New York State
Annual Information Statement

June 12, 2019

Annual Information Statement

Table of Contents

Introduction

Introduction

This Annual Information Statement (AIS) is dated June 12, 2019, and contains information only through that date. This AIS constitutes the official disclosure regarding the financial position of the State of New York (the "State") and related matters and replaces the AIS dated July 2, 2018 and all updates and supplements issued in connection therewith. This AIS is scheduled to be updated on a quarterly basis and may be supplemented from time to time as developments warrant. This AIS, including the Exhibits attached hereto, should be read in its entirety, together with any updates and supplements that may be issued during the fiscal year.

In this AIS, readers will find:

1. Information on the State's current financial projections, including summaries and extracts from the State's fiscal year 2020 (FY 2020)[1] Enacted Budget Financial Plan (the "Financial Plan") and the State's FY 2020 Enacted Budget Capital Program and Financing Plan (the "Capital Plan"), issued by the Division of the Budget (DOB) in May 2019. The Financial Plan sets forth the State's official financial projections for FY 2020 through FY 2023. It includes, among other things, information on the major components of the FY 2020 General Fund gap-closing plan, future potential General Fund budget gaps, and multi-year projections of receipts and disbursements in the State's operating funds. The Capital Plan outlines the projected capital spending over a five-year period, the way it is projected to be financed, the impact on debt measures, and the anticipated debt issuances required to support the planned capital spending. While the disclosure contained in this AIS is derived from the Financial Plan, this AIS contains certain updates to information set forth in the Financial Plan which are not deemed by DOB to materially change the projections contained in the Financial Plan. DOB next expects to update the State's multi-year financial projections in July 2019 with the first quarterly update to the Financial Plan.

2. A discussion of issues and risks that may affect the State's financial projections during FY 2020 or in future fiscal years is provided under the heading "Financial Plan Overview — Other Matters Affecting the Financial Plan".

3. Information on other subjects relevant to the State's finances, including summaries of: (a) operating results for the three prior fiscal years (presented on a cash basis of accounting), (b) the State's revised economic forecast and a profile of the State economy, (c) the State's debt and other financing activities, (d) the organization of State government, and (e) activities of public authorities and localities.

4. Updated information regarding the State Retirement System.

5. The status of significant litigation that has the potential to adversely affect the State's finances.

[1] The State fiscal year is identified by the calendar year in which it ends. For example, FY 2020 is the fiscal year that began on April 1, 2019 and ends on March 31, 2020.

DOB is responsible for preparing the State’s Financial Plan and presenting the information that appears in this AIS on behalf of the State. In preparing this AIS, 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” has been furnished by the State Office of the Attorney General. DOB has not undertaken any independent verification of the information contained in these sections of the AIS.

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. Investors and other market participants should, however, refer to this AIS, as updated or supplemented, for the most current official information regarding the financial position of the State.

The factors affecting the State’s financial condition are numerous and complex. This AIS contains "forward-looking statements" relating to future results and economic performance 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 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 at the time they were prepared and are necessarily dependent upon assumptions, estimates and data that it 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”, "assumes" and analogous expressions are intended to identify forward-looking statements. Any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially and adversely from projections. Such risks and uncertainties include, but are not limited to, general economic and business conditions; changes in political, social, economic and environmental conditions, including climate change and extreme weather events; cybersecurity events; impediments to the implementation of gap-closing actions; regulatory initiatives and compliance with governmental regulations; litigation; Federal tax law changes; 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 these risks and uncertainties are beyond the control of the State. These forward-looking statements are based on the State’s expectations as of the date of this AIS.

Note that all FY 2019 financial results contained within this AIS are unaudited and preliminary. The annual independent audit of the State's Basic Financial Statements for the fiscal year ending March 31, 2019 is expected to be completed by July 29, 2019. Both the Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting and the State's Basic Financial Statements are due by July 29, 2019. These reports will contain the final FY 2019 financial results. Copies may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236. The Basic Financial Statements for FY 2018 are available in electronic form at www.osc.state.ny.us and at www.emma.msrb.org.

In addition to regularly scheduled quarterly updates to this AIS, the State may issue AIS supplements or other disclosure notices to this 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 in official statements or related disclosure documents for State or State-supported debt issuances. The State has filed this AIS with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. An electronic copy of this AIS can be accessed through EMMA at www.emma.msrb.org. An official copy of this AIS may be obtained by contacting the New York State Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 474-2302.

Usage Notice

This AIS has been prepared and made available by the State pursuant to its contractual undertakings under various continuing disclosure agreements (CDAs) entered into by the State in connection with financings of the State, as well as certain issuers, including public authorities of the State, that may depend in whole or in part on State appropriations as sources of payments of their respective bonds, notes or other obligations.

This AIS is available in electronic form on the DOB website at www.budget.ny.gov. Such availability does not imply that there have been no changes in the financial position of the State subsequent to the posting of this information. Maintenance of this AIS 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.

Neither this AIS 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 offered series of bonds or notes has been executed by DOB. Any such use, or incorporation by reference, of this AIS 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 if so misused.

Budgetary and Accounting Practices

Significant Budgetary/Accounting Practices

Unless clearly noted otherwise, all financial information is presented on a cash basis of accounting.[2]

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 present 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 specified purposes; 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.

The State's **General Fund** receives most State taxes and all income not earmarked for a specified 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 Fund and the Rainy Day Reserve Fund (collectively, the "Rainy Day Reserves") 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, including the Health Care Reform Act (HCRA) funds, the Dedicated Highway and Bridge Trust Fund (DHBTF), and the Lottery Fund. Therefore, the General Fund projections account for any estimated funding shortfalls in these funds. Since the General Fund is required by law to be balanced, the focus of the State's budgetary and gap-closing discussion in this AIS is generally weighted toward the General Fund.

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[2] State Finance Law also requires DOB to prepare a pro forma financial plan using, to the extent practicable, generally accepted accounting principles (GAAP). The GAAP-basis financial plan is informational only. DOB does not use it as a benchmark for managing State finances during the fiscal year and does not update it 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, but there can be no assurance that the pro forma GAAP financial plan conforms to all GAAP principles.

At times, DOB will informally designate unrestricted balances in the General Fund for specific policy goals (e.g., the payment of costs related to potential labor agreements covering prior contract periods). These amounts are typically, but not uniformly, 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 in the General Fund, as well as State-funded special revenue funds and Debt Service Funds (spending from Capital Projects Funds and Federal Funds is excluded). As a significant amount of financial activity occurs in funds outside of the General Fund, the State Operating Funds perspective is, in DOB’s view, a more comprehensive measure of operations funded with State resources (e.g., taxes, assessments, fees and tuition). The State Operating Funds perspective eliminates certain distortions in operating activities that may be caused by, among other things, the State's complex fund structure and the transfer of money between funds. For example, the State funds its share of the Medicaid program from both the General Fund and State Special Revenue Funds. The State Operating Funds perspective captures Medicaid disbursements from both fund types, giving a more complete accounting of State-funded Medicaid disbursements. Accordingly, projections often emphasize the State Operating Funds perspective. The State's adherence to a 2 percent annual spending growth benchmark is calculated on the State Operating Funds basis.

Financial Plan projections contained herein reflect some actions that have affected, or are intended to affect, the amount of annual spending reported on a State Operating Funds basis. Such actions include but are not limited to: (a) realignment of certain operating costs to the capital budget to provide greater consistency in reporting across all agencies and a more accurate accounting of the overall capital budget; (b) payment of certain operating costs using available resources outside the State Operating Funds basis of reporting; (c) restructuring of the STAR program such that certain benefits are provided as a tax credit (which is recorded as a reduction in receipts) rather than a tax exemption (which is recorded as a disbursement), consistent with other State tax credits; (d) appropriation of certain operating costs for the Department of Transportation (DOT) and Department of Motor Vehicles (DMV) from the General Fund instead of the DHBTF, a change which increases reported disbursements from State Operating Funds; (e) no longer appropriating certain receipts payable to the Metropolitan Transportation Authority (MTA), the largest of which is the Payroll Mobility Tax (“Mobility Tax” or PMT); (f) modification of business practices and transaction processing to eliminate the double-count of certain disbursements related to mental hygiene and higher education programs; and (g) reclassification as Enterprise Funds of certain activities in which goods or services are provided to the public for a fee. If these or other transactions are not executed or reported in a manner consistent with DOB’s interpretation of the legislation and legislative intent, annual spending growth in State Operating Funds would be higher than projections.

The State also reports disbursements and receipts activity for **All Governmental Funds** (All Funds), which includes spending from Capital Projects Funds and Federal Funds, in addition to State Operating Funds. The All Funds basis provides the most comprehensive view of the cash-basis financial operations of the State.

Projections for future years may show budget gaps or budget 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 projected level of resources, including transfers from other funds, to pay for these disbursements. The General Fund projections are based on many 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 general, the multi-year projections assume 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 reviewed annually in the context of the current and projected fiscal position of the State.

The General Fund budget gap and surplus projections for FY 2021 and thereafter reflect savings that DOB estimates would be realized if the Governor continues to propose, and the Legislature continues to enact, balanced budgets that limit annual growth in State Operating Funds spending to no greater than 2 percent. Total disbursements in the tables and narrative contained in this AIS do not reflect these assumed savings, which are reflected instead on a distinct line and labeled "Adherence to 2% Spending Benchmark." Projections are subject to many risks and uncertainties, as well as future budgetary decisions and other factors that are currently unknown. There can be no assurance that spending growth will be held to no greater than 2 percent or that all savings from limiting spending growth will be made available to the General Fund. If the 2 percent annual State Operating Funds spending growth benchmark is exceeded, projected budget gaps would be higher (or projected surpluses would be lower).

Differences may occur from time to time between DOB and OSC's financial reports in presentation and reporting of receipts and disbursements. For example, DOB may reflect a net expenditure amount while OSC may report the gross expenditure. Any such differences in reporting between DOB and OSC could result in differences in the presentation and reporting of receipts and disbursements for discrete funds, as well as differences in the presentation and reporting for total receipts and disbursements under different fund perspectives (e.g., State Operating Funds and All Governmental Funds).

Financial Plan Overview

The following table provides certain Financial Plan information for FY 2019 and FY 2020.

FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES
(millions of dollars)

	FY 2019		FY 2020	
	Revised[1]	Results	Executive Amended[2]	Enacted
State Operating Funds Disbursements				
Size of Budget	$100,144	$100,137	$101,958	$102,117
Annual Growth	2.0%	2.0%	1.8%	2.0%
Other Disbursement Measures				
General Fund (Including Transfers)[3]	$73,558	$72,783	$76,622	$77,857
Annual Growth	5.5%	4.4%	5.3%	7.0%
Capital Budget (Federal and State)	$13,131	$12,266	$13,426	$13,790
Annual Growth	23.4%	15.3%	9.5%	12.4%
Federal Operating Aid	$58,456	$58,472	$59,759	$61,120
Annual Growth	6.4%	6.4%	2.2%	4.5%
All Funds	$171,731	$170,875	$175,143	$177,027
Annual Growth	4.9%	4.4%	2.5%	3.6%
Capital Budget (Including "Off-Budget" Capital)[4]	$13,792	$12,783	$14,044	$14,341
Annual Growth	22.2%	13.3%	9.9%	12.2%
All Funds (Including "Off-Budget" Capital)[4]	$172,392	$171,392	$175,761	$177,578
Annual Growth	4.9%	4.3%	2.5%	3.6%
Inflation (CPI)	2.3%	2.3%	2.1%	2.0%
All Funds Receipts				
Taxes	$74,976	$75,578	$80,809	$81,305
Annual Growth	-5.4%	-4.7%	6.9%	7.6%
Miscellaneous Receipts	$31,345	$31,184	$27,797	$29,013
Annual Growth	15.0%	14.4%	-10.9%	-7.0%
Federal Receipts (Operating and Capital)	$62,879	$61,344	$63,772	$64,794
Annual Growth	6.7%	4.1%	4.0%	5.6%
Total All Funds Receipts	$169,200	$168,106	$172,378	$175,112
Annual Growth	2.3%	1.6%	2.5%	4.2%
General Fund Cash Balance	$6,545	$7,206	$4,998	$6,466
Rainy Day Reserves	$2,048	$2,048	$2,286	$2,476
Extraordinary Monetary Settlements	$3,943	$4,194	$2,684	$2,640
Reserve for Economic Uncertainties	$0	$0	$0	$829
All Other Reserves/Fund Balances	$554	$964	$28	$521
Debt				
Debt Service as % All Funds Receipts	3.6%	4.0%	3.5%	3.0%
State-Related Debt Outstanding	$53,576	$53,528	$57,281	$57,271
Debt Outstanding as % Personal Income	4.0%	4.0%	4.1%	4.1%
State Workforce FTEs (Subject to Direct Executive Control)	119,327	117,967	119,449	119,491

1 FY 2019 "Revised" estimates reflect the estimates in the FY 2020 Executive Budget, as amended.

2 Annual percentage changes in the FY 2020 "Executive Amended" column have been updated to reflect FY 2019 results.

3 Includes the planned transfer of Extraordinary Monetary Settlements from the General Fund to other funds to support designated purposes.

4 Includes capital spending that occurs outside the All Funds budget financed directly from State-supported bond proceeds held by public authorities.

Legislative Action on the FY 2020 Budget

The Legislature completed action on the FY 2020 Enacted Budget (the "Enacted Budget" or "Budget") on April 1, 2019. Consistent with past practice, the Legislature enacted the annual debt service appropriations without amendment in advance of the other appropriations (the debt service appropriations were passed on March 26, 2019). On April 12, 2019, the Governor completed his review of all budget bills, including the veto of certain line-item appropriations, none of which had a material impact on the State's Financial Plan projections.

DOB estimates that the Enacted Budget is balanced in the General Fund on a cash basis of accounting. During budget negotiations, the Executive and Legislature agreed to an estimated $1 billion in new additions, restorations of proposed cost containment, and modifications to revenues proposed in the FY 2020 Executive Budget as amended ("Executive Budget"). These changes are fully funded by new resources identified since the Executive Budget, including stronger than expected tax receipts, the prepayment of FY 2020 expenses in FY 2019, and other savings.

DOB estimates that the Enacted Budget closes a budget gap of $5.3 billion, which consisted of a "baseline" budget gap of $3.1 billion[3] and $2.2 billion in subsequent reductions to estimated tax receipts.

[3] The baseline forecast at the time of the November 2018 update to the FY 2019 Financial Plan.

The following table summarizes the projected multi-year impact of the Enacted Budget gap-closing plan.

FY 2020 ENACTED BUDGET GENERAL FUND BUDGETARY BASIS SURPLUS/(GAP) PROJECTIONS (millions of dollars)				
	FY 2020	**FY 2021**	**FY 2022**	**FY 2023**
INITIAL BUDGET SURPLUS/(GAP) ESTIMATE[1]	**(3,070)**	**(6,429)**	**(6,551)**	**(6,735)**
Tax Receipts Reestimates	**(2,219)**	**(3,114)**	**(4,148)**	**(4,886)**
Resource Changes	**3,425**	**4,425**	**5,461**	**5,763**
Tax Actions	1,047	4,433	5,708	6,075
Non-Tax Receipts/Transfers	1,549	(8)	(247)	(312)
Extraordinary Monetary Settlements	829	0	0	0
Spending Changes	**2,191**	**1,095**	**1,114**	**1,042**
Local Assistance	1,751	1,353	1,392	1,483
Agency Operations/Transfers	440	(258)	(278)	(441)
Use/(Reserve) of Balances	**(327)**	**110**	**(18)**	**125**
Rainy Day Reserves	(428)	0	0	0
Reserve for Economic Uncertainties	(829)	0	0	0
All Other	930	110	(18)	125
ENACTED BUDGET SURPLUS/(GAP) ESTIMATE[1]	**0**	**(3,913)**	**(4,142)**	**(4,691)**
Adherence to 2% Spending Benchmark[2]	**0**	**3,741**	**5,052**	**6,786**
ENACTED BUDGET SURPLUS/(GAP)	**0**	**(172)**	**910**	**2,095**

1 Before actions to adhere to the 2 percent spending growth benchmark.

2 Savings estimated from limiting annual spending growth in future years to 2 percent (calculation based on FY 2020 estimate) and assuming all savings are made available to the General Fund.

The General Fund gap-closing plan consists mainly of recurring actions to increase receipts and reduce disbursements compared to the baseline forecast. The largest resource changes include the extension of the top PIT rate for five years through calendar year 2024 and the payment in FY 2019 of debt service due in FY 2020.[4] Spending changes include substantially all of the cost containment measures proposed in the Executive Budget, as well as additional savings based on updated program trends and FY 2019 results. The gap-closing plan funds $1.3 billion in new reserves, as described below. The $930 million use of reserves/balances consists of $408 million in cash reserved at the close of FY 2019 to fund payments that were budgeted in FY 2019 but will not be processed until FY 2020, and the transfer of Extraordinary Monetary Settlements to fund capital projects and other activities. The gap-closing plan is described in detail later herein.

The General Fund budget gaps for future years are now projected at approximately $3.9 billion in FY 2021, $4.1 billion in FY 2022, and $4.7 billion in FY 2023. The outyear gaps are lower than projected in the Executive Budget. The improved outlook is mainly due to an increase in projected tax receipts across the multi-year projections based on relatively strong April 2019 tax collections and updated economic information. General Fund tax receipts, before debt service, law changes, and adjustments to the administrative refund cap, have been increased by $1.1 billion in FY 2020 and by similar amounts in future years.

DOB estimates that if future budgets hold spending growth to 2 percent annually in State Operating Funds, as it is currently constituted, the General Fund would have a budget gap of $172 million in FY 2021, and surpluses of $910 million in FY 2022 and $2.1 billion in FY 2023. These calculations assume that all savings from the reductions in spending are made available to the General Fund.

The Financial Plan includes planned increases to the State's reserves. New Extraordinary Monetary Settlements with UniCredit ($507 million) and Standard Chartered Bank ($322 million) will be set aside as a reserve for economic uncertainties. In addition, $428 million in new deposits to the Rainy Day Reserves are expected to be made at the close of FY 2020, fiscal conditions permitting. General Fund reserves at the close of FY 2020 are estimated at $3.8 billion, or 4.9 percent of total estimated General Fund disbursements. In addition, the General Fund is expected to end FY 2020 with over $2.6 billion in Extraordinary Monetary Settlements designated to fund capital projects and other activities.

DOB expects that the State will have sufficient liquidity in FY 2020 to make all planned payments as they become due without having to temporarily borrow from the Short-Term Investment Pool (STIP). 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.

[4] The transaction shifts available resources to the following year as it decreases available tax receipts in the fiscal year in which the debt service payment is made, and increases tax receipts in the year in which the payments were due.

The Budget directs a substantial amount of new funding to the MTA as part of a comprehensive reform plan that is expected to generate a total of $25 billion in financing, through a combination of bond financings and direct payments, for the MTA's 2020-2024 Capital Plan. A Central Business District tolling program, the first of its kind in the nation, will include the installation of electronic tolling devices on the perimeter of the Central Business District which is defined as streets south of and including 60th Street in Manhattan. Revenues from this program are projected to generate an estimated $15 billion in new capital funding. Another $5 billion in financing for the MTA is expected to come from a new progressive mansion tax on residential properties valued at $2 million and above in New York City and an additional 0.25 percent real estate transfer tax on commercial properties valued at $2 million and above and residential properties valued at $3 million and above in New York City. Finally, sales tax receipts are expected to provide the MTA with a total of $320 million in dedicated revenues ($170 million in projected receipts from New York City collections and $150 million in projected receipts from the State collections, when fully annualized). These receipts are expected to be generated from requiring online marketplace providers to collect sales tax on all sales facilitated through their platforms and the enforcement of the United States Supreme Court ruling in South Dakota v. Wayfair, Inc. ("U.S. Supreme Court Wayfair ruling"), via notice from the Department of Taxation and Finance ("DTF" or "Tax Department") to out-of-state retailers whose annual sales in New York exceed both $300,000 and 100 transactions that they are required by law to collect and remit sales tax. These resources are expected to provide capital financing of roughly $5 billion for the MTA 2020-2024 Capital Plan. These additional financial resources are coupled with the implementation of new MTA management reforms.

To manage potential financial risks, the Budget establishes a process for the uniform reduction of local assistance disbursements of up to 1 percent of State Operating Funds disbursements (approximately $1.02 billion) if DOB identifies a potential General Fund imbalance of $500 million or more in the current fiscal year. Upon identification of a potential imbalance, the Budget Director would transmit a plan to the Legislature, identifying the specific appropriations and cash disbursements that would be reduced. The Legislature would then have 30 days to adopt, by concurrent resolution, its own plan for eliminating the imbalance. If the Legislature does not act within 30 days, the plan submitted by the Budget Director would take effect automatically. The process expressly excludes certain types of local assistance appropriations from uniform reduction, including public assistance and Supplemental Security Income (SSI) payments.

In addition, the Budget includes for the third year a process by which the State can address significant reductions in Federal aid during FY 2020 should they arise. Specifically, the Budget allows the Budget Director to prepare a plan for consideration by the Legislature in the event that Federal policymakers (a) reduce Federal Financial Participation (FFP) in Medicaid funding to the State or its subdivisions by $850 million or more; or (b) reduce FFP or other Federal aid in funding to the State that affects the State Operating Funds financial projections by $850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately and is not additive. The plan prepared by the Budget Director must equally and proportionally reduce appropriations and cash disbursements in the General Fund and State Special Revenue Funds. Upon receipt of the plan, the Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the Budget Director takes effect automatically.

Annual Spending Growth

State Operating Funds spending is estimated by DOB to total $102.1 billion in FY 2020, an increase of 2 percent over FY 2019 results. The table below summarizes the sources of the annual change.

STATE OPERATING FUNDS DISBURSEMENTS
FY 2019 TO FY 2020
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	Annual Change $	Annual Change %
LOCAL ASSISTANCE	**66,177**	**68,471**	**2,294**	**3.5%**
School Aid (School Year Basis)	26,843	27,856	1,013	3.8%
DOH Medicaid[1]	20,476	21,685	1,209	5.9%
Transportation	3,938	3,549	(389)	-9.9%
STAR[2]	2,423	2,176	(247)	-10.2%
Social Services	2,798	2,871	73	2.6%
Higher Education	2,980	2,976	(4)	-0.1%
Mental Hygiene[3]	2,150	1,998	(152)	-7.1%
All Other[4]	4,569	5,360	791	17.3%
STATE OPERATIONS/GENERAL STATE CHARGES	**27,261**	**28,480**	**1,219**	**4.5%**
State Operations	**19,057**	**19,684**	**627**	**3.3%**
Personal Service:	13,687	14,192	505	3.7%
Executive Agencies	7,526	7,619	93	1.2%
Retroactive Labor Agreements	0	179	179	100.0%
University Systems	4,000	4,241	241	6.0%
Elected Officials	2,161	2,153	(8)	-0.4%
Non-Personal Service:	5,370	5,492	122	2.3%
Executive Agencies	2,706	2,827	121	4.5%
University Systems	2,097	2,070	(27)	-1.3%
Elected Officials	567	595	28	4.9%
General State Charges	**8,204**	**8,796**	**592**	**7.2%**
Pension Contribution	2,431	2,472	41	1.7%
Health Insurance	4,193	4,312	119	2.8%
Other Fringe Benefits/Fixed Costs	1,580	2,012	432	27.3%
DEBT SERVICE	**6,699**	**5,166**	**(1,533)**	**-22.9%**
TOTAL STATE OPERATING FUNDS	**100,137**	**102,117**	**1,980**	**2.0%**
Capital Projects (State and Federal Funds)	**12,266**	**13,790**	**1,524**	**12.4%**
Federal Operating Aid	**58,472**	**61,120**	**2,648**	**4.5%**
TOTAL ALL GOVERNMENTAL FUNDS	**170,875**	**177,027**	**6,152**	**3.6%**

[1] Total State share Medicaid funding excludes Master Settlement Agreement (MSA) payments to the State that will be deposited directly to a Medicaid Escrow Fund to defray the cost of the State's takeover of Medicaid costs for counties and New York City.

[2] The conversion of benefit payments to a State PIT credit decreases reported disbursements for STAR and decreases reported PIT receipts by an identical amount. There is no impact on School Tax Relief (STAR) benefits received by homeowners.

[3] Mental Hygiene spending is estimated at $4.0 billion in FY 2020, an increase of 6.0 percent from FY 2019. However, a large portion is funded under the Medicaid Global Cap.

[4] "All Other" includes spending for public health, special and other education, local government assistance, parks, environment, economic development, and public safety. It also includes reclassifications among financial plan categories, a reconciliation between school year and State fiscal year spending for School Aid, and MSA payments deposited directly to a Medicaid Escrow Fund ($444 million in FY 2019 and $315 million in FY 2020), which reduces reported disbursements.

State Operating Funds encompasses a wide range of State activities funded from income sources outside of the General Fund, including dedicated tax revenues, tuition, patient income, and assessments. Activities funded with these dedicated income sources often have no direct bearing on the State's ability to maintain a balanced budget in the General Fund, but nonetheless are captured in State Operating Funds and subject to the 2 percent spending limit. Activities funded from these "own-source" revenues contribute to annual spending growth.

Spending growth in recent years reflects the State's effort to address long-standing public policy issues. For example, in FY 2015, the State absorbed the full cost of growth in Medicaid on behalf of local governments, creating significant mandate relief for counties. The State takeover of local government Medicaid costs had been proposed as early as 1991, followed by many subsequent unsuccessful attempts. In FY 2017, the State enacted a law that provides scheduled increases in the minimum wage. In 1970, the State's minimum wage was $1.85. Over the following 45 years, the State increased the minimum wage sporadically, with long periods between changes. These two policy initiatives alone add an estimated $2.4 billion to FY 2020 State spending.

Local Assistance

Local assistance spending includes financial aid to local governments and nonprofit organizations, as well as benefit entitlement payments to individuals. Local assistance comprises roughly 67 percent of State Operating Funds spending. Medicaid and School Aid are the State's largest local aid programs, comprising over 45 percent of State Operating Funds spending.

In School Year (SY) 2020, School Aid is expected to total $27.9 billion, an increase of $1 billion (3.8 percent), including a $618 million increase in Foundation Aid. Medicaid spending subject to the Medicaid spending cap ("Global Cap") will grow at the indexed rate of 3 percent ($568 million) to $19.4 billion. Total Medicaid spending, which includes the cost of minimum wage increases and the takeover of local government Medicaid growth outside of the Global Cap, will increase by $1.2 billion to $21.7 billion in FY 2020.[5] Department of Health (DOH) and DOB actively manage payments to limit disbursements to the level authorized under the Global Cap.

Reported disbursements for transportation are expected to decline in FY 2020, mainly due to one-time aid payments made in FY 2019 and changes in the accounting and flow of funds to the MTA. In FY 2019, the State made an extraordinary operating aid payment of $194 million for the Subway Action Plan and remitted $135 million in residual PMT collections held in fund balances to the MTA. In addition, several taxes and fees collected by the State and remitted to the MTA will no longer be subject to annual appropriation by the State Legislature. Previously, the State collected these revenues on behalf of, and disbursed the entire amount to, the MTA. These taxes are now expected to be remitted directly to the MTA, increasing timeliness and removing any uncertainty related to the annual appropriation process. Accordingly, beginning in FY 2020, the Financial Plan does not include the receipts and related local assistance disbursements for these taxes and fees (estimated at approximately $300 million).[6] The annual decline is offset in part by increased disbursements

[5] For a discussion of the Global Cap see "Other Matters Affecting the Financial Plan" herein.

[6] This is in addition to the PMT, which was no longer appropriated starting in FY 2019.

from transportation funds supported by expected growth in dedicated resources and use of existing balances.

STAR spending is affected by the continuing conversion of benefit payments from a tax exemption to a tax credit. By shifting taxpayers to the credit program, the State is able to more efficiently administer the program while strengthening its ability to prevent abuse. The conversion has no impact on the value of STAR benefits available to taxpayers. For the State, however, the conversion decreases both the level of reported PIT receipts and reported State Operating Funds disbursements by an identical amount ($937 million in FY 2019 and an estimated $1.2 billion in FY 2020).[7] In addition, actions approved in the Enacted Budget are expected to encourage participation in the tax credit program and further decrease STAR program spending over the course of the multi-year projections as participation shifts from the exemption program.

The increase in social services spending is due to a one-time change in the timing of Safety Net Program payments in FY 2019, which is partly offset by the use of available Temporary Assistance for Needy Families (TANF) funding to offset State costs in Child Care and Advantage After School Programs, deferral of the FY 2020 human services cost-of-living adjustment (COLA), and a new requirement for New York City (NYC) to fund a share of the Family Assistance Program.

Higher Education spending in FY 2020 is expected to increase due to growth in tuition assistance programs, including the third phase of the Excelsior Free Tuition Program, and higher City University of New York (CUNY) fringe benefit costs funded by the State. However, the reported growth is offset by a change in accounting for Tuition Assistance Programs (TAP) payments made to State-operated State University of New York (SUNY) campuses. Beginning in FY 2020, Higher Education Services Corporation (HESC) TAP payments made to SUNY on behalf of student recipients will now be reflected as a transfer to SUNY, similar to the treatment of Medicaid payments made to State-operated health facilities on behalf of Medicaid recipients. This change eliminates recording the payment twice on a State Operating Funds basis – first as a local assistance payment from the General Fund to SUNY and again as operating expenses for SUNY.

Mental hygiene spending is estimated at $4 billion in FY 2020, an increase of $229 million from FY 2019. The growth reflects enhancements in community mental health services, community-based employment opportunities for individuals with disabilities, increased funding to not-for-profit providers for minimum wage increases, and additional resources to address the heroin and opioid crisis. In addition, the Budget provides funding to support a 4 percent raise for direct care workers over the next two years and a 2 percent raise for clinical workers serving the mental hygiene community. In FY 2020, $2 billion of the $4 billion total spent on mental hygiene is reported under the Global Cap, an increase of $381 million from FY 2019. This reporting format has the effect of reducing the amount of spending reported as "mental hygiene" spending.

[7] STAR benefits paid through tax exemptions are recorded as disbursements. STAR benefits paid as tax credits are recorded as a reduction in net tax receipts.

State Operations/General State Charges

Operating costs for State agencies include salaries, wages, fringe benefits, and non-personal service costs (e.g., supplies, utilities) and comprise 19 percent of State Operating Funds spending.

Spending for Executive agency operations is impacted by the retroactive payments for labor agreements reached in FY 2019 with the New York State Correctional Officers and Police Benevolent Association (NYSCOPBA) and the Police Benevolent Association of the New York State Troopers (NYSTPBA). Agencies have funded, and continue to fund, salary increases within their operating budgets. However, exceptions have been made for retroactive salary payments and increases for certain agencies that provide institutional care (e.g., DOCCs and mental hygiene agencies).

STATE OPERATING FUNDS - PERSONAL SERVICE / NON-PERSONAL SERVICE COSTS
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	Change
Executive Agencies (Excluding Retroactive Payments)	**10,232**	**10,446**	**2.1%**
Executive Agencies	10,232	10,625	3.8%
Retroactive Labor Agreements (Prior-Year Costs)	0	(179)	--

Operating spending for SUNY is estimated to grow by 3.4 percent in FY 2020 and includes the cost of a six-year collective bargaining agreement through academic year (AY) 2022. Operating costs for independently elected offices (Attorney General, Comptroller, Judiciary, and Legislature) are expected to increase by 0.7 percent in FY 2020.

Spending on fringe benefits is expected to increase mainly due to rising health care and prescription drug costs for State employees and retirees, and Workers' Compensation expenses. The annual change is also affected by one-time savings in FY 2019 from the automation of fringe benefit bills payable by State agencies.

Debt Service

Debt service consists of principal, interest, and related expenses paid on State debt. Debt service is projected to decline from FY 2019 to FY 2020 due to the payment of FY 2020 debt service in FY 2019. The prepayment of debt service has been executed each year since FY 2010. DOB determines the level of prepayments each year based on operating results, resources on hand, and other factors. The Financial Plan includes the planned prepayment of $200 million of FY 2021 expenses in FY 2020. In FY 2020, the effect of prepayments is offset in part by expected growth in debt service on State-supported debt.

General Fund Cash-Basis Financial Plan

Enacted Budget Financial Plan

The Budget is currently balanced on a cash basis in the General Fund. General Fund receipts, including transfers from other funds, are expected to total $77.1 billion. Disbursements, including transfers to other funds, are estimated at $77.9 billion. The General Fund closing balance will be reduced by $740 million, to $6.5 billion.

The following table summarizes the annual change in the General Fund from FY 2019 to FY 2020.

GENERAL FUND FINANCIAL PLAN
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	Annual Change Dollar	Annual Change Percent
Opening Fund Balance	9,445	7,206	(2,239)	-23.7%
Total Receipts	70,544	77,117	6,573	9.3%
Taxes[1]	63,957	71,360	7,403	11.6%
Miscellaneous Receipts	3,586	2,857	(729)	-20.3%
Non-Tax Transfers from Other Funds	3,001	2,900	(101)	-3.4%
Total Disbursements	72,783	77,857	5,074	7.0%
Local Assistance	49,745	52,100	2,355	4.7%
State Operations	18,480	19,627	1,147	6.2%
Transfers to Other Funds	4,558	6,130	1,572	34.5%
Net Change in Operations	(2,239)	(740)	1,499	66.9%
Closing Fund Balance	7,206	6,466	(740)	-10.3%
Rainy Day Reserves	2,048	2,476	428	
Reserve for Economic Uncertainties	0	829	829	
Reserve for Timing of Payments	408	0	(408)	
All Other Reserves/Balances	556	521	(35)	
Extraordinary Monetary Settlements	4,194	2,640	(1,554)	

[1] Includes the transfer of tax receipts from other funds after debt service.

General Fund receipts and disbursements, as well as fund balances, are affected by the receipt and use of Extraordinary Monetary Settlements. The table below summarizes the General Fund sources and uses of Extraordinary Monetary Settlements.[8] The discussions of receipts and disbursements that follow exclude the impact of Extraordinary Monetary Settlements, which principally affect reported miscellaneous receipts and capital projects transfers.

GENERAL FUND FINANCIAL PLAN
EXTRAORDINARY MONETARY SETTLEMENTS
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	Annual Change: Dollar	Annual Change: Percent
Opening Balance	5,020	4,194	(826)	-16.5%
Total Receipts	1,106	829	(277)	-25.0%
Settlements Received/Expected	1,186	829	(357)	-30.1%
Funds Retained by Dept. of Law	(80)	0	80	100.0%
Total Uses	1,932	2,383	451	23.3%
Capital Purposes	769	1,316	547	71.1%
MTA Operating Aid	194	0	(194)	-100.0%
General Fund Operations	719	0	(719)	-100.0%
Rainy Day Reserves	250	238	(12)	-4.8%
Reserve for Economic Uncertainties	0	829	829	0.0%
Net Change in Operations	(826)	(1,554)	(728)	-88.1%
Closing Balance	4,194	2,640	(1,554)	-37.1%

[8] More information on the receipt and use of Extraordinary Monetary Settlements can be found in "Other Matters Affecting the Financial Plan" herein.

Receipts[9]

General Fund receipts, including transfers from other funds, are projected to total $76.3 billion in FY 2020, an increase of $6.9 billion (9.9 percent) from FY 2019 results. The annual change is affected by taxpayers responding to the Tax Cuts and Jobs Act (TCJA) by shifting estimated PIT payments, typically made on a quarterly basis, into the extension and final payments period. Specifically, FY 2020 receipts are positively affected by an increase in extension and final payments at the expense of FY 2019 estimated payments.

PIT receipts, including transfers after payment of debt service on State PIT Revenue Bonds, are estimated to total $48.5 billion, an increase of $5.6 billion (13 percent) from FY 2019 results. A large share of the increase in FY 2020 is due to a shift in estimated payments from FY 2019 to FY 2018.

Consumption/use tax receipts, including transfers after payment of debt service on the Local Government Assistance Corporation (LGAC) and Sales Tax Revenue Bonds, are estimated to total $14.6 billion in FY 2020, an increase of $1.2 billion (8.8 percent) from FY 2019 results. The increase mainly reflects projected growth in disposable income and taxable consumption.

Business tax receipts are estimated at $6.1 billion in FY 2020, an increase of $603 million (11 percent) from FY 2019 results. The growth is primarily attributable to new for-profit insurance providers subject to premium insurance tax, and a large refund that was processed in April 2019 instead of March 2019.

Other tax receipts, including transfers after payment of debt service on Clean Water/Clean Air (CW/CA) Bonds and transfers after payment of debt service on revenue bonds, are expected to total $2.1 billion in FY 2020, an increase of $45 million (2.2 percent) from FY 2019 results.

Non-tax receipts and transfers are estimated at $4.9 billion in FY 2020, a decrease of $553 million (10.1 percent) from FY 2019 results. The decline largely reflects the use of resources in FY 2019 that are not expected to recur in FY 2020.

General Fund receipts are affected by the deposit of dedicated taxes in other funds for debt service and other purposes, the transfer of balances among funds of the State, and other factors.[10]

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[9] Excluding Extraordinary Monetary Settlements.

[10] A more comprehensive discussion of the State's projections for tax receipts, miscellaneous receipts, and transfers, presented on a State Funds and All Funds basis, can be found in “State Financial Plan Multi-Year Projections” herein.

Disbursements[11]

General Fund disbursements, including transfers to other funds, are expected to total $76.5 billion in FY 2020, an increase of $4.7 billion (6.6 percent) from FY 2019 results.

Local assistance spending is estimated at $52.1 billion in FY 2020, an increase of $2.5 billion (5.1 percent) from FY 2019. The increase is primarily driven by School Aid ($489 million on a State fiscal year basis) and Medicaid ($1.4 billion).

State Operations costs in the General Fund are expected to total $19.6 billion in FY 2020, an increase of $1.1 billion (6.2 percent) from FY 2019. The increase reflects salary increases related to labor agreements, including retroactive salary increases and associated fringe benefits ($206 million), and underlying growth in fringe benefits, including health insurance costs for State employees and retirees, and State costs for Workers' Compensation. In addition, operating costs in the General Fund are affected by offsets in other funds and fund reclassifications, such as operating costs related to snow and ice removal that were reclassified from Capital Projects Funds to the General Fund beginning in FY 2019.

General Fund transfers to other funds are projected to total $4.8 billion in FY 2020, an increase of $1.2 billion from FY 2019. Transfers for capital projects (excluding transfers funded with Extraordinary Monetary Settlements) are projected to increase by $756 million due mainly to the timing of bond proceeds used to reimburse prior-year advances and increasing support for transportation costs. SUNY transfers are expected to increase by $165 million primarily due to a change in accounting for TAP payments made to State-operated SUNY campuses. All other transfers are projected to increase by $310 million, largely attributable to the transfer of certain sales tax collections to the MTA. Debt service transfers are expected to decline by $236 million, mainly due to prepayments.

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.[12] In addition, General Fund disbursements reflect conservative estimates of disbursements in each financial category, a practice that provides a cushion for potential receipts shortfalls and other unanticipated costs.

[11] Excluding Extraordinary Monetary Settlements.

[12] A more comprehensive discussion of the State's disbursement projections by major activity, presented on a State Operating Funds basis, can be found in "State Financial Plan Multi-Year Projections" herein.

Closing Balance for FY 2020

The State is projected to end FY 2020 with a General Fund cash balance of $6.5 billion, a decrease of $740 million from FY 2019 results. The balance excluding Extraordinary Monetary Settlements is estimated at $3.8 billion, or $814 million higher than FY 2019. The change reflects a new reserve for economic uncertainties funded with new settlement receipts ($829 million) and planned deposits to the Rainy Day Reserves ($428 million). These increases are partly offset by the planned use of reserves carried over from FY 2019 to fund retroactive payments related to labor agreements ($206 million) and a large business tax refund ($202 million), as well as projected spending from reappropriations in the Community Projects Fund ($35 million).

Extraordinary Monetary Settlements on deposit at the close of FY 2020 are expected to total $2.6 billion, a decrease of $1.6 billion from the FY 2019 closing balance. This decrease reflects expected uses and disbursements for initiatives funded with such settlements.[13]

TOTAL BALANCES
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	Annual Change
TOTAL GENERAL FUND BALANCE	**7,206**	**6,466**	**(740)**
Statutory Reserves:			
Rainy Day Reserves	2,048	2,476	428
Community Projects	35	0	(35)
Contingency Reserve	21	21	0
Fund Balance Reserved for:			
Reserve for Economic Uncertainties	0	829	829
Debt Management	500	500	0
Labor Agreements (Timing)	206	0	(206)
Business Tax Refund (Timing)	202	0	(202)
Subtotal Excluding Settlements	**3,012**	**3,826**	**814**
Extraordinary Monetary Settlements	**4,194**	**2,640**	**(1,554)**

[13] A more comprehensive discussion of the State's receipt and use of Extraordinary Monetary Settlements can be found in "Financial Plan Overview - Other Matters Affecting the Financial Plan -- Extraordinary Monetary Settlements" herein.

Cash Flow

State Finance Law authorizes the General Fund to borrow money temporarily from available funds held in the STIP. Money may be borrowed for up to four months, or until 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 borrow funds from STIP for a period of five days. The amount of resources that can be borrowed by the General Fund is limited to 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 adequate liquidity in FY 2020 to make all planned payments as they become due without having to temporarily borrow from STIP. The State continues to reserve money on a quarterly basis for debt service payments 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.

PROJECTED MONTH-END CASH BALANCES
FY 2020
(millions of dollars)

	General Fund	Other Funds	All Funds
April [1]	11,998	6,157	18,155
May	5,574	5,639	11,213
June	5,274	7,312	12,586
July	6,170	7,047	13,217
August	5,414	6,773	12,187
September	7,601	4,949	12,550
October	7,796	4,775	12,571
November	5,409	4,187	9,596
December	7,217	4,619	11,836
January	10,408	5,506	15,914
February	9,721	5,504	15,225
March	6,466	1,876	8,342

[1] DOB Preliminary Result.

FY 2020 Detailed General Fund Gap-Closing Plan

The following table summarizes the Enacted Budget gap-closing plan from "baseline" budget gaps[14] to the budget gaps projected after budget enactment. The table is followed by a summary of the overall gap-closing plan.

SUMMARY OF REVISIONS TO MID-YEAR UPDATE
GENERAL FUND BUDGETARY BASIS OF ACCOUNTING
SAVINGS/(COSTS)
(millions of dollars)

	FY 2020 Enacted	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
MID-YEAR UPDATE SURPLUS/(GAP)	**(3,070)**	**(6,429)**	**(6,551)**	**(6,735)**
Tax Receipts Reestimates	**(2,219)**	**(3,114)**	**(4,148)**	**(4,886)**
Receipts	**3,425**	**4,425**	**5,461**	**5,763**
Personal Income Tax (Top Rate)	771	3,560	4,707	5,057
Other Taxes	276	873	1,001	1,018
Miscellaneous Receipts	829	48	9	(2)
Extraordinary Monetary Settlements	727	0	0	0
Other Miscellaneous Receipts	102	48	9	(2)
Debt Service Transfers	1,108	(7)	(190)	(67)
Non-Tax Transfers	441	(49)	(66)	(243)
Extraordinary Monetary Settlements	102	0	0	0
Other Non-Tax Transfers	339	(49)	(66)	(243)
Disbursements	**2,191**	**1,095**	**1,114**	**1,042**
Local Assistance	1,751	1,353	1,392	1,483
Agency Operations/General State Charges	234	104	34	18
Debt Service	273	166	110	109
Capital Projects	234	(134)	14	(126)
Other Transfers	(301)	(394)	(436)	(442)
Use/(Reserve) of Fund Balance	**(327)**	**110**	**(18)**	**125**
Reserve for Economic Uncertainties	(829)	0	0	0
Rainy Day Reserves	(428)	0	0	0
Labor Agreements (Timing)	206	0	0	0
Business Tax Refund (Timing)	202	0	0	0
Community Projects	9	(7)	0	0
Extraordinary Monetary Settlements	513	117	(18)	125
ENACTED BUDGET SURPLUS/(GAP) [1]	**0**	**(3,913)**	**(4,142)**	**(4,691)**
Adherence to 2% Spending Benchmark[2]	**0**	**3,741**	**5,052**	**6,786**
ENACTED BUDGET SURPLUS/(GAP)	**0**	**(172)**	**910**	**2,095**

[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 FY 2020 estimate) and assuming all savings are made available to the General Fund.

[14] Projected as of the FY 2019 Mid-Year Update, November 2018.

FY 2020 Receipts

Tax Receipts Reestimates. Tax receipts, excluding debt service, have been lowered compared to the baseline forecast due mainly to lower PIT receipts based on downward revisions to withholding and nonwage income growth.

PIT Top Rate Extension. The current top income tax rate for high-income earners is extended for five years, through calendar year 2024. The current 8.82 percent rate has been in place since January 1, 2012.

Other Taxes/Miscellaneous Receipts. Other tax actions and receipts changes include the following:

- **PIT Limitation on Charitable Contributions.** The provision, originally enacted in 2010, that limits itemized deductions to 25 percent of charitable contributions for taxpayers with incomes above $10 million is extended through 2024.

- **Internet Fairness Conformity Tax.** Online providers, such as Amazon and eBay, supply a marketplace for third-party sellers. Currently, these sellers are required to collect sales tax from New York residents if the seller is located in New York. These marketplace providers are now required to collect the tax on any sale to State residents, whether the seller is located within, or outside, New York.

- **Other Tax Actions.** The Budget includes other tax credits, extensions, enforcement initiatives and reforms including extending the clean heating fuel credit and the workers with disability credit; and implementing a health tax of 10 cents per fluid milliliter of vapor products at the distributor level.

- **STAR.** Two measures were enacted to incentivize participation in the STAR credit program rather than the STAR exemption program. The STAR exemption benefit is capped at the FY 2019 level, rather than allowed to grow by up to 2 percent like the STAR credit. In addition, the threshold for receiving the STAR exemption was lowered to $250,000, from the previous threshold of $500,000. Beneficiaries in the $250,000 to $500,000 bracket who convert to the credit program will maintain the full STAR benefit.

- **Miscellaneous Receipts.** An $85 inspection fee will be levied on for-profit vehicles and the notice of violation fine for certain regulated vehicles has been increased. Other changes include updated estimates for investment income and various other miscellaneous receipts categories, including Extraordinary Monetary Settlements.

Debt Service Transfers. The Financial Plan reflects savings from expected refundings, continued use of competitive bond sales, and other debt management actions, as well as the actual payment in FY 2019 of expenses previously planned in FY 2020 and the planned payment during FY 2020 of expenses previously planned to be paid in FY 2021.

Non-Tax Transfers. Other resource changes include updated estimates of various transfers from other funds, including Federal reimbursement for mental hygiene services.

FY 2020 Disbursements

Local Assistance. Targeted actions and continuation of prior-year cost controls are expected to generate nearly $1.8 billion in General Fund savings compared to the estimated costs associated with maintaining the level of current services.

- **Education.** General Fund savings reflect updated data for expense-based State aid, as well as increased revenues from lottery and gaming for education purposes. In addition, the Budget provides that the personal income growth index (PIGI) for School Aid will be calculated using the ten-year average of annual income growth, rather than one-year annual income growth, beginning with School Year 2021.

- **Health Care.** The Medicaid program is expected to achieve $440 million in savings within the Global Cap. The Department of Health (DOH) will continue to implement various Medicaid Redesign Team (MRT) actions to improve the efficiency and delivery of the statewide Medicaid program.

  The Budget includes several targeted initiatives to promote the health and well-being of New Yorkers. The Financial Plan reflects $15 million for the Expanded In-Home Services for the Elderly Program (EISEP) administered by the New York State Office for the Aging (NYSOFA). The funding will be used to address locally-identified capacity needs for support services that maintain the elderly in their communities, support family and friends in caregiving roles, and reduce future Medicaid costs through earlier intervention with less intensive services. In addition to on-going program support, $6.8 million funding is included to reduce the risk of childhood exposure to lead paint by lowering the acceptable blood lead level from 15 micrograms per deciliter to 5 micrograms per deciliter and support increased local enforcement and prevention costs through the General Public Health Work (GPHW) program. Additionally, the Enacted Budget supports a 5 percent rate increase for Early Intervention (EI) services provided by licensed physical therapists, occupational therapists, and speech-language pathologists to improve access to care and expand service delivery for infants and toddlers with disabilities.

- **Human Services COLA/Investment in Direct Care and Clinical Workers.** Funding is included to support a 4 percent raise over the next two years for direct care workers, and a 2 percent raise for clinical workers serving the mental hygiene community, both aimed at assisting not-for-profits in the recruitment and retention of employees. These increases, when fully annualized, will increase State share support for workers by $107 million ($188 million on an All Funds basis). The FY 2020 2.9 percent statutory COLA increase is deferred as well as FY 2021 COLA for mental hygiene agencies. In addition, prior budget actions that provided targeted support to direct care and clinical staff, as well as workers in foster care and adoption programs, and costs of the minimum wage in human services program areas, continue to be funded.

- **Human Services.** Savings reflect the planned use of available TANF funds to offset State costs in Child Care and Advantage After School programs, an increase in the share of the Family Assistance Program funded by New York City, and revisions to Pay for Success program costs based on updated information.

- **Mental Hygiene.** Spending revisions reflect updated assumptions and revised timelines for implementing service delivery changes in the mental hygiene system; enhanced efforts to address opioid abuse and recovery; and continued expansion of programs and services to ensure individuals with developmental disabilities and behavioral health needs have access to care. These investments are supported, in part, by continued efficiencies in program operations and reductions in excess institutional capacity.

- **All Other.** Savings are expected from targeted actions and updated spending projections across multiple program areas; the continued utilization of JP Morgan Settlement and Mortgage Insurance Fund (MIF) resources to fund housing programs; and revisions to the estimates for the County-wide Shared Services Initiative. In addition, the Budget replaces Aid and Incentives for Municipalities (AIM) to low-reliance towns and villages with an equal amount of local sales tax revenue from the counties in which these towns and villages reside, funded from the elimination of the Internet sales tax advantage and the discontinuation of the energy service company (ESCO) exemption. The State Comptroller will intercept $59 million in county sales tax revenue and pay affected towns and villages an amount equal to their prior-year AIM payment. There will be no loss of revenue for affected towns and villages.

  In addition, funding is included for the DREAM Act, which extends student financial assistance to undocumented immigrant students pursuing higher education in New York, and for youth justice and anti-gang violence initiatives.

Agency Operations. Reductions to agency operations and continued cost controls contribute $234 million to the General Fund gap-closing plan. The reported savings are offset by the timing of payments related to labor agreements ratified in FY 2019, including retroactive payments covering FY 2017 through FY 2019, that are expected to be made in the first quarter of FY 2020.

- **Executive Agencies.** Most State agencies are expected to limit operations spending to FY 2019 levels on a State Operating Funds basis. The principal exceptions are for agencies affected by recent labor contracts that contain retroactive salary increases (e.g., DOCCs) or that are responsible for implementing new legislation that imposes substantial new responsibilities (e.g., Raise the Age). Agencies are expected to continue to use less costly forms of service delivery, improve administrative practices, and pursue statewide solutions, including Lean initiatives to streamline operations and management. In addition, the Budget reflects savings from the planned reduction of excess prison capacity due to prison population declines.

  Pension estimates reflect payment of the FY 2020 Employees' Retirement System (ERS)/Police and Fire Retirement System (PFRS) pension bill in May 2019.

- **Elected Officials.** The Budget reflects increased operating spending for the Judiciary to fund salary increases and additional staff in court operations and security, as well as for OSC and the Department of Law to fund increasing personal service expenses.

Debt Service Transfers. The Budget reflects savings from expected refundings, continued use of competitive bond sales, and other debt management actions, as well as the payment of FY 2020 expenses in FY 2019.

Capital Projects Transfers. The Budget reflects savings from the use of available bond proceeds to reimburse capital expenses from prior years, offset by higher costs for NYC bridge and tunnel security. In addition, the timing of transfers of Extraordinary Monetary Settlements has been updated based on FY 2019 results and estimated activity over the multi-year Financial Plan period.

Other Transfers. The Budget reflects a modification to the appropriation and accounting of HESC TAP payments made to SUNY on behalf of student recipients. This change eliminates recording the payment as a disbursement twice on a State Operating Funds basis – first from the General Fund to SUNY and again by SUNY to fund operating expenses. The TAP payment will now be reflected as a transfer to SUNY, like Medicaid payments made to State-operated health facilities on behalf of Medicaid recipients. In addition, the Financial Plan reflects the transfer of certain sales tax receipts to the MTA. Other changes include updated estimates of various transfers from other funds, including for mental hygiene and Indigent Legal Services.

The following table summarizes the General Fund gap-closing actions, and their impact, if any, on State Operating Funds spending.

FY 2020 ENACTED BUDGET SIGNIFICANT SAVINGS AND REVISIONS (millions of dollars)	General Fund Savings/ (Costs)	Spending Increase/ (Decrease)
Budget and Spending "Gaps"	**(3,070)**	**2,689**
Tax Receipts Revisions	**(2,219)**	**0**
Total Savings	**5,289**	**(2,689)**
Prepayment of FY 2020 Expenses	1,353	(1,353)
Prepayment of FY 2021 Expenses	(200)	200
PIT Top Rate Extension	771	0
Medicaid MRT/Global Cap	440	(440)
Lottery/Gaming Reestimate (General Fund School Aid Offset)	452	0
Debt Service	228	(301)
Tribal State Compact	213	76
Mental Hygiene (Federal Revenues)	178	0
Internet Fairness Conformity Tax	170	0
2.9% Human Services COLA Deferral	141	(141)
Mental Hygiene Direct Care and Clinical Wage Increases	(10)	10
TANF Funding (Child Care Subsidies/Advantage After School)	100	(100)
ESCO Sales Tax Exemption Discontinuation	90	0
State Reimbursement for Certain Family Assistance Program Costs	72	(72)
Wayfair Implementation	70	0
County-Wide Shared Services Reestimate	60	(60)
Replace AIM to Low Reliance Towns/Villages	59	(59)
Prepayment of 2020 Pension Bill	54	(54)
HCRA Receipts	50	0
STAR Tax Credit Program Incentives	46	(231)
State Reimbursement for Certain Health Programs	27	(27)
Prison Closures	21	(21)
Judiciary Budget	(80)	68
NYC Bridge and Tunnel Security	(50)	0
DREAM Act	(19)	19
Aging Population Services Funding	(15)	15
Youth Justice and Anti-Gang Violence Initiative	(10)	10
Blood Lead Level Funding	(7)	7
Reimbursement of Prior Year Capital Expenses	525	0
New Spending Additions (See following table)	(361)	356
Retroactive Labor Agreements Salary Increases	0	206
All Other Cost Controls/Reestimates/Actions/Reclassifications	921	(797)

Changes to Executive Budget

The table below summarizes all the changes to the Executive Budget General Fund Financial Plan.

CHANGES TO THE EXECUTIVE BUDGET FINANCIAL PLAN GENERAL FUND (millions of dollars)	FY 2020	FY 2021	FY 2022	FY 2023
TOTAL NEGOTIATED CHANGES TO EXECUTIVE BUDGET	**(1,040)**	**(1,217)**	**(888)**	**(877)**
Spending Restorations/Additions	**(923)**	**(1,056)**	**(723)**	**(692)**
New Spending Adds:	(361)	(310)	(285)	(291)
School Aid (SFY Basis)	(87)	(127)	(133)	(138)
Education	(59)	(34)	(14)	(15)
Human Services	(70)	(1)	(1)	(1)
Higher Education	(52)	(35)	(24)	(24)
Mental Hygiene (Incl. Direct Care/Clinical Wage Increases)	(22)	(107)	(107)	(107)
Public Health	(21)	0	0	0
Public Safety	(17)	0	0	0
Agriculture/Environment/Housing	(12)	(6)	(6)	(6)
Economic Development	(9)	0	0	0
General/Local Government Aid	(12)	0	0	0
Restorations/Modifications:	(562)	(746)	(438)	(401)
Health/Medicaid	(550)	(606)	(328)	(328)
Retiree Health Insurance	(5)	(25)	(39)	(56)
Market Rate Interest on Court of Claims Judgments	(6)	(6)	(6)	(6)
Statutory Cap on Casino Free Play	0	(6)	6	0
Pension Amortization Repayment	0	(219)	(187)	(127)
FY 2021 COLA Deferral (Mental Hygiene Agencies)	0	118	118	118
Jail-Based Restoration Pilot	(1)	(2)	(2)	(2)
Tax Law/Revenues	**(117)**	**(161)**	**(165)**	**(185)**
Not Accepted:	0	(4)	(4)	(4)
Bottle Bill Expansion	0	(4)	(4)	(4)
Modified/New:	(117)	(157)	(161)	(181)
MTA Dedicated Sales Tax	(113)	(150)	(152)	(153)
Notice of Violation Fine	(3)	(5)	(5)	(5)
Bus Inspection Fee	(1)	(2)	(2)	(2)
Toll Credit	0	0	0	(20)
All Other	0	0	(2)	(1)
NEW COSTS	**(28)**	**(10)**	**(12)**	**(12)**
Liberty Defense Project	(10)	0	0	0
DOT Winter Storm Costs	(10)	0	0	0
Legislative Pay Raise	(8)	(10)	(12)	(12)
SPENDING AND RESOURCE CHANGES	**1,068**	**2,073**	**1,336**	**1,350**
Tax Receipts Forecast	1,093	1,133	1,093	1,084
Administrative Refund Cap	(500)	500	0	0
FY 2020 Prepayments	(200)	200	0	0
Rainy Day Reserves Deposit	(190)	0	0	0
FY 2019 Prepayments	733	0	0	0
All Other	132	240	243	266
MONETARY SETTLEMENTS	**0**	**0**	**0**	**0**
New Settlements Received	829	0	0	0
Reserve for Economic Uncertainties	(829)	0	0	0
FY 2019 TRANSACTION TIMING	**0**	**0**	**0**	**0**
Retroactive Salary Increases	(206)	0	0	0
Reserve for Retroactive Salary Increases	206	0	0	0
Business Tax Refund	(202)	0	0	0
Reserve for Payment of Business Tax Refund	202	0	0	0
NET SAVINGS/(COSTS)[1]	**0**	**846**	**436**	**461**

[1] Before projected savings achieved by limiting future annual growth to 2 percent.

Other Matters Affecting the Financial Plan

General

The 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 Financial Plan are based on reasonable assumptions, but there can be no assurance that results will not differ materially and adversely from these projections. For instance, receipts collections have fallen substantially below the levels forecasted in certain fiscal years. In addition, certain projections contained in the Financial Plan assume that annual growth in State Operating Funds spending will be limited to 2 percent in FY 2021, FY 2022, and FY 2023, and that all savings that result from the 2 percent spending growth benchmark 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 State fiscal years, assisting in 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. As such, the State regularly makes certain payments above those initially planned, subject to available resources, 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 growth benchmark.

The Financial Plan is based on numerous assumptions including the condition of the State and national economies, and the concomitant collection of economically sensitive tax receipts in the amounts projected. Other uncertainties and risks concerning the economic and receipts forecasts include impacts of: national and international events; ongoing financial risks in the eurozone; changes in consumer confidence, price and supply of oil and gas; major terrorist events and hostilities or war; climate change and extreme weather events; cybersecurity threats; Federal statutory and regulatory changes concerning financial sector activities; Federal tax law; changes to Federal programs; 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; credit rating agency actions; financial and real estate market developments which may adversely affect bonus income and capital gains realizations; tech industry developments and employment; effect of household debt on consumer spending and State tax collections; and outcomes of litigation and other claims affecting the State.

The Financial Plan is subject to various 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; 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; willingness and ability of the Federal government to provide the aid projected in the Financial Plan; ability of the State to implement cost reduction initiatives, including reductions in State agency operations, and success with which the State controls expenditures; and ability of the State and its public authorities to issue securities successfully in the public credit markets. Some of these issues are described in more detail herein. The projections and assumptions contained in the 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; use of nonrecurring resources; 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 Governor.

To manage potential Financial Plan risks in FY 2020, the Budget establishes a process for the uniform reduction of local assistance disbursements of up to 1 percent of State Operating Funds disbursements (approximately $1.02 billion) if DOB identifies a General Fund imbalance of $500 million or more in the current fiscal year. Upon identification of an imbalance, the Budget Director would transmit a plan to the Legislature identifying the specific appropriations and cash disbursements that would be reduced. The Legislature would then have 30 days to adopt, by concurrent resolution, its own plan for eliminating the imbalance. If no plan is adopted, the plan submitted by the Budget Director would take effect automatically. The process exempts certain types of local assistance appropriations from uniform reduction, including public assistance and SSI payments.

The Financial Plan forecast assumes various transactions could fail to occur as planned including, but not limited to: receipt of certain payments from public authorities; receipt of certain revenue sharing payments under the Tribal-State compact, including payments from the Seneca Nation; receipt of miscellaneous revenues at the levels expected in the Financial Plan; and achievement of cost-saving measures including, but not limited to, transfer of available fund balances to the General Fund at levels currently projected. Such risks and uncertainties, if they were to materialize, could adversely impact the Financial Plan in current or future years, or both.

The Financial Plan also includes actions that affect spending reported on a State Operating Funds basis, including accounting and reporting changes. If these and other transactions are not implemented or reported as planned, annual spending growth in State Operating Funds would increase above current estimates.

In developing the Financial Plan, DOB attempts to mitigate financial risks from receipts volatility, litigation, and unexpected costs, with an emphasis on the General Fund. It does this by, among other things, exercising caution when calculating total General Fund disbursements and managing the accumulation of financial resources that can be used to offset new costs. Such resources include but are not limited to, fund balances not needed each year, reimbursement for capital advances, acceleration of tax refunds above the level budgeted each year, and prepayment of expenses. There can be no assurance that such resources will be enough to address risks that may materialize in a given fiscal year.

Financial Plan projections for FYs 2021 through 2023 assume that School Aid and Medicaid disbursements will be limited to the ten-year rolling average growth of State personal income and the medical component of the Consumer Price Index (CPI), respectively. From FY 2014 to FY 2020, the School Aid growth cap was calculated based on the annual growth in NYS personal income. However, enacted budgets in FYs 2014 through 2019 authorized increases above these levels. To reduce volatility and align with the Medicaid cap, the statutory PIGI for School Aid has been amended to reflect average annual income growth over a ten-year period, beginning in FY 2021.

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, Federal government, and local governments. The growth in Medicaid costs is affected by many factors, including enrollment, prices, utilization, economic activity, Federal and State health care policies, and demographic trends.

In FY 2012, the State enacted legislation intended 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 ("Global Cap") also allow for flexibility in adjusting Medicaid projections to meet unanticipated costs resulting from a disaster. Since enactment of the Global Cap, the portion of DOH State Funds Medicaid spending subject to the Global Cap has remained at or below indexed levels.

State law grants the Commissioner of Health certain powers to limit Medicaid disbursements to the level authorized by the Global Cap. The Commissioner's powers are intended to limit the rate of annual spending growth to the levels estimated for the current fiscal year, through actions which may include reducing rates to providers. These actions may be dependent upon timely Federal approvals and other elements of the program that govern implementation. It should further be noted that the Global Cap applies to State Operating Funds and, therefore, General Fund spending remains sensitive to revenue performance in the State's HCRA fund. The HCRA fund finances approximately one-quarter of the DOH State-share costs of Medicaid.

The State has, at times, taken actions to manage the timing of Medicaid payments to ensure compliance with the Global Cap. Between FY 2015 and FY 2018, DOH managed the timing of payments across State fiscal years that ranged from $50 million to roughly $435 million. In FY 2019, DOH deferred, for three business days, the final cycle payment to Medicaid Managed Care Organizations, as well as other payments. The FY 2019 deferral had a State-share value of $1.7 billion and was paid utilizing cash on hand in April 2019, consistent with contractual obligations and had no impact on provider services. Absent the deferral, Medicaid spending under the Global Cap would have exceeded the statutorily indexed rate for FY 2019. This higher spending in FY 2019 appears to reflect growth in managed care enrollment and costs above projections, as well as certain savings actions and offsets that were not processed by year-end. The Financial Plan assumes Medicaid spending in FY 2020 will comply with the Global Cap. As such, DOB and DOH will continue to develop options to reduce spending within the Global Cap and/or continue to manage the timing of payments, which may include a deferral to FY 2021 if spending is not reduced to levels that adhere to the Global Cap. Options to reduce spending include the execution of the statutory powers granted to the Commissioner of Health to limit spending. Efforts to maintain

Medicaid spending levels within the Global Cap may have implications on the State's financial position. If spending levels continue to exceed the Global Cap and/or further payment deferrals are made, there could be an impact to State finances.

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 respond to, and recover from, severe weather events and other disasters. Many policies that drive this Federal aid may be subject to change under the Trump Administration and the new Congress. Current Federal aid projections, and the assumptions on which they rely, are subject to revision because of changes in Federal policy.

In addition, the Financial Plan may also be adversely affected by other Federal government actions including audits, disallowances, and changes to Federal participation rates or other Medicaid rules. For instance, the Financial Plan includes reimbursement to the Federal government of $100 million annually through FY 2027 pursuant to a March 2015 agreement between the State and the Centers for Medicare & Medicaid Services (CMS). The agreement resolved a pending disallowance for FY 2011 and all related payment disputes for State-operated services prior to April 1, 2013, including home and community-based waiver services. Pursuant to the agreement, the State must adjust the Federal/State share of future Medicaid costs to reimburse the Federal government. The State used $850 million in Extraordinary Monetary Settlement payments, previously set aside for financial risks, to finance the initial repayment amount in FY 2016.

The Enacted Budget includes for the third year a process by which the State can address significant reductions in Federal aid during FY 2020 should they arise. Specifically, the Budget allows the Budget Director to prepare a plan for consideration by the Legislature in the event that Federal policymakers (a) reduce Federal Financial Participation (FFP) in Medicaid funding to New York State or its subdivisions by $850 million or more; or (b) reduce FFP or other Federal aid in funding to New York State that affects the State Operating Funds Financial Plan by $850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately and is not additive. The plan prepared by the Budget Director must equally and proportionally reduce appropriations and cash disbursements in the General Fund and State Special Revenue Funds. Upon receipt of the plan, the Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the Budget Director takes effect automatically.

Current Federal Aid

President Trump proposed significant cuts to mandatory and discretionary domestic programs in Federal Fiscal Years (FFYs) 2018 and 2019, which were largely rejected by the final appropriations bills advanced for both years. The President has proposed similar cuts for FFY 2020. In addition, Federal spending remains at risk due to the significantly lower discretionary spending caps pursuant to the Budget Control Act (BCA) of 2011. The BCA of 2011 temporarily raised the debt limit, established discretionary spending caps on the Federal government through FFY 2021, and instituted sequestration of some mandatory funds on which the State relies. Despite modest legislative adjustments to the discretionary caps contained in the BCA, the possibility of reductions in Federal support is elevated as long as the caps remain in place. Congress passed legislation in 2013, 2015, and 2018 that temporarily increased the discretionary spending caps imposed by the BCA through FFY 2019. Similar adjustments will need to be made to the BCA for the upcoming FFY 2020 to forestall potential cuts in discretionary programs on which the State relies.

Medicaid Disproportionate Share Hospital (DSH) Payments

Provisions within the Federal Medicaid statute allow for a capped amount of payments to hospitals that treat a disproportionate number of Medicaid recipients. Changes made initially in the Affordable Care Act (ACA) to reduce the aggregate amount of Federal reimbursements for DSH payments are scheduled to take effect in FFY 2020, beginning October 1, 2019. The State estimates that if the changes take effect as scheduled, New York hospitals will lose $7.2 billion when fully phased in, the largest reduction in Federal DSH payments among all states.

Essential Plan (EP)

In 2017, the Federal government attempted to end the Basic Health Program EP in New York State, reverse the ACA's Medicaid expansion, and shift a larger share of growth in Medicaid costs to states by imposing per capita caps on Medicaid spending in lieu of Medicaid's current open-ended policy. If enacted into law, these policies would have had a substantial adverse impact on the State.

Additionally, the Trump Administration withheld Cost Sharing Reduction (CSR) payments, threatening low-cost health insurance coverage for income-eligible recipients purchasing Qualified Health Plan (QHP) or EP coverage through the New York State of Health (NYSOH), New York's official health plan marketplace. Recent actions by the Trump Administration in response to litigation brought by the State will allow the State to recoup some of the withheld EP funding through changes to the reimbursement methodology for 2018. However, the State has not received any guidance on whether it will receive Federal reimbursement in the EP for CSR payments in 2019 and beyond. This funding represents about 25 percent of the total Federal funding for the program and, absent any action by Congress, the State Financial Plan remains at risk. Additionally, the Trump Administration has proposed to alter the Federal reimbursement formula which would further decrease the amount of Federal funding for the EP. The Financial Plan reflects continued Federal support for the EP program.

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

The Excise Tax on High-Cost Employer-Sponsored Health Coverage (26 USC 4980I) is a 40 percent excise tax assessed on the portion of the premium for an employer-sponsored health insurance plan that exceeds a certain annual limit. The provision was initially included in the ACA to offset mandatory spending increases but has since been altered by intervening laws that delay the implementation of the tax until 2022.

Regulations from the Internal Revenue Service (IRS) have yet to be published. DOB has no current estimate as to the potential impact to the State from this Federal excise tax.

MRT Medicaid Waiver

The CMS and the State have 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, the State has been eligible for enhanced Federal Medical Assistance Percentage (FMAP) funding associated with childless adults. The DOH continues to work with the CMS and to refine eligibility data systems to draw the appropriate amount of enhanced FMAP funding. This reconciliation may result in a modification of payments to the State and local governments.

Federal Debt Limit

On March 1, 2019, a temporary suspension of the Federal debt limit expired. The U.S. Treasury is currently operating under "extraordinary measures" to make payments for as long as possible to forestall a potential default. The Congressional Budget Office (CBO) estimates that these measures will suffice through late summer or early fall of 2019. A Federal government default on payments, particularly for a prolonged period, could have a materially adverse effect on national and State economies, financial markets, and intergovernmental aid payments. Specific effects on the updated Financial Plan of a future Federal government default 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, including the State, could face higher borrowing costs and impaired access to capital markets. 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.

Federal Tax Law Changes

On December 22, 2017, President Trump signed into law the TCJA (H.R. 1, P.L. 115-97), making major changes to the Federal Internal Revenue Code, most of which were effective in the 2018 Tax Year. The Federal tax law made extensive changes to Federal personal income taxes, corporate income taxes, and estate taxes.

The State's income tax system interacts with the Federal system in numerous ways. Changes to the Federal tax code have significant flow-through effects on State tax burdens and State tax receipts. From the standpoint of individual New York State taxpayers, the new $10,000 limit on the deductibility of State and Local Tax (SALT) payments, effective for Tax Year 2018, is substantial. The TCJA's SALT deduction limit represents a large increase in the State's effective tax rate relative to historical experience and may adversely affect New York's economic competitiveness.

The SALT deduction originated with the first federal income tax implemented to fund the Civil War effort and has been in place continuously since 1913. DOB and DTF estimate that the new SALT deduction limit raised Federal tax liability for New York taxpayers by roughly $14 billion for Tax Year 2018, relative to what taxpayers would have paid absent the limitation. Over the course of the eight years the SALT deduction limit is scheduled to be in effect, the State estimates that resident taxpayers who itemize at the Federal level for each year through 2025 will collectively pay an additional $121 billion in Federal taxes relative to what they would have paid absent the SALT deduction limit.

Moreover, the TCJA contains numerous provisions that may adversely affect residential real estate prices in New York State and elsewhere, of which the SALT deduction limit is the most significant. A loss of wealth associated with a decline in home prices could have a significant impact on household spending in the State through the wealth effect, whereby consumers perceive the rise and fall of the value of an asset, such as a home, as a corresponding increase or decline in income, causing them to alter their spending practices. Reductions in household spending by New York residents, if they were to occur, would be expected to result in lower sales for the State's businesses, which, in turn, would cause further reductions in economic activity and employment. Lastly, falling home prices could result in homeowners delaying the sale of their homes. The combined impact of lower home prices and fewer sales transactions could result in lower real estate transfer tax collections.

In sum, the Federal tax law changes may intensify migration pressures and the drag on the value of home prices, thereby posing risks to the State's tax base and current Financial Plan projections.

State Response to Federal Tax Law Changes

The State enacted tax reforms intended to mitigate issues arising from the Federal law, including decoupling many State tax provisions from the Federal changes, creation of an optional payroll tax program, and establishment of a new State charitable giving vehicle, as described below.

On July 17, 2018, the State, joined by Connecticut, Maryland, and New Jersey, filed a lawsuit intended to protect New York taxpayers from the new Federal limit on the SALT deduction. The lawsuit argues that the new SALT limit was enacted to target New York and similarly situated states, interferes with states' rights to make their own fiscal decisions, and will disproportionately harm taxpayers in these states. Oral arguments are currently scheduled for June 18, 2019 in the Southern District of New York.

The State developed the Employer Compensation Expense Program (ECEP) and Charitable Gifts Trust Fund, as described below, based on a review of existing laws, regulations, and precedents. However, there can be no assurance that the IRS will allow taxes paid under the ECEP by an electing employer, or donations made by taxpayers to the Charitable Gifts Trust Fund, to be deductible for Federal tax purposes under current law and the TCJA. As noted below, the IRS has proposed regulations that would impair the ability of taxpayers to deduct donations to the Charitable Gifts Trust Fund from Federally taxable income while receiving State tax credits for such donations.

On August 23, 2018, the IRS issued proposed regulations – IRS REG-112176-18 – that seek to provide new rules governing the availability of Federal income tax deductions for charitable contributions when a taxpayer receives or expects to receive a State or local tax credit for such charitable contributions. In the case of State tax credits received by a taxpayer making a charitable contribution, the proposed regulations would require the taxpayer to reduce the Federal income tax deduction by the amount of the State tax credit received for such charitable contribution. This rule would not apply, however, if the value of the State tax credit to be received does not exceed 15 percent of the charitable contribution. If finalized, the effective date of these proposed regulations would be retroactive to August 27, 2018. The Treasury Department and the IRS have collected comments from the public on these proposed regulations and held a public hearing on November 5, 2018. Based on its review of the proposed regulations, DOB anticipates that if the proposed regulations are adopted in their current form, contributions to the State Charitable Gifts Trust Fund may decline. The proposed regulations, by their terms, do not impact the Federal tax reduction that DOB expects would result for certain taxpayers employed by entities that may enroll in the ECEP. Note that since the Financial Plan was released, the IRS has approved the proposed regulations.

State law allows taxpayers to claim reimbursement from the State for interest on underpayments of Federal tax liability for the 2019, 2020 and 2021 tax years if the underpayments arise from reliance on amendments to State tax law enacted in 2018. To receive reimbursement, taxpayers are required to submit their reimbursement claims to DTF within 60 days of making an interest payment to the IRS.

There could be a material expense to the State if taxpayer participation in the ECEP and Charitable Gifts initiatives for the 2019, 2020 and 2021 tax years results in Federal determinations of underpayment of Federal income tax. Any cost to the Financial Plan from State reimbursement of interest charges would occur in FY 2021 at the earliest, for determinations on 2019 tax payments due in April 2020 or thereafter.

The Financial Plan does not include any estimate of the magnitude of the possible interest expense to the State, which depends on several factors including rates of participation in the ECEP; magnitude of donations to the State Charitable Gifts Trust Fund; amount of determinations of underpayment attributable to reliance on other changes in State tax law made in 2018; amount of time between the due date of the return and the date any Federal determination is issued; interest rate applied; and frequency at which taxpayers submit timely reimbursement claims to the State. Interest on unpaid Federal tax generally accrues from the due date of the return until the date of payment in full. Under current Federal law, the interest rate is determined quarterly and is the Federal short-term rate plus 3 percent, compounded daily.

Employer Compensation Expense Program

Employers that elect to participate in the ECEP will be subject to a 5 percent State tax on all annual payroll expenses in excess of $40,000 per employee, phased in over three years beginning on January 1, 2019 as follows: 1.5 percent in Tax Year 2019, 3 percent in Tax Year 2020, and 5 percent in Tax Year 2021. Employers must elect to participate in the ECEP for the upcoming tax year by December 1 of the preceding calendar year. For the 2019 Tax Year, 262 employers elected to participate in the ECEP and are expected to remit $2 million.

The ECEP is intended to mitigate the tax burden for employees affected by the SALT deduction limit. While the TCJA limits deductibility for individuals, it does not cap deductibility for ordinary and necessary business expenses paid or incurred by employers in carrying on a trade or business. The ECEP is expected to be State revenue neutral, with any decrease in New York State PIT receipts expected to be offset by a comparable increase in ECEP revenue. Remittance of ECEP revenue to the State began in the fourth quarter of FY 2019. A new State PIT credit will be available to employees whose wages are subject to the tax. Any decrease in New York State PIT receipts is expected to be offset by a comparable increase in ECEP revenue because the formula used to calculate the State PIT credit corresponds in value to the ECEP.

State Charitable Gifts Trust Fund

Starting in Tax Year 2018, the State Charitable Gifts Trust Fund was established to accepts gifts, for the purposes of funding health care and education in New York State. Taxpayers who itemize deductions may claim these charitable contributions as deductions on their Federal and State income tax returns. Any taxpayer donating may also claim a State tax credit equal to 85 percent of the donation amount for the tax year after the donation is made. State PIT receipts will be reduced by the State tax deduction and 85 percent tax credit.[15]

In FY 2019, the State received $93 million in charitable gifts deposited to the Charitable Gifts Trust Fund for healthcare and education ($58 million and $35 million, respectively). These resources are appropriated in the Budget for the authorized purposes.

Impact of State Tax Law Changes on PIT Revenue Bonds

To offset the potential reduction in the level of New York State PIT receipts resulting from activity of the ECEP and donations to the State Charitable Gifts Trust Fund, State Finance Law provisions creating the Revenue Bond Tax Fund (RBTF) were amended to increase the percentage of New York State PIT receipts required to be deposited upon receipt in the RBTF, from 25 percent to 50 percent. In addition, the legislation that created the ECEP required that 50 percent of ECEP receipts received by the State be deposited to the RBTF. These changes became effective April 1, 2018.

The amendments also increased the amount of all New York State PIT receipts collected from payroll withholding and ECEP receipts that must be deposited in the RBTF if (a) the State Legislature fails to appropriate amounts required to make all debt service payments on State PIT Revenue Bonds or (b) having been appropriated and set aside pursuant to a certificate of the Director of the Budget, debt service payments and other cash requirements under the applicable financing agreements have not been made when due on the State PIT Revenue Bonds. Under prior law, New York State PIT receipts from payroll withholding were to be deposited to the RBTF until amounts on deposit in the RBTF equaled the greater of 25 percent of annual New York State PIT receipts or $6 billion. Under the new law, New York State PIT receipts and ECEP receipts are deposited to the RBTF until amounts on deposit in the RBTF equal the greater of 40 percent of the aggregate of annual New York State PIT receipts and ECEP receipts or $12 billion.

Donations to the Charitable Gifts Trust Fund could reduce State PIT receipts by nearly one dollar for every dollar donated. Accordingly, the amount of donations to the State Charitable Gifts Trust Fund is the principal direct risk to the amount of New York State PIT receipts deposited to the RBTF under the tax law changes enacted by the State in April 2018. To address this risk, the State increased the amount of PIT receipts deposited to the RBTF from 25 percent to 50 percent.

[15] Statute allows the SUNY Research Foundation, CUNY Research Foundation, and Health Research, Inc. to accept up to $10 million each in charitable gifts on an annual basis. The State PIT receipts will also be reduced by the State tax deduction and an 85 percent credit for those donations that will be available beginning in Tax Year 2019.

DOB and DTF performed a calculation of the maximum amount of charitable donations to the State Charitable Gifts Trust Fund that could occur annually under varying assumptions. The calculation of this ceiling is intended as a stress test on State PIT receipts that may flow to the RBTF under different levels of assumed taxpayer participation. It should not, under any circumstances, be viewed as a projection of likely donations. The factors that may influence donation activity are complex and include, but are not limited to, possible statements, actions, or interpretive guidance by the IRS or others relating to the deductibility of such donations; the liquidity position, risk tolerance, and knowledge of individual taxpayers; advice or guidance of tax advisors or other professionals; changes in general economic conditions; adoption of similar trusts in other states; and tax reciprocity agreements among states.

The ceiling on the amount of potential donations is calculated to be in the range of $30 billion annually, on average (2019 through 2023). Calculation of the ceiling assumes that every resident taxpayer who has an incentive to donate will do so, and such donations will be equal to the total value of each resident taxpayer's SALT payments, less the value of the $10,000 Federal SALT deduction limit, up to the value of the taxpayer's total State tax liability. The calculation is dependent on several assumptions concerning the number of itemized filers. It relies on the most recent PIT population study file, as trended forward, as well as the impact of the TCJA and State law changes on the number and distribution of itemized and standardized filers. The calculation also assumes that (a) no further changes in Federal tax law occur, and (b) DOB projections of the level of State taxpayer liability for the forecast period as set forth in the Financial Plan are materially accurate.

In general, assumptions made regarding taxpayer behavior were intended to maximize the calculated impact of charitable giving on PIT receipts in each year. After these adjustments and with inclusion of ECEP revenues, RBTF receipts are projected to remain above the level of receipts that would have been expected under statutes in effect prior to April 2018, even in a maximum participation scenario.

The DOB and DTF calculation of the projected ceiling on the amount of donations is necessarily based on many assumptions that may change materially over time. While DOB believes that these factors can be expected to constrain donation activity, there can be no assurance that, under conditions of maximum participation, the amount of annual charitable gifts will not reduce the level of PIT receipts deposited into the RBTF below the levels projected in February 2018. If that were to occur, it is DOB's expectation that changes to the tax law would be recommended to further increase the percentage of PIT receipts deposited into the RBTF.

Accordingly, although the calculation of a maximum amount of charitable donations to the State Charitable Gifts Trust Fund reflects DOB's and DTF's current best judgment and estimates, such amount may be higher.

Climate Change Adaptation

Climate change poses significant long-term threats to physical, biological and economic systems in New York and around the world. 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. The potential effects of climate change could adversely impact the Financial Plan in current or future years. To mitigate and manage these impacts, significant long-term planning and investments by the Federal government, the State of New York, municipalities, and public utilities are expected to be needed to adapt existing infrastructure to climate change risks.

The State continues to recover from the damage sustained during three powerful storms that crippled entire regions. In August 2011, Hurricane Irene disrupted power and caused extensive flooding in various State counties. In September 2011, Tropical Storm Lee caused flooding in additional 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, recovery, and future mitigation efforts continue, 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 the State, its localities, and the MTA may receive approximately one-half of this amount for response, recovery, and mitigation costs. To date, a total of $17 billion has been committed to repairing impacted homes and businesses, restoring community services, and mitigating future storm risks across the State. There can be no assurance that all anticipated Federal disaster aid described above will be provided to the State and its affected entities over the coming years.

Financial markets participants are increasingly acknowledging climate change risks. In June 2017, an industry-led Task Force on Climate-Related Financial Disclosure convened by the Financial Stability Board (an international body which monitors the global financial system), published recommendations stating that climate risk affects most market sectors and that climate-related risk should be publicly disclosed to investors in annual financial filings.[16] In November 2017, Moody's Investors Service issued guidance to state and local governments that climate change is forecast to heighten exposure to economic losses, placing potential pressure on credit ratings. The Moody's report identified rising sea levels and their effect on coastal infrastructure as the primary climate risks for the northeastern United States, including New York State. These risks are heightened by population concentration in coastal counties.

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[16] For further context to the June 2017 disclosure recommendations, the Financial Stability Board was asked by an international coalition of G20 Finance Ministers and Central Bank Governors to address concerns that undisclosed climate risk could destabilize global financial markets.

An October 2018 special report released by the Intergovernmental Panel on Climate Change of the United Nations (IPCC) found that human activity has already caused approximately 1.0°C of warming and is continuing to increase average global temperatures at 0.2°C per decade due to past and ongoing emissions. The IPCC states that global warming is likely to reach 1.5°C of warming between 2030 and 2052 if temperatures continue to increase at the current rate. This increase is expected to produce a range of adverse outcomes ("reasons for concern"). For example, the IPCC rates global risks of extreme weather events and coastal flooding as increasing from moderate ("detectable") today, to high ("severe and widespread") at 1.5°C of warming. The risk of severe impacts increases further at higher temperatures. Using current trends, climate change risks increasingly fall within the term of current outstanding bonds of the State, its public authorities and municipalities. State bonds may be issued with a term of up to 30 years under State statute.

Extraordinary Monetary Settlements

Since FY 2015, DOB calculates that the State has received a total of nearly $12.7 billion in Extraordinary Monetary Settlements for violations of State laws by major financial institutions and other entities. The following table lists the Extraordinary Monetary Settlements by firm and amount. Since the start of FY 2020, the State has or expects to receive settlements of $322 million from Standard Chartered Bank and $507 million from UniCredit.

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

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Total
Extraordinary Monetary Settlements	**4,942**	**3,605**	**1,317**	**805**	**1,186**	**829**	**12,684**
Aetna Insurance Company	0	0	0	0	2	0	2
Agricultural Bank of China	0	0	215	0	0	0	215
American International Group, Inc.	35	0	0	0	0	0	35
Athene Life Insurance	0	0	0	0	15	0	15
AXA Equitable Life Insurance Company	20	0	0	0	0	0	20
Bank Leumi	130	0	0	0	0	0	130
Bank of America	300	0	0	0	0	0	300
Bank of America Merrill Lynch	0	0	0	0	42	0	42
Bank of Tokyo Mitsubishi	315	0	0	0	0	0	315
Barclays	0	670	0	0	15	0	685
BNP Paribas	2,243	1,348	0	350	0	0	3,941
Chubb	0	0	0	0	1	0	1
Cigna	0	0	0	2	0	0	2
Citigroup (State Share)	92	0	0	0	0	0	92
Commerzbank	610	82	0	0	0	0	692
Conduent Education Services	0	0	0	0	1	0	1
Credit Agricole	0	459	0	0	0	0	459
Credit Suisse AG	715	30	0	135	0	0	880
Deutsche Bank	0	800	444	0	205	0	1,449
FedEx	0	0	0	0	26	0	26
Goldman Sachs	0	50	190	0	55	0	295
Habib Bank	0	0	0	225	0	0	225
Intesa SanPaolo	0	0	235	0	0	0	235
Lockton Affinity	0	0	0	0	7	0	7
Mashreqbank	0	0	0	0	40	0	40
Mega Bank	0	0	180	0	0	0	180
MetLife Parties	50	0	0	0	20	0	70
Morgan Stanley	0	150	0	0	0	0	150
Nationstar Mortgage	0	0	0	0	5	0	5
New Day	0	1	0	0	0	0	1
Ocwen Financial	100	0	0	0	0	0	100
Oscar Insurance Company	0	0	0	0	1	0	1
PHH Mortgage	0	0	28	0	0	0	28
PricewaterhouseCoopers LLP	25	0	0	0	0	0	25
Promontory	0	15	0	0	0	0	15
RBS Financial Products Inc.	0	0	0	0	100	0	100
Société Générale SA	0	0	0	0	498	0	498
Standard Chartered Bank	300	0	0	0	40	322	662
Unicredit	0	0	0	0	0	507	507
UBS	0	0	0	0	41	0	41
Volkswagen	0	0	32	33	0	0	65
Wells Fargo	0	0	0	0	65	0	65
Western Union	0	0	0	60	0	0	60
William Penn	0	0	0	0	6	0	6
Other Settlements	7	0	(7)	0	1	0	1

The table below shows the past and planned uses of settlements received. Effective April 1, 2019, the Financial Plan will no longer classify as Extraordinary Monetary Settlements or distinctly identify any settlements of less than $25 million.

GENERAL FUND SUMMARY OF RECEIPTS AND USE/TRANSFER OF FUNDS FROM EXTRAORDINARY MONETARY SETTLEMENTS BETWEEN REGULATORS AND FINANCIAL INSTITUTIONS
(millions of dollars)

	FYs 2015 - 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Total
Opening Settlement Balance in General Fund	**0**	**4,194**	**2,640**	**1,782**	**915**	**122**	**0**
Receipt of Extraordinary Monetary Settlements	**11,855**	**829**	**0**	**0**	**0**	**0**	**12,684**
Use/Transfer of Funds	**7,661**	**2,383**	**858**	**867**	**793**	**122**	**12,684**
Capital Purposes:	**4,134**	**1,316**	**858**	**867**	**793**	**122**	**8,090**
Dedicated Infrastructure Investment Fund	3,373	1,420	1,113	751	531	122	7,310
Environmental Protection Fund	120	0	0	0	0	0	120
Mass Transit	70	6	6	3	0	0	85
Healthcare	25	70	80	63	87	0	325
Clean Water Grants	0	0	25	50	175	0	250
Javits Center Expansion	546	320	134	0	0	0	1,000
Bond Proceed Receipts for Javits Center Expansion	0	(500)	(500)	0	0	0	(1,000)
Other Purposes:	**3,122**	**0**	**0**	**0**	**0**	**0**	**3,122**
Audit Disallowance - Federal Settlement	850	0	0	0	0	0	850
CSX Litigation Payment	76	0	0	0	0	0	76
Financial Plan - General Fund Operating Purposes	1,807	0	0	0	0	0	1,807
Mass Transit Operating	10	0	0	0	0	0	10
MTA Operating Aid	194	0	0	0	0	0	194
Department of Law - Litigation Services Operations	180	0	0	0	0	0	180
OASAS Chemical Dependence Program	5	0	0	0	0	0	5
Reservation of Funds:	**405**	**1,067**	**0**	**0**	**0**	**0**	1,472
Rainy Day Reserves	250	238	0	0	0	0	488
Reserve for Economic Uncertainties	0	829	0	0	0	0	829
Reserve for Retroactive Labor Agreements	155	0	0	0	0	0	155
Closing Settlement Balance in General Fund	**4,194**	**2,640**	**1,782**	**915**	**122**	**0**	**0**

Current Labor Negotiations and Agreements (Current Contract Period)

The State has multi-year labor agreements in place with most of the unionized workforce. The Civil Service Employees Association (CSEA) and DC-37 (Local 1359 Rent Regulation Service Employees) have five-year labor contracts that provide annual salary increases of 2 percent for FYs 2017 through 2021 and additional compensation changes, offset by benefit design changes within the New York State Health Insurance Program (NYSHIP) and reductions in overtime costs. Salary increases provided to CSEA and DC-37 (Local 1359) employees were also extended to Management/Confidential (M/C) employees.

United University Professions (UUP) has a six-year collective bargaining agreement that covers academic years 2017 through 2022. The agreement provides for 2 percent general salary increases in each year of the contract and additional compensation changes, which are partly offset by benefit design changes within NYSHIP. The cost of the agreement (approximately $253 million in FY 2020) has been included in the Financial Plan and is primarily funded by SUNY except for related fringe benefit costs, paid by the State. At the request of SUNY, the State will advance approximately $110 million in planned payments for State-operated SUNY campuses from November 2019 to June 2019, to make resources available for retroactive payments.

On October 10, 2018, the Police Benevolent Association of the New York State Troopers (NYSTPBA) ratified a five-year collective bargaining agreement for FY 2019 through FY 2023. The agreement provides for 2 percent general salary increases in each year of the contract and additional compensation changes, which are partly offset by benefit design changes within NYSHIP.

On January 24, 2019, NYSCOPBA ratified a seven-year collective bargaining agreement for FY 2017 through FY 2023. The agreement provides for 2 percent general salary increases in each year of the agreement, and additional compensation changes, offset by benefit design changes within NYSHIP and reductions in overtime costs.

Contracts with the Public Employees Federation (PEF) and the Graduate Student Employees Union (GSEU) expired at the end of FY 2019. Negotiations have commenced for a successor agreement with PEF and negotiations with GSEU are planned later this year.

The State is in negotiations with all other employee unions whose contracts concluded in previous fiscal years including the New York State Police Investigators Association (NYSPIA) and Council 82. Negotiations also continue with the Police Benevolent Association of New York State (PBANYS), whose contract expired at the end of FY 2015.

Contract periods and related general salary increases for State employee union contracts are illustrated below.

UNION LABOR AGREEMENTS IN PLACE (Annual Salary Increase Percentages)										
	Current/Expired Contract Period	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
NYSTPBA	FY 2019 - FY 2023	2%	2%	1.5%	1.5%	2%	2%	2%	2%	2%
NYSCOPBA	FY 2017 - FY 2023	2%	2%	2%	2%	2%	2%	2%	2%	2%
UUP	AY 2017 - AY 2022	2%	2%	2%	2%	2%	2%	2%	2%	
CSEA	FY 2017 - FY 2021	2%	2%	2%	2%	2%	2%	2%		
DC-37	FY 2017 - FY 2021	2%	2%	2%	2%	2%	2%	2%		
PEF	FY 2017 - FY 2019	2%	2%	2%	2%	2%				
GSEU	FY 2017 - FY 2019	2%	2%	2%	2%	2%				
CUNY	FY 2011 - FY 2018	2.5%	2%	2%	1.5%					
NYSPIA	FY 2012 - FY 2018	2%	2%	1.5%	1.5%					
Council 82	FY 2010 - FY 2016	2%	2%							
PBANYS	FY 2006 - FY 2015	2%								

The Judiciary also has agreements with all 12 unions represented within its workforce. The contract periods are as follows: FY 2018 to FY 2020 for CSEA; FY 2012 to FY 2021 for the NYS Supreme Court Officers Association, the NYS Court Officers Association and the Court Clerks Association; and FY 2020 to FY 2021 for the remaining eight unions.

Pension Contributions

Overview

The State makes annual contributions to the New York State and Local Retirement System (NYSLRS) for employees in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). This section discusses contributions from the State, including the Judiciary, to the NYSLRS, which account for the majority of the State's pension costs.[17] All projections are based on estimated market returns and numerous actuarial assumptions which, if unrealized, could change these projections materially.

During FY 2016, the NYSLRS updated its actuarial assumptions based on the results of the 2015 five-year experience study. In September 2015, NYSLRS announced that employer contribution rates would decrease beginning in 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 4.9 percent to 3.8 percent and for PFRS the scale was reduced from 6 percent to 4.5 percent. During FY 2019, salary scale assumptions were further changed via a one-time 10 percent increase for both ERS and PFRS, which is reflected in FY 2020 contribution rates.

FY 2020 Projections

The preliminary FY 2020 ERS/PFRS pension liability estimate of $2.2 billion is affected by FY 2018 investment returns of 11.4 percent, which was above the Comptroller's assumed 7 percent rate of return. The estimate also reflects the impact of past investment performance and growth in the number of lower cost Tier 6 members. As a result, the average contribution rate for ERS will decrease from 14.9 percent to 14.6 of payroll, while the average contribution rate for PFRS will remain stable at 23.5 percent of payroll.[18]

The pension liability also reflects changes to military service credit provisions found in Section 1000 of the Retirement and Social Security Law (RSSL) enacted during the 2016 legislative session (Chapter 41 of the Laws of 2016). All veterans who are members of NYSLRS may, upon application, receive extra service credit for up to three years of military duty if such veterans (a) were honorably discharged, (b) have achieved five years of credited service in a public retirement system, and (c) have agreed to pay the employee share of such additional pension credit. Costs to the State for employees in the ERS will be incurred at the time each member purchases credit, as documented by OSC at the end of each calendar year, while costs for employees in PFRS will be distributed across PFRS employers and billed on a two-year lag (e.g. FY 2017 costs were first billed in FY 2019). Additionally, Section 25 of the RSSL requires the State to pay the ERS employer contributions associated with this credit on behalf of local governments. The State is also permitted to amortize the cost of past service credits that are newly

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[17] The State's aggregate pension costs also include costs for State employees in the Teachers' Retirement System (TRS) for both SUNY and the State Education Department (SED), the Optional Retirement Program (ORP) for both SUNY and SED, and the New York State Voluntary Defined Contribution Plan (VDC).

[18] Average contribution rates include the Group Life Insurance Plan (GLIP), and thus differ from the system average normal rates reported in the pension amortization section.

incurred in a given fiscal year. However, the State does not anticipate choosing this option as there would be an interest rate of 7 percent applied to this amortization. The ERS cost to the State (including costs covered for local ERS) was $26 million in FY 2019 based on actual credit purchased through December 31, 2018. DOB currently estimates ERS costs of $30 million in FY 2020 and ongoing annual costs of $7 million beginning in FY 2021 as additional veterans become eligible to purchase the credit.

Outyear Projections

Pension liability estimates for FY 2021 and beyond, as projected by DOB, reflect growth in normal costs primarily based on the expectation that collective bargaining will result in continued salary increases, and that investment returns will be below the actuarially assumed 7 percent rate of return in the near-to-mid-term.

Pension Amortization

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.

The State and local governments are required to begin repayment on each new amortization in the fiscal year immediately following the year in which the amortization was initiated. The full amount of each amortization must be repaid within ten years at a fixed interest rate determined by OSC. Legislation included in the FY 2017 Enacted Budget authorized the State to prepay a portion of remaining principal associated with an amortization, and then pay a lower recalculated interest installment in any subsequent year for which the principal has been prepaid. This option does not allow the State to delay the original ten-year repayment schedule, nor does it allow for the interest rate initially applied to the amortization amount to be modified.

The portion of an employer's annual pension costs that may be amortized is determined by comparing the employer's amortization-eligible contributions as a percentage of employee salaries (i.e., the normal rate[19]) to a system-wide amortization threshold (i.e., the graded rate). Graded rates are determined for ERS and PFRS according to a formula enacted in the FY 2010 legislation, and generally move toward their system's average normal rate by up to one percentage point per year. When an employer's normal rate is greater than the system-wide graded rate, the employer can elect to amortize the difference. However, when the normal rate of an employer that previously amortized is less than the system-wide graded rate, the employer is required to pay the graded rate. Additional contributions are first used to pay off existing amortizations and are then deposited into a reserve account to offset future increases in contribution rates. Chapter 48 of the Laws of 2017 changed the graded rate computation to provide an employer-specific graded rate based on the employer's own tier and plan demographics.

[19] For the purpose of this discussion, the "normal rate" refers to all amortization-eligible costs (i.e., normal and administrative costs, as well as certain employer-provided options such as sick leave credit) divided by salary base.

Neither the State nor the Office of Court Administration (OCA) has amortized its pension costs since FY 2016.

The amortization threshold is projected to equal the normal rate in upcoming fiscal years. The following table reflects projected pension contributions and amortizations exclusively for Executive branch and Judiciary employers participating in ERS and PFRS.

EMPLOYEE RETIREMENT SYSTEM AND POLICE AND FIRE RETIREMENT SYSTEM
(millions of dollars)

	Statewide Pension Payments[1]					Excess Contributions			
Fiscal Year	Normal Costs[2]	(Amortization Amount) / Excess Contributions	Repayment of Amortization	Total Statewide Pension Payments	Interest Rate on Amortization Amount (%)[3]	System Average Normal Rate[4] ERS (%)	System Average Normal Rate[4] PFRS (%)	Amortization Threshold (Graded Rate) ERS (%)	Amortization Threshold (Graded Rate) PFRS (%)
2011	1,543.2	(249.6)	0.0	1,293.6	5.00	11.5	18.1	9.5	17.5
2012	2,037.6	(562.9)	32.3	1,507.0	3.75	15.9	21.6	10.5	18.5
2013	2,076.1	(778.5)	100.8	1,398.4	3.00	18.5	25.7	11.5	19.5
2014	2,633.8	(937.0)	192.0	1,888.8	3.67	20.5	28.9	12.5	20.5
2015	2,325.7	(713.1)	305.7	1,918.3	3.15	19.7	27.5	13.5	21.5
2016	1,972.1	(356.1)	389.9	2,005.9	3.21	17.7	24.7	14.5	22.5
2017	1,788.6	0.0	432.1	2,220.7	2.33	15.1	24.3	15.1	23.5
2018	1,786.6	0.0	432.1	2,218.7	2.84	14.9	24.3	14.9	24.3
2019	1,772.8	0.0	432.1	2,204.9	3.64	14.4	23.5	14.4	23.5
2020 Est.	1,807.7	0.0	432.1	2,239.8	TBD	14.2	23.5	14.2	23.5
Projected by DOB[5]									
2021	1,967.8	0.0	432.1	2,399.9	TBD	15.2	24.5	15.2	24.5
2022	2,188.6	0.0	399.8	2,588.4	TBD	16.2	25.5	16.2	25.5
2023	2,392.6	0.0	331.3	2,723.9	TBD	17.2	26.5	17.2	26.5
2024	2,607.8	0.0	240.1	2,847.9	TBD	18.2	27.5	18.2	27.5
2025	2,815.5	0.0	126.4	2,941.9	TBD	19.2	28.5	19.2	28.5
2026	3,028.2	0.0	42.2	3,070.4	TBD	20.2	29.5	20.2	29.5

[1] Pension Contribution values in this table do not include pension costs related to the ORP, VDC, and TRS 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 ended in FY 2016 as a result of early repayments.

[3] Interest rates are determined by the State Comptroller based on the market rate of return on comparable taxed fixed income investments (e.g., Ten-Year Treasuries). The interest rate is fixed for the duration of the ten-year repayment period.

[4] The system average normal rate represents system-wide amortization-eligible costs (i.e. normal and administrative costs, as well as the cost of certain employer options) as a percentage of the system's total salary base. The normal rate does not include the following costs, which are not eligible for amortization: Group Life Insurance Plan (GLIP) contributions, deficiency contributions, previous amortizations, incentive costs, administrative costs, costs of new legislation in some cases, and prior-year adjustments. "(Amortization Amount) / Excess Contributions" are calculated for each employer in the system using employer-specific normal rates, which may differ from the system average.

[5] Outyear projections are prepared by DOB. The Retirement System does not prepare, or make available, outyear projections of pension costs.

The “Normal Costs” column shows the State’s underlying pension cost in each fiscal year, before the effects of amortization. The “(Amortization Amount) / Excess Contributions” column shows amounts amortized. The “Repayment of Amortization” column provides the amount paid in principal and interest towards the outstanding balance on prior-year amortizations. The “Total Statewide Pension Payments” column provides the State’s actual or planned pension contribution, inclusive of amortization. The “Interest Rate on Amortization Amount (%)” column provides the interest rate at which the State will repay the amortized contribution, as determined by OSC. The remaining columns provide information on the normal rate and graded rate, which are used to determine the maximum allowed "(Amortized)" amount or the mandatory "Excess Contributions" amount for a given fiscal year.

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 either NYSHIP or the NYSHIP opt-out program at the time they reach retirement; and have the required years of eligible service. 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 Governmental Accounting Standards Board (GASB) Statement 45, the State must perform an actuarial valuation every two years for purposes of calculating OPEB liabilities. The State's Annual Required Contribution (ARC) represents the annual level of funding that, if set aside on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded liabilities of the plan over a period not to exceed 30 years. Cumulative amounts required but not actually set aside to fund these benefits, plus interest, are included in the net OPEB obligation.

As reported in the State's Basic Financial Statements for FY 2018, the unfunded actuarial accrued liability for FY 2018 is $90.5 billion ($72.8 billion for the State and $17.7 billion for SUNY), an increase of $3.3 billion from FY 2017 (attributable entirely to SUNY). The unfunded actuarial accrued liability for FY 2018 used an actuarial valuation of OPEB liabilities as of April 1, 2016. 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. A significant portion of the annual growth in the State's unfunded actuarial accrued liability is due to the reduction of the discount rate from 3.155 to 2.637 percent, calculated as the average STIP rate for the past 20 years at the time of valuation. The decline in the discount rate increases the present value of the projected benefit obligation.

The actuarially determined annual OPEB cost for FY 2018 totaled $5.5 billion ($4.3 billion for the State and $1.2 billion for SUNY), an increase of $1.3 billion from FY 2017 ($1 billion for the State and $264 million for SUNY). The actuarially-determined cost is calculated using the Frozen Entry Age actuarial cost method, allocating costs on a level percentage of earnings basis. The actuarially determined cost was $3.6 billion ($2.7 billion for the State and $878 million for SUNY) greater than the PAYGO required cash payments for retiree costs made by the State in FY 2018. This difference between the State's PAYGO costs, and the actuarially determined ARC under GASB Statement 45, reduced the State's net position at the end of FY 2018 by $3.6 billion.

GASB has no authority to 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 Financial Plan. The State continues to fund these costs, along with all other employee health care expenses, on a PAYGO basis, meaning the State pays these costs as they become due.

There is no provision in the Financial Plan to fund all or a portion of the ARC for OPEB beyond what is required on a PAYGO basis. Additional funding would increase the State's reported budget gaps. However, it is not expected that the State will alter its current PAYGO funding practice.

The FY 2018 Enacted Budget included legislation creating a Retiree Health Benefit Trust Fund (the "Trust Fund") that authorizes the State to reserve money for the payment of health benefits of retired employees and their dependents. Under the legislation, the State may deposit into the Trust Fund, in any given fiscal year, up to 0.5 percent of total then-current unfunded actuarial accrued OPEB liability. The Financial Plan does not include any deposits to the Trust Fund.

The provisions of GASB Statement 75 (Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions), which amends GASB Statement 45 and GASB Statement 57, is expected to be incorporated into the State's FY 2019 Basic Financial Statements. The FY 2019 Basic Financial Statements are expected to be issued in July 2019. The GASB Statements, as amended by GASB Statement 75, alter the actuarial methods used to calculate OPEB liabilities, standardize asset smoothing and discount rates, and require the unfunded net OPEB obligation to be reported by the State in its Statement of Net Position. Reporting the unfunded OPEB liability on the Statement of Net Position, rather than as a note to the Basic Financial Statements, is expected to significantly increase the State's reported total long-term liabilities and show the State in a negative net position.

GASB Statement 75 is not expected to alter the Financial Plan cash PAYGO projections for health insurance costs. DOB's methodology for forecasting these costs over a multi-year period already incorporates factors and considerations consistent with the new actuarial methods and calculations required by the GASB Statement.

Litigation

Litigation against the State may include, among other things, 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 a description herein but, in the aggregate, could still adversely affect the Financial Plan. For more information, see the "Litigation" section later herein.

Cybersecurity

New York State government, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the State and its public corporations and municipalities face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the State's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyberattacks, the State invests in multiple forms of cybersecurity and operational controls. The State's Chief Information Security Office (CISO) within the State's Office of Information Technology Services (ITS) maintains comprehensive policies and standards, programs, and services relating to the security of State government networks and geographic information systems[20], and annually assesses the implementation of security policies and standards to ensure compliance through the Nationwide Cyber Security Review. In addition, the CISO maintains the New York State Cyber Command Center team, which provides a security operations center, digital forensics capabilities, and related procedures for cyber incident reporting and response, distributes real-time advisories and alerts, provides managed security services, and implements statewide information security training and exercises. While controls are routinely reviewed and tested, no assurances can be given that such security and operational control measures will be completely successful at guarding against cyber threats and attacks. The results of any such attack could impact business operations and/or damage State digital networks and systems, and the costs of remedying any such damage could be substantial.

The State has also adopted regulations designed to protect the financial services industry from cyberattacks. Banks, insurance companies and other covered entities regulated by the Department of Financial Services (DFS) are, unless eligible for limited exemptions, required to: (a) maintain a cybersecurity program, (b) create written cybersecurity policies and perform risk assessments, (c) designate a CISO with responsibility to oversee the cybersecurity program, (d) annually certify compliance with the cybersecurity regulations, and (e) report to DFS cybersecurity events that have a reasonable likelihood of materially harming any material part of the entity's normal operation(s) or for which notice is required to any government body, self-regulatory agency, or supervisory body.

[20] Statewide cybersecurity policies can be found at: https://its.ny.gov/eiso/policies/security.

Financial Condition of New York State Localities

The State's localities rely in part on State aid to balance their budgets and meet their cash requirements. As such, unanticipated financial need among localities can adversely affect the State's Financial Plan projections. 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 aid distressed local governments. The Restructuring Board performs comprehensive reviews and provides grants and loans on the condition of implementing recommended efficiency initiatives. For additional details on the Restructuring Board, please visit www.frb.ny.gov.

Bond Market

Successful implementation of the Financial Plan is dependent on the State's ability to market bonds. 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 or its public authorities 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 be subject to prevailing market conditions and related ratings issued by national credit rating agencies, among other factors. 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. The TCJA adversely impacts the State and its public authorities by removing certain refunding opportunities for Federal tax-exempt financing, including advance refundings for debt service savings when interest rates are favorable.

Debt Reform Act Limit

The Debt Reform Act of 2000 ("Debt Reform Act") restricts the issuance of State-supported debt funding to capital purposes only and limits the maximum term of bonds to 30 years. The 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 after April 1, 2000. DOB, as administrator of the Debt Reform Act, determined that the State was in compliance with the statutory caps in the most recent calculation period (FY 2018).

Financial Plan projections indicate that debt outstanding and debt service will continue to remain below limits imposed by the Debt Reform Act. Based on the most recent personal income and debt outstanding forecasts, the available debt capacity under the debt outstanding cap is expected to decline from $6 billion in FY 2019 to about $107 million in FY 2024. This includes the estimated impact of funding increased capital commitment levels with State bonds. The cost of debt issued after April 1, 2000 and estimated new issuances projected at $5.2 billion in FY 2020, or roughly $3.5 billion below the statutory debt service limit.

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[1]	$ Remaining Capacity	Debt as a % of PI	% Remaining Capacity	Debt Outstanding Prior to April 1, 2000	Total State-Supported Debt Outstanding
FY 2019	$1,341,914	4.00%	53,677	47,645	6,032	3.55%	0.45%	5,579	53,224
FY 2020	$1,385,968	4.00%	55,439	52,209	3,230	3.77%	0.23%	4,822	57,031
FY 2021	$1,442,034	4.00%	57,681	56,316	1,365	3.91%	0.09%	3,396	59,712
FY 2022	$1,501,991	4.00%	60,080	59,459	621	3.96%	0.04%	2,789	62,248
FY 2023	$1,565,277	4.00%	62,611	62,410	201	3.99%	0.01%	2,186	64,596
FY 2024	$1,631,049	4.00%	65,242	65,135	107	3.99%	0.01%	1,698	66,833

DEBT SERVICE SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT SERVICE (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[2]
FY 2019	$168,106	5.00%	8,405	4,759	3,646	2.83%	2.17%	1,035	5,794
FY 2020	$175,112	5.00%	8,756	5,208	3,548	2.97%	2.03%	1,257	6,465
FY 2021	$176,036	5.00%	8,802	5,708	3,094	3.24%	1.76%	1,333	7,041
FY 2022	$181,111	5.00%	9,056	6,109	2,947	3.37%	1.63%	973	7,082
FY 2023	$187,306	5.00%	9,365	6,584	2,781	3.52%	1.48%	741	7,325
FY 2024	$191,711	5.00%	9,586	6,969	2,617	3.64%	1.36%	493	7,462

[1] Assumes that SUNY Dormitory Facilities lease revenue bonds will be refunded into the new SUNY Dormitory Facilities Revenue Bond credit at their call dates.

[2] Total State-supported debt service is adjusted for prepayments.

The projected debt capacity under the debt outstanding cap depends on expected growth in State personal income. The State uses personal income estimates published by the Federal government, specifically the Bureau of Economic Analysis (BEA), to calculate the cap on debt outstanding, as required by statute. The BEA revises these estimates on a quarterly basis and such revisions can be significant. The BEA increased its Calendar Year 2017 personal income estimate for New York by $70 billion from March to October 2018, resulting in a $2.8 billion increase in debt outstanding capacity. Notably, this material fluctuation in statutory debt capacity occurred between the end of FY 2018, when debt outstanding is measured, and the final compliance determination in October 2018. While, in this instance, the State benefitted from the significant increase in BEA's estimate of New York State personal income, this volatility could have compromised the State's ability to manage within its statutory debt cap had the personal income estimate been unexpectedly revised downward by a similar amount. Absent such swings in personal income estimates, the State traditionally has relied on adjustments to capital spending priorities and debt financing practices to preserve available debt capacity and stay within the statutory limits.

Such volatility in New York State personal income estimates has prompted DOB to reexamine the manner in which BEA calculates personal income, in particular the apportionment of income among states. For Federal reporting purposes, BEA reassigns income from the state where it was earned to the state in which a person resides, for situations where a person lives and earns income in different states (the "residency adjustment"). The BEA residency adjustment has the effect of reducing reported New York State personal income because income earned in New York by nonresidents regularly exceeds income earned in other states by New York residents. The net residency adjustment reported by BEA decreased the measure of 2017 State personal income by $73 billion at the time of the FY 2018 debt outstanding calculation. The State taxes all personal income earned in New York, regardless of place of residency. Therefore, including the BEA personal income residency adjustment in the debt cap calculation reduces alignment with the State tax base and understates the PIT revenues available to support State-supported debt. To date, in administering the debt reform cap, DOB has used State personal income, as reduced by the BEA residency adjustment, in debt outstanding cap calculations and projections which correspondingly reduces the State's debt capacity under the Debt Reform Act.

Changes in the State's available debt capacity, as illustrated below, reflect the impact of several factors, including personal income forecast adjustments and capital spending revisions. The State may adjust capital spending priorities and debt financing practices from time to time to preserve available debt capacity and stay within the statutory limits, as events warrant.

DEBT OUTSTANDING SUBJECT TO CAP REMAINING CAPACITY SUMMARY
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
FY 2020 Executive Budget Financial Plan as Amended	**5,831**	**3,373**	**2,112**	**1,146**	**24**	**261**
Personal Income Forecast Adjustment	153	(97)	(192)	(247)	(293)	(349)
Capital Spending	48	(46)	(555)	(278)	470	195
FY 2020 Enacted Budget Financial Plan	**6,032**	**3,230**	**1,365**	**621**	**201**	**107**

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 upgrading their primary health care facilities. Revenues pledged to pay debt service on the bonds 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. In the event of revenue shortfalls to pay debt service on the Secured Hospital 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 March 31, 2019, approximately $165 million of bonds were outstanding for this program.

Three of the four remaining hospitals in the State's Secured Hospital Program are in poor financial condition. 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. Since then the State has paid $125 million for debt service costs. DASNY also estimates the State will pay debt service costs of approximately $31 million both in FY 2020 and FY 2021, $25 million in FY 2022, and $20 million in both FY 2023 and FY 2024. These amounts are based on the actual experience to date of the participants in the program and would cover debt service costs for one hospital whose debt service obligation was discharged in bankruptcy, a second hospital which closed in 2010, and a third hospital that is currently delinquent in its payments. The State has estimated additional exposure of up to $7 million annually, if all hospitals in the program failed to meet the terms of their agreements with DASNY, and if available reserve funds were depleted.

SUNY Downstate Hospital and the Long Island College Hospital (LICH)

In May 2011, the New York State Supreme Court issued an 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. 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.

Pursuant to a court-approved settlement in 2014, SUNY, together with Holdings, issued a request for proposals (RFP) seeking a qualified party to provide or arrange to provide health care services at LICH and to purchase the LICH property.

In accordance with the settlement, Holdings has entered into a purchase and sale agreement with (a) the Fortis Property Group (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 (b) NYU Hospitals Center, which proposes to 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. Titles to 17 of the 20 properties were 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 within 30 days after all buildings on the NMS are fully demolished and all environmental issues remediated by the Purchaser. The physical demolition has been completed, and final review of the environmental paperwork is nearing completion.

As the NMS Closing did not occur on or before June 30, 2016, NYU Hospitals Center has the right to terminate its obligations under the purchase and sale agreement upon 30 days prior notice to Purchaser and Holdings. There can be no assurance that NYU Hospitals Center will not exercise its right to terminate. If NYU Hospitals Center terminates its obligations under the purchase and sale agreement, it has the contractual right to close its interim emergency department services immediately, but that right would be subject to obtaining regulatory approval for the closure. Also, if NYU Hospitals Center terminates its obligations under the purchase and sale agreement, the Purchaser has the ability under the purchase and sale agreement to continue with the final closing if, among other criteria, the Purchaser can identify a replacement provider with a confirming letter of interest to provide certain of the health care services expected to be provided by NYU Hospitals Center. To date, Holdings has received no indication that NYU Hospitals Center intends to terminate its obligations under the purchase and sale agreement.

The final closing is anticipated to occur within 36 months after the NMS Closing. At the final closing, titles 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 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.

2019 Legislative Session

The State's regular legislative session for 2019 is scheduled to end on June 19, 2019. Bills with a fiscal impact may be approved by the Legislature during the session and later signed or vetoed by the Governor. DOB continues to evaluate the fiscal impact of the legislative session and expects to reflect, in the first quarterly update to the Financial Plan, the estimated costs associated with any bills that may be signed by the Governor, not already reflected in the Enacted Budget.

State Financial Plan
Multi-Year Projections

Introduction

This section presents the State's multi-year Financial Plan projections for receipts and disbursements, reflecting the impact of forecast revisions in FYs 2020 through FY 2023, with an emphasis on the FY 2020 projections, which reflect the impact of the Financial Plan.

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 estimated tax receipts before distribution to 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 tax receipts for specific purposes.

- **Disbursements:** Roughly 30 percent of projected State-financed spending for operating purposes (excluding transfers) is accounted for outside of the General Fund, concentrated primarily in the areas of health care, School Aid, higher education, and transportation. To provide a clear 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 the Financial Plan. Accordingly, in terms of outyear projections, the first "outyear" of the FY 2020 budget, FY 2021, is the most relevant from a planning perspective.

Summary

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

The projections for FY 2021 and thereafter set forth in the Financial Plan reflect 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 calculations are developed using the State Operating Funds accounting perspective, as it is currently reflected in the Financial Plan. From time to time, the State has approved legislation that has affected the spending reflected in State Operating Funds.

Estimated savings are labeled on a distinct line in the Financial Plan tables as "Adherence to 2 percent Spending Benchmark." The total disbursements in the Financial Plan tables do not assume these savings. Such savings will be developed and proposed in future budgets. If the State exceeds the 2 percent State Operating Funds spending benchmark in FY 2020, FY 2021, and/or FY 2022, the projected operating position could decline.

The following tables present the 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

GENERAL FUND PROJECTIONS (millions of dollars)

	FY 2019 Results	FY 2020 Enacted	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
RECEIPTS					
Taxes (After Debt Service)	63,957	71,360	74,363	77,329	81,376
Miscellaneous Receipts	3,586	2,857	2,049	1,892	1,869
Other Transfers	3,001	2,900	2,042	1,696	1,560
Total Receipts	**70,544**	**77,117**	**78,454**	**80,917**	**84,805**
DISBURSEMENTS					
Local Assistance	49,745	52,100	55,794	57,928	60,969
School Aid	23,080	23,569	24,916	26,090	27,312
Medicaid	14,340	15,751	16,760	17,606	18,389
All Other	12,325	12,780	14,118	14,232	15,268
State Operations	11,341	11,911	12,564	12,608	12,912
Personal Service	8,719	9,031	9,513	9,508	9,713
Non-Personal Service	2,622	2,880	3,051	3,100	3,199
General State Charges	7,139	7,716	8,268	8,846	9,415
Transfers to Other Funds	4,558	6,130	6,599	6,544	6,993
Debt Service	786	550	738	637	612
Capital Projects	1,888	3,191	3,305	3,168	3,486
State Share of Mental Hygiene Medicaid	(29)	0	0	0	0
SUNY Operations	1,020	1,185	1,259	1,255	1,255
All Other	893	1,204	1,297	1,484	1,640
Total Disbursements	**72,783**	**77,857**	**83,225**	**85,926**	**90,289**
Use (Reservation) of Fund Balance:	**2,239**	**740**	**858**	**867**	**793**
Community Projects	11	35	0	0	0
Labor Agreements	(51)	206	0	0	0
Business Tax Refund	1,703	202	0	0	0
Rainy Day Reserves	(250)	(428)	0	0	0
Economic Uncertainties	0	(829)	0	0	0
Extraordinary Monetary Settlements[1]	826	1,554	858	867	793
BUDGET SURPLUS/(GAP) PROJECTIONS[2]	**0**	**0**	**(3,913)**	**(4,142)**	**(4,691)**
Adherence to 2% Spending Benchmark[3]	**n/a**	**n/a**	**3,741**	**5,052**	**6,786**
BUDGET SURPLUS/(GAP) ESTIMATE AT 2%	**0**	**0**	**(172)**	**910**	**2,095**

[1] Reflects transfers of Extraordinary Monetary Settlement funds from the General Fund to the Dedicated Infrastructure Investment Fund, the Environmental Protection Fund, and the Capital Projects Fund.

[2] Before actions to adhere to the 2 percent spending growth benchmark.

[3] Savings estimated from limiting annual spending growth in future years to 2 percent (calculation based on FY 2020 estimate) and assuming all savings are made available to the General Fund.

State Operating Funds Projections

STATE OPERATING FUNDS DISBURSEMENTS (millions of dollars)	FY 2019 Results	FY 2020 Enacted	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
RECEIPTS					
Taxes	74,144	79,885	84,338	87,751	91,945
Miscellaneous Receipts/Federal Grants	23,558	21,033	18,644	18,832	18,282
Total Receipts	**97,702**	**100,918**	**102,982**	**106,583**	**110,227**
DISBURSEMENTS					
Local Assistance	66,177	68,471	71,477	73,917	76,580
School Aid (School Year Basis)	26,843	27,856	28,957	30,159	31,382
DOH Medicaid[1]	20,476	21,685	22,699	23,527	24,392
Transportation	3,938	3,549	3,849	4,047	4,296
STAR	2,423	2,176	2,073	1,979	1,858
Higher Education	2,980	2,976	2,945	2,989	3,024
Social Services	2,798	2,871	2,958	3,016	3,019
Mental Hygiene	2,150	1,998	2,480	2,474	2,731
All Other[2]	4,569	5,360	5,516	5,726	5,878
State Operations	19,057	19,684	20,173	20,295	20,649
Personal Service	13,687	14,192	14,627	14,645	14,929
Non-Personal Service	5,370	5,492	5,546	5,650	5,720
General State Charges	8,204	8,796	9,409	10,000	10,599
Pension Contribution	2,431	2,472	2,636	2,830	2,965
Health Insurance	4,193	4,312	4,651	5,001	5,378
All Other	1,580	2,012	2,122	2,169	2,256
Debt Service	6,699	5,166	6,841	7,082	7,325
Capital Projects	0	0	0	0	0
Total Disbursements [3]	**100,137**	**102,117**	**107,900**	**111,294**	**115,153**
Net Other Financing Sources/(Uses)	1,190	(129)	(312)	(329)	(637)
RECONCILIATION TO GENERAL FUND GAP					
Designated Fund Balances:	1,245	1,328	1,317	898	872
General Fund	2,239	740	858	867	793
Special Revenue Funds	(1,082)	570	442	28	84
Debt Service Funds	88	18	17	3	(5)
GENERAL FUND BUDGET SURPLUS/(GAP)[3]	**0**	**0**	**(3,913)**	**(4,142)**	**(4,691)**
Adherence to 2% Spending Benchmark[4]	**n/a**	**n/a**	**3,741**	**5,052**	**6,786**
BUDGET SURPLUS/(GAP) ESTIMATE AT 2%	**0**	**0**	**(172)**	**910**	**2,095**

[1] Total State share Medicaid funding excludes the utilization of tobacco MSA payments which will be directly deposited to a Medicaid Escrow Fund to cover a portion of local Medicaid growth.

[2] All Other includes other education, parks, environment, economic development, public safety, and reconciliation between school year and State fiscal year spending on School Aid.

[3] Before actions to adhere to the 2 percent spending growth benchmark.

[4] Savings estimated from limiting annual spending growth in future years to 2 percent (calculation based on FY 2020 estimate) and assuming all savings are made available to the General Fund.

Receipts

Financial Plan receipts results, and projections include a variety of taxes, fees and assessments, charges for State-provided services, Federal grants, and other miscellaneous receipts. The multiyear tax and miscellaneous receipts estimates are prepared by DOB with the assistance of the DTF and other agencies which collect State receipts and are predicated on economic analysis and forecasts.

Overall base growth (i.e. growth not due to law changes) 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.

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).

Overview of the Receipts Forecast

All Funds receipts in FY 2020 are projected to total $175.1 billion, 4.2 percent above FY 2019 results.

ALL FUNDS RECEIPTS (millions of dollars)	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
Personal Income Tax	48,088	52,150	8.4%	55,376	6.2%	58,036	4.8%	61,178	5.4%
Consumption/Use Taxes	17,357	18,308	5.5%	19,014	3.9%	19,548	2.8%	20,123	2.9%
Business Taxes	7,912	8,585	8.5%	8,979	4.6%	9,081	1.1%	9,449	4.1%
Other Taxes	2,221	2,262	1.8%	2,362	4.4%	2,472	4.7%	2,581	4.4%
Total State Taxes	**75,578**	**81,305**	**7.6%**	**85,731**	**5.4%**	**89,137**	**4.0%**	**93,331**	**4.7%**
Miscellaneous Receipts	31,184	29,013	-7.0%	25,554	-11.9%	25,525	-0.1%	24,959	-2.2%
Federal Receipts	61,344	64,794	5.6%	64,751	-0.1%	66,449	2.6%	69,016	3.9%
Total All Funds Receipts	**168,106**	**175,112**	**4.2%**	**176,036**	**0.5%**	**181,111**	**2.9%**	**187,306**	**3.4%**

State tax receipts are projected to increase 7.6 percent in FY 2020, driven by underlying annual outyear growth across all tax categories, consistent with the projected growth in the State economy over the multi-year Financial Plan period.

After controlling for the impact of tax law changes, base tax revenue decreased 3 percent in FY 2019, is projected to increase by 12.4 percent in FY 2020 and by another 4 percent in FY 2021.

Personal Income Tax

PERSONAL INCOME TAX (millions of dollars)	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
STATE/ALL FUNDS	**48,088**	**52,150**	**8.4%**	**55,376**	**6.2%**	**58,036**	**4.8%**	**61,178**	**5.4%**
Gross Collections	59,175	64,729	9.4%	66,839	3.3%	70,797	5.9%	74,578	5.3%
Refunds (Incl. State/City Offset)	(11,087)	(12,579)	-13.5%	(11,463)	8.9%	(12,761)	-11.3%	(13,400)	-5.0%
GENERAL FUND[1]	**21,621**	**23,899**	**10.5%**	**25,615**	**7.2%**	**27,039**	**5.6%**	**28,731**	**6.3%**
Gross Collections	59,175	64,729	9.4%	66,839	3.3%	70,797	5.9%	74,578	5.3%
Refunds (Incl. State/City Offset)	(11,087)	(12,579)	-13.5%	(11,463)	8.9%	(12,761)	-11.3%	(13,400)	-5.0%
STAR	(2,423)	(2,176)	10.2%	(2,073)	4.7%	(1,979)	4.5%	(1,858)	6.1%
RBTF	(24,044)	(26,075)	-8.4%	(27,688)	-6.2%	(29,018)	-4.8%	(30,589)	-5.4%

[1]Excludes Transfers.

All Funds PIT receipts for FY 2020 are estimated to total $52.2 billion, an increase of $4.1 billion (8.4 percent) from FY 2019 results. Increases in withholding, final returns, and extension payments related to the 2018 Tax Year, are partially offset by growth in expected refunds.

The following table summarizes, by component, actual receipts for FY 2019 and forecast amounts through FY 2023.

ALL FUNDS PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS (millions of dollars)

	FY 2019 Results	FY 2020 Enacted	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
Receipts					
Withholding	41,084	42,900	44,556	46,738	48,672
Estimated Payments	14,010	16,972	17,169	18,751	20,391
Current Year	10,481	10,956	11,579	12,433	13,276
Prior Year[1]	3,529	6,016	5,590	6,318	7,115
Final Returns	2,685	3,348	3,508	3,632	3,789
Current Year	344	301	316	331	346
Prior Year[1]	2,341	3,047	3,192	3,301	3,443
Delinquent	1,396	1,509	1,606	1,676	1,726
Gross Receipts	59,175	64,729	66,839	70,797	74,578
Refunds					
Prior Year[1]	6,034	6,448	6,841	7,827	8,147
Previous Years	589	658	688	719	750
Current Year[1]	2,249	2,250	1,750	1,750	1,750
Advanced Credit Payment	1,080	1,924	760	916	1,079
State/City Offset[1]	1,135	1,299	1,424	1,549	1,674
Total Refunds	11,087	12,579	11,463	12,761	13,400
Net Receipts	**48,088**	**52,150**	**55,376**	**58,036**	**61,178**

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

FY 2020 withholding is estimated to be $1.8 billion (4.4 percent) higher than FY 2019 results, driven by wage growth of 3.8 percent. Extension payments related to TY 2018 are expected to increase by $2.5 billion (70.5 percent), primarily due to a behavioral response to the Federal TCJA. Taxpayers, who otherwise would have made more substantial estimated payments in December 2018, opted to pay a greater percentage of their liabilities through extensions and final payments in April 2019. Estimated payments attributable to TY 2019 are expected to increase by $475 million (4.5 percent), suppressed by a 1.5 percent decline in nonwage income. FY 2020 final return payments are estimated to increase by $663 million (24.7 percent), due to the aforementioned behavioral response to the TCJA, and delinquencies are expected to increase by $113 million (8.1 percent).

Estimated growth in total refunds of $1.5 billion (13.5 percent) in FY 2020 includes increases of $844 million (78.1 percent) in advanced credit payments related to Tax Year 2019, $69 million (11.7 percent) in previous tax year (2017 and earlier) refunds, $164 million (14.4 percent) in the state-city offset, and $414 million (6.9 percent) in prior tax year (2018) refunds. The administrative January-March refund cap is expected to remain at the higher level in FY 2020, virtually unchanged from FY 2019 results. General Fund PIT receipts are net of deposits to the STAR Fund, which provides property tax relief, and the RBTF, which supports debt service payments on State PIT revenue bonds. General Fund PIT receipts for FY 2020 of $23.9 billion are estimated to increase by $2.3 billion (10.5 percent) from FY 2019 results, reflecting the increase in All Funds receipts noted above. The FY 2020 STAR transfer is expected to be nearly $2.2 billion.

All Funds PIT receipts for FY 2021 of $55.4 billion are projected to increase by $3.2 billion (6.2 percent) from FY 2020 estimates. Gross PIT receipts are projected to increase 3.3 percent, reflecting increases of $1.7 billion (3.9 percent) in withholding, $623 million (5.7 percent) in estimated payments related to tax year 2020, $160 million (4.8 percent) in final returns, and $97 million (6.4 percent) in delinquencies, partially offset by a decline of $426 million (7.1 percent) in extension payments related to tax year 2019. Total refunds are projected to decline $1.1 billion (8.9 percent), due to declines of nearly $1.2 billion (60.5 percent) in advanced credit payments and $500 million (22.2 percent) in the administrative January-March refund cap, partially offset by increases of $125 million (9.6 percent) in the state-city offset, $393 million (6.1 percent) in prior tax year (2019) refunds, and $30 million (4.6 percent) in previous tax year (2018 and earlier) refunds. General Fund PIT receipts for FY 2021 of $25.6 billion are projected to increase by $1.7 billion (7.2 percent), mainly reflecting the increase in All Funds receipts noted above. RBTF deposits are projected to be $27.7 billion, and the STAR transfer is projected to be $2.1 billion.

All Funds PIT receipts for FY 2022 of $58 billion are projected to increase by $2.7 billion (4.8 percent) from FY 2021 projections. Gross PIT receipts are projected to increase 5.9 percent, reflecting projected increases of $2.2 billion (4.9 percent) in withholding and $1.6 billion (9.2 percent) in total estimated payments, partially offset by a projected increase in total refunds of $1.3 billion (11.3 percent).

General Fund PIT receipts for FY 2022 of $27 billion are projected to increase by $1.4 billion (5.6 percent). RBTF deposits are projected to be $29 billion, and the STAR transfer is projected to be $2 billion.

All Funds PIT receipts in FY 2023 are projected to increase by $3.1 billion from FY 2022 projections to reach $61.2 billion, while General Fund PIT receipts are projected to total $28.7 billion in FY 2023.

Consumption/Use Taxes

CONSUMPTION/USE TAXES (millions of dollars)									
	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
STATE/ALL FUNDS	**17,357**	**18,308**	**5.5%**	**19,014**	**3.9%**	**19,548**	**2.8%**	**20,123**	**2.9%**
Sales Tax	15,128	16,158	6.8%	16,849	4.3%	17,419	3.4%	18,027	3.5%
Cigarette and Tobacco Taxes	1,108	1,041	-6.0%	981	-5.8%	936	-4.6%	895	-4.4%
Vapor Excise Tax	0	10	n/a	39	290.0%	39	0.0%	39	0.0%
Motor Fuel Tax	528	515	-2.5%	515	0.0%	515	0.0%	515	0.0%
Highway Use Tax	145	141	-2.8%	143	1.4%	145	1.4%	146	0.7%
Alcoholic Beverage Taxes	262	265	1.1%	269	1.5%	272	1.1%	275	1.1%
Opioid Excise Tax	0	66	n/a	100	51.5%	100	0.0%	100	0.0%
Medical Cannabis Excise Tax	4	4	0.0%	4	0.0%	4	0.0%	4	0.0%
Adult Use Cannabis Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Taxicab Surcharge[2]	52	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
Auto Rental Tax[2]	130	108	-16.9%	114	5.6%	118	3.5%	122	3.4%
GENERAL FUND[1]	**7,681**	**8,209**	**6.9%**	**8,558**	**4.3%**	**8,817**	**3.0%**	**9,095**	**3.2%**
Sales Tax	7,091	7,568	6.7%	7,893	4.3%	8,160	3.4%	8,445	3.5%
Cigarette and Tobacco Taxes	328	310	-5.5%	296	-4.5%	285	-3.7%	275	-3.5%
Alcoholic Beverage Taxes	262	265	1.1%	269	1.5%	272	1.1%	275	1.1%
Opioid Excise Tax	0	66	n/a	100	51.5%	100	0.0%	100	0.0%

[1]Excludes Transfers.

[2]FY 2020 estimates and outyear projections no longer include MTA receipts as the Enacted Budget provided that they be remitted to the MTA without an appropriation beginning in FY 2020.

All Funds consumption/use tax receipts for FY 2020 are estimated to total $18.3 billion, a $951 million (5.5 percent) increase from FY 2019 results. Sales tax receipts are estimated to increase by over $1 billion (6.8 percent) from FY 2019 results, reflecting tax base growth of 3.4 percent and an additional $346 million in projected revenue related to FY 2020 Enacted Budget legislation. A partially phased-in excise tax on the first sale of opioids within the state and on vapor products is projected to generate $66 million and $10 million, respectively. Cigarette and tobacco tax collections are projected to decrease by $67 million (6 percent), reflecting a continuing decline in taxable cigarette consumption. Highway Use Tax (HUT) collections are estimated to decrease by $4 million (2.8 percent) reflecting a non-triennial year. Motor fuel tax receipts are estimated to decrease by $13 million (2.5 percent) reflecting an estimated return to typical fuel consumption. Due to the shifting of certain MTA receipts directly to the MTA without appropriation, taxicab surcharge receipts are projected to decrease by $52 million (100 percent), while auto rental tax receipts are projected to decrease by $22 million (16.9 percent). The projected decline in auto rental tax receipts is partially offset by $19.5 million in new revenue related to enacted legislation that expands the auto rental surcharge within the Metropolitan Commuter Transportation District (MCTD) to the entire state.

A portion of sales tax receipts is initially deposited to the Local Government Assistance Tax Fund (25 percent), and the Sales Tax Revenue Bond Fund (25 percent), which support debt service payments on bonds issued under the LGAC and State Sales Tax Revenue Bond programs. Receipts in excess of the debt service requirements of these funds and the local assistance payments to New York City, or its assignee, are subsequently transferred to the General Fund.

General Fund consumption/use tax receipts for FY 2020 are estimated to total $8.2 billion, a $528 million (6.9 percent) increase from FY 2019 results. This increase largely reflects the All Funds sales and use tax and cigarette tax trends noted above.

FY 2021 All Funds consumption/use tax receipts are projected to increase to $19 billion, a $706 million (3.9 percent) increase from FY 2020 estimates. Increases in sales tax receipts reflect base growth of 3.3 percent, and an additional $494 million in projected revenue related to enacted legislation and guidance associated with the U.S. Supreme Court Wayfair ruling, implemented by DTF. When fully phased-in, the excise tax on vapor products and opioids is projected to generate an additional $29 million and $34 million, respectively. These increases are partially offset by a continued decline in taxable cigarette consumption. FY 2021 General Fund consumption/use tax receipts are projected to increase to nearly $8.6 billion, a $349 million (4.3 percent) increase from FY 2020 estimates.

FY 2022 All Funds consumption/use tax receipts are projected to increase to over $19.5 billion (2.8 percent growth), largely representing base growth in sales tax receipts, which is slightly offset by a continued decline in taxable cigarette consumption. General Fund consumption/use tax receipts are projected to increase to $8.8 billion (3 percent growth) in FY 2022.

FY 2023 All Funds consumption/use tax receipts are projected to increase to $20.1 billion (2.9 percent growth), largely representing base growth in sales tax receipts, slightly offset by a continued decline in taxable cigarette consumption. General Fund consumption/use tax receipts are projected to increase to $9.1 billion (3.2 percent growth) in FY 2023.

Business Taxes

BUSINESS TAXES (millions of dollars)	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
STATE/ALL FUNDS	**7,912**	**8,585**	**8.5%**	**8,979**	**4.6%**	**9,081**	**1.1%**	**9,449**	**4.1%**
Corporate Franchise Tax	4,297	4,277	-0.5%	4,820	12.7%	4,865	0.9%	5,109	5.0%
Corporation and Utilities Tax	672	729	8.5%	706	-3.2%	713	1.0%	724	1.5%
Insurance Tax	1,837	2,251	22.5%	2,344	4.1%	2,413	2.9%	2,541	5.3%
Bank Tax	(60)	167	378.3%	0	-100.0%	0	0.0%	0	0.0%
Petroleum Business Tax	1,166	1,161	-0.4%	1,109	-4.5%	1,090	-1.7%	1,075	-1.4%
GENERAL FUND	**5,501**	**6,104**	**11.0%**	**6,510**	**6.7%**	**6,577**	**1.0%**	**6,898**	**4.9%**
Corporate Franchise Tax	3,410	3,390	-0.6%	3,881	14.5%	3,882	0.0%	4,080	5.1%
Corporation and Utilities Tax	495	557	12.5%	537	-3.6%	543	1.1%	552	1.7%
Insurance Tax	1,638	2,017	23.1%	2,092	3.7%	2,152	2.9%	2,266	5.3%
Bank Tax	(42)	140	433.3%	0	-100.0%	0	0.0%	0	0.0%
Petroleum Business Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%

FY 2020 All Funds business tax receipts are estimated to total nearly $8.6 billion, an increase of $673 million (8.5 percent) from FY 2019 results. The estimate reflects increases in insurance tax, bank tax and utilities tax receipts.

Corporation franchise tax receipts are estimated to decrease $20 million (0.5 percent) from FY 2019 results, reflecting a large increase in refunds and lower growth in gross receipts. Several refunds that were initially expected to be paid in FY 2019 were not and are now expected to be paid in FY 2020. The significant growth in gross receipts in FY 2019 (29.3 percent) is not expected to recur in FY 2020. Audit receipts in FY 2019 were lower than recent history and are expected to increase to recent trend levels in FY 2020.

Corporation and utilities tax receipts for FY 2020 are estimated to increase by $57 million (8.5 percent) from FY 2019 results. This is primarily due to increases in gross receipts and audits. Utility gross receipts are expected to grow at modest levels compared to the prior year. Mandatory 2019 liability first installment payments for telecommunications companies were less than expected in FY 2019 but are expected to be paid in FY 2020, resulting in estimated gross receipts growth year-over-year. Gross receipts from telecommunications companies for 2019 liability are expected to be flat over 2018 due to industry competitiveness and the movement of most communications to non-taxable internet-based solutions.

Insurance tax receipts for FY 2020 are estimated to increase $414 million (22.5 percent) from FY 2019 results. The estimated increase is primarily due to conversion of a not-for-profit health insurer to a for-profit health insurer, and growing insurance tax premiums. FY 2019 Audit receipts were significantly lower than recent history but are expected to return to trend levels in FY 2020, while refunds are estimated to grow slightly over the previous fiscal year.

Receipts from the repealed bank tax (all from prior liability periods) in FY 2020 are estimated to increase by $227 million (378.3 percent) from FY 2019 results, primarily due to an estimated significant decrease in refunds and a significant increase in audit receipts. PBT receipts are estimated to decrease $5 million (0.4 percent) from FY 2019 results, due to a combination of lower fuel demand and a projected 5 percent decline to the PBT rates in calendar year 2020.

General Fund business tax receipts for FY 2020 of $6.1 billion are estimated to increase by $603 million (11 percent) from FY 2019 results, reflecting the All Funds trends discussed above.

All Funds business tax receipts for FY 2021 of nearly $9 billion are projected to increase by $394 million (4.6 percent), and General Fund business tax receipts are projected to increase to $6.5 billion (6.7 percent growth) from FY 2020 estimates. The increase primarily reflects growth in corporation franchise tax receipts driven by higher gross receipts and lower refunds. An increase in projected insurance tax receipts is partially offset by a decline in projected corporation and utilities tax, bank tax and PBT receipts.

All Funds business tax receipts for FY 2022 of nearly $9.1 billion are projected to increase by $102 million (1.1 percent), and General Fund business tax receipts are projected to increase to nearly $6.6 billion (1 percent) from FY 2021 projections. The increase primarily reflects growth in insurance tax and corporation franchise tax receipts driven by higher gross receipts. A decline in PBT receipts is partially offset by a modest increase in corporation and utilities tax receipts.

All Funds business tax receipts for FY 2023 reflect projected trends in corporate profits, taxable insurance premiums, electric utility consumption and prices, consumption of taxable telecommunications services, and automobile fuel consumption and fuel prices. In FY 2023, All Funds business tax receipts are projected to increase to over $9.4 billion (4.1 percent growth), and General Fund business tax receipts are projected to increase to $6.9 billion (4.9 percent growth).

Other Taxes

OTHER TAXES (millions of dollars)	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
STATE/ALL FUNDS	**2,221**	**2,262**	**1.8%**	**2,362**	**4.4%**	**2,472**	**4.7%**	**2,581**	**4.4%**
Estate Tax	1,068	1,094	2.4%	1,153	5.4%	1,214	5.3%	1,277	5.2%
Real Estate Transfer Tax	1,135	1,148	1.1%	1,183	3.0%	1,219	3.0%	1,263	3.6%
Employer Compensation Expense Program	0	2	n/a	8	300.0%	21	162.5%	23	9.5%
Pari-Mutuel Taxes	15	15	0.0%	15	0.0%	15	0.0%	15	0.0%
All Other Taxes	3	3	0.0%	3	0.0%	3	0.0%	3	0.0%
GENERAL FUND[1]	**1,086**	**1,113**	**2.5%**	**1,175**	**5.6%**	**1,242**	**5.7%**	**1,306**	**5.2%**
Estate Tax	1,068	1,094	2.4%	1,153	5.4%	1,214	5.3%	1,277	5.2%
Employer Compensation Expense Program	0	1	n/a	4	300.0%	10	150.0%	11	10.0%
Pari-Mutuel Taxes	15	15	0.0%	15	0.0%	15	0.0%	15	0.0%
All Other Taxes	3	3	0.0%	3	0.0%	3	0.0%	3	0.0%

[1]Excludes Transfers.

All Funds other tax receipts for FY 2020 are estimated to total nearly $2.3 billion, an increase of $41 million (1.8 percent) from FY 2019 results. This is primarily due to an estimated $26 million (2.4 percent) increase in estate tax receipts resulting from relatively weak estimated growth in household net worth. Real estate transfer tax receipts are expected to increase by $13 million (1.1 percent), consistent with estimated growth in housing starts and housing prices.

General Fund other tax receipts are estimated to be just over $1.1 billion in FY 2020, an increase of $27 million (2.5 percent) from FY 2019 results, reflecting the estimated increase in estate tax receipts noted above.

All Funds other tax receipts for FY 2021 are projected to total nearly $2.4 billion, a $100 million (4.4 percent) increase from FY 2020 estimates. Estate tax receipts are projected to increase by $59 million (5.4 percent) in FY 2021, reflecting projected growth in household net worth. The $35 million (3 percent) projected increase in real estate transfer tax receipts in FY 2021 reflects projected growth in housing starts and prices.

General Fund other tax receipts for FY 2021 are projected to be almost $1.2 billion, an increase of $62 million (5.6 percent) from FY 2020 estimates, resulting from the projected increase in estate tax receipts noted above.

All Funds other tax receipts for FY 2022 are projected to be nearly $2.5 billion, a $110 million (4.7 percent) increase from FY 2021 projections. Estate tax receipts are projected to increase by $61 million (5.3 percent) in FY 2022, reflecting projected growth in household net worth. The $36 million (3 percent) projected increase in real estate transfer tax receipts in FY 2022 reflects projected growth in housing starts and prices.

General Fund other tax receipts for FY 2022 are projected to total $1.2 billion, an increase of $67 million (5.7 percent), resulting from the projected increase in estate tax receipts noted above.

All Funds other tax receipts are projected to be nearly $2.6 billion in FY 2023, an increase of $109 million (4.4 percent) from FY 2022 projections, which reflects projected trend growth in household net worth, housing starts, and housing prices.

General Fund other tax receipts are projected to be $1.3 billion in FY 2023, an increase of $64 million (5.2 percent).

Miscellaneous Receipts

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, Extraordinary Monetary Settlements and a variety of fees. As such, miscellaneous receipts are driven in part by year-to-year variations in health care surcharges and other HCRA resources, bond proceeds, tuition income revenue and other miscellaneous receipts.

MISCELLANEOUS RECEIPTS
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
ALL FUNDS	**31,184**	**29,013**	**-7.0%**	**25,554**	**-11.9%**	**25,525**	**-0.1%**	**24,959**	**-2.2%**
General Fund	3,586	2,857	-20.3%	2,049	-28.3%	1,892	-7.7%	1,869	-1.2%
Special Revenue Funds	19,668	17,909	-8.9%	16,332	-8.8%	16,679	2.1%	16,156	-3.1%
Capital Projects Funds	7,497	7,853	4.7%	6,779	-13.7%	6,561	-3.2%	6,542	-0.3%
Debt Service Funds	433	394	-9.0%	394	0.0%	393	-0.3%	392	-0.3%

All Funds miscellaneous receipts are projected to total $29 billion in FY 2020, a decrease of 7 percent from FY 2019 results. This decrease is primarily due to the loss of one-time Extraordinary Monetary Settlements in the General Fund, which totaled over $1.1 billion in FY 2019, paired with declines in bond-financed capital spending on a year-over-year basis. Bond-financed capital expenses are paid from the General Fund (or STIP) in the first instance and subsequently reimbursed with PIT or Sales Tax Revenue Bond proceeds.

All Funds miscellaneous receipts are projected to decline annually after FY 2020, reflecting the impact of Extraordinary Monetary Settlements received and a decrease in bond proceed reimbursements in later years, which corresponds to prior-year capital expenses.

Federal Grants

FEDERAL GRANTS (millions of dollars)									
	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
ALL FUNDS	**61,344**	**64,794**	**5.6%**	**64,751**	**-0.1%**	**66,449**	**2.6%**	**69,016**	**3.9%**
General Fund	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Special Revenue Funds	58,920	62,491	6.1%	62,491	0.0%	64,190	2.7%	66,760	4.0%
Capital Projects Funds	2,350	2,229	-5.1%	2,187	-1.9%	2,187	0.0%	2,187	0.0%
Debt Service Funds	74	74	0.0%	73	-1.4%	72	-1.4%	69	-4.2%

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 projections.

All Funds Federal grants projections primarily reflect the continuation of growth in Federal Medicaid spending related to Federal health care transformation initiatives, partly offset by the projected phase-down of Federal disaster assistance aid. All Federal receipts are subject to Congressional authorization, appropriations and budget action.

Under the Trump administration and the current Congress, many of the policies that drive Federal aid may be subject to change. At this time, it is not possible to assess the potential fiscal impact of future policies that may be proposed and adopted. If Federal funding to the State were reduced, this could have a materially adverse impact on the Financial Plan.

Disbursements

In FY 2020, disbursements from the State's General Fund, including transfers, are expected to total $77.9 billion, and disbursements from State Operating Funds are expected to total $102 billion. School Aid, Medicaid, pensions, debt service, and health benefits are significant drivers of annual spending growth, as further described in this section.

The multi-year disbursements projections consider 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 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. A corresponding downward adjustment is also made to miscellaneous receipts.

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 $68 billion in FY 2020, approximately two-thirds of total State Operating Funds spending. Education and health care spending account for nearly three-quarters of State Operating Funds local assistance spending.

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

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

		Forecast			
	FY 2019 Results[1]	FY 2020 Enacted	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
HEALTH CARE					
Medicaid - Individuals Covered	6,243,498	6,268,035	6,280,303	6,286,437	6,289,504
Essential Plan - Individuals Covered	773,584	778,944	784,341	789,775	795,247
Child Health Plus - Individuals Covered	396,351	411,651	419,391	423,423	425,175
State Takeover of County/NYC Costs[2]	$3,772	$4,115	$4,467	$4,818	$5,179
CY 2005 Local Medicaid Cap	$2,855	$3,015	$3,184	$3,353	$3,531
FY 2013 Local Takeover Costs	$917	$1,100	$1,283	$1,465	$1,648
EDUCATION					
School Aid (School Year Basis Funding)	$26,843	$27,856	$28,957	$30,159	$31,382
HIGHER EDUCATION					
Public Higher Education Enrollment (FTEs)	558,135	557,950	557,525	557,220	557,100
Tuition Assistance Program (Recipients)	273,884	274,148	274,148	274,148	274,148
PUBLIC ASSISTANCE					
Family Assistance Program (Families)	206,170	201,673	198,774	195,823	192,967
Safety Net Program (Families)	120,580	117,775	115,903	114,041	112,256
Safety Net Program (Singles)	211,438	212,716	215,224	217,332	219,622
MENTAL HYGIENE					
OMH Community Beds	44,819	47,040	48,321	49,038	50,069
OPWDD Community Beds	43,193	43,542	43,893	44,247	44,604
OASAS Community Beds	13,425	13,739	13,840	13,974	14,205
Total	101,437	104,321	106,054	107,259	108,878
PRISON POPULATION	47,400	47,400	47,400	47,400	47,400

[1] Reflects preliminary unaudited results

[2] Reflects the total State cost of taking over the local share of Medicaid growth, which was initially capped at approximately 3 percent annually, then phased-out completely as of calendar year 2015. A portion of the State takeover costs are funded from Master Settlement Agreement resources.

Education

School Aid

School Aid supports elementary and secondary education for New York pupils enrolled in the 674 major school districts. State aid 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)

School Aid is expected to total $27.9 billion in SY 2020, an annual increase of $1,013 million (3.8 percent), including a $618 million Foundation Aid increase. A Community Schools set-aside of $250 million within Foundation Aid (a $50 million increase from the prior year) provides funds intended to facilitate the transformation of schools into community hubs. In addition, another $345 million supports increased reimbursement in expense-based and categorical aid programs such as transportation, Boards of Cooperative Educational Services (BOCES), school construction, and other miscellaneous aid categories.

The Financial Plan provides $50 million for new competitive grant programs, including a $15 million investment to expand prekindergarten programs for three- and four-year-old students, targeted to high-need school districts, and $10 million to expand the Empire State After-School Program, helping to keep young people safe and engaged during after-school hours. The State provides over $800 million in recurring annual support for three- and four-year old prekindergarten programs, including $340 million for the Statewide Universal Full-Day Prekindergarten (SUFPK) programs.

Since FY 2013, projections have assumed that year-over-year growth in School Aid disbursements would not exceed the annual percent growth in NYS personal income. However, from FY 2014 to FY 2019, the State annually authorized School Aid increases above the PIGI. The Enacted Budget amends the School Aid growth cap to the 10-year average of the State PIGI, beginning in FY 2021. The use of a School Aid growth cap based on a ten-year average is expected to reduce the volatility associated with a one-year average growth cap, limit the impact of the BEA's frequent revisions to NYS personal income growth estimates, and better align Executive School Aid proposals with the State's Enacted School Aid increases.

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

	SY 2019	SY 2020	Change	SY 2021	Change	SY 2022	Change	SY 2023	Change
Total	26,843	27,856	1,013	28,957	1,101	30,159	1,202	31,382	1,223
			3.8%		4.0%		4.2%		4.1%

State Fiscal Year

The State finances School Aid from the General Fund, commercial gaming receipts and Lottery Fund receipts, including video lottery terminals (VLTs). Commercial gaming and Lottery Fund receipts are accounted for and disbursed from dedicated accounts. Because the State fiscal year begins on April 1 and the school year begins on July 1, the State typically pays approximately 70 percent of the annual school year commitment during the initial State fiscal year and the remaining 30 percent in the first three months of the following State fiscal year.

The table below summarizes the projected sources of School Aid spending on a State fiscal year basis.

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

	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL STATE OPERATING FUNDS	**26,403**	**27,415**	**3.8%**	**28,496**	**3.9%**	**29,669**	**4.1%**	**30,885**	**4.1%**
General Fund Local Assistance	22,927	23,491	2.5%	24,838	5.7%	26,012	4.7%	27,234	4.7%
Medicaid	153	78	-49.0%	78	0.0%	78	0.0%	78	0.0%
Lottery Aid	2,294	2,709	18.1%	2,457	-9.3%	2,457	0.0%	2,457	0.0%
VLT Lottery Aid	907	975	7.5%	968	-0.7%	961	-0.7%	961	0.0%
Commercial Gaming	122	162	32.8%	155	-4.3%	161	3.9%	155	-3.7%

State fiscal year spending for School Aid is projected to total $27.4 billion in FY 2020, a 3.8 percent increase over FY 2019. Over the multi-year Financial Plan, the share of School Aid spending projected to be financed by the General Fund is expected to increase as lottery, video lottery and commercial gaming revenues are expected to remain largely flat beginning in FY 2021. In addition to State aid, school districts currently receive more than $3 billion annually in Federal aid.

State aid payments for School Aid are supplemented by commercial gaming revenues shared with the State by commercial gaming facilities. These receipts are expected to decline slightly by $7 million in FY 2021, increase by $6 million in FY 2022, and decline by $6 million in FY 2023. Pursuant to State Gaming Commission approval, four casinos were awarded licenses and are now operational. In April 2019, the Monticello Casino and Raceway ceased its VLT operations. The Financial Plan assumes a significant amount of current gaming activity at Monticello will shift to nearby Resorts World Catskills Casino. This closure and anticipated shift in gaming activity are expected to have a limited net impact on the State's projected combined VLT and casino revenue resources in FY 2020 and thereafter.

If casino revenue resources do not materialize at the level expected, or as timely as expected, then the additional School Aid projected to be funded from casino revenue resources must be paid from the General Fund.

Other Education Funding

The State also 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 FUNDING (millions of dollars)									
	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,143**	**2,402**	**12.1%**	**2,405**	**0.1%**	**2,473**	**2.8%**	**2,569**	**3.9%**
Special Education	1,291	1,351	4.6%	1,418	5.0%	1,484	4.7%	1,551	4.5%
All Other Education	852	1,051	23.4%	987	-6.1%	989	0.2%	1,018	2.9%

The State helps fund special education services for 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 breakfast and lunch programs, after-school programs and other educational grant programs. Cultural education includes aid for operating expenses of the major cultural institutions, State Archives, State Library, and 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 Special Education spending in FY 2020 and thereafter is primarily attributable to increased State reimbursement to special education providers for minimum wage costs and projected enrollment and cost growth in preschool and summer school special education programs.

The projected increase in All Other Education spending in FY 2020 is primarily attributable to the timing of FY 2019 payments for various programs such as nonpublic school payments, increased support for nonpublic and charter school programs, and one-time savings from FY 2019 underspending across multiple programs. The decrease in FY 2021 primarily reflects the addition of one-time aid and grants in FY 2020. The projected increase in FY 2023 is largely due to continued growth in charter school supplemental tuition, facilities aid payments for charter schools in New York City, and payments to nonpublic schools.

School Tax Relief 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. Lower-income senior citizens will receive a $68,700 exemption in FY 2020. The DTF oversees local property assessment administration and is responsible for establishing STAR property tax exemption amounts.

The three program components are: the basic school property tax exemption (homeowners with incomes under $250,000) or credit (homeowners with incomes between $250,000 and $500,000); enhanced school property tax exemption or credit for senior citizen homeowners with incomes under $86,300; and a credit for income-eligible resident NYC personal income taxpayers.

The NYC PIT rate reduction was converted into a PIT tax credit starting with the 2017 tax year. As of FY 2019, New York City STAR payments are no longer a component of State Operating Funds spending. This change has no impact on the value of the STAR benefit received by taxpayers.

Spending on STAR property tax exemptions reflects reimbursements made to school districts to offset the reduction in the amount of property tax revenue collected from homeowners. Since FY 2017, the STAR exemption program has been gradually transitioned from a spending program to an advance refundable PIT credit program. As a result, first-time homebuyers and homeowners who move receive a refundable PIT credit in lieu of a property tax exemption. This change has no impact on the value of the STAR benefit received by homeowners.

The Budget encourages further transition to the advance credit by limiting the exemption program for homeowners with incomes below $250,000 and holding a homeowner's Basic and Enhanced exemption benefit to a maximum of their FY 2019 levels. These changes are not applicable to STAR credit benefits. The value of an exemption program homeowner's STAR benefit will not be impacted by these actions if they transition to the credit program. The majority of the spending decline projected in FYs 2020 through 2023 can be attributed to these actions. By shifting taxpayers to the credit program, the State is able to more efficiently administer the program while strengthening its ability to prevent abuse.

SCHOOL TAX RELIEF (STAR) - REVENUE REDUCTION RESULTING FROM STAR ACTIONS
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,423**	**2,176**	**-10.2%**	**2,073**	**-4.7%**	**1,979**	**-4.5%**	**1,858**	**-6.1%**
Gross Program Costs	3,361	3,416	1.6%	3,489	2.1%	3,569	2.3%	3,627	1.6%
Personal Income Tax Credit	(938)	(1,240)	-32.2%	(1,416)	-14.2%	(1,590)	-12.3%	(1,769)	-11.3%
Basic Exemption	1,525	1,366	-10.4%	1,306	-4.4%	1,246	-4.6%	1,170	-6.1%
Gross Program Costs	1,785	1,858	4.1%	1,901	2.3%	1,942	2.2%	1,972	1.5%
Personal Income Tax Credit	(260)	(492)	-89.2%	(595)	-20.9%	(696)	-17.0%	(802)	-15.2%
Enhanced (Senior) Exemption	898	810	-9.8%	767	-5.3%	733	-4.4%	688	-6.1%
Gross Program Costs	950	918	-3.4%	932	1.5%	954	2.4%	965	1.2%
Personal Income Tax Credit	(52)	(108)	-107.7%	(165)	-52.8%	(221)	-33.9%	(277)	-25.3%
New York City PIT	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Gross Program Costs	626	640	2.2%	656	2.5%	673	2.6%	689	2.4%
Personal Income Tax Credit	(626)	(640)	-2.2%	(656)	-2.5%	(673)	-2.6%	(689)	-2.4%

Higher Education

Local assistance for higher education spending includes funding for CUNY, SUNY, and the HESC.

HIGHER EDUCATION (millions of dollars)	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,980**	**2,976**	**-0.1%**	**2,945**	**-1.0%**	**2,989**	**1.5%**	**3,024**	**1.2%**
City University	**1,508**	**1,537**	**1.9%**	**1,577**	**2.6%**	**1,611**	**2.2%**	**1,645**	**2.1%**
Senior Colleges	1,249	1,287	3.0%	1,323	2.8%	1,357	2.6%	1,392	2.6%
Community College	259	250	-3.5%	254	1.6%	254	0.0%	253	-0.4%
Higher Education Services	**984**	**956**	**-2.8%**	**881**	**-7.8%**	**891**	**1.1%**	**893**	**0.2%**
Tuition Assistance Program	816	784	-3.9%	742	-5.4%	751	1.2%	753	0.3%
Scholarships/Awards	159	160	0.6%	127	-20.6%	128	0.8%	128	0.0%
Aid for Part-Time Study	9	12	33.3%	12	0.0%	12	0.0%	12	0.0%
State University	**488**	**483**	**-1.0%**	**487**	**0.8%**	**487**	**0.0%**	**486**	**-0.2%**
Community College	482	479	-0.6%	483	0.8%	483	0.0%	482	-0.2%
Other/Cornell	6	4	-33.3%	4	0.0%	4	0.0%	4	0.0%

SUNY and CUNY operate 47 four-year colleges and graduate schools with a total enrollment of more than 410,000 full- and part-time students. SUNY and CUNY also operate 37 community colleges, serving approximately 309,000 students. The State provides funding for a significant portion of SUNY and CUNY operations. In addition to the spending reflected in the table above, the State provides SUNY more than $1 billion annually via a General Fund transfer and another $2 billion via direct payment of fringe benefits for SUNY employees. The State also pays $1.2 billion in debt service for bond-financed capital projects at SUNY and CUNY.

HESC is New York State's student financial aid agency. It oversees numerous State-funded financial aid programs including the Excelsior Scholarship, TAP, Aid for Part-Time Study program, and 26 other scholarship and loan forgiveness programs. State funded tuition assistance provides financial aid to approximately 400,000 students and will allow approximately 55 percent of full-time SUNY and CUNY in-state students to attend college tuition-free when it is fully phased in.

The Financial Plan includes funding to implement the DREAM Act which will give undocumented students access to the Excelsior Scholarship, TAP, as well as other state-administered scholarships. The Financial Plan also includes for the third and final phase of the Excelsior Scholarship, increasing the family income eligibility threshold to $125,000, and provides new funding to implement a Family Empowerment Pilot Program at SUNY and CUNY community colleges. The Family Empowerment Pilot Program will enable single parents to receive financial and academic supports, including on-campus childcare aligned with the nationally recognized Accelerated Study in Associate Program (ASAP).

Higher education spending is projected to decrease by $4 million, or 0.1 percent, from FY 2019 to FY 2020, and by $31 million, or 1 percent, from FY 2020 to FY 2021. This decrease reflects accounting changes for tuition assistance payments from HESC to State-operated SUNY campuses, whereby these payments will now be reflected as a HESC transfer instead of a disbursement. Projected spending growth in later years is largely due to employee fringe benefit growth for CUNY Senior Colleges.

Health Care

Local assistance for health care-related spending includes Medicaid, statewide public health programs and a variety of mental hygiene programs. The 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, with the goal of achieving a 25 percent reduction in avoidable hospital use over five years. The Financial Plan reflects spending related to the DSRIP program (nearly $8 billion through FY 2020), with the remaining funds expected to be disbursed in FY 2021. 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, 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 funded 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. Certain authorizations exist which allow the Governor to take actions to reduce Medicaid spending in order to maintain spending within the Global Cap limit.

The State has, at times, taken actions to manage the timing of Medicaid payments to ensure compliance with the Global Cap. Between FY 2015 and FY 2018, DOH managed the timing of payments across State fiscal years that ranged from $50 million to roughly $435 million. In FY 2019, DOH deferred, for three business days, the final cycle payment to Medicaid Managed Care Organizations, as well as other payments. The FY 2019 deferral had a State-share value of $1.7 billion and was paid utilizing cash on hand in April 2019, consistent with contractual obligations and had no impact on provider services. Absent the deferral, Medicaid spending under the Global Cap would have exceeded the statutorily indexed rate of FY 2019. This higher spending in FY 2019 appears to reflect growth in managed care enrollment and costs above projections, as well as certain savings actions and offsets that were not processed by year-end. The Financial Plan assumes Medicaid spending in FY 2020 will comply with the Global Cap. As such, DOB and DOH will continue to develop options to reduce spending within the Global Cap and/or continue to manage the timing of payments, which may include a deferral to FY 2021 if spending is not reduced to levels that adhere to the Global Cap. Options to reduce spending include the execution of the statutory powers granted to the Commissioner of Health to limit spending. Efforts to maintain Medicaid spending levels within the Global Cap may have implications on the State's financial position. If spending levels continue to exceed the Global Cap and/or further payment deferrals are made, there could be an impact to State finances.

The Financial Plan reflects the continuation of the "Global Cap" through FY 2023, and the projections assume that statutory authority will be extended in subsequent years. Allowable growth under the cap for medical services is 3.3 percent in FY 2019. Reflecting updated projections for the medical CPI growth, DOB currently forecasts allowable cap growth at 3 percent for FYs 2020 and 2021, and 2.9 percent for FYs 2022 and 2023.

MEDICAID GLOBAL CAP FORECAST
(millions of dollars)

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Global Medicaid Cap[1]	**18,865**	**19,433**	**20,006**	**20,594**	**21,200**
Annual $ Change		568	573	588	606
Annual % Change		3.0%	3.0%	2.9%	2.9%

[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 budgeted and expended principally through DOH. The Global Cap does not include State costs associated with the takeover of local Medicaid growth and the multi-year assumption of local Medicaid administration costs, increased FFP pursuant to the ACA (effective in January 2014), and statewide minimum wage increases. State share Medicaid spending also appears in the Financial Plan estimates for other State agencies and programs, including the mental hygiene agencies, child welfare programs, education aid and corrections.

TOTAL STATE-SHARE MEDICAID DISBURSEMENTS[1] (millions of dollars)	FY 2019 Results	FY 2020 Enacted	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
Department of Health Medicaid	20,293	21,642	22,597	23,427	24,291
Local Assistance	20,476	21,685	22,699	23,527	24,392
State Operations	261	272	269	271	270
MSA Payments (Share of Local Growth)[2]	(444)	(315)	(371)	(371)	(371)
Other State Agency Medicaid Spending	3,010	2,738	3,233	3,190	3,398
Mental Hygiene	2,785	2,577	3,061	3,016	3,224
Foster Care	72	81	92	96	96
Education	153	78	78	78	78
Corrections	0	2	2	0	0
Total State Share Medicaid (All Agencies)	**23,303**	**24,380**	**25,830**	**26,617**	**27,689**
Annual $ Change		1,077	1,450	787	1,072
Annual % Change		4.6%	5.9%	3.0%	4.0%
Essential Plan[3]	**77**	**84**	**79**	**76**	**72**
Local Assistance	0	0	0	0	0
State Operations	77	84	79	76	72

[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; increased Federal Financial Participation that became effective in January 2014; and a share of minimum wage increases.

[2] MSA payments will be deposited directly to a Medicaid Escrow Fund to cover a portion of the State share for Medicaid.

[3] 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, provider assessment revenue, and tobacco settlement proceeds. The following table provides information on financing sources for State Medicaid spending.

DEPARTMENT OF HEALTH MEDICAID
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
STATE OPERATING FUNDS	**23,380**	**24,464**	**4.6%**	**25,909**	**5.9%**	**26,693**	**3.0%**	**27,761**	**4.0%**
Department of Health Medicaid	**20,370**	**21,726**	**6.7%**	**22,676**	**4.4%**	**23,503**	**3.6%**	**24,363**	**3.7%**
General Fund - DOH Medicaid Local	14,340	15,751	9.8%	16,760	6.4%	17,606	5.0%	18,389	4.4%
DOH Medicaid	11,511	11,801	2.5%	12,718	7.8%	13,024	2.4%	13,553	4.1%
Non-DOH Medicaid[1]	1,653	2,034	23.0%	1,923	-5.5%	2,201	14.5%	2,201	0.0%
Minimum Wage	703	1,131	60.9%	1,207	6.7%	1,287	6.6%	1,358	5.5%
Local Takeover Cost[2]	917	1,100	20.0%	1,283	16.6%	1,465	14.2%	1,648	12.5%
MSA Payments (Share of Local Growth)[3]	(444)	(315)	29.1%	(371)	-17.8%	(371)	0.0%	(371)	0.0%
General Fund - DOH Medicaid State Ops	261	272	4.2%	269	-1.1%	271	0.7%	270	-0.4%
General Fund - Essential Plan	77	84	9.1%	79	-6.0%	76	-3.8%	72	-5.3%
Local Assistance	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	77	84	9.1%	79	-6.0%	76	-3.8%	72	-5.3%
Other State Funds - DOH Medicaid Local	5,692	5,619	-1.3%	5,568	-0.9%	5,550	-0.3%	5,632	1.5%
HCRA Financing	4,029	3,881	-3.7%	3,800	-2.1%	3,750	-1.3%	3,801	1.4%
Indigent Care Support	777	892	14.8%	892	0.0%	892	0.0%	892	0.0%
Provider Assessment Revenue	886	844	-4.7%	874	3.6%	906	3.7%	937	3.4%
Medical Indemnity Fund	0	2	0.0%	2	0.0%	2	0.0%	2	0.0%
Other State Agency Medicaid Spending	**3,010**	**2,738**	**-9.0%**	**3,233**	**18.1%**	**3,190**	**-1.3%**	**3,398**	**6.5%**
USE OF MSA PAYMENTS (Share of Local Growth)[3]	**444**	**315**	**-29.1%**	**371**	**17.8%**	**371**	**0.0%**	**371**	**0.0%**
LOCAL SHARE OF MEDICAID[4]	**8,516**	**7,328**	**-14.0%**	**7,036**	**-4.0%**	**7,204**	**2.4%**	**7,212**	**0.1%**
FEDERAL SHARE OF MEDICAID	**44,190**	**47,802**	**8.2%**	**47,286**	**-1.1%**	**48,883**	**3.4%**	**51,359**	**5.1%**
DOH Medicaid	40,183	42,526	5.8%	42,462	-0.2%	44,031	3.7%	46,486	5.6%
Essential Plan	4,007	5,276	31.7%	4,824	-8.6%	4,852	0.6%	4,873	0.4%
ALL FUNDING SOURCES	**76,530**	**79,909**	**4.4%**	**80,602**	**0.9%**	**83,151**	**3.2%**	**86,703**	**4.3%**

[1] The DOH Medicaid budget includes resources to fund a portion of Medicaid-related Mental Hygiene program costs under the Global Cap.

[2] Beginning in FY 2013, the State began phasing (3-2-1-0) in takeover of local government share of growth. As of County Year (CY) 2015 the State pays the full share of Medicaid program growth on behalf of local governments.

[3] MSA payments will be deposited directly to a Medicaid Escrow Fund to cover a portion of the State's share of local Medicaid growth.

[4] The Local Share of Medicaid is paid by the Local Social Service Districts (counties), and is not included in the State's All Governmental Funds disbursement totals. Fluctuation in the local share of Medicaid is related to certain supplemental payments made by local districts. Local Medicaid services payments are capped at CY 2015 levels.

The Financial Plan includes $440 million in annual savings from the Medicaid Global Cap. To achieve savings within the Global Cap, DOH will continue to implement various MRT actions to improve efficiency and effective delivery of the statewide Medicaid program. These actions will reduce Pharmacy Benefit Manager (PBM) costs by narrowing the gap between Managed Care Organization payments to pharmacies and the costs to the Medicaid program; consolidating and establishing uniform reimbursement for Fiscal Intermediaries providing support in the consumer-directed Personal Care Program; transforming the nursing home patient acuity data collection process to provide improved rate adequacy; and increasing managed care audit recoveries.

In FY 2018, bonds secured by annual payments from tobacco manufacturers under the Master Settlement Agreement (MSA) were retired, with no remaining debt service requirements to be paid on these bonds. DOB expects payments under the MSA of approximately $315 million in FY 2020 and additional payments to be available in subsequent years. Existing statutes direct these payments be used to help defray costs of the State's takeover of Medicaid costs for counties and New York City. The State takeover, in which local Medicaid costs are capped permanently at 2015 calendar year levels, is expected to cost the State $917 million in FY 2019 and $1.1 billion in FY 2020. Consistent with State law, DOB expects MSA payments to be deposited directly to a Medicaid Payment Escrow Fund to offset the non-Federal share of annual Medicaid growth, formerly borne by local governments, which the State now pays on behalf of local governments. The deposit mechanism has no impact on overall Medicaid spending funded with State resources but does reduce reported State-supported Medicaid spending accounted for in State Operating Funds. The Financial Plan assumes that the MSA payments will lower annual General Fund Medicaid disbursements. The table below displays the adjusted funding shares.

FUNDING SOURCES FOR STATE MEDICAID CONTRIBUTIONS
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
State Share Support	**23,824**	**24,779**	**26,280**	**27,064**	**28,132**
State Funds Medicaid Disbursements	23,380	24,464	25,909	26,693	27,761
MSA Payments (Local Growth)	444	315	371	371	371

The Financial Plan maintains additional General Fund support for costs associated with the regionally-based, multi-year increase in the statewide minimum wage, including the impact of legislation (Chapter 56 of the Laws of 2016) which ensures that rates for the total compensation for home health care workers in New York City, and Westchester, Nassau, and Suffolk counties will be increased commensurate with the schedule of statutory minimum wage increases.[21] These minimum wage initiatives are projected to increase annual Medicaid spending above statutory Global Cap limits by $1.1 billion in FY 2020, $1.2 billion in FY 2021, $1.3 billion in FY 2022, and $1.4 billion in FY 2023.

Fluctuation in enrollment, 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 reach about 6.3 million by the end of FY 2020, a slight increase from FY 2019. This increase is partly driven by an increase in elderly enrollees in the Medicaid program.

Rising costs within the Medicaid Global Cap are expected to be offset through the Medicaid Integrity and Efficiency Initiative, which was authorized in the FY 2017 Enacted Budget. Local service districts who voluntarily elect to participate in this initiative, work with DOH to formulate a plan to achieve new audit recoveries, efficiencies and other cost-avoidance measures. Savings associated with this initiative are realized through the Mental Hygiene Global Cap Adjustment, which allows for a portion of the Office for People with Developmental Disabilities (OPWDD) and Office of Mental Health (OMH) Medicaid costs to be paid for under the Global Cap.

Local Medicaid Cap

The Local Medicaid Cap was designed to relieve pressure on county property taxes and the NYC budget by capping local costs and having the State absorb all local program growth above a fixed statutory inflation rate. Beginning in January 2006, counties Medicaid cost contributions were capped based on 2005 expenditures that were indexed at a growth rate of 3.5 percent in 2006, 3.25 percent in 2007, and 3 percent per year thereafter. In FY 2013, the State committed to phasing out all growth in the local share of Medicaid costs over a three-year period. The takeover of local Medicaid costs by the State saves local districts nearly $4.1 billion in FY 2020 including $2.1 billion for counties outside New York City and $1.9 billion for New York City.

[21] Home health care workers in New York City and certain counties receive supplemental benefits in addition to their base wage ($4.09 for New York City; $3.22 for Westchester, Nassau, and Suffolk counties). These benefits include paid leave, differentials, premiums for certain shifts, education and fringe benefits. The supplemental benefits typically can be satisfied by increasing the base cash wage by a corresponding amount. As a result, wages for home health care workers in these regions exceed minimum wage levels. The legislation exempts the supplemental wages portion of total compensation from the minimum wage calculation to ensure home health care workers in these counties receive incremental growth in wage compensation commensurate with the new minimum wage schedule. The cost of this legislation in FY 2019 totaled $703 million.

LOCAL GOVERNMENT SAVINGS
STATE TAKEOVER OF LOCAL MEDICAID COSTS (2005 CAP AND GROWTH TAKEOVER)
FY 2019 to FY 2023
(in dollars)

County	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Albany	39,548,120	42,689,168	45,924,447	49,145,707	52,460,384
Allegany	6,277,130	6,772,552	7,282,837	7,790,910	8,313,717
Broome	42,565,827	45,031,526	47,571,195	50,099,859	52,701,854
Cattaraugus	14,185,669	15,132,371	16,107,474	17,078,352	18,077,385
Cayuga	14,678,793	15,561,190	16,470,059	17,374,989	18,306,163
Chautauqua	28,704,716	30,536,154	32,422,534	34,300,740	36,233,414
Chemung	15,404,408	16,488,992	17,606,113	18,718,393	19,862,930
Chenango	8,096,080	8,645,524	9,211,451	9,774,926	10,354,742
Clinton	12,218,371	13,123,058	14,054,886	14,982,677	15,937,373
Columbia	12,132,997	12,839,564	13,567,329	14,291,940	15,037,564
Cortland	8,247,736	8,805,834	9,380,674	9,953,023	10,541,971
Delaware	8,378,337	8,898,054	9,433,363	9,966,352	10,514,798
Dutchess	53,497,242	56,414,674	59,419,628	62,411,561	65,490,261
Erie	166,050,848	177,505,131	189,303,042	201,049,829	213,137,272
Essex	5,258,899	5,624,785	6,001,647	6,376,876	6,762,988
Franklin	8,036,911	8,587,732	9,155,077	9,719,964	10,301,233
Fulton	9,949,620	10,673,940	11,419,990	12,162,806	12,927,165
Genesee	8,474,616	9,025,263	9,592,429	10,157,138	10,738,223
Greene	8,985,845	9,557,304	10,145,907	10,731,959	11,335,007
Hamilton	647,678	687,021	727,545	767,892	809,410
Herkimer	11,486,629	12,250,594	13,037,477	13,820,950	14,627,145
Jefferson	17,154,322	18,285,842	19,451,308	20,611,724	21,805,792
Lewis	3,968,424	4,243,589	4,527,009	4,809,201	5,099,576
Livingston	8,989,187	9,545,038	10,117,564	10,687,610	11,274,187
Madison	9,968,264	10,611,590	11,274,217	11,933,972	12,612,860
Monroe	152,181,600	162,292,163	172,706,043	183,074,797	193,744,244
Montgomery	12,537,694	13,283,037	14,050,740	14,815,117	15,601,660
Nassau	222,591,440	236,493,602	250,812,829	265,070,006	279,740,641
Niagara	36,982,139	39,497,776	42,088,881	44,668,758	47,323,452
Oneida	46,957,380	50,086,271	53,309,028	56,517,821	59,819,668
Onondaga	94,951,763	100,968,739	107,166,225	113,336,855	119,686,433
Ontario	15,319,097	16,280,759	17,271,271	18,257,491	19,272,311
Orange	85,598,504	90,379,187	95,303,291	100,206,057	105,251,004
Orleans	7,594,776	8,078,898	8,577,544	9,074,029	9,584,912
Oswego	24,030,993	25,520,345	27,054,376	28,581,761	30,153,439
Otsego	7,973,046	8,536,571	9,117,002	9,694,918	10,289,593
Putnam	10,785,855	11,406,609	12,045,986	12,682,592	13,337,660
Rensselaer	22,813,236	24,542,662	26,323,971	28,097,561	29,922,585
Rockland	79,384,633	83,821,671	88,391,821	92,942,167	97,624,473
St. Lawrence	16,956,868	18,202,037	19,484,562	20,761,529	22,075,528
Saratoga	25,409,699	26,933,877	28,503,780	30,066,880	31,675,310
Schenectady	35,341,258	37,450,843	39,623,716	41,787,173	44,013,370
Schoharie	4,843,628	5,166,051	5,498,147	5,828,803	6,169,049
Schuyler	2,832,837	3,033,781	3,240,753	3,446,828	3,658,879
Seneca	5,276,713	5,619,596	5,972,765	6,324,404	6,686,240
Steuben	16,174,003	17,261,543	18,381,710	19,497,022	20,644,679
Suffolk	268,565,163	284,306,151	300,519,369	316,662,330	333,273,436
Sullivan	20,806,498	22,057,621	23,346,278	24,629,350	25,949,631
Tioga	5,877,229	6,304,446	6,744,480	7,182,606	7,633,439
Tompkins	10,423,041	11,104,669	11,806,747	12,505,782	13,225,089
Ulster	39,345,227	41,646,568	44,016,950	46,377,060	48,805,613
Warren	9,282,954	9,939,189	10,615,110	11,288,103	11,980,612
Washington	11,253,992	11,939,872	12,646,329	13,349,724	14,073,518
Wayne	17,868,781	18,840,889	19,842,160	20,839,092	21,864,935
Westchester	164,246,675	175,865,126	187,832,130	199,747,277	212,007,964
Wyoming	5,204,438	5,528,109	5,861,491	6,193,427	6,534,990
Yates	3,494,996	3,731,585	3,975,272	4,217,903	4,467,571
Rest of State	**2,005,812,827**	**2,133,656,735**	**2,265,335,960**	**2,396,444,576**	**2,531,355,341**
New York City	**1,766,806,519**	**1,981,151,384**	**2,201,926,595**	**2,421,745,114**	**2,647,938,370**
Statewide	**3,772,619,345**	**4,114,808,119**	**4,467,262,556**	**4,818,189,690**	**5,179,293,711**

Health Care Transformation Fund (HCTF)

In September 2017, Fidelis Care (a nonprofit insurer associated with the Catholic Diocese of New York) agreed to sell substantially all its assets to Centene Corporation (under Sections 510 and 511-a of the Not-for-Profit Corporation Law "N-PCL"), a for-profit health insurer based in St. Louis, Missouri, in order to enter New York's health insurance marketplace. Consistent with previous transactions of similar nature in New York, the transaction was subject to regulatory approval by DOH, DFS and the Office of the Attorney General. The transaction included an agreement that the companies would contribute an estimated $2 billion in both direct payments and taxes over five years.

The funds are expected to be used over the next five years to offset State costs for health care transformation activities, including enhancing access to affordable quality health care and health care related services for the poor, disabled, disadvantaged, elderly and/or underserved people of the State, and/or to assist populations with any unmet health care related needs including, but not limited to, those associated with the social determinants of health.

Following the completion of all regulatory approvals, the initial $1 billion direct payment from Fidelis Care was deposited into the HCTF[22] in July 2018. The HCTF does not include increased insurance tax receipts from Centene or higher Medicaid provider rates paid to Centene, which are reflected in the General Fund.

HEALTH CARE TRANSFORMATION FUND
PURSUANT TO PART FFF OF CHAPTER 59 OF THE LAWS OF 2018
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
Opening Balance	**0**	**525**	**314**	**0**	**0**
Receipts	**1,080**	**468**	**118**	**118**	**68**
Fidelis Payment	1,000	400	50	50	0
Centene Payment	68	68	68	68	68
STIP Interest	12	0	0	0	0
Planned Uses	**(555)**	**(679)**	**(432)**	**(118)**	**(68)**
Housing Rental Subsidies	(250)	(441)	(296)	(118)	(68)
State-Only Medicaid Payments	(150)	(148)	(136)	0	0
Capital Projects	(155)	(90)	0	0	0
Closing Balance	**525**	**314**	**0**	**0**	**0**

DOB expects to transfer HCTF funds to the General Fund to offset State costs for eligible health care transformation activities, including capital investments, debt restructuring activities, housing and other social purposes.

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22 The HCTF was created pursuant to Part FFF of Chapter 59 of the Laws of 2018 to account for receipts such as those associated with the Fidelis-Centene sale. Moneys in HCTF shall be available for transfer to any other fund of the State as directed by the Director of the Budget, to support health care delivery.

Essential Plan (EP)

The EP is a health insurance program which receives Federal subsidies authorized through the ACA. The FY 2015 Enacted Budget authorized the State to participate in the EP, which includes health insurance coverage for certain legally residing immigrants previously receiving State-only Medicaid coverage. Individuals who meet the EP eligibility standards are enrolled through the NYSOH insurance exchange, with the cost of insurance premiums subsidized by the State and Federal governments. The Exchange – NYSOH – serves as a centralized marketplace to shop for, compare, and enroll in a health plan. More than 770,000 New Yorkers have enrolled since the EP launched in January 2016.

ESSENTIAL PLAN
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL ALL FUNDS SPENDING	**4,084**	**5,360**	**31.2%**	**4,903**	**-8.5%**	**4,928**	**0.5%**	**4,945**	**0.3%**
State Operating Funds	**77**	**84**	**9.1%**	**79**	**-6.0%**	**76**	**-3.8%**	**72**	**-5.3%**
Local Assistance	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
State Operations	77	84	9.1%	79	-6.0%	76	-3.8%	72	-5.3%
Federal Operating Funds	**4,007**	**5,276**	**31.7%**	**4,824**	**-8.6%**	**4,852**	**0.6%**	**4,873**	**0.4%**

The multi-year Financial Plan reflects a mix of factors, including stabilizing enrollment trends and growth in the Federal marketplace premium index for base program expenses. This change in the premium index generates a higher Federal reimbursement rate, eliminating EP program costs for the State and allowing for the local assistance program to be fully Federally financed. State savings associated with the EP local assistance program are managed within the total available resources of the Global Cap.

In FY 2018, the Trump Administration took executive action to withhold CSR payments, threatening low-cost health insurance coverage for income-eligible recipients when purchasing a QHP or EP coverage through the NYSOH, New York's official health plan marketplace. The Federal withholding of CSR payments amounts to 25 percent of the Federal funding for the EP. However, recent actions by the Trump Administration in response to litigation brought by the State will allow the State to recoup some of the withheld EP funding through changes to the reimbursement methodology. Additionally, the Trump Administration has proposed to alter the Federal reimbursement formula which would decrease the amount of Federal funding for the EP included in the Financial Plan.

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; General Public Health Work (GPHW) program that reimburses local health departments for the cost of providing certain public health services; Elderly Pharmaceutical Insurance Coverage (EPIC) program that provides prescription drug insurance to seniors; and 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 that are reimbursed by the State for a share of program costs. 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 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 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,712**	**1,721**	**0.5%**	**1,892**	**9.9%**	**2,008**	**6.1%**	**2,028**	**1.0%**
Public Health	**1,582**	**1,576**	**-0.4%**	**1,745**	**10.7%**	**1,856**	**6.4%**	**1,871**	**0.8%**
Child Health Plus	399	416	4.3%	609	46.4%	716	17.6%	732	2.2%
General Public Health Work	155	179	15.5%	163	-8.9%	167	2.5%	167	0.0%
EPIC	123	117	-4.9%	118	0.9%	118	0.0%	118	0.0%
Early Intervention	173	173	0.0%	165	-4.6%	165	0.0%	165	0.0%
HCRA Program	365	371	1.6%	384	3.5%	384	0.0%	384	0.0%
All Other	367	320	-12.8%	306	-4.4%	306	0.0%	305	-0.3%
Aging	**130**	**145**	**11.5%**	**147**	**1.4%**	**152**	**3.4%**	**157**	**3.3%**

The Public Health budget maintains average annual growth over the multi-year Financial Plan of 4.4 percent and reflects increased support to local governments for services administered on behalf of the State, partly offset by program restructuring and administrative efficiencies. Increased CHP spending reflects enrollment that continues to increase at a strong pace. A one-time claims correction increased State costs by $50 million in FY 2019. The increase in FY 2020 reflects the September 2019 phase-down of enhanced Federal support currently provided through the ACA. Growth in FY 2021 reflects the full annual impact of the expiration of enhanced Federal support and increased enrollment.

In addition to on-going program support, the Financial Plan includes $6.8 million to help reduce the risk of child exposure to lead paint by lowering the acceptable blood lead level from 15 micrograms per deciliter to 5 micrograms per deciliter, and support increased local enforcement and prevention costs through the GPHW program. Additionally, the Budget supports a 5 percent rate increase for EI services provided by licensed physical therapists, occupational therapists, and speech-language pathologists to improve access to care and expand service delivery for infants and toddlers with disabilities and their families. To offset the aforementioned statewide program costs and new investments, the Financial Plan modifies reimbursement of certain public health funding for New York City. The rate realignment of the New York City GPHW program will generate savings of $27 million in FY 2020 and $54 million annually thereafter. Additional Public Health savings of $16 million will be generated by shifting the Traumatic Brain Injury Program, Off-Track Betting retiree's health insurance, and Nursing Home Transition and Diversion waiver under the Global Cap.

The Financial Plan includes SOFA savings realized by eliminating the planned 2.9 percent FY 2020 increase in the human services COLA, resulting in $5 million in annual savings for FY 2020 through FY 2023. These savings are offset by a $15 million investment in the EISEP program to address locally-identified capacity needs in SOFA support services to maintain the elderly in their communities, support family and friends in their caregiving roles, and delay future Medicaid costs by intervening earlier with less intensive services.

HCRA Financial Plan

HCRA was established in 1996 to help fund a portion of State health care activities. Extensions and modifications to HCRA have financed new health care programs, such as CHP. HCRA has also provided additional funding for the health care industry, including investments in worker recruitment and retention, and the Doctors Across New York program. HCRA authorization is extended through FY 2020, pursuant to legislation included in the FY 2018 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 Medicaid, as well as CHP, EPIC, Physician Excess Medical Malpractice Insurance, and Indigent Care payments to hospitals serving a disproportionate share of individuals without health insurance.

HCRA FINANCIAL PLAN
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
OPENING BALANCE	**15**	**0**	**0**	**0**	**0**
TOTAL RECEIPTS	**5,960**	**5,997**	**6,053**	**6,093**	**6,139**
Surcharges	3,624	3,647	3,785	3,859	3,936
Covered Lives Assessment	1,018	1,110	1,045	1,045	1,045
Cigarette Tax Revenue	780	731	685	651	620
Hospital Assessments	438	424	424	424	424
Excise Tax on Vapor Products	0	10	39	39	39
NYC Cigarette Tax Transfer	28	32	32	32	32
EPIC Receipts/ICR Audit Fees	72	43	43	43	43
TOTAL DISBURSEMENTS AND TRANSFERS	**5,975**	**5,997**	**6,053**	**6,093**	**6,139**
Medicaid Assistance Account	3,985	3,881	3,800	3,750	3,801
Medicaid Costs	*3,788*	*3,684*	*3,603*	*3,553*	*3,604*
Workforce Recruitment & Retention	*197*	*197*	*197*	*197*	*197*
Hospital Indigent Care	777	892	892	892	892
HCRA Program Account	379	379	392	392	392
Child Health Plus	409	428	624	733	747
Elderly Pharmaceutical Insurance Coverage	137	128	130	129	129
Qualified Health Plan Administration[1]	44	53	51	50	49
SHIN-NY/APCD	40	40	0	0	0
All Other	204	196	164	147	129
ANNUAL OPERATING SURPLUS/(DEFICIT)	**(15)**	**0**	**0**	**0**	**0**
CLOSING BALANCE	**0**	**0**	**0**	**0**	**0**

[1] FY 2019 QHP spending of $44 million was financed through the Medicaid Assistance Account.

Total HCRA receipts are forecast to grow modestly over the multi-year period. Growth surcharge collections expanded coverage through the ACA, and a new 20 percent excise tax on vapor products. Projected increases in surcharges are partly offset by declines in estimated covered lives assessments and cigarette tax collections, attributable to declining taxable consumption.

Total HCRA disbursements are sized to equal projected receipts. The Financial Plan reflects continued FY 2020 HCRA funding for a number of programs and initiatives. Specifically, the continuation of the Statewide Health Information Network for New York (SHIN-NY)/All-Payer Claims Databases (APCD) infrastructure development initiative, estimated at $40 million annually, which improves the informational and data capabilities associated with claiming records; $892 million for Hospital Indigent Care, which assists providers in paying for uncompensated services provided; and continuation of the EPIC program, which assists income-eligible seniors with their out-of-pocket Medicare Part D drug plan costs. Over the multi-year Financial Plan period, the most substantial area of spending growth is within the CHP program, based on the expiration of the enhanced Federal resources provided through the ACA and strong year-over-year enrollment growth, estimated outyear spending growth is $196 million in FY 2021, $109 million in FY 2022 and $14 million in FY 2023.

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

Mental Hygiene

Mental Hygiene comprises the Office for People with Developmental Disabilities (OPWDD), Office of Mental Health (OMH), Office of Alcoholism and Substance Abuse Services (OASAS), Developmental Disabilities Planning Council (DDPC), and Justice Center for the Protection of People with Special Needs (Justice Center). 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 clients 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, issued to finance infrastructure improvements at State mental hygiene facilities. Remaining revenue supports State operating costs.

MENTAL HYGIENE
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,150**	**1,998**	**-7.1%**	**2,480**	**24.1%**	**2,474**	**-0.2%**	**2,731**	**10.4%**
People with Developmental Disabilities	**2,171**	**2,287**	**5.3%**	**2,580**	**12.8%**	**2,769**	**7.3%**	**2,940**	**6.2%**
Residential Services	1,325	1,371	3.5%	1,504	9.7%	1,614	7.3%	1,714	6.2%
Day Programs	662	685	3.5%	751	9.6%	806	7.3%	856	6.2%
Clinic	16	16	0.0%	18	12.5%	19	5.6%	20	5.3%
All Other Services (Net of Offsets)	168	215	28.0%	307	42.8%	330	7.5%	350	6.1%
Mental Health	**1,282**	**1,372**	**7.0%**	**1,444**	**5.2%**	**1,512**	**4.7%**	**1,579**	**4.4%**
Adult Local Services	1,058	1,133	7.1%	1,196	5.6%	1,248	4.3%	1,309	4.9%
Children Local Services	224	239	6.7%	248	3.8%	264	6.5%	270	2.3%
Alcohol and Substance Abuse	**349**	**372**	**6.6%**	**378**	**1.6%**	**393**	**4.0%**	**412**	**4.8%**
Residential	103	110	6.8%	112	1.8%	117	4.5%	125	6.8%
Other Treatment	159	169	6.3%	172	1.8%	179	4.1%	187	4.5%
Prevention	53	56	5.7%	57	1.8%	59	3.5%	62	5.1%
Recovery	34	37	8.8%	37	0.0%	38	2.7%	38	0.0%
Justice Center	**1**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**
SUBTOTAL BEFORE ADJUSTMENTS	**3,803**	**4,032**	**6.0%**	**4,403**	**9.2%**	**4,675**	**6.2%**	**4,932**	**5.5%**
Total DOH Medicaid Adjustments [1]	**(1,653)**	**(2,034)**	**-23.0%**	**(1,923)**	**5.5%**	**(2,201)**	**-14.5%**	**(2,201)**	**0.0%**
OPWDD Medicaid	**(1,653)**	**(1,814)**	**-9.7%**	**(1,703)**	**6.1%**	**(1,981)**	**-16.3%**	**(1,981)**	**0.0%**
OMH Medicaid	**0**	**(220)**	**0.0%**	**(220)**	**0.0%**	**(220)**	**0.0%**	**(220)**	**0.0%**

[1] Adjustments reflect OPWDD and OMH programmatic spending from resources available under the Medicaid Global Cap. There are no budgetary reductions or impacts to mental hygiene program spending.

Local assistance spending for mental hygiene is projected to grow by an average rate of 6.7 percent over the Financial Plan period. The main factors driving growth are: enhancements in community mental health services; enhancements in community-based employment and residential opportunities for individuals with disabilities; and new or increased funding for not-for-profit providers for growth in employee wages related to minimum wage increases.

The Financial Plan includes an approximately $229 million, or 6 percent, increase in local assistance funding for the mental hygiene agencies. Roughly $63 million will be used to support the incremental pay standards and related fringe benefit increases associated with the transition to a $15 per hour minimum wage. Other increases include investments to leverage up to $120 million in additional OPWDD funding, which will allow for the development of new certified housing supports in the community, support more independent living, provide more day program and employment options, and increase respite availability. The Financial Plan also includes additional OMH funding to support enhanced funding to existing residential programs.

The Budget funds a 4 percent raise over the next two years for direct care workers, and a 2 percent pay raise for clinical workers serving the mental hygiene community. Both are aimed at assisting not-for-profits in the recruitment and retention of employees. These investments, when fully annualized, will increase State share support for workers by $107 million ($188 million on an All Funds basis). Offsetting these cost increases is the deferral of the statutory COLA for mental hygiene agencies through FY 2021.

The Financial Plan also reflects increased support for OASAS for prevention, treatment and recovery programs targeted toward chemical dependency, residential service opportunities, and public awareness activities.

Mental hygiene activities funded under the Medicaid Global Cap will increase by $440 million in FY 2020. This has no impact on mental hygiene service delivery or operations.

Social Services

Office of Temporary and Disability Assistance (OTDA)

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, 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 persons.

TEMPORARY AND DISABILITY ASSISTANCE
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,139**	**1,340**	**17.6%**	**1,351**	**0.8%**	**1,355**	**0.3%**	**1,358**	**0.2%**
SSI	644	656	1.9%	667	1.7%	667	0.0%	667	0.0%
Public Assistance Benefits	381	535	40.4%	541	1.1%	541	0.0%	541	0.0%
Public Assistance Initiatives	13	30	130.8%	24	-20.0%	24	0.0%	24	0.0%
All Other	101	119	17.8%	119	0.0%	123	3.4%	126	2.4%

DOB's caseload models project a total of 532,164 public assistance recipients in FY 2020. Approximately 201,673 families are expected to receive benefits through the Family Assistance program in FY 2020, a decrease of 2.2 percent from FY 2019. The Safety Net caseload for families is projected at 117,755 in FY 2020, a decrease of 2.3 percent from FY 2019. The caseload for single adults/childless couples supported through the Safety Net program is projected at 212,716 in FY 2020, an increase of 0.6 percent from FY 2019.

SSI spending is projected to increase slightly over the course of the multi-year Financial Plan as caseload is expected to level off. Public assistance benefits will increase due to a variety of factors, including the expansion of New York City HIV/AIDS Services Administration (HASA) benefits to public assistance recipients living in New York City, increased costs associated with an increase in Safety Net caseload for singles, and a one-time change in the timing of payments in FY 2019. Other spending growth includes increased spending on homeless services and prevention, and the Response to Human Trafficking program. The Enacted Budget restructures financing for the Family Assistance program, moving 10 percent of costs previously financed by Federal TANF to the City of New York to align with the funding structure for the Emergency Assistance for Families program.

Office of Children and Family Services (OCFS)

OCFS provides funding for foster care, adoption, child protective services, preventive services, delinquency prevention, and child care. It oversees the State's system of family support and child welfare services administered by local social services districts 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 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,659**	**1,531**	**-7.7%**	**1,607**	**5.0%**	**1,661**	**3.4%**	**1,661**	**0.0%**
Child Welfare Service	434	491	13.1%	501	2.0%	501	0.0%	501	0.0%
Foster Care Block Grant	384	384	0.0%	388	1.0%	398	2.6%	398	0.0%
Child Care	345	170	-50.7%	245	44.1%	264	7.8%	264	0.0%
Adoption	137	148	8.0%	149	0.7%	150	0.7%	150	0.0%
Youth Programs	114	105	-7.9%	92	-12.4%	92	0.0%	92	0.0%
Medicaid	72	81	12.5%	93	14.8%	97	4.3%	97	0.0%
Adult Protective/Domestic Violence	45	48	6.7%	51	6.3%	54	5.9%	54	0.0%
Committees on Special Education	29	24	-17.2%	26	8.3%	28	7.7%	29	3.6%
All Other	99	80	-19.2%	62	-22.5%	77	24.2%	76	-1.3%

FY 2020 OCFS State Operating Funds spending is projected to decrease from FY 2019 due to several factors including use of TANF resources to offset State child care and Advantage After-School costs, reclassifying the Pay For Success program from OCFS to the Department of Labor, and the planned deferral of the Human Services COLA in FY 2020. Growth in the outyears is primarily attributable to a decrease in TANF dollars supporting child care, which is offset by increased General Fund support for the program.

Transportation

In FY 2020, the State expects to provide over $5.8 billion in operating aid to mass transit systems, including over $2.3 billion from the direct remittance of certain aid to the MTA without an appropriation (not included in the table below). This direct aid is funded mainly from various dedicated taxes and fees. The MTA, the nation's largest transit and commuter rail system, receives the majority of the mass transit aid, totaling $5.3 billion in FY 2020.

The MTA receives additional, exclusive operating support from the Payroll Mobility Tax, authorized in May 2009 to collect regional taxes and fees imposed within the MCTD. 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 provides additional annual support to the MTA, subject to appropriation, to partially offset this revenue loss. The MTA will receive nearly $1.9 billion from on-budget and off-budget Mobility Tax resources in FY 2020.

TRANSPORTATION (millions of dollars)

	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
STATE OPERATING FUNDS SUPPORT	**3,938**	**3,549**	**-9.9%**	**3,849**	**8.5%**	**4,047**	**5.1%**	**4,296**	**6.2%**
Mass Transit Operating Aid:	2,321	2,507	8.0%	2,643	5.4%	2,710	2.5%	2,807	3.6%
Metro Mass Transit Aid	2,185	2,351	7.6%	2,480	5.5%	2,547	2.7%	2,644	3.8%
Public Transit Aid	92	112	21.7%	119	6.3%	119	0.0%	119	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	379	244	-35.6%	244	0.0%	244	0.0%	244	0.0%
MTA Aid Trust	293	31	-89.4%	0	-100.0%	0	0.0%	0	0.0%
MTA Dedicated Sales Tax	0	0	0.0%	150	0.0%	152	1.3%	153	0.7%
Dedicated Mass Transit	685	695	1.5%	746	7.3%	875	17.3%	1,026	17.3%
AMTAP	260	72	-72.3%	66	-8.3%	66	0.0%	66	0.0%
All Other	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%

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

The Budget includes legislation directing various supplemental fees and taxes levied on driver licenses, motor vehicle registrations, taxis, and passenger car rentals, to be remitted directly to the MTA without legislative appropriation. This will eliminate the pass-through of these fees and taxes and will ensure more timely receipt by the MTA, consistent with treatment of Mobility Tax collections. Beginning in FY 2020, the Financial Plan will no longer include these new supplemental fees and taxes or associated local assistance payments. The MTA will receive nearly $300 million from these resources in FY 2020.

The Budget also includes MTA reforms and new dedicated funding streams to the MTA consisting of:

- A Central Business District Tolling program, which imposes an additional toll on vehicles that travel into Manhattan south of and including 60th street. This tolling program will provide $15 billion dedicated to MTA capital needs.

- An additional 0.25 percent real estate transfer tax imposed in NYC on commercial property conveyances $2 million and above and residential property conveyances $3 million and above, and a new progressive mansion tax on residential properties valued at $2 million and above in New York City with a top rate of 2.9 percent on the sale of residential properties valued at $25 million or above. These taxes will be used to support up to $5 billion in financing for MTA projects.

- Sales tax revenue from requiring online marketplace providers to collect sales tax on all sales facilitated through their platforms in addition to the Tax Department's implementation and enforcement of regulations associated with the U.S. Supreme Court Wayfair ruling. The combined provisions support up to $5 billion in additional financing for the MTA.

Revenues from these dedicated sources will be deposited into an MTA capital lockbox dedicated solely to financing necessary investments in the MTA's 2020-24 capital program and any successor programs, including improvements to the subway system. These funds cannot be used for any non-capital expense.

Local Government Assistance

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

LOCAL GOVERNMENT ASSISTANCE - AIM PROGRAM
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL STATE OPERATING FUNDS	**722**	**671**	**-7.1%**	**704**	**4.9%**	**704**	**0.0%**	**704**	**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	9	-86.8%	9	0.0%	9	0.0%	9	0.0%
Restructuring/Efficiency	7	15	114.3%	48	220.0%	48	0.0%	48	0.0%

The Budget replaces AIM for towns and villages, for which AIM was less than 2 percent of total expenditures, with additional local sales tax revenue in an equal amount, resulting in no loss of revenue to towns and villages. The additional local sales tax revenue is due to elimination of the Internet tax advantage and the elimination of the ESCO exemption.

State Operating Funds spending for the various efficiency and restructuring grants within the AIM program is projected to increase from FY 2020 to FY 2021 due to potential awards from the Financial Restructuring Board for Local Governments.

Agency Operations

Agency operating costs consist of Personal Service (PS), Non-Personal Service (NPS), and General State Charges (GSCs). PS includes the salaries of State employees of the Executive, Legislative, and Judicial branches, as well as salaries of temporary/seasonal employees. NPS includes real estate rentals, utilities, contractual payments (e.g., consultants, IT, and professional business services), supplies and materials, equipment, and telephone service. GSCs, which are discussed separately, reflect the cost of fringe benefits (e.g., pensions and 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 operating costs of DOT and DMV (adjusted for the reclassification discussed above) are included in Capital Projects Funds and are not reflected in State Operating Funds. The PS estimates reflect current negotiated collective bargaining agreements.

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).

The following table presents certain variables used in preparing the spending projections for agency operations.

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING PERSONAL SERVICE AND FRINGE BENEFITS

		Forecast			
	FY 2019 Results	FY 2020 Enacted	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
Negotiated Base Salary Increases[1]					
UUP	2%	2%	2%	2%	TBD
NYSTPBA	2%	2%	2%	2%	2%
NYSCOPBA	2%	2%	2%	2%	2%
CSEA/DC-37 (Rent Regulation Unit)/MC	2%	2%	2%	TBD	TBD
PEF/GSEU	2%	TBD	TBD	TBD	TBD
NYSPIA[2]/Council 82/PBANYS	TBD	TBD	TBD	TBD	TBD
State Workforce[3]	117,967	119,491	TBD	TBD	TBD
ERS Contribution Rate					
Before Amortization[4]	15.5%	15.2%	15.8%	17.5%	18.8%
After Amortization[5]	19.2%	18.9%	19.3%	20.7%	21.4%
PFRS Contribution Rate					
Before Amortization[4]	24.1%	23.9%	25.0%	26.7%	28.1%
After Amortization[5]	26.9%	26.6%	27.6%	29.1%	30.1%
Employee/Retiree Health Insurance Growth Rates	5.8%	2.8%	7.9%	7.5%	7.5%
PS/Fringe as % of Receipts (All Funds Basis)	13.9%	13.4%	14.0%	13.9%	14.0%

[1] Reflects current collective bargaining agreements with settled unions. Does not reflect potential impact of future negotiated labor agreements.

[2] Contract contains "reopener" language which allows this union to reopen negotiations if any other State bargaining unit receives a general salary increase exceeding 1.5 percent in FY 2017 and in FY 2018.

[3] Reflects workforce that is subject to direct Executive control.

[4] Before amortization contribution rate reflects normal and administrative costs, contributions for the Group Life Insurance Plan (GLIP), and Chapter 41 of 2016 veterans' pension credit legislation.

[5] After amortization contribution rate additionally includes new amortization, if any, and payments on prior amortizations.

Operating costs for PS/NPS are projected to increase over the Financial Plan period, from $19.1 billion in FY 2019 to $20.6 billion in FY 2023. Most Executive agencies are expected to hold spending at FY 2019 levels, with some exceptions as described below. The increases in the outyears of the Financial Plan are driven mainly by juvenile justice reform, salary increases per existing labor agreements, growth in SUNY operating costs, including costs of the recently settled UUP contract, and an additional administrative payroll in FY 2021.

STATE OPERATING FUNDS - PERSONAL SERVICE / NON-PERSONAL SERVICE COSTS
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
SUBJECT TO DIRECT EXECUTIVE CONTROL[1]	**10,232**	**10,625**	**10,789**	**10,880**	**11,029**
Mental Hygiene	2,795	2,820	2,880	2,930	2,979
Corrections and Community Supervision	2,599	2,857	2,751	2,792	2,870
State Police	717	728	754	769	784
Department of Health	728	805	801	798	790
Information Technology Services	545	540	551	557	568
Tax and Finance	312	340	351	340	339
Children and Family Services	261	262	381	384	384
Transportation	301	342	337	342	342
Environmental Conservation	211	202	215	210	210
All Other	1,763	1,729	1,768	1,758	1,763
UNIVERSITY SYSTEMS	**6,097**	**6,311**	**6,565**	**6,654**	**6,859**
State University	6,001	6,214	6,468	6,555	6,760
City University	96	97	97	99	99
INDEPENDENT AGENCIES	**336**	**339**	**347**	**339**	**339**
Law	187	182	187	182	182
Audit & Control (OSC)	149	157	160	157	157
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	**16,665**	**17,275**	**17,701**	**17,873**	**18,227**
Judiciary	**2,169**	**2,166**	**2,223**	**2,166**	**2,166**
Legislature	**223**	**243**	**249**	**256**	**256**
Statewide Total	**19,057**	**19,684**	**20,173**	**20,295**	**20,649**
Personal Service	13,687	14,192	14,627	14,645	14,929
Non-Personal Service	5,370	5,492	5,546	5,650	5,720

1 FY 2020 estimates include $179 million in retroactive salary payments for NYSCOPBA and PBA labor agreements.

FY 2020 spending for agency operations includes 2 percent general salary increases associated with collective bargaining agreements with various unions. The cost of annual salary increases is expected to be absorbed by most agencies with management plan savings and efficiencies, consistent with the administration's policy to maintain flat Executive agency operations. Limited exceptions include:

- **Corrections and Community Supervision.** Higher spending in FY 2020 is attributable to the cost of a collective bargaining agreement reached in FY 2019, which includes the payment of three years of retroactive salary payments.

- **Department of Health.** Growth is attributable to the cost increases of QHPs supported under the NYS of Health (NYSOH) program, offset by funding provided under Medicaid Global Cap local assistance. Additionally, growth in FY 2020 is attributable to the use of nonrecurring Federal credits applied against Medicaid non-personal service spending in FY 2019.

- **Transportation.** Increases reflect a larger amount of operating costs related to snow and ice removal, and bus, truck and rail inspection, which have been reclassified from the DHBTF to the General Fund beginning in FY 2019.

- **Children and Family Services.** Higher spending in the outyears is mainly driven by additional funding to support raising the age of criminal responsibility from 16 to 18 by October 1, 2019. A modification to the youth facility billings process will partly offsets the increase in FY 2020.

- **Mental Hygiene.** Increased spending includes the continued delivery in State-operated program settings and the cost of a collective bargaining agreement reached in FY 2019, which includes the payment of three years of retroactive salary payments.

- **State Police.** Higher spending is attributable to the cost of a collective bargaining agreement reached in FY 2019, which includes a retroactive payment for FY 2019. The agency is expected to absorb a portion of the ongoing salary increases through management savings and efficiencies.

Workforce

In FY 2020, $14.2 billion, or 13.9 percent, of the State Operating Funds budget is dedicated to supporting roughly 97,600 FTE employees under direct Executive control; individuals employed by SUNY and CUNY (46,464) and Independent Agencies (18,051); employees paid on a non-annual salaried basis; and overtime pay. Roughly 60 percent of Executive agency spending related to the workforce occurs in five agencies that provide care to individuals -- the mental hygiene agencies and the Department of Corrections and Community Supervision (DOCCS).

STATE OPERATING FUNDS
FY 2020 FTEs[1] AND PERSONAL SERVICE SPENDING BY AGENCY
(millions of dollars)

	Dollars	FTEs
SUBJECT TO DIRECT EXECUTIVE CONTROL	**7,798**	**97,574**
Mental Hygiene	2,344	32,399
Corrections and Community Supervision	2,355	26,858
State Police	668	5,666
Department of Health	292	4,078
Information Technology Services	292	3,479
Tax and Finance	277	4,085
Children and Family Services	172	2,360
Environmental Conservation	166	2,235
Transportation	162	2,591
Financial Services	154	1,391
All Other	916	12,432
UNIVERSITY SYSTEMS	**4,241**	**46,464**
State University	4,192	46,090
City University[2]	49	374
INDEPENDENT AGENCIES	**2,153**	**18,051**
Law	129	1,533
Audit & Control (OSC)	126	1,524
Judiciary	1,710	14,991
Legislature[3]	188	3
Statewide Total	**14,192**	**162,089**

[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 supports an additional 13,258 FTEs, which are excluded from this table.

[3] Legislative employees who are nonannual salaried are excluded from this table.

General State Charges

The State provides a variety of fringe benefits to current and former employees, including health insurance, pensions, workers' compensation coverage, unemployment insurance, survivors' benefits, and dental and vision benefits (some of which are provided through union-specific Employee Benefit Funds). GSCs also pays the Social Security payroll tax and certain statewide fixed costs, including taxes on State-owned lands, Payments in Lieu of Taxes (PILOT) and judgments and settlements awarded in the Court of Claims. Many of these payments are mandated by law or collective bargaining agreements.

Employee fringe benefits paid through GSCs are financed from the General Fund in the first instance, and then partially reimbursed by revenue collected from agency fringe benefit assessments.

GSC spending is projected to increase at an average annual rate of 6.6 percent over the multi-year Financial Plan period. In the current year, growth in the health insurance program of $119 million (2.8 percent) reflects medical inflation offset by savings from the new prescription drug contract and collectively negotiated benefit design changes. The projected increase in Social Security (3.4 percent) and employee benefit funds (7.3 percent) reflect the implementation of recent collective bargaining agreements that increase general salaries. Workers' compensation costs are projected to increase by $113 million due to underlying growth in the average weekly wage used for benefit calculations and medical costs ($64 million), and a reduction in available reserve funds to offset costs ($49 million).

Overall pension costs are projected to remain relatively stable due to improved investment returns and ongoing savings from Tier 5 and Tier 6 pension reforms. These costs are offset by $54 million in interest savings achieved by paying the majority of the State pension bill in May 2019, rather than on a monthly basis as previously assumed. Over the multi-year Financial Plan period, outyear pension costs reflect expected investment performance, projected salary base growth, and assumptions about future normal and administrative costs. Pension costs also reflect repayment of prior-year amortization, costs for Chapter 41 of 2016 (veteran's pension credit legislation), and other adjustments.

GENERAL STATE CHARGES
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
TOTAL STATE OPERATING FUNDS	**8,204**	**8,796**	**7.2%**	**9,409**	**7.0%**	**10,000**	**6.3%**	**10,599**	**6.0%**
Fringe Benefits	**7,799**	**8,369**	**7.3%**	**8,962**	**7.1%**	**9,547**	**6.5%**	**10,146**	**6.3%**
Health Insurance	4,193	4,312	2.8%	4,651	7.9%	5,001	7.5%	5,378	7.5%
Pensions	2,431	2,472	1.7%	2,636	6.6%	2,830	7.4%	2,965	4.8%
Social Security	1,036	1,071	3.4%	1,104	3.1%	1,095	-0.8%	1,106	1.0%
Workers' Compensation	464	577	24.4%	679	17.7%	736	8.4%	797	8.3%
Employee Benefits	96	103	7.3%	108	4.9%	111	2.8%	115	3.6%
Dental Insurance	59	61	3.4%	63	3.3%	65	3.2%	66	1.5%
Unemployment Insurance	12	12	0.0%	12	0.0%	12	0.0%	12	0.0%
All Other/Non-State Escrow	(492)	(239)	51.4%	(291)	-21.8%	(303)	-4.1%	(293)	3.3%
Fixed Costs	**405**	**427**	**5.4%**	**447**	**4.7%**	**453**	**1.3%**	**453**	**0.0%**
Public Land Taxes/PILOTS	271	269	-0.7%	275	2.2%	281	2.2%	281	0.0%
Litigation	134	158	17.9%	172	8.9%	172	0.0%	172	0.0%

Transfers to Other Funds (General Fund Basis)

General Fund transfers help finance 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 2019 Results	FY 2020 Enacted	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
TOTAL TRANSFERS TO OTHER FUNDS	**4,558**	**6,130**	**6,599**	**6,544**	**6,993**
State Share of Mental Hygiene Medicaid	(29)	0	0	0	0
Debt Service	786	550	738	637	612
SUNY University Operations	1,020	1,185	1,259	1,255	1,255
Capital Projects	**1,888**	**3,191**	**3,305**	**3,168**	**3,486**
Extraordinary Monetary Settlements:	769	1,316	858	867	793
Dedicated Infrastructure Investment Fund	878	1,420	1,113	751	531
FY 2018 Temporary Loan to Capital Projects Fund[1]	(500)	0	0	0	0
Transfer to DIIF for Javits Expansion	382	320	134	0	0
Bond Proceeds Receipts for Javits Expansion	0	(500)	(500)	0	0
Transfer to Capital Projects Fund - Clean Water Grants	0	0	25	50	175
Mass Transit Capital	3	6	6	3	0
Statewide Health Care Capital	6	70	80	63	87
Dedicated Highway and Bridge Trust Fund	169	398	477	320	436
Environmental Protection Fund	28	28	28	28	96
All Other Capital	922	1,449	1,942	1,953	2,161
ALL OTHER TRANSFERS	**893**	**1,204**	**1,297**	**1,484**	**1,640**
Department of Transportation (MTA Payroll Tax)	244	244	244	244	244
SUNY - Medicaid Reimbursement	241	243	243	243	243
MTA Dedicated Sales Tax	0	113	150	152	153
Judiciary Funds	117	112	113	113	113
Dedicated Mass Transportation Trust Fund	67	65	116	256	408
Banking Services	37	53	53	53	53
Business Services Center	6	28	28	28	28
Indigent Legal Services	27	28	28	75	75
General Service	22	22	22	22	22
Mass Transportation Operating Assistance	26	21	21	21	21
Correctional Industries	21	21	21	21	21
Public Transportation Systems	17	16	16	16	16
Health Income Fund	11	16	16	16	16
Centralized Technology Services	14	11	11	11	11
Spinal Cord Injury Fund	9	9	9	9	9
Medical Cannabis Fund	7	5	7	7	7
All Other	27	197	199	197	200

[1] Reflects the final repayment of Extraordinary Monetary Settlement fund balances that were used to pay for capital projects in the first instance.

General Fund transfers to other funds are expected to total $6.1 billion in FY 2020, a $1.6 billion increase from FY 2019. The change is mainly due to capital projects transfers that are expected to increase by $1.3 billion in FY 2020. The capital increase reflects higher transfers of monetary settlements ($547 million); bond proceed reimbursements executed in FY 2019; and bond restructuring savings related to transportation that ended in FY 2019.

A portion of the capital and operating expenses of DOT and DMV is funded from the DHBTF, which receives various dedicated tax and fee revenues, including statutory allocations of PBT, motor fuel tax, and HUT. The General Fund subsidizes DHBTF expenses, as expenses routinely exceed revenue deposits and bond proceeds.

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 Corporation (ESD), DASNY, and the New York State Thruway Authority (NYSTA). 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.

DEBT SERVICE SPENDING PROJECTIONS
(millions of dollars)

	FY 2019 Results	FY 2020 Enacted	Change	FY 2021 Projected	Change	FY 2022 Projected	Change	FY 2023 Projected	Change
General Fund	786	550	-30.0%	738	34.2%	637	-13.7%	612	-3.9%
Other State Support	5,913	4,616	-21.9%	6,103	32.2%	6,445	5.6%	6,713	4.2%
State Operating/All Funds Total	**6,699**	**5,166**	**-22.9%**	**6,841**	**32.4%**	**7,082**	**3.5%**	**7,325**	**3.4%**

Total State Operating/All Funds debt service is projected to be $5.2 billion in FY 2020, of which $550 million is paid from the General Fund via transfers, and $4.6 billion is paid from other State funds supported by dedicated tax receipts. The General Fund finances debt service payments on General Obligation and service contract bonds. Debt service for the State's revenue bonds is paid directly from other dedicated State funds, subject to appropriation, including PIT and Sales Tax bonds, DHBTF bonds, and mental health facilities bonds.

The Financial Plan estimates for debt service spending have been revised to reflect several factors, including bond sale results to date, refunding savings, and the adjustment of debt issuances to align with projected bond-financed capital spending. Debt service spending estimates also reflect the prepayment in FY 2019 of $1.5 billion in debt service costs due in FY 2020, as well as a planned prepayment of $200 million in FY 2020 for debt service costs due in FY 2021.

Financial Plan Tables

The following tables present the multi-year projections for State Operating Funds and All Governmental Funds, as well as monthly cashflow detail for the General Fund.[23] The Financial Plan projections for FY 2020 and thereafter, set forth in this AIS, reflect savings that DOB estimates would be realized if the Governor continues to propose, and the Legislature continues to enact, balanced budgets that limit annual growth in State Operating Funds spending, as State Operating Funds is currently constituted in this AIS, to no greater than 2 percent. Total disbursements in the Financial Plan tables and narrative contained in this AIS do not reflect these assumed savings, which are reflected instead on a distinct line and labeled “Adherence to 2% Spending Benchmark.” The Financial Plan projections are subject to many risks and uncertainties, as well as future budgetary decisions and other factors that are currently unknown. If the 2 percent annual State Operating Funds spending growth benchmark is not adhered to, projected budget gaps would be higher (or projected surpluses would be lower).

[23] Differences may occur from time to time between the State's Financial Plan and OSC’s financial reports in the presentation and reporting of receipts and disbursements. For example, the Financial Plan and the AIS may reflect a net expenditure amount while OSC may report the gross amount of the expenditure. Any such differences between DOB and OSC could result in differences in the presentation and reporting of receipts and disbursements for discrete funds, as well as differences in the presentation and reporting for total receipts and disbursements under different fund perspectives (e.g., State Operating Funds and total All Governmental Funds).

CASH RECEIPTS
ALL GOVERNMENTAL FUNDS
FY 2020 THROUGH 2023
(millions of dollars)

	FY 2020 Enacted	FY 2021 Enacted	FY 2022 Enacted	FY 2023 Enacted
Taxes:				
Withholdings	42,900	44,556	46,738	48,672
Estimated Payments	16,972	17,169	18,751	20,391
Final Payments	3,348	3,508	3,632	3,789
Other Payments	1,509	1,606	1,676	1,726
Gross Collections	**64,729**	**66,839**	**70,797**	**74,578**
State/City Offset	(1,299)	(1,424)	(1,549)	(1,674)
Refunds	(11,280)	(10,039)	(11,212)	(11,726)
Reported Tax Collections	**52,150**	**55,376**	**58,036**	**61,178**
STAR (Dedicated Deposits)	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0
Personal Income Tax	**52,150**	**55,376**	**58,036**	**61,178**
Sales and Use Tax	16,158	16,849	17,419	18,027
Cigarette and Tobacco Taxes	1,041	981	936	895
Vapor Excise Tax	10	39	39	39
Motor Fuel Tax	515	515	515	515
Alcoholic Beverage Taxes	265	269	272	275
Opioid Excise Tax	66	100	100	100
Medical Cannabis Excise Tax	4	4	4	4
Adult Use Cannabis Tax	0	0	0	0
Highway Use Tax	141	143	145	146
Auto Rental Tax	108	114	118	122
Taxicab Surcharge	0	0	0	0
Gross Consumption/Use Taxes	**18,308**	**19,014**	**19,548**	**20,123**
LGAC/STBF (Dedicated Transfers)	0	0	0	0
Consumption/Use Taxes	**18,308**	**19,014**	**19,548**	**20,123**
Corporation Franchise Tax	4,277	4,820	4,865	5,109
Corporation and Utilities Tax	729	706	713	724
Insurance Taxes	2,251	2,344	2,413	2,541
Bank Tax	167	0	0	0
Petroleum Business Tax	1,161	1,109	1,090	1,075
Business Taxes	**8,585**	**8,979**	**9,081**	**9,449**
Estate Tax	1,094	1,153	1,214	1,277
Real Estate Transfer Tax	1,148	1,183	1,219	1,263
Employer Compensation Expense Program	2	8	21	23
Gift Tax	0	0	0	0
Real Property Gains Tax	0	0	0	0
Pari-Mutuel Taxes	15	15	15	15
Other Taxes	3	3	3	3
Gross Other Taxes	**2,262**	**2,362**	**2,472**	**2,581**
Real Estate Transfer Tax (Dedicated)	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0
Other Taxes	**2,262**	**2,362**	**2,472**	**2,581**
Payroll Tax	**0**	**0**	**0**	**0**
Total Taxes	**81,305**	**85,731**	**89,137**	**93,331**
Licenses, Fees, Etc.	694	678	678	678
Abandoned Property	450	450	450	450
Motor Vehicle Fees	1,336	1,345	1,246	1,235
ABC License Fee	66	62	68	64
Reimbursements	112	110	57	57
Investment Income	100	50	25	12
Extraordinary Settlements	727	0	0	0
Other Transactions	25,528	22,859	23,001	22,463
Miscellaneous Receipts	**29,013**	**25,554**	**25,525**	**24,959**
Federal Receipts	**64,794**	**64,751**	**66,449**	**69,016**
Total	**175,112**	**176,036**	**181,111**	**187,306**

Source: NYS DOB.

CASH FINANCIAL PLAN STATE OPERATING FUNDS BUDGET FY 2020 (millions of dollars)	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	**7,206**	**5,091**	**65**	**12,362**
Receipts:				
Taxes	39,325	5,887	34,673	79,885
Miscellaneous Receipts	2,857	17,707	394	20,958
Federal Receipts	0	1	74	75
Total Receipts	**42,182**	**23,595**	**35,141**	**100,918**
Disbursements:				
Local Assistance	52,100	16,371	0	68,471
State Operations:				
Personal Service	9,031	5,161	0	14,192
Non-Personal Service	2,880	2,566	46	5,492
General State Charges	7,716	1,080	0	8,796
Debt Service	0	0	5,166	5,166
Capital Projects	0	0	0	0
Total Disbursements	**71,727**	**25,178**	**5,212**	**102,117**
Other Financing Sources (Uses):				
Transfers from Other Funds	34,935	2,373	3,483	40,791
Transfers to Other Funds	(6,130)	(1,360)	(33,430)	(40,920)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**28,805**	**1,013**	**(29,947)**	**(129)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(740)**	**(570)**	**(18)**	**(1,328)**
Closing Fund Balance	**6,466**	**4,521**	**47**	**11,034**

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2021
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	41,858	5,831	36,649	84,338
Miscellaneous Receipts	2,049	16,127	394	18,570
Federal Receipts	0	1	73	74
Total Receipts	**43,907**	**21,959**	**37,116**	**102,982**
Disbursements:				
Local Assistance	55,794	15,683	0	71,477
State Operations:				
Personal Service	9,513	5,114	0	14,627
Non-Personal Service	3,051	2,451	44	5,546
General State Charges	8,268	1,141	0	9,409
Debt Service	0	0	6,841	6,841
Capital Projects	0	0	0	0
Total Disbursements	**76,626**	**24,389**	**6,885**	**107,900**
Other Financing Sources (Uses):				
Transfers from Other Funds	34,547	2,538	3,509	40,594
Transfers to Other Funds	(6,599)	(550)	(33,757)	(40,906)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**27,948**	**1,988**	**(30,248)**	**(312)**
Use (Reservation) of Fund Balance:				
Extraordinary Monetary Settlements	858	0	0	858
Total Use (Reservation) of Fund Balance	**858**	**0**	**0**	**858**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(3,913)**	**(442)**	**(17)**	**(4,372)**
Adherence to 2% Spending Benchmark*	**3,741**	**0**	**0**	**3,741**
Net Surplus (Deficit)	**(172)**	**(442)**	**(17)**	**(631)**

* Savings estimated from limiting annual spending growth in future years to 2 percent (calculation based on FY 2020 estimate) and assuming all savings are made available to the General Fund.

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2022
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	43,675	5,787	38,289	87,751
Miscellaneous Receipts	1,892	16,474	393	18,759
Federal Receipts	0	1	72	73
Total Receipts	**45,567**	**22,262**	**38,754**	**106,583**
Disbursements:				
Local Assistance	57,928	15,989	0	73,917
State Operations:				
Personal Service	9,508	5,137	0	14,645
Non-Personal Service	3,100	2,506	44	5,650
General State Charges	8,846	1,154	0	10,000
Debt Service	0	0	7,082	7,082
Capital Projects	0	0	0	0
Total Disbursements	**79,382**	**24,786**	**7,126**	**111,294**
Other Financing Sources (Uses):				
Transfers from Other Funds	35,350	2,712	3,213	41,275
Transfers to Other Funds	(6,544)	(216)	(34,844)	(41,604)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**28,806**	**2,496**	**(31,631)**	**(329)**
Use (Reservation) of Fund Balance:				
Extraordinary Monetary Settlements	867	0	0	867
Total Use (Reservation) of Fund Balance	**867**	**0**	**0**	**867**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(4,142)**	**(28)**	**(3)**	**(4,173)**
Adherence to 2% Spending Benchmark*	**5,052**	**0**	**0**	**5,052**
Net Surplus (Deficit)	**910**	**(28)**	**(3)**	**879**

* Savings estimated from limiting annual spending growth in future years to 2 percent (calculation based on FY 2020 estimate) and assuming all savings are made available to the General Fund.

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2023
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	46,030	5,725	40,190	91,945
Miscellaneous Receipts	1,869	15,951	392	18,212
Federal Receipts	0	1	69	70
Total Receipts	**47,899**	**21,677**	**40,651**	**110,227**
Disbursements:				
Local Assistance	60,969	15,611	0	76,580
State Operations:				
Personal Service	9,713	5,216	0	14,929
Non-Personal Service	3,199	2,477	44	5,720
General State Charges	9,415	1,184	0	10,599
Debt Service	0	0	7,325	7,325
Capital Projects	0	0	0	0
Total Disbursements	**83,296**	**24,488**	**7,369**	**115,153**
Other Financing Sources (Uses):				
Transfers from Other Funds	36,906	2,866	3,177	42,949
Transfers to Other Funds	(6,993)	(139)	(36,454)	(43,586)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**29,913**	**2,727**	**(33,277)**	**(637)**
Use (Reservation) of Fund Balance:				
Extraordinary Monetary Settlements	793	0	0	793
Total Use (Reservation) of Fund Balance	**793**	**0**	**0**	**793**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(4,691)**	**(84)**	**5**	**(4,770)**
Adherence to 2% Spending Benchmark*	**6,786**	**0**	**0**	**6,786**
Net Surplus (Deficit)	**2,095**	**(84)**	**5**	**2,016**

* Savings estimated from limiting annual spending growth in future years to 2 percent (calculation based on FY 2020 estimate) and assuming all savings are made available to the General Fund.

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2020
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	7,206	3,842	(1,138)	65	9,975
Receipts:					
Taxes	39,325	5,887	1,420	34,673	81,305
Miscellaneous Receipts	2,857	17,909	7,853	394	29,013
Federal Receipts	0	62,491	2,229	74	64,794
Total Receipts	**42,182**	**86,287**	**11,502**	**35,141**	**175,112**
Disbursements:					
Local Assistance	52,100	75,053	5,377	0	132,530
State Operations:					
Personal Service	9,031	5,815	0	0	14,846
Non-Personal Service	2,880	4,013	0	46	6,939
General State Charges	7,716	1,417	0	0	9,133
Debt Service	0	0	0	5,166	5,166
Capital Projects	0	0	8,413	0	8,413
Total Disbursements	**71,727**	**86,298**	**13,790**	**5,212**	**177,027**
Other Financing Sources (Uses):					
Transfers from Other Funds	34,935	2,385	3,532	3,483	44,335
Transfers to Other Funds	(6,130)	(3,351)	(1,586)	(33,430)	(44,497)
Bond and Note Proceeds	0	0	444	0	444
Net Other Financing Sources (Uses)	**28,805**	**(966)**	**2,390**	**(29,947)**	**282**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(740)**	**(977)**	**102**	**(18)**	**(1,633)**
Closing Fund Balance	**6,466**	**2,865**	**(1,036)**	**47**	**8,342**

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2021
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	41,858	5,831	1,393	36,649	85,731
Miscellaneous Receipts	2,049	16,332	6,779	394	25,554
Federal Receipts	0	62,491	2,187	73	64,751
Total Receipts	**43,907**	**84,654**	**10,359**	**37,116**	**176,036**
Disbursements:					
Local Assistance	55,794	73,663	5,294	0	134,751
State Operations:					
Personal Service	9,513	5,793	0	0	15,306
Non-Personal Service	3,051	3,865	0	44	6,960
General State Charges	8,268	1,491	0	0	9,759
Debt Service	0	0	0	6,841	6,841
Capital Projects	0	0	7,899	0	7,899
Total Disbursements	**76,626**	**84,812**	**13,193**	**6,885**	**181,516**
Other Financing Sources (Uses):					
Transfers from Other Funds	34,547	2,550	3,587	3,509	44,193
Transfers to Other Funds	(6,599)	(2,428)	(1,580)	(33,757)	(44,364)
Bond and Note Proceeds	0	0	800	0	800
Net Other Financing Sources (Uses)	**27,948**	**122**	**2,807**	**(30,248)**	**629**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	858	0	0	0	858
Total Use (Reservation) of Fund Balance	**858**	**0**	**0**	**0**	**858**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(3,913)**	**(36)**	**(27)**	**(17)**	**(3,993)**
Adherence to 2% Spending Benchmark*	**3,741**	**0**	**0**	**0**	**3,741**
Net Surplus (Deficit)	**(172)**	**(36)**	**(27)**	**(17)**	**(252)**

* Savings estimated from limiting annual spending growth in future years to 2 percent (calculation based on FY 2020 estimate) and assuming all savings are made available to the General Fund.

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2022
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	43,675	5,787	1,386	38,289	89,137
Miscellaneous Receipts	1,892	16,679	6,561	393	25,525
Federal Receipts	0	64,190	2,187	72	66,449
Total Receipts	**45,567**	**86,656**	**10,134**	**38,754**	**181,111**
Disbursements:					
Local Assistance	57,928	75,446	4,720	0	138,094
State Operations:					
Personal Service	9,508	5,817	0	0	15,325
Non-Personal Service	3,100	3,931	0	44	7,075
General State Charges	8,846	1,527	0	0	10,373
Debt Service	0	0	0	7,082	7,082
Capital Projects	0	0	7,798	0	7,798
Total Disbursements	**79,382**	**86,721**	**12,518**	**7,126**	**185,747**
Other Financing Sources (Uses):					
Transfers from Other Funds	35,350	2,724	3,427	3,213	44,714
Transfers to Other Funds	(6,544)	(2,034)	(1,468)	(34,844)	(44,890)
Bond and Note Proceeds	0	0	413	0	413
Net Other Financing Sources (Uses)	**28,806**	**690**	**2,372**	**(31,631)**	**237**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	867	0	0	0	867
Total Use (Reservation) of Fund Balance	**867**	**0**	**0**	**0**	**867**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(4,142)**	**625**	**(12)**	**(3)**	**(3,532)**
Adherence to 2% Spending Benchmark*	**5,052**	**0**	**0**	**0**	**5,052**
Net Surplus (Deficit)	**910**	**625**	**(12)**	**(3)**	**1,520**

* Savings estimated from limiting annual spending growth in future years to 2 percent (calculation based on FY 2020 estimate) and assuming all savings are made available to the General Fund.

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2023
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	46,030	5,725	1,386	40,190	93,331
Miscellaneous Receipts	1,869	16,156	6,542	392	24,959
Federal Receipts	0	66,760	2,187	69	69,016
Total Receipts	**47,899**	**88,641**	**10,115**	**40,651**	**187,306**
Disbursements:					
Local Assistance	60,969	77,543	4,702	0	143,214
State Operations:					
Personal Service	9,713	5,898	0	0	15,611
Non-Personal Service	3,199	3,871	0	44	7,114
General State Charges	9,415	1,557	0	0	10,972
Debt Service	0	0	0	7,325	7,325
Capital Projects	0	0	7,904	0	7,904
Total Disbursements	**83,296**	**88,869**	**12,606**	**7,369**	**192,140**
Other Financing Sources (Uses):					
Transfers from Other Funds	36,906	2,878	3,742	3,177	46,703
Transfers to Other Funds	(6,993)	(1,844)	(1,589)	(36,454)	(46,880)
Bond and Note Proceeds	0	0	322	0	322
Net Other Financing Sources (Uses)	**29,913**	**1,034**	**2,475**	**(33,277)**	**145**
Use (Reservation) of Fund Balance:					
Extraordinary Monetary Settlements	793	0	0	0	793
Total Use (Reservation) of Fund Balance	**793**	**0**	**0**	**0**	**793**
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements (Before 2% Adherence)	**(4,691)**	**806**	**(16)**	**5**	**(3,896)**
Adherence to 2% Spending Benchmark*	**6,786**	**0**	**0**	**0**	**6,786**
Net Surplus (Deficit)	**2,095**	**806**	**(16)**	**5**	**2,890**

* Savings estimated from limiting annual spending growth in future years to 2 percent (calculation based on FY 2020 estimate) and assuming all savings are made available to the General Fund.

Source: NYS DOB.

CASHFLOW
GENERAL FUND
FY 2020
(dollars in millions)

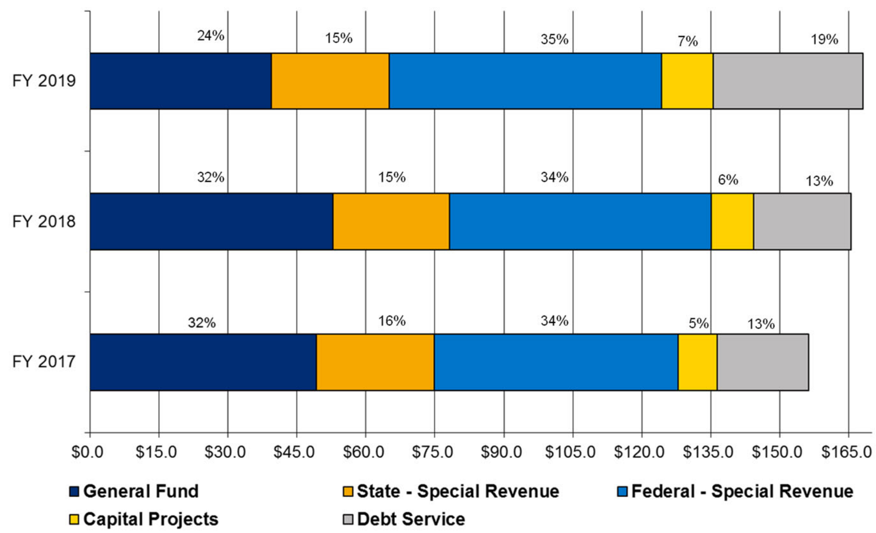
	2019 April Projected	May Projected	June Projected	July Projected	August Projected	September Projected	October Projected	November Projected	December Projected	2020 January Projected	February Projected	March Projected	Total
OPENING BALANCE	7,206	11,998	5,574	5,274	6,170	5,414	7,601	7,796	5,409	7,217	10,408	9,721	7,206
RECEIPTS:													
Personal Income Tax	4,606	1,125	2,529	1,667	1,360	2,429	1,187	884	2,152	2,346	1,780	1,834	23,899
Consumption/Use Taxes	588	589	831	642	636	853	643	645	817	677	560	728	8,209
Business Taxes	540	(203)	1,153	65	49	1,170	72	33	1,258	88	36	1,843	6,104
Other Taxes	90	93	93	93	94	94	93	93	93	92	92	93	1,113
Total Taxes	5,824	1,604	4,606	2,467	2,139	4,546	1,995	1,655	4,320	3,203	2,468	4,498	39,325
Abandoned Property	1	0	0	0	0	40	10	150	50	0	0	199	450
ABC License Fee	6	6	6	5	6	5	6	4	6	6	6	4	66
Investment Income	22	7	7	7	7	7	7	7	7	7	7	8	100
Licenses, Fees, etc.	70	55	65	50	35	75	60	55	65	70	40	54	694
Motor Vehicle Fees	34	27	16	5	38	6	26	13	34	32	36	32	299
Reimbursements	2	9	9	9	9	9	9	9	9	9	9	20	112
Extraordinary Settlements	585	142	0	0	0	0	0	0	0	0	0	0	727
Other Transactions	19	15	50	15	15	95	40	15	60	15	15	55	409
Total Miscellaneous Receipts	739	261	153	91	110	237	158	253	231	139	113	372	2,857
Federal Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0
PIT in Excess of Revenue Bond Debt Service	4,606	1,008	2,529	1,659	1,421	2,677	1,187	618	2,211	2,806	1,213	2,700	24,635
ECEP in Excess of Revenue Bond Debt Service	0	0	0	0	0	0	0	0	0	0	0	1	1
Tax in Excess of LGAC	271	100	558	292	275	395	293	294	380	306	(24)	341	3,481
Sales Tax Bond Fund	193	192	311	214	213	369	209	210	297	222	176	339	2,945
Real Estate Taxes in Excess of CW/CA Debt Service	83	85	88	89	98	88	75	80	78	80	79	50	973
All Other	27	102	108	261	104	126	115	157	102	146	236	1,416	2,900
Total Transfers from Other Funds	5,180	1,487	3,594	2,515	2,111	3,655	1,879	1,359	3,068	3,560	1,680	4,847	34,935
TOTAL RECEIPTS	11,743	3,352	8,353	5,073	4,360	8,438	4,032	3,267	7,619	6,902	4,261	9,717	77,117
DISBURSEMENTS:													
School Aid	775	3,914	2,100	159	729	1,667	885	1,571	2,023	530	726	8,490	23,569
Higher Education	38	33	1,219	271	59	182	92	32	189	35	328	497	2,975
All Other Education	97	44	67	310	286	65	77	296	375	35	341	395	2,388
Medicaid - DOH	3,302	1,306	1,479	898	1,392	1,518	775	1,304	1,035	1,081	1,300	361	15,751
Public Health	22	30	39	60	89	44	27	88	62	23	82	70	636
Mental Hygiene	124	57	257	156	70	276	131	80	303	142	126	270	1,992
Children and Families	19	79	217	79	74	218	82	78	218	88	145	230	1,527
Temporary & Disability Assistance	67	109	168	110	110	110	110	110	110	110	110	116	1,340
Transportation	0	24	20	0	24	0	0	24	11	0	13	0	116
Unrestricted Aid	0	12	397	9	8	52	11	4	190	4	1	64	752
All Other	23	20	98	78	118	98	66	81	102	70	114	186	1,054
Total Local Assistance	4,467	5,628	6,061	2,130	2,959	4,230	2,256	3,668	4,618	2,118	3,286	10,679	52,100
Personal Service	666	851	686	700	867	697	861	701	722	895	687	698	9,031
Non-Personal Service	157	283	221	228	279	265	242	247	205	246	231	276	2,880
Total State Operations	823	1,134	907	928	1,146	962	1,103	948	927	1,141	918	974	11,911
General State Charges	728	2,319	446	415	412	480	554	425	419	410	478	630	7,716
Debt Service	135	0	(2)	124	(3)	(27)	122	0	(2)	263	(24)	(36)	550
Capital Projects	501	269	747	341	523	567	(274)	451	(218)	(249)	251	282	3,191
State Share Medicaid	0	0	0	0	0	0	0	0	0	0	0	0	0
SUNY Operations	219	218	327	223	24	11	9	79	14	12	9	40	1,185
Other Purposes	78	208	167	16	55	28	67	83	53	16	30	403	1,204
Total Transfers to Other Funds	933	695	1,239	704	599	579	(76)	613	(153)	42	266	689	6,130
TOTAL DISBURSEMENTS	6,951	9,776	8,653	4,177	5,116	6,251	3,837	5,654	5,811	3,711	4,948	12,972	77,857
Excess/(Deficiency) of Receipts over Disbursements	4,792	(6,424)	(300)	896	(756)	2,187	195	(2,387)	1,808	3,191	(687)	(3,255)	(740)
CLOSING BALANCE	11,998	5,574	5,274	6,170	5,414	7,601	7,796	5,409	7,217	10,408	9,721	6,466	6,466

Source: NYS DOB.

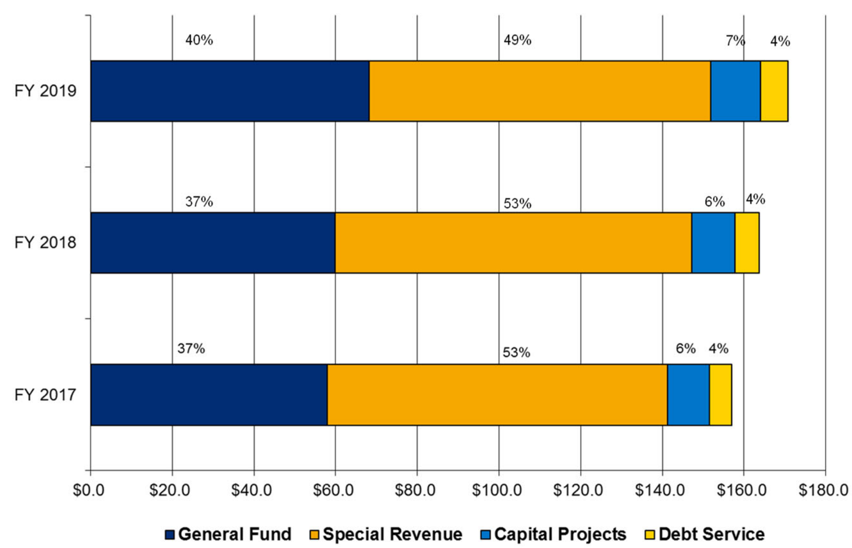
Prior Fiscal Years

The following six charts show the composition of the State's governmental funds, State Operating Funds and the General Fund as of March 31, 2019. Following the tables is a summary of the cash-basis results for the State's three most recent fiscal years.

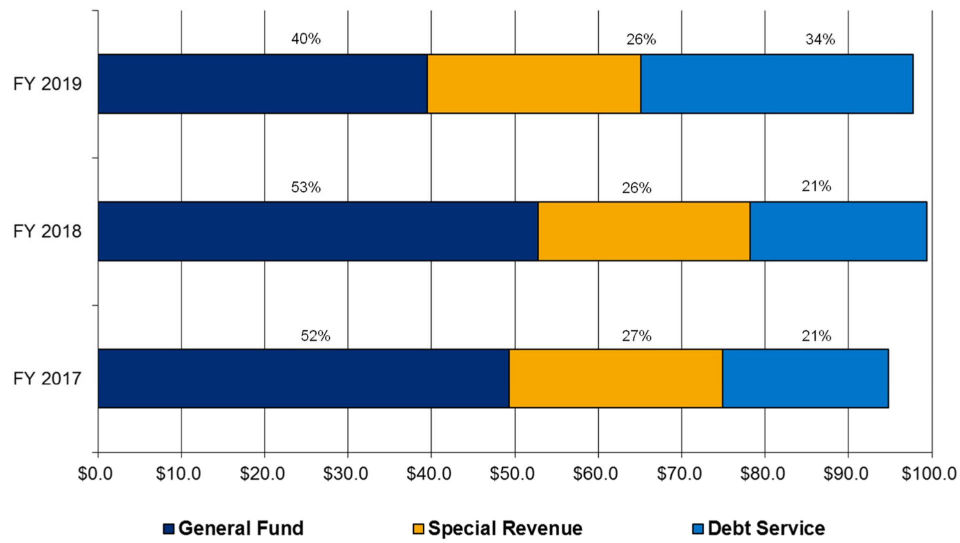
Governmental Funds Receipts
State Fiscal Years 2017, 2018 and 2019
(billions of dollars)



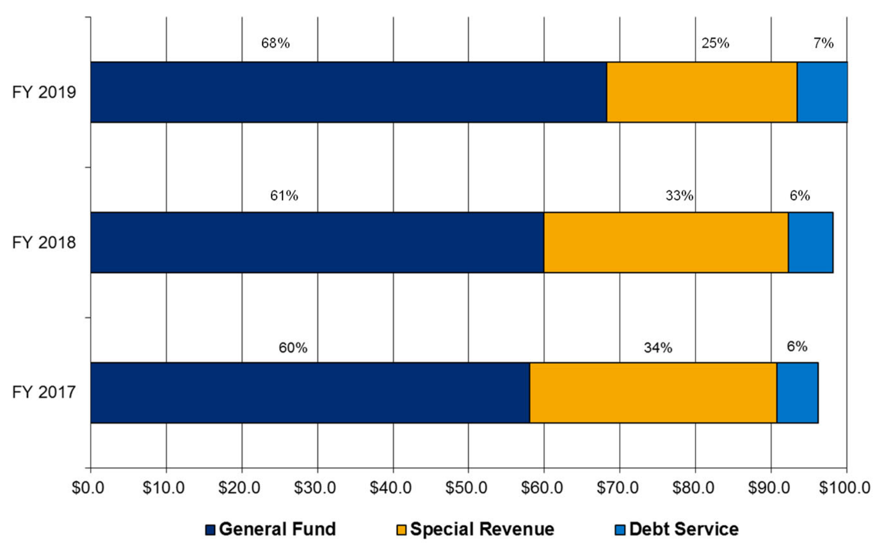
Governmental Funds Disbursements
State Fiscal Years 2017, 2018 and 2019
(billions of dollars)



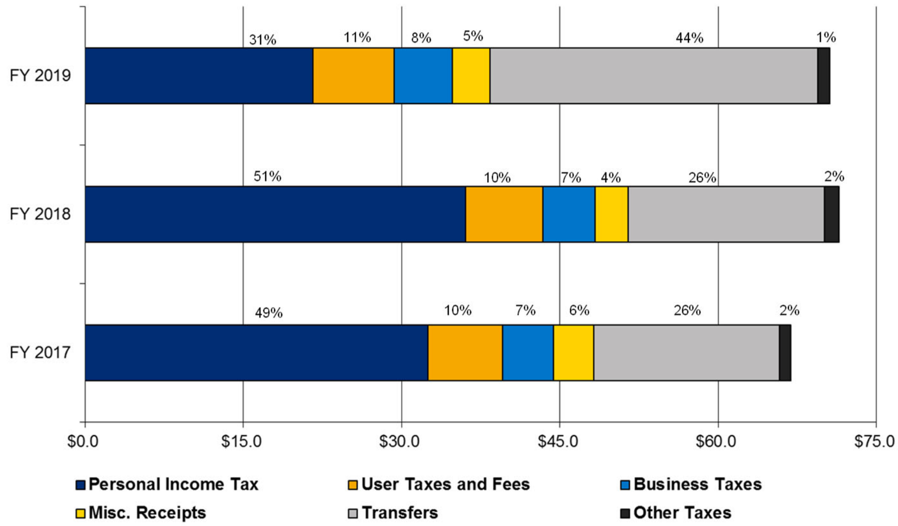
State Operating Funds Receipts
State Fiscal Years 2017, 2018 and 2019
(billions of dollars)



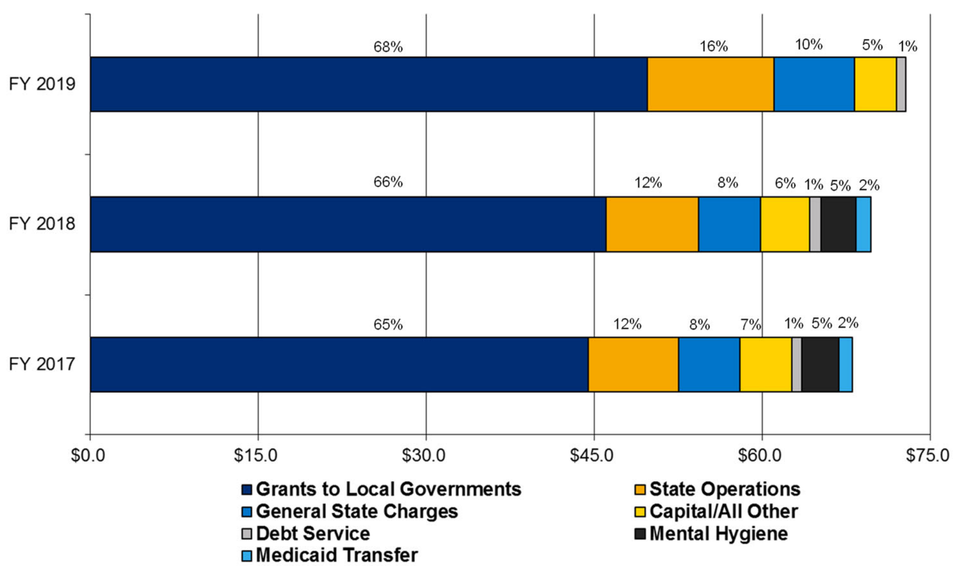
State Operating Funds Disbursements
State Fiscal Years 2017, 2018 and 2019
(billions of dollars)



General Fund Receipts and Transfers by Source
State Fiscal Years 2017, 2018 and 2019
(billions of dollars)



General Fund Disbursements and Transfers by Type
State Fiscal Years 2017, 2018 and 2019
(billions of dollars)



The State reports its financial results on the cash basis of accounting, showing receipts and disbursements; and the GAAP basis (including modified accrual and full accrual), as prescribed by GAAP, showing revenues and expenditures. With the exception of FY 2019 financial results, the State's GAAP-basis financial results set forth in this section have been audited. Note that the FY 2019 financial results included in this AIS are preliminary and unaudited.

Cash-Basis Results for Prior Fiscal Years

General Fund FY 2017 Through FY 2019

The General Fund is the principal operating fund of the State and is used to account for all financial transactions, except those required by law to be accounted for in another fund. It is the State's largest single fund and receives most State taxes and other resources not dedicated to particular purposes. General Fund moneys in prior fiscal years were also transferred to other funds, primarily to support certain State share Medicaid payments, capital projects and debt service payments in other fund types. In some cases, the fiscal year results provided below may exclude certain timing-related transactions which have no net impact on operations.

In the cash basis of accounting, the State defines a balanced budget in the General Fund in any given fiscal year as (a) the ability to make all planned payments anticipated in the Financial Plan, including tax refunds, without the issuance of deficit bonds or notes or extraordinary cash management actions, (b) the restoration of the balances in the Rainy Day Reserves to a level equal to or greater than the level at the start of the fiscal year, and (c) maintenance of other designated balances, as required by law.

The State has allowed limited spending growth to meet the demand for services. In addition, rainy day reserve fund balances have been supported and maintained. The following table summarizes General Fund results for the prior three fiscal years.

COMPARISON OF GENERAL FUND RECEIPTS AND DISBURSEMENTS
FY 2017 THROUGH FY 2019
(millions of dollars)

	FY 2017	FY 2018	FY 2019
OPENING FUND BALANCE	8,934	7,749	9,445
Personal Income Tax [1]	32,535	36,037	21,621
Consumption/User Taxes:			
Sales and Use Tax [2]	6,483	6,776	7,091
Cigarette and Tobacco Tax	360	342	328
Alcoholic Beverage Taxes	258	259	262
Subtotal	7,101	7,377	7,681
Business Taxes:			
Corporation Franchise Tax	2,476	2,326	3,410
Corporation and Utilities Taxes	538	570	495
Insurance Taxes	1,410	1,610	1,638
Bank Tax	337	410	(42)
Subtotal	4,761	4,916	5,501
Other Taxes:			
Estate and Gift Taxes	1,091	1,308	1,068
Pari-mutuel Tax	16	15	15
Other Taxes	3	3	3
Subtotal	1,110	1,326	1,086
Miscellaneous Receipts & Federal Grants	3,813	3,129	3,586
Transfers from Other Funds:			
PIT in excess of Revenue Bond debt service [1]	10,275	10,909	21,346
Sales Tax in excess of Revenue Bond debt service	2,672	2,763	2,653
Sales Tax in Excess of LGAC Debt Service	2,870	3,098	3,113
All Other Transfers	1,758	1,865	3,957
Subtotal	17,575	18,635	31,069
TOTAL RECEIPTS	66,895	71,420	70,544
Grants to Local Governments:			
School Aid	21,017	22,015	23,080
Medicaid	12,178	13,398	14,340
All Other Local Aid	11,244	10,659	12,325
State Operations:			
Personal Service	6,065	6,136	8,719
Non-Personal Service	2,022	2,092	2,622
General State Charges	5,462	5,572	7,139
Transfers to Other Funds:			
In Support of Debt Service	924	1,047	786
In Support of Capital Projects	2,569	2,191	1,888
State Share Medicaid [3]	1,239	1,333	(29)
Mental Hygiene Facilities [3]	3,287	3,127	0
SUNY Operations	996	1,015	1,020
All Other Transfers	1,077	1,139	893
Subtotal	10,092	9,852	4,558
TOTAL DISBURSEMENTS	68,080	69,724	72,783
Excess (Deficiency) of Receipts and Other Financing Sources over Disbursements and Other Financing Uses	(1,185)	1,696	(2,239)
CLOSING FUND BALANCE	7,749	9,445	7,206

Sources: NYS Office of the State Comptroller. Financial Plan categorical detail by NYS Division of the Budget.

(1) Excludes personal income tax receipts that flow into the Revenue Bond Tax Fund (RBTF) in the first instance and are then transferred to the General Fund after debt service obligation is satisfied. FY 2019 enacted budget legislation doubled the level of required RBTF deposits, from 25 percent to 50 percent of PIT receipts.

(2) Excludes sales tax in excess of LGAC Debt Service and Sales Tax Revenue Bond Fund.

(3) Reflects the reclassification in FY 2019 of certain mental hygiene spending from special revenue funds to the General Fund. As a result of the reclassification that began in FY 2019, the State share of mental hygiene Medicaid is transferred within the General Fund, rather than out of the General Fund to a Special Revenue Fund.

FY 2019

The State ended FY 2019 in balance on a cash basis in the General Fund, based on preliminary, unaudited results. General Fund receipts, including transfers from other funds, totaled $70.5 billion. General Fund disbursements, including transfers to other funds, totaled $72.8 billion. The State ended FY 2019 with a General Fund balance of $7.2 billion, a decrease of $2.2 billion from FY 2018 results. The decline in the fund balance is largely attributable to the use of $1.9 billion in cash received in FY 2018. These funds are related to the acceleration of an estimated $1.9 billion in PIT payments as taxpayers responded to the $10,000 limit on SALT deductibility of income and property taxes enacted by Congress and effective for tax year 2018.[24] In addition, the Extraordinary Monetary Settlements balance has declined consistent with planned spending.

FY 2018

The State ended FY 2018 in balance on a cash basis in the General Fund. General Fund receipts, including transfers from other funds, totaled $71.4 billion. General Fund disbursements, including transfers to other funds, totaled $69.7 billion. The State ended FY 2018 with a General Fund balance of $9.4 billion, an increase of $1.7 billion from FY 2017 results. The higher balance is due to acceleration of an estimated $1.9 billion in PIT payments as taxpayers responded to SALT deductibility.

FY 2017

The State ended FY 2017 in balance on a cash basis in the General Fund. General Fund receipts, including transfers from other funds, totaled $66.9 billion. General Fund disbursements, including transfers to other funds, totaled $68.1 billion. The State ended FY 2017 with a General Fund balance of $7.7 billion, a decrease of $1.2 billion from FY 2016 results, mainly due to the change in Extraordinary Monetary Settlement funds on hand, including the planned transfer to pay for spending appropriated from capital projects funds ($965 million). The decrease also reflects the use of balances, as planned, to fund: the costs of labor settlements reached in FY 2017 that covered current and prior contract periods ($140 million); expenses related to the timing of FY 2016 payments ($73 million); and disbursements from Community Projects Fund re-appropriations ($7 million).

State Operating Funds FY 2017 Through FY 2019

State Operating Funds is composed of the General Fund, State special revenue funds and debt service funds. The State Operating Funds perspective is primarily intended as a measure of State-financed spending. Similar to the General Fund, spending growth in State Operating Funds in recent years has also been limited.

FY 2019

State Operating Funds receipts totaled $97.7 billion in FY 2019, a decrease of $1.7 billion over the FY 2018 results. Disbursements totaled $100.1 billion in FY 2019, an increase of $2.0 billion or 2 percent from the FY 2018 results. The State ended FY 2019 with a State Operating Funds cash balance of $12.4 billion.

FY 2018

State Operating Funds receipts totaled $99.4 billion in FY 2018, an increase of $4.5 billion over the FY 2017 results. Disbursements totaled $98.2 billion in FY 2018, an increase of $2.0 billion or 2 percent from the FY 2017 results. The State ended FY 2018 with a State Operating Funds cash balance of $13.6 billion.

FY 2017

State Operating Funds receipts totaled $94.8 billion in FY 2017, a decrease of $1.8 billion over the FY 2016 results. Disbursements totaled $96.2 billion in FY 2017, an increase of $1.9 billion or 2 percent from the FY 2016 results. The State ended FY 2017 with a State Operating Funds cash balance of $11.6 billion.

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
Opening Fund Balance	**9,445**	**4,009**	**153**	**13,607**
Receipts:				
Taxes	35,889	6,121	32,134	74,144
Miscellaneous Receipts	3,586	19,466	433	23,485
Federal Receipts	0	(1)	74	73
Total Receipts	**39,475**	**25,586**	**32,641**	**97,702**
Disbursements:				
Local Assistance	49,745	16,432	0	66,177
State Operations:				
Personal Service	8,719	4,968	0	13,687
Non-Personal Service	2,622	2,710	38	5,370
General State Charges	7,139	1,065	0	8,204
Debt Service	0	0	6,699	6,699
Capital Projects	0	0	0	0
Total Disbursements	**68,225**	**25,175**	**6,737**	**100,137**
Other Financing Sources (Uses):				
Transfers from Other Funds*	31,069	1,906	3,537	36,512
Transfers to Other Funds*	(4,558)	(1,235)	(29,529)	(35,322)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**26,511**	**671**	**(25,992)**	**1,190**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(2,239)**	**1,082**	**(88)**	**(1,245)**
Closing Fund Balance	**7,206**	**5,091**	**65**	**12,362**

Source: NYS DOB.

*Actual reported transfer amounts include eliminations between State Special Revenue Funds and Federal Special Revenue Funds.

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
Opening Fund Balance	**7,749**	**3,732**	**144**	**11,625**
Receipts:				
Taxes	49,656	7,639	20,658	77,953
Miscellaneous Receipts	3,129	17,734	471	21,334
Federal Receipts	0	1	73	74
Total Receipts	**52,785**	**25,374**	**21,202**	**99,361**
Disbursements:				
Local Assistance	46,072	19,532	0	65,604
State Operations:				
Personal Service	6,136	7,034	0	13,170
Non-Personal Service	2,092	3,517	42	5,651
General State Charges	5,572	2,281	0	7,853
Debt Service	0	0	5,873	5,873
Capital Projects	0	0	0	0
Total Disbursements	**59,872**	**32,364**	**5,915**	**98,151**
Other Financing Sources (Uses):				
Transfers from Other Funds*	18,635	7,949	3,873	30,457
Transfers to Other Funds*	(9,852)	(682)	(19,151)	(29,685)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**8,783**	**7,267**	**(15,278)**	**772**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**1,696**	**277**	**9**	**1,982**
Closing Fund Balance	**9,445**	**4,009**	**153**	**13,607**

Source: NYS DOB.

*Actual reported transfer amounts include eliminations between State Special Revenue Funds and Federal Special Revenue Funds.

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	**8,934**	**3,547**	**160**	**12,641**
Receipts:				
Taxes	45,507	8,101	19,381	72,989
Miscellaneous Receipts	3,813	17,487	458	21,758
Federal Receipts	0	(1)	73	72
Total Receipts	**49,320**	**25,587**	**19,912**	**94,819**
Disbursements:				
Local Assistance	44,439	19,930	0	64,369
State Operations:				
Personal Service	6,065	7,028	0	13,093
Non-Personal Service	2,022	3,527	38	5,587
General State Charges	5,462	2,172	0	7,634
Debt Service	0	0	5,514	5,514
Capital Projects	0	2	0	2
Total Disbursements	**57,988**	**32,659**	**5,552**	**96,199**
Other Financing Sources (Uses):				
Transfers from Other Funds*	17,575	7,733	3,609	28,917
Transfers to Other Funds*	(10,092)	(476)	(17,985)	(28,553)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	**7,483**	**7,257**	**(14,376)**	**364**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(1,185)**	**185**	**(16)**	**(1,016)**
Closing Fund Balance	**7,749**	**3,732**	**144**	**11,625**

Source: NYS DOB.

*Actual reported transfer amounts include eliminations between State Special Revenue Funds and Federal Special Revenue Funds.

All Funds FY 2017 Through FY 2019

The All Funds Financial Plan records the operations of the four governmental fund types: the General Fund, special revenue funds, capital projects funds, and debt service funds. It is the broadest measure of State governmental activity, and includes spending from Federal funds and capital projects funds.

FY 2019

All Funds receipts were $2.6 billion (1.6 percent) higher than the prior year, comprising $3.7 billion in lower tax receipts (4.7 percent), which was more than offset by $3.9 billion in higher miscellaneous receipts and $2.4 billion in additional Federal aid.

PIT receipts decreased by $3.4 billion (6.6 percent) due to a significant decline in current estimated payments (related to taxpayer response to the cap on SALT deductions) and growth in credits paid for property tax relief and STAR programs. The decrease was partially offset by modest growth in withholding receipts, and a decline in total Tax Year 2017 current refunds as the result of a nearly $500 million year over year increase in the FY 2018 administrative refund cap.

The declines in all other taxes includes the direct remittance of the PMT collections to the MTA beginning in FY 2019, which previously passed-through the State and were thus included in the FY 2018 receipts ($1.4 billion). In addition, estate tax payments were lower due to year-over-year decreases in the number of super-large estate tax payments. These declines were partly offset by higher Consumption/User tax collections ($645 million) due to growth in sales tax and the return to more normal refund levels for HUT. Business taxes were also higher than prior-year ($748 million) due to higher gross receipts and lower refunds, partially offset by lower audits.

Miscellaneous receipts were $3.9 billion (14.4 percent) higher in the current year mainly due to the receipt of a payment from Fidelis Care pursuant to the sale of substantially all its assets to Centene Corporation ($1 billion); unplanned extraordinary settlement moneys ($328 million); HCRA receipts ($136 million), Lottery ($94 million), Licenses and Fees ($74 million), revenues deposited into the newly created Charitable Gifts Trust Fund ($93 million) and increases in various fees deposited to Special Revenue funds across multiple agencies. Higher bond proceed reimbursements ($1.8 billion) were primarily associated with DOT and SUNY and were partly offset by the lower receipts from ESDC.

Federal grants were $2.4 billion higher, consistent with Federal operating aid disbursements described below.

All Funds spending was $7.1 billion (4.4 percent) higher than FY 2018. The increase resulted largely from higher Federal operating spending ($3.5 billion), higher State Operating Funds spending ($2.0 billion) and higher Capital Projects Fund spending ($1.6 billion).

State Operating Funds spending totaled $100.1 billion, an increase of nearly $2 billion (2 percent) compared to the prior-year. Growth in School Aid ($946 million) and Medicaid ($888 million) was partially offset by lower aggregate spending in all other programs and purposes.

School Aid spending growth is largely due to increase in General Aid payments ($905 million) and the timing of SUFPK aid payments to New York City which were delayed from FY 2018 to FY 2019 ($228 million). These increases were partially offset by lower spending for Teachers' Retirement ($221 million).

Medicaid Program growth is largely due to increased enrollment and utilization of the program ($1.5 billion). In particular, enrollment in the Managed Long Term Care program which generally serves a more expensive population experienced growth of roughly 13 percent over the prior year. These increases are partially offset by credits of $427 million, including prescription drug rebates for Medicaid recipients. Other savings were realized from the ACA tax reconciliation and use of tobacco settlement funds to partially offset the costs of the State's takeover of local Medicaid growth ($427 million).

Lower other local assistance spending was primarily related to the direct flow of PMT collections to the MTA, which previously passed through the State and was included in the FY 2018 results, and the transition of STAR from a spending program into a PIT tax credit.

Executive agency operations spending growth reflects certain transportation operating costs that were moved from the DHBTF to the General Fund beginning in the current year ($291 million). Excluding these costs, Executive agency operations declined. Operating spending for elected officials increased due to personal service costs associated with collectively bargained retroactive payments. SUNY costs reflect retroactive salary payments that were more than offset by a change in accounting for campus funded scholarship payments.

Higher fringe benefits spending is driven by planned cost increases for the State's share of employee health insurance and workers compensation payments.

Higher debt service spending is mostly attributable to the prepayment of FY 2020 obligations at the end of FY 2019.

Capital Projects Fund spending increases reflect higher expenses for the MTA ($674 million), DOH ($138 million), State and Municipalities projects ($137 million), ESDC ($159 million), and DEC ($225 million).

Growth in Federal operating aid spending was driven mainly by:

- Medicaid ($2.3 billion) program growth consistent with the summary above, as well as payments to providers serving a disproportionate share of low income individuals;
- Social Services ($609 million) timing of payments related to Child Care ($385 million), Flexible Fund for Family Services ($198 million), and public assistance benefit payments ($55 million); offset by lower Supplemental Nutrition Assistance Program (SNAP) payments ($54 million);
- School Aid ($396 million) increases in Federal Every Student Succeeds Act (ESSA) grants;
- Medicaid Administration ($315 million) resolution of FY 2016 CMS deferrals; and
- Special Education ($271 million) Individuals with Disabilities in Education (IDEA) flow-through grants.

FY 2018

All Funds receipts were $9.1 billion (5.8 percent) higher than the prior year, comprised of $4.9 billion in higher tax receipts (6.6 percent), $3.5 billion in Federal aid, and $670 million in miscellaneous receipts.

PIT, the largest contributor to the growth in tax receipts, was $3.9 billion (8.3 percent) higher, due to a $3.4 billion increase in tax year 2017 estimated payments and a $2.7 billion increase in withholding. These increases were partially offset by a $1.1 billion increase in tax year 2016 refunds, a $608 million decline in extension payments, and accelerated tax year 2017 refund payments of $500 million. The increase in tax year 2016 refunds was mostly timing-related. The amount of refunds paid in January through March was $2.55 billion in FY 2016, $1.75 billion in FY 2017, and $2.25 billion in FY 2018.

All other taxes were $958 million (3.6 percent) higher, mainly due to higher sales tax ($504 million), higher estate tax collections resulting from two large payments exceeding $100 million ($217 million), and business taxes driven by higher audit receipts ($185 million).

Miscellaneous receipts were $670 million (2.5 percent) higher in the current year, mainly due to higher bond proceeds reimbursements ($1.0 billion), offset by a decline in extraordinary monetary settlements ($477 million).

Federal grants were $3.5 billion (6.4 percent) higher, largely driven by Federal operating aid disbursements, as well as the timing of reimbursements for program costs initially financed by the State.

All Funds spending was $6.7 billion (4.3 percent) higher than FY 2017. The increase resulted largely from higher Federal operating spending ($4.3 billion), higher State Operating Funds spending ($1.95 billion) and higher Capital Projects Fund spending ($484 million).

State Operating Funds spending totaled $98.2 billion, an increase of almost $2 billion (2 percent) compared to the prior year.

Growth in School Aid ($1.1 billion) and Medicaid ($902 million) was partially offset by lower spending in other local assistance programs ($775 million). Higher School Aid spending was almost entirely for General Aid ($1.2 billion), which was partially offset by decreased spending on Teacher Retirement Systems ($144 million). Medicaid spending growth is due to increased claims for monthly managed care and long-term care programs ($1.4 billion), partly offset by increased Federal reimbursement for the EP spending ($269 million).

The annual decline in all other local assistance spending is mainly driven by the conversion of the New York City STAR benefit to a tax credit, and lower than expected payments for child care, and increased Mental Hygiene Stabilization Fund (MHSF) offsets resulting from DOH Medicaid savings.

Compared to the prior year, Executive agency operational spending decreased by $15 million (0.1 percent), while spending for University Systems and elected officials increased. Higher spending for SUNY mainly occurred in hospital operations. Judiciary spending included retroactive salary payments made pursuant to collective bargaining contracts settled in FY 2018.

Higher fringe benefits spending included expected increases for the State's share of employee health insurance.

Debt service spending reflects the impact of the FY 2018 prepayment of expenses due in FY 2019.

Capital Projects Fund spending increased by $484 million, primarily due to expenses for the Moynihan Station construction project ($275 million), continued implementation of the Housing Capital Plan ($148 million), and mental hygiene projects ($140 million).

Federal operating spending grew by $4.3 billion, with higher spending for Medicaid ($3.2 billion), Public Health/CHP ($692 million), EP ($618 million), and Children and Family Services ($297 million) driven by increased child welfare spending. Higher Medicaid spending was driven by enrollment growth ($2.6 billion) and increased spending in DSRIP ($1.5 billion), offset by Medicaid recovery from audits. Increased spending in Public Health was primarily driven by the CHP program as the result of increased enrollment. Growth in the EP was the result of increased enrollment in the program. The higher spending was partially offset by reduced spending for School Aid attributable to Title I Grants for districts with high percentages of students from low-income families ($504 million).

FY 2017

All Funds tax receipts were $301 million (-0.4 percent) lower than the prior year results, primarily attributable to a decline in business taxes ($905 million) due to lower gross receipts and a year-over-year decline in other taxes ($393 million) as a result of the continued phase-in of the estate tax cut enacted in 2014. Partly offsetting the annual decline were higher PIT receipts ($510 million), which experienced relatively low growth due to weaker than anticipated estimated payments and withholding components, and an increase in Consumption/Use Taxes ($487 million) consistent with anticipated levels. Miscellaneous receipts were $674 million below the prior year, largely due to the timing associated with the receipt of one-time Extraordinary Monetary Settlement proceeds in FY 2016, including over $1.3 billion from BNP alone. Federal grants were $4.1 billion higher than FY 2016, consistent with the impact of the annual changes in Federal spending described in more detail below.

Through March 2017, All Funds spending was $6.3 billion (4.2 percent) higher than FY 2016, which was comprised of higher spending for State Operating Funds ($1.9 billion), Capital Projects Funds ($1.2 billion), and Federal Operating Funds ($3.2 billion).

State Operating Funds spending during FY 2017 was $1.9 billion, or 2 percent, higher than total State Operating Funds spending during FY 2016. This increase was primarily attributable to the growth in School Aid ($1 billion), Medicaid and EP ($887 million), and transportation ($232 million), all of which was consistent with budgeted growth levels. Agency operations grew by $279 million, or 1.1 percent, reflecting the impact of retroactive collective bargaining agreements, which increased personal service costs, and budgeted growth in pension and health insurance expenses. Debt service spending in FY 2017 declined by $85 million, or 1.5 percent, from FY 2016, which was due largely to the impact of pre-payment expenses over the multi-year period; of which a greater share of such payment was made during FY 2016, thus driving an annual decline in base expenses for FY 2017. This decline was later mostly back-filled with additional pre-payments afforded by under-spending from other program areas.

School aid growth of $1 billion from FY 2016 to FY 2017 was consistent with program growth budgeted on an annual basis. Annual growth in Medicaid spending ($887 million) was consistent with initial spending projections, with the exception of an additional $31 million increase to the Medicaid Global Cap to fund updated costs associated with minimum wage increases. In addition, significant levels of Medicaid spending moved from the General Fund to HCRA and from state operations categories to local assistance, with no net impact to overall spending estimates within the Financial Plan and Global Cap. Annual spending growth for transit aid was largely attributable to increased revenue pass-thru to MTA ($116 million) and Metropolitan Mass Transportation Operating Assistance (MMTOA) ($121 million).

Growth in agency operations ($279 million) was due to higher personal service costs ($112 million), which was primarily attributable to general salary increases that were agreed to as part of multiple retroactive collective bargaining settlements reached during FY 2017. In addition, higher annual fringe benefit expenses ($182 million) reflected growth for pensions, including additional costs associated with legislation allowing for extra pension credits for eligible veterans meeting specific criteria in their application for such credits, and health insurance as a result of growth in utilization expenses and rate renewal costs.

Federal spending growth is largely driven by Medicaid and EP spending ($4.2 billion), most significantly reflecting the escalating cost impact associated with various Federal health care transformation initiatives (including new spending for the EP), and several significant retroactive share and claiming adjustments from prior years that were effectuated during FY 2017. Significant Federal spending declines relative to FY 2016 were driven largely by Social Services ($615 million), in part a result of claiming patterns, and Homeland Security ($522 million), which related to the timing and approval of various project submissions.

Growth in capital projects spending was primarily attributable to the continued implementation of several projects funded from DIIF, where initial spending did not occur until July 2016, and economic development programs.

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
Opening Fund Balance	**9,445**	**4,302**	**(1,151)**	**153**	**12,749**
Receipts:					
Taxes	35,889	6,121	1,434	32,134	75,578
Miscellaneous Receipts	3,586	19,668	7,497	433	31,184
Federal Receipts	0	58,920	2,350	74	61,344
Total Receipts	**39,475**	**84,709**	**11,281**	**32,641**	**168,106**
Disbursements:					
Local Assistance	49,745	72,453	5,234	0	127,432
State Operations:					
Personal Service	8,719	5,605	0	0	14,324
Non-Personal Service	2,622	4,104	0	38	6,764
General State Charges	7,139	1,485	0	0	8,624
Debt Service	0	0	0	6,699	6,699
Capital Projects	0	0	7,032	0	7,032
Total Disbursements	**68,225**	**83,647**	**12,266**	**6,737**	**170,875**
Other Financing Sources (Uses):					
Transfers from Other Funds	31,069	1,906	2,219	3,537	38,731
Transfers to Other Funds	(4,558)	(3,428)	(1,354)	(29,529)	(38,869)
Bond and Note Proceeds	0	0	133	0	133
Net Other Financing Sources (Uses)	**26,511**	**(1,522)**	**998**	**(25,992)**	**(5)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(2,239)**	**(460)**	**13**	**(88)**	**(2,774)**
Closing Fund Balance	**7,206**	**3,842**	**(1,138)**	**65**	**9,975**

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
Opening Fund Balance	**7,749**	**4,272**	**(1,060)**	**144**	**11,105**
Receipts:					
Taxes	49,656	7,639	1,313	20,658	79,266
Miscellaneous Receipts	3,129	17,933	5,729	471	27,262
Federal Receipts	0	56,744	2,125	73	58,942
Total Receipts	**52,785**	**82,316**	**9,167**	**21,202**	**165,470**
Disbursements:					
Local Assistance	46,072	72,126	3,797	0	121,995
State Operations:					
Personal Service	6,136	7,702	0	0	13,838
Non-Personal Service	2,092	4,886	0	42	7,020
General State Charges	5,572	2,603	0	0	8,175
Debt Service	0	0	0	5,873	5,873
Capital Projects	0	0	6,843	0	6,843
Total Disbursements	**59,872**	**87,317**	**10,640**	**5,915**	**163,744**
Other Financing Sources (Uses):					
Transfers from Other Funds	18,635	7,949	2,607	3,873	33,064
Transfers to Other Funds	(9,852)	(2,918)	(1,385)	(19,151)	(33,306)
Bond and Note Proceeds	0	0	160	0	160
Net Other Financing Sources (Uses)	**8,783**	**5,031**	**1,382**	**(15,278)**	**(82)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**1,696**	**30**	**(91)**	**9**	**1,644**
Closing Fund Balance	**9,445**	**4,302**	**(1,151)**	**153**	**12,749**

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	**8,934**	**3,607**	**(891)**	**160**	**11,810**
Receipts:					
Taxes	45,507	8,101	1,383	19,381	74,372
Miscellaneous Receipts	3,813	17,686	4,637	458	26,594
Federal Receipts	0	52,725	2,608	73	55,406
Total Receipts	**49,320**	**78,512**	**8,628**	**19,912**	**156,372**
Disbursements:					
Local Assistance	44,439	68,294	3,604	0	116,337
State Operations:					
Personal Service	6,065	7,659	0	0	13,724
Non-Personal Service	2,022	4,898	0	38	6,958
General State Charges	5,462	2,465	0	0	7,927
Debt Service	0	0	0	5,514	5,514
Capital Projects	0	2	6,552	0	6,554
Total Disbursements	**57,988**	**83,318**	**10,156**	**5,552**	**157,014**
Other Financing Sources (Uses):					
Transfers from Other Funds	17,575	7,733	2,751	3,609	31,668
Transfers to Other Funds	(10,092)	(2,262)	(1,392)	(17,985)	(31,731)
Bond and Note Proceeds	0	0	0	0	0
Net Other Financing Sources (Uses)	**7,483**	**5,471**	**1,359**	**(14,376)**	**(63)**
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	**(1,185)**	**665**	**(169)**	**(16)**	**(705)**
Closing Fund Balance	**7,749**	**4,272**	**(1,060)**	**144**	**11,105**

Source: NYS DOB.

GAAP-Basis Results for Prior Fiscal Years

The Comptroller prepares Basic Financial Statements and Other Supplementary Information, including a management discussion and analysis, on a GAAP basis for governments as promulgated by the GASB. The Basic Financial Statements and Other Supplementary Information are released in July each year. These statements are audited by independent certified public accountants. The State expects to issue the Basic Financial Statements for FY 2019 by July 29, 2019. 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 the fiscal year ended March 31, 2019 is expected to be issued later in 2019.

The following tables summarize 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	Accumulated General Fund Surplus/(Deficit)
March 31, 2018	2,386	1,095	(877)	(86)	2,518	4,672
March 31, 2017	(2,788)	188	(599)	(153)	(3,352)	2,286
March 31, 2016	(978)	460	754	172	408	5,074

SUMMARY OF NET POSITION (millions of dollars)

Fiscal Year Ended	Governmental Activities	Business-Type Activities	Total Primary Government
March 31, 2018	28,608	69	28,677
March 31, 2017	28,580	332	28,912
March 31, 2016	32,539	225	32,764

The CAFR for the fiscal year ended March 31, 2018 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.

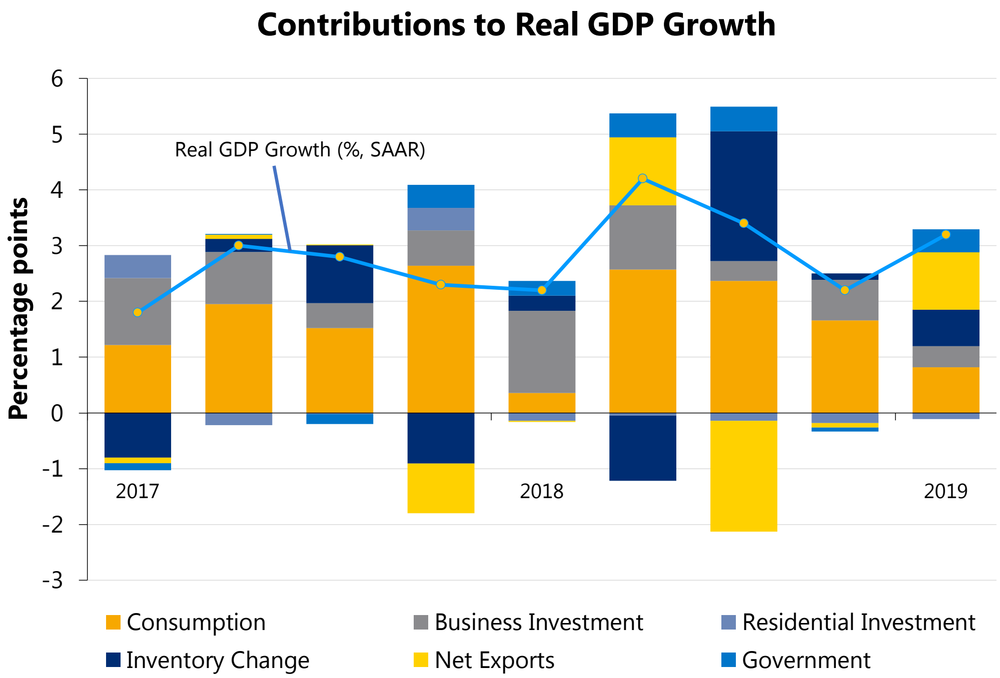
Economics and Demographics

The demographic and statistical data in this section, which have been obtained from the sources indicated, do not represent all factors which may have a bearing on the State's fiscal and economic affairs. Further, such information requires economic and demographic analysis in order to assess its significance and may be interpreted differently by individual experts. Note that DOB has chosen to provide certain economic and demographic analysis updated through the date of this AIS, although continuing disclosure requirements for this AIS require analysis only through March 31, 2019.

The U.S. Economy

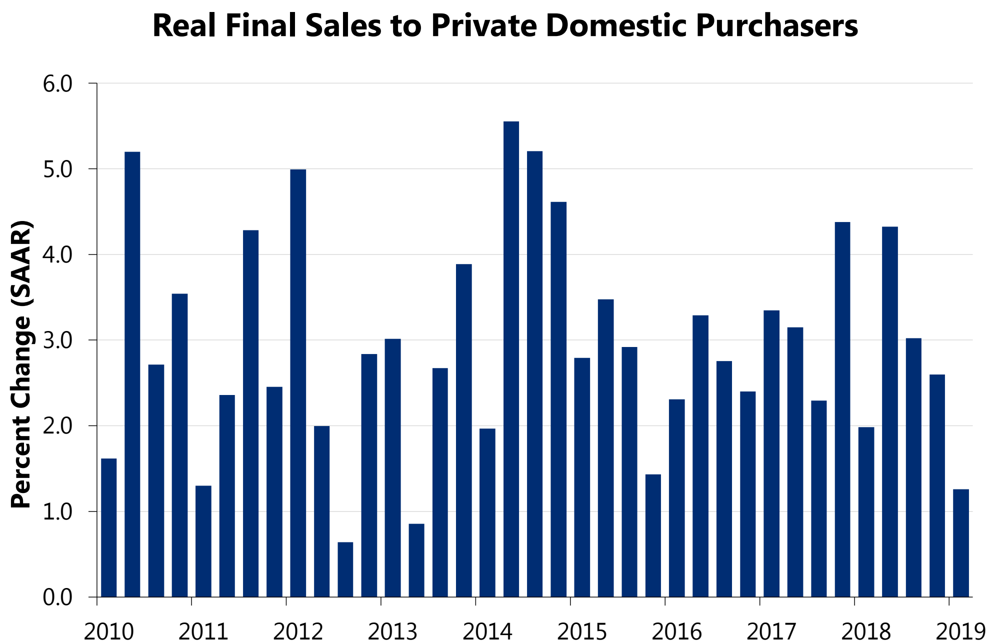
Current U.S. Economic Conditions

U.S. economic growth worries were intensifying at the end of 2018 due to stock market volatility, a partial Federal government shutdown, tightening monetary policy, and slowing global economic growth and trade volumes. Several economic indicators were signaling that a downturn may have been on the horizon – especially the December 2018 retail sales report, February 2019 payroll numbers, and a brief period of yield curve inversion. A resurgence in optimism occurred when the partial Federal government shutdown ended, the Chinese economy began to stabilize, and as it became apparent that further Federal Reserve rate hikes were on hold. In addition, U.S. equity markets started bouncing back, and incoming data for March 2019 indicate that U.S. economic growth is getting back on track. The March 2019 employment report, light-vehicle unit sales, retail sales, and durable goods orders all signaled stronger economic growth in the first quarter of calendar year 2019. The April 2019 employment and Conference Board's Consumer Confidence Reports signaled stronger consumer spending in the second quarter of calendar year 2019. Equity values have recovered from their late 2018 tumble and are expected to continue rising, albeit at a moderate pace, over the next several years.



Source: Moody's Analytics/BEA.

The advance estimate by the U.S. Bureau of Economic Analysis of first-quarter real GDP growth was a solid 3.2 percent, the strongest first-quarter gain since 2015. The graph above shows the breakdown of the GDP components and their contribution to growth. A stronger-than-expected inventory buildup, falling imports, and rising exports were the source of this strength, which was partially offset by decelerating consumer spending and business investment growth. Businesses had begun stocking up on inventories in mid-2018 due to dwindling inventory holdings, strong sales growth expectations, heightened trade tensions with China, and uncertainty over the North American Free Trade Agreement (NAFTA) negotiations. The global and domestic economic slowdown at the end of 2018 produced an unplanned inventory accumulation as sales underperformed expectations, suppressing imports in the first quarter. Real exports accelerated even as real import growth fell 3.7 percent, marking the weakest activity since the fourth quarter of 2012 and the second weakest since the end of the Great Recession in 2009. The contribution to first-quarter GDP growth from the combination of net exports and the change in real private inventories was 1.7 percent, the most since the first quarter of 2013. However, DOB believes that this pace of inventory accumulation is unsustainable. Slowing inventory accumulation is expected to exert a drag on real GDP growth for the remainder of the year and will assist in keeping core consumer price inflation modest.



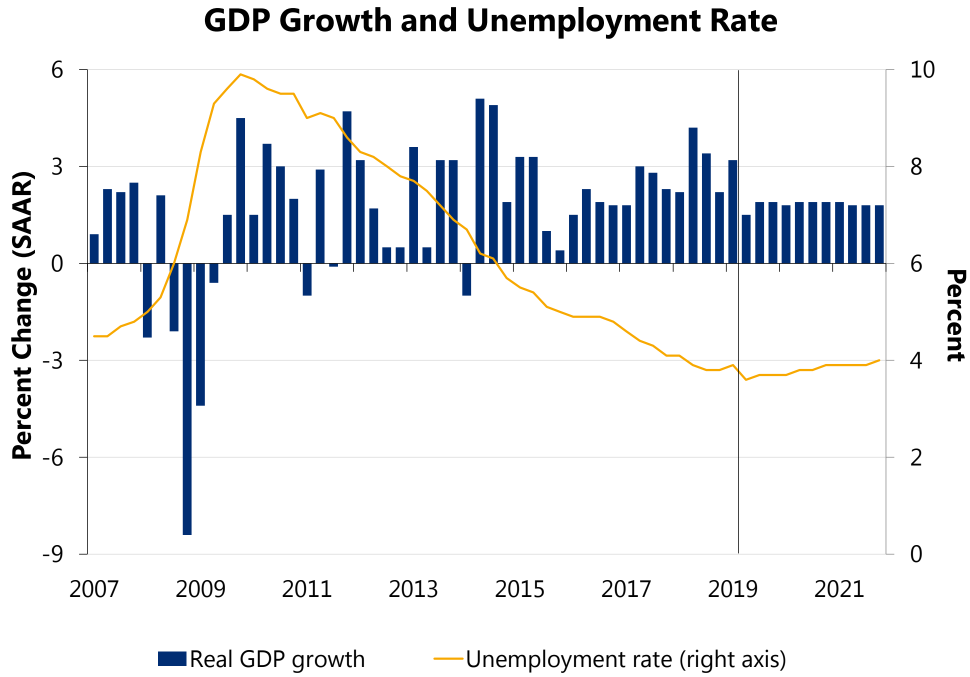
Source: Moody's Analytics/BEA.

The first-quarter GDP report indicates that domestic private demand is slowing. As shown in the graph above, growth in real final sales to private domestic purchasers (GDP less exports, change in private inventories, government spending, plus imports) has been decelerating since the second quarter of 2018, reaching 1.3 percent in first quarter of 2019, the weakest showing since the second quarter of 2013. Real residential investment growth remained underwater for the fifth consecutive quarter, while growth of real nonresidential investment in structures was negative for the third consecutive quarter. Real business equipment growth recorded the weakest reading since the third quarter of 2016. Real consumer spending growth was 1.2 percent, although recent March and April data are pointing to a stronger showing for the remainder of 2019.

Consumer Price Inflation weakened during the first quarter despite solid GDP growth. The core Personal Consumption Expenditure (PCE) price index rose at a 1.7 percent rate in the first quarter on year-ago basis, below the Federal Reserve's 2 percent target and down from the 1.9 percent rate in the fourth quarter. Monthly core PCE inflation stood at 2 percent on a 12-month change basis in December and started slowing each month thereafter, reaching 1.6 percent in March.

U.S. Economic Forecast

As shown in the table below, DOB expects real GDP growth to slow from 2.9 percent in 2018 to 2.5 percent in 2019 due to waning support from fiscal stimulus, labor market capacity constraints, and slower real change in private nonfarm inventories. We anticipate that inventories will be a drag on growth for the next two quarters. Real GDP growth will slow further to 1.9 percent in 2020 and remain at 1.9 percent through 2021. DOB forecasts real GDP growth to cross below real potential GDP growth in early 2021.[24] The unemployment rate is forecast to be close to the Congressional Budget Office's (CBO) Non-Accelerating-Inflation Rate of Unemployment (NAIRU) estimate of 4.5 percent by the end of 2023.



Source: Moody's Analytics/BEA, BLS; DOB staff estimates.

Consumer price inflation (CPI) is forecast to fall back to 1.8 percent in 2019 from a 2018 reading of 2.4 percent, based on recent core consumer price readings. However, tight labor markets, rising wages, the fading impact of a stronger dollar on consumer goods import prices, and rising oil prices will combine to place upward pressure on consumer prices, with CPI forecast to accelerate to 2.2 percent in 2020 and inch up to 2.3 percent in 2021.

[24] Potential GDP is the level of output the economy can produce when all available resources are being utilized at their efficient levels.

ECONOMIC INDICATORS FOR THE UNITED STATES (Calendar year)	2014	2015	2016	2017	2018	2019 [1]
Gross Domestic Product						
Nominal ($ billions)	$17,521.7	$18,219.3	$18,707.2	$19,485.4	$20,494.1	$21,397.9
Percent Change	4.4	4.0	2.7	4.2	5.2	4.4
Real ($ billions)	$16,899.8	$17,386.7	$17,659.2	$18,050.7	$18,566.4	$19,033.5
Percent Change	2.5	2.9	1.6	2.2	2.9	2.5
Personal Income						
($ billions)	$14,991.8	$15,719.5	$16,125.1	$16,830.9	$17,582.4	$18,311.9
Percent Change	5.7	4.9	2.6	4.4	4.5	4.1
Nonagricultural Employment						
(millions)	138.9	141.8	144.3	146.6	149.1	151.5
Percent Change	1.9	2.1	1.8	1.6	1.7	1.6
Unemployment Rate (%)	6.2	5.3	4.9	4.4	3.9	3.7
Consumer Price Index						
(1982-84=100)	236.7	237.0	240.0	245.1	251.1	255.7
Percent Change	1.6	0.1	1.3	2.1	2.4	1.8

Sources: US Department of Commerce, Bureau of Economic Analysis; US Department of Labor, Bureau of Labor Statistics. Table reflects revisions by source agencies to figures for prior years.

[1] As projected by the NYS DOB, based on National Income and Product Account data through March 2019.

The Federal Reserve is currently on hold with respect to further Federal funds rate hikes. DOB expects no Federal Reserve rate hike for 2019 and 2020. Long-term interest rates are weak as well. The 10-year Treasury note yield is close to 2.5 percent. As the compressed term premia do not seem likely to improve any time soon, we project that the 10-year Treasury note yield will average 2.69 percent in 2019 and 3.05 percent in 2020.

The U.S. economy added 263,000 nonfarm payroll jobs in April 2019, and the national unemployment rate fell to its lowest level since December 1969. However, employment growth is expected to lose momentum over the next several years. Total nonfarm employment growth of 1.6 percent is projected for 2019, compared to the 1.7 percent growth rate of 2018.

Consistent with capacity-constrained labor markets and a current unemployment rate that is 0.9 percentage point below the CBO’s NAIRU, the outlook for wage income growth is solid. Wage growth of 4.4 percent is projected for 2019. Personal income growth nationally is projected at 4.1 percent for 2019, below the 4.5 percent 2018 reading.

Real consumer spending grew 1.2 percent in the first quarter of 2019, half the rate of the previous quarter. However, DOB believes that the first-quarter slowdown is temporary. A recovery in consumer spending is expected due to solid wage growth, increasing household financial wealth, and modest consumer price inflation. Real consumer spending growth of 2.4 percent is forecasted for 2019, compared to the 2.6 percent growth of 2018.

Business investment growth slowed during the first quarter of 2019 as global and domestic demand cooled while borrowing and production costs rose. DOB projects 3.7 percent growth in business fixed investment during 2019, following 6.9 percent growth in 2018. Investment in equipment is expected to slow down to 3.1 percent in 2019, following 7.4 percent growth in 2018. Part of this slowdown is due to Boeing halting production of the 737 MAX aircraft. Investment in structures is expected to remain flat in 2019 after three consecutive declines during the second half of 2018 and the first quarter of this year. Investment in intellectual property is expected to maintain its healthy growth pace in 2019 with 7.1 percent growth, following 7.5 percent growth last year.

Mortgage rates have fallen since peaking in November 2018. The 30-year mortgage rate fell from 4.4 percent in February to 4.2 percent in April, which was expected to give the housing market a badly needed boost. However, the housing market's response so far has been disappointing. Real residential investment growth fell for the fifth consecutive quarter as of the first quarter this calendar year. It fell 0.3 percent in 2018. Real residential investment is expected to drop 2.1 percent this year before gaining traction and lurching into positive territory in 2020 and 2021.

Risks

Downside risks to the DOB outlook include U.S.-led policy uncertainty on trade, tariffs and immigration related matters, a potential U.S. debt ceiling crisis, a global growth downturn, commodity price shocks due to geopolitical instability, Brexit uncertainty, a splintering Eurozone, and a stock market correction. The upside risks to the DOB outlook include tariff reductions and the possibility of an infrastructure bill this year.

The New York Economy

Although recent growth in New York State's private sector employment has been above historical averages, it has been slowing since mid-2015. Sectors that are more sensitive to national and global trends, such as the finance and insurance and business sectors and professional services, decelerated substantially during 2018. Meanwhile, both the education and healthcare services sectors created jobs at robust rates. The retail trade sector continued to lose jobs as the less labor-intensive online retail business sector expanded, consistent with nationwide trends. On balance, private sector employment growth for 2018 was estimated to be 1.4 percent. Consistent with a further weakening in the national and global outlook, State private sector job growth of 1.2 percent is projected for 2019. The forecast for total employment was 1.1 percent growth in 2019, following 1.3 percent growth in 2018.

Although New York Stock Exchange member firms posted revenue growth of 19.9 percent for the 2018 calendar year, the strongest growth pace since 2006, total revenues for the five largest Wall Street banks grew by only 5.6 percent.[25] Indeed, two banks posted year-over-year declines in the fourth quarter consistent with the 20 percent equity market correction that ended Christmas Eve 2018. DOB estimates that finance and insurance sector bonuses fell 11.2 percent for FY 2019. Although the equity market's tumultuous fourth quarter performance likely played a key role, we note that FY 2018 bonus levels were elevated due to one-time bonus payouts possibly related to the Federal corporate tax cut under the Tax Cuts and Jobs Act (TCJA). Absent those one-time payments, FY 2019 finance and insurance sector bonuses are estimated to have fallen only 1.0 percent. FY 2019 wages are estimated to have grown 3.8 percent, following 4.6 percent growth in FY 2018.

Weakened equity market prices coupled with the partial Federal government shutdown in late 2018 brought the Initial Public Offering (IPO) market to a standstill during the first two months of 2019. While activity picked up in March 2019, total proceeds of only $4.8 billion were raised in the first quarter. Debt underwriting continued to fall on a year-over-year basis during the first quarter of 2019, following an annual decline of 10.6 percent in 2018. As a result, four of the five largest Wall Street banks experienced revenue declines during the first quarter of 2019. Finance and insurance sector bonus growth for FY 2020 is expected to remain flat at 0.4 percent. Overall wage growth is projected at 3.8 percent for FY 2020.

Recent changes to Federal tax law have resulted not only in large swings in taxable nonwage income for New York taxpayers, but also in the way that New York taxpayers pay their taxes. Taxpayers who in the past made large quarterly estimated payments in December appear to have moved much of those payments to April in the form of either extension payments or final payments. As a result, the 2018 tax year (TY) decline in non-wage income was likely not as deep as was feared. Positive capital gains realizations are estimated to have been virtually flat for TY 2018, following growth of 32.6 percent for 2017. Combined positive partnership and S Corp gains are estimated to have fallen 9.6 percent for TY 2018, following growth of 18.6 percent in 2017. Consistent with a weakening national economic outlook, capital gains realizations are

[25] NYSE revenues cover only the broker dealer arm of the member firms.

projected to fall 6.5 percent for TY 2019, while weak growth of 3.5 percent is projected for partnership and S Corp gains.

With State private-sector job growth slowing, there are many risks to the forecast. All the risks to the U.S. forecast also apply to the State forecast. However, as the nation's financial capital, both the volume of financial market activity and the volatility in equity markets involve a particularly large degree of uncertainty for New York. Since New York's financial services and professional and business services sectors serve a global market, they can be highly sensitive to global trends. Equity market volatility along with weaker than anticipated growth in both the U.S. and international economies could result in weaker bonus and overall wage growth, as well as lower taxable capital gains realizations. In contrast, stronger equity markets, along with stronger national and global growth, could result in stronger employment and wage growth than is reflected in this forecast.

ECONOMIC INDICATORS FOR NEW YORK STATE
(Calendar year)

	2015	2016	2017	2018	2019[1]
Personal Income					
($ billions)	$1,172.7	$1,208.3	$1,281.1	$1,341.9	$1,386.0
Percent Change	4.2	3.0	6.0	4.7	3.3
Nonagricultural Employment					
(thousands)	9,020.0	9,160.5	9,284.3	9,402.6	9,507.7
Percent Change	1.9	1.6	1.4	1.3	1.1
Unemployment Rate (%)	5.3	4.8	4.7	4.1	4.1

Sources: Personal Income based on data from US Department of Commerce, Bureau of Economic Analysis; NYS Department of Labor. Table reflects revisions by source agencies to data for prior years. Division of Budget staff estimates.

[1] As projected by Division of the Budget, based on National Income and Product Account data and employment data available through March 2019.

New York is the fourth most populous state in the nation, after California, Texas, and Florida, and has a relatively high level of personal wealth. The State's economy is diverse, with a comparatively large share of the nation's financial activities, information, education, and health services employment, and a very small share of the nation's farming and mining activity. The State's location and its air transport facilities and natural harbors have made it an important hub for international commerce. Travel and tourism constitute an important part of the economy. Like the rest of the nation, New York has a declining proportion of its workforce engaged in manufacturing, and an increasing proportion engaged in service industries.

Manufacturing: Manufacturing employment continues to decline as a share of total State employment, as in most other states, and as a result, New York's economy is less reliant on this sector than in the past. However, it remains an important sector of the State economy, particularly for the upstate region, which hosts high concentrations of manufacturers of transportation and other types of equipment.

Trade, Transportation, and Utilities: As defined under the North American Industry Classification System (NAICS), the trade, transportation, and utilities supersector accounts for the second largest component of State nonagricultural employment, but only the fifth largest when measured by wage share. This sector accounts for proportionally less employment and wages for the State than for the nation as a whole.

Financial Activities: New York City is the nation's leading center for banking and finance and, hence this is a far more important sector for the State than for the nation as a whole. Although this sector accounts for less than one-tenth of all nonagricultural jobs in the State, it contributes about one-fifth of total wages.

Other Service Sectors: The remaining service-producing sectors include information, professional and business services, private education and healthcare, leisure and hospitality services, and other services. Combined, these industries account for half of all nonagricultural jobs in New York. Information, education and health, and other services account for a higher proportion of total State employment than for the nation.

Agriculture: Farming is an important part of the State's rural economy, although it constitutes only about 0.1 percent of total State output. Principal agricultural products of the State include milk and dairy products, greenhouse and nursery products, fruits, and vegetables. New York ranks among the nation's leaders in the production of certain of these commodities.

Government: Federal, State, and local governments together comprise the third largest sector in terms of nonagricultural jobs, with the bulk of the employment accounted for by local governments. Public education is the source of about 40 percent of total State and local government employment.

THE 2018 COMPOSITION OF NONAGRICULTURAL EMPLOYMENT AND WAGES (Percent)

	Employment		Wages	
	State	United States	State	United States
Natural Resources and Mining	0.1	0.5	0.1	1.0
Construction	4.1	4.9	4.3	5.3
Manufacturing	4.6	8.5	4.2	10.0
Trade, Transportation, and Utilities	16.2	18.6	11.7	15.4
Information	2.8	1.9	5.1	3.7
Financial Activities	7.4	5.7	19.6	9.4
Professional and Business Services	13.9	14.1	18.3	18.2
Educational and Health Services	21.4	15.9	14.7	13.4
Leisure and Hospitality	9.9	11.0	5.1	5.0
Other Services	4.3	3.9	2.9	3.1
Government	15.4	15.1	14.1	15.4

Source: NYS Department of Labor; US Department of Labor, Bureau of Labor Statistics; US Department of Commerce, Bureau of Economic Analysis.

The importance of the various sectors of the State's economy relative to the national economy is shown in the above table, which compares nonagricultural employment and wages by sector for the State and the nation. Construction accounts for smaller shares of employment for the State than for the nation, while the combined service industries account for a larger share. The share of total wages originating in the financial activities sector is particularly large for the State relative to the nation. Thus, the State is likely to be less affected than the nation during an economic recession that is concentrated in manufacturing and construction, but likely to be more affected by any economic downturn that is concentrated in the services sector.

Economic and Demographic Trends

In calendar years 1990 through 1998, the State's rate of economic growth was somewhat slower than that of the nation. In particular, during the 1990-91 recession and post-recession period, the economies of the State and much of the rest of the Northeast were more heavily damaged than the nation as a whole and were slower to recover. However, the situation subsequently improved. In 1999, for the first time in 13 years, State employment growth surpassed that of the nation, and in 2000 the rates were essentially the same. In 2001, the September 11th attack resulted in a downturn in New York that was more severe than for the nation as a whole. In contrast, the State labor market fared better than that of the nation as a whole during the most recent downturn that began in 2008, though New York experienced a historically large wage decline in 2009. The State unemployment rate was higher than the national rate from 1991 to 2004, but the gap between them closed by the end of 2004, with the State rate falling below that of the nation for much of the Great Recession, and remaining below through November 2011. The State unemployment rate rose above the national rate in December 2011, but fell below yet again in May 2015. It remained below the national rate for the period between May 2015 through June 2016, but has been near or slightly above the national rate since then.

The following table compares population change in the State and in the United States since 1980.

COMPARATIVE POPULATION FIGURES

	State			US	
	Total Population (000s)	% Change from Preceding Period	Percentage of U.S. Population	Total Population (000s)	% Change from Preceding Period
1980	17,558	(3.7)	7.8	226,546	11.4
1990	17,990	2.5	7.2	248,710	9.8
2000	18,976	5.5	6.7	281,422	13.2
2010	19,378	2.1	6.3	308,746	9.7
2018	19,542	0.8	6.0	327,167	6.0

Source: US Department of Commerce, Census Bureau.

Total State nonagricultural employment has declined as a share of national nonagricultural employment compared with 1980s and 1990s, however the share remained stable since 2000. The following historical table compares these levels and the rate of unemployment for the State and the nation.

NONAGRICULTURAL EMPLOYMENT AND UNEMPLOYMENT RATE FOR NEW YORK AND THE UNITED STATES

	Employment (000s)		State as Percent of US Employment	Unemployment Rate (%)	
	State	US		State	US
1980	7,207	90,533	8.0	7.5	7.1
1990	8,203	109,527	7.5	5.3	5.6
2000	8,625	132,024	6.5	4.6	4.0
2010	8,544	130,362	6.6	8.6	9.6
2018	9,670	149,074	6.5	4.1	3.9

Source: US Department of Labor.
Note: Nonagricultural employment and unemployment rates are generated from separate surveys.

State per capita personal income has historically been significantly higher than the national average, although the ratio has varied substantially over time. Because New York City is an employment center for a multi-state region, State personal income measured on a residence basis understates the relative importance of the State to the national economy and the size of the base to which State taxation applies. The following table compares per capita personal incomes for the State and the nation.

PER CAPITA PERSONAL INCOME
(Income in Dollars)

	NYS	US	Ratio NYS/US
1980	$11,001	$10,180	1.08
1990	$23,990	$19,621	1.22
2000	$36,044	$30,657	1.18
2010	$49,194	$40,546	1.21
2018	$68,667	$53,712	1.28

Source: US Department of Commerce, Bureau of Economic Analysis.

Capital Program and Financing Plan Overview

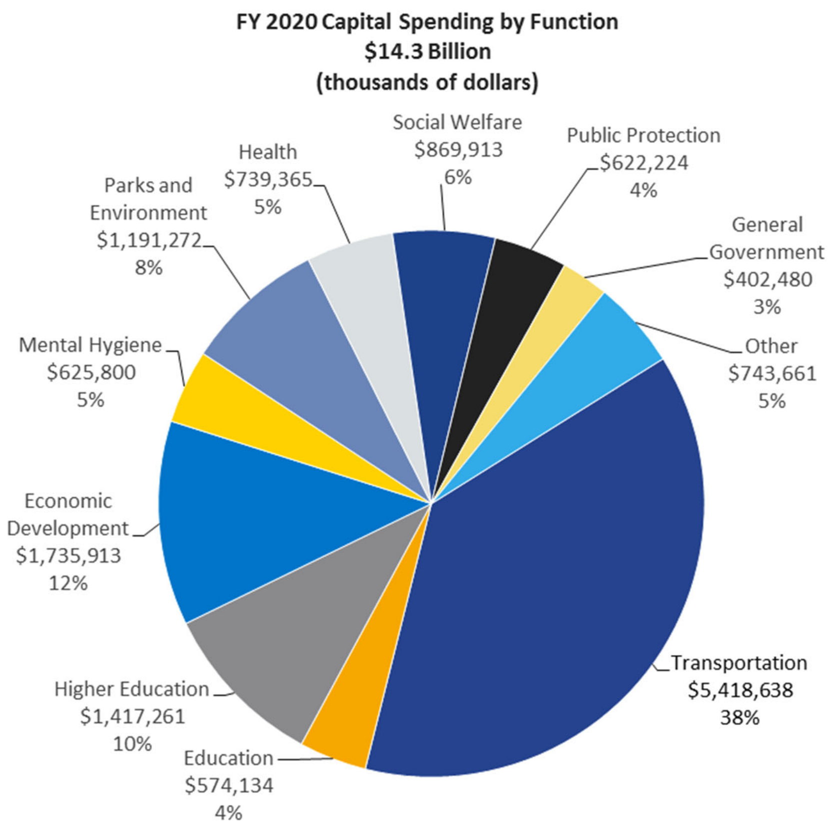
A copy of the Capital Plan can be obtained by contacting the Division of the Budget, State Capitol, Albany, NY 12224, (518) 474-8282, and it is also posted at www.budget.ny.gov.

Capital Plan

The total commitment and disbursement levels in the Capital Plan reflect, among other things, projected capacity under the State's statutory debt limit, anticipated levels of Federal aid, and the timing of capital activity based on known needs and historical patterns. The following capital projects information relates to FY 2020.

FY 2020 Capital Projects Spending

Spending on capital projects is projected to total $14.3 billion in FY 2020, which currently includes $551 million in "off-budget" spending. "Off-budget" spending refers to capital spending that occurs directly from bond proceeds held at public authorities, but still requires an enacted appropriation and bonding authorization. Overall, capital spending in FY 2020 is projected to increase by $1.6 billion or 12.2 percent from FY 2019.



In FY 2020, transportation spending is projected to total $5.4 billion, which represents 38 percent of total capital spending. Economic development spending accounts for 12 percent, higher education accounts for 10 percent, and spending related to parks and the environment represents 8 percent. The remaining 32 percent comprises spending for health care, mental hygiene, social welfare, public protection, education, general government, and the all other category, which includes Special Infrastructure Account investments such as the Thruway Stabilization Program.

Transportation spending is projected to remain flat from FY 2019 to FY 2020, which represents year five of DOT's capital plan.

Parks and environment spending is estimated to increase by $132 million (13 percent) in FY 2020 reflecting spending from the $2.5 billion Clean Water Infrastructure Act.

Economic development spending is projected to increase by $350 million (25 percent). This reflects the continued investment in programs created to promote regional economic development, including spending from both phases of the Buffalo Billion program, the Life Sciences Initiative, the Upstate Revitalization Initiative, and Regional Economic Development Councils.

Spending for health care is projected to increase by $390 million (111 percent) in FY 2020. The increase is due to spending from Health Care Restructuring Program grant awards; and the phase-in of spending related to the Health Care Facility Transformation Program.

Spending for social welfare is projected to increase by $438 million (102 percent). This is the result of an anticipated increase in activity for the Affordable and Homeless Housing Capital Plan, as well as spending for emergency repair projects at NYCHA.

Education spending is projected to increase by $415 million (261 percent) in FY 2020. The increase is primarily due to expected spending from the Smart Schools Bond Act, which was approved in November 2014.

Higher education spending is projected to increase by $88 million (7 percent) in FY 2020, which is related to the ongoing maintenance and preservation of SUNY and CUNY facilities and infrastructure.

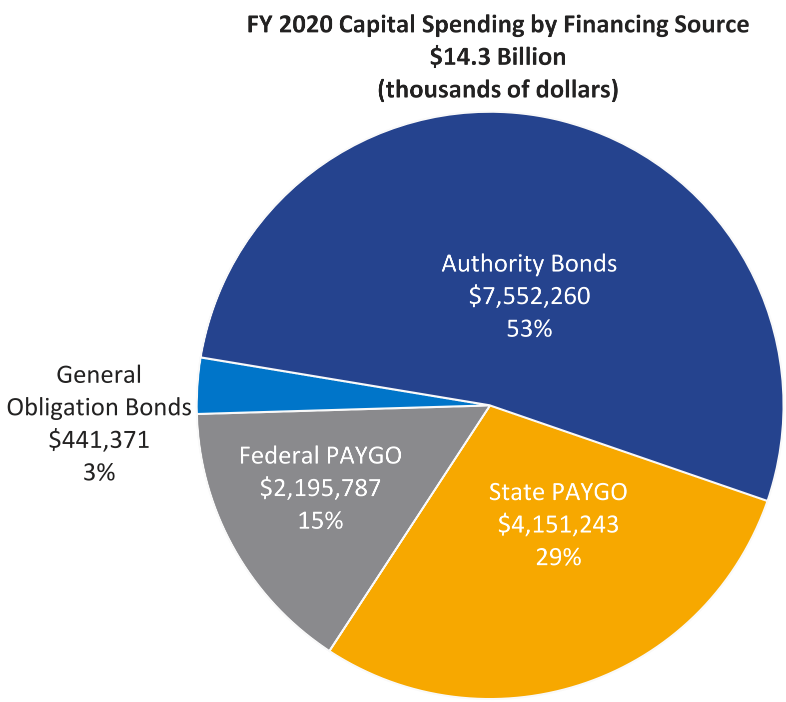
Spending for public protection is projected to increase by $90 million (17 percent) in FY 2020, which is attributable to the spend out of interoperable communications grants and additional funding for the maintenance and preservation of State armories and homeland security disaster preparedness facilities.

Mental hygiene capital spending is anticipated to increase by $48 million (8 percent). The increase in spending is related to the implementation of improvements at OMH's inpatient campuses and the construction of community-integrated housing opportunities.

General governmental capital spending is projected to increase by $170 million (73 percent), which is mainly attributable to OGS' maintenance and preservation of State-owned facilities and the development of a new IT system for the Worker's Compensation Board.

Spending in the All Other category is projected to decrease by $542 million (42 percent). The decrease reflects peak spending in FY 2019 for programs appropriated in the SIA as well as a timing adjustment that accommodates potential under-spending in FY 2020.

Financing FY 2020 Capital Projects Spending



In FY 2020, the State plans to finance 56 percent of capital projects spending with long-term bonds and 44 percent with cash and Federal aid. Most of the long-term bonds (95 percent) will be issued on behalf of the State through public authorities. All authority debt issued on behalf of the State is approved by the State legislature, acting on behalf of the people, and subject to approval by the PACB and the issuing authority's board of directors, except NYSTA, which does not require PACB approval. Authority bonds, as defined in this Plan, do not include debt issued by authorities that are backed by non-State resources. State cash resources, including Extraordinary Monetary Settlements, will finance 29 percent of capital spending. Federal aid is expected to fund 15 percent of the State's FY 2020 capital spending, primarily for transportation. Year-to-year, total PAYGO support is projected to increase by $619 million, with State PAYGO increasing by $691 million and Federal PAYGO support decreasing by $72 million. Bond-financed spending is projected to increase by $939 million, with Authority Bond spending increasing by $634 million and General Obligation Bond spending increasing by $305 million.

Financing Plan

New York State, including its public authorities, is one of the largest issuers of municipal debt in the United States, ranking second among the states, behind California, in the aggregate amount of debt outstanding. As of March 31, 2019, State-related debt outstanding totaled $53.5 billion excluding capital leases and mortgage loan commitments, equal to approximately 4.0 percent of New York personal income. The State's debt levels are typically measured by DOB using two categories: *State-supported debt* and *State-related debt*.

State-supported debt represents obligations of the State that are paid from traditional State resources (i.e., tax revenue) and have a budgetary impact. It includes General Obligation debt, to which the full faith and credit of the State has been pledged, and lease purchase and contractual obligations of public authorities and municipalities, where the State's legal obligation to make payments to those public authorities and municipalities is subject to and paid from annual appropriations made by the Legislature. These include the State PIT Revenue Bond program and the State Sales Tax Revenue Bond program. The State's debt reform caps on debt outstanding and debt service apply to State-supported debt.

State-related debt is a broader measure of State debt which includes all debt that is reported in the State's GAAP-basis financial statements, except for unamortized premiums and accumulated accretion on capital appreciation bonds. These financial statements are audited by external independent auditors and published by OSC on an annual basis. The debt reported in the GAAP-basis financial statements includes General Obligation debt, other State-supported debt as defined in the State Finance Law, debt issued by the Tobacco Securitization Finance Corporation, certain debt of the Municipal Bond Bank Agency (MBBA) issued to finance prior year school aid claims and capital leases and mortgage loan commitments. In addition, State-related debt reported by DOB includes State-guaranteed debt, moral obligation financings and certain contingent-contractual obligation financings, where debt service is paid from non-State sources in the first instance, but State appropriations are available to make payments if necessary. These numbers are not reported as debt in the State's GAAP-basis financial statements.

The State's debt does not encompass, and does not include, debt that is issued by, or on behalf of, local governments and secured (in whole or in part) by State local assistance aid payments. For example, certain State aid to public schools paid to school districts or New York City has been pledged by those local entities to help finance debt service for locally-sponsored and locally-determined financings. Additionally, certain of the State's public authorities issue debt supported by non-State resources (e.g., NYSTA toll revenue bonds, Triborough Bridge and Tunnel Authority (TBTA) revenue bonds, MTA revenue bonds and DASNY dormitory facilities revenue bonds) or issue debt on behalf of private clients (e.g., DASNY's bonds issued for not-for-profit colleges, universities, and hospitals). This debt, however, is not treated by DOB as either State-supported debt or State-related debt because it (i) is not issued by the State (nor on behalf of the State), and (ii) does not result in a State obligation to pay debt service. Instead, this debt is accounted for in the respective financial statements of the local governments or other entity responsible for the issuance of such debt and is similarly treated.

The issuance of General Obligation debt and debt of the New York Local Government Assistance Corporation (LGAC) is undertaken by OSC. All other State-supported and State-related debt is issued by the State's financing authorities (known as "Authorized Issuers" in connection with the issuance of PIT and Sales Tax Revenue Bonds) acting under the direction of DOB, which coordinates the structuring of bonds, the timing of bond sales, and decides which programs are to be funded in each transaction. The Authorized Issuers for PIT Revenue Bonds are DASNY, ESD, NYSTA, the Environmental Facilities Corporation (EFC), and the New York State Housing Finance Agency (HFA) and the Authorized Issuers for Sales Tax Revenue Bonds are DASNY, ESD, and NYSTA. Prior to any issuance of new State-supported debt and State-related debt, approval is required by the State Legislature, DOB, the issuer's board, and in certain instances, PACB and the State Comptroller.

The State uses three primary bond programs, Personal Income Tax Revenue Bonds, Sales Tax Revenue Bonds, and to a lesser extent General Obligation Bonds to finance capital spending. These bonding programs, as well as older programs that are no longer being issued under but continue to have debt outstanding are described in more detail below.

OUTSTANDING STATE-SUPPORTED AND STATE-RELATED DEBT [1]
(millions of dollars)

	FY 2017	FY 2018	FY 2019
State-Supported Debt	**49,622**	**51,266**	**53,224**
Personal Income Tax Revenue Bonds	31,783	33,589	34,903
Sales Tax Revenue Bonds	5,008	7,377	10,421
General Obligation	2,463	2,371	2,286
Local Government Assistance Corporation	1,758	1,370	1,195
Service Contract & Lease Purchase	4,758	3,779	2,174
Other Revenue Bonds	3,852	2,780	2,245
Contingent-Contractual Obligation Financings	**880**	**193**	**165**
DASNY/MCFFA - Secured Hospital Program	220	193	165
Tobacco Settlement Financing Corporation	660	0	0
Moral Obligation Financings	**1**	**1**	**0**
Housing Finance Agency	1	1	0
Other State Financings	**745**	**708**	**664**
MBBA Prior Year School Aid Claims	203	172	139
Capital Leases	475	470	461
Mortgage Loan Commitments	67	66	64
State Guaranteed Debt			
Job Development Authority	3	0	0
TOTAL STATE-RELATED DEBT [2]	51,251	52,168	54,053

Source: NYS DOB. Except Mortgage Loan Commitments which are taken from the CAFR for FY 2017 and FY 2018. Mortgage Loan Commitments and Capital Leases are estimated by DOB for FY 2019.

[1] Reflects par amounts outstanding for bonds and financing arrangements or gross proceeds outstanding in the case of capital appreciation bonds. Amounts do not reflect accretion of capital appreciation bonds or premiums received.

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

State-Supported Debt Outstanding

State-supported debt includes General Obligation Bonds, 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 Bonds, cannot be made without annual appropriation 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. See "Financial Plan Overview — Other Matters Affecting the Financial Plan — Debt Reform Act Limit" herein for more information.

State PIT Revenue Bond Program

Since 2002, the PIT Revenue Bond Program has been the primary financing vehicle used to fund 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 required 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 FY 2019 Enacted Budget included legislation to create the ECEP and Charitable Gifts Trust Fund and also included legislation that increased the percentage of PIT receipts dedicated to the payment of PIT bonds from 25 to 50 percent, and dedicated 50 percent of ECEP receipts to the payment of PIT bonds in order to preserve the coverage of the PIT Revenue Bond program.

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 required that PIT receipts continue to be deposited to the RBTF until amounts on deposit in the Fund equal the greater of (i) 25 percent of annual PIT receipts or (ii) $6 billion. The Enacted Budget amends the State Finance Law provisions to provide that PIT receipts and ECEP receipts shall continue to be deposited to the RBTF equal to the greater of 40 percent of the aggregate of annual State PIT receipts and ECEP receipts or $12 billion. Debt service on State PIT Revenue Bonds is subject to legislative appropriation, as part of the annual debt service bill.

As described under the heading "Financial Plan Overview – Other Matters Affecting the Financial Plan – Federal Tax Law Changes", the Enacted Budget includes State tax reforms intended to mitigate issues arising from the Federal law, including the impact of tax law changes on PIT Revenue Bonds.

Donations to the Charitable Gifts Trust Fund could reduce State PIT receipts by nearly one dollar for every dollar donated. Accordingly, the amount of donations to the State Charitable Gifts Trust Fund is the principal direct risk to the amount of New York State PIT receipts deposited to the Revenue Bond Tax Fund under the tax law changes enacted by the State as part of the FY 2019 Enacted Budget. To address this risk, the State increased the amount of PIT receipts deposited into the Revenue Bond Tax Fund from 25 percent to 50 percent.

The factors that may influence donation activity are complex and include, but are not limited to, possible statements, actions, or interpretive guidance by the IRS or other governmental actors relating to the deductibility of such donations; the liquidity position, risk tolerance, and knowledge of individual taxpayers; advice or guidance of tax advisors or other professionals; changes in general economic conditions; adoption of similar trusts in other states; and tax reciprocity agreements among states. While DOB believes that these factors can be expected to constrain donation activity, there can be no assurance that, under conditions of maximum participation, the amount of annual charitable gifts will not reduce the level of PIT receipts deposited into the Revenue Bond Tax Fund below the levels projected in February 2018. If that were to occur, it is DOB's expectation that changes to the tax law would be recommended to further increase the percentage of PIT receipts deposited into the Revenue Bond Tax Fund.

As of March 31, 2019, approximately $34.9 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.

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 the PIT 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 PIT 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 following projected coverage ratios.

The following table entitled, “Projected PIT Revenue Bond Coverage Ratios – FY 2019 through FY 2024,” does not reflect any estimate of charitable donations or the impact of such charitable donations on the amount of PIT receipts deposited into the Revenue Bond Tax Fund. As a result, the coverage ratios shown in the table may be materially and adversely affected by such donations.

PROJECTED PIT REVENUE BOND COVERAGE RATIOS
FY 2019 THROUGH 2024
(thousands of dollars)

	FY 2019 Results	FY 2020 Enacted	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Projected RBTF Receipts	24,043,667	26,076,526	27,692,245	29,028,960	30,601,025	32,174,605
Projected New PIT Bonds Issuances	2,731,530	5,571,221	5,056,735	4,806,801	4,777,836	4,806,476
Projected Total PIT Bonds Outstanding	34,903,575	38,350,323	40,924,991	43,141,790	45,141,043	47,049,435
Projected Maximum Annual Debt Service	3,780,254	4,259,332	4,702,787	4,945,993	4,971,467	5,216,130
Projected PIT Coverage Ratio	6.4	6.1	5.9	5.9	6.2	6.2

* Includes New York State PIT Receipts and New York State ECEP Receipts.
** The projections of futher RBTF Receipts are based on a number of factors and considerations. With respect to donations to the Charitable Gifts Trust Fund, meaningful historical baseline data is not available for incorporation into revenue projections. Accordingly, the information in this table may be subject to variability.

Sales Tax Revenue Bond Program

Legislation enacted in 2013 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 the obligations and liabilities of LGAC, expected April 1, 2025, dedicated revenues 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.

The legislation also authorized the use of State Sales Tax Revenue Bonds and PIT Revenue Bonds to finance any capital purpose, including projects that were previously financed through the State's Mental Health Facilities Improvement Revenue Bond program and the DHBTF program. This allowed 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.

Sales Tax Revenue Bonds are used interchangeably with PIT Revenue Bonds to finance State capital needs. As of March 31, 2019, $10.4 billion of Sales Tax Revenue Bonds were outstanding.

Assuming average issuances of approximately $1.5 billion annually over the next five years, Sales Tax coverage based only upon the 1 cent pledge is expected to decline from 3.2 times in FY 2020 to 3.1 times in FY 2024, 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 following projected coverage ratios.

PROJECTED SALES TAX REVENUE BOND COVERAGE RATIOS
FY 2019 THROUGH 2024
(thousands of dollars)

	FY 2019 Results	FY 2020 Enacted	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected
Projected Sales Tax Receipts	3,536,790	3,783,750	3,946,500	4,080,000	4,222,500	4,386,250
Projected New Sales Tax Bonds Issuances	2,588,280	1,366,521	1,407,517	1,449,742	1,493,235	1,538,032
Projected Total Sales Tax Bonds Outstanding	10,421,470	11,463,377	12,214,349	13,065,739	13,894,298	14,738,144
Projected Maximum Annual Debt Service	1,071,624	1,189,133	1,311,626	1,296,308	1,411,973	1,425,003
Projected Sales Tax Coverage Ratio	3.3	3.2	3.0	3.1	3.0	3.1

General Obligation Financings

With limited exceptions for emergencies, the State Constitution prohibits the State from undertaking a long-term General Obligation borrowing (i.e., borrowing for more than one year) unless it is authorized in a specific amount for a single work or purpose by the Legislature and approved by voter referendum. There is no constitutional limitation on the amount of long-term General Obligation debt that may be so authorized and subsequently incurred by the State. However, the Debt Reform Act imposed statutory limitations on all new State-supported debt issued on and after April 1, 2000. The State Constitution provides that General Obligation bonds, which can be paid without an appropriation, must be paid in equal annual principal installments or installments that result in substantially level or declining debt service payments, mature within 40 years after issuance, and begin to amortize not more than one year after the issuance of such bonds. However, general obligation housing bonds must be paid within 50 years after issuance, with principal commencing no more than three years after issuance. The Debt Reform Act limits the maximum term of State-supported bonds, including General Obligation bonds, to 30 years, and the State currently has no bonds outstanding with a remaining final maturity that is more than 30 years.

General Obligation debt is currently authorized for transportation, environment, housing and education purposes. Transportation-related bonds are issued for State and local highway and bridge improvements, mass transportation, rail, aviation, canal, port and waterway programs and projects. Environmental bonds are issued to fund environmentally sensitive land acquisitions, air and water quality improvements, municipal non-hazardous waste landfill closures and hazardous waste site cleanup projects. Education-related bonds are issued to fund enhanced education technology in schools, with eligible projects including infrastructure improvements to bring high-speed broadband to schools and communities in their school district and the purchase of classroom technology for use by students. Additionally, these bonds will enable long-term investments in full-day pre-kindergarten through the construction of new pre-kindergarten classroom space.

Most General Obligation debt-financed spending in the Capital Plan is authorized under ten previously approved bond acts (five for transportation, four for environmental and recreational programs and one for education purposes). The majority of projected general obligation bond-financed spending supports authorizations for the 2005 Rebuild and Renew New York Bond Act and the $2 billion Smart Schools Bond Act, which was approved by voters in November 2014. DOB projects that spending authorizations from the remaining bond acts will be virtually depleted by the end of the Capital Plan.

As of March 31, 2019, approximately $2.3 billion of General Obligation bonds were outstanding. See “Exhibit B — State-Related Bond Authorizations” for information regarding the levels of authorized, authorized but unissued, and outstanding General Obligation debt by bond act.

The State Constitution permits the State to undertake short-term General Obligation borrowings without voter approval in anticipation of the receipt of (i) taxes and revenues, by issuing general obligation tax and revenue anticipation notes (TRANs), and (ii) proceeds from the sale of duly authorized but unissued General Obligation bonds, by issuing bond anticipation notes (BANs). General Obligation TRANs must mature within one year from their date of issuance and cannot be refunded or refinanced beyond such period. However, since 1990, the State’s ability to issue general obligation TRANs that mature in the same State fiscal year in which they were issued has been limited due to the enactment of the fiscal reform program which created LGAC. BANs may only be issued for the purposes and within the amounts for which bonds may be issued pursuant to General Obligation authorizations, and must be paid from the proceeds of the sale of bonds in anticipation of which they were issued or from other sources within two years of the date of issuance or, in the case of BANs for housing purposes, within five years of the date of issuance. In order to provide flexibility within these maximum term limits, the State had previously used the BANs authorization to conduct a commercial paper program to fund disbursements eligible for General Obligation bond financing.

New York Local Government Assistance Corporation

In 1990, as part of a State fiscal reform program, legislation was enacted creating LGAC, a public benefit corporation empowered to issue long-term obligations to fund certain payments to local governments that had been traditionally funded through the State's annual issuance of general obligation TRANs that mature in the same State fiscal year that they are issued ("seasonal borrowing"). The legislation also dedicated revenues equal to one cent of the State's four cent sales and use tax to pay debt service on these bonds. As of July 1995, LGAC had issued State-supported bonds and notes to provide net proceeds of $4.7 billion, completing the program. The issuance of these long-term obligations is amortized over a period of no more than 30 years from the dates of their original issuance, with the final debt service payment on April 1, 2025. As of March 31, 2019, approximately $1.2 billion of LGAC bonds were outstanding.

The LGAC legislation eliminated seasonal borrowing except in cases where the Governor and the legislative leaders have certified the need for additional seasonal borrowing, based on emergency or extraordinary factors, or factors unanticipated at the time of adoption of the budget, and provide a schedule for eliminating it over time. Any seasonal borrowing is required by law to be eliminated by the fourth fiscal year after the limit was first exceeded (i.e., no seasonal borrowing in the fifth year). The provision limiting the State's seasonal borrowing practices was included as a covenant with LGAC's bondholders in the General Bond Resolution and General Subordinate Lien Bond Resolution authorizing such bonds. No restrictions were placed upon the State's ability to issue TRANs (issued in one year and maturing in the following year). The State last issued TRANs in this manner in 1992.

The LGAC changes, as well as other changes in revenue and spending patterns, have allowed the State to meet its cash flow needs throughout the fiscal year without relying on seasonal borrowings. However, the State has taken extraordinary measures in the past to manage its cash flow, including payment deferrals and permitting the State to borrow from other funds of the State (i.e., non-General Fund) for a limited period.

Legislation enacted in 2003 requires LGAC to certify, in addition to its own cash needs, $170 million annually to provide an incentive for the State to seek an annual appropriation to provide local assistance payments to New York City or its assignee. In May 2004, LGAC amended its General Bond Resolution and General Subordinate Lien Bond Resolution to make clear that any failure to certify or make payments to the City or its assignee has no impact on LGAC's own bondholders; and that if any such act or omission were to occur with respect to any bonds issued by the City of New York or its assignee, that act or omission would not constitute an event of default with respect to LGAC bonds. The Enacted Budget includes a local assistance appropriation of $170 million from the Local Government Assistance Tax Fund to the City.

State-Supported Lease-Purchase and Other Contractual-Obligation Financings

Prior to the 2002 commencement of the State's PIT Revenue Bond program, public authorities or municipalities issued other lease purchase and contractual-obligation debt. These types of debt, where debt service is payable from moneys received from the State and is subject to annual State appropriation, are not general obligations of the State.

Debt service payable to certain public authorities from State appropriations for such lease-purchase and contractual obligation financings are paid from general resources of the State. Although these financing arrangements involve a contractual agreement by the State to make payments to a public authority, municipality or other entity, the State's obligation to make such payments is expressly made subject to appropriation by the Legislature and the actual availability of money to the State for making the payments. As of March 31, 2019, approximately $2.2 billion of State-supported lease-purchase and other contractual obligation financings were outstanding.

Legislation first enacted in FY 2011, and extended through FY 2020, authorizes the State to set aside moneys in reserve for debt service on general obligation, lease-purchase, and service contract bonds. Pursuant to a certificate filed by the Director of the Budget with the State Comptroller, the Comptroller is required to transfer from the General Fund such reserved amounts on a quarterly basis in advance of required debt service payment dates. The State currently has no plans to issue lease-purchase or other contractual-obligation financings.

Dedicated Highway and Bridge Trust Fund Bonds

DHBTF bonds were issued for State transportation purposes and are backed by dedicated motor fuel, gas and other transportation related taxes and fees, subject to appropriation. As of March 31, 2019, approximately $1.4 billion of DHBTF bonds were outstanding. The State currently has no plans to issue additional DHBTF bonds, but could in the future if market conditions warrant.

Mental Health Facilities Improvement Bonds

Mental Health Facilities Improvement Bonds were issued to maintain both State and community-based facilities operated and/or licensed by OMH, OPWDD, and OASAS. As of March 31, 2019, approximately $269 million of Mental Health Facilities Improvement Bonds were outstanding. The State currently has no plans to issue additional Mental Health Facilities Improvement Bonds.

SUNY Dormitory Facilities Bonds

Legislation enacted in 2013 changed the method of paying debt service on outstanding SUNY Dormitory Facilities Lease Revenue Bonds (the "Lease Revenue Bonds") and established a new revenue-based financing credit, the SUNY Dormitory Facilities Revenue Bonds (the "Facilities Revenue Bonds") to finance the SUNY residence hall program in the future. The Facilities Revenue Bonds, unlike the Lease Revenue Bonds, do not include a SUNY general obligation pledge, thereby eliminating any recourse to the State with respect to the payment of the Facilities Revenue Bonds. The legislation also provided for the assignment of the revenues derived from the use and occupancy of SUNY's dormitory facilities (the "Dormitory Facilities Revenues") for the payment of debt service on both the Lease Revenue Bonds and the Facilities Revenue Bonds from SUNY to

DASNY. As a result, annual debt service on the outstanding Lease Revenue Bonds is no longer supported by a State appropriation, except under extraordinary circumstances (i.e., the generation of insufficient Dormitory Facilities Revenues implicating the need for SUNY payments from sources other than Dormitory Facilities Revenues for debt service on the Lease Revenue Bonds). DOB is not aware of any such extraordinary circumstance having ever occurred in the past and does not anticipate that it would occur in the future. However, since the outstanding Lease Revenue Bonds were incurred as State-supported debt, until these are defeased or are paid off to maturity, DOB will continue to count these bonds as outstanding State-supported debt for purposes of the Debt Reform Act caps and has included these bonds as State-supported debt in all figures, tables and charts. Annual debt service related to the Lease Revenue Bonds was $26 million in FY 2019. As of March 31, 2019, approximately $368 million of Lease Revenue Bonds were outstanding. Annual debt service payments on the remaining Lease Revenue Bonds is projected to be $39 million in FY 2020, $36 million in FY 2021, $32 million in FY 2022, $22 million in FY 2023, and $17 million in FY 2024.

State-Related Debt Outstanding

State-related debt is a broader measure of debt that includes State-supported debt, as discussed above, and contingent-contractual obligations, moral obligations, State-guaranteed debt and other debt.

Contingent-Contractual Obligation Financing

Contingent-contractual debt, included in State-related debt, is debt where the State enters into a statutorily authorized contingent-contractual obligation via a service contract to pay debt service in the event there are shortfalls in revenues from other non-State resources pledged or otherwise available to pay the debt service. As with State-supported debt, except for General Obligation bonds, all payments are subject to annual appropriation.

Secured Hospital Program

Under the Secured Hospital Program, the State entered into service contracts to enable certain financially distressed not-for-profit hospitals to issue debt. The contracts obligate the State to pay debt service, subject to annual appropriations by the Legislature, on bonds issued by the New York State Medical Care Facilities Financing Agency (MCFFA) and by DASNY through the Secured Hospital Program. In the event there are shortfalls in revenues from other sources, which include hospital payments made under loan agreements between DASNY and the hospitals, and certain reserve funds held by the applicable trustees for the bonds, the State is liable for the debt service. The bankruptcy and deteriorating financial conditions of certain hospitals in the Secured Hospital Program resulted in the State paying approximately $26 million of the $38 million of total debt service payments in FY 2019. The remainder was paid by the hospitals consistent with the original intent of the program. As of March 31, 2019, there was approximately $165 million of bonds outstanding for this program. See “Financial Plan Overview — Other Matters Affecting the Financial Plan — Secured Hospital Program” herein for more information.

Moral Obligation Financings

Moral obligation financing generally involves the issuance of debt by a public authority to finance a revenue producing project or other activity. The debt is secured, in the first instance, by project revenues, but includes statutory provisions requiring the State, subject to appropriation by the Legislature, to make up any deficiencies which may occur in the issuer's debt service reserve fund. There has never been a payment default on any moral obligation debt of any public authority. DOB does not expect the State to increase statutory authorizations for moral obligation bond programs. From 1976 through 1987, the State was called upon to appropriate and make payments totaling $162.8 million to make up deficiencies in the debt service reserve funds of HFA pursuant to moral obligation provisions. In the same period, the State also expended additional funds to assist the Project Finance Agency, Urban Development Corporation (UDC) and other public authorities which had moral obligation debt outstanding. The State has not been called upon to make any payments pursuant to any moral obligations since FY 1987 and no such requirements are anticipated during FY 2020. As of March 31, 2019, approximately $155 thousand of moral obligation debt was outstanding.

State-Guaranteed Financings

Pursuant to specific constitutional authorization, the State may also directly guarantee certain public authority obligations. Payments of debt service on State guaranteed bonds and notes are legally enforceable obligations of the State. The only current authorization provides for the State guarantee of the repayment of certain borrowings for designated projects of the New York State Job Development Authority (JDA). However, all JDA bonds guaranteed by the State have been paid off, and the State does not anticipate any future JDA indebtedness to be guaranteed by the State. The State has never been called upon to make any direct payments pursuant to any such guarantees.

Other State Financings

Other State financings relate to the issuance of debt by a public authority, including capital leases, mortgage loan commitments and MBBA prior year school aid claims. Regarding the MBBA prior year school aid claims, the municipality assigns specified State and local assistance payments it receives to the MBBA or the bond trustee to ensure that debt service payments are made. The State has no legal obligation to make any debt service payments or to continue to appropriate local assistance payments that are subject to the assignment.

Borrowing Plan

STATE DEBT ISSUANCES BY FINANCING PROGRAM (millions of dollars)						
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Income Tax Revenue Bonds	2,732	5,571	5,057	4,807	4,778	4,806
Sales Tax Revenue Bonds	2,588	1,367	1,407	1,450	1,493	1,538
General Obligation Bonds	114	441	798	412	322	137
Total Issuances	5,434	7,379	7,262	6,669	6,593	6,481

Debt issuances totaling $7.4 billion are planned to finance new capital project spending in FY 2020, an increase of $1.9 billion (36 percent) from FY 2019. It is anticipated that the State will finance these capital projects through PIT Revenue Bonds, Sales Tax Revenue Bonds and General Obligation bonds in FY 2020.

The bond issuances are expected to finance capital commitments for education ($1.3 billion), transportation ($1.9 billion), economic development and housing ($2.2 billion), health and mental hygiene ($790 million), State facilities and equipment ($465 million), and the environment ($658 million).

Over the period of the Capital Plan, new debt issuances are projected to total $34.4 billion. New issuances are expected for education facilities ($6.3 billion), transportation infrastructure ($9.0 billion), economic development and housing ($10.2 billion), mental hygiene and health care facilities ($3.7 billion), State facilities and equipment ($2.2 billion), and the environment ($3.1 billion). Assuming an issuance plan consistent with the prior table, the State projects debt outstanding levels through FY 2024 to be as follows:

PROJECTED DEBT OUTSTANDING BY CREDIT (millions of dollars)						
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Income Tax Revenue Bonds	34,903	38,350	40,925	43,142	45,141	47,049
Sales Tax Revenue Bonds	10,421	11,463	12,214	13,066	13,894	14,738
General Obligation Bonds	2,286	2,537	3,146	3,343	3,443	3,354
Local Government Assistance Corp.	1,195	822	533	303	178	86
Other Revenue Bonds	2,174	1,986	1,463	1,206	946	825
Service Contract & Lease Purchase	2,245	1,873	1,431	1,188	994	780
TOTAL STATE-SUPPORTED	53,224	57,031	59,712	62,248	64,596	66,832

State-Related Debt Service Requirements

The following table presents the current and projected debt service (principal and interest) requirements on State-related debt. State-related debt service is projected at $5.2 billion in FY 2020, a decrease of $1.5 billion (23 percent) from FY 2019. Debt service costs from new issuances have been offset by the prepayment of FY 2020 debt service in FY 2019. The State also anticipates a prepayment of $200 million of FY 2021 debt service in FY 2020. The State is contractually required to make debt service payments prior to bondholder payment dates in most instances and may also elect to make payments earlier than contractually required. The State expects to use three principal bonding programs -- Personal Income Tax Revenue Bonds, Sales Tax Revenue Bonds, and General Obligation Bonds -- to fund all bond-financed capital spending.

ESTIMATED DEBT SERVICE REQUIREMENTS ON EXISTING STATE-RELATED DEBT BY CREDIT STRUCTURE [1]
(millions of dollars)

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Total
Personal Income Tax Revenue Bonds	4,135	2,896	4,403	4,900	5,104	5,184	21,438
Sales Tax Revenue Bonds	884	838	1,249	1,232	1,346	1,420	5,549
General Obligation Bonds	302	291	304	362	381	392	1,640
Local Government Assistance Corporation	424	301	251	137	98	57	1,211
Other State-Supported Bonds [2]	954	840	634	451	396	408	3,275
All Other State-Related Bonds [23]	54	49	48	48	34	3	233
Total Debt Service	6,753	5,215	6,889	7,130	7,359	7,464	33,346

[1] Reflects existing debt service on debt issued as of March 31, 2019 and projected debt service on assumed new debt issuances. Estimated debt service requirements are calculated based on swap rates in effect for all bonds that were synthetically fixed under an interest rate exchange agreement. Debt service requirements for variable rate bonds for which there are no related interest rate exchange agreements were calculated at assumed rates, which average 2.80%.

[2] Debt service in the Secured Hospital Program that is assumed to be paid by the State is captured in Other State-Supported Bonds.

[3] Excludes Mortgage Loan Commitments and Capital Leases

Adjusting for prepayments State-related debt service is projected at $6.5 billion in FY 2020 an increase of $665 million (11 percent) from FY 2019. Adjusted State-related debt service is projected to increase from $5.8 billion in FY 2019 to $7.5 billion in FY 2024, an average rate of 5.0 percent annually.

Interest Rate Exchange Agreements and Net Variable Rate Obligations

Chapter 81 of the Laws of 2002 authorized issuers of State-supported debt to issue a limited amount of variable rate debt instruments and to enter into a limited amount of interest rate exchange agreements. The current limit on debt instruments which result in a net variable rate exposure (i.e., both variable rate debt and interest rate exchange agreements) is no more than 15 percent of total outstanding State-supported debt. Interest rate exchange agreements are also limited to a total notional amount of no more than 15 percent of total outstanding State-supported debt. The outstanding State-supported debt of $53.2 billion as of March 31, 2019 results in a cap on variable rate exposure and a cap on interest rate exchange agreements of about $8.0 billion each (15 percent of total outstanding State-supported debt). As discussed below, as of March 31, 2019, both the amount of outstanding variable rate debt instruments and interest rate exchange agreements were less than the authorized totals of 15 percent of total outstanding State-supported debt.

Interest Rate Exchange Agreements

As of March 31, 2019, the State's Authorized Issuers have a notional amount of $1.4 billion in interest rate exchange agreements. The following table shows the amount of outstanding interest rate exchange agreements subject to the statutory cap. Overall, the State's swap exposure is expected to decline from 2.6 percent in FY 2019 to 1.0 percent in FY 2024.

INTEREST RATE EXCHANGE CAP
(millions of dollars)

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Interest Rate Exchange Cap	7,984	8,555	8,957	9,337	9,689	10,025
Notional Amounts of Interest Rate Exchange Agreements	1,383	1,277	1,062	927	794	650
Percent of Interest Rate Exchange Agreements to Debt Outstanding	2.6%	2.2%	1.8%	1.5%	1.2%	1.0%

Currently the State's swaps portfolio is comprised of synthetic fixed rate swaps. A synthetic fixed swap includes two separate transactions: (i) a variable rate bond is sold to bondholders, and (ii) an interest rate exchange agreement between the State and a counterparty is executed. The interest rate exchange agreement results in the State paying a fixed interest rate (i.e., synthetic fixed rate) to the counterparty and the counterparty agrees to pay the State a variable rate (65 percent of LIBOR for all State swaps). The variable rate the State pays to bondholders and the variable rate the State is receiving from the counterparty offset each other, leaving the State with the synthetic fixed rate payment. The synthetic fixed rate was less than the fixed rate the State would have paid to issue traditional fixed rate bonds at that time.

In July 2017, it was announced that LIBOR would be phased out by 2021. The State is evaluating its options to transition its swaps prior to that time.

The State has no plans to increase its swap exposure.

Variable Rate Exposure

The State's net variable rate exposure (including a policy reserve) is projected to average 0.8 percent of outstanding debt from FY 2019 through FY 2024. The debt that is counted against the variable rate cap represents the State's unhedged variable rate bonds. The variable rate bonds that are issued in connection with a swap are not included in the variable rate cap.

The State's current policy is to count 35 percent of the notional amount of outstanding 65 percent of the LIBOR fixed rate swaps in its variable rate exposure. This policy reserve accounts for the potential that tax policy or market conditions could result in significant differences between payments owed on the bonds and the amount received by the State under its 65 percent of LIBOR swaps, and that the factors affecting such payments can be consistent with variable rate exposure.

VARIABLE RATE EXPOSURE
(millions of dollars)

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Variable Rate Exposure Cap	7,984	8,555	8,957	9,337	9,689	10,025
Current Unhedged Variable Rate Obligations	97	97	90	90	90	90
Additional Planned Variable Rate Exposure	0	0	0	0	0	0
Total Net Variable Rate Exposure	97	97	90	90	90	90
Net Variable Rate Exposure to Debt Outstanding	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%
Current Policy Reserve for LIBOR Swaps	484	447	372	324	278	228
Net Variable Rate Exposure (with Policy Reserve)	581	544	462	414	368	317
Net Variable Rate Exposure (with Policy Reserve) to Debt Outstanding	1.1%	1.0%	0.8%	0.7%	0.6%	0.5%

State Bond Caps and Debt Outstanding

Bond caps are legal authorizations to issue bonds to finance the State's capital projects. As the bond cap for a particular programmatic purpose is reached, subsequent legislative changes are required to raise the statutory cap to the level necessary to meet the bondable capital needs, as permitted by a single or multi-year appropriation. In the Enacted Budget, statutory bond authorizations on State-supported debt were raised by $5.4 billion across multiple programmatic purposes. The bonded indebtedness (and related capital spending) from the new authorizations is expected to occur over many years, and is counted against the State's statutory debt caps only when bonds are actually issued.

Debt authorizations for capital programs are either approved or enacted at one time, expected to be fully issued over time, or enacted annually by the Legislature and are usually consistent with bondable capital projects appropriations. Authorization does not, however, indicate intent to sell bonds for the entire amount of those authorizations, because capital appropriations often include projects that do not materialize or are financed from other sources. The amount of bonds authorized may be increased or decreased from time to time by the Legislature. In the case of General Obligation debt, increases in the authorization must be approved by the voters. See "Exhibit B - State Related Bond Authorizations" herein for additional information.

For More Information

Additional information on the State's debt portfolio is available on DOB's public website (www.budget.ny.gov). The Investor's Guide section of the site contains information on New York State bonds including: the State's bond issuance schedule which is updated periodically; swap and variable rate capacity reports; variable rate trading activity; and State PIT Revenue Bond and Sales Tax Revenue Bond debt service and debt outstanding.

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 they may issue bonds and notes within the amounts and restrictions set forth in legislative authorization. Certain of these authorities issue bonds under two of the three primary State credits - PIT Revenue Bonds and Sales Tax Revenue Bonds. 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 any of 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 on their notes, bonds or other legislatively authorized financing structures 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. Since the State has no actual or contingent liability for the payment of this type of public authority indebtedness, it is not classified as either State-supported debt or State-related debt. Some public authorities, however, receive monies from State appropriations to pay for the operating costs of certain programs.

There are statutory arrangements that, under certain circumstances, authorize State local assistance payments that have been appropriated in a given year and are 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, in honoring such statutory arrangement for the redirection of local assistance payments, the State has no constitutional or statutory obligation to provide assistance to localities beyond amounts that have been appropriated therefor in any given year.

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As of December 31, 2018, (with respect to Job Development Authority or "JDA" as of March 31, 2018) each of the 16 authorities listed in the following table had outstanding debt of $100 million or more, and the aggregate outstanding debt, including refunding bonds, was approximately $192 billion, only a portion of which constitutes State-supported or State-related debt. Note that the outstanding debt information contained in the following table is the most current information provided by OSC from data submitted by the 16 authorities in the following table at the time of this AIS.

OUTSTANDING DEBT OF CERTAIN AUTHORITIES[1]
AS OF DECEMBER 31, 2018[2]
(millions of dollars)

Authority	State-Related Debt	Authority and Conduit	Total
Dormitory Authority	34,734	20,418	55,152
Metropolitan Transportation Authority	0	30,907	30,907
Port Authority of NY & NJ	0	25,136	25,136
Housing Finance Agency	154	17,582	17,736
UDC/ESD	12,679	1,080	13,759
Job Development Authority[2]	0	10,218	10,218
Triborough Bridge and Tunnel Authority	0	8,461	8,461
Thruway Authority	2,773	5,447	8,220
Long Island Power Authority[3]	0	7,711	7,711
Environmental Facilities Corporation	32	6,091	6,123
State of New York Mortgage Agency	0	2,782	2,782
Energy Research and Development Authority	0	1,887	1,887
Power Authority	0	1,285	1,285
Local Government Assistance Corporation	1,195	0	1,195
Battery Park City Authority	0	928	928
Municipal Bond Bank Agency	139	172	311
TOTAL OUTSTANDING	51,706	140,105	191,811

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 par amounts outstanding for bonds and financing arrangements or gross proceeds outstanding in the case of capital appreciation bonds. Amounts do not reflect accretion of capital appreciation bonds or premiums received.

(2) All Job Development Authority (JDA) debt outstanding reported as of March 31, 2018. This includes $10.2 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), $745 million issued by the Brooklyn Arena Local Development Corporation and $3.3 billion issued by the New York Transportation Development Corporation. JDA has no State-guaranteed bonds outstanding.

(3) Includes $4.14 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 Jason Goh, Investor Relations, (212) 788-5864, or contacting the City Office of Management and Budget, 255 Greenwich Street, 8th Floor, New York, NY 10007. The official financial disclosures of the City of New York and its related issuers can also be accessed through the EMMA system website at www.emma.msrb.org. 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
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
2016	38,073	37,358	1,961	1,145	3,000	2,102	83,639
2017	37,891	40,696	1,884	1,089	2,751	2,034	86,345
2018	38,628	43,355	1,805	1,071	2,724	2,085	89,668

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, 80 Maiden Lane, Suite 402, New York, NY 10038, Attention: Executive Director, http://www.fcb.state.ny.us/; OSDC, 59 Maiden Lane, 29th Floor, New York, NY 10038, Attention: Deputy Comptroller, http://www.osc.state.ny.us/osdc/; City Comptroller, Municipal Building, 6th Floor, One Centre Street, New York, NY 10007-2341, Attention: Deputy Comptroller for Budget, https://comptroller.nyc.gov/; and IBO, 110 William Street, 14th Floor, New York, NY 10038, Attention: Director, http://www.ibo.nyc.ny.us/.

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. State legislation enacted post-2004 includes 27 special acts authorizing bond issuances to finance local government operating deficits. Included in this figure are special acts that extended the period of time related to prior authorizations and modifications to issuance amounts previously authorized. When a local government is authorized to issue bonds to finance operating deficits, the local government is subject to certain additional fiscal oversight during the time the bonds are outstanding as required by the State's Local Finance Law, 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 particular localities. The Cities of Buffalo and Troy, and the Counties of Erie and Nassau are subject to varying levels of review and oversight by entities created by such legislation. The City of Newburgh operates under special State legislation that provides for fiscal oversight by the State Comptroller and the City of Yonkers must adhere to a Special Local Finance and Budget Act. The impact on the State of any possible requests in the future for additional oversight or financial assistance cannot be determined at this time and therefore is not included in the Financial Plan projections.

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 twenty-five municipalities. The Restructuring Board is also authorized, upon the joint request of a 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 it is classified in one of three levels of stress: significant, moderate or susceptible. Entities that are determined to have stress levels below established scoring thresholds are classified as "No Designation".

A total of 37 local governments (10 counties, 8 cities, 9 towns and 10 villages) and 26 school districts have been placed in a stress category by OSC based on financial data for their fiscal years ending in 2017. The vast majority of entities scored by OSC (97 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 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 2017.

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

Locality Fiscal Year Ending	Combined New York City Debt[2]		Other Localities Debt[3]		Total Locality Debt[3]	
	Bonds	Notes	Bonds[4]	Notes[4]	Bonds[3][4]	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	19,093	4,470	58,337	4,985
2010	69,536	0	36,110	7,369	105,646	7,369
2013	79,418	0	36,483	7,447	115,901	7,447
2014	81,240	0	36,290	7,236	117,530	7,236
2015	82,789	0	34,346	6,981	117,135	6,981
2016	83,639	0	35,006	6,952	118,645	6,952
2017	86,345	0	34,788	5,617	121,133	5,617

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.

State Government Employment

State Government Employment

As of March 31, 2019, the State had approximately 182,800 FTE annual salaried employees funded from all funds including some part-time and temporary employees, independently-elected agencies and university systems, but excluding seasonal, legislative and judicial employees. The workforce is now substantially smaller than it was in 1990, when it peaked at approximately 230,000 positions. The State workforce is projected to total 183,869 positions at the end of FY 2020. The State workforce subject to direct Executive control is expected to total 119,491 full time equivalent positions at the end of FY 2020.

The State Public Employment Relations Board defines negotiating units for State employees. The Governor's Office of Employee Relations (GOER) conducts collective bargaining negotiations with the State's unions, with the exception of employees of the Judiciary, public authorities, CUNY and the Legislature. Such negotiations include terms and conditions of employment, except pension benefits.

The State has multi-year labor agreements in place with most of the unionized workforce. The Civil Service Employees Association (CSEA) and DC-37 (Local 1359 Rent Regulation Service Employees) have five-year labor contract that provide annual salary increases of 2 percent for FYs 2017 through 2021 and additional compensation changes, offset by benefit design changes within the New York State Health Insurance Program (NYSHIP) and reductions in overtime costs. Salary increases provided to CSEA and DC-37 employees were also extended to Management/Confidential (M/C) employees.

United University Professions (UUP) has a six-year collective bargaining agreement that covers academic years 2017 through 2022. The agreement provides for 2 percent general salary increases in each year of the contract and additional compensation changes, which are partly offset by benefit design changes within NYSHIP. The cost of the agreement (approximately $253 million in FY 2020) has been included in the Financial Plan and is primarily funded by SUNY except for related fringe benefit costs, paid by the State. At the request of SUNY, the State will advance approximately $110 million in planned payments for State-operated SUNY campuses from November 2019 to June 2019, to make resources available for retroactive payments.

On October 10, 2018, the Police Benevolent Association of the New York State Troopers (NYSTPBA) ratified a five-year collective bargaining agreement for FY 2019 through FY 2023. The agreement provides for 2 percent general salary increases in each year of the contract and additional compensation changes, which are partly offset by benefit design changes within NYSHIP.

On January 24, 2019, NYSCOPBA ratified a seven-year collective bargaining agreement for FY 2017 through FY 2023. The agreement provides for 2 percent general salary increases in each year of the agreement, and additional compensation changes, offset by benefit design changes within NYSHIP and reductions in overtime costs.

Contracts with the Public Employees Federation (PEF) and the Graduate Student Employees Union (GSEU) expired at the end of FY 2019. Negotiations have commenced for a successor agreement with PEF and negotiations with GSEU are planned later this year.

The State is in negotiations with all other employee unions whose contracts concluded in previous fiscal years including the New York State Police Investigators Association (NYSPIA) and Council 82. Negotiations also continue with the Police Benevolent Association of New York State (PBANYS), whose contract expired at the end of FY 2015.

Contract periods and related general salary increases for State employee union contracts are illustrated below.

UNION LABOR AGREEMENTS IN PLACE
(Annual Salary Increase Percentages)

	Current/Expired Contract Period	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
NYSTPBA	FY 2019 - FY 2023	2%	2%	2%	2%	2%	2%	2%	2%	2%
NYSCOPBA	FY 2017 - FY 2023	2%	2%	2%	2%	2%	2%	2%	2%	2%
UUP	AY 2017 - AY 2022	2%	2%	2%	2%	2%	2%	2%	2%	
CSEA	FY 2017 - FY 2021	2%	2%	2%	2%	2%	2%	2%		
DC-37	FY 2017 - FY 2021	2%	2%	2%	2%	2%	2%	2%		
PEF	FY 2017 - FY 2019	2%	2%	2%	2%	2%				
GSEU	FY 2017 - FY 2019	2%	2%	2%	2%	2%				
CUNY	FY 2011 - FY 2018	2.5%	2%	2%	1.5%					
NYSPIA	FY 2012 - FY 2018	2%	2%	1.5%	1.5%					
Council 82	FY 2010 - FY 2016	2%	2%							
PBANYS	FY 2006 - FY 2015	2%								

The Judiciary also has agreements with all 12 unions represented within its workforce. The contract periods are as follows: FY 2018 to FY 2020 for CSEA; FY 2012 to FY 2021 for the NYS Supreme Court Officers Association, the NYS Court Officers Association and the Court Clerks Association; and FY 2020 to FY 2021 for the remaining eight unions.

HISTORICAL SUMMARY OF EXECUTIVE BRANCH WORKFORCE ANNUAL SALARIED FTEs ALL FUNDS		
Date	**Subject to Direct Executive Control**	**Grand Total**
3/31/2008	137,707	195,266
3/31/2009	136,517	195,347
3/31/2010	131,741	191,195
3/31/2011	125,787	183,921
2/29/2012*	119,579	179,598
3/31/2013	119,756	180,802
3/31/2014	118,492	180,041
3/31/2015	117,807	179,620
3/31/2016	117,862	180,220
3/31/2017	117,907	181,436
3/31/2018	117,397	181,599
3/31/2019	117,967	182,799

*Reflects a payroll prior to fiscal year-end due to concurrent implementation of the State's Statewide Financial System (SFS) which resulted in anomalies to the accounting of FTEs with the actual FY 2012 year-end payroll.

WORKFORCE SUMMARY
ALL FUNDS
FY 2018 THROUGH FY 2020

	FY 2018 Actuals (03/31/18)	FY 2019 Actuals (03/31/19)	FY 2020 Estimate (03/31/20)
Major Agencies			
Children and Family Services, Office of	2,887	3,008	2,919
Corrections and Community Supervision, Department of	29,351	29,117	28,803
Education Department, State	2,575	2,606	2,692
Environmental Conservation, Department of	2,887	2,996	3,115
Financial Services, Department of	1,356	1,342	1,391
General Services, Office of	1,811	1,803	1,931
Health, Department of	4,690	4,715	5,616
Information Technology Services, Office of	3,471	3,566	3,489
Labor, Department of	2,935	2,838	2,987
Mental Health, Office of	13,911	13,856	13,757
Motor Vehicles, Department of	2,301	2,363	2,344
Parks, Recreation and Historic Preservation, Office of	1,751	2,010	2,041
People with Developmental Disabilities, Office for	18,867	19,037	18,590
State Police, Division of	5,609	5,784	5,741
Taxation and Finance, Department of	3,898	3,806	4,085
Temporary and Disability Assistance, Office of	1,923	1,995	1,989
Transportation, Department of	8,501	8,442	8,520
Workers' Compensation Board	1,082	1,044	1,109
Subtotal - Major Agencies	**109,806**	**110,328**	**111,119**
Minor Agencies	**7,591**	**7,639**	**8,372**
Subtotal - Subject to Direct Executive Control	**117,397**	**117,967**	**119,491**
University Systems			
City University of New York	13,726	13,806	13,632
State University Construction Fund	142	142	152
State University of New York	45,882	46,448	46,092
Subtotal - University Systems	**59,750**	**60,396**	**59,876**
Independently Elected Agencies			
Audit and Control, Department of	2,630	2,610	2,663
Law, Department of	1,822	1,826	1,839
Subtotal - Independently Elected Agencies	**4,452**	**4,436**	**4,502**
Grand Total	**181,599**	**182,799**	**183,869**

Source: NYS DOB, as provided with the FY 2020 Enacted Budget Report published in May 2019.

State Retirement System

THE INFORMATION THAT FOLLOWS UNDER THIS HEADING HAS BEEN PREPARED SOLELY BY THE OFFICE OF THE STATE COMPTROLLER, 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, 2018, is included in NYSLRS' Comprehensive Annual Financial Report ("NYSLRS' CAFR") for the fiscal year ended March 31, 2018 and is available on the OSC website at the following address:https://www.osc.state.ny.us/retire/about_us/financial_statements_index.php.
Additionally, available at the OSC website are the System's asset listing for the fiscal year ended March 31, 2018 and audited financial statements with the independent auditor's report for the fiscal year ended March 31, 2018.

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 2018 are available at the OSC website at https://www.osc.state.ny.us/retire/about_us/financial_statements_index.php. Benefit plan booklets describing how each of the System's tiers works can be accessed at https://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 DFS.

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 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. Pursuant to DFS regulations, a fiduciary review of the System for the three-year period ended March 31, 2015 was submitted on June 16, 2016. The System is currently in the procurement process for the fiduciary review of the System for the three-year period ended March 31, 2018.

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 public retirement systems). State employees made up about 33 percent of the System's membership as of March 31, 2018. There were 3,044 public employers participating in the System, including the State, 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, 2018, 652,030 persons were members of the System and 470,596 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, 2018, approximately 58 percent of ERS members were in Tiers 3 and 4 and approximately 68 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 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:

ERS Chart: https://www.osc.state.ny.us/retire/employers/tier-6/ers_comparison.php

PFRS Chart: https://www.osc.state.ny.us/retire/employers/tier-6/pfrs_comparison.php

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 88 percent of the 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.[26] 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 are required to contribute 5.75 percent; and, those earning in excess of $100,000 are required to contribute 6 percent of their gross annual salary.

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 by the System's Actuary to calculate employer contribution requirements is the assumed investment rate of return, which is currently 7.0 percent.[27]

[26] Less than 1 percent of the 9,210 PFRS Tier 6 members are non-contributory.

[27] 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). In September 2015, the Comptroller announced the assumed rate of return for NYSLRS would be lowered from 7.5 percent to 7 percent. The 7 percent rate of return has been used to determine employer contribution rates in FYs 2017 through 2020.

The current actuarial smoothing method recognizes unexpected annual gains and losses (returns above or below the assumed investment rate of return) over a 5-year period.

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. Contribution rates for FY 2020 were released in August 2018. The average ERS rate decreased by 0.3 percent from 14.9 percent of salary in FY 2019 to 14.6 percent of salary in FY 2020, while the average PFRS rate in FY 2020 will remain at 23.5 percent of payroll, the same rate as in FY 2019. Information regarding average rates for FY 2020 may be found in the 2018 Annual Report to the Comptroller on Actuarial Assumptions which is accessible at:

https://www.osc.state.ny.us/retire/about_us/financial_statements_index.php.

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 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, FY 2015, FY 2016, FY 2017, FY 2018 and FY 2019, the interest rates are 5 percent, 3.75 percent, 3 percent, 3.67 percent, 3.15 percent, 3.21 percent, 2.33 percent, 2.84 percent, and 3.64 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, 2018, the amortized amount receivable, including accrued interest, for the 2011 amortization is $88.2 million from the State and $10.6 million from 30 participating employers; the amortized amount receivable, including accrued interest, for the 2012 amortization is $251.0 million from the State and $77.1 million from 106 participating employers; the amortized amount receivable, including accrued interest, for the 2013 amortization is $419.0 million from the State and $167.1 million from 124 participating employers; the amortized amount receivable, including accrued interest, for the 2014 amortization is $603.9 million for the State and $114.6 million from 92 participating employers; the amortized amount receivable including accrued interest, for the 2015 amortization is $523.3 million from the State and $97.3 million from 78 participating employers; the amortized amount receivable, including accrued interest for the 2016 amortization, is $294.4 million from the State and $53.4 million from 53 participating employers; the amortized amount receivable, including accrued interest for the 2017 amortization, is $5.6 million from 9 participating employers; the State did not amortize in 2017;

and the amortized amount receivable, including accrued interest for the 2018 amortization, is $4.4 million from 4 participating employers; the State did not amortize in 2018.

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. There are 41 employers that are currently enrolled in the program. Employers are not required to amortize every year. As of March 31, 2018, the amortized amount receivable, including interest, from 26 participating employers for the 2014 amortization is $171.7 million. The amortized amount receivable, including interest, from 26 participating employers for the 2015 amortization is $154.5 million. The amortized amount receivable, including interest, from 23 participating employers for the 2016 amortization is $115.2 million. The amortized amount receivable, including interest, from 19 participating employers for the 2017 amortization is $86.2 million. The amortized amount receivable, including interest, from 13 participating employers for the 2018 amortization is $74.9 million.

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. The FY 2019 amounts are 14.0 percent for ERS and 22.0 percent for PFRS. 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, 3.50 percent for FY 2015, 3.31 percent for FY 2016, 2.63 percent for FY 2017, 3.31 percent for FY 2018 and 3.99 percent for FY 2019). 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.

Legislation enacted in June 2017 modified the calculation of an employer’s graded rate to be the product of the System’s graded rate with the ratio of the employer’s average contribution rate to the System’s average contribution rate, not to exceed the System’s graded rate.

The total State payment (including Judiciary) due to NYSLRS for FY 2019 was approximately $2.327 billion. The State opted not to amortize under the Contribution Stabilization Program and paid the bill in full as of March 1, 2019.

The estimated total State payment (including Judiciary) due to NYSLRS for FY 2020 is approximately $2.342 billion. Multiple prepayments (including interest credit) have reduced this amount to $25 million.

The FY 2017 Enacted Budget authorized the State, as an amortizing employer, to prepay to NYSLRS the total amount of principal due for its annual amortization installment or installments for a given fiscal year prior to the expiration of a ten-year amortization period.

Pension Assets and Liabilities

The System's assets are held by the CRF for the exclusive benefit of members, retirees 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, 2018 was $212.1 billion (including $5.5 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 $14.5 billion or 7.3 percent from the FY 2017 level of $197.6 billion. The increase in net position restricted for pension benefits from FY 2017 to FY 2018 reflects, in large part, equity market performance.[28] The System's audited Financial Statement reports a time-weighted investment rate of return of 11.35 percent (gross rate of return before the deduction of certain fees) for FY 2018.

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, 2015, 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 50 percent public equities (36 percent domestic and 14 percent international); 18 percent bonds, cash and mortgages; 4 percent inflation indexed bonds and 28 percent alternative investments (10 percent private equity, 10 percent real estate, 2 percent absolute return or hedge funds, 3 percent opportunistic and 3 percent real assets). Since the implementation of the long-term policy allocation will take several years, transition targets have been established to aid in the asset rebalancing process. [29]

The System reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased to $251.4 billion (including $127.8 billion for retirees and beneficiaries) as of April 1, 2018, up from $240.7 billion as of April 1, 2017. 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, 2018. 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, 2018 in that the determination of actuarial assets utilized a smoothing

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[28] On May 16, 2019, the State Comptroller released a statement indicating that the value of the System's invested assets posted a 5.23 percent time-weighted rate of return (gross rate of return before the deduction of certain fees) for the fiscal year ended March 31, 2019.
This report reflects unaudited data for assets invested for the System. The value of invested assets changes daily.

[29] More detail on the CRF's asset allocation as of March 31, 2018, long-term policy and transition target allocation can be found on page 96 of the NYSLRS' CAFR for the fiscal year ending March 31, 2018.

method that recognized 20 percent of the unexpected gain for FY 2018, 40 percent of the unexpected gain for FY 2017, 60 percent of the unexpected loss for FY 2016, and 80 percent of the unexpected loss for FY 2015. The asset valuation method smooths gains and losses based on the market value of all investments. Actuarial assets increased from $198.1 billion on April 1, 2017 to $206.7 billion on April 1, 2018.

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.

The ratio of fiduciary net position to the total pension liability for ERS, as of March 31, 2018, calculated by the System's Actuary, was 98.2 percent. The ratio of the fiduciary net position to the total pension liability for PFRS, as of March 31, 2018, calculated by the System's Actuary, was 96.9 percent.[30]

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 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. Employers 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.

[30] 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.

As noted above, Statement No. 68 impacts neither the actuarial funding method nor the calculation of rates. The System provided employers with the information required to comply with Statement No. 68 in September 2017, based on the System's measurement date of March 31, 2017. The Net Pension liability is allocated to participating employers and reported pursuant to both Statements 67 and 68.

Detailed "Schedules of Employer Allocation" and "Schedules of 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.

The GASB 68 "Schedules of Employer Allocation" and "Schedules of Pension Amounts by Employer" as of March 31, 2018 have been posted to the OSC website.

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: All Participating Employers[1][2]	Local Employers[1][2]	State[1][2]	Employees	Total Benefits Paid[3]
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	3,386	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
2016	5,140	3,182	1,958	307	11,060
2017	4,787	2,973	1,814	329	11,508
2018	4,823	3,021	1,802	349	12,129

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
2009	110,938	-28.8%
2010	134,252	21.0%
2011	149,549	11.4%
2012	153,394	2.6%
2013	164,222	7.1%
2014	181,275	10.4%
2015	189,412	4.5%
2016	183,640	-3.0%
2017	197,602	7.6%
2018	212,077	7.3%

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, 2018 includes approximately $5.2 billion of receivables.

Additional Information Regarding the System

The NYSLRS CAFR contains in-depth and audited information about the System. Among other things, the NYSLRS CAFR contains information about the number of members and retirees, salaries of members, valuation of assets, changes in fiduciary net position and information related to contributions to the System. The 2018 NYSLRS CAFR is available on the OSC website at the following web address:

https://www.osc.state.ny.us/retire/about_us/financial_statements_index.php

1) Information on the number of members and retirees, including the change in the number of members and retirees and beneficiaries since 2009 can be found on page 27 of the NYSLRS CAFR at the link noted above. More information on this topic is available in the "Statistical" section of the NYSLRS CAFR.

2) A combining basic statement of changes in fiduciary net position can be found on page 41 of the NYSLRS CAFR at the link noted above.

3) Schedule of Changes in the Employers' Net Pension Liability and Related Ratios (unaudited) can be found on pages 70-71 at the link noted above.

4) Information on contributions can be found on pages 143-151 of the NYSLRS CAFR at the link noted above.

5) A table with the market value of assets, actuarial value of assets and actuarial accrued liability of the CRF since 2008 can be found on page 152 of the NYSLRS CAFR at the link noted above.

6) Information related to the salaries of members can be found on pages 185-189 of the NYSLRS CAFR at the link noted above.

Litigation

General

The legal proceedings listed below involve State finances and programs and other claims in which the State is a defendant and the potential monetary claims against the State are deemed to be material, meaning in excess of $100 million or involving significant challenges to or impacts on the State’s financial policies or practices. As explained below, these proceedings could adversely affect the State’s finances in FY 2020 or thereafter. The State intends to describe newly initiated proceedings which the State deems to be material and existing proceedings which the State has subsequently deemed to be material, as well as any material and adverse developments in the listed proceedings, in quarterly updates and/or supplements to this AIS.

For the purpose of this Litigation section of the AIS, the State defines “material and adverse developments” as rulings or decisions on or directly affecting the merits of a proceeding that have a significant adverse impact upon the State's ultimate legal position, and reversals of rulings or decisions on or directly affecting the merits of a proceeding in a significant manner, whether in favor of or adverse to the State's ultimate legal position, all of which are above the $100 million materiality threshold described above. The State intends to discontinue disclosure with respect to any individual case after a final determination on the merits or upon a determination by the State that the case does not meet the materiality threshold described above.

The State is party to other claims and litigation, with respect to which its legal counsel has advised that it is not probable that the State will suffer adverse court decisions, or which the State has determined do not, considered on a case by case basis, meet the materiality threshold described in the first paragraph of this section. Although the amounts of potential losses, if any, resulting from these litigation matters are not presently determinable, it is the State’s position that any potential liability in these litigation matters is not expected to have a material and adverse effect on the State’s financial position in FY 2020 or thereafter. The Basic Financial Statements for FY 2019, which OSC expects to issue by July 29, 2019, are expected to report possible and probable awards and anticipated unfavorable judgments against the State.

Adverse developments in the proceedings described below, other proceedings for which there are unanticipated, unfavorable and material judgments, or the initiation of new proceedings could affect the ability of the State to maintain a balanced FY 2020 Financial Plan. The State believes that the Financial Plan includes sufficient reserves to offset the costs associated with the payment of judgments that may be required during FY 2020. These reserves include (but are not limited to) amounts appropriated for Court of Claims payments and projected fund balances in the General Fund. In addition, any amounts ultimately required to be paid by the State may be subject to settlement or may be paid over a multi-year period. There can be no assurance, however, that adverse decisions in legal proceedings against the State would not exceed the amount of all potential Enacted Budget resources available for the payment of judgments, and could therefore adversely affect the ability of the State to maintain a balanced Financial Plan.

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

Over the years, there have been a number of 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. Of these cases, only one remains active.

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 prior decisions in other cases rejecting such land claims, 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.

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 by the Second Circuit through at least August 12, 2019 to allow for settlement negotiations. The district court has extended the stay only until June 17, 2019, with a status report due on that date.

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.

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. On September 19, 2016, the trial court ruled in favor of the State and dismissed the action. Plaintiffs filed a notice of appeal dated October 5, 2016 with the Appellate Division, Third Department. Plaintiffs have filed their appellate brief and the State's brief was filed May 30, 2017. The appeal was argued on September 5, 2017. By decision and order dated October 26, 2017, the Appellate Division reversed the judgment of the trial court and remanded the case in order for the trial court to make specific findings as to the adequacy of inputs and causation. On January 10, 2019, the trial court issued a decision in favor of the State dismissing the action. Plaintiffs have appealed the January 10, 2019 decision to the Appellate Division, Third Department.

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 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. On June 27, 2017, the Court of Appeals dismissed the Aristy-Farer action but held that the New Yorkers for Student Educational Rights v. New York action could proceed on a limited basis as to the New York City and Syracuse school districts, as discussed below.

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. By order dated November 17, 2014, Supreme Court, New York County, denied defendants' motion to dismiss. Defendants filed a Notice of Appeal on December 15, 2014. Defendants filed Answers to the Amended Complaint on February 2, 2015. The appeals of both November 17, 2014 decisions, along with the appeal in Aristy-Farer, were heard by the First Department on February 24, 2016.

On April 5, 2016, following the submission of a stipulation by the parties, the trial court stayed the case pending the outcome of the appeal before the First Department.

On September 8, 2016, the First Department ruled largely in favor of plaintiffs and held that the bulk of their school-financing claims in Aristy-Farer and New Yorkers for Students' Educational Rights (NYSER) could proceed. Defendants moved for leave to appeal to the Court of Appeals, and that motion was granted by the First Department on December 15, 2016. The matter was fully briefed in the Court of Appeals which heard argument on May 30, 2017.

On June 27, 2017, the Court of Appeals held that plaintiffs could proceed on their claims that the State was failing in its constitutional obligation to ensure the provision of minimally adequate educational services in the New York City and Syracuse school districts and remanded for further proceedings as to those two districts only.

Plaintiffs filed their Second Amended Complaint on December 11, 2017. The first cause of action alleges that the State has failed to provide a sound basic education in five school districts: New York City, Syracuse, Schenectady, Central Islip and Gouverneur. The second cause of action alleges that the State has failed to maintain a system of accountability to ensure that a sound basic education is being provided in those five districts. The third cause of action asserts a statewide cause of action, alleging that since 2009 the State has failed to "adopt appropriate policies, systems and mechanisms to properly implement the requirements of N.Y. Const. art. XI. § 1 and of the CFE decisions." This cause of action is not limited to the five districts.

Defendants filed a partial motion to dismiss the third cause of action in the Second Amended Complaint on April 9, 2018. On May 4, 2018, plaintiffs filed a Third Amended Complaint, which is identical to the Second Amended Complaint, but removed the third cause of action. On May 4, 2018, the case was reassigned from Hon. Manuel J. Mendez to Hon. Lucy Billings. Defendants' Answer to the Third Amended Complaint was filed on July 10, 2018, and a conference was held on September 13, 2018, during which the Supreme Court, New York County, set discovery deadlines. On January 24, 2019, a conference was held, and the parties agreed to extend the schedule by three months. On April 25, 2019, the parties agreed to extend the schedule again by four months. The current schedule now includes the following deadlines: 1) depositions of named plaintiffs to be completed by October 15, 2019; 2) depositions of defendants to be completed by December 16, 2019; 3) fact discovery completed by April 16, 2020; 4) expert discovery to be completed by June 15, 2020; 5) note of issue due by June 22, 2020; and 6) summary judgment motions due 120 days after note of issue. To date, the parties have exchanged discovery demands and responses and continue to produce documents on a rolling basis.

Health Insurance Premiums

In NYSCOBPA v. Cuomo, 11-CV-1523 (NDNY) and ten other cases, state retirees, and certain current court employees, allege various claims, including due process and violation of the Contracts Clause of the United States Constitution, via 42 U.S. Code § 1983, against the Governor and other State officials, challenging the 2011 increase in their health insurance contribution.

In 2011, CSEA negotiated a two percent increase in the employee contribution to health insurance premiums. Over time, the other unions incorporated this term into their collective bargaining agreements. But in October 2011, the premium shift was administratively extended to unrepresented employees, retirees, and certain court employees pursuant to their contract terms (which provide that their health insurance terms are those of the majority of Executive Branch employees). The administrative extension is at issue.

Certain claims have been dismissed, including the claims against all State agencies and the personal capacity claims against all individual State defendants except Tricia Hite and Robert Megna.

Discovery is complete, and the State defendants filed motions for summary judgment in all eleven cases. In the motions, the State defendants argued primarily that nothing in the language of any of the collective bargaining agreements or in the negotiating history supports plaintiffs' claim that the health insurance premium contribution rate vested into retirement. With respect to the court employees, State defendants argued that their contract terms required extension of the premium shift to them. Briefing was completed on January 26, 2018.

On September 24, 2018, the District Court granted defendants' motions for summary judgment in all respects. Between October 13, 2018 and October 24, 2018, notices of appeal were filed in all eleven cases. On December 21, 2018, the U.S. Court of Appeals for the Second Circuit issued an order coordinating appellate briefing in the eleven cases. Under that order, plaintiffs' opening brief in the lead case *(Donahue v. State)* was filed February 4, 2019; plaintiffs in the other cases filed supplemental briefs by March 6, 2019; defendants' brief must be filed by July 8, 2019; and plaintiffs' reply briefs must be filed by August 7, 2019.

Exhibit A to AIS - Selected State Government Summary

Exhibit A - Selected State Government Summary

State Government Organization

The State has a centralized administrative system with most executive powers vested in the Governor. The State has four officials elected in statewide elections, the Governor, Lieutenant Governor, Comptroller and Attorney General. These officials serve four-year terms that next expire on December 31, 2022.

Name	Office	Party Affiliation	First Elected
Andrew M. Cuomo	Governor	Democrat	2010
Kathleen C. Hochul	Lieutenant Governor	Democrat	2014
Thomas P. DiNapoli	Comptroller	Democrat	2007
Letitia James	Attorney General	Democrat	2018

The Governor and Lieutenant Governor are elected jointly. The Comptroller and Attorney General are chosen separately by the voters during the election of the Governor. The Governor appoints the heads of most State departments, including the Director of the Budget (the current Director is Robert F. Mujica Jr.). DOB is responsible for preparing the Governor's Executive Budget, negotiating that budget with the State Legislature, and implementing the budget once it is adopted, which includes updating the State's fiscal projections quarterly. DOB is also responsible for coordinating the State's capital program and debt financing activities. The Comptroller is responsible for auditing the disbursements, receipts and accounts of the State, as well as for auditing State departments, agencies, public authorities and municipalities. The Comptroller is also charged with managing the State's General Obligation debt and most of its investments (see "Appropriations and Fiscal Controls" and "Investment of State Moneys" below). The Attorney General is the legal advisor to State departments, represents the State and certain public authorities in legal proceedings and opines upon the validity of all State General Obligation bonds and notes.

The State Legislature is presently composed of a 63-member Senate and a 150-member Assembly, all elected from geographical districts for two-year terms, expiring December 31, 2020. Both the Senate and the Assembly operate on a committee system. The Legislature meets annually, generally for about six months, and remains formally in session the entire year. In recent years there have been special sessions, as well. The current Leader of the Senate is President Pro Tempore and Majority Leader Andrea Stewart-Cousins (Democrat). Carl Heastie (Democrat) is the Speaker of the Assembly. The minority leaders are John Flanagan (Republican) in the Senate and Brian Kolb (Republican) in the Assembly.

Appropriations and Fiscal Controls

The State Constitution requires the Comptroller to audit the accrual and collection of State revenues and receipts and to audit vouchers before payment and all official accounts. Generally, no State payment may be made unless the Comptroller has audited it. Additionally, the State Constitution requires the Comptroller to prescribe such methods of accounting as are necessary for the performance of the foregoing duties.

Disbursements from State funds are limited to the level of authorized appropriations. Disbursements from Federal funds must be appropriated in accordance with appropriate legal authority, are limited to the amounts anticipated from Federal programs and may not be made in the absence of appropriate certifications from the Director of the Budget. Generally, most State contracts for disbursements in excess of $50,000 (or $85,000 in the case of the Office of General Services) require prior approval by the Comptroller. However, certain contracts, primarily of SUNY and CUNY, and those established as a centralized contract through the Office of General Services, are not subject to approval by the Comptroller, and certain other contracts are subject to higher thresholds. In most cases, State agency contracts depend upon the existence of an appropriation and the availability of that appropriation as certified by the Director of the Budget. The Budget Director must review all applications for State participation in continuing grant- or contract-supported programs, with specified exceptions. Certain legislative leaders have the opportunity to make recommendations on the applications. In addition, the Comptroller has the discretion to identify and review certain public authority contracts valued at $1.0 million or greater that are either awarded without competition or which are paid using State-appropriated funds.

Appropriations may be increased or decreased in accordance with statutory authority under certain circumstances by transfer, interchange or otherwise. In addition, appropriations may be increased or decreased by statutory amendment or by supplemental appropriations. Moneys or other financial resources from one fund may also be loaned to another fund where there is specific statutory authorization to do so. In addition, moneys or other financial resources of a fund may be temporarily loaned to the General Fund, but only if such loan is repaid in full within four months, or the end of the fiscal year, whichever occurs first. Pursuant to authority contained in most State operations appropriations for FY 2020, the Director of the Budget is also allowed to interchange, transfer, or suballocate such appropriation authority to other agencies in order to achieve the consolidation and realignment of certain State operations.

In addition, the Governor has traditionally exercised substantial authority in administering the State Financial Plan by limiting certain disbursements after the Legislature has enacted appropriation bills and revenue measures. The Governor may, primarily through DOB, limit certain spending by State departments, and delay construction projects to control disbursements using the Director of the Budget's certification process. If DOB identifies a potential General Fund budget imbalance of $500 million or more in then-current year, then the Director of the Budget may also transmit a plan to the Legislature which identifies specific appropriations and cash disbursements to be reduced, in response to which the Legislature has 30 days to either adopt their own plan for eliminating the imbalance or the Director of the Budget's plan takes effect automatically. An important limitation of the Governor's ability to restrict disbursements is that local assistance payments, which typically make up close to 70 percent of General Fund disbursements (including operating transfers to other funds), are generally mandated by statute. The State Court of Appeals has held that, even in an effort to maintain a balanced Financial Plan, neither the Governor nor the Director of the Budget has the authority to refuse to make a local assistance disbursement mandated by law.

Investment of State Moneys

The Comptroller is responsible for the investment of substantially all State moneys. By law, such moneys may be invested only in obligations issued or guaranteed by the Federal government or the State, obligations of certain Federal agencies that are not guaranteed by the Federal government, certain general obligations of other states, direct obligations of the State's municipalities and obligations of certain public authorities, certain short-term corporate obligations, certain bankers' acceptances, and certificates of deposit secured by legally qualified governmental securities. All securities in which the State invests moneys held by funds administered within the State Treasury must mature within twelve years of the date they are purchased. Money impounded by the Comptroller for payment of TRANs may only be invested, subject to the provisions of the State Finance Law, in (i) obligations of the Federal government, (ii) certificates of deposit secured by such obligations, or (iii) obligations of or obligations guaranteed by agencies of the Federal government as to which the payment of principal and interest is guaranteed by the Federal government.

The Comptroller invests General Fund moneys, bond proceeds, and other funds not immediately required to make payments through STIP, which is comprised of joint custody funds (Governmental Funds, Internal Service Funds, Enterprise Funds and Private Purpose Trust Funds), as well as several sole custody funds including the Tobacco Settlement Fund. The interest earnings accrued are allocated and deposited to the credit of those funds with positive balances that contribute to the overall invested STIP pool.

The Comptroller is authorized to make temporary loans from STIP to cover temporary cash shortfalls in certain funds and accounts resulting from the timing of receipts and disbursements. The Legislature authorizes the funds and accounts that may receive loans each year, based on legislation submitted with the Executive Budget. Loans may be granted only for amounts that the Director of the Budget certifies are "receivable on account" or can be repaid from the current operating receipts of the fund (i.e., loans cannot be granted in expectation of future revenue enhancements). The General Fund is authorized to receive temporary loans from STIP for a period not to exceed four months or the end of the fiscal year, whichever is shorter.

The State Comptroller repays loans from the first cash receipts into the borrowing fund or account. Fund balances outside the General Fund are presented on a net basis, i.e., they are reduced by the amount of outstanding temporary loans from STIP. Some sources of the State's temporary loans include timing-related delays in the receipt from Federal funds and the sale of bonds used to finance capital projects, and unreimbursed costs related to the Office of Information Technology Services (ITS) Internal Service Funds. The total outstanding balance of loans from STIP at March 31, 2019 was $5.405 billion, an increase of $2.3 billion from the outstanding loan balance of $3.090 billion at March 31, 2018.

Accounting Practices, Financial Reporting and Budgeting

Historically, the State has accounted for, reported and budgeted its operations on a cash basis. Under this form of accounting, receipts are recorded at the time money or checks are deposited in the State Treasury, and disbursements are recorded at the time a check or electronic payment is released. As a result, actions and circumstances, including discretionary decisions by certain governmental officials, can affect the timing of payments and deposits and therefore can significantly affect the cash amounts reported in a fiscal year. Under cash-basis accounting, all estimates and projections of State receipts and disbursements relating to a particular fiscal year are of amounts to be deposited in or disbursed from the State Treasury during that fiscal year, regardless of the fiscal period to which particular receipts or disbursements may otherwise be attributable.

The State also has an accounting and financial reporting system based on GAAP and currently formulates a GAAP financial plan. GAAP for governmental entities requires use of the accrual basis of accounting for the government-wide financial statements which includes governmental and business-type activities and component units. Revenues are recorded when they are estimated to have been earned and expenses are recorded when a liability is estimated to have been incurred, regardless of the timing of related cash flows. Governmental fund financial statements are prepared using the modified accrual basis of accounting. Under modified accrual procedures, revenues are recorded when they become both measurable and available within 12 months of the end of the current fiscal period to finance expenditures; expenditures are recorded in the accounting period for which the liability is incurred to the extent it is expected to be paid within the next 12 months with the exception of expenditures such as debt service, compensated absences, and claims and judgments. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Non-exchange grants and subsidies such as local assistance grants and public benefit corporation subsidies are recognized as expenditures when all requirements of the grant and or subsidy have been satisfied.

Exhibit B to AIS -
State-Related Bond Authorizations

Exhibit B - 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 2020 BOND CAPS AND DEBT OUTSTANDING
(millions of dollars) (1)

Type of Cap (Gross or Net)*	Program	FY 2020 Bond Caps	Authorized But Unissued (2)	Debt Outstanding (3) As of 3/31/19
Education:				
Gross	SUNY Educational Facilities (4)	13,842	1,429	9,240
Net	SUNY Dormitory Facilities (5)	1,561	68	368
Net	SUNY Upstate Community Colleges (5)	1,006	133	886
Gross	CUNY Educational Facilities (6)	8,674	956	5,021
Net	State Ed Department Facilities (7)	0	0	30
Net	SUNY Athletic Facilities	22	0	6
Net	RESCUE	195	0	13
Net	University Facilities (Jobs 2000)	48	1	0
Net	School District Capital Outlay Grants	140	40	0
Net	Judicial Training Institute	16	0	3
Net	Transportation Transition Grants	80	12	0
Net	Higher Education Capital Matching Grants	270	122	22
Net	EXCEL	2,600	44	1,666
Net	Library Facilities	231	52	97
Net	Cultural Education Storage Facilities	79	69	8
Net	State Longitudinal Data System	20	10	0
Net	SUNY 2020 Challenge Grants	660	497	123
Net	Private Special Education	110	110	0
Environment:				
Net	Environmental Infrastructure Projects (8)	5,638	3,841	1,195
Net	Hazardous Waste Remediation	2,200	1,101	741
Net	Riverbank State Park	78	18	17
Net	Water Pollution Control (SRF)	945	128	185
Net	Pipeline for Jobs (Jobs 2000)	34	2	0
Net	Pilgrim Sewage Plant	11	0	0
State Facilities:				
Net	Empire State Plaza	133	13	0
Net	State Capital Projects (Attica)	200	0	38
Net	Division of State Police Facilities	272	118	126
Net	Division of Military & Naval Affairs	92	66	19
Net	Alfred E. Smith Building	89	0	30
Net	Sheridan Ave. (Elk St.) Parking Garage	25	0	12
Net	State Office Buildings and Other Facilities	953	474	355
Net	Judiciary Improvements	38	1	13
Net	OSC State Buildings	52	0	15
Net	Albany Parking Garage (East)	41	0	17
Net	OGS State Buildings and Other Facilities (9)	165	51	55
Net	Equipment Acquisition (COPs) (10)	784	106	36
Net	Food Laboratory	41	1	31
Net	OFT Facilities	21	18	2
Net	Courthouse Improvements	76	4	45
Gross	Prison Facilities	8,495	1,167	4,001
Net	Homeland Security	286	118	109
Gross	Youth Facilities	805	312	233
Net	Storm Recovery Capital	450	450	0
Net	Information Technology	677	294	313
Net	Nonprofit Infrastructure Capital Investment Program	120	97	21
Net	Statewide Equipment	93	93	0
Health/Mental Hygiene:				
Net	Department of Health Facilities (inc. Axelrod)	495	3	150
Gross	Mental Health Facilities	9,333	1,606	3,515
Net	HEAL NY Capital Program	750	95	272
Net	Capital Restructuring Program	3,050	2,863	168
Transportation:				
Gross	Consolidated Highway Improvement Program (CHIPS)	9,900	1,682	4,354
Net	Dedicated Highway & Bridge Trust	16,500	1,527	5,967
Net	High Speed Rail	22	14	6
Net	Albany County Airport	40	1	0
Net	Transportation Initiatives	4,628	3,161	1,236
Net	MTA Transportation Facilities	2,180	1,294	805
N/A	MTA Service Contract	2,005	0	1,341
Net	Transportation (TIFIA)	750	750	0

STATE-RELATED DEBT
FY 2020 BOND CAPS AND DEBT OUTSTANDING
(millions of dollars) [1]

	Type of Cap (Gross or Net)*	Program	FY 2020 Bond Caps	Authorized But Unissued [2]	Debt Outstanding [3] As of 3/31/19
Economic Development:					
	Gross	Housing Capital Programs	6,179	2,893	1,419
	Net	Community Enhancement Facilities (CEFAP)	424	37	12
	Net	University Technology Centers (incl. HEAT) (11)	248	13	3
	Gross	Onondaga Convention Center	40	0	4
	Net	Sports Facilities	145	0	2
	Net	Child Care Facilities	30	1	5
	Net	Bio-Tech Facilities	10	10	0
	Net	Strategic Investment Program	216	16	10
	Net	Regional Economic Development (Fund 002) (12)	1,190	43	98
	Net	NYS Economic Development (2004) (13)	346	0	85
	Net	Regional Economic Development (2004) (14)	243	204	7
	Net	High Technology and Development	249	69	48
	Net	Regional Economic Development/SPUR	90	18	15
	Net	Buffalo Inner Harbor	50	0	28
	Net	Jobs Now	14	1	0
	Net	Economic Development 2006 (Various) (15)	2,310	261	1,045
	Net	Javits Convention Center	1,350	1,350	0
	Net	Queens Stadium (Mets)	75	0	25
	Net	Bronx Stadium (Yankees)	75	0	14
	Net	NYS Ec Dev Stadium Parking ('06)	75	69	4
	Net	State Modernization Projects (RIOC Tram, etc.)	50	15	5
	Net	Int. Computer Chip Research and Dev. Center	300	0	14
	Net	2008 and 2009 Economic Development Initiatives	1,269	154	390
	Net	H.H. Richardson Complex/Darwin Martin House	84	0	54
	Net	Economic Development Initiatives	9,212	5,444	3,102
	Net	State and Municipal Facilities	2,414	1,913	447
LGAC	Net	Local Government Assistance Corporation	4,700	0	1,195
GO	Gross	General Obligation	18,935	2,454	2,286
Total State-Supported Debt			**152,341**	**39,977**	**53,224**
Other State Financings:					
MBBA Special Purpose School Aid Bonds					139
Capital Lease and Mortgage Loan Commitments (16)					525
Other (17)					165
Total State-Related Debt (18)					**54,053**

Totals may not add due to rounding.
** 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, 2019 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) Reflects par amounts outstanding for bonds and financing arrangements or gross proceeds outstanding in the case of capital appreciation bonds. Amounts do not reflect accretion of capital appreciation bonds or premiums received.

(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 $8.315 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 OGS 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) Estimated.

(17) Includes bonds issued for Secured Hospital Program and HFA Moral Obligation 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.

Exhibit B - State Related Bond Authorizations

STATE GENERAL OBLIGATION DEBT [1]
as of March 31, 2019
(In Millions)

Purpose/Year Authorized	Total Authorized	Authorized but Unissued	Total Debt Outstanding [2]
Transportation Bonds:			
Rebuild and Renew New York Transportation Bonds (2005)			
Highway Facilities/Other Transportation (Excluding MTA)			
Highway Facilities	Note 3	Note 3	$ 641
Mass Transit - DOT	Note 3	Note 3	14
Rail & Port	Note 3	Note 3	95
Canals & Waterways	Note 3	Note 3	12
Aviation	Note 3	Note 3	42
Subtotal Highway Facilities/Other Transportation (Excluding MTA)	$ 1,450	$ 49	804
Mass Transit - Metropolitan Transportation Authority	1,450	386	722
Accelerated Capacity and Transportation Improvements of the Nineties (1988)	3,000	20	17
Rebuild New York Through Transportation Infrastructure Renewal (1983)			
Highway Related Projects [4]	1,064	21	1
Ports, Canals, and Waterways [4]	49	-	-
Rapid Transit, Rail and Aviation Projects [4]	137	-	2
Energy Conservation Through Improved Transportation (1979)			
Local Streets and Highways	100	-	-
Rapid Transit and Rail Freight	400	-	1
Transportation Capital Facilities (1967)			
Highways	1,250	-	-
Mass Transportation	1,000	-	-
Aviation	250	-	3
Total Transportation Bonds	**10,150**	**476**	**1,550**
Environmental Bonds:			
Clean Water/Clean Air (1996)			
Air Quality	230	28	2
Safe Drinking Water	355	-	-
Clean Water	790	57	321
Solid Waste	175	-	22
Environmental Restoration	200	22	47
Environmental Quality (1986)			
Land and Forests	250	1	7
Solid Waste Management	1,200	39	108
Environmental Quality (1972)			
Air	150	12	Note 5
Land and Wetlands	350	3	6
Water	650	2	11
Outdoor Recreation Development (1966)	200	Note 6	-
Pure Waters (1965)	1,000	20	18
Park and Recreation Land Acquisition (1960 and 1962)	100	1	-
Total Environmental Bonds	**5,650**	**185**	**542**
Education Bonds:			
SMART Schools Bond Act (2014)	2,000	1,783	179
Total Education	**2,000**	**1,783**	**179**
Housing Bonds:			
Low-Income Housing (through 1958)	960	8	9
Middle-Income Housing (through 1958)	150	1	6
Urban Renewal (1958)	25	1	-
Total Housing Bonds	**1,135**	**10**	**15**
TOTAL GENERAL OBLIGATION DEBT	**$ 18,935**	**$ 2,454**	**$ 2,286**

Source: Office of the State Comptroller

(1) This table reflects General Obligation Bond Acts where there is a remaining authorized but unissued amount and/or a remaining debt outstanding balance.
(2) Reflects unaudited amounts.
(3) The Legislature did not provide any limitation on bonds to be issued for specific project categories or programs authorized within the Highway Facilities/Other Transportation (excluding MTA) Purpose.
(4) Authorizations have been adjusted to reflect reallocations made by Chapter 54 of the Laws of 1990.
(5) This amount rounds to zero, but there was a debt outstanding balance of $6,246.94 at March 31, 2019.
(6) This amount rounds to zero, but there was an authorized but unissued balance of $230,000 at March 31, 2019.

Exhibit C to AIS - GAAP-Basis Financial Plan

Exhibit C - GAAP-Basis Financial Plan

The State Budget is required to be balanced on a cash basis, which is DOB's primary focus in preparing and implementing the State Financial Plan. State Finance Law also requires the Financial Plan be presented for informational purposes on a GAAP basis. The GAAP-basis plans follow, to the extent practicable, the accounting principles applied by OSC in preparation of the annual Financial Statements. In practice, this means the GAAP-basis Financial Plans reflect the accrual methodology and fund classification rules used by OSC. A table reflecting GAAP basis General Fund Financial Plan projections is provided below.

In FY 2020, the General Fund GAAP Financial Plan shows total projected revenues of $43.3 billion, total projected expenditures of $70.9 billion, and net other financing sources of $25.8 billion, resulting in a projected operating deficit of 1.8 billion.

Please see "Prior Fiscal Years — GAAP-Basis Results for Prior Fiscal Years" for a summary of recent audited operating results.

GAAP FINANCIAL PLAN
GENERAL FUND
FY 2020
(millions of dollars)

	Executive	Change	Enacted
Revenues:			
Taxes:			
Personal Income Tax	22,567	467	23,034
Consumption/Use Taxes	7,840	27	7,867
Business Taxes	6,042	69	6,111
Other Taxes	1,093	20	1,113
Miscellaneous Receipts	5,950	(733)	5,217
Federal Receipts	0	0	0
Total Receipts	43,492	(150)	43,342
Expenditures:			
Local Assistance Grants	50,775	977	51,752
State Operations	13,266	(25)	13,241
General State Charges	7,802	(1,856)	5,946
Debt Service	0	0	0
Capital Projects	0	0	0
Total Disbursements	71,843	(904)	70,939
Other Financing Sources (Uses):			
Transfers From Other Funds	33,922	913	34,835
Transfers To Other Funds	(8,610)	(432)	(9,042)
Proceeds From Financing Arrangements/ Advance Refundings	0	0	0
Net Other Financing Sources (Uses)	25,312	481	25,793
Operating Surplus/(Deficit)	(3,039)	1,235	(1,804)
Accumulated Surplus/(Deficit)*	(758)	1,235	477

* **It is expected that FY 2019 results will not be made available until July 2019. Note however, that FY 2020 projections are predicated upon projected FY 2019 results, for which there can be no assurance will not differ materially from projections reflected herein. If such variances from projections occur with respect to FY 2019 results, this could substantially impact FY 2020 GAAP projections.**

Source: NYS DOB.

Exhibit D to AIS - Principal State Taxes and Fees

Personal income taxes are imposed on the New York source income of individuals, estates and trusts. Personal income taxes accounted for nearly 64 percent of All Government Funds tax receipts during FY 2019. The State tax adheres closely to the definitions of adjusted gross income and itemized deductions used for Federal personal income tax purposes, with certain modifications. Receipts from this tax are sensitive to changes in economic conditions in the State and to taxpayers' responses to Federal and State law changes. Marginal tax rates on middle-income tax filers will gradually phase down from between 5.9 percent and 6.65 percent to between 5.5 percent and 6 percent during tax years 2018 through 2025. New York allows a standard deduction of $16,050 for married couples filing jointly, with lower deductions for the other types of filers. New York also allows a $1,000 exemption for dependents. The current top bracket, which applies an 8.82 percent marginal tax rate, is scheduled to expire after the 2024 tax year.

Taxpayers with incomes above $1 million are limited to deducting 50 percent of their Federal charitable contributions as their only New York itemized deduction. For tax years 2010 through 2024, taxpayers with incomes above $10 million may deduct only 25 percent of their Federal charitable contributions deductions as their only itemized deduction.

New York also allows several credits against the tax. Significant credits include the: Empire State Child Credit, household credit, credit for taxes paid to other states, investment tax credit, various Empire Zone and Excelsior Jobs Program credits, Brownfields credits, child and dependent care credit, real property tax circuit breaker credit, earned income tax credit, long-term care insurance credit, college tuition credit, and the New York City STAR PIT credit.

A property tax relief credit was enacted during the 2015 legislative session, applying to tax years 2016 through 2019. Eligibility for the credit is limited to STAR-eligible tax filers with less than $275,000 in qualified gross income. In tax year 2016, the credit is equal to either $130 for households within the metropolitan commuter transportation district, or $185 for all other New York households. For all other tax years, the credit is equal to a percentage of the benefits provided by the existing STAR homeowner's exemption.

The TCJA of 2017 made significant changes to the Federal personal income tax which, if not for FY 2019 Enacted Budget legislation, would have dramatically affected New York State PIT receipts. FY 2019 Enacted Budget legislation decoupled from the Federal personal income tax with respect to TCJA-related changes to itemized deductions, the standard deduction for single filers, and the child tax credit. FY 2019 Enacted Budget legislation also allows a State filer to itemize deductions, regardless of whether the filer itemized for Federal tax purposes. TCJA-related itemized deduction changes include a cap on state and local tax deductions. This limit was addressed by FY 2019 Enacted Budget legislation through the creation of state and local charitable contribution funds and the Employer Compensation Expense Program.

Beyond changes related to the TCJA, FY 2019 Enacted Budget legislation clarified New York residency requirements for tax purposes, extended the statute of limitations for assessing tax on amended returns, allowed payment of fixed and final unwarranted debt against unclaimed funds, and provided for employee wage reporting consistency between the Department of Labor and DTF. FY 2019 Enacted Budget legislation also extended 1) the Hire a Veteran Credit for two years,

2) the theatrical production credit for four years, and 3) the historic properties credit for five years, while also decoupling the credit from Federal law.

FY 2020 Enacted Budget legislation includes New York gambling winnings in nonresident New York source income; extends the top marginal tax rate and associated brackets for an additional five years; extends the limitation on charitable contributions for incomes above $10 million for an additional five years; extends the clean heating fuel credit for three years; extends tax shelter reporting requirements for five years; enhances the historic homeownership rehabilitation credit; and establishes a congestion pricing toll credit.

In 2001, legislation was enacted to provide for the issuance of State PIT Revenue Bonds, which has become the primary financing vehicle for a broad range of existing State-supported debt programs previously secured by service contract or lease-purchase payments. The first bonds were issued in May 2002. The legislation provided that 25 percent of PIT receipts (excluding refunds owed to taxpayers and deposits to the STAR Fund) be deposited to the RBTF for purposes of making debt service payments on the bonds, with excess amounts transferred to the General Fund. Legislation enacted with the FY 2008 Budget provided that the RBTF will be calculated based on 25 percent of PIT receipts (excluding refunds owed to taxpayers, but before deposits to the STAR fund). FY 2019 Enacted Budget legislation increased RBTF deposits from 25 percent to 50 percent of PIT receipts.

In the event that (i) the State Legislature fails to appropriate amounts required to make all debt service payments on the State PIT Revenue Bonds or (ii) 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 bonds, the legislation requires that PIT receipts continue to be deposited to the RBTF until amounts on deposit in the Fund equal the greater of 40 percent of annual PIT receipts or $12 billion.

User taxes and fees consist of several taxes on consumption, the largest of which is the State sales and compensating use tax. The discussion below describes each tax and summarizes recent significant enacted legislation.

The *sales and use tax* is imposed, in general, on the receipts from the sale of all tangible personal property unless specifically exempted, and all services are exempt unless specifically enumerated. The current State sales tax rate is 4 percent, of which 50 percent of receipts is deposited in the General Fund, 25 percent is deposited in the Local Government Assistance Tax Fund and 25 percent is deposited in the Sales Tax Revenue Bond Fund. Receipts in excess of debt service requirements are transferred back to the General Fund.

Although there are numerous exemptions, the most significant are: food; clothing and footwear items costing less than $110 (also see discussion below); drugs; medicine and medical supplies; residential energy; capital improvements and installation charges; machinery and equipment used in manufacturing; trade in allowances; and goods sold to Federal, State or local governments. The following discussion summarizes significant revenue actions taken since 2010.

Legislation enacted in 2010 temporarily eliminated the State sales and use tax exemption on items of clothing and footwear priced under $110 for the period October 1, 2010 through March 31, 2011.

From April 1, 2011 through March 31, 2012, the State exemption was $55; thereafter, the $110 exemption was reinstated. Additional legislation clarified that hotel room remarketers were required to collect sales and use tax, repealed the vendor credit for monthly filers, repealed provisions allowing private label credit cards to claim a credit for uncollectible debts, narrowed affiliate nexus provisions, and exempted certain New York City livery services from the tax.

Legislation enacted in 2011, and extended in 2012 and 2013, authorized various tax modernization initiatives.

Legislation enacted in 2013 provided for the suspension or restriction of a NYS driver's license for certain tax delinquencies; placed restrictions on certain Industrial Development Agencies (IDA) projects and included a claw-back benefit provision; and established the START-UP NY program.

Legislation enacted in 2014 increased the exemption threshold for certain items purchased from vending machines from $0.75 to $1.50.

Legislation passed in 2015 capped the tax on the sale or use of a vessel at the first $230,000 of purchase price, and made such tax due at the time of DMV registration (90-days); exempted private aircraft; provided for a transition period for certain dissolutions resulting directly from Federal Dodd-Frank regulatory requirements; expanded the exemption for alcoholic beverage tastings to include additional alcohol types and permissible off-premises tastings; clarified that taxable pre-paid mobile purchases are sourced to the location of the sale; and provided an exemption for certain solar panel purchase agreements.

Legislation enacted in 2016 conformed the State Tax Law to Federal Aviation Administration regulations regarding taxes on aviation fuel, required motor fuel wholesalers to register and file informational returns with the State, provided an exemption for commercial fuel cell electricity generating systems and the electricity they provide, and simplified the taxation of remarketed rooms.

Legislation enacted in 2017 exempted cemetery monuments from sales tax, reduced the amount on motor fuel and diesel motor fuel prepayment throughout the State and closed the sales tax related entities loophole.

Legislation enacted in 2018 directly exempted sales for resale made by restaurants, caterers and similar establishments; exempted from sales tax drugs or medicine for use in livestock or poultry used in farm production; provides relief from responsible persons liability for certain LLC members and limited partners; made technical corrections to certain local sales and use tax rate extensions; made changes related to the sales tax imposed on certain transportation services.

Legislation enacted in 2019 required marketplace providers to collect sales tax on on-line purchases facilitated through their platforms; eliminated the sales tax exemption on the non-residential transmission and distribution of gas or electricity when purchased from an Energy Service Company (ESCO); allowed vendors to pay sales tax on items purchased by their customers; increased the existing sales tax exemption threshold of certain vending machine purchases from $1.50 to $2.00 and extended the exemption to include bottled water (the entire exemption expires in two years); expanded the existing sales tax exemption on cemetery monuments to include the purchase of materials that become part of a finished cemetery monument; extended certain sales tax exemption related to the Dodd-Frank Protection Act for two years; and extended the Department of Taxation and Finance's authority to manage delinquent sales tax vendors for five years.

The State imposes a *tax on cigarettes* at the rate of $4.35 per package of 20 cigarettes and imposes a *tax on other tobacco products* equal to 75 percent of the wholesale price. The tax on cigarettes was raised from $2.75 to $4.35 per pack on July 1, 2010. The revenue derived from the tax is split, with 24 percent of receipts deposited in the General Fund and the balance deposited in the Tobacco Control and Insurance Initiatives Pool established by the Health Care Reform Act of 2000. In 2008, certain tobacco products were converted from price-based to weight-based taxes. The tobacco products tax was raised from 37 percent of the wholesale price to 46 percent in April 2009, and to 75 percent in August 2010. Legislation enacted in 2011 changed the annual fees imposed on retailers from a graduated structure based on gross sales to a flat $300 per retailer ($100 per vending machine). Legislation enacted in 2013 increased the penalty for the possession of unstamped or illegally stamped cigarettes from $150 per carton to $600 per carton to reflect increases in the tax rate that have occurred since this penalty was last increased. Legislation enacted in 2019 imposed a vapor products tax at a rate of 20 percent of retail sales.

The State imposes *motor fuel* and *diesel motor fuel taxes* at 8 cents per gallon upon the sale, generally for highway use, of gasoline and diesel fuel. All motor fuel taxes have been deposited in the dedicated transportation funds since April 1, 2001. Legislation enacted in 2011 modernized motor fuel, diesel motor fuel and e-85 definitions to reflect changes in the fuels marketplace. Legislation passed in 2013 moved the incidence of diesel motor fuel taxation to the fuel terminal rack to essentially conform to the method used by the Federal government and 25 other states. Legislation enacted in 2016 required motor fuel wholesalers to register and file informational returns with the State.

The State imposes *alcoholic beverage excise taxes* at various rates on liquor, beer, wine and specialty beverages. The tax rate on beer is 14 cents per gallon and wine is 30 cents per gallon. The tax rate on liquor at or above 24 percent alcohol content is $1.70 per liter, and the tax rate on liquor below 24 percent alcohol content is 67 cents per liter. Legislation enacted in 2012 removed an unconstitutional exemption provided to certain small beer brewers and replaced the benefit with personal and business tax credits that yield similar tax relief to small brewers that produce in New York State.

The State imposes the *highway use tax* (HUT) which consists of three revenue sources: the truck mileage tax, related highway use permit fees and the fuel use tax. The truck mileage tax is levied on commercial vehicles, at rates graduated by vehicle weight, based on miles traveled on State highways. Prior to April 13, 2016, highway use registration certificates (original or renewed) were $15 and decals were $4. Legislation enacted in 2016 reduced the registration and decal fees from $19 to $1.50 per vehicle and directed the revenue from these fees to a newly created HUT Administration Account. The fuel use tax is an equitable complement to the State's motor fuel tax and sales tax paid by those who purchase fuel outside but consume it in New York. It is levied on commercial vehicles having three or more axles or a gross vehicle weight of more than 26,000 pounds. Currently, all collections from the highway use tax, aside from HUT registration fees, are deposited in the DHBTF. Legislation passed in 2013 clarified that the highway use tax exemption for fuel used by farmers applies also to certain entities related to such farmers so long as they are actually engaged in farming.

The State imposes an *auto rental tax* on charges for the rental or use in this State of a passenger car with a gross vehicle weight of 9,000 pounds or less. Receipts are deposited in the DHBTF. Legislation enacted in 2009 increased this tax rate from 5 percent to 6 percent and also imposed a supplemental tax of 5 percent in the MCTD. Monies from this supplemental tax are deposited in the MTA Aid Trust Account of the MTA Financial Assistance Fund. Legislation enacted in 2019 increased the supplemental tax rate within the MCTD to 6 percent and changed the process for remitting MCTD surcharge revenue to the MTA; receipts will directly be remitted to the MTA without appropriation. Additionally, legislation enacted in 2019 raised new revenues for the upstate transit systems by expanding the supplemental tax within the MCTD to the entire State.

The State imposes a *medical marihuana tax* on registered organizations that dispense medical marihuana. This excise tax of 4 percent is levied on gross receipts from medical marihuana and is entirely deposited into the medical marihuana trust fund. This tax became effective in January 2016.

The State imposes a 4 percent assessment on transportation network companies (TNCs) that operate outside of New York City. Municipalities have the option to license TNCs. All revenues are deposited in the General Fund. This tax became effective in June 2017.

The State imposes an *opioid excise tax* on the first sale of opioids within the State by registered organizations that dispense opioids. The excise tax varies based on the per unit wholesale cost of an opioid; a quarter of a cent per morphine milligram equivalent if the wholesale cost is less than fifty cents and one and one-half cents per morphine milligram equivalent if the wholesale cost is fifty cents or more. This tax becomes effective in July 2019.

Business taxes include a general business corporation franchise tax as well as specialized franchise taxes on insurance companies, certain transportation and transmission companies, and a cents per gallon based levy on businesses engaged in the sale or importation for sale of various petroleum products. The discussion below describes each tax and summarizes recent significant enacted legislation.

The *corporation franchise tax* is the largest of the business taxes, and the State's third largest source of revenue. It is imposed on all domestic general business corporations and foreign general business corporations which do business or conduct certain other activities in the State. The tax is imposed, generally, at a rate of 6.5 percent of taxable income allocated to New York. Taxable income is defined as Federal taxable income with certain modifications. The tax includes two other bases: the capital and fixed dollar minimum. The taxpayer must pay under the base which produces the highest tax.

The Excelsior Jobs Program was established in 2010 to provide incentives based on job creation, investment and research and development expenditures in New York State. Legislation enacted in 2011 enhanced the Excelsior Jobs Program and created the Economic Transformation and

Facility Redevelopment Program to provide tax credits to businesses that moved into communities impacted by correctional and youth facility closures.

Legislation enacted in 2013 made technical corrections to address a royalty income loophole; provided a phased-in manufacturing tax rate reduction of 25 percent when fully phased in effective tax year 2018; created a refundable tax credit for the hiring of unemployed veterans released from active duty after September 11, 2001; created a refundable tax credit for Tax Years 2014 through 2018 for a portion of the minimum wage paid to students age 16-19; extended and expanded the Youth Works Tax Credit at $6 million per year for four years through 2017; and created the New York Innovation Hot Spots Program for start-up businesses. Legislation enacted in 2013 also created the Charge NY Electric Vehicle Recharging Equipment tax credit by allowing a credit up to $5,000 per station for electric recharging or alternative fuel vehicle refueling equipment. The film tax credit was extended to provide an additional $420 million per year, allocated for tax years 2015 through 2019. The post-production portion of this allocation was increased from $7 million to $25 million. The film tax credit legislation also included an upstate credit enhancement, inclusion of relocated variety or talk shows, a visual effects and animation post-production enhancement, and additional reporting requirements to increase accountability and transparency. Additionally, the START-UP NY program was established at the end of the 2013 legislative session. This program generally provided tax free operation for businesses that locate within tax-free NY areas and additional employee tax benefits for ten years.

In 2014, legislation was enacted to implement comprehensive corporate tax reform for tax years beginning on or after January 1, 2015. Corporate tax reform modernized and simplified the corporate tax structure, merged the bank tax with the corporate franchise tax, reduced the corporate tax rate on entire net income from 7.1 percent to 6.5 percent and phases out the capital base tax over six years beginning for tax years on or after January 1, 2016. The corporate tax rate for manufacturers is reduced to zero percent beginning for tax years on or after January 1, 2014. A real property tax credit is established for manufacturers, a new musical theater tax credit is established as well as a tax credit for businesses that employ individuals with developmental disabilities, four correctional facilities slated for closure in July 2014 are eligible to participate in the START-UP NY program and the MTA surcharge is made permanent.

In 2015, legislation was enacted to enhance the Excelsior Jobs Program by allowing certain entertainment companies to be eligible for tax credits under the program. Additionally, the production or post-production of video games and music production are qualified activities eligible for the Excelsior Jobs Program. The Employer Training Incentive Program (ETIP) Tax Credit was created that allows for up to $5 million in tax credits from the Excelsior Jobs Program funding. Tax credits under the Urban Youth Jobs Program (formerly known as the Youth Works Tax Credit Program) were expanded by $10 million per year for allocation years 2015 through 2017 and two regional airports are now eligible to participate in the START-UP NY program.

In 2016, legislation was enacted that extended several existing tax credits (the Empire State Commercial Production, Low Income Housing, Hire-A-Vet, Excelsior Jobs Program and the Credit for Companies that Provide Transportation to Individuals with Disabilities). The Urban Youth Jobs Program tax credit was enhanced by increasing the annual allocation from $20 million to $50 million for hiring years 2016 and 2017 and the Special Additional Mortgage Recording Tax

(SAMRT) credit was made refundable for certain taxpayers effective January 1, 2015. Previously, the SAMRT credit was non-refundable.

Legislation enacted in 2017 established the Life Sciences Initiative in New York State. A tax credit for research and development expenditures was created for new life sciences companies that come to New York. The workforce training credit (formerly known as the Employer Training Incentive Program) was expanded to include life sciences companies and provide a tax credit to employers for existing employees. Several existing tax credit programs were extended through 2022 (film and post production tax credit, New York Youth Works tax credit [formerly the Urban Youth Jobs Program] and the Charge NY Electric Vehicle Recharging Equipment tax credit). The Empire State Apprenticeship Tax Credit program was created to provide a tax credit to employers that hire qualified apprentices. This credit is funded from the allocation for the New York Youth Jobs Program. Tangible personal property used in the production or distribution of electricity, natural gas after extraction from wells, steam or water delivered through pipes or mains no longer qualifies for the investment tax credit. Legislation to revise a decision of the tax appeals tribunal that disturbed a long standing policy of the DTF was enacted to prevent the loss of tax credits claimed by disregarded entities. If this legislation was not enacted, tax credits would be denied to taxpayers who in previous years received those credits. The taxation of REITs and RICs was changed in the Enacted Budget. REITs (real estate investment trusts) and RICs (regulated investment companies) are allowed to utilize the 8 percent qualified financial instrument allocation for sourcing New York income and utilize a separate State fixed dollar minimum schedule for the calculation of their New York tax. Two changes were made to the Excelsior Jobs Program. The credit limit for the research and development credit was increased from 3 percent to 6 percent and the minimum requirement for net new jobs was reduced for select industries.

Legislation enacted in 2018 included conformity to several flow-through impacts from the TCJA as well as the decoupling from the Federal tax deduction relating to the repatriation of certain foreign income. The credit amounts for the New York Youth Jobs Program were enhanced to encourage businesses to hire youth. The Low Income Housing credit now allows the bifurcation of credit upon approval by the Division of Homes and Community Renewal. The Hire a Vet Credit and the Musical and Theatrical Production Credit were extended for two years and four years, respectively. Lastly, the current law provisions of the Historic Properties Tax Credit were extended through 2024 and decoupled from the direct linkage to the federal credit so that the credit may continue to be claimed in full in one year.

Legislation enacted in 2019 included the creation of two new credits; a credit for employer provided child care and a credit for employers who hire individuals who have successfully completed substance abuse disorder treatment. The Rehabilitation of Historic Properties credit was enhanced to include State parks. The Employee Training Incentive Program credit was expanded to include employer’s in-house training as well as to include software development and clean energy internships. The Commercial Production credit was expanded by increasing the credit percentage for both the downstate and upstate pools while also removing the growth fund pool and allocating that money to the downstate pool. The Workers with Disability Credit and the Empire State film production and post-production credits were extended for three and two years, respectively.

Receipts from the *corporation and utilities taxes* are primarily attributable to taxes imposed on transportation and transmission companies, utility services and telecommunication services.

Legislation in 2014 repealed the Section 185 tax on agricultural co-operatives for tax years beginning on or after January 1, 2018 and eliminates the organization tax (Section 180) and the license and maintenance fees (Section 181) as part of corporate tax reform effective January 1, 2015.

Legislation enacted in 2015 increased the rate on mobile telecommunication companies under Tax Law Section 186-e from 2.5 percent to 2.9 percent and the MTA surcharge rate from 0.595 percent to 0.721 percent. This incremental increase was necessary to preserve revenue as Section 184 of the Tax Law ceased to apply to these companies.

Insurance taxes are imposed on insurance corporations, insurance brokers and certain insurers that operate in New York State. Non-life insurers are subject to a premiums tax. Accident and health premiums are taxed at the rate of 1.75 percent and all other premiums are taxed at the rate of 2 percent. The insurance tax on life insurers ranges from 1.5 percent to 2 percent of premiums after taking into account the tax on income allocated to New York State. Other taxes are imposed on certain brokers and independently procured insurance.

Legislation enacted in 2011 conformed the taxes on excess lines and direct writings with requirements enacted in the 2010 Federal Dodd-Frank financial reform legislation.

The State imposed a *franchise tax on banking corporations* at a basic tax rate of 7.1 percent of entire net income with certain exclusions, and subject to special rates for institutions with three other tax bases similar to the *corporate franchise tax* until December 31, 2014. Beginning with tax years on and after January 1, 2015, all former bank taxpayers are now subject to tax under the corporate franchise tax.

The State imposes a *petroleum business tax* on the privilege of operating a petroleum business in the State. This tax is measured by the quantity of various petroleum products imported into the State for sale or use. The tax is imposed at various cents per gallon rates depending on the type of petroleum product. The cents per gallon tax rates are indexed to reflect petroleum price changes but are limited to changes of no more than 5 percent of the tax rate in any one year. Legislation enacted in 2011 modernized fuel definitions to adapt the petroleum business taxes to Federal and State statutory and regulatory changes that address certain environmental concerns. Legislation enacted in 2013 provided volunteer ambulance and volunteer fire departments with a reimbursement of the PBT paid on motor fuel and diesel motor fuel purchased for use in their vehicles. Legislation enacted in 2015 clarified that qualifying farmers purchasing taxable diesel can claim a refund if the fuel is ultimately used for an exempt purpose (i.e., farming). Legislation enacted in 2016 conformed the State Tax Law to Federal Aviation Administration regulations regarding taxes on aviation fuel, and required motor fuel wholesalers to register and file informational returns with the State.

Other tax revenues include taxes on pari-mutuel wagering, the estate tax, taxes on real estate transfers, certain other minor taxes, and residual receipts following the repeal of the real property gains tax and the gift tax.

The State imposes an *estate tax* on the estates of deceased New York residents, and on that part of a nonresident's net estate made up of real and tangible personal property located within New York State. Legislation enacted in 2014 comprehensively reforms the estate tax to decouple from Federal law. The unified threshold of $1 million (associated with the State's prior "pick-up tax" methodology) was replaced with an applicable credit equal to the tax on a basic threshold amount. The basic threshold amount equals the Federal basic threshold amount pursuant to Federal law as it existed on December 1, 2017, with annual inflation indexing for those dying on or after January 1, 2019. This threshold amount is equal to $5,740,000 for those dying in calendar year 2019. The credit, similar to the pick-up tax, phases out from the threshold amount to 5 percent above that threshold amount. If a taxable estate is more than 105 percent of the threshold, then the entire taxable estate is taxed, not just the portion of the estate above the threshold. Gifts taxable under Section 2053 of the Internal Revenue Code that were not otherwise included in Federal Gross Estate and that were made during the three years ending on the date of death must be added to the New York Gross Estate. However, gifts made while the decedent was a nonresident of New York State and gifts made prior to April 1, 2014, or after January 1, 2019 are not included. Legislation enacted in 2019 extended this three-year gift addback rule effective January 16, 2019 until January 1, 2026, as well as required a binding New York State QTIP election be made on State estate tax returns. Reflecting the composition of many decedents' estates in New York, collections of this tax are influenced at least in part by fluctuations in the equity markets.

The *real estate transfer tax* applies to each real property conveyance, subject to certain exceptions, at a rate of $2 for each $500 of consideration or fraction thereof. There is an additional real estate transfer tax of 1 percent of the sales price applicable to residences where consideration is $1 million or more. The FY 2011 Enacted Budget reduced the statutorily fixed deposit to the EPF from $199.3 million to $119.1 million. The remaining receipts are deposited in the Clean Water/Clean Air (CW/CA) Debt Service Fund.

Legislation enacted in 2019 imposed an additional real estate transfer tax in New York City on each commercial real property conveyance of at least $2 million and each residential real property conveyance of at least $3 million at a rate of $1.25 for each $500 of consideration or fraction thereof. It also imposed an additional progressive real estate transfer tax in New York City on each residential real property conveyance of at least $2 million using a graduated tax rate schedule starting at 0.25 percent for residential property conveyances of at least $2 million but less than $3 million and topping out at 2.9 percent on residential property conveyances $25 million and above. All revenues from these taxes are directed to the MTA's Central Business District tolling capital lockbox.

The State levies *pari-mutuel taxes* on wagering activity conducted at horse racetracks, simulcast theaters and Off-Track Betting (OTB) parlors throughout the State. Legislation enacted in 2008, and extended annually since, reinstated lower 2005 pari-mutuel tax rates. Other taxes include a 4 percent tax on the charge for admissions to racetracks and simulcast theaters, and a 3 percent tax on both gross receipts and broadcasting rights from boxing and wrestling exhibitions, limited to $50,000 in tax due for both pieces per event. Effective September 2016, for all other authorized combative sports, a tax of 8.5 percent of the admissions charge and 3 percent on broadcasting rights and digital streaming, with the broadcasting and streaming portion limited to $50,000 in tax due per event.

Miscellaneous receipts and other revenues include various fees, fines, tuition, license revenues, lottery revenues, investment income, assessments on various businesses (including healthcare providers), and abandoned property. Miscellaneous receipts also include minor amounts received from the Federal government and deposited directly in the General Fund.

Gaming miscellaneous receipts includes traditional lottery, Video Lottery Terminal (VLT) games, commercial gaming, interactive fantasy sports and Tribal State Compact. The following discussion summarizes significant revenue actions taken since 2010.

Legislation enacted in 2010 made the New York Lottery's authorization to operate the Quick Draw lottery game permanent, removed the restrictions on the number of hours Quick Draw could be operated, removed the sunset on the VLG Program, increased the hours that VLTs may be operated to 20 hours from 16 hours (but no later than 4 a.m.) and reduced the vendor commission by one percent of net machine income.

Legislation enacted in 2011 authorized VLG facilities to provide free game credits that are excluded from net machine income ("free-play") as a marketing tool capped at 10 percent of the net machine income at that facility, increased the number of instant games with a 75 percent prize pay-out from three to five new games per year, allowed the New York Lottery to have up to a 55 percent prize-payout on multi-jurisdictional games, and allowed the New York Lottery to offer progressive jackpots (a cash prize that grows larger until won) for certain VLGs.

Legislation enacted in 2012 removed the restriction that at least 25 percent of an establishment's revenue be from food sales in order to host the Quick Draw lottery game.

Legislation enacted in 2013 authorized up to four commercial gaming facilities in several Upstate regions. In addition to licensing fees, a commercial gaming tax applies to slot machine net drop at a tax rate commensurate with the existing VLT facility in the same statutory gaming region, and a rate on table game net wins of 10 percent Statewide.

Legislation enacted in 2014, and annually until 2019, extended the VLG Vendor's Capital Awards Program for one year and increased the free play allowance from 10 to 15 percent.

Legislation enacted in 2015 authorized electronic table games at certain racetracks.

Legislation enacted in 2016 allowed the Resorts World VLT facility to host VLT machines on behalf of the Nassau Off Track Betting Corporation and additional commission was provided for the Finger Lakes facility. In addition, interactive fantasy sports was legalized August 3, 2016.

Legislation enacted in 2017 reprivatized the New York Racing Association (NYRA), modernized charitable gaming laws, amended the Jockey Injury Compensation Fund (extended in 2019 for an additional year) and improved the operation of drug testing in horse racing.

Legislation enacted in 2018 increased the amount of reserves to be kept by NYRA, created an equine drug testing advisory committee and eliminated the VLG hold harmless transfer provision.

Legislation enacted in 2019 imposed a $60 million cap on the use of lapsed traditional lottery prize funds for promotional prizes and other promotional purposes, with the excess directed to education (the State Lottery Fund); aligned the prize payment amounts and revenue distributions for instant games and lotto; imposed a statutory commercial gaming free play cap; included certain OTB best practice reforms; and reformed and simplified the VLG rates, including the distribution of capital awards and marketing allowance, capping of the current additional commission provisions, provision of an additional commission rate to a certain vendor, and significant reduction of the number of differing VLG commission rates.

Alcohol license fees are imposed on those who sell alcoholic beverages in New York. The fees vary depending on the type and location of the establishment or premises operated by the licensee, as well as the class of beverage for which the license is issued.

Motor vehicle fees are derived from a variety of sources, including motor vehicle registration fees and driver licensing fees, which together account for most motor vehicle fee revenue. Legislation enacted in 2008 implemented the Western Hemisphere Travel Initiative (WHTI) which offered Federally-compliant driver's licenses and non-driver ID cards. Legislation enacted in 2009 included increases of approximately 25 percent for vehicle registrations and licenses. Legislation enacted in 2011 clarified that non-dedicated motor vehicle fees include assessments and fines. Legislation enacted in 2014 simplified the fund distribution of motor vehicle fee receipts. This simplification has no revenue impact on any funds involved.

The *Public Safety Communications Surcharge* is collected by wireless communications service suppliers from their customers. The surcharge is $1.20 per month per device used to access this service. Legislation enacted in 2017 expanded the surcharge to prepaid purchases of mobile communication services, with purchases subject to a 90-cent surcharge. Local governments, including those that do not currently impose the surcharge on mobile plan contracts, can also opt in for a 30-cent surcharge on prepaid purchases. This surcharge supports the State's public safety activities and funds the Statewide Interoperable Communications Grant program.

Exhibit E to AIS - Glossary of Financial Terms

Exhibit E – Glossary of Financial Terms

The following glossary, which is an integral part of this AIS, includes certain terms that are used herein and are intended for use only in connection with the entire AIS.

Appropriation: An appropriation is a statutory authorization against which liabilities may be incurred during a specific year, and from which disbursements may be made, up to a stated amount, for the purposes designated. Appropriations generally are authorizations, rather than mandates, to spend, and disbursements from an appropriation need not, and generally do not, equal the amount of the appropriation. An appropriation represents maximum spending authority. Appropriations may be adopted at any time during the fiscal year.

Bond Anticipation Note or *BANs*: A bond anticipation note is a short-term obligation, the principal of which is paid from the proceeds of the bonds in anticipation of which such note is issued.

Business-type Activities: "Business-type activities" describe those operations that are financed in whole or in part by fees charged to external parties for goods or services. These activities are usually reported in enterprise funds and include the Lottery, Unemployment Insurance Benefit, SUNY and CUNY senior colleges.

Capital Projects Funds: Capital Projects Funds, one of the four GAAP-defined governmental fund types, account for financial resources of the State to be used for the acquisition or construction of major capital facilities (other than those financed by Special Revenue Funds (SRFs), Proprietary Funds and Fiduciary Funds).

Cash Basis Accounting: Accounting, budgeting and reporting of financial activity on a cash basis results in the recording of receipts at the time money or checks are deposited in the State Treasury and the recording of disbursements at the time a check is drawn, regardless of the fiscal period to which the receipts or disbursements relate.

Community Projects Fund: The State created this fund within the General Fund in 1996 to finance certain community projects for the Legislature and the Governor. The State transfers moneys from other General Fund accounts into the Community Projects Fund, as provided by law. Spending out of the Community Projects Fund is governed by specific appropriations for each account in the Fund, but cannot exceed the cash balance for that account.

Contingency Reserve Fund: This fund was established in 1993 to assist the State in financing the costs of any extraordinary known or anticipated litigation. Deposits to this fund are made from the General Fund.

Contractual-Obligation Financing: Contractual-obligation financing is an arrangement pursuant to which the State makes periodic payments to a public benefit corporation under a contract having a term not less than the amortization period of debt obligations issued by the public benefit corporation in connection with such contract. Payments made by the State are used to pay debt service on such obligations and are subject to annual appropriation by the Legislature and the availability of moneys to the State for the purposes of making contractual payments.

Debt Reduction Reserve Fund or *DRRF*: The State created the DRRF in 1998 to accumulate surplus revenues to pay debt service costs on State-supported bonds, retire or defease such bonds, and to finance capital projects. Use of DRRF funds requires an appropriation.

Debt Service: Debt service refers to the payment of principal and interest on bonds, notes, or other evidences of indebtedness, including interest on BANs and TRANs, in accordance with the respective terms thereof.

Debt Service Funds: DSFs, one of the four GAAP-defined governmental fund types, account for the accumulation of resources (including receipts from certain taxes, transfers from other funds and miscellaneous revenues, such as dormitory room rental fees, which are dedicated by statute for payment of lease-purchase rentals) for the payment of general long-term debt service and related costs and payments under lease-purchase and contractual-obligation financing arrangements.

Disbursement: A disbursement is a cash outlay and in the General Fund includes transfers to other funds.

Executive Budget: The Executive Budget is the Governor's constitutionally mandated annual submission to the Legislature which contains his recommended program for the forthcoming fiscal year. The Executive Budget is an overall plan of recommended appropriations. It projects disbursements and expenditures needed to carry out the Governor's recommended program and receipts and revenues expected to be available for such purpose. The recommendations contained in the Executive Budget serve as the basis for the State Financial Plan (defined below) which is adjusted after the Legislature acts on the Governor's submission. Under the State Constitution, the Governor is required each year to propose an Executive Budget that is balanced on a cash basis.

Expenditure: An expenditure, in GAAP terminology, is a decrease in net financial resources as measured under the modified accrual basis of accounting. In contexts other than GAAP, the State uses the term expenditure to refer to a cash outlay or disbursement.

Expenses: Expenses, in GAAP terminology, are a decrease in net financial resources as measured in the government-wide financial statements under the accrual basis of accounting.

Fiduciary Funds: Fiduciary Funds refers to a GAAP-defined fund type which accounts for assets held by the State in a trustee capacity or as agent for individuals, private organizations and other governmental units and/or other funds. These funds are custodial in nature and do not involve the measurement of operations. Although the Executive Budget for a fiscal year generally contains operating plans for Fiduciary Funds, and their results are included in the Comptroller's GAAP-based financial statements, they are not included in the State Financial Plan.

Financial Plan: see State Financial Plan.

Fiscal Year: The State's fiscal year commences on April 1 and ends on March 31. The term fiscal year refers to the fiscal year of the State unless the context clearly indicates otherwise.

Fund Accounting: The accounts of the State are presented on the basis of GAAP funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise the fund's assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

GAAP: GAAP refers to generally accepted accounting principles for state and local governments, which are the uniform minimum standards of and guidelines for financial accounting and reporting prescribed by GASB. GAAP requires that the government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise funds, component units and the fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when they become both measurable and available to finance expenditures. Expenditures and related liabilities are recognized in the accounting period they are incurred to the extent they are expected to be paid within the next 12 months, under the modified accrual basis of accounting.

General Fund: The General Fund, one of the four GAAP-defined governmental fund types, is the major operating fund of the State and receives all receipts that are not required by law to be deposited in another fund, including most State tax receipts and certain fees, transfers from other funds and miscellaneous receipts from other sources.

General Obligation bonds: Long-term obligations of the State, used to finance capital projects. These obligations must be authorized by the voters in a general election, are issued by the Comptroller, and are backed by the full faith and credit of the State. Under current provisions of the Constitution, only one bond issue may be put before the voters at each general election, and it must be for a single work or purpose. Debt service must be paid from the first available taxes whether or not the Legislature has enacted the required appropriations for such payments.

General State Charges: Costs mandated by statute or court decree or by agreements negotiated with employee unions for which the State is liable, including: pensions; health, dental and optical benefits; payments on behalf of State employees for Social Security; unemployment insurance benefits; employee benefit programs; court judgments and settlements; assessments for local improvements; and taxes on public lands.

Governmental Activities: Governmental activities describes those operations that are generally financed through taxes, intergovernmental revenues, and other nonexchange revenues and are reported in the governmental funds.

Governmental Funds: Governmental funds refers to a category of GAAP-defined funds which account for most governmental functions and which, for the State, include four GAAP-defined governmental fund types: the General Fund, Special Revenue Funds, Debt Service Funds, and

Capital Projects Funds. The State's projections of receipts and disbursements in the governmental funds comprise the State Financial Plan.

Interfund Transfers: Under GAAP fund accounting principles, each fund is treated as a separate fiscal and accounting unit with limitations on the kinds of disbursements to be made. To comply with these limitations, moneys are moved from one fund to another to make them available for use in the proper fund, and are accounted for as "interfund transfers".

Lease-Purchase Financing: Lease-purchase financing is an arrangement pursuant to which the State leases facilities from a public benefit corporation or municipality for a term not less than the amortization period of the debt obligations issued by the public benefit corporation or municipality to finance acquisition and construction, and pays rent which is used to pay debt service on the obligations. At the expiration of the lease, title to the facility vests in the State in most cases. Generally, the State's rental payments are expressly subject to annual appropriation by the Legislature and availability of moneys to the State for the purposes thereof.

Local Assistance: Disbursements of State grants to counties, cities, towns, villages, school districts and other local entities, certain contractual payments to localities, and financial assistance to, or on behalf of, individuals and not-for-profit organizations.

Moral obligation debt: Long-term bonds issued by certain State public benefit corporations which are essentially supported by their own revenues. Moral obligation debt is not incurred pursuant to a referendum, is not State-supported debt, and is not backed by the full faith and credit of the State. However, the authorities selling such obligations have been allowed to establish procedures where, under certain conditions, the State may be requested to meet deficiencies in debt service reserve funds supporting such bonds. An appropriation must be enacted by the Legislature to meet any such request.

Official Statement: A disclosure document prepared to accompany an issuance of bonds, notes and certificates of participation offered for sale by the State or its public authorities. Its primary purpose is to provide prospective bond or note purchasers sufficient information to make informed investment decisions. It describes, among other things, the issuer, the project or program being financed and the security behind the bond issue.

PAYGO financing: The use of current State resources (as opposed to bonds or other borrowing) to finance capital projects. Also referred to as "hard dollar" financing.

Rainy Day Reserve Fund: This fund was created in 2007 to enhance the State's fiscal reserves. The fund, which may have a maximum balance equal to 5 percent of General Fund spending, may be used to respond to an economic downturn or catastrophic event, as defined by the enabling statute.

Receipts: Receipts consist of cash actually received during the fiscal year and in the General Fund include transfers from other funds.

Revenue Accumulation Fund: This fund holds certain tax receipts temporarily before their deposit into other funds.

Revenues: Revenues, in GAAP terminology, are an increase in net financial resources, as measured for the government-wide financial statements under the accrual basis of accounting and for the governmental funds under the modified accrual basis of accounting. In contexts other than GAAP, the State uses the term revenues to refer to income or receipts.

Short-Term Investment Pool or *STIP*: The combination of available cash balances in funds within the State Treasury on a daily basis for investment purposes.

Special Revenue Funds: SRFs, one of the four GAAP-defined governmental fund types, account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects), such as Federal grants, that are legally restricted to specified purposes.

State Financial Plan: The State Financial Plan sets forth projections of State receipts and disbursements in the governmental fund types for each fiscal year and is prepared by the Director of the Division of Budget, based initially upon the recommendations contained in the Executive Budget. After the budget is enacted, the State Financial Plan is adjusted to reflect revenue measures, appropriation bills and certain related bills enacted by the Legislature. It serves as the basis for the administration of the State's finances by the Director of the Budget, and is updated quarterly, or more frequently as necessary, during the fiscal year.

State Funds: "State funds" refer to a category of funds which includes the General Fund and all other State-controlled moneys, excluding Federal grants. This category captures all governmental disbursements except spending financed with Federal grants.

State-guaranteed debt: Debt authorized by the voters to be sold by three public authorities: the Job Development Authority, the New York State Thruway Authority, and the Port Authority of New York and New Jersey. State-guaranteed bonds issued for the Thruway Authority and the Port Authority were fully retired on July 1, 1995 and December 31, 1996, respectively. Such debt is backed by the full faith and credit of the State.

State Operations: Operating costs of State departments and agencies, the Legislature and the Judiciary, including salaries and other compensation for most State employees.

State-related debt: In this broad category, DOB combines all forms of debt for which the State is liable, either directly or on a contingent basis, including all State-supported debt and State-guaranteed and moral obligation debt.

State-supported debt: This category includes all obligations for which the State appropriates money that is used to pay debt service, including General Obligation debt, lease-purchase and contractual-obligation debt, including PIT Revenue Bonds, Sales Tax Revenue Bonds, LGAC and certificates of participation. While tax supported debt (obligations supported by State taxes) represents the majority of obligations in this category, obligations supported by other State revenues (such as dormitory fees or patient revenues) are also included.

Tax and Revenue Anticipation Notes or *TRANs*: Notes issued in anticipation of the receipt of taxes and revenues, direct or indirect, for the purposes and within the amounts of appropriations theretofore made.

Tax Refund Reserve Account: The tax refund reserve account is used to hold moneys available to pay tax refunds. During a given fiscal year, the deposit of moneys in the account reduces receipts and the withdrawal of moneys from the account increases receipts. There is no requirement that moneys withdrawn from this account be replaced.

Tax Stabilization Reserve Fund: This fund was created to hold surplus revenue that can be used in the event of any unanticipated General Fund deficit. Amounts within this fund can be borrowed to cover any year-end deficit and must be repaid within six years in no less than three equal annual installments. The fund balance cannot exceed two percent of General Fund disbursements for the fiscal year; contributions are limited to two-tenths of one percent of General Fund disbursements in that year.

Exhibit F to AIS – Glossary of Acronyms

Exhibit F - Glossary of Acronyms

AAA	Area Agencies on Aging
ACA	Affordable Care Act
ACT	Assertive Community Treatment
ADW	Advanced Deposit Wagering
AG	Attorney General
AIG	American International Group, Inc.
AIM	Aid and Incentives for Municipalities
ALICO	American Life Insurance Company
AML	Anti-Money Laundering
AMTAP	Additional Mass Transportation Assistance Program
APCD	All-Payer Claims Database
ARC	Annual Required Contribution
ARRA	American Recovery and Reinvestment Act of 2009
AXA	AXA Equitable Life Insurance Company
BAN	Bond Anticipation Note
BARBS	Building Aid Revenue Bonds
BEA	Bureau of Economic Analysis
BHP	Basic Health Plan
BIP	Balancing Incentive Program
BNPP	BNP Paribas, S.A., New York Branch
BOCES	Boards of Cooperative Educational Services
BofA	Bank of America
BSA	Bank Security Act
BTMU	Bank of Tokyo-Mitsubishi UFJ, Ltd.
CHIPs	Consolidated Local Street & Highway Improvement Program
CHP	Child Health Plus
CMS	Centers for Medicare and Medicaid Services
COLA	Cost of Living Adjustment
CPI	Consumer Price Index
CSEA	Civil Service Employees Association
CUNY	City University of New York
CW/CA	Clean Water/Clean Air
DA	District Attorney
DAB	Departmental Appeals Board
DANY	New York County District Attorney
DASNY	Dormitory Authority of the State of New York
DC-37	District Council-37
DCJS	Division of Criminal Justice Services
DDPC	Developmental Disabilities Planning Council
DEC	Department of Environmental Conservation
DelAm	Delaware American Life Insurance Company
DFS	Department of Financial Services
DHBTF	Dedicated Highway and Bridge Trust Fund
DIIF	Dedicated Infrastructure Investment Fund
DMV	Department of Motor Vehicles
DOB	Division of the Budget
DOCCS	Department of Corrections and Community Supervision
DOH	Department of Health
DOL	Department of Labor
DOS	Department of State
DOT	Department of Transportation
DRP	Deficit Reduction Plan
DRRF	Debt Reduction Reserve Fund
DS	Debt Service
DSHP	Designated State Health Program
DSP	Division of State Police
DSRIP	Delivery System Reform Incentive Payment
DTF	Department of Taxation and Finance
ECEP	Employer Compensation Expense Program
EFC	Environmental Facilities Corporation
EI	Early Intervention
EPF	Environmental Protection Fund

EPIC	Elderly Pharmaceutical Insurance Coverage
ERS	Employees' Retirement System
ESD	Empire State Development
ESPRI	Empire State Poverty Reduction Initiative
ETIP	Employee Training Incentive Program
FEMA	Federal Emergency Management Agency
FHP	Family Health Plus
FPG	Fortis Property Group
FTE	Full-Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GDP	Gross Domestic Product
GEA	Gap Elimination Adjustment
GLIP	Group Life Insurance Plan
GOER	Governor's Office of Employee Relations
GPHW	General Public Health Work
GSCs	General State Charges
GSEU	Graduate Student Employees Union
HCRA	Health Care Reform Act
HESC	Higher Education Services Corporation
HFA	Housing Finance Agency
HHS	Health & Human Services
IAAF	Interim Access Assurance Fund
ICF/IID	Intermediate Care Facilities for Individuals with Intellectual Disabilities
ICF/DD	Intermediate Care Facilities for Individuals with Developmental Disabilities
IPO	Initial Public Offering
IT	Information Technology
ITS	Information Technology Services
LGAC	Local Government Assistance Corporation
LICH	Long Island College Hospital
LIPA	Long Island Power Authority
LLC	Limited Liability Company
MA	Medicaid
MCTD	Metropolitan Commuter Transportation District
MMTOA	Metropolitan Mass Transportation Operating Assistance Account
MP-2014	Mortality Improvement Scale - MP-2014
MRT	Medicaid Redesign Team
MTA	Metropolitan Transportation Authority
MTACIF	Metropolitan Transit Assistance for Capital Investment Fund
NPS	Non-Personal Service
NYC	New York City
NYPA	New York Power Authority
NYRA	New York Racing Association
NYS	New York State
NYSAGI	New York State Adjusted Gross Income
NYSCOPBA	New York State Correctional Officers and Police Benevolent Association
NYSHIP	New York State Health Insurance Program
NYSLRS	New York State & Local Retirement System
NYSOH	New York State of Health
NYSPBA	The Police Benevolent Association of the New York State Troopers, Inc.
NYSTA	New York State Thruway Authority
NYU	New York University
OASAS	Office of Alcoholism and Substance Abuse Services
OCA	Office of Court Administration
OCFS	Office of Children and Family Services
OMH	Office of Mental Health
OPEB	Other Post-Employment Benefits
OPWDD	Office for People with Developmental Disabilities
OSC	Office of the State Comptroller
OTDA	Office of Temporary and Disability Assistance
PAYGO	Pay-As-You-Go
PBA	Police Benevolent Association

Exhibit F - Glossary of Acronyms

PBANYS	Police Benevolent Association of New York State
PBT	Petroleum Business Tax
PwC	PricewaterhouseCoopers LLP
PEF	Public Employees Federation
PFRS	Police and Fire Retirement System
PI	Personal Income
PIT	Personal Income Tax
PS	Personal Service
QHP	Qualified Health Plan
RBTF	Revenue Bond Tax Fund
REIT	Real Estate Investment Trust
RFP	Request for Proposals
RIC	Regulated Investment Company
SCB NY	Standard Chartered Bank, New York Branch
SEIT	Special Education Itinerant Teacher
SFY	School Fiscal Year
SHIN-NY	Statewide Health Information Network for New York
SIF	State Insurance Fund
SOF	State Operating Funds
SOFA	State Office for the Aging
SONYMA	State of New York Mortgage Agency
SPIF	State Parks Infrastructure Fund
SRO	State Special Revenue
SSI	Supplemental Security Income
STAR	School Tax Relief
STARC	Sales Tax Asset Receivable Corporation
STEM	Science, Technology, Engineering and Math
STIP	Short-Term Investment Pool
SUNY	State University of New York
SY	School Year
TA	Transit Authority
TANF	Temporary Assistance for Needy Families
TAP	Tuition Assistance Program
TCJA	Tax Cuts and Jobs Act of 2017
TIAA	Teachers Insurance and Annuity Association - College Retirement Equities Fund
TSCR	Tribal State Compact Revenue
UDSA	Utility Debt Securitization Authority
U.S.	United States
UUP	United University Professions
VLG	Video Lottery Gaming
VLT	Video Lottery Terminal
WCB	Workers' Compensation Board