2,051**	**2,054**	**1,692**	**1,524**
Agency Operations	**384**	**145**	**40**	**(357)**
Executive Agency Operations	222	153	181	125
Fringe Benefits/Fixed Costs	168	11	(122)	(463)
University Systems	19	19	19	19
Independent Officials	(25)	(38)	(38)	(38)
Local Assistance	**1,408**	**2,129**	**2,269**	**2,495**
Higher Education	176	531	540	542
Mental Hygiene	215	173	101	32
Health Care	308	539	603	738
STAR - Program Conversion*	185	478	576	671
STAR - Other Actions	55	116	172	228
Human Services/Housing	154	110	110	101
All Other	315	182	167	183
Capital Projects/Debt Management	**380**	**161**	**136**	**82**
Initiatives/Investments	**(121)**	**(381)**	**(753)**	**(696)**
DREAM Act	(19)	(27)	(27)	(27)
Juvenile Justice Reform ("Raise the Age")	(2)	(161)	(403)	(385)
SUNY/CUNY Performance Incentive Program	0	(30)	(30)	(30)
Continue Charter School Tuition Funding	0	(27)	0	0
Public Financing of Campaigns	0	(2)	(117)	(6)
All Other	(100)	(134)	(176)	(248)
RESOURCE CHANGES	**(287)**	**(51)**	**127**	**(427)**
Tax Revisions	(229)	(44)	164	100
Federal DSHP Resources	(250)	0	0	0
STARC Debt Refunding Savings	200	200	200	0
STAR Conversion*	0	(185)	(478)	(576)
All Other	(8)	(22)	241	49
TAX ACTIONS	**17**	**(322)**	**(534)**	**(512)**
Small Business Tax Rate Reduction	0	(298)	(298)	(298)
Thruway Toll Credit	0	(113)	(113)	(114)
Use of Monetary Settlements for Thruway Toll Credit	0	113	113	114
Education Tax Credit	0	0	(150)	(150)
Other Tax Extenders/Credits	17	(24)	(86)	(64)
ADHERENCE TO 2% SPENDING BENCHMARK [2]	**n/a**	**1,643**	**3,227**	**4,568**
EXECUTIVE BUDGET SURPLUS/(GAP)	**0**	**522**	**98**	**948**

[1] Before actions to adhere to the 2 percent benchmark.

[2] Savings estimated from limiting annual spending growth in future years to 2 percent (calculation based on current FY 2016 estimate). The Governor is expected to propose, and negotiate with the Legislature to enact, an annual budget that restricts State Operating Funds spending growth to 2 percent. The "Surplus/(Gap)" estimate assumes that all savings from holding spending growth to 2 percent are made available to the General Fund. Total disbursements in Financial Plan tables and discussion do not reflect these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

* Converting the STAR benefit to a refundable credit will result in lower STAR spending with a comparable decrease in PIT receipts. This change has no impact on the STAR benefits received by homeowners. See "STAR Program" in "Financial Plan Projections Fiscal Years 2016 through 2020" herein.

Spending Changes

Agency Operations

Operating costs for State agencies include salaries, wages, fringe benefits, and non-personal service costs (i.e., supplies, utilities). These costs have significantly declined over the past several years through ongoing State agency redesign and cost-control efforts. Reductions from the prior projections for agency operations contribute $384 million to the General Fund gap-closing plan. Specifically:

- **Executive Agencies:** The Executive Budget Financial Plan reflects the proposal to hold agency spending flat with limited exceptions, such as costs attributable to the NYSOH marketplace and the new EP program. Agencies are expected to continue to use less costly forms of service deliveries, improve administrative practices, and pursue statewide solutions, including the utilization of a management system known as "Lean" which applies a series of principles to streamline operations and management. The Executive Budget Financial Plan also includes proposed savings from the continued transition of individuals from mental hygiene institutions to appropriate community settings. In addition, certain operating and equipment costs have been more appropriately aligned with capital and Federal financing sources.

  Spending increases in the upcoming fiscal years are driven mainly by revised spending assumptions across multiple agencies to account for inflationary cost increases, as well as higher Medicaid administration expenses expected to support the NYSOH insurance exchange as available Federal funding expires.

- **Fringe Benefits/Fixed Costs:** Estimates for fringe benefit and fixed costs have been lowered to reflect the planned payment of the FY 2017 Employees' Retirement System ("ERS")/Police and Fire Retirement System ("PFRS") pension bill in April 2016 rather than on the March 1, 2017 due date. Additional resources are expected to be provided directly to the State Insurance Fund ("SIF") to offset the State's cost for workers' compensation claims over the next four years ($140 million in FY 2017; $100 million in FY 2018 and 2019, respectively, and $35 million in FY 2020). Health insurance savings are expected from the proposed elimination of Medicare Part B Income Related Monthly Adjustment Amount ("IRMAA") reimbursement for high income New York State Health Insurance Program ("NYSHIP") enrollees, maintaining reimbursement of the standard Medicare Part B premium at current levels and implementing differential healthcare premiums based on years of service for new civilian retirees with less than thirty years of service, similar to the calculation for pension benefits. Costs would be proportionately greater for these new retirees with ten years of service, and gradually decrease until they are no different than current levels once an individual reaches thirty years of service. Increasing fringe benefit costs associated with updated baseline growth in health insurance rate renewals and workers' compensation costs offset these savings in future years.

- **University Systems:** Spending on State University of New York ("SUNY") hospital operations will be reduced through the discontinuation of previous legislative additions to hospital spending ($19 million). This change would maintain support consistent with the Downstate Medical Center Sustainability Plan approved in 2013.

Local Assistance

Local assistance spending includes financial aid to local governments and nonprofit organizations, as well as entitlement payments to individuals. Reductions from the prior projections for local assistance spending are expected to generate $1.4 billion in General Fund savings.[3] Savings are expected from both targeted actions and continuation of prior-year cost containment. Specifically:

- **Higher Education:** The Executive Budget proposes to change the financial responsibility for CUNY senior colleges to reflect the proportion of CUNY board members appointed by the Governor and the Mayor. The Executive Budget proposes that the City of New York (the "City") pay a 30 percent share of $1.6 billion in support currently funded by the State, which aligns with the City's 30 percent share of CUNY governance. The Executive Budget proposes setting aside $240 million of the State savings to fund potential retroactive labor agreements with CUNY employee unions conditioned on enactment of the change in financial responsibilities.

  Other savings include revisions to scholarship awards due to updates in both enrollment patterns and average award amounts.

- **Mental Hygiene:** The spending has been reduced to reflect revised timelines for ongoing transformation efforts in the mental hygiene system and the Federal government's extension of the timeframe to disburse funding from the Balancing Incentive Program ("BIP").

- **Health Care:** The Executive Budget Financial Plan also reflects the reinstitution of the New York City contribution toward financing the growth in Medicaid expenses, effective October 1, 2016. The contribution level is increased by 3.6 percent in FY 2017 and 5.8 percent in FY 2018, with annual growth of about 2 percent thereafter. Other savings include additional HCRA resources available that lower General Fund spending. Spending estimates have been reduced for the Child Health Plus ("CHP") program as a result of Federal funding under the Affordable Care Act ("ACA") and a reduction in the Excess Medical Malpractice subsidy payment levels, which reimburse certain physicians and dentists for a secondary layer of medical malpractice insurance coverage.

- **School Tax Relief ("STAR"):** The Executive Budget Financial Plan reflects the proposal to gradually transform the STAR benefit currently provided to taxpayers as a tax exemption, to a refundable personal income tax credit. The change would apply only to new housing

[3] Local assistance includes payments for School Aid, STAR, Medicaid, public assistance, child welfare, local government assistance and a range of other purposes.

transactions, i.e., new homebuyers and homeowners who move[4]. The transformation would reduce State spending and reflect the program costs as a tax expenditure. In addition, it is proposed that the New York City personal income tax STAR credit be converted to a New York State personal income tax credit, a simple reporting change that eliminates the need to reimburse costs paid by the City. Lastly, a cap is proposed on the annual growth in the exemption benefit, which would be held flat rather than the current 2 percent growth allowance. Another proposal that is intended to generate savings would mandate enrollment in the Income Verification Program beginning in FY 2018.

- **Human Services:** Savings reflect the use of Temporary Assistance for Needy Families ("TANF") funding sources to reduce the Office of Children and Family Services ("OCFS") Child Care General Fund spending. They also reflect a one-time revision to the Pay For Success program based on timing, and updated spending forecasts in several programs, including OCFS spending on detention reconciliation, the Committee on Special Education, and Medicaid-related foster care spending. These savings are offset by a projected increase in spending in the Bridges to Health program and the reinvestment of State savings gained from Federal rule changes in post-adoption and primary preventive services. This reinvestment is required in order to continue Federal provision of Title IV-E funds.

- **All Other:** Savings are expected as a result of updated spending assumptions across a number of program areas, including utilization of available Mortgage Insurance Fund ("MIF") resources to fund initiatives addressing housing and homelessness programs; mental hygiene funding within the Global Cap; education programs and grant spending revisions based on updated information; eliminating General Fund support for certain local government programs which can be funded with available capital resources earmarked for municipal restructuring; and spending revisions based on utilization trends in other local assistance programs.

Capital Projects/Debt Management

- **Capital/Debt Revisions**: Savings are expected to be achieved through a variety of debt-management actions, including the prepayment of $550 million of FY 2017 expenses in FY 2016 and $60 million of FY 2018 expenses in FY 2017; refunding of higher-cost debt, management of bondable resources; and efficiency savings through the continued use of competitive bond sales.

[4] Transforming the STAR benefit to a refundable credit will result in lower STAR spending with a comparable decrease in PIT receipts. This change has no impact on the STAR benefits received by homeowners.

Initiatives/Investments

- **DREAM Act:** The proposed DREAM Act extends student financial assistance to undocumented immigrant students pursuing higher education in New York State.

- **Juvenile Justice Reform ("Raise the Age"):** The Executive Budget Financial Plan includes additional funding to support the movement of 16 and 17 year old non-violent criminal offenders from general prison populations to separate facilities, as directed by an Executive Order issued in December 2015. The Department of Corrections and Community Supervision ("DOCCS"), OCFS and the Office of Mental Health ("OMH") will collaborate on implementing a plan to gradually remove minors from adult prisons in the State, and on providing specialized programming and services. The Executive Budget Financial Plan also includes legislation to raise the age of criminal responsibility from 16 to age 18 by January 1, 2019.

- **SUNY/CUNY Performance Incentive Program:** The Executive Budget continues $30 million in funding for SUNY State-operated campuses and CUNY senior colleges to implement campus performance improvement plans that identify and implement best practices from around the systems to improve outcomes in student access, completion, and post-graduation success.

- **Continue Charter School Tuition Funding:** The Executive Budget proposes extending increased funding for charter school tuition into school year 2016-17.

- **Public Financing of Campaigns:** The Executive Budget Financial Plan reflects the proposed voluntary public financing system beginning in 2018. The system would provide a public match of $6 to $1 of campaign contributions of up to $175. The new system would take effect for the 2018 elections (FY 2019).

- **All Other:** The Executive Budget Financial Plan includes proposed funding for programs and initiatives, including homelessness, poverty reduction, the State subsidy to maintain Verrazano Bridge toll levels, victim services, upstate transit infrastructure, firearm violence prevention, and aging. It also reflects debt service costs for new capital initiatives funded with bonds.

Resource Changes

- **Tax Revisions:** The estimate for annual tax receipts has been revised across all major tax categories to reflect results to date. In addition, the reconciliation of prior year tax collections from mobile telecommunication services companies is expected to reduce sales tax collections.

- **Federal Designated State Health Program ("DSHP") Resources:** Resources have been reduced by $250 million to remove previously expected Federal DSHP revenue to support transformational changes in the Mental Hygiene service delivery system while the State continues to pursue the matter with the Centers for Medicare & Medicaid Services ("CMS").

- **Sales Tax Asset Receivable Corporation ("STARC") Debt Refunding Savings:** The Executive Budget Financial Plan includes a proposed provision that permits the State to realize refunding savings on debt funded exclusively with State resources. In 2004, STARC issued $2.6 billion in debt ("STARC bonds") to refinance certain obligations related to the New York City fiscal crisis. The STARC bonds are secured by $170 million in annual State sales tax payments to STARC through 2034. In October 2014, STARC refunded the STARC bonds, generating about $650 million in debt service savings that, due to structuring provisions, accrued to New York City. Given the unique structure of the STARC bonds, the Executive Budget includes a proposal to recoup from New York City the savings on the refunding of the STARC bonds over the next three State fiscal years through the adjustment of sales tax receipts otherwise payable to New York City.

- **STAR Program Conversion:** The proposals to convert the NYC STAR credit to a State PIT credit, and the STAR benefit for new homeowners to a tax credit, will not impact individual benefits, but will result in lower General Fund tax collections.

- **Other Resource Changes:** Other changes include updated estimates of various miscellaneous receipts and transfers from other funds, including revenue transfers from NYPA to support $20 million in annual energy-related program activity, with no additional contributions expected.

Tax Actions

- **Lower Taxes on Small Businesses:** The Executive Budget Financial Plan reflects the proposal to lower tax rates both for small businesses who pay via the corporate tax, and for individuals paying through the personal income tax.

- **Establish Thruway Toll Tax Credits:** A nonrefundable personal income tax credit for Thruway tolls paid electronically that would begin on January 1, 2016 and sunset December 31, 2018 would save drivers $340 million over 3 years. The cost of this program is supported by monetary settlements.

- **Establish Education Tax Credits:** The Executive Budget Financial Plan includes the costs of proposed new refundable and non-refundable tax credits to provide $150 million in tax relief annually through the Parental Choice in Education Act.

- **Other Tax Extenders/Credits:** Other significant tax actions include enhancing the Urban Youth Jobs Program Tax Credit and other extensions of tax credits, including for hiring veterans, clean heating fuel usage, and increased credits for low income housing.

Annual Spending Growth

The Executive Budget Financial Plan reflects the proposal that FY 2017 annual spending growth in State Operating Funds be held to 1.7 percent, which is below the 2 percent spending benchmark. All Funds spending, which includes spending from capital funds and Federal funds, is expected to increase by 1.2 percent from the level estimated for FY 2016, excluding extraordinary aid.

TOTAL DISBURSEMENTS
(millions of dollars)

	FY 2015 Results	FY 2016 Current	Annual Change	Annual % Change	FY 2017 Proposed	Annual Change	Annual % Change
STATE OPERATING FUNDS	**92,426**	**94,289**	**1,863**	**2.0%**	**95,898**	**1,609**	**1.7%**
General Fund (excluding transfers)	54,255	57,563	3,308	6.1%	59,133	1,570	2.7%
Other State Funds	31,949	31,230	(719)	-2.3%	31,259	29	0.1%
Debt Service Funds	6,222	5,496	(726)	-11.7%	5,506	10	0.2%
ALL GOVERNMENTAL FUNDS	**138,642**	**143,587**	**4,945**	**3.6%**	**145,366**	**1,779**	**1.2%**
State Operating Funds	92,426	94,289	1,863	2.0%	95,898	1,609	1.7%
Capital Projects Funds	7,548	9,268	1,720	22.8%	9,682	414	4.5%
Federal Operating Funds	38,668	40,030	1,362	3.5%	39,786	(244)	-0.6%
ALL GOVERNMENTAL FUNDS (INCL. EXTRAORDINARY AID)	**143,891**	**152,078**	**8,187**	**5.7%**	**154,580**	**2,502**	**1.6%**
Federal Disaster Aid for Superstorm Sandy	1,960	1,775	(185)	-9.4%	1,100	(675)	-38.0%
Federal Health Care Reform	3,289	5,974	2,685	81.6%	6,791	817	13.7%
Monetary Settlements for Capital Spending	0	742	742	0.0%	1,323	581	78.3%
GENERAL FUND (INCLUDING TRANSFERS)	**62,856**	**72,583**	**9,727**	**15.5%**	**70,636**	**(1,947)**	**-2.7%**
STATE FUNDS	**98,148**	**102,153**	**4,005**	**4.1%**	**105,276**	**3,123**	**3.1%**

Extraordinary aid relates to (a) Federal health care reform, which includes the ACA, the new EP, and the Federal waiver to transform the State's health care system, all of which increase the flow of Federal Funds through the State's Financial Plan; (b) Federal aid that is expected to pass through the State's Financial Plan to local governments, public authorities, and not-for-profits for recovery from Superstorm Sandy; and (c) capital spending from monetary settlements with financial institutions. When extraordinary aid is included, All Funds disbursements are projected to total $154.6 billion in FY 2017, an increase of 1.6 percent from FY 2016.

The following table illustrates the major sources of the estimated change in State spending from FY 2016 to FY 2017 by major program, purpose, and fund perspective.

STATE SPENDING MEASURES
(millions of dollars)

	FY 2016 Current	FY 2017 Proposed	Annual Change $	Annual Change %
LOCAL ASSISTANCE	**63,032**	**64,328**	**1,296**	**2.1%**
School Aid (School Year Basis)	23,233	24,224	991	4.3%
DOH Medicaid[1]	17,480	18,038	558	3.2%
Transportation	4,797	4,990	193	4.0%
STAR	3,337	3,228	(109)	-3.3%
Social Services	2,921	2,870	(51)	-1.7%
Higher Education	2,982	2,650	(332)	-11.1%
Mental Hygiene	2,636	2,513	(123)	-4.7%
All Other[2]	5,646	5,815	169	3.0%
STATE OPERATIONS/FRINGE BENEFITS	**25,804**	**26,112**	**308**	**1.2%**
State Operations	**18,478**	**18,476**	**(2)**	**0.0%**
Personal Service:	12,957	12,809	(148)	-1.1%
Executive Agencies	7,263	7,183	(80)	-1.1%
Extra Bi-Weekly Institutional Pay Period	167	0	(167)	n/a
University Systems	3,621	3,692	71	2.0%
Elected Officials	1,906	1,934	28	1.5%
Non-Personal Service:	5,521	5,667	146	2.6%
Executive Agencies	2,761	2,827	66	2.4%
University Systems	2,183	2,232	49	2.2%
Elected Officials	577	608	31	5.4%
Fringe Benefits/Fixed Costs	**7,326**	**7,636**	**310**	**4.2%**
Pension Contribution	2,209	2,370	161	7.3%
Health Insurance	3,479	3,710	231	6.6%
Other Fringe Benefits/Fixed Costs	1,638	1,556	(82)	-5.0%
DEBT SERVICE	**5,452**	**5,455**	**3**	**0.1%**
CAPITAL PROJECTS	**1**	**3**	**2**	**200.0%**
TOTAL STATE OPERATING FUNDS	**94,289**	**95,898**	**1,609**	**1.7%**
Capital Projects (State and Federal Funds)[3]	**9,268**	**9,682**	**414**	**4.5%**
Federal Operating Aid[3]	**40,030**	**39,786**	**(244)**	**-0.6%**
TOTAL ALL GOVERNMENTAL FUNDS[3]	**143,587**	**145,366**	**1,779**	**1.2%**

[1] Includes Essential Plan.

[2] "All Other" includes public health, other education, local government assistance, parks, environment, economic development, public safety, and reconciliation between school year and State fiscal year spending for School aid.

[3] Capital Projects, Federal Operating Funds, and All Funds disbursements exclude extraordinary aid for Federal health care reform and Superstorm Sandy, and capital spending from the monetary settlements. Including disbursements for these purposes, All Funds disbursements are expected to total $154.6 billion in FY 2017, an increase of 1.6 percent.

Closing Balance for FY 2017

DOB projects that the State will end FY 2017 with a General Fund cash balance of $3.2 billion, a decrease of $1.9 billion from the FY 2016 closing balance. The decline reflects the planned transfers of monetary settlements ($2.1 billion), use of Community Projects Fund resources ($16 million), and use of the collective bargaining reserve to fund the recent labor agreements ($15 million). This decrease is partly offset by the planned set aside of $240 million for potential retroactive labor agreements with CUNY unions, which is contingent upon enactment of the changes in financial responsibilities for CUNY senior colleges proposed in the Executive Budget Financial Plan.

Balances in the State's principal "rainy day" reserves, the Tax Stabilization Reserve Fund and the Rainy Day Reserve Fund, are expected to remain unchanged in FY 2017.

The Executive Budget Financial Plan maintains a reserve of $500 million for debt management purposes in FY 2017, unchanged from the level held at the end of FY 2016. DOB will decide on the use of these funds based on market conditions, Financial Plan needs, and other factors.

TOTAL BALANCES
(millions of dollars)

	FY 2016 Current	FY 2017 Proposed	Annual Change
TOTAL GENERAL FUND BALANCE	**5,011**	**3,158**	**(1,853)**
Statutory Reserves:			
"Rainy Day" Reserve Funds	1,798	1,798	0
Community Projects Fund	60	44	(16)
Contingency Reserve Fund	21	21	0
Fund Balance Reserved for:			
Debt Management	500	500	0
Possible CUNY Labor Agreement	0	240	240
Prior-Term Labor Agreements	15	0	(15)
Monetary Settlements	2,617	555	(2,062)

Cash Flow

The State authorizes the General Fund to borrow resources temporarily from available funds in the Short-Term Investment Pool ("STIP") for up to four months, or to the end of the fiscal year, whichever period is shorter. The State last used this authorization in April 2011 when the General Fund needed to temporarily borrow a minimal amount of funds from STIP for a period of five days. The amount of resources that can be borrowed by the General Fund is limited to the available balances in STIP, as determined by the State Comptroller. Available balances include money in the State's governmental funds and a relatively small amount of other money belonging to the State. Several accounts in Debt Service Funds and Capital Projects Funds that are part of All Governmental Funds are excluded from the balances deemed available in STIP. These excluded funds consist of bond proceeds and money obligated for debt service payments.

DOB expects that the State will have sufficient liquidity to make all planned payments as they become due through FY 2017, as reflected in the following table that includes month-end cash balance projections. The State continues to reserve money on a quarterly basis for debt service payments that are financed with General Fund resources. Money to pay debt service on bonds secured by dedicated receipts, including PIT bonds and Sales Tax bonds, continues to be set aside as required by law and bond covenants.

ALL FUNDS MONTH-END CASH BALANCES
FY 2017
(millions of dollars)

	General Fund	Other Funds	All Funds
April	7,229	7,708	14,937
May	4,283	8,179	12,462
June	4,338	8,175	12,513
July	4,046	8,927	12,973
August	3,263	9,375	12,638
September	6,418	6,730	13,148
October	5,352	7,015	12,367
November	3,102	7,071	10,173
December	4,976	6,637	11,613
January	5,673	9,130	14,803
February	5,468	9,234	14,702
March	3,158	7,120	10,278

Monetary Settlements

The Department of Financial Services ("DFS"), Department of Law, and the Manhattan District Attorney's Office have reached financial settlements with a number of banks and other associated entities for violations of New York banking laws, and with a number of insurance companies and other associated entities for violations of New York insurance laws. The State has received a total of $8.3 billion from monetary settlements since the beginning of FY 2015, and expects to receive another $215 million by the end of the current fiscal year for a total of $8.5 billion. Of this amount, $5.4 billion was allocated in the FY 2016 Budget and $627 million has been set aside for Financial Plan operations, as planned. The FY 2017 Executive Budget proposes using another $2.3 billion of settlement money for investments that supplement State activities, including: transportation ($900 million); homeless and affordable housing ($640 million); economic development ($255 million); expand anti-poverty initiatives ($25 million); and to promote municipal consolidation ($20 million). The balance will be used to supplement the EPF ($120 million) and to fund the three-year toll credit for certain regular users of the Thruway ($340 million), leaving $215 million in reserve.

SUMMARY OF SETTLEMENTS BETWEEN REGULATORS AND FINANCIAL INSTITUTIONS (millions of dollars)

	FY 2015	FY 2016	Total
Monetary Settlements	**4,942**	**3,605**	**8,547**
BNP Paribas	2,243	1,348	3,591
Department of Financial Services (DFS)	2,243	0	2,243
Asset Forfeiture (DANY)	0	1,348	1,348
Deutsche Bank	0	800	800
Credit Suisse AG	715	30	745
Commerzbank	610	82	692
Barclays	0	670	670
Credit Agricole	0	459	459
Bank of Tokyo Mitsubishi	315	0	315
Bank of America	300	0	300
Standard Chartered Bank	300	0	300
Morgan Stanley	0	150	150
Bank Leumi	130	0	130
Ocwen Financial	100	0	100
Citigroup (State Share)	92	0	92
Goldman Sachs	0	50	50
MetLife Parties	50	0	50
American International Group, Inc.	35	0	35
PricewaterhouseCoopers	25	0	25
AXA Equitable Life Insurance Company	20	0	20
Promontory	0	15	15
New Day	0	1	1
Other Settlements	7	0	7

List of Settlements Received/Expected

The following settlement payments were received or are expected by the State in FY 2015 and FY 2016.

- BNP Paribas, S.A. New York Branch ("BNPP") paid nearly $3.6 billion pursuant to (i) a June 29, 2014 consent order between DFS and BNPP and (ii) a June 30, 2014 plea agreement between BNPP and the New York County District Attorney in connection with conduct by BNPP which violated U.S. national security and foreign policy and raised serious safety and soundness concerns for regulators. BNPP's conduct included obstructing governmental administration, failing to report crimes and misconduct, offering false instruments for filing, and falsifying business records.

- Credit Suisse AG paid a $715 million civil monetary penalty pursuant to a May 18, 2014 consent order between DFS and Credit Suisse AG. This consent order pertained to Credit Suisse AG's decades-long operation of an illegal cross-border banking business whereby Credit Suisse AG knowingly and willfully (i) aided thousands of U.S. clients in opening and maintaining undeclared accounts, and (ii) concealed offshore assets and income from the Internal Revenue Service and New York authorities. On February 1, 2016, the Office of the Attorney General announced in a press release that Credit Suisse Securities (USA) LLC will pay the State $30 million to settle investigations into false statements and omissions made in connection with the marketing of dark pools and other high-speed electronic equities trading services.

- Commerzbank AG New York Branch and Commerzbank AG (collectively "Commerzbank") paid a $610 million civil monetary penalty pursuant to a March 12, 2015 consent order between Commerzbank and DFS. This consent order pertained to Commerzbank's transactions on behalf of Iran, Sudan, and a Japanese corporation which engaged in accounting fraud in violation of New York State Banking Law and regulations. Additionally, Commerzbank AG paid $81.7 million in fines and forfeiture payments pursuant to a Deferred Prosecution Agreement between Commerzbank, the New York County District Attorney's Office and the United States Department of Justice. This Deferred Prosecution Agreement pertained to Commerzbank's actions in moving more than $250 million through the U.S. financial system, primarily on behalf of Iranian and Sudanese customers in violation of U.S. sanctions, by concealing the illegal nature of these transactions and deceiving U.S. banks into processing illegal wire payments.

- Deutsche Bank AG and Deutsche Bank AG New York Branch (collectively "Deutsch Bank") paid a $600 million civil monetary penalty in accordance with an April 23, 2015 consent order between Deutsche Bank and DFS. This consent order pertained to Deutsche Bank's manipulation of benchmark interest rates, including (i) the London Interbank Offered Rate, (ii) the Euro Interbank Offered Rate and (iii) the Euroyen Tokyo Interbank Offered Rate, in violation of New York State Banking Law and regulations.

- Deutsche Bank paid an additional $200 million civil monetary penalty pursuant to a November 3, 2015 consent order between DFS and Deutsche Bank. This consent order pertained to Deutsche Bank's use of non-transparent methods and practices to conduct more than 27,200 U.S. dollar clearing transactions, valued at over $10.86 billion, on behalf of Iranian, Libyan, Syrian, Burmese, and Sudanese financial institutions and other entities subject to U.S. economic sanctions, including entities on the Specially Designated Nationals List of the U.S. Treasury Department's Office of Foreign Assets Control.

- Barclays paid $635 million, which included (i) a $485 million civil monetary penalty in accordance with a May 2015 consent order between Barclays and DFS, and (ii) a $150 million civil monetary penalty in accordance with a November 2015 consent order between Barclays and DFS. The May 2015 consent order pertained to Barclays' attempted manipulation of benchmark foreign exchange rates and other manipulative conduct in violation of New York State Banking Law and regulations. The November 2015 consent order pertained to Barclays' automated electronic foreign exchange trading misconduct. On February 1, 2016, the Office of the Attorney General announced that Barclays Capital Inc. will pay the State $35 million to settle investigations into false statements and omissions made in connection with the marketing of their dark pools and other high-speed electronic equities trading services.

- Credit Agricole paid $459 million, which included (i) a $385 million civil monetary penalty pursuant to an October 2015 consent order between DFS and Credit Agricole, and (ii) an asset forfeiture of $74 million pursuant to a deferred prosecution agreement with the New York County District Attorney's office. Both the consent order and deferred prosecution agreement pertained to Credit Agricole's processing billions of dollars of payments on behalf of certain sanctioned parties.

- The Bank of Tokyo-Mitsubishi UFJ. Ltd. ("BTMU") paid a $315 million civil monetary penalty pursuant to a November 18, 2014 consent order between DFS and BTMU. This consent order pertained to BTMU's wrongful actions in misleading DFS concerning BTMU's U.S. dollar clearing services conducted on behalf of sanctioned Sudanese, Iranian, and Burmese parties. Previously, BTMU paid a $250 million civil monetary penalty pursuant to a June 19, 2013 consent order between DFS and BTMU. Such consent order pertained to BTMU's unlawful clearance through the New York Branch and other New York-based financial institutions of approximately 28,000 U.S. dollar payments, valued at approximately $100 billion, on behalf of certain sanctioned parties.

- Bank of America ("BofA") paid $300 million pursuant to an August 18, 2014 settlement agreement to remediate harms related to BofA's violations of State law in connection with the packaging, origination, marketing, sale, structuring, arrangement, and issuance of residential mortgage-backed securities and collateralized debt obligations. The settlement agreement is the result of investigations by Federal and State entities into BofA Corporation, Bank of America, N.A., and Banc of America Mortgage Securities, as well as their current and former subsidiaries and affiliates.

- Standard Chartered Bank, New York Branch ("SCB NY") paid $300 million pursuant to an August 19, 2014 consent order between the DFS and SCB NY for failure to fully comply with a September 21, 2012 consent order between the parties. The August 19, 2014 consent order pertained to SCB NY's use of ineffective risk management systems for the identification and management of compliance risks related to compliance with the Bank Security Act ("BSA") and anti-money laundering ("AML") laws, rules, and regulations. Such risks included U.S. dollar clearing for clients of SCB United Arab Emirates and SCB Hong Kong, among others.

- Morgan Stanley is to pay the State $150 million pursuant to a 2016 settlement agreement between the Office of the Attorney General and Morgan Stanley. This settlement agreement pertained to harms to the State allegedly resulting from Morgan Stanley's creation, packaging, marketing, underwriting, sale, structuring, arrangement, and issuance of residential mortgage-backed securities in 2006 and 2007.

- Bank Leumi paid a $130 million civil monetary penalty pursuant to a December 22, 2014 consent order between DFS and Bank Leumi. This consent order pertained to Bank Leumi's (i) knowing and willful operation of a wrongful cross-border banking business which assisted U.S. clients in concealing offshore assets and evading U.S. tax obligations, and (ii) misleading DFS about Bank Leumi's improper activities.

- Ocwen Financial ("Ocwen") paid a $100 million civil monetary penalty and another $50 million as restitution to current and former Ocwen borrowers pursuant to a December 19, 2014 consent order between DFS and Ocwen. This consent order pertained to, among other things, numerous and significant violations of a 2011 agreement between Ocwen and DFS which required Ocwen to adhere to certain servicing practices in the best interest of borrowers and investors. The $100 million payment is to be used by the State for housing, foreclosure relief, and community redevelopment programs supporting New York's housing recovery. The $50 million restitution payment will be used to make $10,000 payments to current and former Ocwen borrowers in New York whose homes were foreclosed upon by Ocwen between January 1, 2009 and December 19, 2014. The balance of the $50 million will then be distributed equally among borrowers who had foreclosure actions filed against them by Ocwen between January 1, 2009 and December 19, 2014, but in which Ocwen did not complete such foreclosure action.

- Citigroup Inc. ("Citigroup") paid $92 million pursuant to a July 2014 settlement agreement to remediate harms to the State resulting from the packaging, marketing, sale, structuring, arrangement, and issuance of residential mortgage-backed securities and collateralized debt obligations. The settlement agreement is the result of investigations by Federal and State entities into Citigroup.

- Goldman Sachs Group, Inc. and Goldman Sachs and Co. (collectively "Goldman") paid a $50 million civil monetary penalty pursuant to an October 2015 consent order between DFS and Goldman. This consent order pertained to Goldman's failure to implement and maintain adequate policies and procedures relating to post-employment restrictions of former government employees.

- American Life Insurance Company ("ALICO"), Delaware American Life Insurance Company ("DelAm"), and MetLife, Inc. ("MetLife") (collectively "MetLife Parties") paid $50 million as a civil fine pursuant to a March 31, 2014 consent order between DFS and MetLife Parties. This consent order pertained to a DFS investigation into whether ALICO and DelAm conducted an insurance business in New York without a New York license, and aided other insurers in conducting insurance businesses in New York without a New York license.

- American International Group, Inc. ("AIG") paid a $35 million civil monetary penalty pursuant to an October 31, 2014 consent order between DFS and AIG. This consent order pertained to a DFS investigation which uncovered former subsidiaries ALICO and DelAm (i) solicited insurance business in New York without a license, and (ii) made intentional misrepresentations and omissions to DFS concerning such activities.

- PricewaterhouseCoopers LLP ("PwC") paid $25 million pursuant to an August 14, 2014 settlement agreement between DFS and PwC to (i) resolve the DFS's investigation of PwC's actions in performing certain consulting services for the Tokyo Branch of The Bank of Tokyo-Mitsubishi UFJ, Ltd. in 2007 and 2008, and (ii) establish the basis for a constructive relationship between the parties that will better protect investors and the public.

- AXA Equitable Life Insurance Company ("AXA") paid a $20 million civil fine pursuant to a March 17, 2014 consent order between DFS and AXA. The consent order pertained to whether AXA properly informed DFS regarding the implementation of its "AXA Tactical Manager" strategy.

- Promontory Financial Group, LLC ("Promontory") paid the State $15 million pursuant to an August 18, 2015 agreement between DFS and Promontory. This agreement pertained to Promontory's performance of regulatory compliance work for Standard Chartered Bank wherein Promontory failed to meet DFS's requirements for consultants performing such regulatory compliance work.

- New Day Financial LLC Fulton, Maryland ("New Day") paid a $1 million civil monetary penalty pursuant to a November 18, 2015 consent order between the DFS and New Day. The consent order pertained to New Day's violation of the Nationwide Multistate Licensing System and Registry Rules of Conduct and New York Mortgage Banking laws.

Uses of Monetary Settlements

The Executive Budget Financial Plan reflects the Executive's intention to continue to apply the majority of the settlement resources to fund capital investments.

PROPOSED USE/RESERVE OF AVAILABLE SETTLEMENTS (millions of dollars)	
TOTAL SETTLEMENTS (FY 2015 - FY 2017)	**(8,547)**
Financial Plan - Purposes (FY 2015 - FY 2017)	(627)
FY 2016 Enacted Budget Initiatives	(5,405)
FY 2017 Executive Budget Proposed Uses	(2,300)
Transfer to Dedicated Infrastructure Investment Fund	(1,840)
New York State Thruway Toll Credit	(340)
Transfer to Environmental Protection Fund	(120)
Unbudgeted Reserve	(215)

The FY 2017 Executive Budget Financial Plan reflects the proposed use of $2.3 billion in unbudgeted settlement funds for a variety of purposes including: $1.84 billion to be transferred from the General Fund to the DIIF during FY 2017; $340 million for the Thruway Toll Credit described below; and $120 million for the EPF.

Resources are proposed to be transferred to DIIF to fund the following initiatives:

- **Thruway Stabilization Plan ($700 million):** The Executive Budget invests in Thruway infrastructure, on top of last year's commitment of $1.285 billion. This two-year investment of nearly $2 billion will support both the New NY Bridge project and other transportation infrastructure needs for the rest of the Thruway's core system across the State. Further, this Executive Budget proposal is predicated on the expectation that it should allow the Thruway Authority to be able to freeze tolls for all drivers until at least 2020.

- **Transportation Capital Plan ($200 million):** The Executive Budget allocates settlement funds towards transportation infrastructure projects across the State, consistent with the $22.1 billion five-year State Transportation Capital Plan. This plan will improve roads, bridges, airports, rail facilities, ports, and transit systems funded through the Department of Transportation ("DOT") budget and make State-funded investments in the Thruway.

- **Housing and Homeless Plan ($640 million):** The Executive Budget establishes a comprehensive multi-year investment in affordable housing, services and other housing opportunities for individuals and families who are homeless or at risk of homelessness. Funds will be invested over the next five years to create new housing opportunities for individuals and families in need of supportive services, as well as to assist vulnerable populations in securing stable housing. In FY 2017, it is proposed that $640 million of settlement funds be directed towards this effort, including $590 million for capital projects and $50 million for other service costs.

- **Economic Development ($255 million):** The Executive Budget includes $170 million to continue support of the revitalization of upstate New York through a competitive process. An additional $85 million will continue the economic development strategy of creating jobs, strengthening and diversifying economies, and generating economic opportunities across the State.

- **Empire State Poverty Reduction Initiative ($25 million):** The Executive Budget includes new funding to significantly expand the anti-poverty initiative begun in 2015. Planning grants totaling $5 million will be available in ten communities with high concentrations of poverty. In addition, $20 million will be available for grants to match private sector and foundation funding.

- **Municipal Consolidation Competition ($20 million):** The Executive Budget proposes funding for a new Municipal Consolidation Competition to encourage the reduction of costs through a competitive process, to be administered by the Department of State.

The DIIF legislation permits the use of available funds in case of economic downturn, or to cover disallowances or settlements related to overpayment of Federal Medicare and Medicaid revenues in excess of $100 million. While the legislation authorizes the State to access these resources under these circumstances, the Executive Budget Financial Plan does not assume these resources would be diverted from DIIF under these circumstances.

Other Uses

- **Thruway Toll Credit ($340 million):** Proposes monetary settlement resources fund a State personal income tax credit to eligible Thruway motorists, such as frequent travelers, small businesses, and farmers.

- **EPF ($120 million):** Proposes monetary settlement resources be directed toward the EPF. These and other EPF resources would provide dedicated funding to communities throughout New York State to improve the environment, combat climate change, and reduce greenhouse gas emissions.

New resources totaling $215 million are expected to be received by the State by the end of FY 2016, and it is planned that these resources will remain in reserve for future use.

April - December 2015 Operating Results

This section provides a summary of operating results for the nine-month period of April 2015 through December 2015 compared to (1) the initial projections set forth in the FY 2016 Enacted Budget; (2) the revised projections of the Mid-Year Update to the Financial Plan; and (3) the operating results for the same time period of the prior fiscal year (April 2014 through December 2014). The explanation of variance is mainly focused on results compared to initial projections.

General Fund Results

The State ended December 2015 with a General Fund closing balance of $12.7 billion, $5.5 billion higher than initially estimated in the FY 2016 Enacted Budget Financial Plan. The increase reflects $2.6 billion in higher than expected tax receipts, $1.4 billion in unanticipated monetary settlements, and $1.5 billion in lower spending.

GENERAL FUND OPERATING RESULTS
April through December 2015
(millions of dollars)

				Above/(Below) Variance	
	Initial Plan	**Mid-Year Plan**	**Results**	**Initial Plan**	**Mid-Year Plan**
Opening Balance	**7,300**	**7,300**	**7,300**	**0**	**0**
Total Receipts	**49,414**	**52,257**	**53,402**	**3,988**	**1,145**
Taxes:	45,447	47,226	48,073	2,626	847
Personal Income Tax[1]	30,497	31,998	32,649	2,152	651
Consumption / Use Taxes[1]	9,844	9,482	9,555	(289)	73
Business Taxes	3,585	3,804	3,885	300	81
Other Taxes[1]	1,521	1,942	1,984	463	42
Receipts and Grants	3,445	4,543	4,849	1,404	306
Transfers From Other Funds	522	488	480	(42)	(8)
Total Spending	**49,460**	**49,592**	**47,961**	**(1,499)**	**(1,631)**
Local Assistance	30,503	30,387	29,406	(1,097)	(981)
Agency Operations (including GSCs)	10,319	10,531	10,554	235	23
Debt Service Transfer	508	499	496	(12)	(3)
Capital Projects Transfer	1,810	1,862	1,271	(539)	(591)
State Share of Mental Hygiene Medicaid Transfer	1,858	1,852	1,789	(69)	(63)
SUNY Operations Transfer	1,000	998	998	(2)	-
All Other Transfers	3,462	3,463	3,447	(15)	(16)
Change in Operations	**(46)**	**2,665**	**5,441**	**5,487**	**2,776**
Closing Balance	**7,254**	**9,965**	**12,741**	**5,487**	**2,776**

[1] Includes transfers from other funds after debt service.

Through December 2015, General Fund receipts, including transfers from other funds, were almost $4.0 billion higher than the FY 2016 Enacted Budget Financial Plan projections reflected in the AIS, including higher tax receipts ($2.6 billion) and miscellaneous receipts ($1.4 billion).

Higher tax collections include PIT receipts ($2.2 billion), due to stronger than anticipated estimated payments for tax year 2015 and lower than expected refunds for tax year 2014; other taxes ($463 million), driven mostly by six (an atypically high number of) estate tax payments in excess of $25 million; and business tax collections ($300 million) from greater than estimated corporate franchise tax gross receipts. These increases are partly offset by lower consumption/use tax collections due to refunds and accounting adjustments ($289 million).

These results have been the basis for a nearly $1.1 billion increase to estimated tax receipts in FY 2016 since the FY 2016 Enacted Budget Financial Plan projections reflected in the AIS.

Miscellaneous receipts are higher, largely due to $1.4 billion in unanticipated monetary settlements with financial institutions for the violation of banking laws which have been reflected in the Executive Budget Financial Plan (See "Monetary Settlements" herein), including:

- Barclays ($635 million to date; another $35 million expected by March 31, 2016)
- Credit Agricole ($459 million)
- Deutsche Bank ($200 million)
- Goldman Sachs ($50 million)
- Promontory Financial Group ($15 million)
- New Day Financial ($1 million)

Through December 2015, General Fund disbursements, including transfers to other funds, were $1.5 billion lower than initial projections.

Local assistance spending was $1.1 billion lower than initially planned in the FY 2016 Enacted Budget Financial Plan projections, with the largest under spending occurring in education-and higher education programs due mainly to the timing of payments. Since the initial estimates, local assistance spending has been reduced by roughly $200 million across multiple programs and activities.

Higher agency operational spending is mainly due to lower escrow receipts from other funds (particularly from the mental hygiene agencies), which offset General Fund GSC spending ($235 million). Other agency operations spending was slightly below projections. Agency operations spending has been reduced by approximately $50 million since initial projections.

Lower General Fund transfers are almost entirely attributable to delayed transfers for capital projects ($539 million) resulting from earlier bond proceeds reimbursements.

State Operating Funds Results

The State ended December 2015 with a closing balance of $16.3 billion in State Operating Funds, $6.0 billion above the FY 2016 Enacted Budget Financial Plan projection reflected in the AIS. The higher closing balance reflects the combination of higher tax receipts ($2.7 billion), unanticipated monetary settlements ($1.4 billion), higher miscellaneous receipts ($418 million), lower spending ($1.2 billion), and higher financing from other sources ($387 million).

STATE OPERATING FUNDS RESULTS
April through December 2015
(millions of dollars)

				Above/(Below) Variance	
	Initial Plan	Mid-Year Plan	Results	Initial Plan	Mid-Year Plan
Opening Balance	**9,890**	**9,890**	**9,890**	**0**	**0**
Total Receipts	**66,066**	**69,222**	**70,519**	**4,453**	**1,297**
Taxes:	50,708	52,545	53,383	2,675	838
Personal Income Tax	31,931	33,395	34,021	2,090	626
Consumption / Use Taxes	11,648	11,400	11,472	(176)	72
Business Taxes	4,647	4,853	4,962	315	109
Other Taxes	2,482	2,897	2,928	446	31
Miscellaneous/Federal Receipts	15,358	16,677	17,136	1,778	459
Total Spending	**66,054**	**65,747**	**64,889**	**(1,165)**	**(858)**
Local Assistance	43,851	43,843	42,895	(956)	(948)
Agency Operations (including GSCs)	19,883	19,791	19,882	(1)	91
Debt Service	2,320	2,113	2,111	(209)	(2)
Capital Projects	0	0	1	1	1
Other Financing Sources	**436**	**243**	**823**	**387**	**580**
Change in Operations	**448**	**3,718**	**6,453**	**6,005**	**2,735**
Closing Balance	**10,338**	**13,608**	**16,343**	**6,005**	**2,735**

Through December 2015, total receipts in State Operating Funds were $4.5 billion higher than the FY 2016 Enacted Budget Financial Plan projections. This increase is comprised of higher tax collections ($2.7 billion) and higher miscellaneous receipts ($1.8 billion), including monetary settlements with financial institutions ($1.4 billion) and State Lottery receipts ($126 million).

State Operating Funds spending was $1.2 billion lower than initial projections due mainly to lower spending in local assistance ($956 million) and debt service ($209 million). The local assistance variance is consistent with the General Fund variances described earlier. The debt service variance reflects lower payments resulting from refunding savings. Other financing sources represent the difference between transfers to and from State Operating Funds. Lower than anticipated transfers for capital project initiatives contributed to the variance.

All Governmental Funds Results

The State ended December 2015 with an All Governmental Funds closing balance of $16.2 billion, $6.7 billion above the FY 2016 Enacted Budget Financial Plan projections. Higher receipts ($5.7 billion) and lower spending ($1.0 billion) contribute to the variance.

All GOVERNMENTAL FUNDS RESULTS
April through December 2015
(millions of dollars)

	Initial Plan	Mid-Year Plan	Results	Above/(Below) Variance Initial Plan	Above/(Below) Variance Mid-Year Plan
Opening Balance	**9,355**	**9,355**	**9,355**	**0**	**0**
Total Receipts	**106,179**	**109,605**	**111,874**	**5,695**	**2,269**
Taxes:	51,746	53,583	54,434	2,688	851
Personal Income Tax	31,931	33,395	34,021	2,090	626
Consumption / Use Taxes	12,123	11,875	11,961	(162)	86
Business Taxes	5,126	5,332	5,442	316	110
Other Taxes	2,566	2,981	3,011	445	30
Miscellaneous Receipts	18,442	19,795	20,207	1,765	412
Federal Grants	35,991	36,227	37,233	1,242	1,006
Total Spending	**105,987**	**105,506**	**104,943**	**(1,044)**	**(563)**
State Operating Funds:	66,054	65,747	64,889	(1,165)	(858)
Local Assistance	43,851	43,843	42,895	(956)	(948)
Agency Operations (including GSCs)	19,883	19,791	19,882	(1)	91
Debt Service	2,320	2,113	2,111	(209)	(2)
Capital Projects	0	0	1	1	1
Capital Projects Funds	6,594	6,007	6,524	(70)	517
Federal Operating Funds	33,339	33,752	33,530	191	(222)
Other Financing Sources	**(62)**	**(63)**	**(66)**	**(4)**	**(3)**
Change in Operations	**130**	**4,036**	**6,865**	**6,735**	**2,829**
Closing Balance	**9,485**	**13,391**	**16,220**	**6,735**	**2,829**

Through December 2015, total All Funds receipts were $5.7 billion higher than the FY 2016 Enacted Budget Financial Plan projections and include higher tax receipts ($2.7 billion), miscellaneous receipts ($1.8 billion), and Federal grants ($1.2 billion).

The tax and miscellaneous receipts variance is consistent with the explanations described earlier. Higher Federal grants reflects timing-based variances across several agencies, including higher reimbursement for Medicaid ($634 million), the EP ($502 million), capital projects ($487 million), and public assistance ($291 million); which is offset by lower reimbursement for Homeland Security ($459 million) and SUNY ($319 million).

Through December 2015, All Funds spending was $1 billion below FY 2016 Enacted Budget Financial Plan projections. In addition to the State Operating Funds and Capital spending variances described earlier, Federal Operating Funds spending was $191 million higher. The Federal variance reflects higher spending for health care ($304 million) and social services ($261 million), which is partly offset by lower spending for Homeland Security ($352 million) costs due to delays in Federal reimbursement for previous disaster-related costs.

All Governmental Funds Annual Change

All Governmental Funds year-to-date results include a higher opening balance ($5.3 billion), growth in receipts ($5.8 billion), and higher spending ($3.6 billion) compared to the same period in the prior year.

All GOVERNMENTAL FUNDS RESULTS YEAR-OVER-YEAR
April through December
(millions of dollars)

	FY 2015 Results	FY 2016 Results	Increase/(Decrease) $	%
Opening Balance	**4,035**	**9,355**	**5,320**	
Total Receipts	**106,028**	**111,874**	**5,846**	**5.5%**
Taxes:	49,740	54,434	4,694	9.4%
Personal Income Tax	30,174	34,021	3,847	12.7%
Consumption / Use Taxes	11,766	11,961	195	1.7%
Business Taxes	5,288	5,442	154	2.9%
Other Taxes	2,512	3,011	499	19.8%
Miscellaneous Receipts	21,415	20,207	(1,208)	-5.6%
Federal Grants	34,873	37,233	2,360	6.8%
Total Spending	**101,311**	**104,943**	**3,632**	**3.6%**
State Operating Funds:	63,644	64,889	1,245	2.0%
Local Assistance	41,496	42,895	1,399	3.4%
Agency Operations (including GSCs)	19,379	19,882	503	2.6%
Debt Service	2,768	2,111	(657)	-23.7%
Capital Projects	1	1	-	0.0%
Capital Projects Funds	5,453	6,524	1,071	19.6%
Federal Operating Funds	32,214	33,530	1,316	4.1%
		-		
Other Financing Sources	**(53)**	**(66)**	**(13)**	
Change in Operations	**4,664**	**6,865**	**2,201**	
Closing Balance	**8,699**	**16,220**	**7,521**	

All Funds tax receipts are $4.7 billion higher, including PIT collections ($3.8 billion) due to stronger withholding, growth in extension payments attributable to tax year 2014, and estimated FY 2015 tax year payments; consumption/use taxes ($195 million) primarily from an increase in taxable purchases subject to the sales and use tax; business taxes ($153 million) based on higher corporate franchise tax gross receipts payments; and other taxes ($499 million) from growth in large estate tax payments and New York City real estate transfer tax payments.

Miscellaneous receipts are $1.2 billion below the prior year due mainly to a larger amount of monetary settlements paid to the State in FY 2015 ($1.3 billion); and a decline in SIF assessment reserves transferred to the State consistent with the terms of FY 2014 enacted legislation ($750 million). These decreases are partly offset by higher receipts from capital project financing sources ($785 million) such as bond proceeds.

The $2.4 billion growth in Federal grants includes health care revenue ($2.1 billion), education ($492 million), capital projects ($237 million), and social services ($225 million); offset by a decline in reimbursement for Homeland Security and emergency services costs ($638 million).

Through December 2015, All Funds spending is $3.6 billion above the prior year, comprised of State Operating Funds ($1.2 billion), Federal Operating Funds ($1.3 billion), and Capital Projects Funds ($1.1 billion).

State Operating Funds local assistance growth includes expected increases in health care ($1.1 billion), education ($806 million) mainly for school aid increases, and social services ($180 million). Higher agency operations' spending includes an additional administrative payroll ($332 million) and budgeted fringe benefit cost increases for pension and health insurance costs ($257 million). The decline in debt service spending from the prior year ($657 million) is largely due to the prepayment of FY 2016 debt service costs in FY 2015 and refunding results.

Federal spending growth includes health care ($1.4 billion), consistent with the impact of the ACA and new health care costs under the EP. Other growth includes education ($518 million) and social services ($192 million). Spending declined in Homeland Security and emergency services costs due to lower disaster-related spending ($689 million).

Growth in capital projects spending is primarily attributable to work associated with the New NY Bridge ($425 million), the Buffalo Billion economic development initiative ($206 million), State Revolving Fund Clean Water activities ($183 million), and the Kosciusko Bridge in New York City ($98 million).

Other Matters Affecting the State Financial Plan

General

The Updated Financial Plan is subject to complex economic, social, financial, political, and environmental risks and uncertainties, many of which are outside the ability of the State to control. DOB believes that the projections of receipts and disbursements in the Updated Financial Plan are based on reasonable assumptions, but there can be no assurance that actual results will not differ materially and adversely from these projections. In certain fiscal years, actual receipts collections have fallen substantially below the levels forecasted. In addition, the surplus projections in future years are based on the assumption that annual growth in State Operating Funds spending is limited to 2 percent, and that all savings that result from the 2 percent limit will be made available to the General Fund.

DOB routinely executes cash management actions to manage the State's large and complex budget. These actions are intended for a variety of purposes that include improving the State's cash flow, managing resources within and across fiscal years, assisting in the adherence to spending targets and better positioning the State to address future risks and unanticipated costs, such as economic downturns, unexpected revenue deterioration and unplanned expenditures. In recent years, the State has made certain payments above those initially planned to maintain budget flexibility. All payments made above the planned amount are reflected in the year they occur and adhere to the limit of the State's 2 percent spending benchmark.

The Updated Financial Plan is based on numerous assumptions, including the condition of the State and national economies and the concomitant receipt of economically sensitive tax receipts in the amounts projected. Other uncertainties and risks concerning the economic and receipts forecasts include the impact of: national and international events, ongoing financial instability in the Euro-zone; changes in consumer confidence, oil supplies and oil prices; major terrorist events, hostilities or war; climate change and extreme weather events; potential pandemics; Federal statutory and regulatory changes concerning financial sector activities; changes concerning financial sector bonus payouts, as well as any future legislation governing the structure of compensation; shifts in monetary policy affecting interest rates and the financial markets; financial and real estate market developments which may adversely affect bonus income and capital gains realizations; the effect of household debt reduction on consumer spending and State tax collections; and the outcome of litigation and other claims affecting the State.

Among other factors, the Updated Financial Plan is subject to various other uncertainties and contingencies relating to: wage and benefit increases for State employees that exceed projected annual costs; changes in the size of the State's workforce; the realization of the projected rate of return for pension fund assets and current assumptions with respect to wages for State employees affecting the State's required pension fund contributions; the willingness and ability of the Federal government to provide the aid expected in the Updated Financial Plan; the ability of the State to implement cost reduction initiatives, including reductions in State agency operations, and the success with which the State controls expenditures; and the ability of the State and its public authorities to market securities successfully in the public credit markets. Some of these issues are described in more detail herein. The projections and assumptions contained in the Updated Financial Plan are subject to revisions which may result in substantial change. No assurance can be given that these estimates and projections, which depend in part upon actions the State expects to be taken but which are not within the State's control, will be realized.

Budget Risks and Uncertainties

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid; delays in or suspension of capital maintenance and construction; extraordinary financing of operating expenses; or other measures. In some cases, the ability of the State to implement such actions requires the approval of the Legislature and cannot be implemented solely by the action of the Governor.

The Updated Financial Plan projections for the outyears assume that School Aid and Medicaid disbursements will be limited to the annual growth in NYS personal income and the ten-year average growth of the medical component of the consumer price index ("CPI"), respectively. However, the FY 2014 Enacted Budget, FY 2015 Enacted Budget and FY 2016 Enacted Budget authorized spending for School Aid to increase above the growth in personal income that would otherwise be used to calculate the school year increases. The FY 2017 Executive Budget Financial Plan reflects the proposed increase to School Aid of 4.3 percent, compared to the personal income indexed rate of 3.9 percent.

State law grants the Governor certain powers to achieve the Medicaid savings assumed in the Updated Financial Plan. However, there can be no assurance that these powers will be sufficient to limit the rate of annual growth in the Department of Health ("DOH") State Funds Medicaid spending to the levels estimated in the Updated Financial Plan. In addition, savings are dependent upon timely Federal approvals, revenue performance in the State's HCRA fund (which finances approximately one-third of the DOH State-share costs of Medicaid), and the participation of health care industry stakeholders.

The forecast contains specific transaction risks and other uncertainties including, but not limited to: the receipt of certain payments from public authorities; the receipt of miscellaneous revenues at the levels expected in the Updated Financial Plan, and the achievement of cost-saving measures including, but not limited to, the transfer of available fund balances to the General Fund at the levels currently projected. Such risks and uncertainties, if they were to materialize, could have an adverse impact on the Financial Plan in the current year or future years. With respect to the level of revenues projected in the Updated Financial Plan associated with newly authorized gaming activity in the State, there is an estimated $151 million in total payments to the State required of three casino awardees by March 31, 2016, but due to the timing of this transaction, such payments may not be recognized as receipts by the end of FY 2016 as currently projected.

Federal Issues

The State receives a substantial amount of Federal aid for health care, education, transportation, and other governmental purposes, as well as Federal funding to address response to, and recovery from, severe weather events and other disasters. Despite modest legislative adjustments to the budgetary caps contained in the Budget Control Act of 2011, the possibility for a reduction in Federal support is elevated so long as the caps remain in place. Any reduction in Federal funding levels could have a materially adverse impact on the Financial Plan. In addition, the Financial Plan may be adversely affected by other actions taken by the Federal government, including audits, disallowances, and changes to Federal participation rates or other Medicaid rules. Issues of particular concern are described below.

Medicaid Redesign Team ("MRT") Medicaid Waiver

The Federal Centers for Medicare & Medicaid Services ("CMS") and the State have reached an agreement authorizing up to $8 billion in new Federal funding, over several years, to transform New York's health care system and ensure access to quality care for all Medicaid beneficiaries. This funding, provided through an amendment to the State's Partnership Plan 1115 Medicaid waiver, is divided among the Interim Access Assurance Fund ("IAAF"), the Delivery System Reform Incentive Payment ("DSRIP") Program, Health Homes, and various other Medicaid redesign initiatives.

Since January 1, 2014, in accordance with provisions of the ACA, New York State has been eligible for enhanced Federal Medical Assistance Percentage ("FMAP") associated with childless adults. The DOH continues to work with the CMS, and to refine the eligibility data systems to draw the appropriate amount of enhanced FMAP. This reconciliation may result in a modification of payments to the State and local governments.

Federal Debt Ceiling

In October 2013, an impasse in Congress caused a temporary Federal government shutdown and raised concern for a time that the Federal debt ceiling would not be raised in a timely manner. Including the temporary suspension of the debt limit that ended that standoff in 2013, Congress has passed three suspensions since then, the most recent extending through March of 2017.

A Federal government default on payments, particularly for a prolonged period, could have a materially adverse effect on the national and State economies, financial markets, and intergovernmental aid payments. The specific effects on the Financial Plan of a Federal government default in the future are unknown and impossible to predict. However, data from past economic downturns suggest that the State's revenue loss could be substantial if the economy goes into a recession due to a Federal default.

A payment default by the United States may adversely affect the municipal bond market. Municipal issuers, as well as the State, could face higher borrowing costs and impaired market access. This would jeopardize planned capital investments in transportation infrastructure, higher education facilities, hazardous waste remediation, environmental projects, and economic development projects. Additionally, the market for and market value of outstanding municipal obligations, including municipal obligations of the State, could be adversely affected.

Affordable Care Act - Excise Tax on High-Cost Employer Sponsored Health Coverage ("Cadillac Tax")

The "Cadillac Tax" is a 40 percent excise tax to be assessed on the portion of the premium for an employer-sponsored health insurance plan that exceeds a certain annual limit. The tax was passed into law in 2010 as a component of the Federal Affordable Care Act. That law was amended in December 2015 to delay the effective date of the tax from calendar year 2018 to calendar year 2020. Final guidance from the Internal Revenue Service is still pending. DOB has no current estimate as to the potential financial impact on the State from this Federal excise tax.

Current Labor Negotiations (Current Contract Period)

For the contract period FY 2012 - FY 2015, the State has settled collective bargaining agreements with 99 percent of the State workforce subject to direct Executive control. Seven-year agreements through FY 2018 were achieved for officers in the Division of State Police represented by the Police Benevolent Association of the New York State Troopers ("NYSPBA") in two distinct bargaining units: the Commissioned/Non-Commissioned Officers ("CO/NCO") unit and the Troopers unit. The estimated costs of salary increases associated with NYSPBA agreements, inclusive of fringe benefit costs, are $41 million in FY 2016; $28 million in FY 2017; and $34 million in fiscal years subsequent to FY 2017. These costs are partially offset by health benefit savings resulting from increases to employee/retiree premium shares, co-pays, out-of-pocket deductibles and coinsurance.

Five-year agreements with employees represented by the Civil Service Employees Association ("CSEA"), the United University Professions ("UUP"), the New York State Correctional Officers and Police Benevolent Association ("NYSCOPBA"), Council 82, District Council-37 ("DC-37") (Housing), and the Graduate Student Employees Union ("GSEU") will expire at the end of FY 2016. Employees represented by the Public Employees Federation ("PEF") and NYSPBA negotiated four-year agreements that expired at the end of FY 2015.

In FY 2015, general salary increases of 2 percent were provided to all employees with settled agreements. In FY 2016, another 2 percent increase was provided to employees with five-year agreements. The Division of State Police Troopers and CO/NCO also received a 2 percent increase in FY 2016, and will receive 1.5 percent increases in FY 2017 and FY 2018, respectively.

The union representing State Police Investigators has no contract in place for the period April 2011 forward. The PEF- and NYSPBA-represented employees have no contracts in place for the period April 2015 forward. The State is currently engaged in collective bargaining with these unions.

Minimum Wage Increase

The Governor has proposed a phase-in schedule to raise the minimum wage to $15 an hour for State employees, including SUNY. Given existing and expected salary levels for State employees, DOB does not expect this change will have a material impact on State costs.

Pension Amortization[5]

Background

Under legislation enacted in August 2010, the State and local governments may amortize (defer paying) a portion of their annual pension costs. Amortization temporarily reduces the pension costs that must be paid by public employers in a given fiscal year, but results in higher costs overall when repaid with interest.

In FY 2015, the State made a total pension payment to the New York State and Local Retirement System ("NYSLRS") of $1.7 billion and amortized $619.5 million (the maximum amount legally allowable). The total payment included an additional $18.8 million to pay off the 2006 amortization cost. In addition, the State's OCA made a total pension payment of $268 million and amortized $93.6 million (the maximum amount legally allowable). This included an additional $21 million to pay off the 2011 retirement incentive liability. The total deferred amount of the FY 2015 pension payment — $713.1 million — will be repaid with interest over the next ten years, with the final payment being made in FY 2025.

The State is required to begin repayment on each new amortization in the fiscal year immediately following the year in which the deferral was made. The full amount of each amortization, with interest, must be repaid within ten years, but the amount can be paid off sooner. The annual interest rate on each new amortization is determined by OSC, and is fixed for the entire term of the deferral.

For amounts amortized in FY 2011 through FY 2016, the State Comptroller set interest rates of 5 percent, 3.75 percent, 3 percent, 3.67 percent, 3.15 percent and 3.21 percent, respectively. The normal annual employer contribution to the NYSLRS is based on rates established by the NYSLRS Actuary using the annual fund valuation and actuarially prescribed policies and procedures. Employer contribution rates are established for both ERS and PFRS. These rates are then applied to the State-employee salary base for each respective employee group. The State's normal annual contribution is the total bill, excluding payments for deficiency, group life, previous amortizations, incentive costs, administrative costs, and prior-year adjustments.

The amortization rates (i.e., the graded rates) for ERS and PFRS are determined by a formula enacted in the 2010 legislation. The respective graded rates always move toward their system's average normal rate by up to 1 percent per year. When the average normal rate is more than

[5] The information contained under this heading was prepared solely by DOB and reflects the budgetary aspects of pension amortization. The information that appears later in this document, under the section entitled "State Retirement System" was furnished solely by OSC.

1 percent greater than the graded rate, the use of the amortization program reduces the portion of the normal contribution that is payable immediately. The balance of the normal contribution may be amortized. However, when the graded rate equals or exceeds the normal average rate, amortization is not allowed. Additionally, when the graded rate is more than 1 percent greater than the average normal rate, the employer is required to pay the graded rate. Any additional contributions are first used to pay off existing amortizations. If all amortizations have been paid, any excess is deposited into a reserve account and used to offset future increases in contribution rates.

For both the ERS and the PFRS, the following table provides: i) system average normal rates; and ii) amortization (graded) rates.

Fiscal Year (FY)	New York State Employees' Retirement System (ERS)		New York State Police and Fire Retirement System (PFRS)	
	Normal Rates (GLIP Portion)[1]	Graded Rates (does not apply to GLIP)	Normal Rates (GLIP Portion)	Graded Rates (does not apply to GLIP)
FY 2011	11.9 (0.4)	9.5	18.2 (0.1)	17.5
FY 2012	16.3 (0.4)	10.5	21.6 (0.0)	18.5
FY 2013	18.9 (0.4)	11.5	25.8 (0.1)	19.5
FY 2014	20.9 (0.4)	12.5	28.9 (0.0)	20.5
FY 2015	20.1 (0.4)	13.5	27.6 (0.1)	21.5
FY 2016	18.2 (0.5)	14.5	24.7 (0.0)	22.5
FY 2017	15.5 (0.4)	15.1	24.3 (0.0)	23.5

[1] Group Life Insurance Plan (GLIP) portion reflected in parenthesis along with normal rates.

Outyear Projections

All projections are based on projected market returns and numerous actuarial assumptions which, if unrealized, could change these projections materially.

In FY 2016, the NYSLRS (ERS and PFRS) updated its actuarial assumptions based on the results of the 2015 five-year experience study. In September 2015, the System announced that employer contribution rates would decrease for FY 2017 and the assumed rate of return would be lowered from 7.5 percent to 7 percent. The salary scale assumptions were also changed — for ERS the scale was reduced from 4.8 percent to 3.8 percent and for PFRS the scale was reduced from 5.4 percent to 4.5 percent. Factoring in these and other assumptions, the average contribution rate for ERS will decrease from 18.2 percent of payroll to 15.5 percent, or about 15 percent, while the average contribution rate for PFRS will decrease from 24.7 percent of payroll to 24.3 percent, or approximately 2 percent.

The FY 2017 ERS/PFRS pension estimate of $2.1 billion that is reflected in the Updated Financial Plan incorporates the estimate prepared by the Comptroller's Office in October, includes payment of prior amortizations in the amount of $432 million, and also reflects additional interest savings by acceleration of the non-Judiciary pension payment to April 2016 as part of the Executive Budget proposal. The total payment estimates are inclusive of both the non-Judiciary and Judiciary components.

The following table provides the aggregate pension costs across all the various systems associated with State employees: i) ERS for both the Executive Branch and the Judiciary; ii) PFRS for the Executive; iii) Teachers' Retirement System ("TRS") for both SUNY and the State Education Department ("SED"); iv) Optional Retirement Program ("ORP") for both SUNY and SED; and v) NYS Voluntary Defined Contribution Plan ("VDC"). Amortization (graded) rates, deferrals and repayments are provided for ERS (Executive and Judiciary) and PFRS (Executive).

STATE PENSION COSTS AND AMORTIZATION SAVINGS
(millions of dollars)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
AMORTIZATION THRESHOLDS (Graded Rate)										
ERS (%)	9.5	10.5	11.5	12.5	13.5	14.5	15.1	15.1	14.6	14.8
PFRS (%)	17.5	18.5	19.5	20.5	21.5	22.5	23.5	23.8	23.3	23.5
STATEWIDE PENSION PAYMENTS	**1,470**	**1,696**	**1,601**	**2,086**	**2,118**	**2,209**	**2,370**	**2,480**	**2,488**	**2,546**
Gross Pension Costs	1,633	2,140	2,192	2,744	2,438	2,170	1,938	2,048	2,056	2,114
(Amortization Amount) / Excess Contributions	(250)	(563)	(779)	(937)	(713)	(353)	0	0	0	0
Repayment of Amortization (incl. FY 2005 and FY 2006)	87	119	188	279	393	392	432	432	432	432

The next table reflects projected pension contributions and amortizations exclusively for the Executive Branch and Judiciary employees participating in the ERS and PFRS. The "Normal Costs" column shows the amount of the State's pension cost prior to amortization, as authorized in 2010. The "(Amortized) / Excess Contributions" column shows amounts deferred (i.e., amortized) or payments of outstanding contingencies. The "Amortization Payments" column provides the amount paid in a given fiscal year (principal and interest on deferrals) as authorized in 2010. The "Total" column provides the State's actual or planned pension contribution, net of amortization.

EMPLOYEE RETIREMENT SYSTEM AND POLICE AND FIRE RETIREMENT SYSTEM[1]
PENSION CONTRIBUTIONS AND OUTYEAR PROJECTIONS
(millions of dollars)

Fiscal Year	Normal Costs[2]	(Amortized)/Excess Contributions	Amortization Payments	Total
Results:				
2011	1,543.2	(249.6)	0.0	1,293.6
2012	2,037.5	(562.8)	32.3	1,507.0
2013	2,076.1	(778.5)	100.9	1,398.5
2014	2,633.8	(937.0)	192.1	1,888.9
2015	2,325.8	(713.1)	305.6	1,918.3
Projections:				
2016	1,966.5	(353.1)	389.9	2,003.3
2017	1,715.5	0.0	431.7	2,147.2
2018	1,821.8	0.0	431.7	2,253.5
2019	1,825.4	0.0	431.7	2,257.1
2020	1,878.0	0.0	431.7	2,309.7
2021	1,911.4	0.0	431.7	2,343.1
2022	1,977.8	0.0	399.4	2,377.2
2023	1,993.5	0.0	330.9	2,324.4
2024	2,009.1	0.0	239.7	2,248.8
2025	2,024.4	0.0	126.1	2,150.5
2026	2,039.6	0.0	41.8	2,081.4
2027	2,054.3	0.0	0.0	2,054.3
2028	2,068.9	0.0	0.0	2,068.9
2029	2,061.5	0.0	0.0	2,061.5
2030	2,052.1	0.0	0.0	2,052.1

[1] Pension contribution values in this table do not include pension costs related to the Optional Retirement Program and Teachers' Retirement System for SUNY and SED, whereas the projected pension costs in other Financial Plan tables include such pension disbursements.

[2] Normal costs include payments from amortizations prior to FY 2011, which will end in FY 2016 as a result of early repayments.

Other Post-Employment Benefits ("OPEB")

State employees become eligible for post-employment benefits (e.g., health insurance) if they reach retirement while working for the State, are enrolled in the NYSHIP, or are enrolled in the NYSHIP opt-out program at the time they reach retirement, and have at least ten years of eligible service for NYSHIP benefits. The cost of providing post-retirement health insurance is shared between the State and the retired employee. Contributions are established by law and may be amended by the Legislature. The State pays its share of costs on a Pay-As-You-Go ("PAYGO") basis as required by law.

In accordance with the Governmental Accounting Standards Board ("GASB") Statement 45, the State must perform an actuarial valuation every two years for purposes of calculating OPEB liabilities. As disclosed in Note 13 of the State's Basic Financial Statements for FY 2015, the State's Annual Required Contribution ("ARC") represents the projected annual level of funding that, if set aside on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded liabilities of the plan over a period not to exceed 30 years. Amounts required but not actually set aside to pay for these benefits are accumulated, with interest, as part of the net OPEB obligation, after adjusting for amounts previously required.

As reported in the State's Basic Financial Statements for FY 2015, the unfunded actuarial accrued liability for FY 2015 is $77.4 billion ($63.426 billion for the State and $13.933 billion for SUNY), an increase of $9.2 billion from FY 2014 (attributable entirely to the State). The unfunded actuarial accrued liability for FY 2015 used an actuarial valuation of OPEB liabilities as of April 1, 2014 for the State, and April 1, 2012 for SUNY. These valuations were determined using the Frozen Entry Age actuarial cost method, and are amortized over an open period of 30 years using the level percentage of projected payroll amortization method. Driving a significant portion of the annual growth in the State's unfunded actuarial accrued liability is the adoption of new generational mortality projection tables developed by the Society of Actuaries reflecting an improvement in life expectancy in future years, resulting in increases to accrued liabilities and the present value of projected benefits. Also driving a portion of the annual growth are the expected increases in NYSHIP costs due to health care cost trends and utilization increases.

The actuarially determined annual OPEB cost for FY 2015 totaled $3 billion ($2.3 billion for the State and $0.7 billion for SUNY), an increase of $20 million from FY 2014 ($17 million for the State and $3 million for SUNY). The actuarially determined cost is calculated using the Frozen Entry Age actuarial cost method, allocating costs on a level basis over earnings. The actuarially determined cost was $1.5 billion ($1 billion for the State and $0.5 billion for SUNY) greater than the cash payments for retiree costs made by the State in FY 2015. This difference between the State's PAYGO costs, and the actuarially determined ARC under GASB Statement 45, reduced the State's net asset condition at the end of FY 2015 by $1.5 billion.

GASB does not require the additional costs to be funded on the State's budgetary (cash) basis, and no additional funding is assumed for this purpose in the Updated Financial Plan. The State continues to finance these costs, along with all other employee health care expenses, on a PAYGO basis.

There is no provision in the Updated Financial Plan to fund the ARC for OPEB. If the State began making a contribution, the additional cost above the PAYGO amounts would be lowered. The State's Health Insurance Council, which consists of the Governor's Office of Employee Relations ("GOER"), Civil Service and DOB, will continue to review this matter and seek input from the State Comptroller, the legislative fiscal committees and other outside parties. However, it is not expected that the State will alter its planned funding practices.

The State is currently examining GASB Statement 75 which amends GASB Statement 45 requirements. The GASB Statement 75 will alter the actuarial methods used to calculate OPEB liabilities, standardize asset smoothing and discount rates, and require the funded status of the OPEB liabilities to be reported by the State. The State does not currently expect to implement the GASB Statement 75 changes until the State's FY 2019 financial statements.

Litigation

Litigation against the State may include potential challenges to the constitutionality of various actions. The State may also be affected by adverse decisions that are the result of various lawsuits. Such adverse decisions may not meet the materiality threshold to warrant individual description but, in the aggregate, could still adversely affect the Updated Financial Plan. For more information, see the section entitled "Litigation and Arbitration" later in this AIS Update.

Update on Storm Recovery

In recent years, New York State has sustained damage from three powerful storms that crippled entire regions. In August 2011, Hurricane Irene disrupted power and caused extensive flooding to various New York State counties. In September 2011, Tropical Storm Lee caused flooding in additional New York State counties and, in some cases, exacerbated the damage caused by Hurricane Irene two weeks earlier. On October 29, 2012, Superstorm Sandy struck the East Coast, causing widespread infrastructure damage and economic losses to the greater New York region. The frequency and intensity of these storms present economic and financial risks to the State. Reimbursement claims for costs of the immediate response are being processed, and both recovery and future mitigation efforts have begun, largely supported by Federal funds. In January 2013, the Federal government approved approximately $60 billion in Federal disaster aid for general recovery, rebuilding and mitigation activity nationwide. It is anticipated that New York State, the MTA, and New York State localities may receive approximately one-half of this amount over the coming years for response, recovery, and mitigation costs. There can be no assurance that all anticipated Federal disaster aid described above will be provided to the State and its affected entities, or that such Federal disaster aid will be provided on the expected schedule.

Climate Change Adaptation

Climate change poses long-term threats to physical and biological systems. Potential hazards and risks related to climate change for the State include, among other things, rising sea levels, more severe coastal flooding and erosion hazards, and more intense storms. Storms in recent years, including Superstorm Sandy, Hurricane Irene, and Tropical Storm Lee, have demonstrated vulnerabilities in the State's infrastructure (including mass transit systems, power transmission and distribution systems, and other critical lifelines) to extreme weather events, including coastal flooding caused by storm surges. Significant long-term planning and investment by the Federal government, State, municipalities, and public utilities are expected to be needed for adapting existing infrastructure to climate change risks.

Financial Condition of New York State Localities

The fiscal demands on State aid may be affected by the fiscal conditions of New York City and potentially other localities, which rely in part on State aid to balance their budgets and meet their cash requirements. Certain localities outside New York City, including cities and counties, have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. In 2013, the Financial Restructuring Board for Local Governments was created to provide assistance to distressed local governments by performing comprehensive reviews, and providing grants and loans as a condition of implementing recommended efficiency initiatives.

Bond Market

Implementation of the Updated Financial Plan is dependent on the State's ability to market its bonds successfully. The State finances much of its capital spending in the first instance from the General Fund or the STIP, which it then reimburses with proceeds from the sale of bonds. If the State cannot sell bonds at the levels (or on the timetable) expected in the capital plan, the State's overall cash position and capital funding plan may be adversely affected. The success of projected public sales will, among other things, be subject to prevailing market conditions. Future developments in the financial markets, including possible changes in Federal tax law relating to the taxation of interest on municipal bonds, as well as future developments concerning the State and public discussion of such developments, generally may affect the market for outstanding State-supported and State-related debt.

Debt Reform Act Limit

The Debt Reform Act of 2000 ("Debt Reform Act") restricts the issuance of State-supported debt to capital purposes only, and for maximum terms of 30 years. The Debt Reform Act limits the amount of new State-supported debt to 4 percent of State personal income, and new State-supported debt service costs to 5 percent of All Funds receipts. The restrictions apply to all new State-supported debt issued since April 1, 2000. The cap on new State-supported debt outstanding began at 0.75 percent of personal income in FY 2001, and was fully phased in at 4 percent of personal income during FY 2011. The cap on new State-supported debt service costs began at 0.75 percent of All Funds receipts in FY 2001, and was fully phased in at 5 percent during FY 2014. The State was in compliance with the statutory caps in the most recent calculation period (FY 2015).

DOB projects that debt outstanding and debt service will continue to remain below the limits imposed by the Debt Reform Act. Based on the most recent personal income and debt outstanding forecasts, the available room under the debt outstanding cap is expected to decline from $4.4 billion in FY 2016 to $189 million in FY 2020. This includes the estimated impact of the bond-financed portion of proposed increased capital commitment levels. Debt outstanding and debt service caps continue to include the existing SUNY Dormitory Facilities lease revenue bonds, which are backed by a general obligation pledge of SUNY. Bonds issued under the new SUNY Dormitory Facilities Revenue credit (which are not backed by a general obligation pledge of SUNY) are not included in the State's calculation of debt caps. Capital spending priorities and debt financing practices may be adjusted from time to time to preserve available debt capacity and stay within the statutory limits, as events warrant.

DEBT OUTSTANDING SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT (millions of dollars)	
Year	Personal Income	Cap %	Cap $	Debt Outstanding Since April 1, 2000	$ Remaining Capacity	Debt as a % of PI	% Remaining Capacity	Debt Outstanding Prior to April 1, 2000	Total State-Supported Debt Outstanding
FY 2016	1,142,275	4.00%	45,691	41,288	4,403	3.61%	0.39%	9,590	50,878
FY 2017	1,195,907	4.00%	47,836	44,944	2,892	3.76%	0.24%	8,285	53,230
FY 2018	1,256,498	4.00%	50,260	48,738	1,522	3.88%	0.12%	6,922	55,660
FY 2019	1,320,585	4.00%	52,823	52,193	630	3.95%	0.05%	5,870	58,063
FY 2020	1,384,080	4.00%	55,363	55,174	189	3.99%	0.01%	4,948	60,123
FY 2021	1,448,554	4.00%	57,942	57,358	584	3.96%	0.04%	3,477	60,835

DEBT SERVICE SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT (millions of dollars)	
Year	All Funds Receipts	Cap %	Cap $	Debt Service Since April 1, 2000	$ Remaining Capacity	DS as a % of Revenue	% Remaining Capacity	Debt Service Prior to April 1, 2000	Total State-Supported Debt Service
FY 2016	153,743	5.00%	7,687	4,087	3,600	2.66%	2.34%	1,339	5,426
FY 2017	152,915	5.00%	7,646	4,439	3,206	2.90%	2.10%	990	5,429
FY 2018	157,233	5.00%	7,862	4,901	2,960	3.12%	1.88%	1,397	6,298
FY 2019	159,885	5.00%	7,994	5,405	2,590	3.38%	1.62%	1,372	6,776
FY 2020	163,971	5.00%	8,199	5,868	2,330	3.58%	1.42%	1,356	7,224
FY 2021	170,971	5.00%	8,549	6,244	2,304	3.65%	1.35%	1,192	7,436

Secured Hospital Program

Under the Secured Hospital Program, the State entered into service contracts to enable certain financially distressed not-for-profit hospitals to have tax-exempt debt issued on their behalf, to pay for the cost of upgrading their primary health care facilities. In the event of revenue shortfalls to pay debt service on the Secured Hospital bonds, which include hospital payments made under loan agreements between the Dormitory Authority of the State of New York ("DASNY") and the hospitals and certain reserve funds held by the applicable trustees for the bonds, the service contracts obligate the State to pay debt service, subject to annual appropriations by the Legislature, on bonds issued by DASNY through the Secured Hospital Program. As of December 31, 2015, there were approximately $297 million of bonds outstanding for this program.

The financial condition of hospitals in the State's Secured Hospital Program continues to deteriorate. Of the remaining financially distressed hospitals, one is experiencing significant operating losses that have impaired its ability to remain current on its loan agreement with DASNY. In relation to the Secured Hospital Program, the State's contingent contractual obligation was invoked to pay debt service for the first time in FY 2014 when $12 million was paid, and again in FY 2015 when $24 million was paid. DASNY also estimates the State will pay debt service costs of approximately $19 million in FY 2016, approximately $25 million in FY 2017, and approximately $14 million annually in FY 2018 through FY 2021. These amounts are based on the actual experience to date of the participants in the program, and would cover the debt service costs for one hospital that currently is not meeting the terms of its loan agreement with DASNY, a second financially distressed hospital whose debt service obligation was discharged in bankruptcy but is paying rent which offsets a portion of the debt service, and a third hospital that is now closed. The State has estimated additional exposure of up to $24 million annually, if all financially distressed hospitals failed to meet the terms of their agreements with DASNY and if available reserve funds were depleted.

SUNY Downstate Hospital and Long Island College Hospital (“LICH”)

In May 2011, the New York State Supreme Court issued an order (the "May 2011 Order") that approved the transfer of real property and other assets of LICH to a New York State not-for-profit corporation (“Holdings”), the sole member of which is SUNY. Subsequent to such transfer, Holdings leased the LICH hospital facility to SUNY University Hospital at Brooklyn ("Downstate Hospital"). In 2012, DASNY issued tax exempt State PIT Revenue Bonds ("PIT Bonds"), to refund approximately $120 million in outstanding debt originally incurred by LICH and assumed by Holdings.

To address the deteriorating financial condition of Downstate Hospital, which has been caused in part by the deteriorating financial position of LICH, legislation adopted with the FY 2014 Enacted Budget required the Chancellor of SUNY to submit to the Governor and the Legislature a multi-year sustainability plan to: a) set forth recommendations necessary to achieve financial stability for Downstate Hospital, and b) preserve the academic mission of Downstate Hospital’s medical school. In accordance with this legislation, the Chancellor of SUNY submitted the sustainability plan for Downstate Hospital on May 31, 2013, and supplemented the plan with changes in a letter dated June 13, 2013. The supplemented plan was approved by both the Commissioner of Health and the Director of the Budget on June 13, 2013. Generally, the approved sustainability plan anticipates: a) a significant restructuring of health care service lines at Downstate Hospital in order to achieve financial milestones assumed in the sustainability plan, and supported by State financial assistance from DOH; and b) monetizing the LICH asset value to support the costs associated with Downstate Hospital exiting LICH operations. Consistent with the sustainability plan, as supplemented, SUNY, together with Holdings, issued a request for proposals (“RFP”) to provide healthcare services in or around the LICH facilities and to purchase the LICH real estate.

In 2013, State Supreme Court Judge Demarest, who issued the May 2011 Order, issued, sua sponte, certain additional orders that could have affected the validity of the May 2011 Order. Also, in 2013, State Supreme Court Judge Baynes issued a series of orders that, effectively, precluded SUNY from exiting LICH operations. On February 25, 2014, Judges Demarest and Baynes approved a settlement whereby all parties agreed to discharge their claims, and the judges vacated their orders. Pursuant to a court-approved settlement in 2014, SUNY, together with Holdings, issued a new RFP seeking a qualified party to provide or arrange to provide health care services at LICH and to purchase the LICH property. The structure of the settlement also increased the likelihood that sufficient proceeds from the transaction would be available to support defeasance of the PIT Bonds by setting a minimum purchase price.

In accordance with the settlement, Holdings has entered into a purchase and sale agreement with FPG Cobble Hill Acquisitions, LLC (the "purchaser"), an affiliate of Fortis Property Group, LLC ("Fortis") (also party to the agreement), which proposes to purchase the LICH property, and with NYU Hospitals Center which will provide both interim and long-term health care services. The Fortis affiliate plans to develop a mixed-use project. The agreement was approved by the Offices of the Attorney General and the State Comptroller, and the sale of all or substantially all, of the assets of Holdings was approved by the State Supreme Court in Kings County. The Initial Closing was held as of September 1, 2015 and on September 3, 2015, sale proceeds of approximately $120 million were transferred to the trustee for the PIT Bonds which were paid and legally defeased from such proceeds. Title to 17 of the 20 properties was conveyed to the special purpose entities formed by the Purchaser to hold title.

The next closing, when title to the New Medical Site ("NMS") portion of the LICH property is to be conveyed to NYU Hospitals Center (the "NMS Closing") is anticipated to occur on or before June 30, 2016. However, the New Medical Site must be conveyed with all improvements fully demolished and all environmental issues remediated by Fortis. The external demolition of the buildings has been the subject of a court ordered restraint. As of October 29, 2015, the restraint has been removed. In its efforts to complete the demolition and environmental remediation, Fortis has continued to deal with challenges raised by adjoining property owners and community groups. It is possible that continuing and new challenges may delay the NMS Closing.

The final closing is anticipated to occur within 36 months after the NMS Closing. At the final closing, title to the two remaining portions of the LICH properties, will be conveyed to special purpose entities of Fortis, and Holdings will receive the balance of the purchase price, $120 million less the remaining down payment. The final closing is conditioned upon completion of the construction of the New Medical Building by NYU Hospitals Center and relocation of the emergency department to the New Medical Building.

There can be no assurance that the resolution of legal, financial, and regulatory issues surrounding LICH, including the payment of outstanding liabilities, will not have a materially adverse impact on SUNY.

Consensus Revenue Forecast

On March 1, 2016, the Director of the Budget and all Secretaries of the Senate Finance and Assembly Ways and Means Committees, issued a joint report containing a consensus forecast for the economy and projections of receipts for the current and ensuing fiscal year. In the consensus forecast report, the parties agreed that receipts over the two-year period (FYs 2016 and 2017) were projected to exceed the Executive Budget forecast by $225 million. The consensus forecast is not reflected in the Updated Financial Plan.

Financial Plan Projections - Fiscal Years 2017 through 2020

Introduction

This section presents the State's multi-year Updated Financial Plan projections for receipts and disbursements, reflecting the impact of revisions to the FY 2016 Enacted Budget Financial Plan described in this AIS Update. This section includes projections for FY 2016 through FY 2020, with an emphasis on the FY 2017 projections.

The State's cash-basis budgeting system, complex fund structure, and practice of earmarking certain tax receipts for specific purposes complicate the discussion of the State's receipts and disbursements projections. Therefore, to minimize the distortions caused by these factors and, equally important, to highlight relevant aspects of the projections, DOB has adopted the following approaches in summarizing the projections:

- **Receipts:** The detailed discussion of tax receipts covers projections for both the General Fund and State Funds (including capital projects). The State Funds perspective reflects overall estimated tax receipts before their diversion among various funds and accounts, including tax receipts dedicated to capital projects funds (which fall outside of the General Fund and State Operating Funds accounting perspectives). DOB believes this presentation provides a clearer picture of projected receipts, trends and forecast assumptions, by factoring out the distorting effects of earmarking certain tax receipts.

- **Disbursements:** Roughly 40 percent of projected State-financed spending for operating purposes (excluding transfers) is accounted for outside of the General Fund and is primarily concentrated in the areas of health care, School Aid, higher education, transportation and mental hygiene. To provide a clearer picture of spending commitments, the multi-year projections and growth rates are presented, where appropriate, on both a General Fund and State Operating Funds basis.

In evaluating the State's multi-year operating forecast, it should be noted that the reliability of the estimates and projections as a predictor of the State's future financial position is likely to diminish the further removed such estimates and projections are from the date of this AIS Update. Accordingly, in terms of out-year projections, the first outyear of the FY 2017 budget, FY 2018 projections, is the most relevant from a planning perspective.

Summary

The Updated Financial Plan reflects a 2 percent annual growth in State Operating Funds, consistent with the expectation of adherence with a 2 percent spending benchmark.

The surplus projections for FY 2018 and thereafter set forth in the Updated Financial Plan reflect the savings that DOB estimates would be realized if the Governor continues to propose, and the Legislature continues to enact, balanced budgets in future years that limit annual growth in State Operating Funds spending to no greater than 2 percent. The estimated savings are labeled in the Updated Financial Plan tables as "Adherence to 2 percent Spending Benchmark." While surplus projections reflect the savings estimated from adherence to the 2 percent spending benchmark, disbursement totals in the Updated Financial Plan tables and discussion do not assume these savings. If the State does not adhere to the 2 percent State Operating Funds spending benchmark in FY 2017, FY 2018, and FY 2019, budget gaps may result in these years.

The following tables present the Updated Financial Plan multi-year projections for the General Fund and State Operating Funds, as well as reconciliation between the State Operating Funds projections and the General Fund budget gaps. The tables are followed by a summary of the multi-year receipts and disbursements forecasts.

GENERAL FUND PROJECTIONS (millions of dollars)	FY 2016 Current	FY 2017 Proposed	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected
RECEIPTS					
Taxes (After Debt Service)	63,247	65,388	68,229	69,156	72,332
Miscellaneous Receipts/Federal Grants	5,820	2,642	2,522	2,561	2,390
Other Transfers	1,227	753	718	716	701
Total Receipts	**70,294**	**68,783**	**71,469**	**72,433**	**75,423**
DISBURSEMENTS					
Local Assistance Grants	44,153	45,427	47,724	50,123	52,716
School Aid	20,049	20,703	22,005	23,211	24,559
Medicaid/EP	12,196	12,629	13,141	13,771	14,474
All Other	11,908	12,095	12,578	13,141	13,683
State Operations	8,222	8,234	8,644	8,565	8,699
Personal Service	6,139	6,025	6,126	6,221	6,269
Non-Personal Service	2,083	2,209	2,518	2,344	2,430
General State Charges	5,188	5,472	5,825	6,048	6,424
Transfers to Other Funds	15,020	11,503	10,509	10,939	11,318
Debt Service	1,282	725	1,304	1,218	1,108
Capital Projects	6,148	3,759	2,105	2,228	2,543
State Share of Mental Hygiene Medicaid	2,159	1,433	1,301	1,238	1,127
SUNY Operations	998	985	997	997	997
All Other	4,433	4,601	4,802	5,258	5,543
Total Disbursements	**72,583**	**70,636**	**72,702**	**75,675**	**79,157**
Adherence to 2% Spending Benchmark[1]	**n/a**	**n/a**	**1,643**	**3,227**	**4,568**
Use (Reservation) of Fund Balance:	**2,289**	**1,853**	**112**	**113**	**114**
Community Projects Fund	14	16	(1)	0	0
Possible CUNY Labor Agreement	0	(240)	0	0	0
Prior-Term Labor Agreements	35	15	0	0	0
Undesignated Fund Balance	190	0	0	0	0
Monetary Settlements[2]	2,050	2,062	113	113	114
BUDGET SURPLUS/(GAP) PROJECTIONS	**0**	**0**	**522**	**98**	**948**

[1] Savings estimated from limiting annual spending growth in future years to 2 percent. Calculation based on current FY 2017 projections. The Governor is expected to propose, and negotiate with the Legislature to enact, budgets in each fiscal year that hold State Operating Funds spending growth to 2 percent. Assumes all savings from holding spending growth to 2 percent are made available to the General Fund. Total disbursements in Financial Plan tables and discussion do not reflect these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

[2] FY 2016 and FY 2017 reflects transfers from the General Fund to the Dedicated Infrastructure Investment Fund ($4.55 billion in FY 2016 and $1.84 billion in FY 2017); the mental hygiene account for Federal disallowance repayment ($850 million in FY 2016); and the Environmental Protection Fund ($120 million in FY 2017).

STATE OPERATING FUNDS PROJECTIONS
(millions of dollars)

	FY 2016 Current	FY 2017 Proposed	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected
RECEIPTS					
Taxes	73,715	76,340	79,184	80,670	84,279
Miscellaneous Receipts/Federal Grants	21,621	18,635	18,666	19,043	18,643
Total Receipts	**95,336**	**94,975**	**97,850**	**99,713**	**102,922**
DISBURSEMENTS					
Local Assistance Grants	63,032	64,328	66,412	69,110	71,409
School Aid (School Year Basis)	23,233	24,224	25,311	26,597	27,950
DOH Medicaid	17,480	18,038	18,490	19,113	19,699
Transportation	4,797	4,990	5,056	5,118	5,217
STAR	3,337	3,228	2,916	2,804	2,696
Higher Education	2,982	2,650	2,616	2,667	2,692
Social Services	2,921	2,870	3,025	3,194	3,202
Mental Hygiene	2,636	2,513	3,000	3,310	3,490
All Other[1]	5,646	5,815	5,998	6,307	6,463
State Operations	18,478	18,476	18,960	19,032	19,196
Personal Service	12,957	12,809	12,963	13,152	13,253
Non-Personal Service	5,521	5,667	5,997	5,880	5,943
General State Charges	7,326	7,636	8,055	8,354	8,786
Pension Contribution	2,209	2,370	2,480	2,488	2,546
Health Insurance (Active Employees)	2,187	2,337	2,472	2,633	2,805
Health Insurance (Retired Employees)	1,292	1,373	1,452	1,546	1,647
All Other	1,638	1,556	1,651	1,687	1,788
Debt Service	5,452	5,455	6,312	6,791	7,238
Capital Projects	1	3	2	0	0
Total Disbursements	**94,289**	**95,898**	**99,741**	**103,287**	**106,629**
Net Other Financing Sources/(Uses)	(3,003)	(799)	1,093	916	647
Adherence to 2% Spending Benchmark[2]	**n/a**	**n/a**	**1,643**	**3,227**	**4,568**
RECONCILIATION TO GENERAL FUND GAP					
Designated Fund Balances:	1,956	1,722	(323)	(471)	(560)
General Fund	2,289	1,853	112	113	114
Special Revenue Funds	(249)	(43)	(328)	(497)	(521)
Debt Service Funds	(84)	(88)	(107)	(87)	(153)
GENERAL FUND BUDGET SURPLUS/(GAP)	**0**	**0**	**522**	**98**	**948**

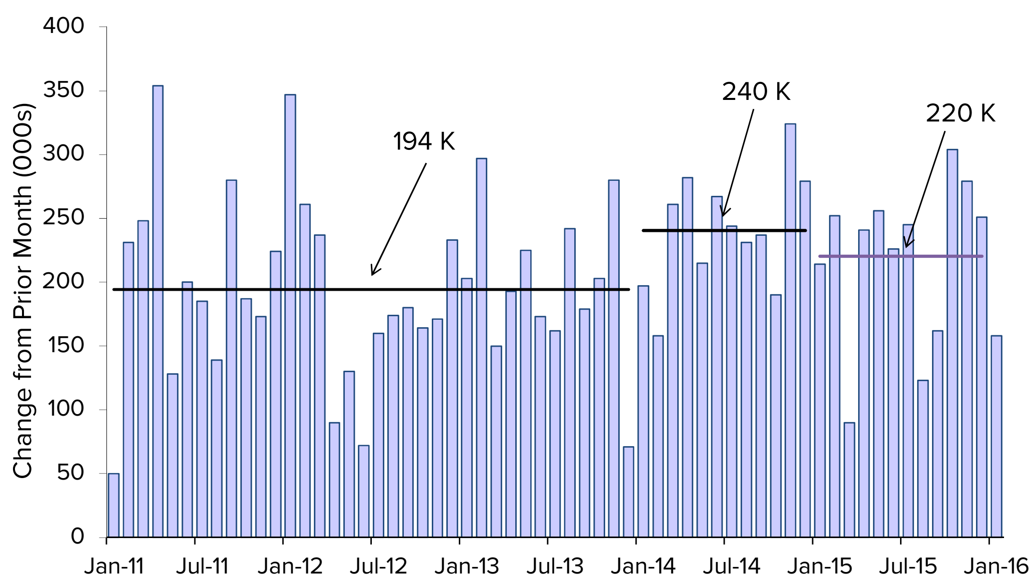
[1] All Other includes other education, parks, environment, economic development, public safety, and reconciliation between the basis for school year and State fiscal year spending on School aid.

[2] Savings estimated from limiting annual spending growth in future years to 2 percent. Calculation based on current FY 2017 projections. The Governor is expected to propose, and negotiate with the Legislature to enact, budgets in each fiscal year that hold State Operating Funds spending growth to 2 percent. Assumes all savings from holding spending growth to 2 percent are made available to the General Fund. Total disbursements in Financial Plan tables and discussion do not reflect these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

Economic Outlook

The U.S. economy ended 2015 on a weak note. The dollar has strengthened, exports and business investment are weak, equity markets are experiencing a correction[6], and the 10-year Treasury yield is nearing lows not seen since 2012. Based on the U.S. Bureau of Economic Analysis's initial estimate, the U.S. economy, as measured by real U.S. Gross Domestic Product (GDP), expanded at a rate of only 1.0 percent in the fourth quarter of calendar year 2015, resulting in growth of 2.4 percent for the entire year. Meanwhile, the most recent data suggest that the first quarter of calendar year 2016 will likely post growth of about 2 percent. These developments further reduce prospects for a significant acceleration in growth over the near-term and suggest that the next Federal Reserve rate hike may not occur for a number of months. DOB is now projecting economic growth of 2.0 percent for 2016.

U.S. Private Sector Employment Gains Have Slowed



Source: Moody's Analytics.

While other economic indicators have stagnated, the national labor market provides evidence that the U.S. economy continues to expand. Private sector job gains for January 2016 were 158,000, although this represents a drop from the October 2015 peak of 304,000. Whether this decline in momentum represents a trend or mere volatility remains to be seen. Total nonagricultural employment growth is expected at 1.8 percent for 2016, down from 2.1 percent growth in 2015.

[6] An equity market correction is defined as a decline in an equity market index value of at least 10 percent, but less than 20 percent. As of February 11, 2016, the S&P 500 index was down 13.5 percent from its July 21, 2015 peak.

Consistent with slower growth in the labor market and equity market volatility, household spending growth is also expected to slow in the upcoming months. Although the most recent data indicate that households are spending at least part of the $80 billion in estimated savings from lower gasoline prices, there is evidence that light vehicle sales may have peaked in the fall of 2015. As a result, real projected growth in household consumption is projected at 2.6 percent for 2016, following 3.1 percent growth in 2015.

Although the current expansion is expected to extend well beyond its seventh year, those areas of the U.S. economy that are the most exposed to global demand or the decline in energy prices are contracting. These include the nation's manufacturing sector outside of autos and the energy mining and extraction industries. According to the ISM Purchasing Managers' Index, U.S. manufacturing activity has contracted for four consecutive months since October 2015. With oil prices dropping below $30 per barrel in the middle of January 2016, the U.S. oil rig count was down 62 percent in January 2016 on a year-ago basis and real investment in structures related to mining exploration and shafts and wells continues to fall. Moreover, equipment investment in mining, oilfield and gas field machinery is also in decline. DOB estimates that real growth in non-residential fixed investment will weaken further to 2.4 percent in 2016, following 2.9 percent growth in 2015.

Despite slowing elsewhere in the economy, the housing market has remained resilient. Housing starts exhibited monthly average growth of 1.1 percent over the course of 2015, a further improvement from the 0.9 percent observed for 2014. However, multi-family construction continues to outpace single-family starts, implying a more limited benefit to the rest of the economy than observed in prior housing cycles. DOB projects real residential investment growth of 7.6 percent for 2016, following 8.7 percent growth in 2015.

The continued appreciation of the U.S. dollar combined with weak global growth, is resulting in continued weak real export growth. A trade-weighted index of the value of the dollar, adjusted for relative differences in the rate of inflation across countries, indicates a 12.6 percent increase over the course of 2015 compared with 2014, and the dollar has continued to appreciate in 2016. As a result, real export growth is expected to deteriorate further. The actions taken by the European and Chinese central banks are expected to spur growth, but monetary policy impacts are expected to occur with a lag. Growth in neither the euro-area nor China is expected to accelerate in the short-term. Estimated real U.S. export growth is expected to be 1.3 percent for 2016, following 1.1 percent growth in 2015.

U.S. ECONOMIC INDICATORS (Percent change from prior calendar year)	2015 (Actual)	2016 (Forecast)	2017 (Forecast)
Real U.S. Gross Domestic Product	2.4	2.0	2.4
Consumer Price Index (CPI)	0.1	1.0	2.1
Personal Income	4.5	4.4	4.8
Nonagricultural Employment	2.1	1.8	1.5

Source: Moody's Analytics; DOB staff estimates.

DOB estimates consumer price inflation of 1.0 percent for 2016. Given a stronger U.S. dollar, weakness in the domestic market, expected job gains, and greater financial market volatility, it is expected that the Federal Reserve is now more likely to wait at least until the second quarter of 2016 to increase its federal funds rate target.

There are significant risks to DOB's national economic forecast. If the recovery of the euro-area economy is even slower than expected or China's economic growth even slower than expected, the implications for emerging markets and the global economy will be negative, and will likely result in even slower export and corporate profits growth than reflected in this forecast, and could possibly result in declines. This impact would reverberate through U.S. labor and financial markets, resulting in slower growth than now projected. If the labor market should slow significantly and domestic demand decelerate further than anticipated, the economy could slow further. In contrast, if the actions of central banks around the globe to stimulate their economies, which have included negative interest rates, succeed in stimulating their economies more quickly than expected, exports, profits, and equity market growth could be stronger than projected. Finally, when the expansion eventually strengthens, the response of both domestic and global financial markets to the unwinding of the Federal Reserve's unprecedentedly accommodative policies will continue to pose a risk, particularly given the lack of experience upon which to draw.

The New York State Economy

The State's private sector labor market continues to exhibit strength, despite a softening in the national and global labor markets. The most recent detailed data indicate continued robust growth in professional and business services, transportation and warehousing, construction and real estate services, and education. As a result, DOB's outlook for private sector job growth for 2016 is 1.5 percent, following strong growth of 2.1 percent for 2015. Total employment growth for 2015 and 2016 are projected at 1.8 percent and 1.3 percent, respectively.

Given the continued strength in job growth, estimated non-bonus wage growth is projected at 4.4 percent for FY 2016. However, bonus payouts for the 2015-16 bonus season now in progress appear to be weak. Moreover, the ongoing equity market correction is expected to weigh heavily on bonus payouts for the FY 2017 bonus season. As a result, estimated finance and insurance sector bonus growth for FY 2016 and FY 2017 are expected to decline by 2.5 percent and grow by 3.9 percent, respectively. Wage growth for FY 2016 is projected at 4.0 percent.

NEW YORK STATE ECONOMIC INDICATORS
(Percent change from prior State fiscal year)

	FY 2015 (Actual)	FY 2016 (Estimated)	FY 2017 (Forecast)
Personal Income	3.5	4.3	4.8
Wages	4.4	4.0	4.3
Nonagricultural Employment	1.9	1.7	1.3

Source: Moody's Analytics; New York State Department of Labor; DOB staff estimates.

The performance of the State's private-sector labor market remains robust, but there are significant risks to the forecast. All of the risks to the U.S. forecast apply to the State forecast as well, although as the nation's financial capital, both the volume of financial market activity and the volatility in equity markets pose a particularly large degree of uncertainty for New York. If the current equity market correction proves to be deeper than anticipated, bonus payouts for the 2016-17 bonus season could be much lower than projected. Moreover, under the still evolving regulatory environment, the pattern of Wall Street bonus payouts continues to shift, with payments now more widely dispersed throughout the year. Taxable payouts can represent both current-year awards and deferred payments from prior years, with the deferral ratio itself proving to be unstable. As a result, the uncertainty surrounding bonus projections continues to mount. Recent events also have demonstrated how sensitive financial markets can be to shifting expectations surrounding energy prices, Federal Reserve policy, and global growth. Financial market volatility is likely to have a larger impact on the State economy than on the nation as a whole. Should financial and real estate markets be either weaker or stronger than DOB expects, taxable capital gains realizations could be correspondingly affected.

All Funds Receipts Projections

Financial Plan receipts include a variety of taxes, fees and assessments, charges for State-provided services, Federal grants, and other miscellaneous receipts, as well as collection of a payroll tax on businesses in the MTA region. The multi-year tax and miscellaneous receipts estimates are prepared by DOB with the assistance of the Department of Taxation and Finance ("DTF") and other agencies which collect State receipts, and are predicated on economic analysis and forecasts.

Overall base growth in tax receipts is dependent on many factors. In general, base tax receipts growth rates are determined by economic changes including, but not limited to, changes in interest rates, prices, wages, employment, nonwage income, capital gains realizations, taxable consumption, corporate profits, household net worth, real estate prices and gasoline prices. Federal law changes can influence taxpayer behavior, which often alters base tax receipts. State taxes account for approximately half of total All Funds receipts.

The projections of Federal receipts generally correspond to the anticipated spending levels of a variety of programs including Medicaid, public assistance, mental hygiene, education, public health, and other activities, including extraordinary aid.

Where noted, certain tables in the following section display General Fund tax receipts that exclude amounts transferred to the General Fund in excess of amounts needed for certain debt service obligations (e.g., PIT receipts in excess of the amount transferred for debt service on revenue bonds).

ALL FUNDS RECEIPTS
(millions of dollars)

	FY 2015 Results	FY 2016 Current	Change	FY 2017 Proposed	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change
Personal Income Tax	43,709	47,093	7.7%	49,960	6.1%	51,743	3.6%	52,419	1.3%	54,873	4.7%
Consumption/Use Taxes	15,384	15,640	1.7%	16,135	3.2%	16,863	4.5%	17,452	3.5%	18,007	3.2%
Business Taxes	8,504	8,406	-1.2%	8,018	-4.6%	8,324	3.8%	8,450	1.5%	8,869	5.0%
Other Taxes	2,166	2,613	20.6%	2,124	-18.7%	2,116	-0.4%	2,134	0.9%	2,234	4.7%
Payroll Tax	1,271	1,331	4.7%	1,388	4.3%	1,455	4.8%	1,528	5.0%	1,609	5.3%
Total State Taxes	**71,034**	**75,083**	**5.7%**	**77,625**	**3.4%**	**80,501**	**3.7%**	**81,983**	**1.8%**	**85,592**	**4.4%**
Miscellaneous Receipts	29,438	26,333	-10.5%	24,159	-8.3%	24,481	1.3%	25,019	2.2%	24,610	-1.6%
Federal Receipts	48,636	52,328	7.6%	51,133	-2.3%	52,254	2.2%	52,883	1.2%	53,771	1.7%
Total All Fund Receipts	**149,108**	**153,744**	**3.1%**	**152,917**	**-0.5%**	**157,236**	**2.8%**	**159,885**	**1.7%**	**163,973**	**2.6%**

All Funds receipts in FY 2016 are projected to total $153.7 billion, an increase of 3.1 percent from FY 2015 results. State tax receipts are expected to increase 5.7 percent in FY 2016 from FY 2015 results. The increase in PIT receipts is due to strong growth from a low prior year base that was influenced by 2013 Federal tax law changes, while the strong growth in other taxes is the result of an atypical number of large estate tax payments as well as strong growth in real estate transfer taxes. The miscellaneous receipts decline in FY 2016 is primarily due to the substantial decline in monetary settlement payments from financial institutions. In addition, the FY 2016 General Fund total includes a $250 million deposit from the SIF reserve released in connection with Workers' Compensation law changes included in the FY 2014 Enacted Budget, which is a decrease of

$750 million from the amount of the reserve released in FY 2015. In other State funds, FY 2016 miscellaneous receipts are driven by year-to-year variations to health care surcharges and other HCRA resources, licensing fees associated with commercial gaming, bond proceeds, atypical fines and the phase-out of the temporary utility assessment.

Consistent with the projected growth in the New York economy, the personal income and consumption/use tax categories are expected to grow. Business taxes and other taxes are expected to display near term declines due to tax cuts and reforms enacted in 2014, but resume growth in the long term.

After controlling for the impact of tax law changes, base tax revenue increased 4.1 percent in FY 2015, and is projected to increase by 5.6 percent for FY 2016 and 3.7 percent for FY 2017.

Personal Income Tax

PERSONAL INCOME TAX
(millions of dollars)

	FY 2015 Results	FY 2016 Current	Change	FY 2017 Proposed	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change
STATE/ALL FUNDS	**43,709**	**47,093**	**7.7%**	**49,960**	**6.1%**	**51,743**	**3.6%**	**52,419**	**1.3%**	**54,873**	**4.7%**
Gross Collections	52,248	56,719	8.6%	59,194	4.4%	62,180	5.0%	63,858	2.7%	67,590	5.8%
Refunds (Incl. State/City Offset)	(8,539)	(9,626)	-12.7%	(9,234)	4.1%	(10,437)	-13.0%	(11,439)	-9.6%	(12,717)	-11.2%
GENERAL FUND[1]	**29,485**	**31,983**	**8.5%**	**34,242**	**7.1%**	**35,891**	**4.8%**	**36,510**	**1.7%**	**38,459**	**5.3%**
Gross Collections	52,248	56,719	8.6%	59,194	4.4%	62,180	5.0%	63,858	2.7%	67,590	5.8%
Refunds (Incl. State/City Offset)	(8,539)	(9,626)	-12.7%	(9,234)	4.1%	(10,437)	-13.0%	(11,439)	-9.6%	(12,717)	-11.2%
STAR	(3,297)	(3,337)	-1.2%	(3,228)	3.3%	(2,916)	9.7%	(2,804)	3.8%	(2,696)	3.9%
RBTF	(10,927)	(11,773)	-7.7%	(12,490)	-6.1%	(12,936)	-3.6%	(13,105)	-1.3%	(13,718)	-4.7%

[1]Excludes Transfers.

All Funds personal income tax receipts for FY 2016 are projected to be $47.1 billion, an increase of $3.4 billion (7.7 percent) from FY 2015 results. This increase includes growth in withholding, estimated payments attributable to the 2015 tax year, and extension payments attributable to the 2014 tax year. Growth is offset by a modest decline in delinquency collections and a substantial increase in total refunds due to a combination of payment timing and the increased cost of the Real Property Tax Freeze credit compared to FY 2015.

Withholding in FY 2016 is estimated to be $1.8 billion (5.2 percent) higher than FY 2015, due mainly to moderate wage growth. Extension payments are estimated to increase by $1.2 billion (34.6 percent), primarily due to strong growth in tax year 2014 nonwage income compared to a weak tax year 2013 base (resulting from 2013 Federal tax law changes). Estimated payments for tax year 2015 are projected to be $1.2 billion (11.4 percent) higher. Final return payments and delinquencies are projected to be $427 million (19.4 percent) higher and $100 million (7.2 percent) lower, respectively.

The following table summarizes, by component, actual receipts for FY 2015 and forecast amounts through FY 2020.

PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS ALL FUNDS (millions of dollars)						
	FY 2015 Results	FY 2016 Current	FY 2017 Proposed	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected
Receipts						
Withholding	34,907	36,706	38,525	40,038	41,970	44,333
Estimated Payments	13,743	16,088	16,591	17,854	17,397	18,568
Current Year	10,367	11,545	12,045	12,783	11,880	12,989
Prior Year[1]	3,376	4,543	4,546	5,071	5,517	5,579
Final Returns	2,206	2,633	2,720	2,891	3,034	3,168
Current Year	254	274	280	292	292	292
Prior Year[1]	1,952	2,359	2,440	2,599	2,742	2,876
Delinquent	1,392	1,292	1,358	1,397	1,457	1,521
Gross Receipts	52,248	56,719	59,194	62,180	63,858	67,590
Refunds						
Prior Year[1]	4,961	5,140	5,322	6,877	7,350	8,330
Previous Years	458	648	718	669	694	724
Current Year[1]	1,950	2,550	1,750	1,750	1,750	1,750
Advanced Credit Payment	579	600	756	453	957	1,324
State/City Offset[1]	591	688	688	688	688	589
Total Refunds	8,539	9,626	9,234	10,437	11,439	12,717
Net Receipts	**43,709**	**47,093**	**49,960**	**51,743**	**52,419**	**54,873**

[1]These components, collectively, are known as the "settlement" on the prior year's tax liability.

The projected increase in total refunds of $1.1 billion (12.7 percent) includes $179 million (3.6 percent) in prior (tax year 2014) refunds, $190 million (41.5 percent) in previous (tax year 2013 and earlier) refunds, $600 million (30.8 percent) in current (tax year 2015) refunds (due to an increase in the January to March 2016 administrative refund cap to $2.25 billion), $21 million (3.6 percent) in accelerated credit payments related to tax year 2015, and $97 million (16.4 percent) in state-city offsets. The increase in prior (tax year 2014) refunds includes payments attributable to the first year of the Enhanced Real Property Tax Circuit Breaker credit. The increase in advanced credit payments is attributable to the first year of the municipal tax component and the second year of the school tax component of the Real Property Tax Freeze credit, partially offset by the change in payment timing of the Family Tax Relief credit from an advanced payment credit to a "standard" credit.

General Fund PIT receipts are net of deposits to the STAR Fund, which provides property tax relief, and the Revenue Bond Tax Fund (“RBTF”), which supports debt service payments on State PIT revenue bonds. General Fund PIT receipts for FY 2016 of $32 billion are estimated to increase by $2.5 billion (8.5 percent) from FY 2015 results, mainly reflecting the increase in All Funds receipts noted above. RBTF deposits are projected to be $11.8 billion and the STAR transfer is projected to be $3.3 billion.

All Funds PIT receipts for FY 2017 of $50 billion are projected to increase by $2.9 billion (6.1 percent) from the FY 2016 estimate. This primarily reflects increases of $1.8 billion (5 percent) in withholding and $500 million (4.3 percent) in estimated payments related to tax year 2016, coupled with a $392 million (4.1 percent) decrease in total refunds. The growth in withholding is the result of projected wage growth of 4.3 percent. Near flat growth in extension payments reflects tax year 2015 nonwage income growth that is projected to be substantially weaker than in tax year 2014. The decline in total refunds is driven by an $800 million (31.4 percent) decline in current refunds related to tax year 2016 (i.e., the administratively determined refund “cap” between January and March 2017). . Payments from final returns are expected to increase $87 million (3.3 percent), while delinquencies are projected to increase $66 million (5.1 percent) from the prior year. The FY 2017 Executive Budget proposal to extend tax shelter reporting will increase projected receipts from estimated payments related to tax year 2016 by $18 million.

General Fund PIT receipts for FY 2017 of $34.2 billion are projected to increase by $2.3 billion (7.1 percent). RBTF deposits are projected to be $12.5 billion, and the STAR transfer is projected to be $3.2 billion.

All Funds PIT receipts of $51.7 billion in FY 2018 are projected to increase $1.8 billion (3.6 percent) from the prior year. Gross receipts are projected to increase 5 percent, reflecting withholding that is projected to grow by $1.5 billion (3.9 percent) and estimated payments related to tax year 2017 that are projected to grow by $738 million (6.1 percent). The relatively weak growth in withholding is attributable to the scheduled sunset of the current income tax bracket structure at the end of 2017, which includes a decline in the top marginal tax rate from 8.82 percent to 6.85 percent. Payments from extensions for tax year 2016 are projected to increase by $525 million (11.5 percent) and final returns are expected to increase $171 million (6.3 percent). Delinquencies are projected to increase $39 million (2.9 percent) from the prior year. Total refunds are projected to increase by $1.2 billion (13 percent) from the prior year. Legislative proposals included in the FY 2017 Executive Budget reduce current estimated payments related to tax year 2017 by $258 million, and increase total refunds by $298 million.

General Fund PIT receipts for FY 2018 are projected to increase by $1.6 billion (4.8 percent) to $35.9 billion.

All Funds PIT receipts are projected to increase by $676 million (1.3 percent) in FY 2019 to reach $52.4 billion, while General Fund PIT receipts are projected to total $36.5 billion. Projected tempered growth in FY 2019 receipts is due to the aforementioned expiration of the current income tax bracket structure at the end of 2017. The All Funds PIT receipts projection for FY 2019 includes Executive Budget proposals that reduce collections by $1 billion.

Consumption/Use Taxes

CONSUMPTION/USE TAXES (millions of dollars)	FY 2015 Results	FY 2016 Current	Change	FY 2017 Proposed	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change
STATE/ALL FUNDS	**15,384**	**15,640**	**1.7%**	**16,135**	**3.2%**	**16,863**	**4.5%**	**17,452**	**3.5%**	**18,007**	**3.2%**
Sales Tax	12,991	13,318	2.5%	13,877	4.2%	14,578	5.1%	15,199	4.3%	15,790	3.9%
Cigarette and Tobacco Taxes	1,314	1,224	-6.8%	1,226	0.2%	1,192	-2.8%	1,151	-3.4%	1,105	-4.0%
Motor Fuel Tax	487	491	0.8%	488	-0.6%	483	-1.0%	478	-1.0%	475	-0.6%
Highway Use Tax	140	154	10.0%	84	-45.5%	138	64.3%	140	1.4%	141	0.7%
Alcoholic Beverage Taxes	251	254	1.2%	258	1.6%	263	1.9%	268	1.9%	273	1.9%
Medical Marihuana Excise Tax	0	1	0.0%	4	0.0%	4	0.0%	4	0.0%	4	0.0%
Taxicab Surcharge	82	72	-12.2%	70	-2.8%	70	0.0%	70	0.0%	70	0.0%
Auto Rental Tax	119	126	5.9%	128	1.6%	135	5.5%	142	5.2%	149	4.9%
GENERAL FUND[1]	**6,691**	**6,781**	**1.3%**	**7,089**	**4.5%**	**7,424**	**4.7%**	**7,712**	**3.9%**	**7,983**	**3.5%**
Sales Tax	6,084	6,220	2.2%	6,483	4.2%	6,816	5.1%	7,109	4.3%	7,386	3.9%
Cigarette and Tobacco Taxes	356	307	-13.8%	348	13.4%	345	-0.9%	335	-2.9%	324	-3.3%
Alcoholic Beverage Taxes	251	254	1.2%	258	1.6%	263	1.9%	268	1.9%	273	1.9%

[1]Excludes Transfers.

All Funds consumption/use tax receipts for FY 2016 are estimated to exceed $15.6 billion, an increase of $254 million (1.7 percent) from FY 2015 results. Sales tax receipts are estimated to increase $325 million (2.5 percent) from FY 2015, resulting from 3.7 percent base (i.e., absent law changes) growth, stemming from moderate projected disposable income growth. Cash results are reduced by (1) an accounting shift from State to local sales tax ($238 million), and (2) agreements between certain mobile telecommunications providers and the State to allow such providers to remit less sales tax for a period in lieu of receiving State refunds due to them under Tax Law Section 184 ($47 million). These agreements resulted from acknowledgement by DTF that a mobile telecommunications provider was not subject to the Tax Law Section 184 franchise tax imposed on them between 2005 and 2014. Cigarette and tobacco tax collections are estimated to decline $90 million (6.8 percent), primarily reflecting large declines in taxable cigarette consumption (particularly in New York City) and cigar tax refunds resulting in part from a nonbinding Administrative Law Judge Determination (Matter of Davidoff of Geneva, Inc.). Motor fuel tax collections are expected to increase $4 million (0.8 percent), reflecting an expected decline in refunds combined with minor growth in gasoline and diesel consumption, partially offset by an expected decline in audit collections. Taxicab receipts are estimated to decline by $10 million (12.5 percent) as the result of consumers choosing alternative transportation services not subject to the tax.

General Fund sales and use tax receipts are net of deposits to the Local Government Assistance Tax Fund (25 percent), and the Sales Tax Revenue Bond Fund (25 percent), which support debt service payments on State sales and use tax revenue bonds. Receipts in excess of the debt service requirements of the funds and the local assistance payments to New York City, or its assignee, are transferred back to the General Fund.

General Fund consumption/use tax receipts for FY 2016 are estimated to total $6.8 billion, an increase of $90 million (1.3 percent) from FY 2015 results. This increase largely reflects the All Funds sales, cigarette, and tobacco tax trends noted above.

All Funds consumption/use tax receipts for FY 2017 are projected to be $16.1 billion, an increase of $496 million (3.2 percent) from the prior year. The projected $560 million (4.2 percent) increase in sales tax receipts reflects sales tax base growth of 3.8 percent. Cash receipts are reduced by $178 million due to the agreement noted in the FY 2016 discussion. Highway use tax collections are expected to decline as the result of registration fee refunds by the State following a January 2016 Supreme Court judgment that certain highway use revenue collections were unconstitutional. The Executive Budget includes proposed legislation to implement a re-instituted highway use decal and registration fee collection structure.

General Fund consumption/use tax receipts are projected to total $7.1 billion in FY 2017, a $308 million (4.5 percent) increase from the prior year. The projected increase in sales tax receipts reflects the All Funds trends noted above. The projected increase in cigarette and tobacco tax receipts is the result of an artificially low FY 2016 base created by the cigar tax refunds mentioned earlier.

All Funds consumption/use tax receipts are projected to increase to nearly $16.9 billion (4.5 percent growth) in FY 2018 and to nearly $17.5 billion (3.5 percent growth) in FY 2019, largely representing base growth in sales tax receipts, offset slightly by trend declines in cigarette tax collections.

General Fund consumption/use tax receipts are projected to total over $7.4 billion (4.7 percent growth) in FY 2018 and $7.7 billion (3.9 percent growth) in FY 2019, reflecting the All Funds trends noted above.

Business Taxes

BUSINESS TAXES
(millions of dollars)

	FY 2015 Results	FY 2016 Current	Change	FY 2017 Proposed	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change
STATE/ALL FUNDS	**8,504**	**8,406**	**-1.2%**	**8,018**	**-4.6%**	**8,324**	**3.8%**	**8,450**	**1.5%**	**8,869**	**5.0%**
Corporate Franchise Tax	3,548	5,069	42.9%	4,487	-11.5%	4,764	6.2%	4,806	0.9%	5,206	8.3%
Corporation and Utilities Tax	728	767	5.4%	762	-0.7%	757	-0.7%	770	1.7%	783	1.7%
Insurance Tax	1,533	1,557	1.6%	1,484	-4.7%	1,579	6.4%	1,708	8.2%	1,791	4.9%
Bank Tax	1,536	(92)	-106.0%	203	320.7%	190	-6.4%	143	-24.7%	71	-50.3%
Petroleum Business Tax	1,159	1,105	-4.7%	1,082	-2.1%	1,034	-4.4%	1,023	-1.1%	1,018	-0.5%
GENERAL FUND	**6,265**	**6,202**	**-1.0%**	**5,776**	**-6.9%**	**6,087**	**5.4%**	**6,165**	**1.3%**	**6,551**	**6.3%**
Corporate Franchise Tax	2,990	4,325	44.6%	3,703	-14.4%	3,945	6.5%	3,944	0.0%	4,307	9.2%
Corporation and Utilities Tax	577	589	2.1%	579	-1.7%	573	-1.0%	578	0.9%	587	1.6%
Insurance Tax	1,375	1,388	0.9%	1,321	-4.8%	1,407	6.5%	1,521	8.1%	1,597	5.0%
Bank Tax	1,323	(100)	-107.6%	173	273.0%	162	-6.4%	122	-24.7%	60	-50.8%
Petroleum Business Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%

All Funds business tax receipts for FY 2016 are estimated at $8.4 billion, a decrease of $98 million (1.2 percent) from FY 2015 results. The estimate primarily reflects a decline of $54 million (4.7 percent) in petroleum business tax ("PBT") receipts, due to declines in the PBT index rates for 2015 and 2016, and a combined decrease of $44 million among all other taxes.

Corporation franchise tax receipts are estimated to increase $1.5 billion (42.9 percent) in FY 2016, reflecting corporate tax reform, which repealed the bank tax and imposed the corporation franchise tax on former bank taxpayers beginning in tax year 2015. An increase in audit collections accounts for $251 million of this increase.

Corporation and utilities tax receipts are expected to increase $39 million (5.4 percent) in FY 2016. Both gross receipts and audits are expected to increase from the prior year, while refunds are expected to return to historical trends.

Insurance tax receipts are expected to increase $24 million (1.6 percent) in FY 2016. Premium growth from authorized insurers is partially offset by taxpayers incorporating the first year of the tax credit for assessments paid into the Life Insurance Guaranty Corporation ("LIGC") into their tax year 2015 final returns/extensions. The LIGC exists to protect policyholders from the insolvency of their insurers. Audits and refunds are also expected to reflect historical trends.

Bank tax receipts are estimated to decrease by $1.6 billion (106 percent) in FY 2016. The decline stems from the movement of tax year 2015 liability payments to the corporate franchise tax and lower audit receipts. Audit receipts are estimated to decline $525 million as several large FY 2015 bank tax cases are not expected to be repeated in FY 2016.

PBT receipts are expected to decrease $54 million (4.7 percent) in FY 2016, primarily due to the 3.2 percent decrease in the PBT rate index effective January 2015 and the 5 percent decrease effective January 2016. These declines are partially offset by minor growth in both estimated gasoline and diesel consumption.

General Fund business tax receipts for FY 2016 of $6.2 billion are estimated to decrease $63 million (1 percent) from FY 2015 results, reflecting the All Funds trends discussed above.

All Funds business tax receipts for FY 2017 of $8 billion are projected to decrease $388 million (4.6 percent) from the prior year. The decline in corporation franchise tax receipts of $582 million (11.5 percent) is the result of the decrease in the business income tax rate from 7.1 percent to 6.5 percent, the first year of the capital tax base phase-out (both effective for tax year 2016) and the anticipated use of prior period adjustments in liability year 2016 for the overpayment of tax year 2015 liability. Many former bank taxpayers that are now taxed under the corporation franchise tax have overpayments that are available to use toward current year liability. The corporation and utilities tax receipts decline of $5 million (0.7 percent) reflects lower telecommunications receipts partially offset by a modest increase in utility tax revenue. Insurance tax receipts are projected to decline $73 million (4.7 percent). Projected growth in insurance tax premiums is more than offset by the first full year impact of the tax credit for assessments paid to the LIGC. Bank tax receipts are projected to increase by $295 million, primarily the result of a reduced number of prior period adjustments. PBT receipts are expected to decline $23 million (2.1 percent) in FY 2017, primarily due to the 5 percent decrease in the PBT rate index effective January 2016 and the projected 5 percent decline effective January 2017. These declines in the PBT rate index are partially offset by projected slight growth in taxable motor fuel consumption and growth in diesel fuel consumption.

General Fund business tax receipts for FY 2017 of $5.8 billion are projected to decrease $426 million (6.9 percent), reflecting the All Funds trends discussed above.

All Funds business tax receipts for FY 2018 and FY 2019 reflect projected trends in corporate profits, taxable insurance premiums, electric utility consumption and prices, the consumption of taxable telecommunications services, and automobile fuel consumption and fuel prices. All Funds business tax receipts are projected to increase to $8.3 billion (3.8 percent growth) in FY 2018, and increase to $8.5 billion (1.5 percent growth) in FY 2019. General Fund business tax receipts are expected to increase to $6.1 billion (5.4 percent growth) in FY 2018 and $6.2 billion (1.3 percent growth) in FY 2019.

Other Taxes

OTHER TAXES
(millions of dollars)

	FY 2015 Results	FY 2016 Current	Change	FY 2017 Proposed	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change
STATE/ALL FUNDS	**2,166**	**2,613**	**20.6%**	**2,124**	**-18.7%**	**2,116**	**-0.4%**	**2,134**	**0.9%**	**2,234**	**4.7%**
Estate Tax	1,109	1,446	30.4%	965	-33.3%	891	-7.7%	855	-4.0%	905	5.8%
Gift Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Real Property Gains Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Real Estate Transfer Tax	1,038	1,147	10.5%	1,138	-0.8%	1,204	5.8%	1,258	4.5%	1,308	4.0%
Pari-Mutuel Taxes	18	18	0.0%	18	0.0%	18	0.0%	18	0.0%	18	0.0%
All Other Taxes	1	2	100.0%	3	50.0%	3	0.0%	3	0.0%	3	0.0%
GENERAL FUND[1]	**1,128**	**1,466**	**30.0%**	**986**	**-32.7%**	**912**	**-7.5%**	**876**	**-3.9%**	**926**	**5.7%**
Estate Tax	1,109	1,446	30.4%	965	-33.3%	891	-7.7%	855	-4.0%	905	5.8%
Gift Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Real Property Gains Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Pari-Mutuel Taxes	18	18	0.0%	18	0.0%	18	0.0%	18	0.0%	18	0.0%
All Other Taxes	1	2	100.0%	3	50.0%	3	0.0%	3	0.0%	3	0.0%

[1]Excludes Transfers.

All Funds other tax receipts for FY 2016 are estimated to be more than $2.6 billion, a $447 million (20.6 percent) increase from FY 2015 results. This reflects a $337 million (30.4 percent) increase in estate tax receipts and a $109 million (10.5 percent) increase in real estate transfer tax receipts. The estate tax increase is primarily the result of a higher than anticipated number of super large payments (payments greater than $25 million) partially offset by the impact of the FY 2015 Enacted Budget legislation that raises the filing threshold from $1 million to the Federal exemption (currently $5.43 million) over a four-year period. The real estate transfer tax estimate reflects both an increase in the volume of transactions in New York City in the face of uncertainty surrounding the extension of New York City property tax abatement legislation and modest price growth compared to the prior year.

General Fund other tax receipts are expected to be nearly $1.5 billion in FY 2016, a $338 million (30 percent) increase from FY 2015 results, reflecting the increase in estate tax receipts noted above.

All Funds other tax receipts for FY 2017 are projected to be just over $2.1 billion, a $489 million (18.7 percent) decrease from FY 2016. This largely reflects a projected decline in estate tax receipts of $481 million (33.3 percent) due to the continued phase-in of the increased filing threshold, and an expected return to historically normal levels of super large payments. Additionally, real estate transfer tax receipts are projected to decrease by $9 million (0.8 percent) due to a small projected decrease in the volume of transactions in New York City, partially offset by year-over-year price growth. The transaction decline is partially due to a building permit shift caused by the legislation noted above.

General Fund other tax receipts are projected to be just under $1 billion in FY 2017, reflecting the decline in estate tax receipts noted above.

All Funds other tax receipts for FY 2018 are projected to slightly decline, before increasing in FY 2019. These changes reflect a projected decline in estate tax receipts in both FY 2018 and FY 2019 due to the impact of the continued phase-in of the increased filing threshold, partially offset by projected growth in household net worth. Additionally, real estate transfer tax receipts are projected to increase in FY 2018 and FY 2019 reflecting projected growth in housing starts and housing prices. All Funds other tax receipts are projected to remain slightly over $2.1 billion in both FY 2018 and FY 2019. General Fund other tax receipts for FY 2018 and FY 2019 are projected to decrease by 7.5 percent and 3.9 percent, respectively, due to the projected decline in estate tax receipts noted above.

Miscellaneous Receipts and Federal Grants

MISCELLANEOUS RECEIPTS
(millions of dollars)

	FY 2015 Results	FY 2016 Current	Change	FY 2017 Proposed	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change
ALL FUNDS	**29,438**	**26,333**	**-10.5%**	**24,159**	**-8.3%**	**24,481**	**1.3%**	**25,019**	**2.2%**	**24,610**	**-1.6%**
General Fund	8,410	5,820	-30.8%	2,642	-54.6%	2,522	-4.5%	2,561	1.5%	2,390	-6.7%
Special Revenue Funds	16,557	15,440	-6.7%	15,680	1.6%	15,821	0.9%	16,163	2.2%	15,936	-1.4%
Capital Projects Funds	3,961	4,585	15.8%	5,382	17.4%	5,673	5.4%	5,834	2.8%	5,825	-0.2%
Debt Service Funds	510	488	-4.3%	455	-6.8%	465	2.2%	461	-0.9%	459	-0.4%

All Funds miscellaneous receipts include moneys received from HCRA financing sources, SUNY tuition and patient income, lottery receipts for education, assessments on regulated industries, tribal-state compact revenue, monetary settlements and a variety of fees and licenses.

All Funds miscellaneous receipts are projected to total $26.3 billion in FY 2016, a decrease of 10.5 percent from FY 2015 results, primarily due to the one-time monetary settlements received in FY 2015 as described earlier in this AIS Update. Additionally, the SIF reserve released in connection with Workers' Compensation law changes included in the FY 2014 Enacted Budget decreased by $750 million from the amount received during the prior year. In other State funds, FY 2016 miscellaneous receipts are driven by year-to-year variations to health care surcharges and other HCRA resources, bond proceeds, and the phase-out of the temporary utility assessment.

All Funds miscellaneous receipts are projected to continue to decrease in FY 2017 and remain relatively flat in FY 2018, mainly due to one-time monetary settlements received in FY 2016, the loss of payments from SIF, and the phase-out of the temporary utility assessment.

FEDERAL GRANTS (millions of dollars)											
	FY 2015 Results	FY 2016 Current	Change	FY 2017 Proposed	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change
ALL FUNDS	**48,636**	**52,328**	**7.6%**	**51,133**	**-2.3%**	**52,254**	**2.2%**	**52,883**	**1.2%**	**53,771**	**1.7%**
General Fund	2	0	-100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Special Revenue Funds	46,531	49,779	7.0%	49,087	-1.4%	50,181	2.2%	50,795	1.2%	51,603	1.6%
Capital Projects Funds	2,030	2,476	22.0%	1,973	-20.3%	2,000	1.4%	2,015	0.8%	2,095	4.0%
Debt Service Funds	73	73	0.0%	73	0.0%	73	0.0%	73	0.0%	73	0.0%

Aid from the Federal government helps to pay for a variety of programs including Medicaid, public assistance, mental hygiene, school aid, public health, transportation, and other activities. Annual changes to Federal grants generally correspond to changes in federally-reimbursed spending. Accordingly, DOB typically projects Federal reimbursements will be received in the State fiscal year in which spending occurs, but due to the variable timing of Federal grant receipts, actual results often differ from the projections.

All Funds Federal grants are expected to grow to $53.8 billion by FY 2020, reflecting the continuation of growth in Federal Medicaid spending, partly offset by the projected phase-down of Federal disaster assistance aid. All Federal receipts are subject to continuing administration and Congressional authorization, appropriations and budget action.

Disbursements

Total disbursements in FY 2017 are estimated at $70.6 billion in the State's General Fund (including transfers) and $95.9 billion in total State Operating Funds. Medicaid, education, pension costs, employee and retiree health benefits are significant drivers of annual spending growth.

The multi-year disbursements projections take into account various factors, including statutorily-indexed rates, agency staffing levels, program caseloads, inflation, and funding formulas contained in State and Federal law. Factors that affect spending estimates vary by program. For example, public assistance spending is based primarily on anticipated caseloads that are estimated by analyzing historical trends and projected economic conditions. Projections also account for the timing of payments, since not all of the amounts appropriated pursuant to an enacted budget are disbursed in the same fiscal year. Consistent with past years, the aggregate spending projections (i.e., the sum of all projected spending by individual agencies) in State Special Revenue Funds have been adjusted downward in all fiscal years, based on typical spending patterns and the observed variance between estimated and actual results over time.

Local Assistance Grants

Local assistance spending includes payments to local governments, school districts, health care providers, and other entities, as well as financial assistance to, or on behalf of, individuals, families and not-for-profit organizations. Local assistance spending in State Operating Funds is estimated at $64.3 billion in FY 2017 and accounts for two-thirds of total State Operating Funds spending. Education and health care spending account for nearly two-thirds of local assistance spending.

Certain major factors considered in preparing the spending projections for the State's major local assistance programs and activities are summarized in the following table.

FORECAST FOR SELECTED PROGRAM MEASURES AFFECTING OPERATING ACTIVITIES
(millions of dollars)

			Forecast			
	FY 2015 Results	**FY 2016 Updated**	**FY 2017 Projected**	**FY 2018 Projected**	**FY 2019 Projected**	**FY 2020 Projected**
MEDICAID						
Individuals Covered	6,176,400	6,140,813	6,320,438	6,408,439	6,451,522	6,474,592
- Essential Plan[1]	0	441,223	472,815	476,091	479,390	482,711
- Child Health Plus (Caseload)	278,168	279,837	281,516	283,205	284,904	286,614
State Takeover of County/NYC Costs	$1,701	$2,031	$2,165	$2,162	$2,343	$2,512
- Family Health Plus	$147	$0	$0	$0	$0	$0
- Medicaid	$1,554	$2,031	$2,165	$2,162	$2,343	$2,512
EDUCATION						
SY School Aid (Funding)	$22,189	$23,233	$24,224	$25,311	26,597	27,950
HIGHER EDUCATION						
Public Higher Education Enrollment (FTEs)	573,555	573,555	573,555	573,555	573,555	573,555
Tuition Assistance Program (Recipients)	300,511	301,554	301,869	301,869	301,869	301,869
PUBLIC ASSISTANCE						
Family Assistance Program (Caseload)	253,511	243,642	238,388	235,591	232,955	230,355
Safety Net Program (Families)	117,745	117,682	115,259	113,865	112,561	111,278
Safety Net Program (Singles)	196,966	203,114	203,512	203,920	206,266	208,355
Total Mental Hygiene Community Beds	98,303	100,275	101,401	103,194	103,971	103,991
- OMH Community Beds	40,754	42,518	44,112	45,363	45,716	45,716
- OPWDD Community Beds	41,966	42,536	42,918	43,264	43,668	43,668
- OASAS Community Beds	15,583	15,221	14,371	14,567	14,587	14,607
PRISON POPULATION (CORRECTIONS)	52,854	52,800	52,800	52,800	52,800	52,800

1. The Essential Plan is not a Medicaid program; however, State funded resources for EP are managed under the Medicaid Global Cap.

Education

School Aid

School Aid helps support elementary and secondary education for New York pupils enrolled in the 674 major school districts throughout the State. State funding is provided to districts based on statutory aid formulas and through reimbursement of categorical expenses such as prekindergarten programs, education of homeless children, and bilingual education. State funding for schools assists districts in meeting locally defined needs, supports the construction of school facilities, and finances school transportation for nearly three million students statewide.

School Year (July 1 — June 30) Basis

School Aid is expected to increase by $991 million (4.3 percent) in school year (SY) 2017. This $991 million increase includes additional Foundation Aid of $266 million and a Gap Elimination Adjustment ("GEA") restoration of $189 million, fully restoring the GEA for approximately 200 higher-need districts. In addition, $100 million is provided to facilitate the transformation of schools in high-need districts into community hubs offering expanded services to children and their families, including $75 million for the 17 school districts with failing and persistently failing schools. Another $407 million supports increased reimbursement in expense-based aid programs such as transportation, Boards of Cooperative Educational Services ("BOCES"), school construction, and other miscellaneous aid categories.

The Executive Budget Financial Plan also includes a proposed $28 million for new competitive grants, led by $22 million to expand prekindergarten access for three-year-old children in the most vulnerable school districts. In addition, the Executive Budget Financial Plan reflects the continuation of $340 million in recurring annual funding to support the statewide Universal Full-Day Prekindergarten program.

SCHOOL AID - SCHOOL YEAR BASIS (JULY 1 - JUNE 30)
(millions of dollars)

	SY 2016	SY 2017	Change	SY 2018	Change	SY 2019	Change	SY 2020	Change
Total	**23,233**	**24,224**	**991**	**25,311**	**1,087**	**26,597**	**1,286**	**27,950**	**1,353**
			4.3%		4.5%		5.1%		5.1%

School year values reflected in table do not include aid for Statewide Universal Full-Day Prekindergarten programs.

Finally, the Executive Budget Financial Plan maintains the two-year appropriation that continues Education Law provisions in SY 2017. School Aid is projected to increase by an additional $1.09 billion (4.5 percent) in SY 2018.

State Fiscal Year Basis

The State finances School Aid from General Fund and Lottery Fund receipts, including Video Lottery Terminals ("VLTs"), which are accounted for and disbursed from a dedicated account. Because the State fiscal year begins on April 1, the State typically pays approximately 70 percent of the annual school year commitment during the State fiscal year in which the related budget is enacted, and pays the remaining 30 percent in the first three months of the following State fiscal year.

The table below summarizes the multi-year projected funding levels on a State fiscal year basis.

SCHOOL AID - STATE FISCAL YEAR BASIS
(millions of dollars)

	FY 2016 Current	FY 2017 Proposed	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change
TOTAL STATE OPERATING FUNDS	**23,339**	**24,040**	**3.0%**	**25,311**	**5.3%**	**26,566**	**5.0%**	**27,915**	**5.1%**
General Fund Local Assistance	20,049	20,703	3.3%	22,005	6.3%	23,211	5.5%	24,558	5.8%
Core Lottery Aid	2,219	2,360	6.4%	2,232	-5.4%	2,227	-0.2%	2,224	-0.1%
VLT Lottery Aid	950	961	1.2%	938	-2.4%	895	-4.6%	900	0.6%
Commercial Gaming - VLT Offset	0	0	0.0%	17	0.0%	65	282.4%	65	0.0%
Commercial Gaming	121	16	-86.8%	119	643.8%	168	41.2%	168	0.0%

State fiscal year spending for School Aid is projected to total $24.0 billion in FY 2017. In future years, receipts available to finance this category of aid from core lottery sales are projected to decline. In addition to State aid, school districts receive more than $3 billion annually in Federal aid.

It is expected that State aid payments for School Aid will be supplemented by commercial gaming revenues, beginning in FY 2017. Three casino resorts were recommended by the State's Gaming Facility Location Board (the "Board") in December 2014, and approved by the State Gaming Commission in December 2015. A fourth casino was recommended by the Board in October 2015. The State expects $121 million from one-time licensing fees to supplement School Aid in FY 2016, and an additional $16 million in one-time licensing fees in FY 2017. In the event that casino revenue resources do not materialize at the level expected, or as timely as expected, then the additional School Aid to be funded from casino revenue resources becomes a General Fund obligation. It is expected that the four casinos will be operational in FY 2018.

Other Education Funding

In addition to School Aid, the State provides funding and support for various other education-related programs. These include: special education services; programs administered by the Office of Prekindergarten through Grade 12 education; cultural education; higher and professional education programs; and adult career and continuing education services.

OTHER EDUCATION (millions of dollars)									
	FY 2016 Current	FY 2017 Proposed	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,277**	**2,291**	**0.6%**	**2,324**	**1.4%**	**2,429**	**4.5%**	**2,551**	**5.0%**
Special Education	1,446	1,464	1.2%	1,564	6.8%	1,670	6.8%	1,784	6.8%
All Other Education	831	827	-0.5%	760	-8.1%	759	-0.1%	767	1.1%

The State provides a full range of special education services to approximately 500,000 students with disabilities, from ages 3 to 21. Major programs under the Office of Prekindergarten through Grade 12 address specialized student needs or reimburse school districts for education-related services, including the school lunch and breakfast program, after-school programs and other educational grant programs. Cultural education includes aid for operating expenses for the major cultural institutions of the State Archives, the State Library, and the State Museum as well as support for the Office of Educational Television and Public Broadcasting. Higher and professional education programs monitor the quality and availability of post-secondary education programs, and license and regulate over 50 professions. Adult career and continuing education services focus on the education and employment needs of the State's adult citizens, ensuring that such individuals have access to a "one-stop" source for all their employment needs, and are made aware of the full range of services available in other agencies.

The increase in spending from FY 2016 to FY 2017 is driven primarily by increased State reimbursement to counties for preschool special education programs. In FY 2018, the significant decrease in projected spending for All Other Education is primarily attributable to the expiration of a two-year appropriation provided to non-public schools in June 2015 to reimburse them for State-mandated services provided in prior years. However, this decrease is offset by projected increases in State reimbursement for special education programs, which are expected to continue to drive outyear growth.

School Tax Relief ("STAR") Program

The STAR program provides school tax relief to taxpayers by exempting the first $30,000 of every eligible homeowner's property value from the local school tax levy. It is expected that lower-income senior citizens will receive a $65,300 exemption in FY 2017. The DTF oversees local property assessment administration, and is responsible for establishing STAR property tax exemption amounts.

The three components of STAR and their approximate share of total spending in FY 2017 are: the basic school property tax exemption for homeowners with income under $500,000

(54 percent); the enhanced school property tax exemption for senior citizen homeowners with incomes under $84,550 (29 percent); and a flat refundable credit and rate reduction for income-eligible resident New York City personal income taxpayers (17 percent).

Spending for the STAR property tax exemption reflects reimbursements made to school districts to offset the reduction in property tax revenues. The Executive Budget Financial Plan reflects the proposed flat cap on the homeowner's STAR exemption benefit (growth was previously capped at 2 percent). New York City personal income taxpayers with annual incomes over $500,000 are not eligible starting in FY 2016.

SCHOOL TAX RELIEF (STAR) (millions of dollars)									
	FY 2016 Current	FY 2017 Proposed	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change
TOTAL STATE OPERATING FUNDS	**3,337**	**3,228**	**-3.3%**	**2,916**	**-9.7%**	**2,804**	**-3.8%**	**2,696**	**-3.9%**
Basic Exemption	1,770	1,756	-0.8%	1,671	-4.8%	1,594	-4.6%	1,514	-5.0%
Enhanced (Seniors)	949	943	-0.6%	892	-5.4%	851	-4.6%	810	-4.8%
New York City PIT	618	529	-14.4%	353	-33.3%	359	1.7%	372	3.6%

The projected spending decline is the result of changes to the STAR program which are proposed in the Executive Budget and which will phase in over time. STAR will gradually shift from a spending program into a refundable personal income tax credit, with this shift applying to first-time homebuyers and to homeowners who move. Further reductions in STAR spending will be achieved by the conversion of the New York City personal income tax STAR credit into a New York State personal income tax credit, a cap on the annual growth in the exemption benefit (which would be capped at a flat 0 percent as noted above), and by making enrollment in the Income Verification Program mandatory for enhanced beneficiaries.

The following table illustrates the total savings that result from the proposed STAR tax credit conversions, after accounting for the impact of the proposed changes on the level of estimated State PIT receipts.

STAR CONVERSION CREDIT PROPOSALS SAVINGS/(COSTS) (millions of dollars)					
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Convert New York City Personal Income Tax STAR Credit to a State Personal Income Tax Credit:					
PIT Receipts	0	(87)	(284)	(286)	(286)
STAR Spending	87	284	286	286	287
Convert the STAR Benefit into a Tax Credit for New Homeowners:					
PIT Receipts	0	(98)	(194)	(290)	(385)
STAR Spending	98	194	290	385	479
Net Financial Plan Impact	**185**	**293**	**98**	**95**	**95**

Higher Education

Local assistance for higher education spending includes funding for CUNY, SUNY, and the Higher Education Services Corporation ("HESC").

HIGHER EDUCATION (millions of dollars)	FY 2016 Current	FY 2017 Proposed	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,982**	**2,650**	**-11.1%**	**2,616**	**-1.3%**	**2,667**	**1.9%**	**2,692**	**0.9%**
City University	**1,426**	**1,047**	**-26.6%**	**971**	**-7.3%**	**1,002**	**3.2%**	**1,015**	**1.3%**
Senior Colleges	1,194	809	-32.2%	737	-8.9%	768	4.2%	781	1.7%
Community College	232	238	2.6%	234	-1.7%	234	0.0%	234	0.0%
Higher Education Services	**1,053**	**1,111**	**5.5%**	**1,155**	**4.0%**	**1,175**	**1.7%**	**1,187**	**1.0%**
Tuition Assistance Program	990	1,022	3.2%	1,033	1.1%	1,033	0.0%	1,033	0.0%
Scholarships/Awards	51	77	51.0%	110	42.9%	130	18.2%	142	9.2%
Aid for Part-Time Study	12	12	0.0%	12	0.0%	12	0.0%	12	0.0%
State University	**503**	**492**	**-2.2%**	**490**	**-0.4%**	**490**	**0.0%**	**490**	**0.0%**
Community College	498	488	-2.0%	486	-0.4%	486	0.0%	486	0.0%
Other/Cornell	5	4	-20.0%	4	0.0%	4	0.0%	4	0.0%

SUNY and CUNY administer 47 four-year colleges and graduate schools that provide 396,000 full- and part-time students with an array of undergraduate, graduate, and first professional educational opportunities. SUNY and CUNY also support 37 community colleges, serving 333,000 students. State funds are used to support a significant portion of SUNY and CUNY operations including employee fringe benefit costs. The State also provides a sizeable benefit to CUNY and SUNY through the debt service it pays on bond-financed capital projects at the universities. State debt service payments for capital projects at SUNY and CUNY are expected to total about $1.2 billion in FY 2017 (this is not reflected in the annual spending totals for the universities).

HESC administers the Tuition Assistance Program ("TAP"), which provides financial awards to income-eligible students. It also provides centralized processing for other student financial aid programs, and offers prospective students information and guidance on how to finance a college education. The financial aid programs that HESC administers are funded by the State and the Federal government.

In total, State Operating Funds local assistance spending is projected to decline from FY 2016 to FY 2017. This decline is primarily driven by a shared funding proposal between New York City and the State that aligns financial responsibility for CUNY with the City's 30 percent share of control over the CUNY Board of Trustees beginning in July of FY 2017. This shared funding arrangement will drive $393 million in reduced State spending on CUNY senior colleges in FY 2017 and when fully implemented, produce estimated savings of more than $500 million annually. This cost sharing arrangement will enable the State to provide $240 million in funding for retroactive salary increases to ensure fair and affordable agreements with CUNY labor unions.

Partially offsetting this decline is projected growth in student financial aid programs administered by HESC. The TAP program is estimated to increase from FY 2016 to FY 2017 resulting from projected community college tuition rate increases and State support for the DREAM Act. Scholarship and loan forgiveness program spending is also projected to increase, largely the result of increasing enrollment in recent scholarship initiatives such as Science, Technology, Engineering and Math ("STEM") and Get On Your Feet Loan Forgiveness Program.

Health Care

Local assistance for health care-related spending includes Medicaid, statewide public health programs and a variety of mental hygiene programs. The State DOH works with local health departments and social services departments, including those located in New York City, to coordinate and administer statewide health insurance programs and activities. The majority of government-financed health care programs are included under DOH, but a number of programs are also supported through multi-agency efforts.

DOH is also engaged in a multi-year initiative to implement the DSRIP program through an approved Federal waiver amendment to reinvest $8 billion in Federal savings generated by the MRT reforms. The DSRIP program will promote community-level collaborations and focus on system reform, specifically a goal to achieve 25 percent reduction in avoidable hospital use over five years. The Executive Budget Financial Plan reflects the impact of the DSRIP program through additional Federal funds disbursements of approximately $8 billion through FY 2020, with the remaining funds expected to be disbursed beyond FY 2020. A portion of DSRIP funding flows through the SUNY hospital system and other State-operated health care facilities.

Medicaid

Medicaid is a means-tested program that finances health care services for low-income individuals and long-term care services for the elderly and disabled, primarily through payments to health care providers. The Medicaid program is financed jointly by the State, the Federal government, and local governments. Eligible services include inpatient hospital care, outpatient hospital services, clinics, nursing homes, managed care, prescription drugs, home care and services provided in a variety of community-based settings (including mental health, substance abuse treatment, developmental disabilities services, school-based services and foster care services).

In FY 2012, legislation was enacted to limit the year-to-year growth in DOH State funds Medicaid spending to the ten-year rolling average of the medical component of the CPI. The statutory provisions of the Medicaid spending cap (or "Global Cap") also allow for flexibility in adjusting Medicaid projections to meet unanticipated costs resulting from a disaster. The Executive Budget Financial Plan reflects the continuation of the Medicaid spending cap through FY 2018, and the projections assume that statutory authority will be extended in subsequent years. Allowable growth under the cap for medical services is 3.4 percent for FY 2017. Reflecting projected CPI reductions, DOB currently forecasts allowable cap growth at 3.2 percent in FY 2018; 3.0 percent in FY 2019; and 2.8 percent in FY 2020. Certain administrative costs and changes in the Federal or local shares are not subject to this index.

MEDICAID GLOBAL CAP FORECAST
(millions of dollars)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Global Medicaid Cap [1]	**17,104**	**17,692**	**18,259**	**18,812**	**19,339**
Annual % Change		3.4%	3.2%	3.0%	2.8%

[1] Under the Global Cap, forecasted Medicaid services growth is indexed to the 10-year average of the medical component of the CPI.

The indexed provisions of the Global Cap apply to a majority of the State share of Medicaid spending that is budgeted and expended principally through DOH. However, the Global Cap is adjusted for State costs associated with the takeover of local Medicaid growth and the multi-year assumption of local Medicaid administration, as well as increased Federal financial participation pursuant to the ACA that became effective in January 2014. State share Medicaid spending also appears in the Updated Financial Plan estimates for other State agencies, including the mental hygiene agencies, child welfare programs, and education aid.

TOTAL STATE-SHARE MEDICAID DISBURSEMENTS[1]
(millions of dollars)

	FY 2016 Current	FY 2017 Proposed	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected
Department of Health Medicaid	17,610	17,954	18,400	19,013	19,595
Local Assistance	17,372	17,704	18,145	18,758	19,334
State Operations	238	250	255	255	261
Other State Agency Medicaid Spending	4,955	4,561	4,950	5,196	5,393
Mental Hygiene	4,816	4,421	4,808	5,054	5,249
Foster Care	89	90	92	92	94
Education	50	50	50	50	50
Total State Share Medicaid (All Agencies)	**22,565**	**22,515**	**23,350**	**24,209**	**24,988**
Annual $ Change		(50)	835	859	779
Annual % Change		-0.2%	3.7%	3.7%	3.2%
Essential Plan[2]	**130**	**377**	**385**	**395**	**406**

[1] DOH spending in the Financial Plan includes certain items that are excluded from the indexed provisions of the Medicaid Global Cap. This includes administrative costs, such as the takeover of local administrative responsibilities; the decision of Monroe County to participate in the Medicaid local cap program, rather than continuing the sales tax intercept option; and increased Federal Financial Participation that became effective in January 2014.

[2] The EP is not a Medicaid program; however, State-funded resources for the EP are managed under the Medicaid Global Cap.

The State share of DOH Medicaid spending is financed by a combination of the General Fund, HCRA resources, indigent care support, and provider assessment revenue. The following table provides information on the financing sources for State Medicaid spending (more information on HCRA can be found in the section entitled "HCRA Financial Plan").

DEPARTMENT OF HEALTH MEDICAID[1,2] (millions of dollars)	FY 2016 Current	FY 2017 Proposed	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change
STATE OPERATING FUNDS	**17,740**	**18,331**	**3.3%**	**18,785**	**2.5%**	**19,408**	**3.3%**	**20,001**	**3.1%**
General Fund - DOH Medicaid Local	12,088	12,295	1.7%	12,796	4.1%	13,416	4.8%	14,109	5.2%
DOH Medicaid	11,221	11,146	-0.7%	11,864	6.4%	12,528	5.6%	13,221	5.5%
Mental Hygiene - Global Cap Adjustment[3]	867	1,149	32.5%	932	-18.9%	888	-4.7%	888	0.0%
General Fund - DOH Medicaid State Ops[4]	238	250	5.0%	255	2.0%	255	0.0%	261	2.4%
General Fund - Essential Plan	130	377	190.0%	385	2.1%	395	2.6%	406	2.8%
Local Assistance	108	334	209.3%	345	3.3%	355	2.9%	365	2.8%
State Operations	22	43	95.5%	40	-7.0%	40	0.0%	41	2.5%
Other State Funds - DOH Medicaid Local	5,284	5,409	2.4%	5,349	-1.1%	5,342	-0.1%	5,225	-2.2%
HCRA Financing	3,655	3,776	3.3%	3,682	-2.5%	3,738	1.5%	3,621	-3.1%
Indigent Care Support	817	821	0.5%	855	4.1%	792	-7.4%	792	0.0%
Provider Assessment Revenue	812	812	0.0%	812	0.0%	812	0.0%	812	0.0%

[1] The EP is not a Medicaid program; however, State funded resources for EP are managed under the Medicaid Global Cap.
[2] Does not include Medicaid spending in other State agencies, transfers, or the local government share of total Medicaid program spending.
[3] The DOH Medicaid budget includes resources to fund a portion of Medicaid-related Mental Hygiene program costs under the Global Cap.
[4] Includes operating costs of the New York State of Health Exchange which are funded by DOH within the Medicaid Global Cap in FY 2016.

The FY 2017 Executive Budget Financial Plan reflects a proposal to phase in additional local funding from NYC toward the annual growth of Medicaid costs. Under this proposal, NYC's contribution level will be increased by 3.6 percent in FY 2017 and 5.8 percent in FY 2018 after which the growth continues at a rate of roughly 2 percent annually.

The Executive Budget Financial Plan also reflects a continuation of the MRT initiative, which focuses on implementing various investments and efficiencies within the statewide Medicaid program in order to achieve improved health care service delivery and cost efficiency within the statutory spending limits of the Medicaid Global Cap. DOH proposes a number of initiatives to reduce spending within the Global Cap, including certain efficiencies in the managed care program premiums; realigning the capital and operating components of the Supportive Housing program; and an increase in the penalty for extreme generic drug pricing in order to de-incentivize such practices and limit cost increases.

The MRT savings initiatives are expected to offset a number of increased cost pressures and program investments within the Global Cap, including increases in Medicare Part D "clawback" expenses as a result of rising drug prices; Medicare Part B increases due to Federal requirements for states to hold certain beneficiaries harmless for premium increases when COLAs are not included in social security plans; and additional funding for fiscally distressed hospitals. Savings of $44 million are expected upon implementation of the MRT initiatives, and are programmed for General Fund use in each of FYs 2017 and 2018. These savings are realized through the Mental Hygiene Global Cap Adjustment, which finances certain OPWDD-related Medicaid costs available under the Global Cap.

Fluctuation in enrollment, the costs of provider health care services, and health care utilization levels are among the factors that drive higher Medicaid spending within the Global Cap. The number of Medicaid recipients is expected to exceed 6.1 million by the end of FY 2016, a slight decrease from FY 2015 caseload of 6.2 million. This decline is mainly attributable to the transition of certain legally residing immigrants from Medicaid to the EP.

Essential Plan

The EP is a health insurance program which receives Federal subsidies authorized through the ACA. The FY 2015 Enacted Budget authorized the State's option to participate in the EP. The EP includes health insurance coverage for certain legally residing immigrants previously receiving State-only Medicaid coverage. Individuals who meet the eligibility standards of the EP will be enrolled through the NYSOH insurance exchange, with the cost of insurance premiums subsidized by the State and Federal governments. When fully implemented, approximately 85 percent of program expenditures are expected to be paid by the Federal government.

ESSENTIAL PLAN
(millions of dollars)

	FY 2016 Results	FY 2017 Updated	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change
TOTAL ALL FUNDS SPENDING	**1,660**	**2,461**	**48.3%**	**2,535**	**3.0%**	**2,610**	**3.0%**	**2,683**	**2.8%**
State Operating Funds	**130**	**377**	**190.0%**	**385**	**2.1%**	**395**	**2.6%**	**406**	**2.8%**
Local Assistance	108	334	209.3%	345	3.3%	355	2.9%	365	2.8%
State Operations	22	43	95.5%	40	-7.0%	40	0.0%	41	2.5%
Federal Operating Funds	**1,530**	**2,084**	**36.2%**	**2,150**	**3.2%**	**2,215**	**3.0%**	**2,277**	**2.8%**

The Executive Budget Financial Plan includes forecast revisions based on updated income level data associated with program enrollees, which is expected to drive an increased Federal share of funding and lower the State's share of support as compared with initial estimates. The State's program costs associated with the EP program, and related savings, are managed within the total available resources of the Medicaid Global Cap.

Public Health/Aging Programs

Public Health includes the Child Health Plus ("CHP") program that finances health insurance coverage for children of low-income families up to the age of 19, the General Public Health Work ("GPHW") program that reimburses local health departments for the cost of providing certain public health services, the Elderly Pharmaceutical Insurance Coverage ("EPIC") program that provides prescription drug insurance to seniors, and the Early Intervention ("EI") program that pays for services to infants and toddlers under the age of three with disabilities or developmental delays. Many public health programs, such as EI and GPHW programs, are run by county health departments and reimbursed by the State for a share of program costs. The State spending projections do not include the county share of public health costs. In addition, a significant portion of HCRA spending is included under the Public Health budget.

The State Office for the Aging ("SOFA") promotes and administers programs and services for New Yorkers 60 years of age and older. SOFA primarily oversees community-based services (including in-home services and nutrition assistance) provided through a network of county Area Agencies on Aging ("AAA") and local providers.

PUBLIC HEALTH AND AGING (millions of dollars)									
	FY 2016 Current	FY 2017 Proposed	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,765**	**1,620**	**-8.2%**	**1,638**	**1.1%**	**1,668**	**1.8%**	**1,821**	**9.2%**
Public Health	**1,639**	**1,493**	**-8.9%**	**1,506**	**0.9%**	**1,531**	**1.7%**	**1,678**	**9.6%**
Child Health Plus	359	220	-38.7%	230	4.5%	246	7.0%	374	52.0%
General Public Health Work	194	199	2.6%	202	1.5%	206	2.0%	210	1.9%
EPIC	126	132	4.8%	133	0.8%	128	-3.8%	128	0.0%
Early Intervention	159	154	-3.1%	139	-9.7%	139	0.0%	139	0.0%
HCRA Program	435	367	-15.6%	367	0.0%	367	0.0%	372	1.4%
All Other	366	421	15.0%	435	3.3%	445	2.3%	455	2.2%
Aging	**126**	**127**	**0.8%**	**132**	**3.9%**	**137**	**3.8%**	**143**	**4.4%**

The Executive Budget Financial Plan includes approximately $106 million in savings from the CHP program ($70 million) and HCRA program account ($36.2 million). Recently enhanced Federal funding for children's health care programs, serving populations that meet expanded income thresholds, lowers State costs. Growth in FY 2020 for the CHP program is driven mainly by the expirations of enhanced FMAP on September 30, 2019, which will shift a significant portion of funding back to State funds.

Annual GPHW spending has been revised in all years to reflect claiming patterns, and is projected to grow at moderate levels. EPIC program growth reflects increasing pharmaceutical costs which impact Medicare Part D premium payment estimates.

In the EI Program, the Executive Budget Financial Plan reflects proposed savings generated by improving commercial insurer reimbursements of EI services. In addition, children referred to the EI program will be required to receive a screening prior to the provision of more comprehensive (and costly) evaluations, whereas children with diagnosed conditions will undergo a more condensed evaluation thereby reducing the need for unnecessary tests. These proposals are expected to generate $5 million in savings in FY 2017 and over $20 million thereafter.

HCRA program spending is also expected to decline from FY 2016 through a savings proposal to reduce the Excess Medical Malpractice Liability Pool subsidy level by $25 million. Savings will be achieved by targeting participation in the Excess Pool to high-risk specialties and in underserved high-need regions of the State. From FY 2017 to FY 2020, HCRA program spending is expected to remain relatively flat.

HCRA Financial Plan

HCRA was established in 1996 to help finance a portion of State health care activities. Extensions and modifications to HCRA have financed new health care programs, including FHP and CHP. HCRA has also provided additional financing for the health care industry, including investments in worker recruitment and retention, and the Doctors Across New York program. HCRA authorization has been extended through FY 2017, pursuant to legislation included in the FY 2015 Enacted Budget.

HCRA receipts include surcharges and assessments on hospital revenues, a "covered lives" assessment paid by insurance carriers, and a portion of cigarette tax revenues. In total, HCRA resources are used to fund roughly 25 percent of the State share of DOH Medicaid, as well as CHP, the NYSOH, EPIC, Physician Excess Medical Malpractice Insurance, and Indigent Care payments, which provide funding to hospitals serving a disproportionate share of individuals without health insurance.

HCRA FINANCIAL PLAN FY 2016 THROUGH FY 2020
(millions of dollars)

	FY 2016 Current	FY 2017 Proposed	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected
OPENING BALANCE	**14**	**0**	**0**	**0**	**0**
TOTAL RECEIPTS	**5,570**	**5,579**	**5,519**	**5,544**	**5,569**
Surcharges	3,077	3,118	3,120	3,180	3,240
Covered Lives Assessment	1,090	1,090	1,045	1,045	1,045
Cigarette Tax Revenue	917	878	847	816	781
Hospital Assessments	391	408	424	424	424
NYC Cigarette Tax Transfer/Other	95	85	83	79	79
TOTAL DISBURSEMENTS	**5,584**	**5,579**	**5,519**	**5,544**	**5,569**
Medicaid Assistance Account	3,655	3,776	3,682	3,739	3,621
Medicaid Costs	*3,458*	*3,579*	*3,485*	*3,542*	*3,424*
Workforce Recruitment & Retention	*197*	*197*	*197*	*197*	*197*
Hospital Indigent Care	817	822	855	792	792
HCRA Program Account	442	378	378	378	383
Child Health Plus	362	223	234	249	378
Elderly Pharmaceutical Insurance Coverage	138	144	145	140	140
New York State of Health[1]	0	59	87	88	90
SHIN-NY/APCD	45	40	0	0	0
All Other	125	137	138	158	165
ANNUAL OPERATING SURPLUS/(DEFICIT)	**(14)**	**0**	**0**	**0**	**0**
CLOSING BALANCE	**0**	**0**	**0**	**0**	**0**

[1] $49 million in FY 2016 spending will be financed with available HCRA resources through the Medicaid program.

HCRA revenues in the FY 2017 Executive Budget Financial Plan have been revised to account for increased Hospital Surcharge collections from a one-time increase in Upper Payment Limit ("UPL") payments due to delayed Federal approval and recent surcharge collection patterns. Outyear HCRA revenue estimates have been revised downward due to the anticipated reconciliation of prior year revenue collections. The level of annual growth forecasted in surcharge and hospital assessments reflects expanded health insurance coverage through the ACA, and an expectation for a higher volume of health care services being provided throughout the State. The health care industry assessment revenue growth is partly offset by projected declines in cigarette tax collections due to declining taxable consumption, resulting in total HCRA receipts growth which is virtually flat on an average annual basis through FY 2020.

HCRA spending is expected to total $5.6 billion in FY 2017. The most significant area of spending growth includes additional financing of the State share of Medicaid costs. The Executive Budget Financial Plan includes a proposed reduction to the Excess Medical Malpractice subsidy level, which reimburses certain physicians and dentists for a secondary layer of medical malpractice insurance coverage, by $25 million on an annual basis.

HCRA is expected to remain in balance over the multi-year projection period. Under the current HCRA appropriation structure, spending reductions will occur if resources are insufficient to meet spending levels. Any potential spending reductions could affect General Fund Medicaid funding or HCRA programs. Conversely, any unanticipated balances or excess resources in HCRA are expected to finance Medicaid costs that would otherwise be paid from the General Fund.

Mental Hygiene

The Department of Mental Hygiene is comprised of the OPWDD, the Office of Mental Health ("OMH"), OASAS, the Developmental Disabilities Planning Council ("DDPC"), and the Justice Center for the Protection of People with Special Needs. Services are administered to adults with serious mental illness; children with serious emotional disturbances; individuals with developmental disabilities and their families; persons with chemical dependencies; and individuals with compulsive gambling problems.

These agencies provide services directly to their patients through State-operated facilities, and indirectly through community service providers. The costs associated with providing these services are supported by reimbursement from Medicaid, Medicare, third-party insurance and State funding. Patient care revenues are pledged first to the payment of debt service on outstanding mental hygiene bonds, which were issued to finance infrastructure improvements at State mental hygiene facilities, with the remaining revenue used to support State operating costs.

MENTAL HYGIENE
(millions of dollars)

	FY 2016 Current	FY 2017 Proposed	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,636**	**2,513**	**-4.7%**	**3,000**	**19.4%**	**3,310**	**10.3%**	**3,490**	**5.4%**
People with Developmental Disabilities	**2,062**	**2,203**	**6.8%**	**2,338**	**6.1%**	**2,459**	**5.2%**	**2,579**	**4.9%**
Residential Services	1,377	1,472	6.9%	1,562	6.1%	1,643	5.2%	1,723	4.9%
Day Programs	600	641	6.8%	680	6.1%	715	5.1%	750	4.9%
Clinic	20	21	5.0%	22	4.8%	24	9.1%	25	4.2%
All Other Local/Resources	65	69	6.2%	74	7.2%	77	4.1%	81	5.2%
Mental Health	**1,127**	**1,183**	**5.0%**	**1,305**	**10.3%**	**1,436**	**10.0%**	**1,483**	**3.3%**
Adult Local Services	914	959	4.9%	1,058	10.3%	1,165	10.1%	1,203	3.3%
Children Local Services	213	224	5.2%	247	10.3%	271	9.7%	280	3.3%
Alcohol and Substance Abuse	**318**	**317**	**-0.3%**	**330**	**4.1%**	**344**	**4.2%**	**357**	**3.8%**
Outpatient/Methadone	127	126	-0.8%	132	4.8%	137	3.8%	143	4.4%
Residential	124	124	0.0%	129	4.0%	134	3.9%	139	3.7%
Prevention and Program Support	54	54	0.0%	56	3.7%	59	5.4%	61	3.4%
Crisis	13	13	0.0%	13	0.0%	14	7.7%	14	0.0%
Justice Center	**1**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**
SUBTOTAL BEFORE ADJUSTMENTS	**3,508**	**3,704**	**5.6%**	**3,974**	**7.3%**	**4,240**	**6.7%**	**4,420**	**4.2%**
Other Adjustments	**(872)**	**(1,191)**	**-36.6%**	**(974)**	**18.2%**	**(930)**	**4.5%**	**(930)**	**0.0%**
Global Cap Adjustment	(867)	(1,149)	-32.5%	(932)	18.9%	(888)	4.7%	(888)	0.0%
Other DOH Offsets	(42)	(42)	0.0%	(42)	0.0%	(42)	0.0%	(42)	0.0%
53rd Medicaid Cycle	37	0	-100.0%	0	0.0%	0	0.0%	0	0.0%

Local assistance spending accounts for over 40 percent of total mental hygiene spending from State Operating Funds, and is projected to grow by an average rate of 5.9 percent annually. The main factor driving this level of growth is enhancement of community mental health services, right-sizing and improving State-operated inpatient services, utilizing less costly and more programmatically appropriate in-state community residential programs, enhancing employment opportunities for individuals with disabilities and maximizing payments from third-party payers.

The Updated Financial Plan includes additional local assistance funding for mental hygiene agencies, from $3.5 billion in FY 2016 to $3.7 billion in FY 2017. The spending increase is largely related to new community investments in OPWDD and OMH, as individuals are transitioned from State-operated services to community-integrated settings; new service investments in the OPWDD system; new residential beds opening in OMH; and funding to support a modest

0.2 percent Human Services Cost of Living Adjustment ("COLA") for not-for-profit providers that deliver services on behalf of OPWDD, OMH and OASAS.

This funding increase is offset by technical adjustments to the Medicaid Global Cap ($282 million), and recognition of one-time costs in FY 2016 for a 53rd weekly Medicaid Cycle ($37 million). These technical adjustments have no impact on service delivery or operations of OMH, OPWDD, OASAS or the Justice Center; despite the appearance of a decrease.

The Updated Financial Plan also includes updated assumptions to reflect revised timelines for ongoing transformation efforts in the mental hygiene service delivery system, and the Federal government's extension of the timeframe to disburse funding from the Balancing Incentives Program ("BIP"). Authorized under the ACA, BIP is an optional program that provides additional Federal funding to qualifying states to encourage the shift from institutional to community services. It is expected that BIP will enable the State to engage a broad network of providers, advocates and community leaders to develop systematic improvements to delivery systems for individuals with intellectual and/or developmental disabilities and individuals with mental illness.

It should also be noted, the Executive Budget Financial Plan reflects updated spending estimates for prior year actions related to OPWDD's transition of individuals with intellectual and developmental disabilities from developmental centers into community-based settings.

Finally, the Executive Budget Financial Plan also includes proposed spending for the Governor's Combat Heroin initiative and a new investment in residential services for those struggling with heroin and/or opiate addiction. It is proposed that $141 million be provided to address the heroin and opiate crisis, which reflects a $6 million increase from FY 2016. OASAS redirected existing resources to meet this need.

Social Services

Office of Temporary and Disability Assistance ("OTDA")

The Office of Temporary and Disability Assistance ("OTDA") local assistance programs provide cash benefits and supportive services to low-income families. The State's three main programs include Family Assistance, Safety Net Assistance and Supplemental Security Income ("SSI"). The Family Assistance program, which is financed by the Federal government, provides time-limited cash assistance to eligible families. The Safety Net Assistance program, financed by the State and local districts, provides cash assistance for single adults, childless couples, and families that have exhausted their five-year limit on Family Assistance imposed by Federal law. The State SSI Supplementation program provides a supplement to the Federal SSI benefit for the elderly, visually handicapped, and disabled.

TEMPORARY AND DISABILITY ASSISTANCE
(millions of dollars)

	FY 2016 Current	FY 2017 Proposed	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,210**	**1,229**	**1.6%**	**1,245**	**1.3%**	**1,260**	**1.2%**	**1,268**	**0.6%**
SSI	660	670	1.5%	679	1.3%	679	0.0%	679	0.0%
Public Assistance Benefits	437	438	0.2%	438	0.0%	438	0.0%	437	-0.2%
Public Assistance Initiatives	21	27	28.6%	27	0.0%	36	33.3%	37	2.8%
All Other	92	94	2.2%	101	7.4%	107	5.9%	115	7.5%

OTDA spending on SSI is projected to increase gradually over the course of the multi-year Financial Plan due to updated caseload projections. In public assistance, DOB projects a total of 557,159 recipients in FY 2017. Approximately 238,388 families are expected to receive benefits through the Family Assistance program in FY 2017, a decrease of 2.2 percent from FY 2016. In the Safety Net program an average of 115,259 families are expected to be helped in FY 2017, a decrease of 2.1 percent from FY 2016. The caseload for single adults/childless couples supported through the Safety Net program is projected at 203,512 in FY 2017, an increase of 0.2 percent from FY 2016.

Office of Children and Family Services ("OCFS")

The Office of Children and Family Services OCFS provides funding for foster care, adoption, child protective services, preventive services, delinquency prevention, and child care. OCFS oversees the State's system of family support and child welfare services administered by local social services departments and community-based organizations. Specifically, child welfare services, which are financed jointly by the Federal government, the State, and local districts, are structured to encourage local governments to invest in preventive services for reducing out-of-home placement of children. In addition, the Child Care Block Grant, which is also financed by a combination of Federal, State and local sources, supports child care subsidies for public assistance and low-income families.

CHILDREN AND FAMILY SERVICES
(millions of dollars)

	FY 2016 Current	FY 2017 Proposed	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,711**	**1,641**	**-4.1%**	**1,780**	**8.5%**	**1,934**	**8.7%**	**1,934**	**0.0%**
Child Welfare Service	454	464	2.2%	472	1.7%	482	2.1%	492	2.1%
Foster Care Block Grant	445	445	0.0%	455	2.2%	464	2.0%	472	1.7%
Adoption	152	154	1.3%	154	0.0%	154	0.0%	154	0.0%
Day Care	284	185	-34.9%	185	0.0%	178	-3.8%	178	0.0%
Youth Programs	133	155	16.5%	233	50.3%	371	59.2%	349	-5.9%
Medicaid	89	90	1.1%	92	2.2%	93	1.1%	95	2.2%
Committees on Special Education	38	39	2.6%	41	5.1%	42	2.4%	44	4.8%
Adult Protective/Domestic Violence	30	32	6.7%	33	3.1%	34	3.0%	34	0.0%
All Other	86	77	-10.5%	115	49.4%	116	0.9%	116	0.0%

OCFS State Operating Funds spending is projected to decline between FY 2016 and FY 2017 primarily due to the utilization of other funding sources, in this case Federal Temporary Assistance for Needy Families ("TANF") resources, to maintain funding for childhood subsidies. Spending is projected to increase after FY 2018 due to a variety of factors including the full implementation of "Raise the Age" initiative which will increase the age of juvenile jurisdiction from age 16 to age 18.

Transportation

In FY 2017, the State will provide approximately $5 billion to support the operating costs of the statewide mass transit systems financed from dedicated taxes and fees. The MTA, due to the size and scope of its transit and commuter rail systems, receives the majority of the statewide mass transit operating aid. In addition, the MTA receives operating support from the MTA Financial Assistance Fund, authorized in May 2009 to collect regional taxes and fees imposed within the Metropolitan Commuter Transportation District ("MCTD"). The State collects these taxes and fees on behalf of, and disburses the entire amount to, the MTA to support the transit and commuter rail systems. Pursuant to legislation enacted in December 2011, the MTA payroll tax was eliminated for all elementary and secondary schools and small business operators within the MCTD. The General Fund now provides additional annual support, subject to appropriation, to the MTA to make up for the resulting loss of revenue.

TRANSPORTATION
(millions of dollars)

	FY 2016 Current	FY 2017 Proposed	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change
STATE OPERATING FUNDS SUPPORT	**4,797**	**4,990**	**4.0%**	**5,056**	**1.3%**	**5,118**	**1.2%**	**5,217**	**1.9%**
Mass Transit Operating Aid:	2,160	2,280	5.6%	2,280	0.0%	2,280	0.0%	2,280	0.0%
Metro Mass Transit Aid	2,030	2,152	6.0%	2,152	0.0%	2,152	0.0%	2,152	0.0%
Public Transit Aid	86	84	-2.3%	84	0.0%	84	0.0%	84	0.0%
18-b General Fund Aid	19	19	0.0%	19	0.0%	19	0.0%	19	0.0%
School Fare	25	25	0.0%	25	0.0%	25	0.0%	25	0.0%
Mobility Tax and MTA Aid Trust	1,898	2,003	5.5%	2,084	4.0%	2,149	3.1%	2,247	4.6%
Dedicated Mass Transit	669	650	-2.8%	636	-2.2%	632	-0.6%	634	0.3%
AMTAP	68	56	-17.6%	56	0.0%	56	0.0%	56	0.0%
All Other	2	1	-50.0%	0	-100.0%	1	0.0%	0	-100.0%

Projected operating aid to the MTA and other transit systems reflects the current receipts forecast and timing associated with the availability of resources. The Executive Budget Financial Plan includes revised spending estimates for transit assistance in each year to reflect the most recent revenue forecast assumptions.

Beginning in FY 2017 capital financing sources will support all capital-related spending currently funded from the Dedicated Mass Transportation Trust Fund ("DMTTF").

The Executive Budget Financial Plan reflects the Governor's commitment of $8.3 billion in State resources toward funding the MTA's $26.1 billion 2015-2019 transit capital plan. The Budget includes legislation to authorize the remaining $7.3 billion of this commitment, and spending will continue from the $1 billion FY 2016 appropriation: $750 million to support the MTA's 2015-2019 core capital program and $250 million to advance the MTA's Penn Station Access project.

Local Government Assistance

Direct aid to local governments includes the Aid and Incentives for Municipalities ("AIM") program, which was created in FY 2006 to consolidate various unrestricted local aid funding streams; miscellaneous financial assistance for certain counties, towns, and villages; and efficiency-based incentive grants provided to local governments.

LOCAL GOVERNMENT ASSISTANCE - AIM PROGRAM
(millions of dollars)

	FY 2016 Current	FY 2017 Proposed	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change
TOTAL AIM STATE OPERATING FUNDS	**736**	**715**	**-2.9%**	**763**	**6.7%**	**763**	**0.0%**	**763**	**0.0%**
Big Four Cities	429	429	0.0%	429	0.0%	429	0.0%	429	0.0%
Other Cities	218	218	0.0%	218	0.0%	218	0.0%	218	0.0%
Towns and Villages	68	68	0.0%	68	0.0%	68	0.0%	68	0.0%
Restructuring/Efficiency	21	0	-100.0%	48	0.0%	48	0.0%	48	0.0%

State Operating Funds spending for AIM efficiency incentive grants is expected to decline from FY 2016 to FY 2017 due to both the timing-related delays in local efficiency grant programs and to the availability of capital resources to finance certain aspects of these programs in FY 2017. Outyear growth is driven by the resumption of usage of State Operating Funds resources in FY 2018.

Agency Operations

Agency operating costs include personal service, non-personal service, and GSCs. Personal service costs include the salaries of State employees of the Executive, Legislative, and Judicial branches, as well as the salaries of temporary/seasonal employees. Non-personal service costs reflect the cost of operating State agencies, including real estate rental, utilities, contractual payments (i.e., consultants, IT, and professional business services), supplies and materials, equipment, and telephone service. GSCs reflect the cost of fringe benefits (i.e., pensions, health insurance) provided to State employees and retirees of the Executive, Legislative and Judicial branches, and certain fixed costs paid by the State, such as taxes on public lands and litigations. Certain agency operations of Department of Transportation ("DOT") and Department of Motor Vehicles ("DMV") are included in the capital projects fund type and are not reflected in the State Operating Funds totals.

Approximately 94 percent of the State workforce is unionized. The largest unions include CSEA, which represents office support staff and administrative personnel, machine operators, skilled trade workers, and therapeutic and custodial care staff; PEF, which represents professional and technical personnel (attorneys, nurses, accountants, engineers, social workers, and institution teachers); UUP, which represents faculty and nonteaching professional staff within the State University system; and NYSCOPBA, which represents security personnel (correction officers, safety and security officers).

Selected assumptions used in preparing the spending projections for the State's major programs and activities are summarized in the following table.

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING PERSONAL SERVICE AND FRINGE BENEFITS

			Forecast			
	FY 2015 Results	FY 2016 Updated	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected
Negotiated Base Salary Increases[1]						
CSEA/NYSCOPBA/Council 82/UUP/DC-37/GSEU	2%	2%	TBD	TBD	TBD	TBD
PEF / PBANYS	2%	TBD	TBD	TBD	TBD	TBD
NYSPBA	2%	2%	1.5%	1.5%	TBD	TBD
State Workforce[2]	117,807	118,311	118,538	TBD	TBD	TBD
ERS Contribution Rate[3]						
Before Amortization[4]	20.7%	18.9%	15.9%	15.5%	15.0%	15.2%
After Amortization[5]	18.8%	19.3%	19.5%	19.5%	19.2%	19.2%
PFRS Pension Contribution Rate						
Before Amortization[4]	28.0%	25.5%	25.1%	23.8%	23.3%	23.5%
After Amortization[5]	25.9%	26.5%	28.6%	27.0%	26.5%	26.6%
Employee/Retiree Health Insurance Growth Rates	1.8%	5.1%	6.6%	5.8%	6.5%	6.5%
PS/Fringe as % of Receipts (All Funds Basis)	13.5%	13.6%	13.8%	13.8%	13.8%	13.8%

[1] Reflects current collective bargaining agreements with settled unions. Does not reflect potential impact of future negotiated labor agreements.
[2] Reflects workforce that is Subject to Direct Executive Control.
[3] As Percent of Salary.
[4] Before amortization contribution rate reflects normal and administrative costs and contributions for the Group Life Insurance Plan (GLIP).
[5] After amortization contribution rate additionally includes new amortization, if any, and payments on prior amortizations.

The majority of State agencies are expected to hold personal service and non-personal service spending constant over the Financial Plan period, with a few exceptions. Costs from collective bargaining agreements, which include 1.5 percent salary increases in FYs 2017 and 2018 for NYSPBA, applicable lump sum payments, and repayment of a portion of the deficit reduction adjustment made to employee salaries, are expected to be funded from operational savings.

Medicaid Admin/EP, OCFS and SUNY are areas expected to experience programmatic growth. The growth in Medicaid Admin/EP reflects shifts and increases in the State costs of the NYSOH Exchange between the Exchange Marketplace and general Medicaid contractors and the State employees who work on Medicaid and the Exchange. Cost increases are primarily in IT/infrastructure/consulting contractual services, and personal services. The reestimate aligns costs with actual enrollment mix experienced to date through the Exchange. The Executive Budget Financial Plan reflects the proposed additional funding in OCFS to support the movement of 16 and 17 year old non-violent criminal offenders from general prison populations to separate facilities where emphasis can be placed on the specific needs of this age group. It is expected that OCFS will assist DOCCS in implementing specialized youth facilities by facilitating trainings, reviewing policies and procedures, and providing case consultations. Higher SUNY spending reflects anticipated operating needs primarily supported by tuition.

Increases in Information Technology Services from FY 2017 to FY 2020 are attributable to agency transfers for the continuous statewide IT consolidation, which is offset by efficiencies realized through the IT consolidation. Public Health reclassifies certain State Operations costs that actually belong to Aid to Localities functionality, proposes personal service savings through attrition, and utilizes federal funds to cover certain program costs. The cost reduction is offset by operational increases mainly due to transitioning of certain functions from the local services districts to the State as part of the ongoing statewide administrative takeover initiative and the implementation of the NYSOH insurance benefit exchange, the State's insurance marketplace program under the ACA.

The Department of Law, OSC, Judiciary and Legislature all have expected growth from FY 2016 to FY 2017.

Payments to the New York Power Authority ("NYPA") represent an accounting reclassification across certain categories of the Executive Budget Financial Plan, but do not carry a financial impact. These payments were previously assumed under different funding categories, pursuant to funding schedules agreed upon by the State and NYPA.

Other year-over-year changes are technical in nature and reflect administrative reconciliations. For example, the State's workforce is paid on a bi-weekly basis; weekly pay cycles alternate between administrative and institutional payrolls. There are typically 26 pay periods in a fiscal year. In FY 2016, employees on the institutional pay schedule will have one additional payroll.

STATE OPERATING FUNDS - PERSONAL SERVICE / NON-PERSONAL SERVICE COSTS (millions of dollars)	FY 2016 Current	FY 2017 Proposed	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected
SUBJECT TO DIRECT EXECUTIVE CONTROL	**10,190**	**10,009**	**10,357**	**10,311**	**10,353**
Mental Hygiene	2,822	2,789	2,784	2,825	2,867
Corrections and Community Supervision	2,615	2,622	2,630	2,632	2,640
State Police	650	650	661	661	661
Information Technology Services[1]	504	543	565	577	577
Public Health	419	441	463	463	466
Tax and Finance	330	328	329	329	329
Medicaid Admin/EP	260	293	296	295	301
Children and Family Services	269	245	323	432	436
Environmental Conservation	239	229	229	230	230
Financial Services	211	213	212	212	212
Parks, Recreation and Historic Preservation	180	177	177	175	175
General Services	159	165	165	165	165
Gaming	156	157	158	158	158
Temporary and Disability Assistance	143	130	125	125	125
Workers' Compensation Board	142	142	142	143	145
Extra Bi-Weekly Institutional Pay Period	167	0	0	0	0
New York Power Authority Repayment	21	21	236	22	0
All Other	903	864	862	867	866
UNIVERSITY SYSTEMS	**5,804**	**5,924**	**6,059**	**6,176**	**6,295**
State University	5,720	5,838	5,971	6,087	6,205
City University	84	86	88	89	90
INDEPENDENT AGENCIES	**311**	**318**	**319**	**320**	**323**
Law	168	172	173	174	177
Audit & Control (OSC)	143	146	146	146	146
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	**16,305**	**16,251**	**16,735**	**16,807**	**16,971**
Judiciary	1,958	2,006	2,006	2,006	2,006
Legislature	215	219	219	219	219
Statewide Total	**18,478**	**18,476**	**18,960**	**19,032**	**19,196**
Personal Service	12,957	12,809	12,963	13,152	13,253
Non-Personal Service	5,521	5,667	5,997	5,880	5,943

[1] Reflects consolidation of IT costs from other agencies within ITS, which does not change total governmental spending.

In FY 2017, $12.8 billion or 13.4 percent of the State Operating Funds budget is projected to be spent on personal service costs. This funding supports roughly 98,000 Full-Time Equivalent ("FTE") employees under direct Executive control; individuals employed by SUNY and CUNY (43,982) and Independent Agencies (18,185); employees paid on a non-annual salaried basis; and overtime pay. Roughly 60 percent of all Executive agency personal service spending occurs in three areas: SUNY, the mental hygiene agencies, and DOCCS.

STATE OPERATING FUNDS
FY 2017 FTEs[1] AND PERSONAL SERVICE SPENDING BY AGENCY
(millions of dollars)

	Dollars	FTEs
Subject to Direct Executive Control	**7,183**	**97,868**
Mental Hygiene Agencies	2,288	33,785
Corrections and Community Supervision	2,070	28,123
State Police	584	5,338
Tax and Finance	269	4,267
Health	268	3,743
Environmental Conservation	174	2,164
Children and Family Services	162	2,465
Financial Services	156	1,382
Parks, Recreation and Historic Preservation	132	1,528
All Other	1,080	15,073
University Systems	**3,692**	**43,982**
State University	3,649	43,667
City University[2]	43	315
Independent Agencies	**1,934**	**18,185**
Law	118	1,583
Audit & Control (OSC)	113	1,603
Judiciary	1,537	14,998
Legislature[3]	166	1
Total	**12,809**	**160,035**

[1] FTEs represent the number of annual-salaried full-time filled positions (e.g., one FTE may represent a single employee serving at 100 percent full-time or a combination of employees serving at less than full-time that, when combined, equal a full-time position). The reported FTEs do not include non-annual salaried positions, such as positions filled on an hourly, per-diem or seasonal basis.

[2] CUNY employees are funded primarily through an agency trust fund that support an additional 13,330 FTEs, which are excluded from this table.

[3] Legislative employees are non-annual salaried, with the exception of the Lieutenant Governor, who serves as President of the Senate and are excluded from this table.

General State Charges

Employee fringe benefit payments, many of which are mandated by statute or collective bargaining agreements, include employer contributions for pensions, the State's share of Social Security, health insurance, workers' compensation, unemployment insurance and dental and vision benefits. The majority of employee fringe benefit costs are paid centrally from statewide appropriations in the GSCs budget.[7] The Judiciary pays its fringe benefit costs directly.

Employee fringe benefits paid through GSCs are paid from the General Fund in the first instance, and then partially reimbursed by revenue collected from fringe benefit assessments. The largest General Fund reimbursement comes from the mental hygiene agencies.

GSCs also include fixed costs for several categories including State payments in lieu of taxes, payments for local assessments on State-owned land, and judgments against the State pursuant to the Court of Claims Act.

GENERAL STATE CHARGES
(millions of dollars)

	FY 2016 Current	FY 2017 Proposed	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change
TOTAL STATE OPERATING FUNDS	**7,326**	**7,636**	**4.2%**	**8,055**	**5.5%**	**8,354**	**3.7%**	**8,786**	**5.2%**
Fringe Benefits	**6,943**	**7,228**	**4.1%**	**7,656**	**5.9%**	**7,951**	**3.9%**	**8,378**	**5.4%**
Health Insurance	3,479	3,710	6.6%	3,924	5.8%	4,179	6.5%	4,452	6.5%
Employee Health Insurance	2,187	2,337	6.9%	2,472	5.8%	2,633	6.5%	2,805	6.5%
Retiree Health Insurance	1,292	1,373	6.3%	1,452	5.8%	1,546	6.5%	1,647	6.5%
Pensions	2,209	2,370	7.3%	2,480	4.6%	2,488	0.3%	2,546	2.3%
Social Security	981	966	-1.5%	971	0.5%	979	0.8%	984	0.5%
All Other Fringe	274	182	-33.6%	281	54.4%	305	8.5%	396	29.8%
Fixed Costs	**383**	**408**	**6.5%**	**399**	**-2.2%**	**403**	**1.0%**	**408**	**1.2%**

GSCs are projected to increase at an average annual rate of 4.7 percent over the Financial Plan period, driven primarily by cost increases for pension contributions and the employer share of costs for employee and retiree health insurance benefits.

In FY 2017, State Operating Funds spending is projected to increase by $310 million (4.2 percent). The health insurance cost increase reflects increased prescription drug costs and utilization of specialty drugs for chronic conditions, and price inflation. Pension costs grow due to a higher graded rate associated with prior pension amortizations, which is partially offset by lower cost Tier 6 entrants and changes in actuarial assumptions. Workers' compensation costs growth includes increases in average weekly wage for benefit calculations and medical costs.

[7] Beginning in July 2015, SUNY Teachers Insurance and Annuity Association - College Retirement Equities Fund ("TIAA CREF") and other SUNY fringe benefit costs are no longer paid directly, but rather shift to the central statewide appropriation.

The State is expected to save approximately $181 million in FY 2017 as a result of a number of Executive Budget recommendations and forecast revisions, including $140 million in lower projected Workers' Compensation costs that is the net result of additional resources expected to be available to offset the costs of workers' compensation claims.

Health insurance savings are expected from the proposed elimination of Medicare Part B reimbursement for high income NYSHIP enrollees, maintaining reimbursement of the standard Medicare Part B premium at the current level, and implementing differential healthcare premiums for new civilian retirees with less than thirty years of service, similar to the calculation of pension benefits. Costs would be proportionately greater for new retirees with ten years of service and gradually decrease until they are no different than current levels once an individual reaches thirty years of service.

Finally, approximately $59 million in pension interest savings is expected to be achieved by paying the entirety of the State's FY 2017 ERS/PFRS bill in April 2016, rather than on the statutorily required date of March 1, 2017.

These savings proposals, along with other revised spending estimates are expected to partly offset increasing fringe benefit costs associated with updated baseline growth in health insurance rate renewals and workers' compensation costs.

Transfers to Other Funds (General Fund Basis)

General Fund transfers help finance the State's share of Medicaid costs for mental hygiene facilities, debt service for bonds that do not have dedicated revenues, SUNY operating costs, certain capital initiatives, and a range of other activities.

GENERAL FUND TRANSFERS TO OTHER FUNDS
(millions of dollars)

	FY 2016 Current	FY 2017 Proposed	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected
TOTAL TRANSFERS TO OTHER FUNDS	**15,020**	**11,503**	**10,509**	**10,939**	**11,318**
State Share of Mental Hygiene Medicaid[1]	**2,159**	**1,433**	**1,301**	**1,238**	**1,127**
Debt Service	**1,282**	**725**	**1,304**	**1,218**	**1,108**
SUNY University Operations	**998**	**985**	**997**	**997**	**997**
Capital Projects	**6,148**	**3,759**	**2,105**	**2,228**	**2,543**
Dedicated Highway and Bridge Trust Fund	623	759	786	807	1,025
Dedicated Infrastructure Investment Fund[1]	4,550	1,840	0	0	0
Environmental Protection Fund[1]	23	146	28	28	28
All Other Capital	952	1,014	1,291	1,393	1,490
ALL OTHER TRANSFERS	**4,433**	**4,601**	**4,802**	**5,258**	**5,543**
Mental Hygiene	3,090	3,368	3,567	3,922	4,317
Department of Transportation (MTA Payroll Tax)	334	335	335	336	336
SUNY - Medicaid Reimbursement	334	288	288	288	288
Judiciary Funds	107	107	107	107	107
SUNY - Hospital Operations	88	69	69	69	69
Dedicated Mass Transportation Trust Fund	63	63	66	66	66
Banking Services	50	52	53	53	53
Indigent Legal Services	35	35	35	35	35
Mass Transportation Operating Assistance	37	37	38	38	38
Alcoholic Beverage Control	14	0	0	0	0
Information Technology Services	8	2	2	2	2
Public Transportation Systems	15	15	16	16	16
Correctional Industries	11	11	11	11	11
NYS Campaign Finances	0	0	2	117	6
Spinal Cord Injury	9	9	9	9	9
Medical Marihuana Fund	7	5	5	5	5
All Other	231	205	199	184	185

[1] Includes the use of monetary settlements to fund the upfront OPWDD disallowance repayment ($850 million in FY 2016).

A significant portion of the capital and operating expenses of DOT and DMV are funded from DHBTF, which receives various dedicated tax and fee revenues, including statutory allocations of PBT, motor fuel tax, and highway use taxes. The Updated Financial Plan includes transfers from the General Fund that effectively subsidize the expenses of the DHBTF because the cumulative expenses of the fund – DOT and DMV capital and operating expenses, and certain debt service on transportation bonds – exceed current and projected revenue deposits and bond proceeds.

General Fund transfers to other funds are expected to total $11.5 billion in FY 2017, a $3.5 billion decrease from FY 2016. This decline is largely due to a $3.4 billion reduction in the planned use of monetary settlements ($5.4 billion in FY 2016 and $2.0 billion in FY 2017).

Debt Service

The State pays debt service on all outstanding State-supported bonds. These include General Obligation bonds, for which the State is constitutionally obligated to pay debt service, as well as certain bonds issued by State public authorities, such as Empire State Development ("ESD"), the Dormitory Authority of the State of New York ("DASNY"), and the New York State Thruway Authority ("NYSTA"), subject to appropriation. Depending on the credit structure, debt service is financed by transfers from the General Fund, dedicated taxes and fees, and other resources, such as patient income revenues. More information on the different types of State-supported bonds, including the sources of payment for debt service, is provided in the June 2015 AIS, in the section entitled "Capital Program and Financing Plan".

DEBT SERVICE SPENDING PROJECTIONS
(millions of dollars)

	FY 2016 Current	FY 2017 Proposed	Change	FY 2018 Projected	Change	FY 2019 Projected	Change	FY 2020 Projected	Change
General Fund	1,282	725	-43.4%	1,304	79.9%	1,218	-6.6%	1,108	-9.0%
Other State Support	4,170	4,730	13.4%	5,008	5.9%	5,573	11.3%	6,130	10.0%
State Operating/All Funds Total	**5,452**	**5,455**	**0.1%**	**6,312**	**15.7%**	**6,791**	**7.6%**	**7,238**	**6.6%**

Total State Operating/All Funds debt service is projected at $5.5 billion in FY 2017, of which approximately $725 million is paid from the General Fund through transfers, and $4.7 billion from other State funds. The General Fund transfer finances debt service payments on General Obligation and service contract bonds. Debt service for the State's revenue bonds is paid directly from other State funds, subject to appropriation, including PIT and Sales Tax bonds, DHBTF bonds, LGAC bonds and mental health facilities bonds.

Updated Financial Plan estimates for debt service spending, reflect a number of factors, including bond sale results to date, assumed debt management savings of $129 million of FY 2017, and increased debt service costs associated with proposed additional capital commitment levels. Also, debt service spending estimates assume the FY 2016 prepayment of $550 million of debt service that is due during FY 2017, as well as a subsequent FY 2017 prepayment of $60 million of debt service due during FY 2018.

State-Supported Debt Outstanding

State-supported debt represents obligations of the State that are paid from traditional State resources and have a budgetary impact. It includes General Obligation debt, State PIT Revenue Bonds, Sales Tax Revenue Bonds, LGAC bonds and lease purchase and service contract obligations of public authorities and municipalities. Payment of all obligations, except for General Obligation debt, is subject to annual appropriations by the State Legislature, but the State's credits have different security features, as described in this section. The Debt Reform Act of 2000 limits the amount of new State supported debt issued since April 1, 2000.

State PIT Revenue Bond Program

From 2002 to 2013, the PIT Revenue Bond program was the primary financing vehicle used to fund the State's capital program. Since 2013, the PIT Revenue Bond program and the State's Sales Tax Revenue Bond program (described below), have been the largest sources of financing for the State's capital program. Legislation enacted in 2001 provided for the issuance of State PIT Revenue Bonds by the State's Authorized Issuers. The legislation requires 25 percent of State PIT receipts (excluding refunds owed to taxpayers) to be deposited into the RBTF for purposes of making debt service payments on these bonds, with the excess amounts returned to the General Fund. The first State PIT Revenue Bonds were issued on May 9, 2002, and since that time, all of the Authorized Issuers have issued State PIT Revenue Bonds.

Legislation enacted in 2007 increased the amount of PIT receipts to be deposited into the RBTF by removing an exclusion for PIT amounts deposited to the STAR Fund. In the event that (a) the State Legislature fails to appropriate amounts required to make all debt service payments on the State PIT Revenue Bonds or (b) having been appropriated and set aside pursuant to a certificate of the Director of the Budget, financing agreement payments have not been made when due on the State PIT Revenue Bonds, the legislation requires that PIT receipts continue to be deposited to the RBTF until amounts on deposit in the RBTF equal the greater of (i) 25 percent of annual PIT receipts or (ii) $6 billion. Debt service on State PIT Revenue Bonds is subject to legislative appropriation, as part of the annual debt service bill.

As of December 31, 2015, approximately $31.7 billion of State PIT Revenue Bonds were outstanding. The projected PIT Revenue Bond coverage ratios, noted below, are based upon estimates of PIT receipts deposited into the RBTF and include projected debt issuances. Assuming average issuances of approximately $3.8 billion annually over the next four years, PIT coverage is expected to decline from 3.9 times in FY 2016 to 3.2 times in FY 2019. The projected PIT Revenue Bond coverage ratios assume that projects previously financed through the Mental Health Revenue Bond program and the DHBTF Revenue Bond program will be issued under either the PIT Revenue Bond program or the Sales Tax Revenue Bond Program. Revenues that would have been dedicated to bonds issued under the old programs are transferred to the RBTF to offset debt service costs for projects financed with either PIT Revenue Bonds or Sales Tax Revenue Bonds, but are not counted towards debt service coverage. While DOB routinely monitors the State's debt portfolio across all State-supported credits for refunding opportunities, no future refunding transactions are reflected in the projected coverage as reflected in the following table.

PROJECTED PIT REVENUE BOND COVERAGE RATIOS FY 2016 THROUGH 2019 (thousands of dollars)	FY 2016	FY 2017	FY 2018	FY 2019
Projected RBTF Receipts	11,773,464	12,490,232	12,935,732	13,104,788
Projected New PIT Bonds Issuances	2,194,475	4,138,598	4,431,412	4,490,217
Projected Total PIT Bonds Outstanding	30,656,480	33,238,317	35,949,598	38,528,853
Projected Maximum Annual Debt Service	3,042,630	3,381,146	3,725,774	4,126,727
Projected PIT Coverage Ratio	3.9	3.7	3.5	3.2

Sales Tax Revenue Bond Program

Legislation included in the FY 2014 Enacted Budget created the Sales Tax Revenue Bond program. This bonding program replicates certain credit features of PIT and LGAC revenue bonds and is expected to continue to provide the State with increased efficiencies and a lower cost of borrowing.

The legislation created the Sales Tax Revenue Bond Tax Fund, a sub-fund within the General Debt Service Fund that will provide for the payment of these bonds. The Sales Tax Revenue Bonds are secured by dedicated revenues consisting of one cent of the State's four cent sales and use tax. With a limited exception, upon the satisfaction of all of the obligations and liabilities of LGAC, this will increase to 2 cents of sales and use tax receipts. Such sales tax receipts in excess of debt service requirements are transferred to the State’s General Fund.

The Sales Tax Revenue Bond Fund has appropriation-incentive and General Fund “reach back” features comparable to PIT and LGAC bonds. A "lock box" feature restricts transfers back to the General Fund in the event of non-appropriation or non-payment. In addition, in the event that sales tax revenues are insufficient to pay debt service, a “reach back” mechanism requires the State Comptroller to transfer moneys from the General Fund to meet debt service requirements.

In FY 2014, legislation was enacted that authorized the use of State Sales Tax Revenue Bonds and PIT Revenue Bonds to finance capital purposes, including projects that were previously financed through the State’s Mental Health Facilities Improvement Revenue Bond program and the DHBTF program. This change allows the State to transition to the use of three primary credits – PIT Revenue Bonds, Sales Tax Revenue Bonds and General Obligation bonds to finance the State’s capital needs.

The first Sales Tax Revenue Bonds were issued on October 24, 2013 and it is anticipated that the Sales Tax Revenue Bonds will be used interchangeably with PIT Revenue Bonds to finance State capital needs. As of December 31, 2015, $4.5 billion of Sales Tax Revenue Bonds were outstanding. On July 30, 2015, Sales Tax Revenue Bonds were issued to refund certain outstanding State-supported debt previously issued by the Thruway Authority under the Second General Highway and Bridge Trust Fund Bond Resolution. As a result of this refunding transaction and assuming average Sales Tax Revenue Bond issuances of approximately $1.2 billion annually over the next four years, Sales Tax coverage based only upon the 1 cent pledge is expected to decline from 5.7 times in FY 2016 to 4.3 times in FY 2019, as shown in the following chart. While DOB routinely monitors the State's debt portfolio across all State-supported credits for refunding opportunities, no future refunding transactions are reflected in the projected coverage below.

PROJECTED SALES TAX REVENUE BOND COVERAGE RATIOS
FY 2016 THROUGH 2019
(thousands of dollars)

	FY 2016	FY 2017	FY 2018	FY 2019
Projected Sales Tax Receipts	3,109,750	3,241,375	3,408,000	3,554,500
Projected New Sales Tax Bonds Issuances	936,375	1,250,561	1,288,078	1,326,720
Projected Total Sales Tax Bonds Outstanding	4,254,020	5,149,912	6,035,418	6,947,174
Projected Maximum Annual Debt Service	544,337	645,758	746,776	833,516
Projected Sales Tax Coverage Ratio	5.7	5.0	4.6	4.3

GAAP-Basis Results for Prior Fiscal Years

The Comptroller prepares Basic Financial Statements and Other Supplementary Information on a GAAP basis for governments as promulgated by the GASB. The Basic Financial Statements and Other Supplementary Information, released in July each year, include a management discussion and analysis ("MD&A"); the Statements of Net Position and Activities; the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for the Governmental Funds; the Statements of Net Position, Revenues, Expenses and Changes in Fund Net Position and Cash Flows for the Enterprise Funds; the Statements of Fiduciary Net Position and Changes in Fiduciary Net Position; the Combining Statements of Net Position and Activities for Discretely Presented Component Units; required Supplementary Information (unaudited) and Other Supplementary Information which includes individual fund combining statements. These statements are audited by independent certified public accountants. The Basic Financial Statements for FY 2015 were issued on July 29, 2015. The Comptroller also prepares and issues a Comprehensive Annual Financial Report ("CAFR"), which, in addition to the components referenced to above, also includes an introductory section and a statistical section. The CAFR for FY 2015 was issued at the end of September 2015.

The following table summarizes recent governmental funds results on a GAAP basis.

COMPARISON OF ACTUAL GAAP-BASIS OPERATING RESULTS SURPLUS/(DEFICIT) (millions of dollars)

Fiscal Year Ended	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	All Governmental Funds	Accum. General Fund Surplus/(Deficit)
March 31, 2015	6,619	356	(697)	181	6,459	6,052
March 31, 2014	172	806	369	(146)	1,201	(567)
March 31, 2013	1,129	(308)	(186)	(499)	136	(739)

SUMMARY OF NET POSITION (millions of dollars)

Fiscal Year Ended	Governmental Activities	Business-Type Activities	Total Primary Government
March 31, 2015	32,554	771	33,325
March 31, 2014	27,838	(841)	26,997
March 31, 2013	26,271	(922)	25,349

The CAFR for FY 2015 and CAFRs related to prior fiscal years can be obtained from the Office of the State Comptroller, 110 State Street, Albany, NY 12236 or at the Office of the State Comptroller's website at www.osc.state.ny.us. The Basic Financial Statements can also be accessed through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system website at www.emma.msrb.org.

State Retirement System

The information contained under this heading has been prepared solely by OSC, and DOB has not undertaken any independent verification of such information.

General

This section summarizes key information regarding the New York State and Local Retirement System ("NYSLRS" or the "System") and the Common Retirement Fund ("CRF"). The System was established as a means to pay benefits to the System's participants. The CRF comprises a pooled investment vehicle designed to protect and enhance the long-term value of the System's assets.

Greater detail, including the independent auditor's report for the fiscal year ending March 31, 2015, is included in NYSLRS' Comprehensive Annual Financial Report ("NYSLRS' CAFR") for the fiscal year ended March 31, 2015 and is available on the OSC website at the following link: www.osc.state.ny.us/retire/publications/.

The Annual Reports to the Comptroller on Actuarial Assumptions from the Retirement System's Actuary - the contents of which explain the methodology used to determine employer contribution rates to the System - issued from 2007 through 2015 and benefit plan booklets describing how each of the System's tiers works are all available and can be accessed at www.osc.state.ny.us/retire/publications/.

The State Comptroller is the administrative head of NYSLRS, which has the powers and privileges of a corporation and comprises the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS"). The State Comptroller promulgates rules and regulations for the administration and transaction of the business of the System. Pursuant to the State's Retirement and Social Security Law and Insurance Law, NYSLRS is subject to the supervision of the Superintendent of the New York State Department of Financial Services.

The State Comptroller is also the trustee and custodian of the CRF, a trust created pursuant to the Retirement and Social Security Law to hold the System's assets, and, as such, is responsible for investing the assets of the System. Consistent with statutory limitations affecting categories of investment, the State Comptroller, as trustee of the CRF, establishes a target asset allocation and approves policies and procedures to guide and direct the investment activities of the Division of Pension Investment and Cash Management of the Office of the State Comptroller ("Division"). Division employees, outside advisors, consultants and legal counsel provide the State Comptroller with advice and oversight of investment decisions. Outside advisors and internal investment staff are part of the chain of approval that must recommend all investment decisions before final action by the State Comptroller. The Investment Advisory Committee and the Real Estate Advisory Committee, both made up of outside advisors, assist the State Comptroller in his investment duties. The Investment Advisory Committee advises the State Comptroller on investment policies relating to the CRF, reviews the portfolio of the CRF and makes such recommendations as the Committee deems necessary. The Real Estate Advisory

Committee reviews and must approve mortgage and real estate investments for consideration by the State Comptroller.

The System engages an independent auditor to conduct an audit of the System's annual financial statements. Furthermore, an Actuarial Advisory Committee meets annually to review the actuarial assumptions and the results of the actuarial valuation of the System. The Actuarial Advisory Committee is composed of current or retired senior actuaries from major insurance companies or pension plans. The System also engages the services of an outside actuarial consultant to perform a statutorily required quinquennial review. At least once every five years, NYSLRS is also examined by the New York State Department of Financial Services ("DFS"). The Comptroller has established within the Retirement System, the Pension Integrity Bureau, the purpose of which is to identify and prevent errors, fraud and abuse. The State Comptroller has also established an Office of Internal Audit to provide the Comptroller with independent and objective assurance and consulting services for the programs and operations of the Office of the State Comptroller, including programs and operations of NYSLRS. The Comptroller's Advisory Audit Committee, established in compliance with DFS regulations, meets three times per year to review the System's audited financial statements and the NYSLRS' CAFR, and to discuss a variety of financial and investment-related activities.

The System

The System provides pension benefits to public employees of the State and its localities (except employees of New York City, and public school teachers and administrators, who are covered by separate plans). State employees made up about 32 percent of the membership during FY 2015. There were 3,029 other public employers participating in the System, including all cities and counties (except New York City), most towns, villages and school districts (with respect to non-teaching employees), and many public authorities.

As of March 31, 2015, 643,178 persons were members of the System and 430,308 pensioners or beneficiaries were receiving pension benefits. Article 5, section 7 of the State Constitution considers membership in any State pension or retirement system to be "a contractual relationship, the benefits of which shall not be diminished or impaired."

Comparison of Benefits by Tier

The System's members are categorized into six tiers depending on date of membership. As of March 31, 2015, approximately 74 percent of ERS members were in Tiers 3 and 4 and approximately 82 percent of PFRS members were in Tier 2. Tier 5 was enacted in 2009 and included significant changes to the benefit structure for ERS members who joined on or after January 1, 2010 and PFRS members who joined on or after January 9, 2010. Tier 6 was enacted in 2012 and included further changes to the benefit structure for ERS and PFRS members who joined on or after April 1, 2012.

Benefits paid to members vary depending on tier. Tiers vary with respect to vesting, employee contributions, retirement age, reductions for early retirement, and calculation and limitation of "final average salary" – generally the average of an employee's three consecutive highest years' salary (for Tier 6 members, final average salary is determined by taking the average of an employee's five consecutive highest years' salary). ERS members in Tiers 3 and 4 can begin receiving full retirement benefits at age 62, or at age 55 with at least 30 years of service. The amount of the benefit is based on years of service, age at retirement and the final average salary earned. The majority of PFRS members in Tier 2 are in special plans that permit them to retire after 20 or 25 years regardless of age. Charts comparing the key benefits provided to members of ERS and PFRS in most of the tiers of the System can be accessed at http://www.osc.state.ny.us/retire/employers/tier-6/index.php.

2010 Retirement Incentive Program

Legislation enacted in June 2010 provided the State and local employers with the option to offer a temporary Early Retirement Incentive Program (ERI) for certain ERS members for periods ending no later than December 31, 2010. This program did not apply to PFRS members. Approximately 6,400 State employees and 5,453 members from 610 participating employers retired under the ERI. The cost of the incentive is borne by the State and each participating employer electing the incentive over a five-year period commencing with a payment in FY 2012. In 2014, the State paid in full its non-judiciary retirement incentive liability. The amortized amount receivable relating to the ERI, including accrued interest, from the State as of March 31, 2015 is $0.2 million and the amount due from participating employers is $30.11 million.

Contributions and Funding

Contributions to the System are provided by employers and employees. Employers contribute on the basis of the plan or plans they provide for members. All ERS members joining from mid-1976 through 2009 were required to contribute 3 percent of their salaries. A statutory change in 2000, however, limited the contributions to the first 10 years of membership, but did not authorize refunds where contributions had already exceeded 10 years. All ERS members joining after 2009 and prior to April 1, 2012, and all PFRS members joining after January 9, 2010 and prior to April 1, 2012, are members of Tier 5. All Tier 5 ERS members and 84 percent of the approximately 1,600 Tier 5 PFRS members are required to contribute 3 percent of their salaries for their career. Members joining on or after April 1, 2012 are in Tier 6, and are required to pay contributions throughout their career on a stepped basis relative to each respective member's wages. Members in Tier 6 of both ERS and PFRS earning $45,000 or less are required to contribute 3 percent of their gross annual wages; members earning between $45,001 and $55,000 are required to contribute 3.5 percent; members earning between $55,001 and $75,000 are required to contribute 4.5 percent; members earning between $75,001 and $100,000 will contribute 5.75 percent; and, those earning in excess of $100,000 are required to contribute 6 percent of their gross annual salary.

The CRF experienced significant investment losses in FY 2009. These investment losses negatively impacted the value of assets held by the CRF for the System. In order to protect employers from potentially volatile contributions tied directly to the value of the System's assets held by the CRF, the System utilizes a multi-year smoothing procedure. One of the factors used to calculate employer contribution requirements is the assumed investment rate of return used by the System's Actuary, which is currently 7.0 percent.[8]

The current actuarial smoothing method recognizes annual gains and losses (investment returns above or below the 7.0 percent assumed return) over a 5-year period. The significant investment losses in FY 2009 substantially caused the increase in contribution rates for FY 2011, FY 2012, FY 2013 and FY 2014. However, rates decreased for FY 2015, FY 2016 and FY 2017 due, in part, to investment gains in years following 2009.

The amount of future annual employer contribution rates will depend, in part, on the value of the assets held by the CRF as of each April 1, as well as on the present value of the anticipated benefits to be paid by the System as of each April 1. Final contribution rates for FY 2017 were released in September 2015. The average ERS rate decreased by 14.3 percent from 18.2 percent of salary in FY 2016 to 15.6 percent of salary in FY 2017, while the average PFRS rate decreased by 2.0 percent from 24.7 percent of salary in FY 2016 to 24.2 percent of salary in FY 2017. Information regarding average rates for FY 2017 may be found in the 2015 Annual Report to the Comptroller on Actuarial Assumptions which is accessible at www.osc.state.ny.us/retire/publications.

Legislation enacted in May 2003 realigned the System's billing cycle to match participating local governments' budget cycles and also instituted a minimum annual payment of at least 4.5 percent of payroll every year. Chapter 260 of the Laws of 2004 authorized employers to amortize over ten years, at 5 percent interest, a portion of their annual bill for FY 2005, FY 2006 and FY 2007. As of March 31, 2015, the amortized amount receivable, including accrued interest, pursuant to Chapter 260 from the State is $1.9 million and from participating employers is $8.7 million. The State paid approximately $1.921 billion in contributions (including Judiciary) for FY 2015 including amortization payments of approximately $409.6 million associated with Chapter 260 of the Laws of 2004, Chapter 57 of the Laws of 2010, the 2010 retirement incentive program and two partial payments of prior amortizations.

Legislation enacted in 2010 authorized the State and participating employers to amortize a portion of their annual pension costs during periods when actuarial contribution rates exceed thresholds established by the statute. The legislation provided employers with an optional mechanism intended to reduce the budgetary volatility of employer contributions. Amortized amounts must be paid by the State and participating employers in equal annual installments over a ten-year period, and employers may prepay these amounts at any time without penalty. Employers are required to pay interest on the amortized amounts at a rate determined annually

[8] During 2015, the Retirement System's Actuary conducted the statutorily required quinquennial actuarial experience study of economic and demographic assumptions. The assumed investment rate of return is an influential factor in calculating employer contribution rates. In addition, the Chief Investment Officer conducted an asset allocation study. The resulting asset allocation and long-term asset allocation policy informed the Actuary's recommendation regarding the revision of the investment rate of return (discount rate). On September 4, 2015, the Comptroller announced the NYSLRS employer contribution rates will decrease for fiscal year 2017 and the assumed rate of return for NYSLRS will be lowered from 7.5 percent to 7 percent.

by the State Comptroller that is comparable to taxable fixed income investments of a comparable duration. The interest rate on the amount an employer chooses to amortize in a particular rate year is fixed for the duration of the ten-year repayment period. Should the employer choose to amortize in the next rate year, the interest rate on that amortization will be the rate set for that year. For amounts amortized in FY 2011, FY 2012, FY 2013, FY 2014 and FY 2015, the interest rates are 5 percent, 3.75 percent, 3 percent, 3.67 percent, and 3.15 percent respectively. The first payment is due in the fiscal year following the decision to amortize pension costs. When contribution rates fall below legally specified levels and all outstanding amortizations have been paid, employers that elected to amortize will be required to pay additional monies into reserve funds, specific to each employer, which will be used to offset their contributions in the future. These reserve funds will be invested separately from pension assets. Over time, OSC expects that this will reduce the budgetary volatility of employer contributions. As of March 31, 2015, the amortized amount receivable, including accrued interest, for the 2011 amortization is $164.7 million from the State and $27.7 million from 45 participating employers; the amortized amount receivable, including accrued interest, for the 2012 amortization is $416.5 million from the State and $152.6 million from 118 participating employers; the amortized amount receivable, including accrued interest, for the 2013 amortization is $642.2 million from the State and $302.2 million from 136 participating employers; and the amortized amount receivable, including accrued interest, for the 2014 amortization is $860.3 million for the State and $200 million from 110 participating employers; and the amortized amount receivable including accrued interest, for the 2015 amortization is $715.0 million from the State and $152.1 million from 86 participating employers.

The FY 2014 Enacted Budget included an alternate contribution program (the "Alternate Contribution Stabilization Program") that provides certain participating employers with a one-time election to amortize slightly more of their required contributions than would have been available for amortization under the 2010 legislation. In addition, the maximum payment period was increased from ten years to twelve years. The election is available to counties, cities, towns, villages, BOCES, school districts and the four public health care centers operated in the counties of Nassau, Westchester and Erie. The State is not eligible to participate in the Alternate Contribution Stabilization Program. As of March 31, 2015, the amortized amount receivable, including interest, from 29 participating employers for the 2014 amortization is $234.1 million and the amortized amount receivable, including interest, from 26 participating employers for the 2015 amortization is $196.5 million.

Eligible employers had a one-time only option to elect to participate in the Alternate Contribution Stabilization Program, which began with FY 2014. For those eligible employers electing to participate in the Alternate Contribution Stabilization Program, the graded contribution rate for fiscal years ending 2014 and 2015 is 12 percent of salary for ERS and 20 percent of salary for PFRS. Thereafter, the graded contribution rate will increase one half of one percent per year towards the actuarially required rate. Electing employers may amortize the difference between the graded rate and the actuarially required rate over a twelve year period at an interpolated twelve year U.S. Treasury Security rate (3.76 percent for FY 2014 and 3.50 percent for FY 2015). As with the original Contribution Stabilization Program, when contribution rates fall below legally specified levels and all outstanding amortizations have been paid, employers that elect to amortize under the alternate program will be required to pay additional monies into reserve funds, specific to each employer, which will be used to offset their contributions in the future.

The total State payment (including Judiciary) due to NYSLRS for FY 2015 was approximately $2.780 billion. The State (including Judiciary) opted to amortize the maximum amount permitted, which reduced the required March 1, 2015 payment by $713.2 million. Amounts amortized are treated as receivables for purposes of calculating assets of the CRF as further described below under "Pension Assets and Liabilities."

The total State payment (including Judiciary) due to NYSLRS for FY 2016 is approximately $2.476 billion. Multiple prepayments (including interest credit) have reduced this amount by approximately $2.113 billion. If the State (including Judiciary) opts to amortize the maximum amount permitted, this would reduce the required March 1, 2016 payment by $356.1 million. Amounts amortized are treated as receivables for purposes of calculating assets of the CRF as further described below under "Pension Assets and Liabilities."

Pension Assets and Liabilities

The System's assets are held by the CRF for the exclusive benefit of members, pensioners and beneficiaries. Investments for the System are made by the State Comptroller as trustee of the CRF. The System reports that the net position restricted for pension benefits as of March 31, 2015 was $189.4 billion (including $6.3 billion in receivables, which consist of employer contributions, amortized amounts, member contributions, member loans, accrued interest and dividends, investment sales and other miscellaneous receivables), an increase of $8.1 billion or 4.5 percent from the FY 2014 level of $181.3 billion. The increase in net position restricted for pension benefits from FY 2014 to FY 2015 reflects, in large part, equity market performance.[9] The System's audited Financial Statement reports an investment rate of return of 7.16 percent for FY 2015.

Consistent with statutory limitations affecting categories of investment, the State Comptroller, as trustee of the CRF, establishes a target asset allocation and approves policies and procedures to guide and direct the investment activities of the Division of Pension Investment and Cash Management. The purpose of this asset allocation strategy is to identify the optimal diversified mix of assets to meet the requirements of pension payment obligations to members. In the fiscal year ended March 31, 2010, an asset liability analysis was completed and a long-term policy allocation was adopted. The current long-term policy allocation seeks a mix that includes 51 percent equities (38 percent domestic and 13 percent international); 20 percent bonds, cash and mortgages; 2 percent inflation indexed bonds and 27 percent alternative investments (10 percent private equity, 8 percent real estate, 3 percent absolute return or hedge funds, 3 percent opportunistic and 3 percent real assets). Since the implementation of the long-term policy

[9] On February 19, 2016, the State Comptroller released a statement indicating that the value of the System's invested assets posted an estimated 2.88 percent return for the quarter ended December 31, 2015. This report reflects unaudited data for assets invested for the System. The value of invested assets changes daily.

allocation will take several years, transition targets have been established to aid in the asset rebalancing process.[10]

The System reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased from $216.4 billion on April 1, 2014 to $225.7 billion (including $107.7 billion for current retirees and beneficiaries) on April 1, 2015. The funding method used by the System anticipates that the plan net position, plus future actuarially determined contributions, will be sufficient to pay for the anticipated benefits of current members, retirees and beneficiaries. The valuation used by the Retirement Systems Actuary was based on audited net position restricted for pension benefits as of March 31, 2015. Actuarially determined contributions are calculated using actuarial assets and the present value of anticipated benefits. Actuarial assets differed from plan net position on April 1, 2015 in that the determination of actuarial assets utilized a smoothing method that recognized 20 percent of the unexpected loss for FY 2015, 40 percent of the unexpected gain for FY 2014, 60 percent of the unexpected gain for FY 2013, and 80 percent of the unexpected gain for FY 2012[11]. The asset valuation method smoothes gains and losses based on the market value of all investments. Actuarial assets increased from $171.7 billion on April 1, 2014 to $184.2 billion on April 1, 2015. The ratio of the fiduciary net position to the total pension liability for ERS, as of March 31, 2015, calculated by the System's Actuary, was 97.9 percent. The ratio of the fiduciary net position to the total pension liability for PFRS, as of March 31, 2015, calculated by the System's Actuary, was 99.0 percent[12].

In June 2012, GASB approved two related Statements that change the accounting and financial reporting of pensions by state and local governments and pension plans. These statements impact neither the System's actuarial funding method nor the calculation of rates.

Statement No. 67, Financial Reporting for Pension Plans, addresses financial reporting for state and local government pension plans, and replaced the requirements of Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans and Statement No. 50, Pension Disclosures. Statement No. 67 mandates more extensive note disclosure and required supplementary information. The implementation of Statement No. 67 will have no impact on the System's Statement of Fiduciary Net Position, which measures the System's net position, restricted for pension benefits or Statement of Changes in Fiduciary Net Position. The System adopted Statement No. 67 in the March 31, 2015 Financial Statements.

Statement No. 68, Accounting and Financial Reporting for Pensions, replaced the requirements of Statement No. 27, Accounting for Pensions by State and Local Government Employers, and Statement No. 50, Pension Disclosures. Statement No. 68 establishes new accounting and

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[10] More detail on the CRF's asset allocation as of March 31, 2015, long-term policy allocation and transition target allocation can be found on page 88 of the NYSLRS' CAFR for the fiscal year ending March 31, 2015.

[11] The current actuarial smoothing method spreads the impact of gains or losses above or below the 7.0 percent assumed investment rate of return over a 5-year period.

[12] The System previously disclosed a funded ratio in accordance with GASB Statements 25 and 27, which, as discussed herein, have been amended by GASB Statements 67 and 68. The GASB Statements 67 and 68 amendments had the effect, among other things, of no longer requiring the disclosure of a funded ratio. GASB now requires the disclosure of the ratio of the fiduciary net position to the total pension liability. This ratio is not called a funded ratio and is not directly comparable to the funded ratio disclosed in prior years.

financial reporting requirements for governments that provide their employees with pensions. Statement No. 68 requires employers participating in the plans to report expanded information concerning pensions in their financial statements, as well as their proportionate share of the Net Pension Liability effective for fiscal years beginning after June 15, 2014. The Net Pension Liability is a measure of the amount by which the Total Pension Liability exceeds a pension system's Fiduciary Net Position.

As noted above, Statement No. 68 impacts neither the actuarial funding method nor the calculation of rates. The standards for employers were effective for fiscal years that began after June 15, 2014. For example, it would be effective for the State's fiscal year ending March 31, 2016. The System provided employers with the information required to comply with Statement No. 68 in August 2015, based on the System's measurement date of March 31, 2015. Detailed Schedules of Employer Allocation and Pension Amounts by Employer can be found on the OSC website at the following link:
https://www.osc.state.ny.us/retire/about us/financial statements index.php#cafr.

The Net Pension Liability is allocated to participating employers and reported pursuant to both Statements 67 and 68. Employers will now have to recognize their proportionate share of the collective Net Pension Liability in their financial statements, as well as pension expense and deferred inflows and outflows.

The tables that follow show net assets, benefits paid and the actuarially determined contributions that have been made over the last ten years. See also "State Retirement System — Contributions and Funding" above.

CONTRIBUTIONS AND BENEFITS
NEW YORK STATE AND LOCAL RETIREMENT SYSTEM[1]
(millions of dollars)

Fiscal Year Ended March 31	Contributions Recorded				Total Benefits Paid[3]
	All Participating Employers[1][2]	Local Employers[1][2]	State[1][2]	Employees	
2006	2,782	1,714	1,068	241	6,073
2007	2,718	1,730	988	250	6,432
2008	2,649	1,641	1,008	266	6,883
2009	2,456	1,567	889	273	7,265
2010	2,344	1,447	897	284	7,719
2011	4,165	2,406	1,759	286	8,520
2012	4,585	2,799	1,786	273	8,938
2013	5,336	3,385	1,950	269	9,521
2014	6,064	3,691	2,373	281	9,978
2015	5,797	3,534	2,263	285	10,514

Sources: State and Local Retirement System.

[1] Contributions recorded include the full amount of unpaid amortized contributions.

[2] The actuarily determined contribution (ADC) include the employers' normal costs, the Group Life Insurance Plan amounts, and other supplemental amounts.

[3] Includes payments from Group Life Insurance Plan, which funds the first $50,000 of any death benefit paid.

NET POSITION RESTRICTED FOR PENSION BENEFITS OF THE
NEW YORK STATE AND LOCAL RETIREMENT SYSTEM [1]
(millions of dollars)

Fiscal Year Ended March 31	Net Assets	Percent Increase/ (Decrease) From Prior Year
2006	142,620	11.4
2007	156,625	9.8
2008	155,846	(0.5)
2009	110,938	(28.8)
2010	134,252	21.0
2011	149,549	11.4
2012	153,394	2.6
2013	164,222	7.0
2014	181,275	10.4
2015	189,412	4.5

Sources: State and Local Retirement System.

[1] Includes relatively small amounts held under Group Life Insurance Plan. Includes some employer contribution receivables. Fiscal year ending March 31, 2015 includes approximately $6.3 billion of receivables.

Authorities and Localities

Public Authorities

For the purposes of this section, "authorities" refer to public benefit corporations or public authorities, created pursuant to State law, which are reported in the State's CAFR. Authorities are not subject to the constitutional restrictions on the incurrence of debt that apply to the State itself and may issue bonds and notes within the amounts and restrictions set forth in legislative authorization. The State's access to the public credit markets through bond issuances constituting State-supported or State-related debt issuances by certain of its authorities could be impaired and the market price of the outstanding debt issued on its behalf may be materially and adversely affected if these authorities were to default on their respective State-supported or State-related debt issuances.

The State has numerous public authorities with various responsibilities, including those which finance, construct and/or operate revenue-producing public facilities. These entities generally pay their own operating expenses and debt service costs from revenues generated by the projects they finance or operate, such as tolls charged for the use of highways, bridges or tunnels; charges for public power, electric and gas utility services; tuition and fees; rentals charged for housing units; and charges for occupancy at medical care facilities. In addition, State legislation also authorizes several financing structures, which may be utilized for the financings.

There are statutory arrangements that, under certain circumstances, authorize State local assistance payments otherwise payable to localities to be made instead to the issuing public authorities in order to secure the payment of debt service on their revenue bonds and notes. However, the State has no constitutional or statutory obligation to provide assistance to localities beyond amounts that have been appropriated therefor in any given year. Some public authorities also receive monies from State appropriations to pay for the operating costs of certain programs.

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As of December 31, 2014 (with respect to Job Development Authority or "JDA" as of March 31, 2015), each of the 19 authorities listed in the following table had outstanding debt of $100 million or more, and the aggregate outstanding debt, including refunding bonds, was approximately $177 billion, only a portion of which constitutes State-supported or State-related debt. The following table summarizes the outstanding debt of these authorities.

OUTSTANDING DEBT OF CERTAIN AUTHORITIES[1]
AS OF DECEMBER 31, 2014[2]
(millions of dollars)

Authority	State-Related Debt Bonding	Authority and Conduit Bonding	Total
Dormitory Authority[3]	26,505	19,946	46,451
Metropolitan Transportation Authority	287	25,480	25,767
Port Authority of NY & NJ	0	23,085	23,085
Thruway Authority	8,728	5,021	13,749
Housing Finance Agency	616	12,927	13,543
UDC/ESD	11,566	854	12,420
Triborough Bridge and Tunnel Authority	0	8,396	8,396
Long Island Power Authority[4]	0	7,569	7,569
Job Development Authority[2]	9	6,637	6,646
Environmental Facilities Corporation	577	5,849	6,426
Energy Research and Development Authority	0	3,400	3,400
State of New York Mortgage Agency	0	2,554	2,554
Local Government Assistance Corporation	2,345	0	2,345
Tobacco Settlement Financing Corporation	1,745	0	1,745
Power Authority	0	1,597	1,597
Battery Park City Authority	0	1,035	1,035
Municipal Bond Bank Agency	263	263	526
Niagara Frontier Transportation Authority	0	131	131
Bridge Authority	0	110	110
TOTAL OUTSTANDING	52,641	124,854	177,495

Source: Compiled by the Office of the State Comptroller from data submitted by the Public Authorities. Debt classifications by DOB.

(1) Includes only authorities with $100 million or more in outstanding debt which are reported as component units or joint ventures of the State in the Comprehensive Annual Financial Report (CAFR). Includes short-term and long-term debt. Reflects original par amounts for bonds and financing arrangements or original gross proceeds in the case of capital appreciation bonds. Amounts outstanding do not reflect accretion of capital appreciation bonds or premiums received.

(2) All Job Development Authority (JDA) debt outstanding reported as of March 31, 2015. This includes $6.6 billion in conduit debt issued by JDA's blended component units consisting of $6.1 billion issued by New York Liberty Development Corporation ($1.2 billion of which is also included in the amount reported for Port Authority of NY and NJ) and $510 million issued by the Brooklyn Arena Local Development Corporation. In addition, JDA has $9 million in State-guaranteed bonds outstanding.

(3) Includes debt previously issued by New York State Medical Care Facilities Finance Agency, which was consolidated with the Dormitory Authority on September 1, 1995.

(4) Includes $1.93 billion of Utility Debt Securitization Authority (UDSA) bonds. Chapter 173 of the Laws of 2013 established UDSA for the sole purpose of retiring certain outstanding indebtedness of the Long Island Power Authority (LIPA) through the issuance of restructuring bonds. UDSA is reported as a blended component unit of LIPA in LIPA's audited financial statements.

Localities

While the fiscal condition of New York City and other local governments in the State is reliant, in part, on State aid to balance their annual budgets and meet their cash requirements, the State is not legally responsible for their financial condition and viability. Indeed, the provision of State aid to localities, while one of the largest disbursement categories in the State budget, is not constitutionally obligated to be maintained at current levels or to be continued in future fiscal years and the State Legislature may amend or repeal statutes relating to the formulas for and the apportionment of State aid to localities.

The City of New York

The fiscal demands on the State may be affected by the fiscal condition of New York City, which relies in part on State aid to balance its budget and meet its cash requirements. It is also possible that the State's finances may be affected by the ability of New York City, and its related issuers, to market securities successfully in the public credit markets. The official financial disclosure of the City of New York and its related issuers is available by contacting Jay Olson, Investor Relations, (212) 788-5874, or contacting the City Office of Management and Budget, 255 Greenwich Street, 8th Floor, New York, NY 10007. The State assumes no liability or responsibility for any financial information reported by the City of New York. The following table summarizes the debt of New York City and its related issuers.

DEBT OF NEW YORK CITY AND RELATED ENTITIES[1]
AS OF JUNE 30 OF EACH YEAR
(millions of dollars)

Year	General Obligation Bonds	Obligations of TFA [1]	Obligations of STAR Corp. [2]	Obligations of TSASC, Inc.	Hudson Yards Infrastructure Corporation	Other [3] Obligations	Total
2006	35,844	12,233	2,470	1,334	0	3,500	55,381
2007	34,506	14,607	2,368	1,317	2,100	3,394	58,292
2008	36,100	14,828	2,339	1,297	2,067	2,556	59,187
2009	39,991	16,913	2,253	1,274	2,033	2,442	64,906
2010	41,555	20,094	2,178	1,265	2,000	2,444	69,536
2011	41,785	23,820	2,117	1,260	2,000	2,590	73,572
2012	42,286	26,268	2,054	1,253	3,000	2,493	77,354
2013	41,592	29,202	1,985	1,245	3,000	2,394	79,418
2014	41,665	31,038	1,975	1,228	3,000	2,334	81,240
2015	40,460	33,850	2,035	1,222	3,000	2,222	82,789

Source: Office of the State Comptroller, The City of New York Comprehensive Annual Financial Report.

(1) Includes amounts for Building Aid Revenue Bonds (BARBS), the debt service on which will be funded solely from future State Building Aid payments that are subject to appropriation by the State and have been assigned by the City of New York to the Transitional Finance Authority (TFA).

(2) A portion of the proceeds of the Sales Tax Asset Receivable Corporation (STARC) Bonds were used to retire outstanding Municipal Assistance Corporation bonds. The debt service on STARC bonds will be funded from annual revenues to be provided by the State, subject to annual appropriation. These revenues have been assigned to the STARC by the Mayor of the City of New York.

(3) Includes bonds issued by the Fiscal Year 2005 Securitization Corporation, the New York City Educational Construction Fund, the Industrial Development Agency and, beginning in 2010, the New York City Tax Lien Collateralized Bonds. Also included are bonds issued by the Dormitory Authority of the State of New York for education, health, and court capital projects and other long-term leases which will be repaid from revenues of the City or revenues that would otherwise be available to the City if not needed for debt service.

The staffs of the Financial Control Board for the City of New York ("FCB"), the Office of the State Deputy Comptroller ("OSDC"), the City Comptroller and the Independent Budget Office issue periodic reports on the City's financial plans. Copies of the most recent reports are available by contacting: FCB, 123 William Street, 23rd Floor, New York, NY 10038, Attention: Executive Director; OSDC, 59 Maiden Lane, 29th Floor, New York, NY 10038, Attention: Deputy Comptroller; City Comptroller, Municipal Building, 6th Floor, One Centre Street, New York, NY 10007-2341, Attention: Deputy Comptroller for Budget; and IBO, 110 William Street, 14th Floor, New York, NY 10038, Attention: Director.

Other Localities

Certain localities other than New York City have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. While a relatively infrequent practice, deficit financing by local governments has become more common in recent years. Since 2004, the State Legislature passed 22 special acts authorizing bond issuances to finance local government operating deficits, most recently for the Village of Suffern. When local governments are authorized to issue bonds to finance operating deficits, the local government generally is subject to certain additional fiscal oversight during the time the bonds are outstanding, including an annual budget review by OSC. In addition to deficit financing authorizations, the State has periodically enacted legislation to create oversight boards in order to address deteriorating fiscal conditions within a locality.

The Buffalo Fiscal Stability Authority exercised Control Period powers with respect to the City of Buffalo since Buffalo's 2004 fiscal year, but transitioned to Advisory Period powers commencing on July 1, 2012.

In January 2011, the Nassau County Interim Finance Authority ("NIFA") declared that it was entering a Control Period, citing the "substantial likelihood and imminence" that Nassau County would incur a major operating funds deficit of 1 percent or more during the County's 2011 fiscal year. Nassau County challenged NIFA's determination and authority to impose a Control Period in State Supreme Court but did not prevail. NIFA is now exercising Control Period powers over Nassau County.

Erie County has a Fiscal Stability Authority, the City of New York has a Financial Control Board, and the City of Troy has a Supervisory Board, all of which presently perform certain review and advisory functions. The City of Newburgh operates under fiscal monitoring by the State Comptroller pursuant to special State legislation. The potential impact on the State of any future requests by localities for additional oversight or financial assistance is not included in the projections of the State's receipts and disbursements for the State's FY 2015 or thereafter.

The City of Yonkers ("Yonkers"") no longer operates under an oversight board but must adhere to a Special Local Finance and Budget Act. The Yonkers City School District (the "Yonkers School District") is fiscally dependent upon Yonkers as it lacks taxing authority. In January 2014, the Yonkers Board of Education identified an improper accrual of State aid that resulted in an unanticipated shortfall in available funds for operation of the Yonkers School District. In response, the Yonkers City School District Deficit Financing Act was enacted, which authorized Yonkers, subject to certain requirements, to issue serial bonds, not to exceed $45 million by March 31, 2015, to liquidate current deficits in the Yonkers School District's general fund as of June 30, 2014. Subject to certain conditions that were satisfied, the FY 2015 Enacted Budget provided an additional $28 million to Yonkers over other education aid provided by the State for the support of the Yonkers School District for Yonkers fiscal year 2015. Legislation enacted in 2015, provides another $25 million to Yonkers for the support of the Yonkers School District for Yonkers fiscal year ending 2016, subject to Yonkers submitting a comprehensive financial plan that provides for continuity of current educational services and receiving approval of that plan from the Director of the Budget. That plan has been submitted and approved by the State Director of the Budget.

Legislation enacted in 2013 created the Financial Restructuring Board for Local Governments (the "Restructuring Board"). The Restructuring Board consists of ten members, including the State Director of the Budget, who is the Chair, the Attorney General, the State Comptroller, the Secretary of State and six members appointed by the Governor. The Restructuring Board, upon the request of a "fiscally eligible municipality", is authorized to perform a number of functions including reviewing the municipality's operations and finances, making recommendations on reforming and restructuring the municipality's operations, proposing that the municipality agree to fiscal accountability measures, and making available certain grants and loans. To date, the Restructuring Board is currently reviewing or has completed reviews for twelve municipalities. The Restructuring Board is also authorized, upon the joint request of the fiscally eligible municipality and a public employee organization, to resolve labor impasses between municipal employers and employee organizations for police, fire and certain other employees in lieu of binding arbitration before a public arbitration panel.

OSC implemented its Fiscal Stress Monitoring System (the "Monitoring System") in 2013. The Monitoring System utilizes a number of fiscal and environmental indicators with the goal of providing an early warning to local communities about stress conditions in New York's local governments and school districts. Fiscal indicators consider measures of budgetary solvency while environmental indicators consider measures such as population, poverty, and tax base trends. Individual entities are then scored according to their performance on these indicators. An entity's score on the fiscal components will determine whether or not it is classified in one of three levels of stress: significant, moderate or susceptible. Entities that do not meet established scoring thresholds are classified as "No Designation".

A total of 69 local governments (12 counties, 14 cities, 21 towns, 22 villages) and 90 school districts have been placed in a stress category based on financial data for their fiscal years ending in 2014. The vast majority of entities scored (93 percent) are classified in the "No Designation" category.

Like the State, local governments must respond to changing political, economic and financial influences over which they have little or no control, but which can adversely affect their financial condition. For example, the State or Federal government may reduce (or, in some cases, eliminate) funding of local programs, thus requiring local governments to pay these expenditures using their own resources. Similarly, past cash flow problems for the State have resulted in delays in State aid payments to localities. In some cases, these delays have necessitated short-term borrowing at the local level.

Other factors that have had, or could have, an impact on the fiscal condition of local governments and school districts include: the loss of temporary Federal stimulus funding; recent State aid trends; constitutional and statutory limitations on the imposition by local governments and school districts of property, sales and other taxes; and for some communities, the significant upfront costs for rebuilding and clean-up in the wake of a natural disaster. Localities may also face unanticipated problems resulting from certain pending litigation, judicial decisions and long range economic trends. Other large scale potential problems, such as declining urban populations, declines in the real property tax base, increasing pension, health care and other fixed costs, or the loss of skilled manufacturing jobs, may also adversely affect localities and necessitate requests for State assistance.

Ultimately, localities as well as local public authorities may suffer serious financial difficulties that could jeopardize local access to the public credit markets, which may adversely affect the marketability of notes and bonds issued by localities within the State.

The following table summarizes the debt of New York City and its related issuers, and other New York State localities, from 1980 to 2014.

DEBT OF NEW YORK LOCALITIES[1]
(millions of dollars)

Locality Fiscal Year Ending	Combined New York City Debt[2] Bonds	Combined New York City Debt[2] Notes	Other Localities Debt[3] Bonds[4]	Other Localities Debt[3] Notes[4]	Total Locality Debt[3] Bonds[3][4]	Total Locality Debt[3] Notes[4]
1980	12,995	0	6,835	1,793	19,830	1,793
1990	20,027	0	10,253	3,082	30,280	3,082
2000	39,244	515	19,082	4,005	58,326	4,520
2005	54,421	0	29,245	4,832	83,666	4,832
2006	55,381	0	30,753	4,755	86,134	4,755
2007	58,192	100	32,271	4,567	90,463	4,667
2008	59,120	67	33,569	5,474	92,689	5,541
2009	64,873	33	34,522	6,908	99,395	6,941
2010	69,536	0	36,103	7,361	105,639	7,361
2011	73,572	0	36,230	7,312	109,802	7,312
2012	77,354	0	36,663	7,178	114,017	7,178
2013	79,418	0	36,299	7,318	115,717	7,318
2014	81,240	0	35,365	6,970	116,605	6,970

Source: Office of the State Comptroller; The City of New York Comprehensive Annual Financial Report.

NOTE: For localities other than New York City, the amounts shown for fiscal years ending in 1990 may include debt that has been defeased through the issuance of refunding bonds.

(1) Because the State calculates locality debt differently for certain localities (including New York City), the figures above may vary from those reported by such localities. In addition, this table excludes indebtedness of certain local authorities and obligations issued in relation to State lease-purchase arrangements.

(2) Includes bonds issued by New York City and its related issuers, the Transitional Finance Authority, STAR Corporation, TSASC, Inc., the Hudson Yards Infrastructure Corporation, and Treasury obligations (as shown in the table "Debt of New York City and Related Entities" in the section of this document entitled "Authorities and Localities - The City of New York"). Also included are the bonds of the Fiscal Year 2005 Securitization Corporation, the Industrial Development Agency, the Municipal Assistance Corporation, the Samurai Funding Corporation, the New York City Educational Construction Fund, and the Dormitory Authority of the State of New York for education, health and court capital projects, and other long-term leases which will be repaid from revenues of the City or revenues which would otherwise be available to the City if not needed for debt service and, beginning in 2010, the New York City Tax Lien Collateralized Bonds.

(3) Includes bonds issued by the localities and certain debt guaranteed by the localities and excludes capital lease obligations (for localities other than New York City), assets held in sinking funds and certain amounts available at the start of a fiscal year for redemption of debt. Starting in 2001, debt for other localities includes installment purchase contracts.

(4) Amounts reflect those set forth on Annual Update Documents provided to OSC by New York State localities. Does not include the indebtedness of certain localities that did not file Annual Update Documents (financial reports) with the State Comptroller.

Litigation and Arbitration

The information that follows under this heading has been furnished by the State Office of the Attorney General and DOB has not undertaken any independent verification of such information.

Real Property Claims

There are several cases in which Native American tribes have asserted possessory interests in real property or sought monetary damages as a result of claims that certain transfers of property from the tribes or their predecessors-in-interest in the 18th and 19th centuries were illegal.

In Oneida *Indian Nation of New York v. State of New York*, 74-CV-187 (“NDNY”), the plaintiff, alleged successors-in-interest to the historic Oneida Indian Nation, sought a declaration that they hold a current possessory interest in approximately 250,000 acres of lands that the tribe sold to the State in a series of transactions that took place between 1795 and 1846, money damages, and the ejectment of the State and Madison and Oneida Counties from all publicly-held lands in the claim area. In 1998, the United States intervened in support of plaintiff.

During the pendency of this case, significant decisions were rendered by the United States Supreme Court and the Second Circuit Court of Appeals which changed the legal landscape pertaining to ancient land claims: *City of Sherrill v. Oneida Indian Nation of New York*, 544 U.S. 197 (2005), and *Cayuga Indian Nation of New York v. Pataki*, 413 F.3d 266 (2d Cir. 2005), cert. denied, 547 U.S. 1128 (2006). Taken together, these cases have made clear that the equitable doctrines of laches, acquiescence, and impossibility can bar ancient land claims.

Relying on these decisions, in *Oneida Indian Nation et al. v. County of Oneida et al*., 617 F.3d 114 (2d Cir. 2010), the Second Circuit Court of Appeals dismissed the Oneida land claim. On October 17, 2011, the United States Supreme Court denied plaintiffs’ petitions for certiorari to review the decision of the Second Circuit. See 132 S. Ct. 452 (2011).

On May 16, 2013, the State, Madison and Oneida Counties, and the Oneida Indian Nation signed a settlement agreement covering many issues. As pertinent here, the agreement would place a cap on the amount of land the tribe could reacquire and have taken into trust for its benefit by the United States. The agreement has been approved by the State Legislature, and was approved by the Federal Court on March 4, 2014.

There are three cases challenging the settlement agreement. In *Matter of Town of Verona, et al. v. Cuomo, et al*. (Sup. Ct., Albany Co.), the plaintiffs are citizen taxpayers, voters, and two towns. The defendants answered and moved for summary judgment which was granted in a Decision/Order/Judgment on June 27, 2014 dismissing all claims in the complaint and denying plaintiffs' cross-motion to amend. Plaintiffs filed a Notice of Appeal on March 17, 2015. In an opinion and order entered December 17, 2015, the Appellate Division, Third Department affirmed Supreme Court’s judgment upholding the settlement agreement and dismissing the action. Plaintiff’s made a motion for reargument or leave to appeal, returnable February 1, 2016, which is pending.

In *Schulz v. New York State Executive, et al*., (Sup. Ct., Albany Co.), plaintiff seeks a declaratory judgment that the New York Gaming Act, the New York Tax Free Zones Act, and the Oneida, St. Regis Mohawk and Seneca Nation settlement agreements violate various provisions of the State Constitution. In a decision, order and judgment dated April 10, 2014, the court disposed of some of the constitutional challenges to the statutes and ordered that plaintiff serve the tribes and the Counties of Madison and Oneida within thirty days. The counties dispute whether they were properly served and the tribes appear to have invoked immunity from suit such that none of those parties answered the amended complaint by June 16, 2014 as directed by the court. On November 5, 2014, the court dismissed the remainder of the action in its entirety. Petitioner's appeal is now pending.

In *Kaplan v. State of New York* (Sup. Ct., Oneida Co), plaintiff is a citizen taxpayer and voter who claims that the settlement agreement violates the State Constitution by delegating the State's taxing power. On July 16, 2015, the State filed a motion to dismiss the complaint on several grounds, including laches, comity and failure to state a claim. Defendants' motion to dismiss was fully briefed and argued on September 16, 2015. The Oneida Supreme Court dismissed the plaintiff's claims and issued declaratory judgment in favor of the State on February 19, 2016, finding that the State did not violate the State Constitution by contracting away its power to tax when it entered into the Oneida Settlement Agreement.

In *Canadian St. Regis Band of Mohawk Indians, et al. v. State of New York*, et al. ("NDNY"), plaintiffs seek ejectment and monetary damages for their claim that approximately 15,000 acres in Franklin and St. Lawrence Counties were illegally transferred from their predecessors-in-interest. The defendants' motion for judgment on the pleadings, relying on the decisions in *Sherrill*, *Cayuga*, and *Oneida* was granted in great part through decisions on July 8, 2013 and July 23, 2013, holding that all claims are dismissed except for claims over the area known as the Hogansburg Triangle and a right of way claim against Niagara Mohawk Power Corporation, which will now proceed through discovery and additional motion practice.

On May 21, 2013, the State, Franklin and St. Lawrence Counties, and the tribe signed an agreement resolving a gaming exclusivity dispute, which agreement provides that the parties will work towards a mutually agreeable resolution of the tribe's land claim. The land claim has been stayed through at least January 15, 2016 to allow for settlement negotiations.

On May 28, 2014, the State, the New York Power Authority and St. Lawrence County signed a memorandum of understanding with the St. Regis Mohawk Tribe endorsing a general framework for a settlement, subject to further negotiation. The memorandum of understanding does not address all claims by all parties and will require a formal written settlement agreement. Any formal settlement agreement will also require additional local, State and Congressional approval.

In *Shinnecock Indian Nation v. State of New York*, et al. ("EDNY"), plaintiff seeks ejectment, monetary damages, and declaratory and injunctive relief for its claim that approximately 3,600 acres in the Town of Southampton were illegally transferred from its predecessors-in-interest. On December 5, 2006, the District Court granted defendants' motion to dismiss, based on the *Sherrill* and *Cayuga* decisions. Plaintiff moved for reconsideration before the District Court and also appealed to the Second Circuit Court of Appeals. The *Shinnecock* appeal to the Second

Circuit was reinstated and, on October 28, 2015, the Second Circuit affirmed the District Court's decision dismissing plaintiff's claim. The United States Supreme Court granted plaintiff's motion to extend the time to file a writ of certiorari from the Second Circuit's decision to March 25, 2016.

School Aid

In *Maisto v. State of New York* (formerly identified as *Hussein v. State of New York*), plaintiffs seek a judgment declaring that the State's system of financing public education violates § 1 of article 11 of the State Constitution, on the ground that it fails to provide a sound basic education ("SBE"). In a decision and order dated July 21, 2009, Supreme Court, Albany County, denied the State's motion to dismiss the action. On January 13, 2011, the Appellate Division, Third Department, affirmed the denial of the motion to dismiss. On May 6, 2011, the Third Department granted defendants leave to appeal to the Court of Appeals. On June 26, 2012, the Court of Appeals affirmed the denial of the State's motion to dismiss.

The trial commenced on January 21, 2015 and was completed on March 12, 2015. The parties submitted their proposed findings of fact on October 28, 2015. Plaintiffs' memorandum of law was filed on November 27, 2015 and defendants' memorandum of law was filed on January 25, 2016.

In *Aristy-Farer, et al. v. The State of New York, et al.* (Sup. Ct., N.Y. Co.), commenced February 6, 2013, plaintiffs seek a judgment declaring that the provisions of L. 2012, Chapter 53 and L. 2012, Chapter 57, Part A § 1, linking payment of State school aid increases for 2012-2013 school year to submission by local school districts of approvable teacher evaluation plans violates, among other provisions of the State Constitution, Article XI, § 1, because implementation of the statutes would prevent students from receiving a sound basic education. Plaintiffs moved for a preliminary injunction enjoining the defendants from taking any actions to carry out the statutes to the extent that they would reduce payment of State aid disbursements referred to as General Support for Public Schools ("GSPS") to the City of New York pending a final determination. The State opposed this motion. By order dated February 19, 2013, the Court granted the motion for preliminary injunction. The State appealed. On May 21, 2013, the Appellate Division, First Department, denied plaintiffs motion for a stay pending appeal. As a result, plaintiffs have agreed to vacate their preliminary injunction and the State will withdraw its appeal. On April 7, 2014, Supreme Court denied the State's motion to dismiss. The State's appeal is pending. The Answer to the Second Amended Complaint was filed on February 2, 2015.

By decision dated August 12, 2014, Supreme Court, New York County, granted a motion to consolidate *Aristy-Farer*, discussed in the preceding paragraph, with *New Yorkers for Student Educational Rights v. New York*, discussed below.

In *New York State United Teachers, et al. v. The State of New York, et al.* (Sup. Ct., Albany Co.), commenced February 20, 2013, plaintiffs seek a judgment declaring that the provisions of Education Law § 2023-a (the "Tax Cap Law"), which imposes a 60 percent super-majority requirement on school districts which seek to raise their tax levies above the previous year's levy by the lesser of 2 percent or the rate of inflation violates, among other provisions of the State Constitution, Article XI, § 1, because implementation of the statute would interfere with local control of education financing and impair the right of plaintiffs to substantially control school district finances. Plaintiffs also seek injunctive relief barring application of the statutory tax cap to local education funding. Defendants moved to dismiss the First Amended Complaint and plaintiffs moved to further file and serve a Second Amended Complaint to add a challenge to newly enacted Education Law § 2023-b ("Tax Freeze Law").

On September 23, 2014, Supreme Court Justice McGrath issued a Decision and Order which (1) granted defendants' motion to dismiss the First Amended Complaint which challenged the constitutionality of the Tax Cap Law; and (2) granted the plaintiffs' leave to serve a Second Amended Complaint to add a challenge to Tax Freeze Law. Defendants then moved to dismiss the Second Amended Complaint and, by order to show cause, plaintiffs have moved for a preliminary injunction, but not a temporary restraining order, seeking to enjoin enforcement of the Tax Cap Law and the Tax Freeze Law. Both motions were argued on February 24, 2015. By Decision and Order dated March 16, 2015, Supreme Court granted the defendants' motion to dismiss the Second Amended Complaint, and denied the plaintiffs' motion for a preliminary injunction.

Plaintiffs filed a Notice of Appeal to the Third Department on March 24, 2015. The case has been fully briefed and was argued in the January 2016 term.

In *New Yorkers for Students Educational Rights v. New York*, the organizational plaintiff and several individual plaintiffs commenced a new lawsuit on February 11, 2014, in Supreme Court, New York County, claiming that the State is not meeting its constitutional obligation to fund schools in New York City and throughout the State to provide students with an opportunity for a sound basic education. Plaintiffs specifically allege that the State is not meeting its funding obligations for New York City schools under the Court of Appeals decision in *Campaign for Fiscal Equity ("CFE") v. New York*, 8 N.Y.3d 14 (2006), and -- repeating the allegations of *Aristy-Farer* -- challenge legislation conditioning increased funding for New York City schools on the timely adoption of a teacher evaluation plan. With regard to other school districts throughout the State, plaintiffs allege that the State is not providing adequate Statewide funding, has not fully implemented certain 2007 reforms to the State aid system, has imposed gap elimination adjustments decreasing State aid to school districts, and has imposed caps on State aid increases, and on local property tax increases unless approved by a supermajority. Finally, they allege that the State has failed to provide assistance, services, accountability mechanisms, and a rational cost formula to ensure that students throughout the State have an opportunity for a sound basic education.

Plaintiffs seek a judgment declaring that the State has failed to comply with CFE, that the State has failed to comply with the command of State Constitution Article XI to provide funding for public schools across the State, and that the gap elimination adjustment and caps on State aid and local property tax increases are unconstitutional. They seek an injunction requiring the State to eliminate the gap elimination adjustments and caps on State aid and local property tax increases, to reimburse New York City for the funding that was withheld for failure to timely adopt a teacher evaluation plan, to provide greater assistance, services and accountability, to appoint an independent commission to determine the cost of providing students the opportunity for a sound basic education, and to revise State aid formulas.

On May 30, 2014, the State filed a motion to dismiss all claims. On June 24, 2014, plaintiffs moved for a preliminary injunction seeking to restrain defendants from enforcing three of the four statutory provisions challenged in the underlying action. Specifically, plaintiffs seek to enjoin defendants from enforcing: (1) the gap elimination adjustment set forth in N.Y. Education Law § 3602(17); (2) the cap on state aid increases set forth in N.Y. Education Law § 3602(1)(dd); and (3) the requirements regarding increases in local property tax levies set forth in N.Y. Education Law § 3602(1)(dd) & 18. On July 8, 2014, defendants moved by Order to Show Cause to change the venue of the preliminary injunction application, as well as the entire action, to Albany County, pursuant to CPLR 6311(1). By Decision and Order dated August 8, 2014, the Court granted defendants' motion to transfer the preliminary injunction application to Albany County, but denied that part of the motion which sought to transfer the entire action.

By letter dated October 27, 2014, plaintiffs withdrew their motion for a preliminary injunction. By order dated November 17, 2014, Supreme Court, New York County, denied defendants' motion to dismiss. By separate order dated November 17, 2014, Supreme Court, New York County also granted the motion of the City of Yonkers to intervene as a plaintiff in the proceeding. Defendants filed Notices of Appeal of both November 17, 2014 decisions on December 15, 2014. Defendants filed Answers to the Amended Complaint and to Yonkers' Intervenor Complaint on February 2, 2015. The appeals of both November 17, 2014 decisions, along with the appeal in *Aristy-Farer*, are scheduled to be heard by the First Department on February 24, 2016.

Plaintiffs moved for partial summary judgment, pre-discovery, on May 29, 2015. Defendants filed opposition papers and cross-moved for partial summary judgment on July 31, 2015. Defendants also moved for a stay of the litigation pending the outcomes of the pending appeals. Oral argument was held on the cross-motions for partial summary judgment and the motion for a stay on November 4, 2015. The court denied both parties' motions for partial summary judgment on November 20, 2015. The court also denied defendants' motion for a stay on November 20, 2015. The court held a preliminary conference on February 3, 2016.

Medicaid Nursing Home Rate Methodology

In *Kateri Residence v. Novello (Sup. Ct., New York Co.)* and several other cases, the plaintiffs challenge several nursing home rate methodologies, including the "reserve bed patient day adjustment", which regulates payments to nursing homes when long term care patients are receiving off-site care. Supreme Court, New York County, granted partial summary judgment to plaintiffs in *Kateri*, holding that the reserve bed patient day adjustment rate methodology was improper. The Appellate Division, First Department affirmed Supreme Court's partial summary judgment decision on interlocutory appeal and remanded the case to Supreme Court for further proceedings. The Court of Appeals denied leave to appeal on the grounds that the decision was not final. Supreme Court directed the defendant to re-compute Medicaid rates for the plaintiff's facilities, and that re-computation was completed in October 2013. The parties are presently conducting discovery. Plaintiffs have brought a motion, returnable March 5, 2014, to compel payment of the impacted Medicaid rates computed thus far by Department of Health staff, resulting from application of the reserve bed day methodology. On June 3, 2014, the court granted this motion to the extent of directing payment of $6.5 million out of the $49 million sought by plaintiff. The State has filed both a notice of appeal and a motion to renew or reargue that motion. Plaintiffs also brought a motion to consolidate over two hundred additional Medicaid rate cases into the present case, which was returnable May 16, 2014. The motion has been granted and the State has filed a notice of appeal.

In April and May 2015, the Supreme Court, New York County, administratively consolidated many of the reserved bed day *Kateri* matters under the new caption of *Bayberry, et al*. With respect to a portion of the newly consolidated cases, at the end of April 2015, as ordered, DOH performed additional rate calculations that incorporated Petitioners' reserved bed day interpretation and similar calculations by DOH for additionally consolidated cases, referred to under the heading of the Lead Petitioner (Cabrini), were also performed by DOH. Document discovery closed on July 1, 2015; a court status conference has been adjourned to March 2, 2016, pending ongoing settlement negotiations.

Canal System Financing

American Trucking Association v. New York State Thruway Authority, 13-CV-8123 (SDNY), is a purported class action by a trucking industry trade association and three trucking companies against the Thruway Authority, the Canal Corporation and individual officers and board members of both entities, claiming violations of the Commerce Clause and the Privileges and Immunities Clauses of the United States Constitution because of the Thruway Authority's use of revenues from Thruway Authority tolls to maintain and improve the State's canal system. The District Court granted defendant's motion to dismiss the complaint for failure to join the State as a necessary party. On August 4, 2015, the Second Circuit Court of Appeals reversed the judgment of the District Court dismissing the complaint and remanded the case to District Court for further proceedings.

Tobacco Master Settlement Agreement ("MSA") Arbitration

In addition to MSA litigation described in the AIS, the Participating Manufacturers have also brought a nationwide arbitration proceeding against the Settling States (excluding Montana). The MSA provides that each year, in perpetuity, the PMs pay the Settling States a base payment, subject to certain adjustments, to compensate for financial harm suffered by the Settling States due to smoking-related illness. In order to keep the base payment under the MSA, each Settling State must pass and diligently enforce a statute that requires tobacco manufacturers who are not party to the MSA ("Non-Participating Manufacturers" or "NPMs") to deposit in escrow an amount roughly equal to the amount that PMs pay per pack sold. New York's allocable share of the total base payment is approximately 12.8 percent of the total, or approximately $800 million annually.

In the arbitration proceeding commenced in 2010, the PMs asserted that the Settling States involved failed to diligently enforce their escrow statutes in 2003. The PMs sought a downward adjustment of the payment due in that year (an "NPM Adjustment") which would serve as a credit against future payments. Any such claim for NPM Adjustment for years prior to 2003 was settled in 2003. The PMs have raised the same claim for years 2004-2012, but none of those years is yet in arbitration.

Hearings commenced April 16-24, 2012 and concluded May 21-24, 2013. New York's diligent enforcement hearings took place June 25-29, 2012. The Panel issued its awards on September 11, 2013. New York was found to have diligently enforced its qualifying statute in 2003 and, thus, is not subject to an NPM Adjustment for 2003. Nine states, including New York, were found to be "diligent"; six states were found to have been "not diligent".

In December 2012, during the pendency of the arbitration, the PMs and 19 states (collectively the "Signatory Parties") agreed to a term sheet purportedly settling the NPM Adjustment disputes for 2003-2012 (3 additional states joined later). New York and 31 (later became 28) other states and territories rejected the term sheet. On March 13, 2013, the Panel issued a Partial Stipulated Settlement Award ("Partial Award") based on the provisions of the term sheet. In so doing, the Panel deemed the 20 states "diligent" for purposes of allocation of the NPM Adjustment.

On October 20, 2015, in light of the PMs' stated intent to continue challenging New York's diligence for all sales years 2004 and forward, New York and the PMs announced a settlement of all outstanding disputes between them concerning NPM Adjustments and related Disputed Payment Account ("DPA") deposits relating to all prior sales years under the MSA. The settlement releases to New York 90% of the funds currently held in the DPA for past NPM Adjustment claims. As to all future MSA annual payments, the companies will receive a discount tied to the total in-state sales volume of cigarettes that are manufactured on Native American reservations and sold tax-free from smoke shops on those reservations to New York consumers. The discount will be for a fixed amount per pack, but with a modifier based on overall volume. The volume information will be determined by a neutral third party and will not be subject to appeal. It is expected that in the first several years of implementation, the discount will amount to no more than $100 million out of each annual payment of about $775 million and that it will decrease in future years. The companies are required to release New York from any other claims to the balance of these future payments as well, meaning that beyond the stipulated discount, New York will not be at risk of losing any of its future annual payments as the result of extended arbitration proceedings. Under the settlement, there will be no future NPM Adjustment arbitrations involving New York and New York will no longer risk losing its entire annual MSA payment.

Financial Plan Tables

The cash financial plan tables listed below appear on the following pages and summarize actual General Fund receipts and disbursements for fiscal year 2015 and projected receipts and disbursements for fiscal years 2016 through 2019 on a General Fund, State Operating Funds and All Governmental Funds basis. The Updated Financial Plan projections for FY 2017 and thereafter, set forth in this AIS Update, reflect the savings that DOB estimates would occur if the Governor continues to propose, and the Legislature continues to enact, balanced budgets in future years that limit annual growth in spending from State Operating Funds to no greater than 2 percent. The estimated savings are labeled in the Updated Financial Plan tables as "Adherence to 2% State Operating Funds Spending Benchmark". Total disbursements in the Updated Financial Plan tables and discussion do not assume these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

CASH FINANCIAL PLAN
GENERAL FUND
ANNUAL CHANGE
(millions of dollars)

	FY 2015 Results	FY 2016 Current	Annual $ Change	Annual % Change
Opening Fund Balance	2,235	7,300	5,065	226.6%
Receipts:				
Taxes:				
Personal Income Tax	29,485	31,983	2,498	8.5%
Consumption/Use Taxes	6,691	6,781	90	1.3%
Business Taxes	6,265	6,202	(63)	-1.0%
Other Taxes	1,128	1,466	338	30.0%
Miscellaneous Receipts	8,410	5,820	(2,590)	-30.8%
Federal Receipts	2	0	(2)	-100.0%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	8,659	10,397	1,738	20.1%
Sales Tax in Excess of LGAC	2,632	2,715	83	3.2%
Sales Tax in Excess of Revenue Bond Debt Service	2,940	2,747	(193)	-6.6%
Real Estate Taxes in Excess of CW/CA Debt Service	844	956	112	13.3%
All Other	865	1,227	362	41.8%
Total Receipts	67,921	70,294	2,373	3.5%
Disbursements:				
Local Assistance Grants	41,592	44,153	2,561	6.2%
Departmental Operations:				
Personal Service	5,806	6,139	333	5.7%
Non-Personal Service	1,858	2,083	225	12.1%
General State Charges	4,999	5,188	189	3.8%
Transfers to Other Funds:				
Debt Service	1,297	1,282	(15)	-1.2%
Capital Projects	1,264	6,148	4,884	386.4%
State Share of Mental Hygiene Medicaid	1,419	2,159	740	52.1%
SUNY Operations	980	998	18	1.8%
Other Purposes	3,641	4,433	792	21.8%
Total Disbursements	62,856	72,583	9,727	15.5%
Excess (Deficiency) of Receipts Over Disbursements	5,065	(2,289)	(7,354)	-145.2%
Closing Fund Balance	7,300	5,011	(2,289)	-31.4%
Statutory Reserves				
Tax Stabilization Reserve Fund	1,258	1,258	0	
Rainy Day Reserve Fund	540	540	0	
Contingency Reserve Fund	21	21	0	
Community Projects Fund	74	60	(14)	
Reserved For				
Prior-Term Labor Agreements	50	15	(35)	
Debt Management	500	500	0	
Undesignated Fund Balance	190	0	(190)	
Monetary Settlements	4,667	2,617	(2,050)	

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
FY 2017 through FY 2020
(millions of dollars)

	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected
Receipts:				
Taxes:				
Personal Income Tax	34,242	35,891	36,510	38,459
Consumption/Use Taxes	7,089	7,424	7,712	7,983
Business Taxes	5,776	6,087	6,165	6,551
Other Taxes	986	912	876	926
Miscellaneous Receipts	2,642	2,522	2,561	2,390
Federal Receipts	0	0	0	0
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	10,830	11,063	10,862	10,984
Sales Tax in Excess of LGAC	2,869	3,117	3,158	3,296
Sales Tax in Excess of Revenue Bond Debt Service	2,646	2,716	2,798	3,006
Real Estate Taxes in Excess of CW/CA Debt Service	950	1,019	1,075	1,127
All Other	753	718	716	701
Total Receipts	68,783	71,469	72,433	75,423
Disbursements:				
Local Assistance Grants	45,427	47,724	50,123	52,716
Departmental Operations:				
Personal Service	6,025	6,126	6,221	6,269
Non-Personal Service	2,209	2,518	2,344	2,430
General State Charges	5,472	5,825	6,048	6,424
Transfers to Other Funds:				
Debt Service	725	1,304	1,218	1,108
Capital Projects	3,759	2,105	2,228	2,543
State Share of Mental Hygiene Medicaid	1,433	1,301	1,238	1,127
SUNY Operations	985	997	997	997
Other Purposes	4,601	4,802	5,258	5,543
Total Disbursements	70,636	72,702	75,675	79,157
Use (Reservation) of Fund Balance:				
Community Projects Fund	16	(1)	0	0
Possible CUNY Labor Agreement	(240)	0	0	0
Prior-Term Labor Agreements	15	0	0	0
Monetary Settlements	2,062	113	113	114
Total Use (Reservation) of Fund Balance	1,853	112	113	114
Adherence to 2% Spending Benchmark*	0	1,643	3,227	4,568
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	0	522	98	948

* Savings estimated from limiting annual spending growth in future years to 2 percent. Calculation based on current FY 2017 projections. The Governor is expected to propose, and negotiate with the Legislature to enact, budgets in each fiscal year that hold State Operating Funds spending growth to 2 percent. Assumes all savings from holding spending growth to 2 percent are made available to the General Fund. Total disbursements in Financial Plan tables and discussion do not reflect these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

Source: NYS DOB.

CASH FINANCIAL PLAN GENERAL FUND FY 2016 (millions of dollars)	Enacted	Change	Mid-Year	Change	Exec. (Amended)
Receipts:					
Taxes:					
Personal Income Tax	31,924	172	32,096	(113)	31,983
Consumption/Use Taxes	6,890	(107)	6,783	(2)	6,781
Business Taxes	5,897	(20)	5,877	325	6,202
Other Taxes	1,069	307	1,376	90	1,466
Miscellaneous Receipts	4,365	1,002	5,367	453	5,820
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	10,215	220	10,435	(38)	10,397
Sales Tax in Excess of LGAC	2,767	(52)	2,715	0	2,715
Sales Tax in Excess of Revenue Bond Debt Service	2,966	(219)	2,747	0	2,747
Real Estate Taxes in Excess of CW/CA Debt Service	894	62	956	0	956
All Other	1,298	(35)	1,263	(36)	1,227
Total Receipts	68,285	1,330	69,615	679	70,294
Disbursements:					
Local Assistance Grants	44,356	91	44,447	(294)	44,153
Departmental Operations:					
Personal Service	6,079	65	6,144	(5)	6,139
Non-Personal Service	2,184	(2)	2,182	(99)	2,083
General State Charges	5,195	(27)	5,168	20	5,188
Transfers to Other Funds:					
Debt Service	886	48	934	348	1,282
Capital Projects	5,947	83	6,030	118	6,148
State Share of Mental Hygiene Medicaid	2,162	0	2,162	(3)	2,159
SUNY Operations	998	0	998	0	998
Other Purposes	4,283	(18)	4,265	168	4,433
Total Disbursements	72,090	240	72,330	253	72,583
Use (Reservation) of Fund Balance:					
Community Projects Fund	0	0	0	14	14
Prior-Term Labor Agreements	(10)	45	35	0	35
Undesignated Fund Balance	190	0	190	0	190
Monetary Settlements	3,625	(1,135)	2,490	(440)	2,050
Total Use (Reservation) of Fund Balance	3,805	(1,090)	2,715	(426)	2,289
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	0	0	0	0	0

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
FY 2017
(millions of dollars)

	Enacted	Change	Mid-Year	Change	Exec. (Amended)
Receipts:					
Taxes:					
Personal Income Tax	34,118	(87)	34,031	211	34,242
Consumption/Use Taxes	7,196	(6)	7,190	(101)	7,089
Business Taxes	5,792	(36)	5,756	20	5,776
Other Taxes	984	0	984	2	986
Miscellaneous Receipts	2,591	(44)	2,547	95	2,642
Federal Receipts					
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	10,440	296	10,736	94	10,830
Sales Tax in Excess of LGAC	2,917	(2)	2,915	(46)	2,869
Sales Tax in Excess of Revenue Bond Debt Service	2,999	(306)	2,693	(47)	2,646
Real Estate Taxes in Excess of CW/CA Debt Service	948	0	948	2	950
All Other	740	32	772	(19)	753
Total Receipts	68,725	(153)	68,572	211	68,783
Disbursements:					
Local Assistance Grants	46,783	(17)	46,766	(1,339)	45,427
Departmental Operations:					
Personal Service	6,049	46	6,095	(70)	6,025
Non-Personal Service	2,262	(2)	2,260	(51)	2,209
General State Charges	5,710	(57)	5,653	(181)	5,472
Transfers to Other Funds:					
Debt Service	1,242	(166)	1,076	(351)	725
Capital Projects	1,844	(148)	1,696	2,063	3,759
State Share of Mental Hygiene Medicaid	1,439	0	1,439	(6)	1,433
SUNY Operations	978	0	978	7	985
Other Purposes	4,442	(37)	4,405	196	4,601
Total Disbursements	70,749	(381)	70,368	268	70,636
Use (Reservation) of Fund Balance:					
Community Projects Fund	0	0	0	16	16
Possible CUNY Labor Agreement	0	0	0	(240)	(240)
Prior-Term Labor Agreements	(30)	45	15	0	15
Monetary Settlements	0	0	0	2,062	2,062
Total Use (Reservation) of Fund Balance	(30)	45	15	1,838	1,853
Adherence to 2% Spending Benchmark*	2,333	(300)	2,033	(2,033)	0
Net General Fund Surplus (Deficit)	279	(27)	252	(252)	0

* Savings estimated from limiting annual spending growth in future years to 2 percent. Calculation based on current FY 2017 projections. The Governor is expected to propose, and negotiate with the Legislature to enact, budgets in each fiscal year that hold State Operating Funds spending growth to 2 percent. Assumes all savings from holding spending growth to 2 percent are made available to the General Fund. Total disbursements in Financial Plan tables and discussion do not reflect these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
FY 2018
(millions of dollars)

	Enacted	Change	Mid-Year	Change	Exec. (Amended)
Receipts:					
Taxes:					
Personal Income Tax	36,275	(399)	35,876	15	35,891
Consumption/Use Taxes	7,451	0	7,451	(27)	7,424
Business Taxes	5,959	(39)	5,920	167	6,087
Other Taxes	910	0	910	2	912
Miscellaneous Receipts	2,353	(24)	2,329	193	2,522
Federal Receipts					
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	10,935	218	11,153	(90)	11,063
Sales Tax in Excess of LGAC	3,129	1	3,130	(13)	3,117
Sales Tax in Excess of Revenue Bond Debt Service	3,022	(293)	2,729	(13)	2,716
Real Estate Taxes in Excess of CW/CA Debt Service	990	28	1,018	1	1,019
All Other	739	0	739	(21)	718
Total Receipts	71,763	(508)	71,255	214	71,469
Disbursements:					
Local Assistance Grants	49,160	(68)	49,092	(1,368)	47,724
Departmental Operations:					
Personal Service	6,076	51	6,127	(1)	6,126
Non-Personal Service	2,488	(3)	2,485	33	2,518
General State Charges	6,032	(197)	5,835	(10)	5,825
Transfers to Other Funds:					
Debt Service	1,422	(41)	1,381	(77)	1,304
Capital Projects	2,072	(49)	2,023	82	2,105
State Share of Mental Hygiene Medicaid	1,313	1	1,314	(13)	1,301
SUNY Operations	969	0	969	28	997
Other Purposes	4,868	(37)	4,831	(29)	4,802
Total Disbursements	74,400	(343)	74,057	(1,355)	72,702
Use (Reservation) of Fund Balance:					
Community Projects Fund	0	0	0	(1)	(1)
Prior-Term Labor Agreements	(10)	10	0	0	0
Monetary Settlements	0	0	0	113	113
Total Use (Reservation) of Fund Balance	(10)	10	0	112	112
Adherence to 2% Spending Benchmark*	4,349	(476)	3,873	(2,230)	1,643
Net General Fund Surplus (Deficit)	1,702	(631)	1,071	(549)	522

* Savings estimated from limiting annual spending growth in future years to 2 percent. Calculation based on current FY 2017 projections. The Governor is expected to propose, and negotiate with the Legislature to enact, budgets in each fiscal year that hold State Operating Funds spending growth to 2 percent. Assumes all savings from holding spending growth to 2 percent are made available to the General Fund. Total disbursements in Financial Plan tables and discussion do not reflect these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
FY 2019
(millions of dollars)

	Enacted	Change	Mid-Year	Change	Exec. (Amended)
Receipts:					
Taxes:					
Personal Income Tax	37,267	(742)	36,525	(15)	36,510
Consumption/Use Taxes	7,725	6	7,731	(19)	7,712
Business Taxes	6,109	(42)	6,067	98	6,165
Other Taxes	874	0	874	2	876
Miscellaneous Receipts	2,212	(19)	2,193	368	2,561
Federal Receipts	0	0	0	0	0
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	11,006	69	11,075	(213)	10,862
Sales Tax in Excess of LGAC	3,163	4	3,167	(9)	3,158
Sales Tax in Excess of Revenue Bond Debt Service	3,048	(242)	2,806	(8)	2,798
Real Estate Taxes in Excess of CW/CA Debt Service	1,037	37	1,074	1	1,075
All Other	724	0	724	(8)	716
Total Receipts	73,165	(929)	72,236	197	72,433
Disbursements:					
Local Assistance Grants	51,653	(125)	51,528	(1,405)	50,123
Departmental Operations:					
Personal Service	6,104	52	6,156	65	6,221
Non-Personal Service	2,302	(3)	2,299	45	2,344
General State Charges	6,349	(423)	5,926	122	6,048
Transfers to Other Funds:					
Debt Service	1,210	(11)	1,199	19	1,218
Capital Projects	2,295	(48)	2,247	(19)	2,228
State Share of Mental Hygiene Medicaid	1,255	0	1,255	(17)	1,238
SUNY Operations	969	0	969	28	997
Other Purposes	5,233	(162)	5,071	187	5,258
Total Disbursements	77,370	(720)	76,650	(975)	75,675
Use (Reservation) of Fund Balance:					
Prior-Term Labor Agreements	(10)	10	0	0	0
Monetary Settlements	0	0	0	113	113
Total Use (Reservation) of Fund Balance	(10)	10	0	113	113
Adherence to 2% Spending Benchmark*	5,821	(796)	5,025	(1,798)	3,227
Net General Fund Surplus (Deficit)	1,606	(995)	611	(513)	98

* Savings estimated from limiting annual spending growth in future years to 2 percent. Calculation based on current FY 2017 projections. The Governor is expected to propose, and negotiate with the Legislature to enact, budgets in each fiscal year that hold State Operating Funds spending growth to 2 percent. Assumes all savings from holding spending growth to 2 percent are made available to the General Fund. Total disbursements in Financial Plan tables and discussion do not reflect these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

Source: NYS DOB.

CASH RECEIPTS
CURRENT STATE RECEIPTS
GENERAL FUND
FY 2016 THROUGH FY 2020
(millions of dollars)

	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected
Taxes:					
Withholdings	36,706	38,525	40,038	41,970	44,333
Estimated Payments	16,088	16,591	17,854	17,397	18,568
Final Payments	2,633	2,720	2,891	3,034	3,168
Other Payments	1,292	1,358	1,397	1,457	1,521
Gross Collections	56,719	59,194	62,180	63,858	67,590
State/City Offset	(688)	(688)	(688)	(688)	(589)
Refunds	(8,938)	(8,546)	(9,749)	(10,751)	(12,128)
Reported Tax Collections	47,093	49,960	51,743	52,419	54,873
STAR (Dedicated Deposits)	(3,337)	(3,228)	(2,916)	(2,804)	(2,696)
RBTF (Dedicated Transfers)	(11,773)	(12,490)	(12,936)	(13,105)	(13,718)
Personal Income Tax	31,983	34,242	35,891	36,510	38,459
Sales and Use Tax	12,440	12,966	13,632	14,218	14,772
Cigarette and Tobacco Taxes	307	348	345	335	324
Motor Fuel Tax	0	0	0	0	0
Alcoholic Beverage Taxes	254	258	263	268	273
Medical Marihuana Excise Tax	0	0	0	0	0
Highway Use Tax	0	0	0	0	0
Auto Rental Tax	0	0	0	0	0
Taxicab Surcharge	0	0	0	0	0
Gross Utility Taxes and Fees	13,001	13,572	14,240	14,821	15,369
LGAC/STBF (Dedicated Transfers)	(6,220)	(6,483)	(6,816)	(7,109)	(7,386)
Consumption/Use Taxes	6,781	7,089	7,424	7,712	7,983
Corporation Franchise Tax	4,325	3,703	3,945	3,944	4,307
Corporation and Utilities Tax	589	579	573	578	587
Insurance Taxes	1,388	1,321	1,407	1,521	1,597
Bank Tax	(100)	173	162	122	60
Petroleum Business Tax	0	0	0	0	0
Business Taxes	6,202	5,776	6,087	6,165	6,551
Estate Tax	1,446	965	891	855	905
Real Estate Transfer Tax	1,147	1,138	1,204	1,258	1,308
Gift Tax	0	0	0	0	0
Real Property Gains Tax	0	0	0	0	0
Pari-Mutuel Taxes	18	18	18	18	18
Other Taxes	2	3	3	3	3
Gross Other Taxes	2,613	2,124	2,116	2,134	2,234
Real Estate Transfer Tax (Dedicated)	(1,147)	(1,138)	(1,204)	(1,258)	(1,308)
Other Taxes	1,466	986	912	876	926
Payroll Tax	0	0	0	0	0
Total Taxes	46,432	48,093	50,314	51,263	53,919
Licenses, Fees, Etc.	624	595	652	645	692
Abandoned Property	525	525	525	525	525
Motor Vehicle Fees	170	161	223	224	224
ABC License Fee	66	63	60	66	62
Reimbursements	239	293	253	292	278
Investment Income	10	7	8	8	8
Other Transactions	4,186	998	801	801	601
Miscellaneous Receipts	5,820	2,642	2,522	2,561	2,390
Federal Receipts	0	0	0	0	0
Total	52,252	50,735	52,836	53,824	56,309

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2016
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	7,300	2,472	118	9,890
Receipts:				
Taxes	46,432	8,262	19,021	73,715
Miscellaneous Receipts	5,820	15,239	488	21,547
Federal Receipts	0	1	73	74
Total Receipts	52,252	23,502	19,582	95,336
Disbursements:				
Local Assistance Grants	44,153	18,879	0	63,032
Departmental Operations:				
Personal Service	6,139	6,818	0	12,957
Non-Personal Service	2,083	3,394	44	5,521
General State Charges	5,188	2,138	0	7,326
Debt Service	0	0	5,452	5,452
Capital Projects	0	1	0	1
Total Disbursements	57,563	31,230	5,496	94,289
Other Financing Sources (Uses):				
Transfers from Other Funds	18,042	8,757	4,121	30,920
Transfers to Other Funds	(15,020)	(1,304)	(18,123)	(34,447)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	3,022	7,453	(14,002)	(3,527)
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	(2,289)	(275)	84	(2,480)
Closing Fund Balance	5,011	2,197	202	7,410
Intra-Fund Transfers Adjustment	0	524	0	524
Closing Fund Balance with Intra-Fund Transfers	5,011	2,721	202	7,934

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2017
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	5,011	2,721	202	7,934
Receipts:				
Taxes	48,093	8,255	19,992	76,340
Miscellaneous Receipts	2,642	15,464	455	18,561
Federal Receipts	0	1	73	74
Total Receipts	50,735	23,720	20,520	94,975
Disbursements:				
Local Assistance Grants	45,427	18,901	0	64,328
Departmental Operations:				
Personal Service	6,025	6,784	0	12,809
Non-Personal Service	2,209	3,407	51	5,667
General State Charges	5,472	2,164	0	7,636
Debt Service	0	0	5,455	5,455
Capital Projects	0	3	0	3
Total Disbursements	59,133	31,259	5,506	95,898
Other Financing Sources (Uses):				
Transfers from Other Funds	18,048	7,877	3,328	29,253
Transfers to Other Funds	(11,503)	(730)	(18,254)	(30,487)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	6,545	7,147	(14,926)	(1,234)
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	(1,853)	(392)	88	(2,157)
Closing Fund Balance	3,158	2,329	290	5,777
Intra-Fund Transfers Adjustment	0	435	0	435
Closing Fund Balance with Intra-Fund Transfers	3,158	2,764	290	6,212

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2018
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	50,314	8,033	20,837	79,184
Miscellaneous Receipts	2,522	15,605	465	18,592
Federal Receipts	0	1	73	74
Total Receipts	52,836	23,639	21,375	97,850
Disbursements:				
Local Assistance Grants	47,724	18,688	0	66,412
Departmental Operations:				
Personal Service	6,126	6,837	0	12,963
Non-Personal Service	2,518	3,430	49	5,997
General State Charges	5,825	2,230	0	8,055
Debt Service	0	0	6,312	6,312
Capital Projects	0	2	0	2
Total Disbursements	62,193	31,187	6,361	99,741
Other Financing Sources (Uses):				
Transfers from Other Funds	18,633	8,047	4,058	30,738
Transfers to Other Funds	(10,509)	(655)	(18,965)	(30,129)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	8,124	7,392	(14,907)	609
Use (Reservation) of Fund Balance:				
Community Projects Fund	(1)	0	0	(1)
Monetary Settlements	113	0	0	113
Total Use (Reservation) of Fund Balance	112	0	0	112
Adherence to 2% Spending Benchmark*	1,643	0	0	1,643
Net Surplus (Deficit)	522	(156)	107	473
Intra-Fund Transfers Adjustment	0	484	0	484
Net Surplus (Deficit) with Intra-Fund Transfers	522	328	107	957

* Savings estimated from limiting annual spending growth in future years to 2 percent. Calculation based on current FY 2017 projections. The Governor is expected to propose, and negotiate with the Legislature to enact, budgets in each fiscal year that hold State Operating Funds spending growth to 2 percent. Assumes all savings from holding spending growth to 2 percent are made available to the General Fund. Total disbursements in Financial Plan tables and discussion do not reflect these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2019
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	51,263	8,054	21,353	80,670
Miscellaneous Receipts	2,561	15,947	461	18,969
Federal Receipts	0	1	73	74
Total Receipts	53,824	24,002	21,887	99,713
Disbursements:				
Local Assistance Grants	50,123	18,987	0	69,110
Departmental Operations:				
Personal Service	6,221	6,931	0	13,152
Non-Personal Service	2,344	3,487	49	5,880
General State Charges	6,048	2,306	0	8,354
Debt Service	0	0	6,791	6,791
Capital Projects	0	0	0	0
Total Disbursements	64,736	31,711	6,840	103,287
Other Financing Sources (Uses):				
Transfers from Other Funds	18,609	8,388	3,930	30,927
Transfers to Other Funds	(10,939)	(677)	(18,890)	(30,506)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	7,670	7,711	(14,960)	421
Use (Reservation) of Fund Balance:				
Monetary Settlements	113	0	0	113
Total Use (Reservation) of Fund Balance	113	0	0	113
Adherence to 2% Spending Benchmark*	3,227	0	0	3,227
Net Surplus (Deficit)	98	2	87	187
Intra-Fund Transfers Adjustment	0	495	0	495
Net Surplus (Deficit) with Intra-Fund Transfers	98	497	87	682

* Savings estimated from limiting annual spending growth in future years to 2 percent. Calculation based on current FY 2017 projections. The Governor is expected to propose, and negotiate with the Legislature to enact, budgets in each fiscal year that hold State Operating Funds spending growth to 2 percent. Assumes all savings from holding spending growth to 2 percent are made available to the General Fund. Total disbursements in Financial Plan tables and discussion do not reflect these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2016
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	7,300	2,661	(724)	118	9,355
Receipts:					
Taxes	46,432	8,262	1,368	19,021	75,083
Miscellaneous Receipts	5,820	15,440	4,585	488	26,333
Federal Receipts	0	49,779	2,476	73	52,328
Total Receipts	52,252	73,481	8,429	19,582	153,744
Disbursements:					
Local Assistance Grants	44,153	64,540	3,156	0	111,849
Departmental Operations:					
Personal Service	6,139	7,442	0	0	13,581
Non-Personal Service	2,083	4,582	0	44	6,709
General State Charges	5,188	2,444	0	0	7,632
Debt Service	0	0	0	5,452	5,452
Capital Projects	0	1	6,854	0	6,855
Total Disbursements	57,563	79,009	10,010	5,496	152,078
Other Financing Sources (Uses):					
Transfers from Other Funds	18,042	8,793	6,435	4,121	37,391
Transfers to Other Funds	(15,020)	(2,864)	(1,460)	(18,123)	(37,467)
Bond and Note Proceeds	0	0	474	0	474
Net Other Financing Sources (Uses)	3,022	5,929	5,449	(14,002)	398
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	(2,289)	401	3,868	84	2,064
Closing Fund Balance	5,011	3,062	3,144	202	11,419

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2017
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	5,011	3,062	3,144	202	11,419
Receipts:					
Taxes	48,093	8,255	1,285	19,992	77,625
Miscellaneous Receipts	2,642	15,680	5,382	455	24,159
Federal Receipts	0	49,087	1,973	73	51,133
Total Receipts	50,735	73,022	8,640	20,520	152,917
Disbursements:					
Local Assistance Grants	45,427	64,436	3,576	0	113,439
Departmental Operations:					
Personal Service	6,025	7,473	0	0	13,498
Non-Personal Service	2,209	4,541	0	51	6,801
General State Charges	5,472	2,483	0	0	7,955
Debt Service	0	0	0	5,455	5,455
Capital Projects	0	3	7,429	0	7,432
Total Disbursements	59,133	78,936	11,005	5,506	154,580
Other Financing Sources (Uses):					
Transfers from Other Funds	18,048	7,877	3,944	3,328	33,197
Transfers to Other Funds	(11,503)	(2,013)	(1,504)	(18,254)	(33,274)
Bond and Note Proceeds	0	0	599	0	599
Net Other Financing Sources (Uses)	6,545	5,864	3,039	(14,926)	522
Use (Reservation) of Fund Balance:					
Community Projects Fund	16	0	0	0	16
Possible CUNY Labor Agreement	(240)	0	0	0	(240)
Prior-Term Labor Agreements	15	0	0	0	15
Monetary Settlements	2,062	0	0	0	2,062
Total Use (Reservation) of Fund Balance	1,853	0	0	0	1,853
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	(1,853)	(50)	674	88	(1,141)
Closing Fund Balance	3,158	3,012	3,818	290	10,278

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2018
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	50,314	8,033	1,317	20,837	80,501
Miscellaneous Receipts	2,522	15,821	5,673	465	24,481
Federal Receipts	0	50,181	2,000	73	52,254
Total Receipts	52,836	74,035	8,990	21,375	157,236
Disbursements:					
Local Assistance Grants	47,724	65,116	4,195	0	117,035
Departmental Operations:					
Personal Service	6,126	7,527	0	0	13,653
Non-Personal Service	2,518	4,557	0	49	7,124
General State Charges	5,825	2,554	0	0	8,379
Debt Service	0	0	0	6,312	6,312
Capital Projects	0	2	7,698	0	7,700
Total Disbursements	62,193	79,756	11,893	6,361	160,203
Other Financing Sources (Uses):					
Transfers from Other Funds	18,633	8,047	2,235	4,058	32,973
Transfers to Other Funds	(10,509)	(2,048)	(1,545)	(18,965)	(33,067)
Bond and Note Proceeds	0	0	650	0	650
Net Other Financing Sources (Uses)	8,124	5,999	1,340	(14,907)	556
Use (Reservation) of Fund Balance:					
Community Projects Fund	(1)	0	0	0	(1)
Monetary Settlements	113	0	0	0	113
Total Use (Reservation) of Fund Balance	112	0	0	0	112
Adherence to 2% Spending Benchmark*	1,643	0	0	0	1,643
Net Surplus (Deficit)	522	278	(1,563)	107	(656)

* Savings estimated from limiting annual spending growth in future years to 2 percent. Calculation based on current FY 2017 projections. The Governor is expected to propose, and negotiate with the Legislature to enact, budgets in each fiscal year that hold State Operating Funds spending growth to 2 percent. Assumes all savings from holding spending growth to 2 percent are made available to the General Fund. Total disbursements in Financial Plan tables and discussion do not reflect these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2019
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	51,263	8,054	1,313	21,353	81,983
Miscellaneous Receipts	2,561	16,163	5,834	461	25,019
Federal Receipts	0	50,795	2,015	73	52,883
Total Receipts	53,824	75,012	9,162	21,887	159,885
Disbursements:					
Local Assistance Grants	50,123	66,057	4,528	0	120,708
Departmental Operations:					
Personal Service	6,221	7,628	0	0	13,849
Non-Personal Service	2,344	4,596	0	49	6,989
General State Charges	6,048	2,634	0	0	8,682
Debt Service	0	0	0	6,791	6,791
Capital Projects	0	0	7,289	0	7,289
Total Disbursements	64,736	80,915	11,817	6,840	164,308
Other Financing Sources (Uses):					
Transfers from Other Funds	18,609	8,388	2,358	3,930	33,285
Transfers to Other Funds	(10,939)	(2,009)	(1,552)	(18,890)	(33,390)
Bond and Note Proceeds	0	0	489	0	489
Net Other Financing Sources (Uses)	7,670	6,379	1,295	(14,960)	384
Use (Reservation) of Fund Balance:					
Monetary Settlements	113	0	0	0	113
Total Use (Reservation) of Fund Balance	113	0	0	0	113
Adherence to 2% Spending Benchmark*	3,227	0	0	0	3,227
Net Surplus (Deficit)	98	476	(1,360)	87	(699)

* Savings estimated from limiting annual spending growth in future years to 2 percent. Calculation based on current FY 2017 projections. The Governor is expected to propose, and negotiate with the Legislature to enact, budgets in each fiscal year that hold State Operating Funds spending growth to 2 percent. Assumes all savings from holding spending growth to 2 percent are made available to the General Fund. Total disbursements in Financial Plan tables and discussion do not reflect these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

Source: NYS DOB.

CASHFLOW
GENERAL FUND
FY 2016
(dollars in millions)

	2015 April Results	May Results	June Results	July Results	August Results	September Results	October Results	November Results	December Results	2016 January Preliminary Results	February Projected	March Projected	Total
OPENING BALANCE	7,300	10,344	9,591	11,064	9,625	9,489	10,717	11,388	10,312	12,741	13,703	13,664	7,300
RECEIPTS:													
Personal Income Tax	5,036	1,741	3,171	2,041	1,909	3,653	1,838	1,730	3,622	2,851	2,203	2,188	31,983
Consumption/Use Taxes	507	512	693	560	532	699	488	534	645	563	433	615	6,781
Business Taxes	203	(33)	1,106	133	205	1,094	81	12	1,084	(123)	72	2,368	6,202
Other Taxes	150	151	119	209	165	138	144	104	75	108	51	52	1,466
Total Taxes	5,896	2,371	5,089	2,943	2,811	5,584	2,551	2,380	5,426	3,399	2,759	5,223	46,432
Abandoned Property	0	0	0	0	0	22	24	120	26	41	45	247	525
ABC License Fee	7	6	7	6	6	7	6	4	5	4	5	3	66
Investment Income	0	0	1	1	1	1	1	1	1	0	3	0	10
Licenses, Fees, etc.	40	45	75	46	75	48	30	28	80	49	65	43	624
Motor Vehicle Fees	36	0	28	15	(3)	20	21	8	22	(6)	15	14	170
Reimbursements	6	7	36	9	26	29	3	8	50	4	15	46	239
Other Transactions	89	2,387	41	23	15	255	412	514	72	14	10	354	4,186
Total Miscellaneous Receipts	178	2,445	188	100	120	382	497	683	256	106	158	707	5,820
Federal Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0
PIT in Excess of Revenue Bond Debt Service	1,679	539	1,201	524	261	1,462	563	430	1,249	561	515	1,413	10,397
Tax in Excess of LGAC	238	33	519	249	195	319	219	241	298	251	3	150	2,715
Sales Tax Bond Fund	224	216	303	232	149	300	176	216	258	212	166	295	2,747
Real Estate Taxes in Excess of CW/CA Debt Service	74	97	76	76	81	95	89	63	78	94	71	62	956
All Other	15	298	4	21	2	90	8	1	41	58	221	468	1,227
Total Transfers from Other Funds	2,230	1,183	2,103	1,102	688	2,266	1,055	951	1,924	1,176	976	2,388	18,042
TOTAL RECEIPTS	8,304	5,999	7,380	4,145	3,619	8,232	4,103	4,014	7,606	4,681	3,893	8,318	70,294
DISBURSEMENTS:													
School Aid	535	2,703	1,975	67	562	2,604	111	1,663	1,620	487	467	7,256	20,050
Higher Education	18	20	646	248	123	186	345	53	66	151	360	751	2,967
All Other Education	18	98	508	85	108	381	34	31	187	22	199	593	2,264
Medicaid - DOH	1,231	1,606	495	889	1,273	1,123	825	986	1,316	903	880	669	12,196
Public Health	11	187	57	69	26	48	41	43	73	42	34	78	709
Mental Hygiene	3	2	278	3	2	315	1	1	303	15	148	61	1,132
Children and Families	39	39	96	303	30	323	81	72	274	70	168	212	1,707
Temporary & Disability Assistance	93	98	158	97	95	105	93	89	93	92	94	104	1,211
Transportation	0	24	0	0	35	0	0	22	15	1	14	2	113
Unrestricted Aid	1	12	389	1	0	109	0	0	192	0	5	76	785
All Other	2	38	189	31	(96)	45	36	28	(47)	32	61	700	1,019
Total Local Assistance Grants	1,951	4,827	4,791	1,793	2,158	5,239	1,567	2,988	4,092	1,815	2,430	10,502	44,153
Personal Service	554	443	457	638	471	489	543	441	629	447	456	571	6,139
Non-Personal Service	68	125	141	173	166	211	81	185	138	160	221	414	2,083
Total Departmental Operations	622	568	598	811	637	700	624	626	767	607	677	985	8,222
General State Charges	612	504	364	1,816	(50)	473	473	406	3	492	(98)	193	5,188
Debt Service	302	(9)	(22)	167	(12)	(70)	145	(3)	(2)	347	(19)	458	1,282
Capital Projects	73	148	(196)	200	326	353	23	336	8	281	209	4,387	6,148
State Share Medicaid	992	0	65	171	40	233	103	49	136	128	52	190	2,159
SUNY Operations	210	210	211	191	0	0	0	176	0	0	0	0	998
Other Purposes	498	504	96	435	656	76	497	512	173	49	681	256	4,433
Total Transfers to Other Funds	2,075	853	154	1,164	1,010	592	768	1,070	315	805	923	5,291	15,020
TOTAL DISBURSEMENTS	5,260	6,752	5,907	5,584	3,755	7,004	3,432	5,090	5,177	3,719	3,932	16,971	72,583
Excess/(Deficiency) of Receipts over Disbursements	3,044	(753)	1,473	(1,439)	(136)	1,228	671	(1,076)	2,429	962	(39)	(8,653)	(2,289)
CLOSING BALANCE	10,344	9,591	11,064	9,625	9,489	10,717	11,388	10,312	12,741	13,703	13,664	5,011	5,011

Source: NYS DOB.

State Related Bond Authorizations

Bond authorizations reflected in the following tables represent authorizations where there are remaining amounts authorized, but unissued, or where there is debt outstanding.

STATE-RELATED DEBT
FY 2016 BOND CAPS AND DEBT OUTSTANDING
(millions of dollars) (1)

Type of Cap (Gross or Net)*	Program	FY 2016 Bond Caps	Authorized But Unissued (2)	Debt Outstanding (3) As of 3/31/15
Education:				
Gross	SUNY Educational Facilities (4)	11,228	1,259	8,058
Net	SUNY Dormitory Facilities (5)	1,561	68	1,164
Net	SUNY Upstate Community Colleges (5)	838	195	813
Gross	CUNY Educational Facilities (6)	7,393	776	4,708
Net	State Ed Department Facilities (7)	0	0	38
Net	SUNY Athletic Facilities	22	0	12
Net	RESCUE	195	0	32
Net	University Facilities (Jobs 2000)	48	1	3
Net	School District Capital Outlay Grants	140	40	0
Net	Judicial Training Institute	16	0	7
Net	Transportation Transition Grants	80	12	0
Net	Public Broadcasting Facilities	15	0	2
Net	Higher Education Capital Matching Grants	210	68	71
Net	EXCEL	2,600	109	1,908
Net	Library Facilities	140	28	75
Net	Cultural Education Storage Facilities	79	69	8
Net	State Longitudinal Data System	20	10	6
Net	SUNY 2020 Challenge Grants	440	380	54
Net	Private Special Education	5	5	0
Environment:				
Net	Environmental Infrastructure Projects (8)	1,776	793	688
Net	Hazardous Waste Remediation	2,200	1,457	585
Net	Riverbank State Park	78	18	32
Net	Water Pollution Control (SRF)	805	130	148
Net	Pipeline for Jobs (Jobs 2000)	34	2	0
Net	Long Island Pine Barrens	15	0	2
Net	Pilgrim Sewage Plant	11	0	1
State Facilities:				
Net	Empire State Plaza	133	13	0
Net	State Capital Projects (Attica)	200	0	102
Net	Division of State Police Facilities	156	37	104
Net	Division of Military & Naval Affairs	27	9	14
Net	Alfred E. Smith Building	89	0	54
Net	Sheridan Ave. (Elk St.) Parking Garage	25	0	16
Net	State Office Buildings and Other Facilities	470	241	182
Net	Judiciary Improvements	38	1	19
Net	OSC State Buildings	52	0	22
Net	Albany Parking Garage (East)	41	0	23
Net	OGS State Buildings and Other Facilities (9)	140	26	88
Net	Equipment Acquisition (COPs) (10)	784	106	205
Net	Food Laboratory	40	0	35
Net	OFT Facilities	21	18	2
Net	Courthouse Improvements	76	27	36
Gross	Prison Facilities	7,163	515	4,317
Net	Homeland Security	197	89	86
Gross	Youth Facilities	611	211	178
Net	NYRA Land Acquisition/VLT Construction	355	0	42
Net	Storm Recovery Capital	450	450	0
Net	Office of Information Technology Services	269	237	28
Net	Nonprofit Infrastructure Capital Investment Program	50	50	0
Health/Mental Hygiene:				
Net	Department of Health Facilities (inc. Axelrod)	495	3	265
Gross	Mental Health Facilities	7,723	992	3,660
Net	HEAL NY Capital Program	750	95	470
Net	Capital Restructuring Program	2,200	2,200	0
Transportation:				
Gross	Consolidated Highway Improvement Program (CHIPS)	8,659	1,243	4,040
Net	Dedicated Highway & Bridge Trust	16,500	3,302	7,157
Net	High Speed Rail	22	22	0
Net	Albany County Airport	40	1	3
Net	Transportation Initiatives	1,690	1,647	36
Net	MTA Transportation Facilities	1,520	1,520	0
N/A	MTA Service Contract	2,005	0	1,638
Net	Transportation (TIFIA)	750	750	0

STATE-RELATED DEBT
FY 2016 BOND CAPS AND DEBT OUTSTANDING
(millions of dollars) (1)

	Type of Cap (Gross or Net)*	Program	FY 2016 Bond Caps	Authorized But Unissued (2)	Debt Outstanding (3) As of 3/31/15
Economic Development:					
	Gross	Housing Capital Programs	3,154	390	1,566
	Net	Community Enhancement Facilities (CEFAP)	424	43	39
	Net	University Technology Centers (incl. HEAT) (11)	248	13	21
	Gross	Onondaga Convention Center	40	0	18
	Net	Sports Facilities	145	0	47
	Net	Child Care Facilities	30	1	9
	Net	Bio-Tech Facilities	10	10	0
	Net	Strategic Investment Program	216	21	19
	Net	Regional Economic Development (Fund 002) (12)	1,190	33	235
	Net	NYS Economic Development (2004) (13)	346	0	171
	Net	Regional Economic Development (2004) (14)	243	221	9
	Net	High Technology and Development	249	73	109
	Net	Regional Economic Development/SPUR	90	28	20
	Net	Buffalo Inner Harbor	50	0	39
	Net	Jobs Now	14	1	0
	Net	Economic Development 2006 (Various) (15)	2,310	355	1,491
	Net	Javits Convention Center (Expansion '06)	350	350	0
	Net	Queens Stadium (Mets)	75	0	42
	Net	Bronx Stadium (Yankees)	75	0	49
	Net	NYS Ec Dev Stadium Parking ('06)	75	69	5
	Net	State Modernization Projects (RIOC Tram, etc.)	50	15	8
	Net	Int. Computer Chip Research and Dev. Center	300	0	98
	Net	2008 and 2009 Economic Development Initiatives	1,269	265	634
	Net	H.H. Richardson Complex/Darwin Martin House	84	8	59
	Net	Economic Development Initiatives	2,888	2,287	559
	Net	State and Municipal Facilities	1,155	1,135	20
LGAC	Net	Local Government Assistance Corporation	4,700	0	2,345
GO	Gross	General Obligation (16)	19,185	2,747	3,018
Total State-Supported Debt			**122,654**	**27,291**	**51,867**
Other State Financings:					
Tobacco Settlement Financing Corporation Bonds					1,745
MBBA Special Purpose School Aid Bonds					263
Capital Lease and Mortgage Loan Commitments					302
Other (17)					315
Total State-Related Debt (18)					**54,492**

** Gross caps include cost of issuance fees. Net caps do not.*

Source: NYS DOB

(1) Includes only authorized programs that are active at March 31, 2015 or have outstanding program balances or both.

(2) Amounts issued may exceed the stated amount authorized by premiums, by providing for the cost of issuance, reserve fund requirements and, in certain circumstances, refunding bonds. In some cases, Authorized but Unissued bond cap amounts have been reduced by the higher of (i) net bond proceeds available to fund program, or (ii) par amount of bonds issued.

(3) Amounts outstanding reflect original par amounts or original gross proceeds in the case of capital appreciation bonds.

(4) Authorization also includes any amount necessary to refund outstanding Housing Finance Agency State University Construction Bonds, all of which have been refunded.

(5) Authorization applies to bonds issued after March 31, 2002, prior to that date there was no limit.

(6) The amount outstanding includes CUNY Community Colleges bonds for which the State pays debt service. The total amount authorized for CUNY Senior Colleges was unlimited for resolutions adopted prior to 7/1/85 and limited to $7.393 billion for both CUNY Senior and CUNY Community Colleges for resolutions adopted after 7/1/85.

(7) Legislation enacted in May 2002 prohibits further issuance of bonds for this purpose, except for refunding purposes.

(8) Includes bonds issued for West Valley, DEC Environmental Infrastructure Projects, Environmental Protection Fund, Onondaga Lake, and the Office of Parks and Recreation and Historic Preservation.

(9) Includes debt outstanding for Office of General Services Buildings: 44 Holland Ave., 50 Wolf Rd., 625 Broadway Ave., Hampton Plaza, and DOT Region 1.

(10) Authorized amounts includes Certificates of Participation, which have been issued as bonds after March 31, 2003.

(11) Includes authorizations for Science and Technology Center (Syracuse), Super Computer Center (Cornell), Center for Telecommunications (Columbia), HEAT, Center for Industrial Innovation (City of Troy), Center for Advanced materials (Clarkson), Center for Electro-Optic (Rochester), Center for Neural Sciences (NYU) and Center for Incubator Facilities.

(12) Includes bonds issued for Community Capital Assistance Program (CCAP), Rebuilding the Empire State Through Opportunities in Regional Economies Program (RESTORE), Empire Opportunity Fund (EOF), Generating Employment Through New York Science Program (Gen*NY*sis), Multi-Modal Transportation Program,and Center of Excellence Program (Laws of 2002).

(13) Includes bonds to be issued for economic development projects outside cities of 1 million or more in population.

(14) Includes bonds issued for the EOF, RESTORE and CCAP.

(15) Includes bonds to be issued for economic development and environmental projects.

(16) The FY 2015 Enacted Budget authorized a $2 billion general obligation bond act for Smart Schools, which was approved by voters in November 2014.

(17) Includes bonds issued for Secured Hospital Program, HFA and MCFFA Moral Obligation Bonds, and the JDA State-guaranteed bonds.

(18) Capital leases and mortgage loan commitments are included in all figures and references to State-related debt in this AIS unless otherwise specifically noted.