NEW ISSUE

In the opinion of the Attorney General of the State of New York, (the "Attorney General") under existing law and assuming compliance with the tax covenants described herein, interest on the Series 2015A Tax-Exempt Bonds and the 2015C Tax-Exempt Refunding Bonds (collectively, the "Tax-Exempt Bonds") is excludable from gross income for Federal income tax purposes and is not a specific preference item for purposes of the Federal alternative minimum tax; such interest is, however, included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax that may be imposed on such corporations. The Attorney General is further of the opinion that, assuming compliance with the tax covenants described herein, interest on the Tax-Exempt Bonds is exempt from personal income taxes of the State of New York (the "State") and its political subdivisions, including The City of New York and the City of Yonkers, as described more fully herein.

Interest on the Series 2015B Taxable Bonds will be subject to Federal income taxes and personal income taxes imposed by the State and any political subdivision thereof, including The City of New York and the City of Yonkers.

See "PART I – SECTION 4 – TAX MATTERS" herein regarding certain other tax considerations.

STATE OF NEW YORK
GENERAL OBLIGATION BONDS

$142,555,000 Series 2015A Tax-Exempt Bonds
$5,640,000 Series 2015B Taxable Bonds
$181,030,000 Series 2015C Tax-Exempt Refunding Bonds

Dated: Date of Delivery **Due: As shown on inside cover**

The Series 2015A Tax-Exempt Bonds (the "Series 2015A Tax-Exempt Bonds"), the Series 2015B Taxable Bonds (the "Series 2015B Taxable Bonds") and the Series 2015C Tax-Exempt Refunding Bonds (the "Series 2015C Tax-Exempt Refunding Bonds" and, together with the Series 2015A Tax-Exempt Bonds and the Series 2015B Taxable Bonds, the "Bonds") will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interests in the Bonds purchased. See "PART I – SECTION 1 – DESCRIPTION OF THE BONDS – Book-Entry-Only System." The Bonds will mature on the dates and bear interest at the rates and will have yields as shown on the inside cover pages hereof. Interest on the Series 2015A Tax-Exempt Bonds and the Series 2015B Taxable Bonds will be payable beginning on September 15, 2015 and semi-annually thereafter on each March 15 and September 15 until maturity. Interest on the Series 2015C Tax-Exempt Refunding Bonds will be payable beginning on October 15, 2015 and semi-annually thereafter on each April 15 and October 15 until maturity. The Bonds will be subject to redemption prior to maturity as set forth herein.

The Bonds will be general obligations of the State, and the full faith and credit of the State will be pledged to the payment of the principal of and interest on the Bonds.

Under State law, the Bonds are legal investments for State-chartered banks and trust companies, savings banks, insurance companies, fiduciaries and investment companies and may be accepted by the State Comptroller and the State Superintendent of Financial Services where the deposit of obligations is required by law.

The Bonds are offered when, as and if issued and subject to receipt of an opinion by the Attorney General that the Bonds are valid and enforceable obligations of the State. See Exhibit B to Part I of this Official Statement.

The Bonds were offered for sale in accordance with the Notices of Sale published with respect to each Series of the Bonds.

Public Resources Advisory Group, New York, New York, is acting as financial advisor to the State in connection with the issuance of the Bonds. The Bonds will be available for delivery through the facilities of DTC on or about March 19, 2015.

Dated: March 10, 2015

STATE OF NEW YORK GENERAL OBLIGATION BONDS
AMOUNTS, MATURITIES, INTEREST RATES, AND YIELDS OR PRICES

$142,555,000 Series 2015A Tax-Exempt Bonds
(Base CUSIP Number†: 649791)

Amount	Maturity March 15	Interest Rate	Yield	CUSIP†	Amount	Maturity March 15	Interest Rate	Yield	CUSIP†
$5,280,000	2016	4.000%	0.20%	KD1	$5,485,000	2027	5.000%	2.44%*	KQ2
$5,490,000	2017	5.000%	0.53%	KE9	$5,755,000	2028	5.000%	2.58%*	KR0
$5,765,000	2018	5.000%	0.92%	KF6	$6,045,000	2029	3.000%	3.00%	KS8
$6,055,000	2019	5.000%	1.21%	KG4	$6,225,000	2030	3.000%	3.05%	KT6
$6,360,000	2020	5.000%	1.41%	KH2	$6,110,000	2031	3.000%	3.10%	KU3
$6,675,000	2021	5.000%	1.60%	KJ8	$6,290,000	2032	3.000%	3.15%	KV1
$7,010,000	2022	5.000%	1.84%	KK5	$6,480,000	2033	3.000%	3.20%	KW9
$7,360,000	2023	5.000%	2.03%	KL3	$6,675,000	2034	3.125%	3.25%	KX7
$7,730,000	2024	5.000%	2.13%	KM1	$6,880,000	2035	3.125%	3.30%	KY5
$8,110,000	2025	5.000%	2.23%	KN9	$1,340,000	2036	3.250%	3.35%	KZ2
$5,220,000	2026	5.000%	2.32%*	KP4					

$5,815,000 3.25% Term Bonds due March 15, 2040, at a yield of 3.50%
(CUSIP†: 649791LD0)
$8,400,000 3.25% Term Bonds due March 15, 2045, at a yield of 3.50%
(CUSIP†: 649791LJ7)

$5,640,000 Series 2015B Taxable Bonds
(Base CUSIP Number†: 649791)

Amount	Maturity March 15	Interest Rate	Price	CUSIP†	Amount	Maturity March 15	Interest Rate	Price	CUSIP†
$530,000	2016	0.45%	100%	LK4	$565,000	2021	2.20%	100%	LQ1
$530,000	2017	0.92%	100%	LL2	$575,000	2022	2.40%	100%	LR9
$535,000	2018	1.37%	100%	LM0	$590,000	2023	2.50%	100%	LS7
$540,000	2019	1.72%	100%	LN8	$605,000	2024	2.65%	100%	LT5
$550,000	2020	1.96%	100%	LP3	$620,000	2025	2.80%	100%	LU2

† CUSIP is a registered Trademark of the American Bankers Association. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the State makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

* Priced to the March 15, 2025 optional call date.

$181,030,000 Series 2015C Tax-Exempt Refunding Bonds
(Base CUSIP Number†: 649791)

Amount	Maturity	Interest Rate	Price/ Yield	CUSIP†	Amount	Maturity	Interest Rate	Price/ Yield	CUSIP†
$ 8,900,000	October 15, 2015	5.000%	0.12%	LV0	$1,655,000	April 15, 2025	5.000%	2.22%	MF4
$37,975,000	April 15, 2016	5.000%	0.13%	LW8	$1,720,000	April 15, 2026	2.250%	2.37%	MG2
$37,905,000	April 15, 2017	5.000%	0.52%	LX6	$1,370,000	April 15, 2027	2.375%	98.25%	MH0
$21,935,000	April 15, 2018	5.000%	0.91%	LY4	$1,405,000	April 15, 2028	2.500%	97.75%	MJ6
$11,660,000	April 15, 2019	5.000%	1.20%	LZ1	$1,440,000	April 15, 2029	3.000%	2.92%*	MK3
$11,370,000	April 15, 2020	5.000%	1.40%	MA5	$1,490,000	April 15, 2030	3.000%	3.00%	ML1
$ 8,820,000	April 15, 2021	5.000%	1.59%	MB3	$1,130,000	April 15, 2031	3.000%	3.05%	MM9
$ 9,570,000	April 15, 2022	5.000%	1.83%	MC1	$1,165,000	April 15, 2032	3.000%	3.10%	MN7
$ 9,300,000	April 15, 2023	5.000%	2.00%	MD9	$1,200,000	April 15, 2033	3.000%	3.17%	MP2
$ 9,785,000	April 15, 2024	5.000%	2.12%	ME7	$1,235,000	April 15, 2034	3.125%	3.21%	MQ0

† CUSIP is a registered Trademark of the American Bankers Association. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the State makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

* Priced to the April 15, 2025 optional call date.

No dealer, broker, salesperson or other person has been authorized by the State to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been so authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds or any other securities of the State by any person or in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information herein has been furnished solely by the State and by other sources that are believed by the State to be reliable, but it is not guaranteed as to its accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the financial condition of the State since the date hereof. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purposes.

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OFFICIAL STATEMENT

OF

THE STATE OF NEW YORK

RELATING TO THE ISSUE AND SALE OF

GENERAL OBLIGATION BONDS

$142,555,000 Series 2015A Tax-Exempt Bonds

$5,640,000 Series 2015B Taxable Bonds

$181,030,000 Series 2015C Tax-Exempt Refunding Bonds

INTRODUCTION

This Official Statement of the State of New York (the "State"), including the cover page, inside cover pages and exhibits, is provided for the purpose of setting forth information in connection with the sale of $142,555,000 aggregate principal amount of its Series 2015A Tax-Exempt Bonds (the "Series 2015A Tax-Exempt Bonds"), $5,640,000 aggregate principal amount of its Series 2015B Taxable Bonds (the "Series 2015B Taxable Bonds") and $181,030,000 aggregate principal amount of its Series 2015C Tax-Exempt Refunding Bonds (the "Series 2015C Tax-Exempt Refunding Bonds"). The Series 2015A Tax-Exempt Bonds and the Series 2015C Tax-Exempt Refunding Bonds are collectively referred to herein as the "Tax-Exempt Bonds" and the Tax-Exempt Bonds and the Series 2015B Taxable Bonds are collectively referred to herein as the "Bonds". The Bonds are general obligations of the State and the full faith and credit of the State will be pledged to the payment of the principal of and interest on the Bonds.

The proceeds of the Series 2015A Tax-Exempt Bonds and Series 2015B Taxable Bonds will be allocated to such purposes as set forth below. The Series 2015A Tax-Exempt Bonds and Series 2015B Taxable Bonds are being issued for the purposes, in the principal amounts and with maturities as follows:

$142,555,000 Series 2015A Tax-Exempt Bonds

Purpose	Amount	Maturing March 15
Rebuild New York Through Transportation Infrastructure Renewal Bonds		
Highways	$ 25,852	2016-2025
Rebuild and Renew New York Transportation Bonds		
Highway Facilities	57,316,976	2016-2035
Highway Facilities	17,157,714	2016-2025
Rails & Ports	7,087,215	2016-2045
Rails & Ports	3,296,390	2016-2030
Aviation	105,622	2016-2025

Purpose	Amount	Maturing March 15
Canal	5,985,961	2016-2025
Environmental Quality 1986		
Historic Preservation	1,106,214	2016-2035
Clean Water/Clean Air		
Clean Water	26,991,900	2016-2045
Clean Water	85,446	2016-2035
Solid Waste	245,510	2016-2025
Environmental Restoration	21,197,086	2016-2035
Environmental Quality 1972		
Land	1,953,114	2016-2025
	$142,555,000	

$5,640,000 Series 2015B Taxable Bonds

Purpose	Amount	Maturing March 15
Rebuild and Renew New York Transportation Bonds		
Highway Facilities	$ 3,156,197	2016-2025
Environmental Quality 1986		
Historic Preservation	30,881	2016-2025
Clean Water/Clean Air		
Clean Water	1,803,281	2016-2025
Environmental Restoration	649,641	2016-2025
	$ 5,640,000	

$181,030,000 Series 2015C Tax-Exempt Refunding Bonds

The Series 2015C Tax-Exempt Refunding Bonds are being issued to provide funds to refund certain outstanding general obligation bonds of the State as set forth and described in Exhibit C - DESCRIPTION OF THE REFUNDED BONDS (herein collectively called the "Refunded Bonds").

The Bonds mature on the dates and bear interest at the respective interest rates set forth on the inside cover pages of this Official Statement.

This Official Statement consists of three parts, Part I (including Exhibits A through D), Part II and Part III.

Part I sets forth information concerning the Bonds – the rights of Bondholders, the payment and redemption provisions of the Bonds, the use of proceeds of the Bonds, and certain other information relating to the Bonds.

Part II sets forth or includes by reference information concerning the State of New York, including information relating to the State's current fiscal year, prior fiscal years, economic background, financing activities, State organization and procedures, the State's public authorities and localities and certain litigation involving the State in the form of the Annual Information Statement of the State of New York dated June 11, 2014 (the "AIS"), and the Quarterly Update to the AIS dated March 2, 2015 (the "Update"), both prepared by the State Division of the Budget ("DOB"). The AIS and the Update contain information only through their respective dates. Part II sets forth the Update and the sections of the AIS entitled "Introduction", "Overview of the State Budget Process and Budgetary and Accounting Practices", "Financial Plan Overview" and "State Financial Plan Projections Fiscal Years 2015 Through 2018". The remaining sections of the AIS set out under the headings "Prior Fiscal Years", "Economics and Demographics", "Capital Program and Financing Plan", "Authorities and Localities", "State Government Employment", "State Retirement Systems", "Litigation and Arbitration" and "Exhibits A through F" are included by cross-reference. The AIS and the Update have been electronically filed with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system.

Part III includes by reference the Comprehensive Annual Financial Report of the State for the fiscal year ended March 31, 2014 (FY 2014 CAFR) prepared by the Office of the State Comptroller ("OSC"). The Basic Financial Statements and Other Supplementary Information of the State for the fiscal year ended March 31, 2014 are dated July 29, 2014 and were electronically filed with the MSRB through its EMMA system on July 29, 2014. The State's Basic Financial Statements and Other Supplementary Information are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and are independently audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. KPMG LLP, the State's independent auditor, has not been engaged to perform and has not performed, since the date of its report included in Part III, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

This Official Statement should be read in its entirety, including the Exhibits hereto. Parts II and III contain important information about the State, which has been provided by the State and from sources believed by the State to be reliable.

DOB has assisted OSC in assembling the information contained herein. Quotations, summaries and explanations of laws of the State contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof.

PART I: INFORMATION CONCERNING THE BONDS BEING OFFERED

SECTION 1 – DESCRIPTION OF THE BONDS

General

The Bonds will constitute general obligations of the State to which its full faith and credit will be pledged. The Series 2015A Tax-Exempt Bonds will be issued pursuant to the authority contained in Article VII, Sections 11 and 12 of the State Constitution, Sections 56, 57 and 61 of the State Finance Law and appropriation acts enacted by the State Legislature. The Series 2015B Taxable Bonds will be issued pursuant to the authority contained in Article VII, Sections 11 and 12 of the State Constitution, Sections 56, 57 and 61 of the State Finance Law and appropriation acts enacted by the State Legislature. The

Series 2015C Tax-Exempt Refunding Bonds will be issued pursuant to the authority contained in Article VII, Section 13 of the State Constitution and Sections 56 and 57 of the State Finance Law.

The Bonds will be dated the date of delivery. Principal on the Series 2015A Tax-Exempt Bonds and Series 2015B Taxable Bonds will be payable on March 15, 2016 and on each March 15 thereafter, until maturity, as shown on the inside cover pages hereof and below under the heading "Mandatory Redemption". Principal on the Series 2015C Tax-Exempt Refunding Bonds will be payable on October 15, 2015 and on each April 15 thereafter, until maturity, as shown on the inside cover pages hereof and below under the heading "Mandatory Redemption". Interest on the Series 2015A Tax-Exempt Bonds and Series 2015B Taxable Bonds will be payable on September 15, 2015 and semi-annually thereafter on March 15 and September 15 until maturity. Interest on the Series 2015C Tax-Exempt Refunding Bonds will be payable on October 15, 2015 and semi-annually thereafter on April 15 and October 15 until maturity.

Rights of the Bondholders

The State Constitution requires that the Legislature shall annually provide by appropriation for the payment of interest on and installments of principal of all State bonds as the same shall fall due, including contributions to all sinking funds for such bonds, and further provides that, if at any time the Legislature shall fail to make any such appropriation, the Comptroller shall set apart from the first revenues thereafter received applicable to the General Fund of the State a sum sufficient to pay such interest, installments of principal or contributions to such sinking funds, as the case may be, and shall so apply the moneys thus set apart. In such circumstances, the Comptroller may be required to set aside and so apply such revenues at the suit of any holder of such bonds. The State has always made payments of interest on and installments of principal of all State bonds when due. Under the State Constitution, in the event of the defeasance of the Bonds, the holders of the Bonds shall have no further rights against the State for payment of the Bonds or any interest thereon.

The State Constitution does not provide for the contingency where an appropriation for debt service on bonds has been made but moneys are unavailable on the payment date. If the above-described set-aside provisions of the State Constitution were inapplicable in that situation, the holder of any bond could recover a judgment against the State in the State Court of Claims for principal and interest due, and the Comptroller would be required to pay the judgment, after audit, upon presentation to him of a certified copy of the judgment. Judgments against the State may not be enforced by levy and execution against property of the State, and such enforcement is limited to the amount of moneys appropriated by the Legislature and legally available for such purpose. Because the State has never defaulted on the payment of principal of or interest on its obligations, there has never been any occasion to test a bondholder's remedies in this circumstance.

State law provides for the impoundment of State taxes and revenues in advance of the maturity of tax and revenue anticipation notes ("TRANs") issued during any fiscal year and for the deposit of such impounded moneys in a special account for the benefit of the holders of such notes. If, in any fiscal year in which such impoundment legislation is in effect, the Legislature shall have appropriated a sufficient amount to pay debt service on outstanding bonds but there shall be insufficient moneys free of such impoundment to pay such debt service when due, the holder of such TRANs may have a claim to taxes and revenues deposited or to be deposited in such special account superior to that of bondholders, including holders of the Bonds. There is no judicial decision determining the relative rights of holders of notes and bonds of the State in this or any similar circumstance.

Redemption Prior to Maturity

Optional Redemption for the Series 2015A Tax-Exempt Bonds. The Comptroller reserves to the State the right to redeem on and after March 15, 2025 the Series 2015A Tax-Exempt Bonds maturing on or after March 15, 2026 and then outstanding, in whole or in part, at any time, priority among maturities to be directed by the State, and by lot, to be chosen by The Depository Trust Company ("DTC") or any successor and its Participants, within a maturity at par plus accrued interest to the date fixed for redemption.

Optional Redemption for the Series 2015B Taxable Bonds. The Comptroller reserves to the State the right to redeem the Series 2015B Taxable Bonds prior to their respective maturities at the written direction of the State, in whole or in part, on any Business Day, at the Make-Whole Redemption Price. The "Make-Whole Redemption Price" is the greater of (i) 100% of the principal amount of the Series 2015B Taxable Bonds to be redeemed, and (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2015B Taxable Bonds to be redeemed (taking into account any mandatory sinking fund redemptions), not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2015B Taxable Bonds are to be redeemed, discounted to the date on which such Series 2015B Taxable Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (defined below) plus 25 basis points, plus, in each case, accrued and unpaid interest on the Series 2015B Taxable Bonds to be redeemed on the redemption date.

For purpose of determining the Make-Whole Redemption Price:

"Treasury Rate" means, with respect to any redemption date for a particular Series 2015B Taxable Bonds being redeemed prior to maturity, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2015B Taxable Bonds to be redeemed.

The State Finance Law does not currently authorize the Comptroller to redeem State general obligation bonds at a price in excess of three per centum above par value. Therefore, the State, acting through the Comptroller, will not avail itself of the right to redeem the Series 2015B Taxable Bonds pursuant to the provisions of the Make-Whole Optional Redemption described above if the Make-Whole Redemption Price is determined to be greater than 103 per cent of the par value of the Series 2015B Taxable Bonds unless there is a statutory amendment to the State Finance Law authorizing the Comptroller to redeem bonds at a price above 103 per cent of par value.

Selection of Series 2015B Taxable Bonds To Be Redeemed in Partial Redemption. The State shall select the maturity or maturities to be redeemed.

If the Series 2015B Taxable Bonds are registered in book-entry-only form and so long as DTC or a successor securities depository is the sole registered owner of the Series 2015B Taxable Bonds, partial redemptions within any maturity will be done in accordance with DTC procedures. It is the State's intent that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the State and the beneficial owners be made in accordance with the proportional provisions described below with respect to partial redemptions of the Series 2015B Taxable Bonds that are not registered in book-entry-only form. However, the State can provide no assurance that DTC, the DTC

Participants or any other intermediaries will allocate redemptions among beneficial owners on such a proportional basis.

If the Series 2015B Taxable Bonds are not registered in book-entry-only form, any redemption of less than all of any maturity of the Series 2015B Taxable Bonds will be allocated among the registered owners of such maturity of Series 2015B Taxable Bonds as nearly as practicable in proportion to the principal amounts of such maturity of the Series 2015B Taxable Bonds owned by each registered owner, subject to the authorized denominations applicable to the Series 2015B Taxable Bonds. This will be calculated based on the formula:

$$\frac{\text{(principal amount to be redeemed) x (principal amount owned by owner)}}{\text{(principal amount outstanding)}}$$

The particular Series 2015B Taxable Bonds of each maturity to be redeemed will be determined by the State, using such method as it deems fair and appropriate.

Optional Redemption for the Series 2015C Tax-Exempt Refunding Bonds. The Comptroller reserves to the State the right to redeem on and after April 15, 2025 the Series 2015C Tax-Exempt Refunding Bonds maturing on or after April 15, 2026 and then outstanding, in whole or in part, at any time, priority among maturities to be directed by the State, and by lot, to be chosen by DTC or any successor and its Participants, within a maturity at par plus accrued interest to the date fixed for redemption.

Notice of Redemption. The State will give notice of any such redemption, to the registered owners of the Bonds to be redeemed at their addresses as they appear in the registration books of the State or its fiscal agent, not less than twenty nor more than sixty days prior to the redemption. So long as all of the Bonds remain immobilized in the custody of DTC, any such notice of redemption of any Bond will be delivered only to DTC. DTC is responsible for notifying DTC Participants of such redemption and DTC Participants and Indirect Participants are responsible for notifying Beneficial Owners of such redemption. The State is not responsible for sending notices to Beneficial Owners. Interest will cease to accrue on the Bonds called for redemption from and after the date fixed for redemption thereof.

The State may provide conditional notice of redemption, which may state that such redemption is conditioned upon the receipt of moneys or any other event. If such conditions are not met, such redemption shall not occur and the State is to give notice, as soon thereafter as practicable, in the same manner, to the same persons, as notice of such redemption was given as described above. Additionally, any such conditional redemption notice may be rescinded no later than one Business Day prior to the date specified for redemption by written notice by the State given, as soon thereafter as practicable, in the same manner, to the same persons, as notice of such redemption was given.

Mandatory Redemption

The Series 2015A Tax-Exempt Bonds that mature on March 15, 2040 and March 15, 2045 (the "2040 Term Bonds" and the "2045 Term Bonds", respectively) are subject to mandatory redemption, in part, by lot in accordance with DTC procedures, on March 15 in the years shown below, at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption, in an amount equal to the Sinking Fund Installment for such Bonds for such date:

SERIES 2015A TAX-EXEMPT BONDS

2040 Term Bonds

March 15	Sinking Fund Installments
2037	$1,385,000
2038	$1,430,000
2039	$1,475,000
2040*	$1,525,000

2045 Term Bonds

March 15	Sinking Fund Installments
2041	$1,575,000
2042	$1,625,000
2043	$1,680,000
2044	$1,730,000
2045*	$1,790,000

*Stated maturity.

The principal amount of Term Bonds redeemed or purchased and canceled by the State will be applied in satisfaction, in whole or in part, of one or more Sinking Fund Installments for the applicable Series and maturity of Bonds as the State may direct in its discretion. To the extent the State's obligation to make Sinking Fund Installments in a particular year is so satisfied, the likelihood of redemption through mandatory Sinking Fund Installments of the applicable Series and maturity of Bonds will be reduced for such year.

Book-Entry-Only System

Beneficial ownership interests in each Series and maturity of the Bonds will be available in book-entry-only form, in the principal amount of $5,000 or integral multiples thereof. Purchasers of beneficial ownership interests in the Bonds will not receive certificates representing their interests in the Bonds purchased.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each Series and maturity of the Bonds, totaling the aggregate principal amount of the Bonds of each Series, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC rules applicable to Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bond certificates representing their ownership interests in the Bonds, except in the event that the use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Bonds of a particular Series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series and maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, The Bank of New York

Mellon (the "Fiscal Agent"), or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or the Fiscal Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

The State and the Fiscal Agent may treat DTC (or its nominee) as the sole and exclusive registered owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, giving any notice permitted or required to be given to registered owners, registering the transfer of the Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The State and the Fiscal Agent shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person that is not shown on the registration books of the State (kept by the Fiscal Agent) as a registered owner, with respect to: the accuracy of any records maintained by DTC or any Participant; the payment or timeliness of payments by DTC or any Participant of any amount in respect of the principal of, or premium, if any, or interest on the Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the State; the selection by DTC or any Participant or Indirect Participant of any beneficial owners to receive payment in the event of a partial redemption of the Bonds; or other action taken by DTC as a registered owner. Interest and principal will be paid by the Fiscal Agent to DTC, or its nominee. Disbursement of such payments to the Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Participants or the Indirect Participants.

SO LONG AS CEDE & CO. (OR SUCH OTHER NOMINEE AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF ALL THE BONDS, REFERENCES HEREIN TO THE OWNERS, HOLDERS OR BONDHOLDERS OF THE BONDS (OTHER THAN UNDER "SECTION 4 — TAX MATTERS", "SECTION 10 — CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12" AND EXHIBIT D HEREIN) SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS.

For every transfer and exchange of beneficial ownership of the Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its services as depository with respect to a Series of the Bonds at any time by giving reasonable notice to the State and discharging its responsibilities with respect thereto under applicable law, or the State may terminate its participation in the system of book-entry transfer through DTC at any time by giving notice to DTC. In either event, the State may retain another securities depository for the Bonds or may direct the Fiscal Agent to deliver bond certificates in accordance with instructions from DTC or its successor. If the State directs the Fiscal Agent to deliver such bond certificates, such Bonds may thereafter be exchanged for an equal aggregate principal amount of Bonds of the applicable Series in other authorized denominations and of the same maturity as set forth on the inside cover page hereof, upon surrender thereof at the principal corporate trust office of the Fiscal Agent, who will then be responsible for maintaining the registration books of the State.

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest and other payments with respect to the Bonds to Direct Participants, Indirect Participants and Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Bonds and other related transactions by and between DTC, the

Direct Participants, the Indirect Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the Direct Participants, the Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the Participants, as the case may be.

THE STATE AND FISCAL AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC OR DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC OR DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE STATE AND FISCAL AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC OR THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND NEITHER THE STATE NOR THE INITIAL PURCHASERS MAKE ANY REPRESENTATIONS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

SECTION 2 - PLAN OF FINANCING

Estimated Sources And Uses Of Funds

The following table sets forth the sources and uses of funds with respect to the Bonds:

Sources	**Series 2015A**	**Series 2015B**	**Series 2015C**
Principal Amount	$ 142,555,000	$ 5,640,000	$ 181,030,000
Net Original Issue Premium	13,854,616	0	20,593,276
Payment from the State for Costs of Issuance	145,106	23,170	0
Total Sources	$ 156,554,722	$ 5,663,170	$ 201,623,276
Uses			
Deposit to Escrow Fund	$ 0	$ 0	$ 201,149,319
Deposit to Bond Proceeds Funds	155,728,203	5,615,184	0
Initial Purchaser's Discount	681,413	24,816	281,683
Costs of Issuance	145,106	23,170	192,274
Total Uses	$ 156,554,722	$ 5,663,170	$ 201,623,276

Application of Series 2015A Tax-Exempt Bonds and Series 2015B Taxable Bonds Proceeds

The net proceeds ("Net Proceeds") of the Series 2015A Tax-Exempt Bonds will be used to finance capital expenditures made or anticipated to be made during prior, current or subsequent State fiscal years for Clean Water/Clean Air, Rebuild New York Through Transportation Infrastructure Renewal Bonds, Environmental Quality 1986, Environmental Quality 1972 and Rebuild and Renew New York Transportation Bonds purposes.

The Net Proceeds of the Series 2015B Taxable Bonds will be used to finance capital expenditures made or anticipated to be made during prior, current or subsequent State fiscal years for Rebuild and Renew New York Transportation, Environmental Quality 1986 and Clean Water/Clean Air Bonds purposes.

Refunding Plan

The Series 2015C Tax-Exempt Refunding Bonds are being issued to provide funds to refund the Refunded Bonds. The Series, principal amounts and the maturity dates of the Refunded Bonds are as shown in Exhibit C - DESCRIPTION OF THE REFUNDED BONDS.

Substantially all of the proceeds of the Series 2015C Tax-Exempt Refunding Bonds will be deposited with The Bank of New York Mellon (the "Escrow Agent") pursuant to an escrow deposit agreement (the "Escrow Agreement") to be entered into, at or prior to the issuance of the Series 2015C Tax-Exempt Refunding Bonds, between the State and the Escrow Agent. Such proceeds, together with any other amounts deposited with the Escrow Agent under the Escrow Agreement, will be used to acquire non-callable direct obligations of the United States government (the "Government Obligations"), the principal of and interest on which when due will be sufficient, together with any other moneys deposited with the Escrow Agent under the Escrow Agreement, to redeem the Refunded Bonds at the applicable redemption prices on the date of redemption, together with interest to become due on such Refunded

Bonds on or prior to the redemption date. The moneys deposited with and the Government Obligations acquired by the Escrow Agent with the proceeds of the Series 2015C Tax-Exempt Refunding Bonds pursuant to the Escrow Agreement will be deposited in an irrevocable escrow fund established under the Escrow Agreement and pledged to secure the payment of the Refunded Bonds. Upon the deposit of proceeds of the Series 2015C Tax-Exempt Refunding Bonds with the Escrow Agent as described above, the Refunded Bonds shall be deemed to be paid and shall no longer be deemed outstanding, and the holders thereof shall be paid solely out of the Government Obligations and moneys held by the Escrow Agent pursuant to the Escrow Agreement. Accordingly, the redemption price of the Refunded Bonds, together with interest to become due thereon, will be payable from the Escrow Fund.

The Comptroller has determined that the refunding transaction will achieve actual debt service savings in each fiscal year during the term to maturity of the Series 2015C Tax-Exempt Refunding Bonds and will provide savings on a present value basis over the life of the Series 2015C Tax-Exempt Refunding Bonds, based on the difference between the debt service payable on the Series 2015C Tax-Exempt Refunding Bonds and the debt service payable on the Refunded Bonds.

SECTION 3 – LEGAL INVESTMENT

Under existing State law, the Bonds are legal investments for the State (except for State money set aside to repay any State TRANs) and for municipalities, school districts, fire districts, State chartered banks and trust companies, savings banks, savings and loan associations, credit unions and insurance companies organized under the laws of the State subject to applicable statutory requirements. There are no State statutory restrictions on the purchase of the Bonds by investment companies.

The Bonds may be accepted by the Comptroller and by State agencies and localities in situations where a supplier or contractor is required to deposit securities to secure performance of a contract. The Bonds may also be accepted by the Comptroller and the State Superintendent of Financial Services where State law requires the deposit of securities.

With a few exceptions and subject to any contrary provisions in any agreement with noteholders or bondholders or other contracts, the Bonds are legal investments for public authorities in the State. The Bonds may be accepted by public authorities where the deposit of obligations is required to secure performance of contractors.

SECTION 4 – TAX MATTERS

The following is a summary of certain of the United States Federal income tax consequences of the ownership of the Bonds as of the date hereof. Each prospective investor should consult with its own tax advisor regarding the application of United States Federal income tax laws, as well as any state, local, foreign or other tax laws, to its particular situation.

Tax-Exempt Bonds

The Code sets forth certain requirements that must be met after the Tax-Exempt Bonds have been validly issued and delivered in order that interest on the Tax-Exempt Bonds will be and will remain excludable from gross income pursuant to Section 103 of the Code. Such requirements may include the rebating of certain amounts earned from the investment of the proceeds of the Tax-Exempt Bonds. Rebates of any such amounts are subject to future appropriation by the State Legislature. The Tax Certificate to be prepared and executed by the Comptroller and dated as of the date of delivery of the Series 2015A Tax-Exempt Bonds and the Series 2015C Tax-Exempt Refunding Bonds (the "Certificate"), which will be delivered concurrently with the delivery of the Series 2015A Tax-Exempt Bonds and the

Series 2015C Tax-Exempt Refunding Bonds, will contain provisions and procedures regarding compliance with the requirements of the Code. The Comptroller, in executing the Certificate, will certify that he expects to be able to and will comply with the provisions and procedures set forth therein. The Comptroller will also certify in the Certificate that, to the extent authorized by law, he will do and perform all acts and things necessary or desirable to assure that interest paid on the Tax-Exempt Bonds is excludable from gross income under Section 103 of the Code. By the time the Tax-Exempt Bonds have been delivered, the Comptroller will also have received certificates from other governmental officers and entities relating to the use of the proceeds of the Tax-Exempt Bonds.

Assuming compliance with the provisions and procedures set forth in the Certificate and subsequent rebating and other requirements, the Attorney General is of the opinion that, under the Code and other existing statutes, regulations, administrative rulings, and court decisions, interest on the Tax-Exempt Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes pursuant to Section 103 of the Code and that such interest will not be treated as a specific preference item in calculating the alternative minimum tax that may be imposed under the Code with respect to individuals and corporations. However, interest on the Tax-Exempt Bonds will be includable in adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax that may be imposed on such corporations. Assuming compliance with the provisions and procedures set forth in the Certificate and subsequent rebating and other requirements, it is further the opinion of the Attorney General that such interest is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York and the City of Yonkers.

The Attorney General expresses no opinion regarding any other federal, state or local tax consequences with respect to the Tax-Exempt Bonds. The Attorney General renders his opinion under existing law as of the date of issue, and assumes no obligation to update his opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. The Attorney General expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Tax-Exempt Bonds, or under state and local law.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Tax-Exempt Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the Tax-Exempt Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Tax-Exempt Bonds is expected to be the initial public offering price set forth on the inside cover pages of this Official Statement. The Attorney General is further of the opinion that, for any Tax-Exempt Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Tax-Exempt Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Tax-Exempt Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of OID for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Tax-Exempt Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Tax-Exempt Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Tax-Exempt Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Premium Bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Collateral Tax Consequences

Ownership of tax-exempt obligations may result in tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty and life insurance companies, corporations subject to the environmental tax, certain foreign corporations doing business in the United States, certain S Corporations, individuals who otherwise qualify for the earned income credit or who are recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Tax-Exempt Bonds should consult their tax advisors as to applicability of any such consequences.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Tax-Exempt Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Tax-Exempt Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Tax-Exempt Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Legislation

Current and future legislative proposals, if enacted into law, clarification of the Code or state or local tax law or court decisions may cause interest on the Tax-Exempt Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which the Attorney General is expected to express no opinion.

Series 2015B Taxable Bonds

Tax Status of the Series 2015B Taxable Bonds

The following discussion is a summary of the principal United States Federal income tax consequences of the acquisition, ownership and disposition of the Series 2015B Taxable Bonds by purchasers who are U.S. Holders. As used herein, the term "U.S. Holder" means a beneficial owner of a Series 2015B Taxable Bond that is for United States Federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

The Series 2015B Taxable Bonds will be treated, for Federal and State and local income tax purposes, as a debt instrument. Accordingly, interest will be included in the income of the holder as it is paid (or, if the holder is an accrual method taxpayer, as it is accrued) as interest. Interest on the Series 2015B Taxable Bonds will be subject to Federal income taxes and personal income taxes imposed by the State and any political subdivision thereof, including The City of New York and the City of Yonkers.

Although the Series 2015B Taxable Bonds are expected to trade "flat," that is, without a specific allocation to accrued interest, for Federal income tax purposes, a portion of the amount realized on a sale attributed to the Series 2015B Taxable Bonds will be treated as accrued interest and thus will be taxed as ordinary income to the seller (and will not be subject to tax in the hands of the buyer).

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Series 2015B Taxable Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the Series 2015B Taxable Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Series 2015B Taxable Bonds is expected to be the initial public offering price set forth on the inside cover pages of this Official Statement.

A holder of a Series 2015B Taxable Bond will be required to include OID in gross income as it accrues under a constant yield method, based on the original yield to maturity of the Series 2015B Taxable Bonds. Thus, the holders of such Series 2015B Taxable Bonds will be required to include OID in income as it accrues, prior to the receipt of cash attributable to such income. U.S. holders, however, would be entitled to claim a loss upon maturity or other disposition of such Series 2015B Taxable Bonds with respect to interest amounts accrued and included in gross income for which cash is not received. Such a loss generally would be a capital loss.

The amount of OID that such holder of a Series 2015B Taxable Bond must include in gross income with respect to a Series 2015B Taxable Bond acquired at a premium as described below will be reduced in proportion that such premium bears to the OID remaining to be accrued as of the acquisition of the Series 2015B Taxable Bond.

Bond Premium

Holders of the Series 2015B Taxable Bonds that allocate a basis in the Series 2015B Taxable Bonds that is greater than the principal amount of the Series 2015B Taxable Bonds or its adjusted issue price if issued with OID (generally its accreted value) should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

Market Discount

If a holder purchases the Series 2015B Taxable Bonds subsequent to its initial issuance for an amount that is less than the principal amount of the Series 2015B Taxable Bonds or its adjusted issue price if issued with OID (generally its accreted value), and such difference is not considered to be de minimis, then such discount will represent market discount that ultimately will constitute ordinary income (and not capital gain). Further, absent an election to accrue market discount currently, upon a sale or exchange of a Series 2015B Taxable Bond, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to carry a market discount Series 2015B Taxable Bond that does not exceed the accrued market discount for any taxable year, will be deferred.

Backup Withholding

Purchasers of the Series 2015B Taxable Bonds who are U.S. holders and who are neither a corporation or other exempt recipient of payments of principal, interest or accrued OID or sale proceeds upon disposition prior to maturity of the Series 2015B Taxable Bonds, nor a holder who provides a correct taxpayer identification number may be subject to backup withholding requirements under Section 3406 of the Code.

Defeasance of Series 2015B Taxable Bonds

Defeasance of any Series 2015B Taxable Bond may result in a deemed reissuance thereof for Federal income tax purposes, meaning that such Series 2015B Taxable Bond will be treated as having been sold or exchanged as of the date of such defeasance for a new obligation which is represented by such defeased Series 2015B Taxable Bond. In such event a holder of a defeased Series 2015B Taxable

Bond will recognize taxable gain or loss equal to the difference between the amount realized from such deemed sale or exchange (less any accrued qualified stated interest which will be taxable as such) and the holder's adjusted tax basis in such Series 2015B Taxable Bond.

Foreign Investors

This summary of tax considerations generally does not address the tax consequences to an investor who is not a U.S. Holder. Distributions on the Series 2015B Taxable Bonds to a non-U.S. Holder that has no connection with the United States other than holding its Series 2015B Taxable Bonds generally will be made free of withholding tax, as long as that holder has complied with certain tax identification and certification requirements. Prospective purchasers of the Series 2015B Taxable Bonds who are not U.S. Holders should consult their tax advisors regarding the federal, state and local, and foreign tax consequences of purchasing and holding the Series 2015B Taxable Bonds.

SECTION 5 – RATINGS

Moody's Investors Service, Inc. has assigned the Bonds a rating of "Aa1", Standard & Poor's Ratings Services, a Division of Standard & Poor's Financial Services LLC has assigned the Bonds a rating of "AA+", Fitch, Inc. has assigned the Bonds a rating of "AA+" and Kroll Bond Rating Agency Inc. has assigned the Bonds a rating of "AA+".

Ratings reflect only the respective views of such organizations, and an explanation of the significance of such ratings must be obtained from the rating agency furnishing the same. There is no assurance that a particular rating will continue for any given period of time or that any such rating will not be revised downward or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any such downward revision or withdrawal of any such ratings may have an adverse effect on the market price of the Bonds. A securities rating is not a recommendation to buy, sell or hold securities.

SECTION 6 – VERIFICATION OF MATHEMATICAL COMPUTATIONS

Samuel Klein and Company, Certified Public Accountants, will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of (1) the computations contained in the provided schedules to determine that the anticipated receipts from the securities and cash deposits, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium payment requirements, if any, of the Refunded Bonds, and (2) the computations of yield on both the securities and the Bonds contained in the provided schedules used by the Attorney General in its determination that the interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes. Samuel Klein and Company, Certified Public Accountants, will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest on the Tax-Exempt Bonds.

SECTION 7 – OPINION OF ATTORNEY GENERAL

The Attorney General will deliver a legal opinion to the Comptroller on the date of delivery of the Bonds, in substantially the form attached as Exhibit B to Part I of this Official Statement, as to the validity and binding effect of the Bonds, and the extent to which interest on the Tax-Exempt Bonds is exempt from Federal and State income taxes.

SECTION 8 – LITIGATION

No litigation is pending or, to the knowledge of the Attorney General, threatened against or affecting the State seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds.

Litigation is pending in which the State is a party. For a description of certain litigation affecting the State, see the section entitled "Litigation and Arbitration" in Part II of this Official Statement.

SECTION 9 – CLOSING CERTIFICATE

Concurrently with the delivery of the Bonds, the State will furnish: (i) a certificate signed by the Comptroller of the State of New York and dated as of the date of the delivery of and payment for the Bonds certifying with respect to Parts I and III of the Official Statement, but not with respect to Part II of the Official Statement, that as of the date of the Official Statement furnished by the State in relation to the sale of the Bonds, Parts I and III of the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, subject to the condition that, while information in Parts I and III of the Official Statement obtained from sources other than the State is not certified as to accuracy, completeness or fairness, he has no reason to believe and does not believe that such information is materially inaccurate or misleading; and (ii) a certificate signed by the Director of the Budget of the State of New York and dated as of the date of the delivery of and payment for the Bonds certifying with respect to Part II of the Official Statement, but not with respect to Parts I and III of the Official Statement, that as of the date of the Official Statement furnished by the State in relation to the sale of the Bonds and as of the date of delivery of the Bonds, Part II of the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, subject to the condition that, while information in Part II of the Official Statement obtained from sources other than the State is not certified as to accuracy, completeness or fairness, she has no reason to believe and does not believe that such information is materially inaccurate or misleading, and subject to the further condition that with regard to the statements and information in Part II under the caption "Litigation and Arbitration" such statements and information as to legal matters are given to the best of her information and belief, having made such inquiries as she deems appropriate with the Department of Law of the State of New York, without further independent investigation.

SECTION 10 – CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12

In order to assist the initial purchasers of the Bonds to comply with the provisions of paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12"), the State will undertake in a written agreement for the benefit of the Holders of the Bonds (the "Disclosure Agreement") to provide continuing disclosure of certain financial and operating data concerning the State (collectively, the "Annual Information"), notices of certain events described in the Disclosure Agreement (the "Notices") in accordance with the requirements of Rule 15c2-12 and the annual financial statements. The Division of the Budget will electronically file with the MSRB, through its EMMA system, the Annual Information on or before 120 days after the end of each State fiscal year, commencing with the fiscal year ending March 31, 2015. The Comptroller is required by existing law to issue audited annual financial statements of the State prepared in accordance with GAAP within 120 days after the close of the State fiscal year, and the Comptroller will undertake to electronically file with the MSRB, through its EMMA system, the State's annual financial statements prepared in accordance with GAAP and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in

Government Auditing Standards issued by the Comptroller General of the United States, provided, however, that if audited financial statements are not then available, unaudited financial statements shall be so filed no later than 120 days after the end of the State's fiscal year and such audited financial statements shall be electronically filed with the MSRB, through its EMMA system, if and when such statements are available. In addition, the Comptroller will also undertake to electronically file with the MSRB, through its EMMA system, any Notice in a timely manner not in excess of ten business days after the occurrence of any of the fourteen events described in the Disclosure Agreement. The proposed form of the Disclosure Agreement is attached hereto as PART I - EXHIBIT D. Copies of the Disclosure Agreement when executed by the parties thereto on the date of the initial delivery of the Bonds will be on file at the Office of the State Comptroller.

The State has not in the previous five years failed to comply, in any material respect, with any such agreements pursuant to Rule 15c2-12.

SECTION 11 – MISCELLANEOUS

In connection with offers and sales of the Bonds, no action has been taken by the State that would permit a public offering of the Bonds, or possession or distribution of any information relating to the pricing of the Bonds, this Official Statement or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, by submitting a bid, each initial purchaser agrees to comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Bonds or possesses or distributes this Official Statement or any other offering or publicity material relating to the Bonds and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Bonds under the laws and regulations in force in any country or jurisdiction to which it is subject or in which it makes such purchases, offers or sales and the State shall have no responsibility therefor.

STATE OF NEW YORK
Thomas P. DiNapoli
State Comptroller

By: /s/ Robert B. Ward
Robert B. Ward
Deputy Comptroller

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BOND AUTHORIZATIONS

The following is a listing of the purposes for which the voters of the State, at general elections in November, have authorized the issuance of general obligation bonds, as required by Article VII, Section 11 of the State Constitution for which authorization to issue additional debt remains. The listing includes the respective dates of authorization. The Table of Issuance and Bonds Outstanding that follows presents the total amount of general obligation debt authorized, authorized but unissued prior to and after the issuance of the Series 2015A Tax-Exempt Bonds and the Series 2015B Taxable Bonds and outstanding prior to the issuance of the Bonds and prior to the redemption of the Refunded Bonds. The total amount of general obligation debt authorized, authorized but unissued, and outstanding as of March 31, 2014 by purpose is set forth in the table of State General Obligation Debt in Part II of this Official Statement in the section entitled "Exhibit B – State Related Bond Authorizations."

Accelerated Capacity and Transportation Improvements of the Nineties Bonds

The Accelerated Capacity and Transportation Improvements of the Nineties Bond Act (Chapter 261, Section 50, of the Laws of 1988) authorized the creation of a State debt in an aggregate amount not exceeding $3.0 billion to provide moneys to be used for preserving, enhancing, restoring and improving the quality of the State's highway and bridge infrastructure system by the construction, reconstruction, capacity improvement, replacement, reconditioning and preservation of State highways and parkways, and bridges thereon, and municipal bridges not on the State highway system.

Clean Water/Clean Air Bonds

The Clean Water/Clean Air Bond Act of 1996 (Chapter 412 of the Laws of 1996) authorized the creation of a State debt in an aggregate amount not exceeding $1.750 billion for the single purpose of preserving, enhancing, restoring and improving the quality of the State's environment by the accomplishment of projects and the funding of activities by State agencies, public authorities and public benefit corporations, municipalities and other governmental entities and not-for-profit corporations for and related to protecting, improving, and enhancing the quality of drinking water and the enhancement of water bodies; by providing funds to open space, and for parks, historic preservation, and heritage area improvements; by providing funds for solid waste projects; by providing funds for the restoration of contaminated properties, and by providing funds for air quality projects. Such programs and their respective maximum debt authorizations are as follows: (1) for the creation of a State safe drinking water program ($355 million), (2) for preserving, enhancing, restoring and improving the quality of water ($790 million), (3) for solid waste projects ($175 million), (4) for restoring and improving contaminated areas and returning them to productive use ($200 million), and (5) for preserving, enhancing, restoring and maintaining the quality of the air ($230 million).

Environmental Quality 1972 Bonds

The Environmental Quality Bond Act (Chapter 658 of the Laws of 1972) authorized the creation of a State debt in an aggregate amount not exceeding $1.150 billion for the purpose of preserving, enhancing, restoring and improving the quality of the State's environment for three basic programs, each of which contains its own maximum debt authorization. Such programs and their respective limitations on the use of proceeds are as follows: (1) for the preservation, enhancement, restoration and improvement of the quality of water ($650 million); (2) for the preservation, enhancement, restoration and improvement of the quality of air ($150 million); and (3) for the preservation, enhancement, restoration and improvement of the quality of land ($350 million).

Environmental Quality 1986 Bonds

The Environmental Quality Bond Act of 1986 (Chapter 511 of the Laws of 1986) authorized the creation of a State debt in an aggregate amount not exceeding $1.450 billion to provide moneys to be used for preservation, enhancement, restoration and improvement of the quality of the State's environment by the remediation of sites containing hazardous wastes; by the closure of municipal landfills; by the acquisition of land or interests in land within the Adirondack and Catskill parks; by the acquisition of environmentally sensitive areas, including areas of aquifer recharge, exceptional scenic beauty, exceptional forest character, open space, pine barrens, public access, trailways, unique character, wetlands and wildlife habitat; and by the improvement, restoration and rehabilitation of State and municipal historic sites, the acquisition, development and improvement of municipal park and recreation facilities and the development of urban cultural parks; and by the acquisition, improvement, restoration and rehabilitation of historic properties owned or to be acquired by not-for-profit corporations. The programs authorized and their respective debt authorizations are as follows: (1) for hazardous waste site remediation and municipal non-hazardous waste landfill closure ($1.2 billion), of which up to $100 million shall be available to municipalities to assist in the closure of municipal landfills; and (2) for acquisition of forest preserve and environmentally sensitive lands, and for the acquisition, development, improvement and restoration of real property for conservation, recreation, and historic preservation purposes ($250 million).

Housing Bonds and Urban Renewal Bonds

Article XVIII, Section 3 of the State Constitution, which took effect January 1, 1939, authorized the creation of a State debt in an aggregate amount not exceeding $300 million for the purpose of making loans to any city, town, village, public corporation or limited profit housing corporation for the construction of low rent housing for persons of low income as defined by law and for the clearance, replanning, reconstruction and rehabilitation of substandard and unsanitary areas, and for recreational and other facilities incidental or appurtenant thereto. Subsequently, in each of the years 1947, 1949, 1954 and 1958, the voters approved the creation of additional housing debt in the amounts of $135 million, $300 million, $200 million and $200 million, respectively. The $300 million of original authorization was not segregated by type of housing project. Subsequent authorizations, however, were designated for low income housing, middle income housing or urban renewal.

Outdoor Recreation Development Bonds

The Outdoor Recreation Development Bond Act (Chapter 558 of the Laws of 1965) authorized the creation of a State debt in an aggregate amount not exceeding $200 million to provide moneys to be used, in such manner and upon such terms and conditions as the Legislature may prescribe, for development and acquisition of lands for outdoor recreation purposes, including parks, forest recreation areas, marine facilities and historic sites.

Park and Recreation Land Acquisition Bonds

The Park and Recreation Land Acquisition Bond Act (Chapter 522 of the Laws of 1960) and the Park and Recreation Land Acquisition Bond Act of 1962 (Chapter 443 of the Laws of 1962) authorized the creation of a State debt in an aggregate amount not exceeding $100 million to provide moneys to be used for the purpose of temporarily financing the acquisition of predominately open or natural lands, for conservation and outdoor recreation development particularly in and near rapidly growing urban and suburban areas to meet future needs of an expanding population, for the acquisition of additional State park lands, and for State grants to cities, counties, towns and villages and to cities, counties, towns and villages on behalf of improvements districts in acquiring similar lands for municipal parks for matching Federal funds which may from time to time be made available by Congress for such purposes.

Pure Waters Bonds

The Pure Waters Bond Act (Chapter 176 of the Laws of 1965) authorized the creation of a State debt in an aggregate amount not exceeding $1.0 billion to provide moneys to be used for the non-local share of the costs of construction, reconstruction and improvement by a political subdivision or a public benefit corporation of the State of facilities for the purpose of treating, neutralizing, or stabilizing sewage, including treatment or disposal plants and for other necessary facilities to ensure pure water for the State. The non-local share to be financed by the State may not exceed 60% of the total cost.

Rebuild New York Through Transportation Infrastructure Renewal Bonds

The Rebuild New York Through Transportation Infrastructure Renewal Bond Act (Chapter 836 of the Laws of 1983) authorized the creation of a State debt in an aggregate amount not exceeding $1.250 billion to provide moneys to be used for the preservation, enhancement, restoration and improvement of the quality of the State's transportation infrastructure system by the construction, reconstruction, improvement, reconditioning and preservation of State highways, bridges and parkways and highways and bridges not on the State highway system, including the improvement and/or elimination of highway-railroad grade crossings on or off State highways and the improvement or construction of commuter rail parking facilities, ports, marine terminals, canals, waterways, rail freight, rail passenger, rail rapid transit, commuter rail, omnibus systems and facilities and airport and aviation capital facilities. Such programs and their respective maximum debt authorizations are as follows: (1) highways, bridges, parkways, grade-crossings and commuter rail parking ($1.005 billion); (2) ports, marine terminals, canals and waterways ($75 million); and (3) rail freight, rail passenger, rapid transit, commuter rail, omnibus and airport and aviation facilities ($170 million). In each of the above categories the Legislature may increase the maximum debt authorization provided that such increase is simultaneously offset by appropriate decreases in one or more categories. Such action has been taken and the maximum amount authorized to be issued for each purpose as of the date of this Official Statement is $1.064 billion, $49.36 million and $136.64 million for the purposes (1), (2), and (3), respectively.

Rebuild and Renew New York Transportation Bonds

The Rebuild and Renew New York Transportation Bond Act of 2005 (Chapter 60 of the Laws of 2005) authorized the creation of a State debt in an aggregate amount not exceeding $2.9 billion to provide monies for the single purpose of improving, enhancing, preserving and restoring the quality of the state's transportation infrastructure. The limitations on the use of proceeds are as follows: (a) $1.45 billion for the planning and design, construction, reconstruction, replacement, improvement, reconditioning, rehabilitation and preservation of State highways, bridges and parkways; highways and bridges off the State highway system if the project is necessary or incidental to the canal system; border crossing enhancements; the improvement and/or elimination of highway-railroad grade crossings; pedestrian and/or bicycle trails, pathways and bridges; the canal system and moveable bridges that cross over the canal system; certain airports or aviation facilities and equipment, ports and marine terminals; omnibus, mass transit and rapid transit facilities and equipment excluding those operated or acquired by or under the jurisdiction of the metropolitan transportation authority and its subsidiaries and the Triborough Bridge and Tunnel Authority; certain urban, commuter and intercity passenger rail, freight rail, and intermodal passenger and freight facilities and equipment and (b) $1.45 billion for the planning and design, construction, reconstruction, replacement, improvement, reconditioning, rehabilitation and preservation in connection with urban and commuter passenger and freight rail, omnibus, mass transit and rapid transit systems, facilities and equipment including acquisition, operated or acquired by or under the jurisdiction of the metropolitan transportation authority and its subsidiaries and the New York City Transit Authority and its subsidiaries.

Smart Schools Bonds

The Smart Schools Bond Act of 2014 (Chapter 56 of the Laws of 2014) authorized the creation of a State debt in an aggregate amount not exceeding $2.0 billion to provide monies for the single purpose of improving learning and opportunity for public and nonpublic school students of the state by funding capital projects to: acquire learning technology equipment or facilities including, but not limited to, interactive whiteboards, computer servers, and desktop, laptop and tablet computers; install high-speed broadband or wireless internet connectivity for schools and communities; construct, enhance, and modernize educational facilities to accommodate pre-kindergarten programs and provide instructional space to replace transportable classroom units; and install high-tech security features in school buildings and on school campuses.

GENERAL OBLIGATION BONDS
TABLE OF ISSUANCE AND BONDS OUTSTANDING
(Dollars in Thousands)

PURPOSE	BONDS AUTHORIZED AS OF 01-31-2015	AUTHORIZED BUT UNISSUED AS OF 01-31-2015[1]	BONDS BEING ISSUED 03-19-2015 (Net Proceeds)[2]	REMAINING AUTHORIZED BUT UNISSUED[1,2]	BONDS OUTSTANDING AS OF 01-31-2015[1,3]
TRANSPORTATION BONDS:					
Rebuild and Renew New York Transportation Bonds (2005)					
Highway Facilities/Other Transportation (Excl. MTA)	$ 1,450,000	$ 203,987	$ 104,038	$ 99,949	$ 973,217
Mass Transit - Metropolitan Transportation Authority	1,450,000	385,848	-	385,848	909,355
Accelerated Capacity and Transportation Improvements of the Nineties (1988)	3,000,000	20,231	-	20,231	158,671
Rebuild New York Through Transportation Infrastructure Renewal (1983)					
Highway Related Projects	1,064,000	20,529	30	20,499	2,601
Ports, Canals, and Waterways	49,360	-	-	-	-
Rapid Transit, Rail and Aviation Projects	136,640	-	-	-	8,265
Energy Conservation Through Improved Transportation (1979)					
Local Streets and Highways	100,000	-	-	-	-
Rapid Transit and Rail Freight	400,000	-	-	-	5,508
Rail Preservation (1974)	250,000	-	-	-	747
Transportation Capital Facilities (1967)					
Highways	1,250,000	-	-	-	-
Mass Transportation	1,000,000	-	-	-	78
Aviation	250,000	-	-	-	9,412
Total Transportation Bonds	**10,400,000**	**630,595**	**104,068**	**526,527**	**2,067,854**
ENVIRONMENTAL BONDS:					
Clean Water/Clean Air (1996)					
Air Quality	230,000	29,708	-	29,708	14,994
Safe Drinking Water	355,000	-	-	-	8
Clean Water	790,000	91,481	29,663	61,818	430,787
Solid Waste	175,000	3,191	287	2,904	47,535
Environmental Restoration	200,000	46,883	23,801	23,082	80,458
Environmental Quality (1986)					
Land and Forests	250,000	2,274	1,239	1,035	20,372
Solid Waste Management	1,200,000	48,990	-	48,990	258,693
Environmental Quality (1972)					
Air	150,000	12,353	-	12,353	3,021
Land and Wetlands	350,000	9,640	2,285	7,355	8,705
Water	650,000	2,332	-	2,332	41,094
Outdoor Recreation Development (1966)	200,000	230	-	230	-
Pure Waters (1965)	1,000,000	19,924	-	19,924	40,136
Park and Recreation Land Acquisition (1960)	100,000	772	-	772	12
Total Environmental Bonds	**5,650,000**	**267,778**	**57,275**	**210,503** -	**945,815**
EDUCATIONS BONDS:					
Smart Schools Bond Act (2014)	2,000,000	2,000,000	-	2,000,000	-
	2,000,000	**2,000,000**	**-**	**2,000,000**	**-**
HOUSING BONDS:					
Low-Income Housing (through 1958)	960,000	7,928	-	7,928	19,890
Middle-Income Housing (through 1958)	150,000	500	-	500	17,285
Urban Renewal (1958)	25,000	1,575	-	1,575	-
Total Housing Bonds	**1,135,000**	**10,003**	**-**	**10,003**	**37,175**
TOTAL GENERAL OBLIGATION DEBT	**$ 19,185,000**	**$ 2,908,376**	**$ 161,343**	**$ 2,747,033**	**$ 3,050,844**

1. Reflects unaudited amounts.
2. Reflects issuance of the Series 2015A and 2015B Bonds.
3. Prior to issuance of the Bonds and prior to redemption of the Refunded Bonds.

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FORM OF ATTORNEY GENERAL'S OPINION

[Closing Date]

Honorable Thomas P. DiNapoli
State Comptroller
110 State Street
Albany, New York 12236

Dear Sir:

The Comptroller has requested my opinion regarding the validity of General Obligation Bonds of the State of New York, $142,555,000 Series 2015A Tax-Exempt Bonds (the "Series 2015A Tax-Exempt Bonds"), $5,640,000 Series 2015B Taxable Bonds (the "Series 2015B Taxable Bonds") and $181,030,000 Series 2015C Tax-Exempt Refunding Bonds (the "Series 2015C Tax-Exempt Refunding Bonds") (the Series 2015A Tax-Exempt Bonds, the Series 2015B Taxable Bonds and the Series 2015C Tax-Exempt Refunding Bonds being collectively referred to as the "Bonds") which were sold on March 10, 2015.

The Comptroller advises that the Series 2015A Tax-Exempt Bonds and the Series 2015B Taxable Bonds are being issued for the purposes and in the amounts set forth below.

$142,555,000 Series 2015A Tax-Exempt Bonds

Purpose	**Amount**	**Maturing March 15**
Rebuild New York Through Transportation Infrastructure Renewal Bonds		
Highways	$ 25,852	2016-2025
Rebuild and Renew New York Transportation Bonds		
Highway Facilities	57,316,976	2016-2035
Highway Facilities	17,157,714	2016-2025
Rails & Ports	7,087,215	2016-2045
Rails & Ports	3,296,390	2016-2030
Aviation	105,622	2016-2025
Canal	5,985,961	2016-2025
Environmental Quality 1986		
Historic Preservation	1,106,214	2016-2035
Clean Water/Clean Air		
Clean Water	26,991,900	2016-2045
Clean Water	85,446	2016-2035
Solid Waste	245,510	2016-2025
Environmental Restoration	21,197,086	2016-2035
Environmental Quality 1972		
Land	1,953,114	2016-2025
	$142,555,000	

$5,640,000 Series 2015B Taxable Bonds

Purpose	Amount	Maturing March 15
Rebuild and Renew New York Transportation Bonds		
Highway Facilities	$ 3,156,197	2016-2025
Environmental Quality 1986		
Historic Preservation..	30,881	2016-2025
Clean Water/Clean Air		
Clean Water..	1,803,281	2016-2025
Environmental Restoration	649,641	2016-2025
	$ 5,640,000	

The Comptroller further advises that the proceeds of the Series 2015C Tax-Exempt Refunding Bonds will be used to pay certain costs of issuance of the Series 2015C Tax-Exempt Refunding Bonds and to purchase United States government obligations, the interest and maturing principal of which, will be used to pay the principal and redemption price of, and interest on the State's General Obligation Bonds to be refunded which are described in Exhibit C of Part I of the Official Statement (defined below).

You further advise the following with respect to the Bonds. The Bonds will be dated the date of delivery and will mature or be subject to mandatory redemption on the dates in each of the years set forth in the respective tables in the Official Statement with respect to the Bonds (the "Official Statement"). The Bonds will be issued as registered bonds, and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interests in the Bonds purchased. Beneficial ownership interests in each series of the Bonds in the amount of $5,000 or any integral multiple thereof may be purchased by or through DTC Participants. Interest on the Series 2015A Tax-Exempt Bonds and the Series 2015B Taxable Bonds will be payable beginning on September 15, 2015 and semi-annually thereafter on each March 15 and September 15 until maturity. Interest on the Series 2015C Tax-Exempt Refunding Bonds will be payable beginning on October 15, 2015 and semi-annually thereafter on each April 15 and October 15 until maturity.

The Series 2015A Tax-Exempt Bonds will be issued pursuant to the authority contained in Article VII, Sections 11 and 12 of the State Constitution, Sections 56, 57 and 61 of the State Finance Law and appropriation acts enacted by the State Legislature. The Series 2015B Taxable Bonds will be issued pursuant to the authority contained in Article VII, Sections 11 and 12 of the State Constitution, Sections 56, 57 and 61 of the State Finance Law and appropriation acts enacted by the State Legislature. The Series 2015C Tax-Exempt Refunding Bonds will be issued pursuant to Article VII, Section 13 of the Constitution of the State of New York and Sections 56 and 57 of the State Finance Law.

The transcript of the proceedings and the forms of the Bonds enclosed with the Comptroller's request have been examined by members of my staff. You are advised that after consideration of the provisions of the State Constitution, the pertinent sections of the State Finance Law and the statutes above referred to, it is my opinion, based upon such inquiry as members of my staff have deemed appropriate, that the Bonds are legally issued in accordance with such Constitution and laws and that the Bonds constitute valid and legally binding general obligations of the State of New York to which its full faith and credit are pledged.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements that must be met after the Series 2015A Tax-Exempt Bonds and the Series 2015C Tax-Exempt Refunding Bonds (collectively, the "Tax-Exempt Bonds") have been validly issued and delivered in order that interest on the Tax-Exempt Bonds will be and will remain excludable from gross income pursuant to Section 103 of the Code. Such requirements may include the rebating of certain amounts earned from the investment of the proceeds of the Tax-Exempt Bonds. Rebates of any such amounts are subject to future appropriations by the State Legislature. You have provided me with an Arbitrage and Use of Proceeds Certificate prepared and executed by you, dated the date hereof with respect to the Series 2015A Tax-Exempt Bonds and the Series 2015C Tax-Exempt Refunding Bonds ("Certificate"), which contains provisions and procedures regarding compliance with the requirements of the Code. In executing the Certificate, you have certified to the effect that you expect to be able to and will comply with the provisions and procedures set forth therein, including any attachments thereto, and that to the extent authorized by law you will do and perform all acts and things necessary or desirable to assure that interest paid on the Tax-Exempt Bonds is excludable from gross income under Section 103 of the Code. You have also provided me with executed certificates of other governmental officers and entities relating to the use of the proceeds of the Tax-Exempt Bonds. No matters have come to my personal attention which would lead me to believe that the Certificate is incorrect or unreasonable.

Based on the contents of the Certificate and assuming compliance therewith and with subsequent rebating and other requirements, it is my opinion, based upon such inquiry as members of my staff have deemed appropriate, that, under the Code and other existing statutes, regulations, administrative rulings, and court decisions, interest on the Tax-Exempt Bonds is excludable from the gross income of the recipients thereof for Federal income tax purposes pursuant to Section 103 of the Code and that such interest will not be treated as a specific preference item in calculating the alternative minimum tax that may be imposed under the Code with respect to individuals and corporations. However, interest on the Tax-Exempt Bonds will be includable in adjusted current earnings for purposes of calculating the Federal alternative minimum tax that may be imposed on corporations. Based on the contents of such Certificate, and assuming compliance therewith and with subsequent rebating and other requirements, it is my further opinion that interest on the Tax-Exempt Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York and the City of Yonkers.

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Tax-Exempt Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity (in general, the "issue price" of a maturity means the first price at which a substantial amount of those Tax-Exempt Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers)). For any Tax-Exempt Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Tax-Exempt Bonds.

Except as stated in the two preceding paragraphs, I express no opinion as to any Federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof. This opinion is based on existing law as of the date hereof and I assume no obligation to update this opinion after the date hereof to reflect any future action, fact or circumstance, or change in law. Furthermore, I express no opinion as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than myself on the exclusion from gross income for Federal income tax purposes of interest on the Tax-Exempt Bonds, or under state and local law.

Ownership of the Tax-Exempt Bonds may have other collateral tax consequences, not discussed herein, concerning which no opinion is expressed.

I further advise you that this letter contains my only opinion as to the validity and binding effect of the Bonds.

Very truly yours,

ERIC T. SCHNEIDERMAN
Attorney General

DESCRIPTION OF THE REFUNDED BONDS

Series	Dated Date	Maturity Date	Principal Amount	Interest Rate	Anticipated Redemption Date	Redemption Price	CUSIP
2005A	3/16/2005	3/15/2016	$ 6,445,000	4.000%	4/20/2015	100%	649787K56
2005A	3/16/2005	3/15/2017	6,700,000	5.000%	4/20/2015	100%	649787K64
2005A	3/16/2005	3/15/2018	7,035,000	5.000%	4/20/2015	100%	649787K72
2005A	3/16/2005	3/15/2019	7,390,000	4.500%	4/20/2015	100%	649787K80
2005A	3/16/2005	3/15/2020	7,730,000	4.500%	4/20/2015	100%	649787K98
2005A	3/16/2005	3/15/2021	7,890,000	4.500%	4/20/2015	100%	649787L22
2005A	3/16/2005	3/15/2022	8,245,000	4.500%	4/20/2015	100%	649787L30
2005A	3/16/2005	3/15/2023	8,615,000	4.500%	4/20/2015	100%	649787L48
2005A	3/16/2005	3/15/2024	9,005,000	4.500%	4/20/2015	100%	649787L55
2005A	3/16/2005	3/15/2025	9,415,000	4.500%	4/20/2015	100%	649787L63
2005A	3/16/2005	3/15/2026	1,880,000	4.500%	4/20/2015	100%	649787L71
2005A	3/16/2005	3/15/2027	1,965,000[1]	4.500%	4/20/2015	100%	649787L89
2005A	3/16/2005	3/15/2028	2,050,000[1]	4.500%	4/20/2015	100%	649787L89
2005A	3/16/2005	3/15/2029	2,145,000[2]	4.500%	4/20/2015	100%	649787L97
2005A	3/16/2005	3/15/2030	2,240,000[2]	4.500%	4/20/2015	100%	649787L97
2005A	3/16/2005	3/15/2031	2,340,000[3]	4.500%	4/20/2015	100%	649787M21
2005A	3/16/2005	3/15/2032	2,445,000[3]	4.500%	4/20/2015	100%	649787M21
2005A	3/16/2005	3/15/2033	2,555,000[3]	4.500%	4/20/2015	100%	649787M21
2005A	3/16/2005	3/15/2034	2,670,000[3]	4.500%	4/20/2015	100%	649787M21
2005A	3/16/2005	3/15/2035	2,790,000[3]	4.500%	4/20/2015	100%	649787M21
			$101,550,000				
2005C	3/16/2005	4/15/2016	$ 32,250,000	5.000%	4/20/2015	100%	649787P36
2005C	3/16/2005	4/15/2017	31,885,000	5.000%	4/20/2015	100%	649787P44
2005C	3/16/2005	4/15/2018	15,525,000	4.000%	4/20/2015	100%	649787P51
2005C	3/16/2005	4/15/2019	4,805,000	4.000%	4/20/2015	100%	649787P69
2005C	3/16/2005	4/15/2020	4,310,000	4.000%	4/20/2015	100%	649787P77
2005C	3/16/2005	4/15/2021	1,370,000	4.125%	4/20/2015	100%	649787P85
2005C	3/16/2005	4/15/2022	1,725,000	4.125%	4/20/2015	100%	649787P93
2005C	3/16/2005	4/15/2023	1,040,000	4.250%	4/20/2015	100%	649787Q27
2005C	3/16/2005	4/15/2024	1,090,000	4.250%	4/20/2015	100%	649787Q35
2005C	3/16/2005	4/15/2025	670,000	4.250%	4/20/2015	100%	649787Q43
2005C	3/16/2005	4/15/2026	700,000	4.250%	4/20/2015	100%	649787Q50
2005C	3/16/2005	4/15/2027	340,000[4]	4.250%	4/20/2015	100%	649787Q68
2005C	3/16/2005	4/15/2028	355,000[4]	4.250%	4/20/2015	100%	649787Q68
2005C	3/16/2005	4/15/2029	370,000[4]	4.250%	4/20/2015	100%	649787Q68
2005C	3/16/2005	4/15/2030	390,000[4]	4.250%	4/20/2015	100%	649787Q68
			$ 96,825,000				
		Total	$198,375,000				

[1] Sinking fund payment on March 15, 2028 term bond.
[2] Sinking fund payment on March 15, 2030 term bond.
[3] Sinking fund payment on March 15, 2035 term bond.
[4] Sinking fund payment on April 15, 2030 term bond.

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STATE OF NEW YORK
GENERAL OBLIGATION BONDS
SERIES 2015A TAX-EXEMPT BONDS
SERIES 2015B TAXABLE BONDS
SERIES 2015C TAX-EXEMPT REFUNDING BONDS

Dated March 19, 2015

AGREEMENT TO PROVIDE CONTINUING DISCLOSURE
UNDER SEC RULE 15c2-12

THIS AGREEMENT is made by the State acting by and through the Comptroller and the Director (all as defined below in Section 1).

In order to permit the initial purchasers of the Bonds to comply with the provisions of Rule 15c2-12(b)(5) in connection with the public offering of the Bonds, the State, in consideration of the mutual covenants herein contained and other good and lawful consideration, hereby agrees, for the sole and exclusive benefit of the Holders, as follows:

Section 1. Definitions. Capitalized terms used but not defined herein as follows shall have the meaning ascribed to them in any other document executed in connection with the issuance of the Bonds.

"Annual Information" shall mean the information specified in Section 3 hereof.

"Bonds" shall mean, collectively, $142,555,000 General Obligation Bonds, Series 2015A Tax-Exempt Bonds, $5,640,000 General Obligation Bonds, Series 2015B Taxable Bonds and $181,030,000 General Obligation Bonds, Series 2015C Tax-Exempt Refunding Bonds of the State of New York, dated March 19, 2015.

"Comptroller" shall mean the Comptroller of the State of New York.

"Director" shall mean the Director of the Budget of the State of New York.

"DTC" shall mean The Depository Trust Company.

"EMMA" shall mean the Electronic Municipal Market Access system described in Securities Exchange Act Release No. 34-59062 (or any successor electronic information system) and maintained by the MSRB as the sole repository for the central filing of electronic disclosure pursuant to Rule 15c2-12.

"GAAP" shall mean generally accepted accounting principles as in effect from time to time in the United States.

"GAAS" shall mean generally accepted auditing standards as in effect from time to time in the United States.

"Holder" shall mean any registered owner of Bonds and, if the Bonds are registered in the name of Cede & Co. through DTC, any beneficial owner of Bonds, unless the staff of the Securities and

Exchange Commission determines that the Rule does not require the Agreement to be for the benefit of such beneficial owners.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Official Statement" shall mean the official statement dated March 10, 2015 issued in connection with the sale of the Bonds.

"Rule 15c2-12" shall mean Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended through the date of this Agreement, including any official interpretations thereof promulgated on or prior to the date of this Agreement.

"State" shall mean the State of New York, an "obligated person" with respect to the Bonds within the meaning of Rule 15c2-12, acting by and through the Director or the Comptroller, as the case may be.

Section 2. **Obligations to Provide Continuing Disclosure**

(a) Annual Information. The State, acting by and through the Director, hereby undertakes, for the benefit of Holders of the Bonds, to electronically file with the MSRB, no later than 120 days after the end of each of its fiscal years, commencing with the fiscal year ending March 31, 2015, the Annual Information relating to such fiscal year.

(b) Audited Financials. The State, acting by and through the Comptroller, hereby undertakes, for the benefit of the Holders of the Bonds, to electronically file with the MSRB, no later than 120 days after the end of each of its fiscal years, commencing with the fiscal year ending March 31, 2015, audited financial statements of the State for such fiscal year; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be so provided no later than 120 days after the end of the State's fiscal year and such audited financial statements shall be electronically filed with the MSRB if and when they become available.

(c) Notice to Comptroller. The Director shall notify the Comptroller of the occurrence of any of the fourteen events listed in Section 2(d)(1) through (14) hereof promptly upon becoming aware of the occurrence of any such event, including, without limitation, any change in the State's credit rating by any rating agency.

(d) Notification to the MSRB. The State, acting by and through the Comptroller, hereby undertakes, for the benefit of the Holders of the Bonds, to electronically file with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of any of the fourteen events listed below, notice of the occurrence of any such event with respect to the Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) a substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(7) modifications to rights of security holders, if material;

(8) bond calls, if material, and tender offers;

(9) defeasance;

(10) release, substitution, or sale of property securing repayment of the securities, if material;

(11) a rating change;

(12) bankruptcy, insolvency, receivership or similar event of any obligated person;

(13) consummation of a merger, consolidation, acquisition involving an obligated person or sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and

(14) appointment of a successor or additional trustee or the change of name of trustee, if material.

The State, acting by and through the Comptroller, also hereby agrees to electronically file with the MSRB, in a timely manner, notice of a failure by the State to comply with Section 2(a) or (b) hereof.

(e) Interpretation and Modification of Disclosure Obligation. The requirements contained in this Agreement under Section 3(a) are intended to set forth a general description of the type of financial information and operating data to be provided; such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of Section 3(a) call for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided.

(f) Other Information. Nothing herein shall be deemed to prevent the State from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the State should disseminate any such additional information, the State shall have no obligation hereunder to update such information or include it in any future materials disseminated hereunder.

(g) MSRB Prescribed Identifying Information. All documents provided to the MSRB pursuant to this Agreement shall be accompanied by identifying information as prescribed from time to time by the MSRB.

Section 3. **Annual Information**

(a) Specified Information. The Annual Information shall consist of the following:

(i) financial and operating data of the type included in the Annual Information Statement of the State, which is included as Part II of the Official Statement for the Bonds, under the headings or sub-headings "Prior Fiscal Years", "Debt and Other Financing Activities", "State Government Employment", "State Retirement Systems" and "Authorities and Localities", including, more specifically, information consisting of:

(1) *for prior fiscal years*, an analysis of cash-basis results for the State's three most recent fiscal years, and a presentation of the State's results in accordance with GAAP for at least the two most recent fiscal years for which that information is then currently available;

(2) *for debt and other financing activities*, a description of the types of financings the State is authorized to undertake, a presentation of the outstanding debt issued by the State and certain public authorities, as well as information concerning debt service requirements on that debt;

(3) *for authorities and localities*, information on certain public authorities and local entities whose financial status may have a material impact on the financial status of the State; and

(4) material information regarding State government employment and retirement systems; together with

(ii) such *narrative explanation* as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial and operating data concerning the State and in judging the financial information about the State.

(b) Cross Reference. All or any portion of the Annual Information may be incorporated in the Annual Information by cross-reference to any other documents which have been electronically filed with the MSRB or filed with the Securities and Exchange Commission; provided however, that if the document is an official statement, it shall have been electronically filed with the MSRB and need not have been filed elsewhere. The audited financial statements of the State may be provided in the same manner.

Section 4. **Financial Statements**

The annual financial statements of the State for each fiscal year shall be prepared in accordance with GAAP as in effect from time to time (unless applicable accounting principles are otherwise disclosed) and audited by an independent auditing firm in accordance with GAAS (but only if audited financial statements are otherwise available for such fiscal year).

Section 5. **Remedies**

If the State should fail to comply with any provision of this Agreement, then, and, as a direct or third-party beneficiary, as the case may be, any Holder of Bonds may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Agreement against the State and any of its officers, agents and employees, and may compel the State or any such officers, agents or employees to perform and carry out their duties under this Agreement; provided, that the sole and exclusive remedy for breach of this Agreement shall be an action to compel specific performance of the obligations of the State hereunder, and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances; and provided, further, that the rights of any Holder to challenge the adequacy of the information provided in accordance with Section 2 hereunder shall be subject to the same limitations and conditions applicable to enforcement of remedies of Holders with respect to any event of default. Failure by the State to perform its obligations hereunder shall not constitute an event of default under any agreement executed and delivered in connection with the issuance of the Bonds or under any statute or common law principle. In consideration of the third party beneficiary status of beneficial owners of Bonds pursuant to Section 6, beneficial owners shall be deemed to be Holders of Bonds for purposes of this Section 5.

Section 6. **Parties in Interest**

This Agreement is executed and delivered solely for the benefit of the Holders of the Bonds. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. **Amendments**

(a) Without the consent of any Holders of Bonds, the State, at any time and from time to time, may enter into amendments or changes to this Agreement for any purpose, if:

(i) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, or nature, or status of the State or any type of business or affairs conducted by it;

(ii) the undertakings set forth herein, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering of the Bonds, after taking into account any amendments to, or interpretation by the staff of the Securities and Exchange Commission of, Rule 15c2-12, as well as any changes in circumstances; and

(iii) the amendment does not materially impair the interests of the Holders, as determined by the Attorney General of the State of New York, as Bond Counsel with respect to issuance of the Bonds or by nationally recognized bond counsel. (In determining whether there is such a material impairment, the State may rely upon an opinion of the Attorney General of the State of New York or nationally recognized bond counsel.)

(b) Annual Information for any fiscal year containing any amended operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such amendment and the impact of the change in the type of operating data or financial information in the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such amendment, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles and those prepared on the basis of the former accounting principles. Such discussion shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible such comparison shall also be quantitative. A notice of any such change in accounting principles shall be electronically filed with the MSRB.

Section 8. **Termination**

This Agreement shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Bonds shall have been paid in full or the Bonds shall have otherwise been paid or legally defeased; provided, however, that if Rule 15c2-12 (or any successor provision) shall be amended, modified or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided hereunder; and provided, further, that if and to the extent Rule 15c2-12 (or any successor provision), or any provision thereof, shall be declared by a court of competent and final jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Bonds, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of Rule 15c2-12 so declared, shall no longer be required to be provided hereunder. Upon any legal defeasance, the State shall electronically file notice of such defeasance with the MSRB, and such notice shall state whether the Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 9. **Governing Law**

This Agreement shall be governed by the Laws of the State of New York determined without regard to principles of conflict of Law; provided, however, that to the extent this Agreement addresses matters of Federal securities laws, including Rule 15c2-12, this Agreement shall be governed by such Federal securities laws and official interpretations thereof.

Section 10. **Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this Agreement as of the date first above written.

THE STATE OF NEW YORK
Obligated Person

THOMAS P. DINAPOLI
State Comptroller

By: ______________________________
Name:
Title:

MARY BETH LABATE
Director of the Budget

By: ______________________________
Name:
Title:

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PART II

INFORMATION CONCERNING THE STATE OF NEW YORK

Part II contains the Annual Information Statement of the State of New York ("Annual Information Statement" or "AIS"), as updated or supplemented to the date specified therein. The State intends to update and supplement that Annual Information Statement as described therein. It has been supplied by the State to provide information about the financial condition of the State.

The AIS set forth in this Part II is dated June 11, 2014. It was updated on March 2, 2015. The AIS was filed with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system. An electronic copy of this AIS can be accessed through the EMMA system at www.emma.msrb.org. An official copy of the AIS may be obtained by contacting the Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 473-8705. An informational copy of the AIS is available on the Internet at http://www.budget.ny.gov.

The Basic Financial Statements and Other Supplementary Information for the State fiscal year ended March 31, 2014 were prepared by the Office of the State Comptroller in accordance with accounting principles generally accepted in the United States of America and independently audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Basic Financial Statements and Other Supplementary Information were issued on July 29, 2014 and are referred to or set forth herein. The Basic Financial Statements and Other Supplementary Information, which are included in the Comprehensive Annual Financial Report, may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 Tel: (518) 474-4015.

The Annual Information Statement of the State of New York (including any and all updates and supplements thereto) may not be included in an Official Statement or included by reference in an Official Statement without the express written authorization of the State of New York, Division of the Budget, State Capitol, Albany, NY 12224.

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Update to Annual Information Statement State of New York

March 2, 2015

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Annual Information Statement Update
March 2, 2015

Table of Contents

Annual Information Statement Update
March 2, 2015

Introduction

This is the third quarterly update (the "AIS Update") to the Annual Information Statement of the State of New York (the "AIS"), dated June 11, 2014. The first quarterly update was issued on September 4, 2014, and the second quarterly update was issued on November 24, 2014. This AIS Update contains information only through March 2, 2015 and should be read in its entirety, together with the AIS.

In this AIS Update, readers will find:

1. A summary of recent events and changes to the Financial Plan made since the last quarterly update to the AIS dated November 24, 2014 (the "Prior Quarterly Update"). This summary includes the estimated impact of the Governor's Executive Budget proposal for Fiscal Year ("FY") 2016, as amended (the "Executive Budget"), a report on which was issued on February 25, 2015 and is available on the Division of the Budget ("DOB") website at www.budget.ny.gov. The updated information includes (a) revised Financial Plan projections for FY 2015 through FY 2018[1] and initial projections for FY 2019 (the "Updated Financial Plan" or "Executive Budget Financial Plan"), (b) an updated economic forecast, and (c) operating results through the third quarter of FY 2015.

2. A discussion of issues and risks that may affect the Financial Plan during the State's current fiscal year or in future years (under the heading "Other Matters Affecting the State Financial Plan").

3. A summary of the Generally Accepted Accounting Principles ("GAAP")-basis results for the prior three fiscal years (reprinted as a convenience from the First Quarterly Update to the AIS released in September 2014).

4. Updated information regarding the State Retirement Systems.

5. Updated information on certain public authorities and localities of the State.

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

7. Financial plan tables that summarize actual General Fund receipts and disbursements for fiscal year 2014 and projected receipts and disbursements for fiscal years 2015 through 2018 on a General Fund, State Operating Funds and All Governmental Funds basis.

[1] The fiscal year is identified by the calendar year in which it ends. For example, fiscal year 2015 ("FY 2015") is the fiscal year that began on April 1, 2014 and will end on March 31, 2015.

DOB is responsible for preparing the State's Financial Plan and presenting the information that appears in this AIS Update on behalf of the State. In preparing this AIS Update, DOB has also relied on information drawn from other sources, including the Office of the State Comptroller ("OSC"). In particular, information contained in the section entitled "State Retirement Systems" has been furnished by OSC, while information relating to matters described in the section entitled "Litigation and Arbitration" 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 Update.

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

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

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

On July 29, 2014, OSC issued the Basic Financial Statements for FY 2014 (ended March 31, 2014). Copies may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 and on its website at www.osc.state.ny.us. The Basic Financial Statements for FY 2014 can also be accessed through EMMA at www.emma.msrb.org.

Usage Notice

This AIS Update has been prepared and made available by the State pursuant to its contractual obligations 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 payment of their respective bonds, notes or other obligations.

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

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

Budgetary and Accounting Practices

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

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

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

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

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

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

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

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

The State Financial Plan projections for future years have often shown budget gaps in the General Fund. Budget gaps represent the difference between: (a) the projected General Fund disbursements, including transfers to other funds, needed to maintain current services levels and specific commitments, and (b) the expected level of resources to pay for these disbursements. Any General Fund gap estimates are based on a number of assumptions and projections developed by the DOB in conjunction with other State agencies. Some projections are based on specific, known information (e.g., a statutory requirement to increase payments to a prescribed level), while others are based on more uncertain or speculative information (e.g., the pace at which a new program will enroll recipients). In addition, the Financial Plan assumes that money appropriated in one fiscal year will continue to be appropriated in future years, even for programs that were not created in permanent law and that the State has no obligation to fund. Funding levels for nearly all State programs are made (or, in the case of two-year appropriations, reviewed) annually, taking into account the current and projected fiscal position of the State. The Financial Plan projections for FY 2016 and thereafter set forth in this AIS Update reflect the savings that DOB estimates would occur if the Governor continues to propose, and the Legislature continues to enact, balanced budgets in future years that limit annual growth in State Operating Funds spending to no greater than 2 percent. However, total disbursements in Financial Plan tables and discussion do not reflect these savings. The estimated savings are labeled in the Financial Plan tables as "Adherence to 2 percent State Operating Funds (SOF) Spending Benchmark". If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

Overview of the Updated Financial Plan

The Governor submitted his Executive Budget proposal for FY 2016 on January 21, 2015, and amendments through February 20, 2015, as permitted by law. On February 25, 2015, DOB issued the Updated Financial Plan, extracts and summaries of which are set forth herein. The Updated Financial Plan includes updated estimates for the current fiscal year (FY 2015), and projections for FY 2016 through FY 2019, which reflect the estimated impact of the Governor's Executive Budget proposals, as amended.

The projections for FY 2016 through FY 2019 assume that the Legislature enacts the Governor's Executive Budget proposal in its entirety and without modification by the start of FY 2016, which begins on April 1, 2015. The Governor's proposal is awaiting action by the Legislature. There can be no assurance that the Legislature will adopt all, or any specific portion, of the Executive Budget as proposed. Accordingly, there can be no assurance that the fiscal impact of the budget for FY 2016, when adopted, will not differ materially and adversely from the estimates and projections contained in the Updated Financial Plan.

Current Fiscal Year (FY 2015)

General Fund receipts, including transfers from other funds, are expected to total $68.7 billion in FY 2015, an increase of $939 million from the estimate in the Prior Quarterly Update. Since the Prior Quarterly Update, DOB has increased its estimate of miscellaneous receipts expected in FY 2015 from monetary settlement payments by $587 million. The full list of settlements is described in "Monetary Settlements" herein. Excluding the settlements, General Fund receipts have been revised upward by $323 million. The estimate for tax receipts has been increased by $383 million, mainly reflecting stronger than expected PIT collections to date[2]. The increase in estimated tax receipts is offset by a $60 million reduction to the estimate for miscellaneous receipts (excluding settlements) and transfers. Both changes are based on a review of current-year results.

General Fund disbursements, including transfers to other funds, are expected to total $63.2 billion, an increase of $10 million from the estimate in the Prior Quarterly Update. Excluding the prepayments described below, spending has been revised downward by $200 million, reflecting lower spending across a range of programs based on operating results to date and other information.

As a result of these changes to receipts and disbursements, DOB estimates that the State will end the current fiscal year with a General Fund operating surplus of $525 million on a cash basis of accounting. The surplus calculation excludes the impact of the monetary settlements.

[2] Excludes changes to estimated tax receipts that are due to changes in the estimated debt service for PIT Bonds, Local Government Assistance Corporation ("LGAC") Bonds, Sales Tax Revenue Bonds, and Clean Air/Clean Water Bonds, and changes to STAR.

The State plans to make a $315 million deposit to its rainy day reserves at the end of the current fiscal year, the maximum amount allowable under current law. The planned deposit would be the third since FY 2012, and would bring the balance in the rainy day reserves to $1.8 billion. The remaining operating surplus from FY 2015 is expected to be used to prepay, in the current year, $210 million in debt service that is due in FY 2016.

SAVINGS/(COSTS) (millions of dollars)	
MID-YEAR BUDGET SURPLUS/(GAP) ESTIMATE	**0**
Receipts Revisions	**323**
Tax Receipts [1]	383
Miscellaneous Receipts/Other Non-Tax Revenue[2,3]	(60)
Spending Revisions	**200**
Local Assistance	16
Agency Operations (incl. GSCs)	84
Transfers to Other Funds	100
Use of Prior-Term Labor Agreements Reserve	**2**
OPERATING SURPLUS	**525**
Deposit to Rainy Day Reserves	**(315)**
Prepayment of FY 2016 Debt Service Obligation	**(210)**
REVISED BUDGET SURPLUS/(GAP) ESTIMATE	**0**

[1] Excludes transfers from other funds after revisions to estimated debt service costs, and STAR.
[2] Excludes the receipt of additional monetary settlements since the Mid-Year Update.
[3] Includes accounting reclassifications which impact certain financial plan categories, but do not result in a net Financial Plan impact.

DOB estimates that the State will end FY 2015 with a General Fund cash balance of $7.8 billion, an increase of $929 million from that estimated with the Prior Quarterly Update. The balance consists of $1.8 billion in rainy day reserves (after planned deposits), $500 million designated for debt management purposes, $51 million for the costs of labor settlements covering prior periods, and $21 million in the Contingency Reserve Fund. In addition, the balance is expected to include $5.4 billion from the monetary settlements.

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

Monetary Settlements

During FY 2015, DFS, Department of Law, and the Manhattan District Attorney's Office reached financial settlements with a number of banks for violations of New York banking laws, and a number of insurance companies for violations of New York insurance laws. As reflected in the Updated Financial Plan, the State expects to receive a total of $5.7 billion in FY 2015 from monetary settlements. The 2015 Enacted Budget Financial Plan described in the AIS assumed $275 million in receipts from financial settlements in FY 2015, leaving $5.4 billion in unbudgeted settlements. To date, the State has received approximately $4.3 billion of the total now expected from settlements in FY 2015. The Updated Financial Plan continues to assume settlements of $250 million in FY 2016, and $100 million in both FY 2017 and FY 2018, unchanged from the 2015 Enacted Budget Financial Plan.

SUMMARY OF SETTLEMENTS BETWEEN REGULATORS AND FINANCIAL INSTITUTIONS (millions of dollars)	
Monetary Settlements Known/Expected	**5,680**
BNP Paribas	3,591
Department of Financial Services (DFS)	2,243
Asset Forfeiture (DANY)	1,348
Credit Suisse AG	715
Bank of Tokyo Mitsubishi	315
Bank of America	300
Standard Chartered Bank	300
Bank Leumi	130
Ocwen Financial	100
Citigroup (State Share)	92
MetLife Parties	50
American International Group	35
PricewaterhouseCoopers	25
AXA Equitable Life Insurance Company	20
Other Settlements (TBD)	7
Settlements Budgeted in FY 2015 Financial Plan	**(275)**
Transfer to Support OASAS Chemical Dependence Program	**(5)**
Proposed Use of Available Settlements	**(5,400)**
Special Infrastructure	(3,050)
Upstate Revitalization	(1,500)
Reserve for Risks	(850)

In comparison to the Prior Quarterly Update, DOB has increased its estimate of monetary settlements by $587 million to include estimated resources from settlements associated with the Bank of Tokyo Mitsubishi ("BTMU"), Bank Leumi USA and Bank Leumi Le-Israel, B.M. (collectively "Bank Leumi"), Ocwen Financial Corporation and Ocwen Loan Servicing, LLC (collectively "Ocwen"l, and American International Group, Inc. ("AIG").

List of Settlements

The following are brief descriptions of all the settlements identified since the start of the fiscal year:

- BNP Paribas, S.A. New York Branch ("BNPP") will pay the State nearly $3.6 billion pursuant to (i) a June 29, 2014 consent order between the Department of Financial Services ("DFS") and BNPP and (ii) a June 30, 2014 plea agreement between BNPP and the New York County District Attorney in connection with conduct by BNPP which violated U.S. national security and foreign policy and raised serious safety and soundness concerns for regulators, including the obstruction of governmental administration, failure to report crimes and misconduct, offering false instruments for filing, and falsifying business records. To date, the State has received approximately $2.24 billion; the remaining payments are expected to be received by the State by the end of FY 2015.

- Credit Suisse AG paid $715 million as a civil monetary penalty to the State pursuant to a May 18, 2014 consent order between DFS and Credit Suisse AG stemming from Credit Suisse AG's decades-long operation of an illegal cross-border banking business whereby Credit Suisse AG knowingly and willfully aided thousands of U.S. clients in opening and maintaining undeclared accounts and concealing their offshore assets and income from the Internal Revenue Service and New York authorities.

- BTMU paid a $315 million civil monetary penalty pursuant to a November 18, 2014 consent order between DFS and BTMU. The consent order pertains to actions taken by BTMU which wrongfully misled DFS in connection with its understanding of BTMU's U.S. dollar clearing services on behalf of sanctioned Sudanese, Iranian, and Burmese parties, the transactions of which were settled through the New York Branch and other New York financial Institutions. BTMU had previously paid to the State a $250 million civil monetary penalty pursuant to a previous June 19, 2013 consent order between DFS and BTMU related to BTMU unlawfully clearing through the New York Branch and other New York-based financial institutions an estimated 28,000 U.S. dollar payments, valued at approximately $100 billion, on behalf of certain sanctioned parties.

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

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

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

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

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

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

- AIG paid a $35 million civil monetary penalty pursuant to an October 31, 2014 consent order between DFS and AIG. This consent order pertains to misrepresentations and omissions made by a former AIG subsidiary concerning its insurance business activities in New York.

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

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

Uses of Monetary Settlements

The Executive Budget recommends using the one-time resources from the monetary settlements to fund one-time purposes, rather than using them for recurring expenditures, which would make it harder to balance future budgets. A large share of the settlement resources is expected to be used to fund new capital investments.

The Executive Budget proposes establishing a new capital fund called the Dedicated Infrastructure Investment Fund ("DIIF"), to allow settlement money to be set aside for the purposes it is intended to fund. The Executive Budget proposes transferring $4.6 billion of the settlement funds from the General Fund to the DIIF during FY 2016. These resources will reside in the DIIF initially and be transferred to other capital funds, as needed, to fund the following initiatives:

- **Thruway Stabilization Program ($1.3 billion):** The Updated Financial Plan includes $1.285 billion to fund the Thruway Stabilization Program for expenses related to both the New NY Bridge, which will replace the Tappan Zee Bridge, and the statewide New York State Thruway system.

- **Penn Station Access ($250 million):** The MTA's Penn Station Access project, which will open a new Metro-North link directly into Penn Station, is expected to provide enhanced system resiliency, improvement in regional mobility, and construction of four new Metro-North stations in the Bronx.

- **Infrastructure Improvements ($115 million):** The Updated Executive Budget Financial Plan provides $115 million for infrastructure improvements to support transportation, upstate transit, rail, airport, port, and other infrastructure improvements or economic development projects.

- **Broadband Initiative ($500 million):** The Updated Executive Budget Financial Plan proposes to establish a $500 million New NY Broadband Initiative to expand the availability and capacity of broadband across the State or development of other telecommunication infrastructure. This program is intended to expand the creation of ultra-high-speed networks and promote broadband adoption.

- **Hospitals ($400 million):** The Updated Executive Budget Financial Plan provides up to $400 million of grants to essential health care providers that facilitate mergers, consolidation, acquisition, or other significant corporate restructuring activities intended to create a financially sustainable system of care intended to promote a patient-centered model of health care delivery. An essential health care provider is a hospital or hospital system that offers health services in a region deemed to be underserved by the Health Commissioner. Funding may be used to restructure debt obligations or fund improvements to facilitate mergers and consolidations of hospitals in rural communities.

- **Transit-Oriented Development ($150 million):** The Updated Executive Budget Financial Plan includes funding to create new transit-oriented development, including but not limited to, the development of structured parking facilities at Nassau hub and Ronkonkoma hub.

- **Resiliency, Mitigation, Security, and Emergency Response ($150 million):** The Updated Executive Budget Financial Plan proposes $150 million in settlement funds be provided to support preparedness and response efforts related to severe weather events. These funds will also support efforts to prevent, prepare for, and respond to acts of terrorism, other public safety and health emergencies, and natural and manmade disasters.

- **Municipal Restructuring ($150 million):** The Updated Executive Budget Financial Plan provides $150 million to assist and encourage local governments and school districts to implement shared services, cooperation agreements, mergers, and other actions that permanently reduce operational costs and property tax burdens.

- **Southern Tier/Hudson Valley Farm Initiative ($50 million):** The Updated Executive Budget Financial Plan includes $50 million to help landowners in the Southern Tier and Hudson Valley maintain and develop farming, agricultural, and related businesses.

- **Upstate Revitalization Program ($1.5 Billion):** The Updated Executive Budget Financial Plan includes $1.5 billion in funding for the Upstate New York Economic Revitalization Competition, whereby $500 million grants will be awarded to each of three upstate regions.

The DIIF legislation would permit unused portions of the funds placed in DIIF to be made available in case of economic downturn, to prepare for, prevent, deter or respond to acts of terrorism, natural or manmade disasters or public safety, health or other emergencies and/or to offset declines in Federal Medicare or Medicaid revenues in excess of $100 million, and related State share, from anticipated levels. This would provide the State with potential additional reserves for use in emergencies or for other purposes. The Executive Budget assumes these resources will not be used for these purposes.

Other Uses

- **Financial Plan Reserve for Potential Risks ($850 million):** The Updated Executive Budget proposes setting aside $850 million in monetary settlement funds for potential risks to the Executive Budget Financial Plan.

- **OASAS:** The Updated Executive Budget Financial Plan assumes that $5 million of settlement funds will be used to expand services provided by OASAS to individuals with dependencies on alcohol or drugs, or who have gambling problems.[3]

[3] Under State forfeiture laws, a portion of the settlement with BNP Paribas is expected to be deposited initially in the State special revenue account for chemical dependence. The Executive Budget recommends retaining $5 million in the account for OASAS purposes and transferring other resources from this deposit to the General Fund.

Multi-Year Financial Plan Revisions (FY 2016 and Outyears)

DOB estimates that the Executive Budget proposal for FY 2016 would, if enacted without modification, provide for balanced operations in the General Fund, as provided by law. The following table summarizes the projected annual changes in receipts, disbursements, and fund balances in the General Fund from FY 2015 to FY 2016.

GENERAL FUND FINANCIAL PLAN
(millions of dollars)

	FY 2015 Current	FY 2016 Proposed	Annual Change: Dollar	Annual Change: Percent
Opening Fund Balance	2,235	7,768	5,533	247.6%
Taxes (After Debt Service)	58,434	62,286	3,852	6.6%
Miscellaneous Receipts/Federal Grants	8,876	2,926	(5,950)	-67.0%
Other Transfers	1,404	878	(526)	-37.5%
Total Receipts	68,714	66,090	(2,624)	-3.8%
Local Assistance Grants	41,986	43,916	1,930	4.6%
Departmental Operations:	7,872	8,232	360	4.6%
Personal Service	*5,849*	*6,064*	*215*	*3.7%*
Non-Personal Service	*2,023*	*2,168*	*145*	*7.2%*
General State Charges	4,977	5,213	236	4.7%
Transfers to Other Funds	8,346	13,268	4,922	59.0%
Total Disbursements	63,181	70,629	7,448	11.8%
Excess (Deficiency) of Receipts Over Disbursements	5,533	(4,539)	(10,072)	-182.0%
Closing Fund Balance	7,768	3,229	(4,539)	-58.4%
Statutory Reserves:				
"Rainy Day" Reserve Funds	1,796	1,796	0	
Community Projects Fund	0	0	0	
Contingency Reserve Fund	21	21	0	
Fund Balance Reserved for:				
Debt Management	500	500	0	
Prior-Term Labor Agreements	51	62	11	
Monetary Settlements[1]	5,400	850	(4,550)	

[1] Includes one-time extraordinary transfer of $4.55 billion in monetary settlements from the General Fund to the proposed Dedicated Infrastructure Investment Fund.

Receipts

General Fund receipts, including transfers from other funds, are expected to total $66.1 billion in FY 2016, an annual decrease of $2.6 billion (3.8 percent). This mainly reflects the one-time monetary settlements received in FY 2015, offset by growth in tax receipts. Tax collections, including transfers of tax receipts to the General Fund after payment of debt service, are expected to total $62.3 billion, an increase of $3.9 billion (6.6 percent).

General Fund PIT receipts, including transfers after payment of debt service on State PIT Revenue Bonds, are expected to increase by $3.1 billion (8.1 percent) from FY 2015. This primarily reflects increases in withholding and estimated payments attributable to the 2015 tax year, and an expected increase in extension payments attributable to tax year 2014.

General Fund consumption/use taxes, including transfers after payment of debt service on Local Government Assistance Corporation ("LGAC") and Sales Tax Revenue Bonds, are estimated to total $12.8 billion in FY 2016, an increase of $474 million (3.8 percent) from FY 2015.

General Fund business tax receipts are estimated at $5.9 billion in FY 2016, an increase of $318 million (5.7 percent) from FY 2015 estimates. The estimate reflects growth across all taxes consistent with expected growth in corporate profits and insurance premiums.

Other tax receipts in the General Fund, including transfers, are expected to total approximately $2.0 billion in FY 2016, a decrease of $46 million (2.3 percent) from FY 2015.

General Fund miscellaneous receipts are estimated at $2.9 billion in FY 2016, a decrease of $5.9 billion from FY 2015. The annual change in miscellaneous receipts is affected by the monetary settlements received in FY 2015, and the multi-year release of State Insurance Fund (SIF) reserves as a result of Workers' Compensation reform. The amount released is expected to decline from $1 billion in FY 2015 to $250 million in FY 2016, consistent with the terms of the Workers' Compensation reform legislation.

Non-tax transfers to the General Fund are expected to total $878 million, a decrease of $526 million (37.5 percent) from the current year. As with miscellaneous receipts, the annual change in non-tax transfers is affected in part by the monetary settlements. Under State forfeiture laws, approximately $298 million of the BNP Paribas monetary settlement is expected to be deposited temporarily in a State Special Revenue Fund in FY 2015. DOB expects to transfer approximately $293 million of this money to the General Fund by the close of FY 2015. This one-time transfer during FY 2015 results in a year-to-year decline in non-tax revenues recorded by the General Fund in FY 2016.

General Fund receipts are affected by the deposit of dedicated taxes in other funds for debt service and other purposes, the transfer of balances between funds of the State, and other factors. For a more comprehensive discussion of the State's projections for tax receipts, miscellaneous receipts, and transfers, see "Financial Plan Projections - Fiscal Years 2015 through 2019" herein.

Disbursements

General Fund disbursements, including transfers to other funds, are expected to total $70.6 billion in FY 2016, an increase of $7.4 billion (11.8 percent) from FY 2015 estimates, which includes the one-time $4.6 billion transfer of monetary settlement resources to the proposed Dedicated Infrastructure Investment Fund.

Local assistance grants are expected to total $43.9 billion, an annual increase of $1.9 billion (4.6 percent). General Fund disbursements are expected to increase by $1.3 billion for School Aid and $647 million for Medicaid.[4] All other local assistance grants, which include, among other things, payments for a range of social services, public health, education, and general purpose aid programs, are expected to decrease by $42 million.

State operations spending is expected to total $8.2 billion in FY 2016, an annual increase of $360 million (4.6 percent) from FY 2015. Personal service costs are expected to increase by $215 million, mainly reflecting the consolidation of IT Services that were previously funded in non-General Fund accounts, and an additional (27^{th}) institutional payroll that occurs in FY 2016. Non-personal service costs are expected to increase by $123 million in FY 2016, reflecting the end of certain Federal disaster assistance that had offset General Fund expenses in prior years, and inflationary growth.

General State Charges ("GSCs") are expected to total $5.2 billion in FY 2016, an annual increase of $236 million (4.7 percent) from FY 2015. The State's annual pension payment is expected to increase by $142 million in FY 2016. The September 2014 adoption of a new Mortality Improvement Scale – MP-2014 ("MP-2014") by the State's retirement system, which reflects longer life expectations for pension beneficiaries, resulted in increased pension contribution rates. As authorized by law, the State expects to continue to amortize pension costs in excess of the amortization thresholds established in law. In FY 2016, costs in excess of 14.5 percent of payroll for the Employees' Retirement System ("ERS") and 22.5 percent for the Police and Fire Retirement System ("PFRS") are expected to be amortized.

General Fund transfers to other funds are expected to total $13.3 billion in FY 2016, an increase of $4.9 billion from the current fiscal year. Transfers to support capital projects spending are projected to increase by $5.1 billion. This is primarily attributable to a one-time $4.6 billion transfer of monetary settlement resources to the proposed Dedicated Infrastructure Investment Fund. In addition, the capital transfers reflect a $500 million increase for other capital spending that relates to the timing of bond-financed spending and the reimbursement of that spending from bond proceeds. Debt service transfers decline by $376 million due mainly to the planned payment in FY 2015 of expenses due in FY 2016.

General Fund disbursements are affected by the level of financing sources available in other funds, transfers of balances among funds of the State, and other factors that may change from year to year. For a more comprehensive discussion of the State's disbursements projections by major activity, see "Financial Plan Projections - Fiscal Years 2015 through 2019" herein.

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[4] School Aid is reported here on a State Fiscal Year basis. Medicaid includes the Basic Health Plan (BHP).

Closing Balance for FY 2016

DOB projects that the State will end FY 2016 with a General Fund cash balance of $3.2 billion, a decrease of $4.5 billion from the FY 2015 estimate. This decrease reflects the one-time transfer of $4.6 billion of the $5.4 billion in money expected from monetary settlements in FY 2015 to the proposed Dedicated Infrastructure Investment Fund. The remaining $850 million will remain in the General Fund to address potential risks to the Updated Financial Plan.

The Updated Financial Plan continues to set aside money in the General Fund balance to cover the costs of potential retroactive labor settlements with unions that have not agreed to terms for prior contract periods. The amount that is set aside is calculated based on the "pattern" settlement for the period from FY 2008 through FY 2011 that was agreed to by the State's largest unions. The amount set aside is expected to be reduced as labor agreements for prior periods are reached with the remaining unions.

Balances in the rainy day reserves, contingency reserve, and those balances held for debt management are expected to remain unchanged from FY 2015 levels.

FY 2016 Detailed Gap-Closing Plan

The following table and narrative provides a summary of the proposed gap-closing plan. To the extent that the State enacts budgets that adhere to the 2 percent spending benchmark, the level of savings required in each subsequent year to hold spending to 2 percent would be lower.

FY 2016 EXECUTIVE BUDGET GENERAL FUND GAP-CLOSING PLAN (millions of dollars)	FY 2016	FY 2017	FY 2018	FY 2019
MID-YEAR BUDGET SURPLUS/(GAP) ESTIMATE[1]	**(1,814)**	**(2,578)**	**(4,034)**	**(5,777)**
SPENDING CHANGES	**1,436**	**2,944**	**5,050**	**6,452**
Agency Operations	**92**	**3**	**79**	**257**
Executive Agency Operations	32	(1)	(8)	18
Fringe Benefits/Fixed Costs	102	57	140	292
University Systems	14	12	12	12
Judiciary	(56)	(65)	(65)	(65)
Local Assistance	**1,409**	**1,008**	**1,124**	**1,216**
Education	305	197	395	317
STAR	248	261	262	263
Mental Hygiene	292	118	123	291
DOH Global Cap -Statewide Medicaid Savings	200	200	200	200
Medicaid/HCRA	89	44	60	99
Social Services/Housing	124	95	103	102
Higher Education	77	88	97	99
All Other	74	5	(116)	(155)
Capital Projects/Debt Management	**121**	**385**	**329**	**335**
Initiatives/Investments	**(186)**	**(389)**	**(677)**	**(842)**
Juvenile Justice Reform ("Raise the Age")[2]	(25)	(155)	(397)	(379)
Enhance Services for High Risk Individuals	(22)	(32)	(32)	(32)
DREAM Act	(19)	(27)	(27)	(27)
Charter School Supplemental Tuition	(10)	(20)	(20)	(20)
DOH Global Cap	(35)	(35)	(35)	(35)
"Get on Your Feet" Loan Forgiveness Program	(5)	(19)	(31)	(37)
SUNY/CUNY Performance Incentive	(22)	(8)	0	0
Debt Service for New Initiatives	(8)	(35)	(73)	(126)
Master Educator Scholarship	(3)	(8)	(11)	(11)
Public Financing of Campaigns	0	(4)	(5)	(125)
All Other	(37)	(46)	(46)	(50)
Adhere to 2% Spending Benchmark [3]	**n/a**	**1,937**	**4,195**	**5,486**
RESOURCE CHANGES	**168**	**222**	**820**	**1,484**
Tax Reestimates	257	248	642	1,268
Tax Extenders	38	186	294	279
Miscellaneous Receipts/Non-Tax Transfers	(127)	(212)	(116)	(63)
SURPLUS AVAILABLE FROM FY 2015	**210**	**0**	**0**	**0**
SURPLUS/(GAP) ESTIMATE BEFORE TAX ACTIONS	**0**	**588**	**1,836**	**2,159**
Tax Actions	**0**	**(386)**	**(989)**	**(1,492)**
Real Property Tax Credit	0	(350)	(850)	(1,350)
Other Tax Credits	0	(36)	(139)	(142)
SURPLUS/(GAP) ESTIMATE AFTER TAX ACTIONS	**0**	**202**	**847**	**667**

1 Before actions to adhere to the 2 percent benchmark.

2 The Executive Budget provides full State funding for all State and local responsibilities. It is possible that savings that are not currently assumed may occur as a result of this legislation, which could substantially mitigate these costs.

3 Savings estimated from limiting annual spending growth in future years to 2 percent. Calculation based on current FY 2015 estimate. The Governor is expected to propose, and negotiate with the Legislature to enact, a budget in each fiscal year that restricts State Operating Funds spending growth to 2 percent. Assumes all savings from holding spending growth to 2 percent are made available to the General Fund. Total disbursements in Financial Plan tables and discussion do not reflect these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

Spending Changes

Agency Operations

Operating costs for State agencies include salaries, wages, fringe benefits, and non personal service costs (e.g., supplies, utilities). These costs have significantly declined over the past several years through ongoing State agency redesign and cost-control efforts. Reductions from the prior projections for agency operations contribute $92 million to the General Fund gap-closing plan. Specifically:

- **Executive Agencies:** The Executive Budget proposes to hold personal service and non personal service spending flat with limited exceptions, such as costs attributable to the NY State of Health marketplace and the new Basic Health Plan ("BHP") program. Agencies are expected to continue to utilize less costly forms of service deliveries, improve administrative practices, and pursue statewide solutions, particularly at mental hygiene State-operated facilities.

- **Fringe Benefits/Fixed Costs:** Estimates for the State's pension costs have been revised downward to reflect the impact of paying the FY 2016 pension bill by the end of July 2015, rather than on the due date of March 1, 2016. The State's health insurance costs have been revised to reflect lower than projected rate renewals and a planned audit to identify and remove ineligible dependents from the New York State Health Insurance Program ("NYSHIP"). In addition, State Workers' Compensation costs have been adjusted to reflect lower medical inflation rates and slower growth in average weekly wages.

- **University Systems:** Spending for the State University of New York ("SUNY")/CUNY is projected to decline, mainly due to the closure of the Long Island College Hospital. Over the plan period, spending in the university systems is expected to grow, on average, by roughly 2 percent annually.

- **Independent Officials:** Spending for the Legislature, the Department of Audit and Control (OSC), and the Department of Law is projected to remain essentially flat through FY 2019. Judiciary spending is projected to increase by 1.7 percent in FY 2016, driven primarily by the previous authorization of additional Family Court Justices in the FY 2015 Enacted Budget, statutory salary increases for non-judicial employees represented by the Civil Service Employees Association ("CSEA"), and increased funding for civil legal services.

Local Assistance

Local assistance spending includes financial aid to local governments and nonprofit organizations, as well as entitlement payments to individuals. Reductions from the prior projections for local assistance spending are expected to generate $1.4 billion in General Fund savings.[5] Savings are expected from both targeted actions and continuation of prior-year cost containment actions. Specifically:

- **Education:** The Executive Budget proposes a 4.8 percent ($1.1 billion) increase in School Aid for the 2015-16 school year. The Prior Quarterly Update included a projected School Aid increase of 3.9 percent. The increase from 3.9 percent to 4.8 percent results in increased costs to the Updated Financial Plan of $139 million in FY 2016. The incremental costs from the increase in aid are offset by downward revisions to spending based on revised school district data as of November 2014, a revised estimate of costs associated with the preschool special education program, and a revised estimate of costs associated with the summer school special education program. Lower lottery revenues, and less one-time revenues associated with casino licensing due to differences in timing and in consideration of applicants chosen by the State's Gaming Facility Location Board, are expected to result in additional General Fund costs.

- **STAR:** The Executive Budget proposes freezing the STAR exemption at FY 2015 levels; aligning the New York City benefit with the STAR exemption program provided to the rest of the State by restricting the New York City Personal Income Tax rate reduction to residents with incomes lower than $500,000; and gradually transforming the school tax relief currently provided to taxpayers in the form of a tax exemption to a refundable tax credit beginning with all new homeowner applications.[6] Other savings include allowing the Department of Taxation and Finance ("DTF") to recoup savings retrospectively from unlawfully claimed exemptions removed during the re-registration process, and converting the delinquency program into a tax clearance program. In addition to these proposed savings, current STAR spending estimates have been reduced to reflect a reduction in the estimated number of STAR exemption recipients.

- **Mental Hygiene:** The $292 million reduction in projected Mental Hygiene spending primarily stems from an acceleration of payments -- into FY 2015 -- associated with the State's transition to Medicaid Managed Care and prepayments for Voluntary Operated Intermediate Care Facilities and Day Habilitation services. It also reflects the use of Balancing Incentive Program ("BIP") resources, authorized through the Affordable Care Act ("ACA"), to support a number of new spending investments over a multi-year period. Additionally, the reduction shows slower than expected FY 2016 growth in the Office for People with Developmental Disabilities ("OPWDD") and the Office of Mental Health

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

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

("OMH"). Growth in the level of Medicaid-eligible costs also generates a projected reduction in Mental Hygiene spending. State Budget actions also reduce Mental Hygiene spending, reflecting efforts to "rightsize" State institutions, primarily in OPWDD, and to transition individuals with developmental disabilities to less costly, community-based settings.

- **Medicaid:** The Executive Budget proposes $200 million in annual State-share Medicaid savings beginning in FY 2016, achieved by funding certain OPWDD-related Medicaid costs under the Medicaid Global Cap. To accommodate these additional costs, the Department of Health ("DOH") will use $815 million in additional State-funded Medicaid savings which are expected to accrue to the Global Cap in FY 2016 from accelerating the enrollment in BHP of legally residing immigrants who currently receive State-only Medicaid. Under BHP, the cost of insurance premiums for such individuals, and other individuals meeting certain income eligibility standards, will be supplemented by both State and Federal funds. BHP resources will also be used by DOH to offset fiscal constraints on the Global Cap, and to implement initiatives consistent with the goals of the Medicaid Redesign Team ("MRT").

- **Social Services/Housing:** Lower spending is expected in several programs, including Public Assistance, SSI, Foster Care, Child Care, Adoption, Close to Home, and Special Education. In addition, General Fund savings are achieved by funding certain housing programs from the Mortgage Insurance Fund. These savings are partially offset by increased spending in Child Welfare and Adult Protective/Domestic Violence.

- **Higher Education:** Estimated spending has been lowered across several areas, including fringe benefit costs, community college base aid, Tuition Assistance Program ("TAP") and scholarship programs.

- **All Other:** Savings are expected from consolidation of various health care programs, local government grant awards, and revisions to enrollment projections in various programs.

Capital Projects/Debt Management

- **Capital/Debt Revisions:** Savings are expected to be achieved through a variety of debt-management actions, including continuing the use of competitive sales, refunding of higher-cost debt, as market conditions permit, and efficiencies from the consolidation of bond sales. In addition, projections reflect the impact of revised capital spending estimates and future bonding assumptions.

Initiatives/Investments

- **Juvenile Justice Reform ("Raise the Age"):** The Executive Budget includes a proposal to raise the age of juvenile jurisdiction to age 17 on January 1, 2017 and to age 18 on January 1, 2018, and includes funding to create and expand services for 16-and 17-year-old youth who will be involved in the juvenile justice system, and to place newly sentenced 16-and 17-year-old youth in OCFS facilities.

- **Enhance Services for High Risk Individuals:** This investment would provide OMH and DOCCS with funding for enhanced services through the mental hygiene system to reduce recidivism and potential violence in the community. This effort includes additional in-prison assessments and treatment for high risk inmates, maintaining individuals in OMH facilities when appropriate, and providing more aggressive community services through the use of additional Assertive Community Treatment (ACT) teams, supported housing and related services, and enhanced parole oversight.

- **DREAM Act:** The proposed DREAM Act extends financial aid to undocumented immigrant students pursuing higher education in New York State. It is proposed in conjunction with the Education Tax Credit, described below.

- **Charter School Supplemental Tuition:** The Executive Budget proposes to increase supplemental tuition to charter schools by $75 per student, to help support charter school operating costs ($10 million).

- **DOH Global Cap:** The Executive Budget proposes additional funding for caregiver respite services, Alzheimer's Disease Assistance Programs ($25 million), community water systems incurring costs for the installation, repair and upgrade of drinking water fluoridation systems ($5 million), and additional investments related to ending the AIDS epidemic ($5 million). The funding for these initiatives is supported under the Global Medicaid cap.

- **"Get on Your Feet" Loan Forgiveness Program:** This program is intended to help eligible New York residents who graduate from a New York college and continue to live in the State by funding their student loan repayment in their first two years after graduation.

- **SUNY/CUNY Performance Incentive:** It is recommended that $30 million in performance incentive funding be made available to SUNY State-operated campuses and CUNY senior colleges that complete a performance-based funding plan. The incentive funding would be provided for one academic year.

- **Debt Service for New Initiatives:** The Updated Financial Plan reflects the costs of new bonded capital initiatives. These include various transportation programs, such as the bond-financed portion for State highways, bridges and other transportation infrastructure, as well as support for the Metropolitan Transportation Authority's ("MTA's") capital plan. Also included is funding to improve health care facilities.

- **Masters-in-Education Scholarship:** This proposal would fund full tuition scholarships for high-achieving students who attend graduate education programs at SUNY or CUNY and commit to teach in New York public schools for five years following graduation.

- **Public Financing of Campaigns:** The Executive Budget proposes a voluntary public financing system beginning in 2018, modeled on the system in New York City. The system would provide a public match of $6 to $1 for campaign contributions of up to $175. The new system would take effect for the 2018 elections.

- **All Other:** Funding is included for additional aid to nonpublic schools to facilitate their compliance with State mandates; increased support of minority and women-owned business development opportunities; additional support for certain health programs and the Council on the Arts; and a planned State Police class in March 2016. In addition, the Executive Budget proposes $25 million in funding to expand pre-kindergarten access to 3-year old children.

Resources

- **Tax Receipts:** The estimate for annual tax receipts has been revised upward across all major tax categories since the Mid-Year Update to reflect results to date.

- **Miscellaneous Receipts/Non-Tax Transfers:** The estimates for miscellaneous receipts have been revised based on a review of collections to date. The largest FY 2016 revisions affect license and fee revenue, refunds, and reimbursements. The Executive Budget proposes the repeal of 59 fees charged by seven different State agencies, saving New Yorkers over $3 million annually beginning in FY 2016, while retaining the necessary functions associated with those fees.

- **Major Tax Extenders/Initiatives:** The Executive Budget proposes the following:
  - **Expand Sales Tax Collection Requirements for Marketplace Providers.** Online providers such as Amazon and eBay supply a marketplace for outside sellers to sell their products to New York consumers. Currently, such outside sellers are required to collect sales tax from New York residents if the seller is in New York. Many marketplace providers already agree to collect the tax for the outside seller in this instance. Under this proposal, the marketplace provider would be required to collect the tax when they facilitate the sale, whether the seller is located within, or outside, New York State.
  - **Improve Various Enforcement Efforts.** The Executive Budget proposes a set of 11 enforcement initiatives intended to recover outstanding State debts, including: lowering the outstanding tax debt threshold required to suspend delinquent taxpayers' driver's licenses; closing certain sales and use tax avoidance strategies;

enhancing motor fuel tax enforcement; allowing New York to enter reciprocal tax collection agreements with other states; and authorizing a professional and business license tax clearance.

- **Make Permanent the Limitation on Charitable Contribution Deductions for High Income New York State and New York City Personal Income Taxpayers.** The current charitable contribution deduction limitation of 25 percent allowed under State Tax Law is scheduled to expire at the end of tax year 2015. The Executive Budget proposes to permanently extend this limitation on charitable contribution deductions for New York State and New York City taxpayers with adjusted gross income over $10 million.

Tax Cut Actions

The Executive Budget proposes tax reductions valued at $1.8 billion when fully phased in over five years.

- **Provide Income Based Property Tax Relief Tied to the Property Tax Cap**. The Executive Budget proposes a new Real Property Tax Credit available to households with incomes below $250,000 whose property taxes exceed 6 percent of their income. The credit is valued at up to 50 percent of the amount by which property taxes exceed the 6 percent burden threshold, depending on household income. When fully phased-in, more than 1.3 million State taxpayers will receive an average credit of $950. Outside New York City, only the taxes levied by a tax cap-compliant jurisdiction are included in the credit calculation. The program also includes a renters' credit, based upon the assumption that a significant portion of annual gross rent is attributed to property taxes. The credit is available to taxpayers at incomes up to $150,000 when the amount of rent attributed to property taxes exceeds 6 percent of their income. All facets of the program will be phased in over four years, and only school taxes will apply in the first year. When fully phased in, the program will provide $1.7 billion in direct property tax relief (51 percent of the benefit is phased in by FY 2017, and 81 percent by FY 2018).

- **Establish the Education Tax Credit.** The Executive Budget proposes the creation of a new Education Tax Credit, which allows taxpayers to contribute to public education entities, school improvement organizations, local education funds, and educational scholarship organizations. Corporate franchise and individual taxpayers will receive a nonrefundable credit equal to 75 percent of their authorized contributions, up to a maximum annual credit of $1 million. The program will be capped at $100 million in aggregate education tax credits annually. Half of the annual cap will be dedicated to public education entities, school improvement organizations, and local education funds. The other half will be allocated to educational scholarship organizations that provide support to low-and-middle-income students who attend either a public school outside of their district or nonpublic school.

- **Double the Urban Youth Jobs Program Tax Credit.** This program provides a credit to employers who hire unemployed, at-risk youth. The annual allocation would be increased to $20 million for tax years 2015 through 2018, with a focus on jurisdictions with high youth unemployment.

- **Reduce the Net Income Tax on Small Businesses.** The Executive Budget proposes reducing the net income-tax rate from the current 6.5 percent to 2.5 percent over a three-year period for small businesses that file under Article 9-A. The rate will be reduced to 3.25 percent for tax year 2016, to 2.9 percent for tax year 2017, and to 2.5 percent for tax years beginning in 2018. For the purpose of this tax cut, the definition of "small business" is a business with less than 100 employees, with net annual income below $390,000. To avoid a "cliff" effect and stay consistent with how the dual rates are treated under current law, the lowest tax rates would be available to small businesses having below $290,000 in net income, and the rate is phased up to the standard rate applicable to businesses with net annual income of $390,000 or more.

Annual Spending Growth

The Executive Budget proposes holding FY 2016 annual spending growth in State Operating Funds to 1.7 percent, below the 2 percent spending benchmark. All Funds spending, which includes spending from capital funds and Federal funds, is expected to increase by 2.8 percent from the level estimated for FY 2015, excluding extraordinary aid.[7] The growth is driven in large part by increased capital investments.

TOTAL DISBURSEMENTS
(millions of dollars)

	FY 2014 Results	FY 2015 Current	Annual Change	Annual % Change	FY 2016 Proposed	Annual Change	Annual % Change
STATE OPERATING FUNDS	**90,631**	**92,376**	**1,745**	**1.9%**	**93,988**	**1,612**	**1.7%**
General Fund (excluding transfers)	52,148	54,835	2,687	5.2%	57,361	2,526	4.6%
Other State Funds	32,046	31,665	(381)	-1.2%	31,054	(611)	-1.9%
Debt Service Funds	6,437	5,876	(561)	-8.7%	5,573	(303)	-5.2%
ALL GOVERNMENTAL FUNDS	**135,874**	**137,713**	**1,839**	**1.4%**	**141,633**	**3,920**	**2.8%**
State Operating Funds	90,631	92,376	1,745	1.9%	93,988	1,612	1.7%
Capital Projects Funds	7,751	7,995	244	3.1%	9,374	1,379	17.2%
Federal Operating Funds	37,492	37,342	(150)	-0.4%	38,271	929	2.5%
ALL GOVERNMENTAL FUNDS (INCL. EXTRAORDINARY AID)	**137,526**	**143,002**	**5,476**	**4.0%**	**149,996**	**6,994**	**4.9%**
Federal Disaster Aid for Superstorm Sandy	1,247	1,978	731	58.6%	1,749	(229)	-11.6%
Federal Health Care Reform	405	3,311	2,906	717.5%	6,074	2,763	83.4%
Monetary Settlements for Capital Spending	0	0	0	0.0%	540	540	0.0%
GENERAL FUND (INCLUDING TRANSFERS)	**61,243**	**63,181**	**1,938**	**3.2%**	**70,629**	**7,448**	**11.8%**
STATE FUNDS	**96,355**	**98,667**	**2,312**	**2.4%**	**102,554**	**3,887**	**3.9%**

[7] Extraordinary aid consists of aid related to (a) Federal health care reform, which includes the Affordable Care Act, the new Basic Health Plan, and the Federal waiver to transform the State's health care system, all of which increase the flow of Federal Funds through the State's Financial Plan; (b) Federal aid that is expected to pass through the State's Financial Plan to local governments, public authorities, and not-for-profits over the next three years for recovery from Superstorm Sandy; and (c) capital spending from the $5.4 billion in monetary settlements with financial institutions.

The following table illustrates the major sources of annual change in State spending by major program, purpose, and fund perspective.

STATE SPENDING MEASURES (millions of dollars)	FY 2015 Current	FY 2016 Proposed	Annual Change $	Annual Change %
LOCAL ASSISTANCE	**61,100**	**62,519**	**1,419**	**2.3%**
School Aid (State Fiscal Year Basis) [1]	21,609	23,026	1,417	6.6%
DOH Medicaid[2]	16,732	17,481	749	4.5%
Transportation	4,841	4,839	(2)	0.0%
Mental Hygiene	2,934	2,582	(352)	-12.0%
STAR	3,374	3,231	(143)	-4.2%
Social Services	2,809	2,920	111	4.0%
Higher Education	2,902	2,972	70	2.4%
Public Health/Aging	1,853	1,745	(108)	-5.8%
Special/Other Education	2,138	2,104	(34)	-1.6%
Local Government Assistance	777	765	(12)	-1.5%
All Other[3]	1,131	854	(277)	-24.5%
STATE OPERATIONS/FRINGE BENEFITS	**25,443**	**25,942**	**499**	**2.0%**
State Operations	**18,371**	**18,588**	**217**	**1.2%**
Personal Service:	12,596	12,886	290	2.3%
Executive Agencies	7,164	7,193	29	0.4%
Extra Bi-Weekly Institutional Pay Period	0	167	167	0.0%
University Systems	3,559	3,631	72	2.0%
Elected Officials	1,873	1,895	22	1.2%
Non-Personal Service:	5,775	5,702	(73)	-1.3%
Executive Agencies	2,870	2,917	47	1.6%
University Systems	2,323	2,195	(128)	-5.5%
Elected Officials	582	590	8	1.4%
Fringe Benefits/Fixed Costs	**7,072**	**7,354**	**282**	**4.0%**
Pension Contribution	2,095	2,237	142	6.8%
Health Insurance	3,311	3,451	140	4.2%
Other Fringe Benefits/Fixed Costs	1,666	1,666	0	0.0%
DEBT SERVICE	**5,833**	**5,526**	**(307)**	**-5.3%**
CAPITAL PROJECTS	**0**	**1**	**1**	**0.0%**
TOTAL STATE OPERATING FUNDS	**92,376**	**93,988**	**1,612**	**1.7%**
Capital Projects (State and Federal Funds)*	**7,995**	**9,374**	**1,379**	**17.2%**
Federal Operating Aid*	**37,342**	**38,271**	**929**	**2.5%**
TOTAL ALL GOVERNMENTAL FUNDS*	**137,713**	**141,633**	**3,920**	**2.8%**

[1] School Aid growth on a school year basis is $1.1 billion or 4.8 percent.

[2] Includes Basic Health Plan.

[3] "All Other" includes a number of other programs, including parks, environment, economic development, and public safety.

* Capital Projects, Federal Operating Funds, and All Funds disbursements exclude extraordinary aid for health care reform and Superstorm Sandy, and capital spending from the monetary settlements. Including disbursements for these purposes, All Funds disbursements are expected to total $150 billion in FY 2016, an increase of 4.9 percent.

April - December 2014 Operating Results

This section provides a summary of operating results through the first three quarters of the fiscal year (April 2014 through December 2014) compared to (1) the initial projections set forth in the FY 2015 Enacted Budget reflected in the AIS; (2) the revised projections of the Mid-Year Update to the Financial Plan as reflected in the Prior Quarterly Update; and (3) the results for the same time period of the prior fiscal year (April through December 2013).

Results since mid-January 2015 have generally been in line with expectations, with the exception of PIT collections, which finished below projections in January. This variance was attributable to lower than expected average January estimated payments, which declined dramatically after robust growth in December. Withholding also failed to meet expectations in January, the result of lower than expected bonus payments. As such, DOB has lowered estimated tax receipts by $355 million in the current year. This reduction is offset by Financial Plan revisions to other resources and spending based on updated information and results to date.

General Fund Results

The State ended the month of December 2014 with a General Fund closing balance of $8.3 billion, $5.2 billion higher than projected in the FY 2015 Enacted Budget Financial Plan as included in the AIS. The larger than expected balance is due to the unanticipated one-time monetary settlements between regulators and financial institutions, and higher tax collections.

GENERAL FUND OPERATING RESULTS
April through December 2014
(millions of dollars)

	Enacted Plan	Revised Plan	Results	Above/(Below) Variance: Enacted Plan	Above/(Below) Variance: Revised Plan
Opening Balance	**2,235**	**2,235**	**2,235**	**0**	**0**
Total Receipts	**44,534**	**49,061**	**50,281**	**5,747**	**1,220**
Taxes:	41,480	42,351	43,119	1,639	768
Personal Income Tax[1]	27,326	27,729	28,344	1,018	615
Consumption/Use Taxes[1]	9,430	9,440	9,542	112	102
Business Taxes	3,231	3,692	3,729	498	37
Other Taxes[1]	1,493	1,490	1,504	11	14
Receipts and Grants	2,593	6,323	6,800	4,207	477
Transfers From Other Funds	461	387	362	(99)	(25)
Total Spending	**43,740**	**45,059**	**44,262**	**522**	**(797)**
Local Assistance	28,055	28,392	27,826	(229)	(566)
Agency Operations (including GSCs)	10,127	10,150	10,067	(60)	(83)
Debt Service Transfer	477	480	477	-	(3)
Capital Projects Transfer	201	987	1,099	898	112
State Share Medicaid Transfer	1,280	1,213	1,065	(215)	(148)
SUNY Operations Transfer	978	977	980	2	3
All Other Transfers	2,622	2,860	2,748	126	(112)
Change in Operations	**794**	**4,002**	**6,019**	**5,225**	**2,017**
Closing Balance	**3,029**	**6,237**	**8,254**	**5,225**	**2,017**

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

Through December 2014, General Fund receipts, including transfers from other funds, totaled $50.3 billion, $5.7 billion higher than the initial projections, reflecting higher tax collections ($1.6 billion) and non-tax receipts ($4.1 billion).

Higher General Fund tax collections through December 2014 occurred in personal income tax receipts ($1 billion) due to stronger than anticipated estimated payments and the timing of current year tax refund payments; the sales tax ($81 million); cigarette and tobacco taxes ($31 million); business tax collections ($498 million) related to bank tax audits and higher corporate franchise tax gross receipts; and the real estate transfer tax ($11 million).

The increase in non-tax receipts received to date is primarily attributable to $4.3 billion in unanticipated monetary settlements with financial institutions. Receipts from licenses and fees ($50 million) and refunds and reimbursements ($65 million) were lower than expected.

Accordingly, DOB has increased estimated General Fund annual receipts by $6.1 billion since the FY 2015 Enacted Budget Financial Plan. The increase is comprised of expected one-time monetary settlements ($5.4 billion), and tax collections[8] ($795 million) mainly for personal income tax. These increases are partly offset by a $100 million downward revision to other expected miscellaneous receipts and non-tax transfers based on results to date.

Through December 2014, General Fund disbursements, including transfers to other funds, were $522 million higher than initial projections. This variance is due mainly to higher transfers to support capital projects ($898 million), and partly offset by lower disbursements for local assistance ($229 million) and agency operations ($60 million).

Spending for local assistance was lower across a range of programs and activities, with the most significant variances in school aid ($63 million), homeland security ($57 million), economic development ($46 million), and OPWDD ($16 million).

General Fund agency operations spending variances within the fiscal year are typical given routine changes in the timing of payments, execution of contracts, and price fluctuations. To date, overall spending is generally consistent with planned estimates. The most notable agency variances include the Judiciary ($45 million) and OTDA ($23 million).

Total General Fund transfers were higher than initial projections, mainly due to additional support for capital projects ($898 million) due to the timing of bond-financed spending and subsequent reimbursement with bond proceeds. In addition, General Fund support for the State-share of Medicaid costs at mental hygiene facilities was lower ($215 million), and is partly offset by a higher transfer to the Mental Hygiene Patient Income Account. This variance is largely the result of lower Federal reimbursement to facilities resulting from a shortfall in Federal revenue associated with the Designated State Health Programs ("DSHP") - non-Medicaid programs.

[8] Includes transfers from other funds after revisions to estimated debt service costs.

DOB has increased projected General Fund spending by $382 million since the initial plan, as a result of experience to date and other programmatic factors. This increase is mainly due to the planned payment of $210 million in debt service due in FY 2016, and $190 million in additional State costs for mental hygiene facilities resulting from lower Federal reimbursement as discussed above.

State Operating Funds Results

The State ended December 2014 with a closing balance of $10.3 billion in State Operating Funds, or $5.2 billion above the FY 2015 Enacted Budget Financial Plan projection included in the AIS. This reflects the combined impact of higher total receipts ($6 billion), lower financing from other sources ($1.1 billion), and lower overall spending ($261 million).

STATE OPERATING FUNDS RESULTS
April through December 2014
(millions of dollars)

				Above/(Below) Variance	
	Enacted Plan	**Revised Plan**	**Results**	**Enacted Plan**	**Revised Plan**
Opening Balance	**4,789**	**4,789**	**4,789**	**0**	**0**
Total Receipts	**61,831**	**67,096**	**67,821**	**5,990**	**725**
Taxes:	47,100	47,973	48,695	1,595	722
Personal Income Tax	29,207	29,589	30,174	967	585
Consumption/Use Taxes	11,219	11,213	11,301	82	88
Business Taxes	4,259	4,766	4,791	532	25
Other Taxes	2,415	2,405	2,429	14	24
Miscellaneous/Federal Receipts	14,731	19,123	19,126	4,395	3
Total Spending	**63,905**	**64,218**	**63,644**	**(261)**	**(574)**
Education	15,125	15,445	15,194	69	(251)
Health Care	13,757	13,930	13,814	57	(116)
Social Services	1,990	1,988	1,995	5	7
Transportation	4,102	4,063	4,070	(32)	7
Higher Education	2,024	2,007	1,989	(35)	(18)
All Other Local Assistance	4,478	4,455	4,434	(44)	(21)
Personal Service	9,712	9,688	9,690	(22)	2
Non-Personal Service	4,092	4,063	3,872	(220)	(191)
General State Charges	5,837	5,810	5,817	(20)	7
Debt Service	2,788	2,770	2,768	(20)	(2)
Capital Projects	-	(1)	1	1	2
Other Financing Sources	**2,371**	**1,293**	**1,296**	**(1,075)**	**3**
Change in Operations	**297**	**4,171**	**5,473**	**5,176**	**1,302**
Closing Balance	**5,086**	**8,960**	**10,262**	**5,176**	**1,302**

Through December 2014, total receipts in State Operating Funds were $6 billion higher than the FY 2015 Enacted Budget Financial Plan projections included in the AIS, due to higher tax collections ($1.6 billion) and higher non-tax receipts ($4.4 billion).

Consistent with the General Fund results, the State Operating Funds receipts variance is primarily attributable to higher personal income and business tax collections, and $4.3 billion in unanticipated one-time monetary settlements with financial institutions.

State Operating Funds spending was $261 million lower than FY 2015 Enacted Budget Financial Plan projections, due mainly to lower spending in non-personal service ($220 million), which occurred across a number of agencies. The most notable agency variances include lower spending in SUNY ($41 million), mental hygiene ($45 million); OTDA ($27 million), Gaming ($17 million), and Judiciary ($24 million). As noted above, these variances are typical and reflect changes in the timing of payments.

Other financing sources, which represent the difference between transfers to and from State Operating Funds, were $1.1 billion lower than initial estimates in the FY 2015 Enacted Budget Financial Plan, primarily due to the higher General Fund support for capital projects ($898 million) related to the timing of reimbursements with bond proceeds.

All Governmental Funds Results

The State ended December 2014 with an All Governmental Funds closing balance of $8.7 billion, $4.7 billion above the FY 2015 Enacted Budget Financial Plan projection included in the AIS, representing higher receipts ($5.6 billion) that are partially offset by higher spending ($1 billion).

All GOVERNMENTAL FUNDS RESULTS April through December 2014 (millions of dollars)					
				Above/(Below) Variance	
	Enacted Plan	Revised Plan	Results	Enacted Plan	Revised Plan
Opening Balance	**4,035**	**4,035**	**4,035**	**0**	**0**
Total Receipts	**100,392**	**104,741**	**106,028**	**5,636**	**1,287**
Taxes:	48,140	49,024	49,740	1,600	716
Personal Income Tax	29,207	29,589	30,174	967	585
Consumption/Use Taxes	11,676	11,681	11,766	90	85
Business Taxes	4,758	5,265	5,288	530	23
Other Taxes	2,499	2,489	2,512	13	23
Miscellaneous Receipts	18,236	21,526	21,415	3,179	(111)
Federal Grants	34,016	34,191	34,873	857	682
Total Spending	**100,304**	**100,777**	**101,311**	**1,007**	**534**
State Operating Funds:	63,905	64,218	63,644	(261)	(574)
Education	15,125	15,445	15,194	69	(251)
Health Care	13,757	13,930	13,814	57	(116)
Social Services	1,990	1,988	1,995	5	7
Transportation	4,102	4,063	4,070	(32)	7
Higher Education	2,024	2,007	1,989	(35)	(18)
All Other Local Assistance	4,478	4,455	4,434	(44)	(21)
Personal Service	9,712	9,688	9,690	(22)	2
Non-Personal Service	4,092	4,063	3,872	(220)	(191)
General State Charges	5,837	5,810	5,817	(20)	7
Debt Service	2,788	2,770	2,768	(20)	(2)
Capital Projects	0	(1)	1	1	2
Capital Projects Funds	5,943	5,344	5,453	(490)	109
Federal Operating Funds	30,456	31,215	32,214	1,758	999
Other Financing Sources	**(82)**	**(110)**	**(53)**	**29**	**57**
Change in Operations	**6**	**3,854**	**4,664**	**4,658**	**810**
Closing Balance	**4,041**	**7,889**	**8,699**	**4,658**	**810**

Through December 2014, total All Funds receipts were $5.6 billion higher than Enacted Budget projections included in the AIS due to increases in taxes ($1.6 billion), miscellaneous receipts ($3.2 billion), and Federal grants ($857 million).

Consistent with the General Fund and State Operating Funds results, the All Governmental Funds receipts variance is primarily attributable to higher personal income and business tax collections, and $4.3 billion in unanticipated one-time monetary settlements. The most significant other variances include slower than anticipated reimbursements from bond proceeds for Capital Projects from New York State authorities ($1.3 billion) and higher Federal grants to support spending in areas such as health care and homeland security.

Through December 2014, All Funds spending was $1.0 billion above FY 2015 Enacted Budget initial projections. In addition to the variance explanations provided in the State Operating Funds and Capital Projects Funds result, Federal Operating Funds spending was $1.8 billion higher than initially planned. The higher spending mainly reflects Medicaid costs ($1.3 billion) and homeland security spending ($678 million).

The Federal Medicaid variance reflects additional Federal funding from the Interim Access Assurance Fund ("IAAF"), which is part of the Delivery System Reform Incentive Program ("DSRIP"), an MRT-based initiative which gives funding to hospitals based on the achievement of predefined results in system transformation, clinical management and population health. This funding was approved after the FY 2015 Enacted Budget Financial Plan was released and thus was included in updated spending estimates included with the Prior Quarterly Update. The homeland security variance reflects a lump sum FEMA public assistance payment to the Long Island Power Authority, which was not expected until later in the fiscal year.

All Governmental Funds Annual Change

The All Governmental Funds balance through December 2014 was $8.7 billion, $1.6 billion higher than the December 2013 balance. This higher balance is attributable to a higher opening balance ($159 million) and higher receipts ($6.5 billion), partially offset by higher spending ($5.1 billion).

All GOVERNMENTAL FUNDS RESULTS YEAR-OVER-YEAR
April through December 2014
(millions of dollars)

	FY 2014 Results	FY 2015 Results	Increase/(Decrease) $	Increase/(Decrease) %
Opening Balance	**3,876**	**4,035**	**159**	
Total Receipts	**99,545**	**106,028**	**6,483**	**6.5%**
Taxes:	49,027	49,740	713	1.5%
Personal Income Tax	29,837	30,174	337	1.1%
Consumption/Use Taxes	11,523	11,766	243	2.1%
Business Taxes	5,181	5,288	107	2.1%
Other Taxes	2,486	2,512	26	1.0%
Miscellaneous Receipts	18,040	21,415	3,375	18.7%
Federal Grants	32,478	34,873	2,395	7.4%
Total Spending	**96,233**	**101,311**	**5,078**	**5.3%**
State Operating Funds:	61,542	63,644	2,102	3.4%
Education	13,490	15,194	1,704	12.6%
Health Care	13,748	13,814	66	0.5%
Social Services	1,991	1,995	4	0.2%
Transportation	4,027	4,070	43	1.1%
Higher Education	1,833	1,989	156	8.5%
All Other Local Assistance	4,356	4,434	78	1.8%
Personal Service	9,555	9,690	135	1.4%
Non-Personal Service	3,966	3,872	(94)	-2.4%
General State Charges	5,123	5,817	694	13.5%
Debt Service	3,451	2,768	(683)	-19.8%
Capital Projects	2	1	(1)	-50.0%
Capital Projects Funds	5,709	5,453	(256)	-4.5%
Federal Operating Funds	28,982	32,214	3,232	11.2%
Other Financing Sources	**(42)**	**(53)**	**(11)**	
Change in Operations	**3,270**	**4,664**	**1,394**	
Closing Balance	**7,146**	**8,699**	**1,553**	

All Funds tax receipts through December 2014 reflect annual growth in all major tax categories, including higher personal income tax collections ($337 million) due to stronger than anticipated estimated payments; higher consumption/use taxes ($243 million) due to an increase in taxable purchases; and higher business tax collections ($107 million) related to bank tax audits.

The year-over-year increase in miscellaneous receipts is attributable to the $4.3 billion in one-time monetary settlements paid to the State, and a $750 million increase in the amount of the SIF assessment reserves transferred to the State pursuant to legislation included in the FY 2014 Enacted Budget. This increase is partly offset by declines in bond proceeds receipts to finance Capital Projects ($1 billion). In addition, such increase is further offset by lower Tribal State Compact Revenue ("TSCR") due to a $361 million lump sum payment in August 2013 from the St. Regis Mohawk tribal government and the Seneca Indian Nation, resulting from separate agreements with these two tribal nations, settling a wide range of issues concerning tribal gaming activity in the State.

The $2.4 billion increase in Federal grants is a result of increased Federal program spending, as described in greater detail below.

Through December 2014, All Funds spending increased by $5.1 billion over the prior year period, comprised of a $2.1 billion increase in State Operating Funds, a $3.2 billion increase in Federal Operating Funds, and a $256 million decrease in Capital Projects Funds.

The increase in State Operating Funds spending mainly reflects Enacted Budget increases in School Aid and other education spending ($1.7 billion); and increased GSCs spending ($694 million) as a result of earlier than planned pension payments by both the State and the Judiciary. These additional costs are offset by lower debt service payments attributable to FY 2014 prepayments.

The increase in Federal Operating Funds spending is primarily attributable to higher Medicaid costs ($3.6 billion) as a result of expanded Medicaid coverage under the ACA and DSRIP/IAAF payments associated with the recently approved Medicaid waiver, and higher homeland security spending ($566 million) associated with the recent lump-sum payment to LIPA. This additional spending is partly offset by lower spending for education ($530 million), as a prior lag in payments substantially increased payments in the first quarter of FY 2014, and lower TANF-funded child care and Flexible Fund for Family Services spending ($482 million) due to the timing of FY 2015 payments.

The decrease in Capital Projects spending is largely due to FY 2014 Superstorm Sandy related spending by the Department of Environmental Conservation ("DEC") ($180 million) and reduced contractual spending at SUNY ($159 million), offset by additional spending at DOT ($240 million).

Other Matters Affecting the State Financial Plan

General

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

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

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

Budget Risks and Uncertainties

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

The Updated Financial Plan projections for the outyears assume that School Aid and Medicaid disbursements will be limited to the growth in NYS personal income and the ten-year average growth in the Medicaid component of the consumer price index (CPI), respectively. However, the FY 2015 Enacted Budget authorized spending for School Aid to increase by 5.3 percent on a school year basis, which was higher than the level proposed with the FY 2015 Executive Budget. The FY 2016 Executive Budget proposes a School Aid increase of 4.8 percent, above the 1.7 percent growth in personal income that would be used to limit the FY 2016 increase.

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

The forecast contains specific transaction risks and other uncertainties including, but not limited to: the receipt of certain payments from public authorities; the receipt of miscellaneous revenues at the levels expected in the Updated Financial Plan, including revenues associated with gaming activity in the State; and the achievement of cost-saving measures including, but not limited to, the transfer of available fund balances to the General Fund at the levels currently projected. Such risks and uncertainties, if they were to materialize, could have an adverse impact on the Financial Plan in the current year or future years.

Federal Issues

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

Medicaid Redesign Team Medicaid Waiver

The Federal Centers for Medicare and Medicaid Services ("CMS") and the State have reached an agreement in principle 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 "IAAF", the DSRIP Program, Health Homes, and various other Medicaid redesign initiatives.

Federal Reimbursement for State Developmental Disability Services

Pursuant to an agreement with the Federal government, the State lowered Medicaid payment rates for services to individuals with developmental disabilities, effective April 1, 2013. Full implementation of this change reduced Federal funding to the State by approximately $1.1 billion annually, beginning in FY 2014. The plan to achieve those savings is subject to implementation risks. The State is also expecting payment by the Federal government of "DSHP" expenditures valued at $250 million annually as part of a multi-year OPWDD transformation plan. The first phase of the transformation plan has been approved by CMS. Funds associated with this transformation plan are anticipated to be received in the final quarter of FY 2015. Originally, the payment by the Federal government was projected to total $500 million. Instead, the State plans to submit annual claims of $250 million in each of the next three years, beginning in FY 2016 as part of phase two of the transformation plan. In addition, as described below, CMS is also seeking to retroactively recover Federal funds paid to the State under the former methodology.

Audit Disallowance

In addition to the rate reduction described above, on February 8, 2013, the U.S. Department of Health & Human Services ("HHS") Office of the Inspector General, at the direction of the CMS, began a Financial Management Review to determine the allowability of Medicaid costs for services provided in prior years to the Medicaid population in New York State-Operated Intermediate Care Facilities for Individuals with Intellectual Disabilities ("ICF/IID"). The initial review period included claims for services provided from April 1, 2010 through March 31, 2011.

As a result of this review, CMS issued a disallowance notification in the amount of $1.26 billion on July 25, 2014. CMS also indicated it will be initiating similar reviews of the two subsequent fiscal years -- State fiscal years 2012 and 2013. A comparable amount of Federal aid may be at risk for any such prior period, if CMS is successful.

The State formally requested CMS reconsideration of the proposed $1.26 billion disallowance, but the State was notified by CMS that its request for reconsideration was denied. The State subsequently filed a notice of appeal with the HHS Departmental Appeals Board ("DAB"). The appeal with DAB is still pending and the State is in discussions with CMS to achieve a reasonable resolution to the disallowance over a multi-year period. The State has the option to retain the disallowed funds during the DAB review process, although if the State is unsuccessful, the disallowed amount plus interest will be due to the Federal government. The Executive Budget reserves $850 million for Financial Plan risks, including the potential need to fund the fiscal impact of a finalized outcome associated with a CMS disallowance.

There can be no assurance that final Federal action in this matter will not result in materially adverse changes to the Updated Financial Plan.

Debt Ceiling

In October 2013, an impasse in Congress caused a temporary Federal government shutdown and raised concern for a time that the Federal debt ceiling would not be raised in a timely manner. A Federal government default on payments, particularly if it persisted for a prolonged period, could have a materially adverse effect on the national and state economies, financial markets, and intergovernmental aid payments. The specific effects on the Financial Plan of a Federal government payment default in the future are unknown and impossible to predict. However, data from past economic downturns suggest that the State's revenue loss could be substantial if the economy goes into a recession due to a Federal default.

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

Current Labor Negotiations (Current Contract Period)

The State has settled collective bargaining agreements with 97 percent of the State workforce subject to direct executive control for the contract period that commenced in FY 2012. A seven-year agreement through FY 2018 was recently achieved with the Commissioned and Noncommissioned Officers unit in the Division of State Police. Five-year agreements through FY 2016 were reached with CSEA, the United University Professions ("UUP"), the New York State Correctional Officers and Police Benevolent Association ("NYSCOPBA"), Council 82, DC-37 (Housing), and the Graduate Student Employees Union. Four-year agreements were reached with the Public Employees Federation ("PEF") and the Police Benevolent Association of New York State ("PBANYS").

All of the agreements included wage and benefit concessions in exchange for contingent employee job protection. As such, the agreements have provided: two-year Deficit Reduction Plan (DRP) savings of $300 million; no general salary increases for the three-year period FY 2012 through FY 2014; a 2 percent general salary increase in FY 2015; and a 2 percent general salary increase in FY 2016 for the employees with five-year agreements. Commissioned and Noncommissioned Officers in the Division of State Police will receive general salary increases of 1.5 percent in FY 2017 and FY 2018, respectively. Additionally, the agreements provided full-annual health benefit savings of $230 million resulting from increases to employee/retiree premium shares, copays, out of network deductibles and coinsurance.

Other compensation has also been provided. Two lump sum payments — $775 per employee in FY 2014 and $225 per employee in FY 2015 — were paid to employees represented by CSEA, PBANYS, NYSCOPBA and Council 82. Additionally, UUP employees may receive lump sum payments of similar value in the form of Chancellor's Power of SUNY Awards and Presidential Discretionary Awards. However, employees represented by PEF and DC-37 (Housing) will not receive lump sum payments. Instead, they will be repaid for all DRP reductions over an extended period at the end of the contract term, whereas the others will be repaid for a portion of their reductions. Commissioned and Noncommissioned Officers in the Division of State Police will receive $1,250 increases to Hazardous Duty and Expanded Duty payments, respectively.

The unions representing State Police Troopers and Investigators have no contracts in place for the period April 2011 forward.

Current Cash-Flow Projections

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

DOB expects that the State will have sufficient liquidity to make all planned payments as they become due through FY 2016, as reflected in the following table that includes month-end cash balance projections. The State continues to reserve money on a quarterly basis for debt service payments that are financed with General Fund resources. Money to pay debt service on bonds secured by dedicated receipts, including PIT bonds and Sales Tax bonds, continues to be set aside as required by law and bond covenants.

ALL FUNDS MONTH-END CASH BALANCES
FY 2016
(millions of dollars)

	General Fund	Other Funds	All Funds
April	10,637	3,094	13,731
May	7,100	3,658	10,758
June	7,301	3,262	10,563
July	5,764	4,415	10,179
August	5,647	4,287	9,934
September	8,146	2,231	10,377
October	7,064	2,840	9,904
November	5,279	2,817	8,096
December	7,285	2,344	9,629
January	9,369	4,354	13,723
February	9,974	4,070	14,044
March	3,229	5,974	9,203

Pension Amortization

Background

Under legislation enacted in August 2010, the State and local governments may amortize (defer paying) a portion of their annual pension costs beginning in FY 2011. Amortization temporarily reduces the pension costs that must be paid by public employers in a given fiscal year, but results in higher costs overall when repaid with interest.

In FY 2014, the State made a total pension payment to the New York State and Local Retirement System ("NYSLRS") of $1.62 billion and amortized $814 million (the maximum amount legally allowable). The total payment included an additional $119.4 million to pay off the 2010 Retirement Incentive and other outstanding liabilities. In addition, the State's Office of Court Administration ("OCA") made a total pension payment of $269 million and amortized $123 million (the maximum amount legally allowable). This included an additional $7 million to pay off the 2005 pension amortization liability. The total deferred amount — $937 million — will be repaid with interest over the next ten years, beginning in FY 2015.

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

For amounts amortized in FY 2011 through FY 2014, the State Comptroller set interest rates of 5 percent, 3.75 percent, 3 percent, and 3.67 percent, respectively. The Updated Financial Plan assumes that both the State and OCA will also elect to amortize pension costs in FY 2015 and beyond, consistent with the provisions of the authorizing legislation, and repay such amounts at an interest cost assumed by DOB, in the Updated Financial Plan, to be 3.15 percent per annum over ten years from the date of each deferred payment.

Rate Comparison -- Average Normal Rate & Amortization Rate

The 2010 legislation enacted a formula to set an amortization threshold for each year. The amortization rate (the "graded rate") may increase or decrease in the direction of the actuarial contribution rate (the "normal rate") by up to one percentage point annually. Pension contribution costs in excess of the graded rate may be amortized. Amortization is permitted in all years if the normal rate is greater than the graded rate. However, when the graded rate equals or exceeds the normal rate, amortization is not allowed.

The normal contribution rates and the amortization rates are displayed in the following table:

ERS AND PFRS PENSION CONTRIBUTION RATES - ANNUAL PERCENTAGE CHANGE

Fiscal Year (FY)	ERS Average Normal Rate	ERS Amortization Rate	PFRS Average Normal Rate	PFRS Amortization Rate
FY 2011	11.5	9.5	18.1	17.5
FY 2012	15.9	10.5	21.6	18.5
FY 2013	18.5	11.5	25.7	19.5
FY 2014	20.5	12.5	28.9	20.5
FY 2015	19.7	13.5	27.5	21.5
FY 2016	17.7	14.5	24.7	22.5

Group Life Insurance Plan excluded from the Average Normal Rates.

Outyear Projections

All projections are based on projected market returns and numerous actuarial assumptions which, if unrealized, could change these projections materially. Additionally, the next five-year experience study performed by the Retirement Systems' Actuary is scheduled to take place in 2015, which could also change these projections materially.

The 2016 pension contribution rates released by OSC on September 2, 2014 reflect an annual decline from 20.1 percent to 18.2 percent for ERS, and from 27.6 percent to 24.7 percent for PFRS. However, the rates were higher than anticipated by DOB (14.2 percent for ERS and 20.8 percent for PFRS), which had based its projections on the prior year actuarial assumptions of the Retirement Systems' Actuary. The higher-than-anticipated FY 2016 contribution rates are primarily attributable to the use of MP-2014 actuarial assumptions, which, compared to prior year actuarial assumptions, reflect longer life expectancies for pensioners and beneficiaries and result in increased pension plan liabilities.

The Updated Financial Plan incorporates MP-2014 actuarial assumptions and assumes amortization in FY 2016 and the outyears, as depicted in the following table.

STATE PENSION COSTS AND AMORTIZATION SAVINGS
(millions of dollars)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
AMORTIZATION THRESHOLDS (Graded Rate)									
ERS (%)	9.5	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5
PFRS (%)	17.5	18.5	19.5	20.5	21.5	22.5	23.5	24.5	25.5
STATEWIDE PENSION (NET COST)	**1,470**	**1,697**	**1,601**	**2,086**	**2,095**	**2,237**	**2,471**	**2,665**	**2,894**
Gross Pension Costs	1,633	2,141	2,192	2,744	2,434	2,221	2,333	2,405	2,519
(Amortization Savings) / Excess Contributions	(250)	(563)	(779)	(937)	(713)	(395)	(299)	(212)	(122)
Repayment of Amortization (incl. FY 2005 and FY 2006)	87	119	188	279	374	411	437	472	497

The next table reflects projected pension contributions and amortizations for the Executive Branch and Judiciary employees participating in the New York State ERS and PFRS through 2029. The "Normal Costs" column shows the amount of the State's pension contribution prior to amortization. The "(Amortized) / Excess Contributions" column shows new amounts deferred, offset in some cases, by payments made ahead of schedule. The "Amortization Payments" column provides the aggregate cost of amortization in a given fiscal year (principal and interest on all prior deferrals). The "Total" column provides the State's pension contribution, net of amortization.

EMPLOYEE RETIREMENT SYSTEM AND POLICE AND FIRE RETIREMENT SYSTEM[1] (millions of dollars)				
Fiscal Year	**Normal Costs[2]**	**(Amortized)/Excess Contributions**	**Amortization Payments**	**Total**
Results:				
2011	1,552.8	(249.6)	0.0	1,303.2
2012	2,041.7	(562.9)	32.3	1,511.1
2013	2,085.3	(778.5)	100.9	1,407.7
2014	2,633.7	(937.0)	192.1	1,888.8
2015	2,289.8	(713.1)	305.8	1,882.5
Projections:				
2016	2,025.5	(395.1)	389.9	2,020.3
2017	2,112.5	(299.0)	436.6	2,250.1
2018	2,184.0	(212.4)	471.9	2,443.5
2019	2,298.1	(122.1)	497.0	2,673.0
2020	2,390.9	(33.0)	511.5	2,869.4
2021	2,462.3	0.0	515.4	2,977.7
2022	2,349.1	61.1	483.1	2,893.3
2023	2,349.2	0.0	351.6	2,700.8
2024	2,350.7	0.0	323.3	2,674.0
2025	2,350.4	0.0	209.6	2,560.0
2026	2,348.0	0.0	125.4	2,473.4
2027	2,343.3	0.0	78.7	2,422.0
2028	2,335.9	0.0	43.2	2,379.1
2029	2,329.7	0.0	18.2	2,347.9

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

[2] Normal costs include payments from amortizations prior to FY 2011, which will end in FY 2017.

Consistent with the aforementioned amortization assumptions, Part TT of Chapter 57 of the Laws of 2010 requires that: (a) the State make additional contributions in upcoming fiscal years, above the actuarially required contribution (starting in FY 2022) and (b) once all outstanding amortizations are paid off, additional contributions be set aside as reserves for rate increases, to be invested by the State Comptroller and used to offset future rate increases.

Other Post-Employment Benefits ("OPEB")

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

In accordance with the Governmental Accounting Standards Board ("GASB") Statement 45, the State must perform an actuarial valuation every two years for purposes of calculating OPEB liabilities. As disclosed in Note 13 of the State's Basic Financial Statements for FY 2014, the State's Annual Required Contribution ("ARC") represents the projected annual level of funding that, if set aside on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded liabilities of the plan over a period not to exceed 30 years. Amounts required but not actually set aside to pay for these benefits are accumulated, with interest, as part of the net OPEB obligation, after adjusting for amounts previously required.

As reported in the State's Basic Financial Statements for FY 2014, the projected unfunded actuarial accrued liability for FY 2014 is $68.2 billion ($54.3 billion for the State and $13.9 billion for SUNY), an increase of $1.7 billion from FY 2013 (attributable entirely to SUNY). The unfunded actuarial accrued liability for FY 2014 used an actuarial valuation of OPEB liabilities as of April 1, 2012. 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.

The actuarially determined annual OPEB cost for FY 2014 totaled $3.0 billion ($2.3 billion for the State and $0.7 billion for SUNY), a decline of $390 million from FY 2013 ($322 million for the State and $68 million for SUNY). The actuarially determined cost is calculated using the Frozen Entry Age actuarial cost method, allocating costs on a level basis over earnings. The actuarially determined cost was $1.5 billion ($1.0 billion for the State and $0.5 billion for SUNY) greater than the cash payments for retiree costs made by the State in FY 2014. This difference between the State's PAYGO costs, and the actuarially determined required annual contribution under GASB Statement 45, reduced the State's net asset condition at the end of FY 2014 by $1.5 billion.

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

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

The State is currently examining proposed changes to GASB Statement 45 requirements. The proposed changes will alter the actuarial methods used to calculate OPEB liabilities, standardize asset smoothing and discount rates, and require the funded status of the OPEB liabilities to be reported by the State. As proposed, the GASB changes would be implemented in the State's FY 2018 financial statements.

Monetary Settlements

The State periodically receives proceeds from monetary settlements that are primarily deposited to the General Fund. The Updated Financial Plan assumes monetary settlements in the upcoming fiscal years of approximately $250 million in FY 2016, and $100 million each for FY 2017 and FY 2018. There can be no assurance that settlement proceeds in upcoming fiscal years will be received by the State at the levels assumed in the Updated Financial Plan.

Litigation

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

Update on Storm Recovery

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

Climate Change Adaptation

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

Financial Condition of New York State Localities

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

Bond Market

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

Debt Reform Act Limit

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

Current projections anticipate that debt outstanding and debt service will continue to remain below the limits imposed by the Debt Reform Act. Based on the most recent personal income and debt outstanding forecasts, the available room under the debt outstanding cap is expected to decline from $3.7 billion in FY 2015 to $776 million in FY 2019. This includes the estimated impact of the bond-financed portion of proposed increased capital commitment levels. Debt outstanding and debt service caps continue to include the existing SUNY Dormitory Facilities lease revenue bonds, which are backed by a general obligation pledge of SUNY. Bonds issued under the new SUNY Dormitory Facilities Revenue credit are not included in the State's calculation of debt caps. Capital spending priorities and debt financing practices may be adjusted from time to time to preserve available debt capacity and stay within the statutory limits.

DEBT OUTSTANDING SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT (millions of dollars)	
Year	Personal Income	Cap %	Cap $	Debt Outstanding Since April 1, 2000	$ Remaining Capacity	Debt as a % of PI	% Remaining Capacity	Debt Outstanding Prior to April 1, 2000	Total State-Supported Debt Outstanding
FY 2015	1,113,845	4.00%	44,554	40,824	3,729	3.67%	0.33%	11,745	52,570
FY 2016	1,162,240	4.00%	46,490	44,776	1,714	3.85%	0.15%	10,266	55,042
FY 2017	1,223,049	4.00%	48,922	47,833	1,089	3.91%	0.09%	8,833	56,667
FY 2018	1,287,369	4.00%	51,495	50,567	928	3.93%	0.07%	7,344	57,911
FY 2019	1,353,522	4.00%	54,141	53,365	776	3.94%	0.06%	6,122	59,487
FY 2020	1,421,572	4.00%	56,863	55,905	958	3.93%	0.07%	4,979	60,884

DEBT SERVICE SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT (millions of dollars)	
Year	All Funds Receipts	Cap %	Cap $	Debt Service Since April 1, 2000	$ Remaining Capacity	DS as a % of Revenue	% Remaining Capacity	Debt Service Prior to April 1, 2000	Total State-Supported Debt Service
FY 2015	147,974	5.00%	7,399	3,997	3,402	2.70%	2.30%	1,804	5,801
FY 2016	149,286	5.00%	7,464	4,187	3,278	2.80%	2.20%	1,314	5,501
FY 2017	152,245	5.00%	7,612	4,603	3,009	3.02%	1.98%	1,655	6,258
FY 2018	156,281	5.00%	7,814	5,001	2,814	3.20%	1.80%	1,710	6,710
FY 2019	159,344	5.00%	7,967	5,409	2,558	3.39%	1.61%	1,564	6,973
FY 2020	164,685	5.00%	8,234	5,821	2,413	3.53%	1.47%	1,439	7,260

Secured Hospital Program

Under the Secured Hospital Program, the State entered into service contracts to enable certain financially distressed not-for-profit hospitals to have tax-exempt debt issued on their behalf to pay for the cost of upgrading their primary health care facilities. Secured Hospital 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 shortfalls in revenues 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 1, 2015, there were approximately $304 million of bonds outstanding for this program.

The financial condition of hospitals in the State's Secured Hospital Program continues to deteriorate. Of the four remaining hospitals in the program, one is experiencing significant operating losses that have impaired its ability to remain current on its loan agreement with DASNY. In relation to the Secured Hospital Program, the State's contingent contractual obligation was invoked to pay debt service for the first time in FY 2014, when $12 million was paid. DASNY also estimates the State will pay debt service costs of $24 million in FY 2015, approximately $25 million in both FY 2016 and FY 2017, and approximately $14 million in both FY 2018 and FY 2019. These amounts are based on the actual experience to date of the participants in the program, and would cover the debt service costs for one hospital that currently is not meeting the terms of its loan agreement with DASNY, a second hospital whose debt service obligation was recently discharged in bankruptcy, and a third hospital that is now closed. The State has estimated additional exposure of up to $24 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 Long Island College Hospital

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

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

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

In accordance with the settlement, Holdings has entered into a purchase and sale agreement with FPG Cobble Hill Acquisitions, LLC, an affiliate of Fortis Property Group, LLC (also party to the agreement) which proposes to purchase the LICH property, and with NYU Hospitals Center which will provide both interim and long-term health care services. The agreement has been approved by the Office of Attorney General and the State Comptroller. The sale of all, or substantially all, of the assets of Holdings is subject to additional approvals. There can be no assurance that the resolution of legal, financial, and regulatory issues surrounding LICH, including the payment of outstanding liabilities, will not have a materially adverse impact on SUNY.

Consensus Revenue Forecast

On February 27, 2015, as required by State law, the Executive and Legislature issued a joint report containing a consensus forecast for the economy and projections of receipts for the current and upcoming fiscal years. The consensus forecast is intended to provide a common agreement on projected tax receipts as a precursor to legislative deliberations on the Executive Budget proposal. In the consensus forecast report, the parties agreed that tax receipts over the two-year period (FYs 2015 and 2016) were projected to exceed the Executive Budget forecast by approximately $200 million. The consensus forecast will be taken into consideration in negotiations to adopt a budget for FY 2016, but is not reflected in the Updated Financial Plan.

Financial Plan Projections — Fiscal Years 2015 through 2019

Introduction

This section presents the State's updated multi-year Financial Plan for FY 2015 through FY 2019, with an emphasis on the FY 2016 projections. The projections reflect the impact of the Executive Budget proposal on the Updated 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 overall estimated tax receipts before their diversion among various funds and accounts, including tax receipts dedicated to capital projects funds (which fall outside of the General Fund and State Operating Funds accounting perspectives). DOB believes this presentation provides a clearer picture of projected receipts, trends and forecast assumptions, by factoring out the distorting effects of earmarking certain tax receipts.

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

In evaluating the State's multi-year operating forecast, it should be noted that the reliability of the estimates and projections as a predictor of the State's future financial position is likely to diminish the further removed such estimates and projections are from the date of this AIS Update. Accordingly, in terms of out-year projections, the first outyear of the FY 2015 budget, FY 2016, is the most relevant from a planning perspective.

Summary

The Updated Financial Plan reflects limiting annual growth in State Operating Funds spending to 1.7 percent, consistent with the expectation of adherence with a 2 percent spending benchmark. In addition, DOB estimates that the State will end FY 2015 with a sizeable General Fund cash-basis surplus due to a series of unbudgeted one-time monetary settlements reached between regulators and financial institutions.

The surplus projections for FY 2017 and thereafter set forth in the Updated Financial Plan reflect the savings that DOB estimates would occur if the Governor continues to propose, and the Legislature continues to enact, balanced budgets in future years that limit annual growth in State Operating Funds spending to no greater than 2 percent. The estimated savings are labeled in the Financial Plan tables as “Adherence to 2 percent Spending Benchmark.” Total disbursements in Financial Plan tables and discussion do not assume these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

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

GENERAL FUND PROJECTIONS (millions of dollars)	FY 2015 Current	FY 2016 Proposed	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
RECEIPTS					
Taxes (After Debt Service)	58,434	62,286	65,133	67,838	69,458
Miscellaneous Receipts/Federal Grants	8,876	2,926	2,656	2,366	2,277
Other Transfers	1,404	878	740	739	747
Total Receipts	**68,714**	**66,090**	**68,529**	**70,943**	**72,482**
DISBURSEMENTS					
Local Assistance Grants	41,986	43,916	46,456	49,149	51,595
School Aid	18,393	19,719	20,945	21,928	23,194
Medicaid	11,665	12,311	12,966	13,670	14,407
All Other	11,928	11,886	12,545	13,551	13,994
State Operations	7,872	8,232	8,315	8,683	8,532
Personal Service	5,849	6,064	6,093	6,203	6,234
Non-Personal Service	2,023	2,168	2,222	2,480	2,298
General State Charges	4,977	5,213	5,710	6,032	6,349
Transfers to Other Funds	8,346	13,268	9,771	10,417	10,814
Debt Service	1,291	915	1,245	1,411	1,198
Capital Projects	888	5,991	1,823	2,042	2,290
State Share of Mental Hygiene Medicaid	1,448	1,312	1,339	1,214	1,155
SUNY Operations	980	985	974	969	969
All Other	3,739	4,065	4,390	4,781	5,202
Total Disbursements	**63,181**	**70,629**	**70,252**	**74,281**	**77,290**
Adherence to 2% Spending Benchmark [1]	**n/a**	**n/a**	**1,937**	**4,195**	**5,486**
Use (Reservation) of Fund Balance:	**(133)**	**(11)**	**(12)**	**(10)**	**(11)**
Tax Stabilization Reserve Fund	(125)	0	0	0	0
Rainy Day Reserve Fund	(190)	0	0	0	0
Community Projects Fund	87	0	0	0	0
Prior-Term Labor Agreements	37	(11)	(12)	(10)	(11)
Debt Management	0	0	0	0	0
J.P. Morgan Settlement Proceeds	58	0	0	0	0
Monetary Settlements[2]	(5,400)	4,550	0	0	0
BUDGET SURPLUS/(GAP) PROJECTIONS	**0**	**0**	**202**	**847**	**667**

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

[2] FY 2016 reflects the proposed transfer of $4.55 billion from the General Fund to the proposed Dedicated Infrastructure Investment Fund.

STATE OPERATING FUNDS PROJECTIONS
(millions of dollars)

	FY 2015 Current	FY 2016 Proposed	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
RECEIPTS					
Taxes	69,150	73,104	76,345	79,334	81,467
Miscellaneous Receipts/Federal Grants	25,616	19,480	18,988	18,854	18,844
Total Receipts	**94,766**	**92,584**	**95,333**	**98,188**	**100,311**
DISBURSEMENTS					
Local Assistance Grants	61,100	62,519	65,130	68,054	70,616
School Aid	21,609	23,026	24,142	25,226	26,486
STAR	3,374	3,231	3,216	3,157	3,098
Special/Other Education	2,138	2,104	2,227	2,400	2,541
Higher Education	2,902	2,972	3,031	3,096	3,156
Medicaid (DOH)	16,732	17,481	18,224	18,986	19,724
Public Health/Aging	1,853	1,745	1,724	1,758	1,787
Mental Hygiene	2,934	2,582	2,780	3,250	3,446
Social Services	2,809	2,920	3,067	3,265	3,273
Transportation	4,841	4,839	4,904	4,974	5,038
Local Government Assistance	777	765	785	790	790
All Other	1,131	854	1,030	1,152	1,277
State Operations	18,371	18,588	18,729	19,153	19,156
Personal Service	12,596	12,886	12,901	13,054	13,163
Non-Personal Service	5,775	5,702	5,828	6,099	5,993
General State Charges	7,072	7,354	7,899	8,290	8,715
Pension Contribution	2,095	2,237	2,471	2,665	2,894
Health Insurance (Active Employees)	1,821	1,898	2,024	2,134	2,254
Health Insurance (Retired Employees)	1,490	1,553	1,656	1,746	1,844
All Other	1,666	1,666	1,748	1,745	1,723
Debt Service	5,833	5,526	6,284	6,725	6,987
Capital Projects	0	1	3	3	3
Total Disbursements	**92,376**	**93,988**	**98,045**	**102,225**	**105,477**
Net Other Financing Sources/(Uses)	2,767	(2,816)	1,363	1,104	823
Adherence to 2% Spending Benchmark [1]	**n/a**	**n/a**	**1,937**	**4,195**	**5,486**
RECONCILIATION TO GENERAL FUND GAP					
Designated Fund Balances:	(5,157)	4,220	(386)	(415)	(476)
General Fund	(5,533)	4,539	(12)	(10)	(11)
Special Revenue Funds	397	(249)	(311)	(327)	(397)
Debt Service Funds	(21)	(70)	(63)	(78)	(68)
GENERAL FUND BUDGET SURPLUS/(GAP)	**0**	**0**	**202**	**847**	**667**

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

Economic Backdrop

The U.S. Economy

According to the U.S. Bureau of Economic Analysis ("BEA") advanced estimate, national economic growth slowed substantially in the fourth calendar-year quarter of 2014 from the 4.8 percent average over the prior two quarters. The resulting annual growth rate for 2014 of 2.4 percent is slightly below the FY 2015 Enacted Budget forecast of 2.5 percent, but with a potential for a downward revision when the BEA releases its second estimate for the fourth quarter at the end of the month. The most recent high frequency data indicate lower growth for the first quarter of 2015 than was expected in the FY 2015 Enacted Budget forecast, although the cold weather may further reduce economic activity. DOB estimates that real U.S. GDP will grow 2.9 percent in 2015, similar to the FY 2015 Enacted Budget forecast and indicating an improving national economy.

The national labor market continues to exhibit strength. Indeed, the release of the annual benchmark revision in early February 2015 indicated an even stronger pickup in hiring during the second half of 2014. For the final six months of 2014, private sector U.S. employment displayed monthly average growth of 273,200, revised up from 254,700, resulting in upwardly revised growth of 1.9 percent for all of 2014. Consequently, DOB now projects stronger employment growth of 2.4 percent for 2015, supporting upwardly revised real household spending growth of 3.5 percent. The recent decline in energy prices represents another tailwind to household spending. With gasoline prices down by more than $1.50 a gallon since the middle of 2014, cheaper energy is succeeding at what for so many households an improving labor market has failed to provide – a significant rise in disposable income.

Improved household spending should give private business more confidence to invest and hire in the future, but falling oil prices may also have negative effects on oil producers. Some oil producing companies have already announced layoffs as well as delays or cancellations of plans for new exploration. As a result, the overall impact on business investment is likely to be muted. Meanwhile, the boost from lower energy prices is expected to only partially compensate for the weakness of the global economy, a listless housing market, and continued low wage growth. Without support from these critical sources, DOB continues to anticipate annualized quarterly growth of real GDP will remain below 3 percent over the near term.

Despite solid domestic growth, the global outlook remains uncertain as we await the impact of actions recently taken to stimulate the European economy. This uncertainty is augmented by the ongoing threat of geopolitical conflict. The most recent data indicate that these risks, together with the recent sharp real appreciation of the dollar, are leading to even weaker net export growth over the near term. As a result, real U.S. export growth has been revised down to 4.2 percent for 2015. Weaker global demand than anticipated is also likely to augment the negative impact on domestic business investment of lower energy prices. These developments are expected to partially offset the positive impact of stronger household spending. As a result, real growth in non-residential fixed investment for 2015 has been revised up to 5.0 percent, following 6.1 percent growth for all of 2014 and only 1.9 percent for the fourth quarter.

The housing market rebounded after being hard hit by extreme winter weather last year. Housing starts exhibited monthly average growth of 3.6 percent over the second half of 2014, improving from a 1.8 percent decline over the first half of the year. However, based on the most recent data, residential construction saw yet another slow start to the year, due at least in part to January's harsh weather. As the weather improves, historically low, albeit rising, interest rates, along with improving lending terms (other than interest rates) and a strengthening labor market, should support housing market growth. On balance, DOB projects downwardly revised real residential investment growth of 5.8 percent for 2015.

U.S. ECONOMIC INDICATORS
(Percent change from prior calendar year)

	2014 (Actual)	2015 (Forecast)	2016 (Forecast)
Real U.S. Gross Domestic Product	2.4	2.9	2.8
Consumer Price Index (CPI)	1.6	0.5	2.2
Personal Income	3.9	4.4	5.4
Nonagricultural Employment	1.9	2.4	2.1

Source: Moody's Analytics; DOB staff estimates.

Given solid improvement in the labor market and the expected boost to growth from lower energy prices, DOB expects the Federal Reserve to begin raising its short-term interest rate target at the end of the second quarter of 2015. But rising concern over disinflation in the U.S. and abroad represents a risk that could affect the Federal Reserve's decision making. In the fourth quarter of 2014, year-ago growth in the headline CPI fell to 1.2 percent, while core CPI inflation fell to 1.7 percent. Domestic oil prices have fallen to about $50 per barrel and are expected to remain soft for the foreseeable future. Therefore, DOB has revised down estimates for consumer price inflation to 0.5 percent for 2015.

Although the DOB economic outlook calls for a modest strengthening of the nation's recovery, significant risks remain. It is difficult to foresee domestic growth substantially accelerating given the slow pace of U.S. export growth. While the euro-area economy is no longer contracting and the European Central Bank has embarked upon a round of quantitative easing, unemployment rates are still rising in some areas, there are concerns about unusually low rates of inflation, and uncertainty over the integrity of the monetary union itself has re-emerged. A euro-area recovery that is even more sluggish than expected will likely result in slower export and corporate profits growth than reflected in this forecast. Although energy prices are expected to remain low, a complex geopolitical situation could ignite renewed volatility, which, along with equity price volatility, represents a risk to household spending. In contrast, stronger global growth or lower than expected gasoline prices would result in stronger outcomes than projected. Finally, the response of global financial markets to the anticipated shift in Federal Reserve policy in the U.S. remains a risk, whether that process starts in June or later in the year, particularly given the lack of experience upon which to draw.

The New York State Economy

The State's private sector labor market has continued to outperform expectations, with estimated growth for the 2014 calendar year incorporating upward revisions to employment in real estate services and construction, transportation and warehousing, financial services, professional and business services, and health care. Growth also remains strong in tourism-related leisure and hospitality industries. Strong private sector job growth of 2.1 percent is now estimated for 2014, with growth expected to decelerate to 1.6 percent in 2015 as the State's labor market expansion matures. Preliminary data suggest that the long-term decline in government employment may also be coming to an end. Overall employment growth for 2014 and 2015 has been revised up to 1.7 percent and 1.4 percent, respectively.

Stronger than anticipated job growth for 2014 has resulted in upwardly revised wage growth of 6.2 percent. However, preliminary information suggests that disappointing fourth quarter earnings and revenues for the finance sector are likely to have resulted in reduced bonus payouts for the 2014-15 bonus season now in progress. DOB has reduced estimated finance and insurance sector bonus growth to only 3.6 percent on a 2014-15 State fiscal year basis. These lower bonus payouts have resulted in downward revisions to both total wages and personal income.

NEW YORK STATE ECONOMIC INDICATORS (Percent change from prior State fiscal year)			
	FY 2014 (Actual)	FY 2015 (Forecast)	FY 2016 (Forecast)
Personal Income	2.1	4.1	4.5
Wages	4.2	4.5	4.5
Nonagricultural Employment	1.6	1.7	1.4
Source: Moody's Analytics; New York State Department of Labor; DOB staff estimates.			

The performance of the State's private sector labor market continues to show strength, but there are significant risks to the forecast. All of the risks to the U.S. forecast apply to the State forecast as well, although as the nation's financial capital, both the volume of financial market activity and equity market volatility pose a particularly large degree of uncertainty for New York. Although DOB now estimates only low single-digit growth in finance and insurance sector bonuses for the season in progress, considerable risks remain. Under regulatory and other pressures, the pattern of Wall Street bonus payouts has changed dramatically since the 2008-09 financial crisis, with payments now more widely dispersed across the year. In addition, taxable payouts can represent both current-year awards and deferred payments from prior year awards. Finally, the deferral ratio has also proven to be unstable. As a result, the uncertainty surrounding bonus projections has continued to mount. In addition, recent events have demonstrated how sensitive financial markets can be to shifting expectations surrounding Federal Reserve policy. As the Federal Reserve moves closer to its first rate hike in many years, the resulting financial market volatility are likely to have a larger impact on the State economy than on the nation as a whole. Should financial and real estate markets be weaker than we project, both bonuses and taxable capital gains realizations could be negatively affected.

All Funds Receipts Projections

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

Overall base growth in tax receipts is dependent on many factors. In general, base tax receipts growth rates are determined by economic changes, including, but not limited to, changes in interest rates, prices, wages, employment, nonwage income, capital gains realizations, taxable consumption, corporate profits, household net worth, real estate prices and gasoline prices. Federal law changes can influence taxpayer behavior, which also affect base tax receipts growth. 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, temporary and disability assistance, mental hygiene, education, public health, and other activities, including extraordinary aid.

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

ALL FUNDS RECEIPTS
(millions of dollars)

	FY 2014 Results	FY 2015 Current	Change	FY 2016 Proposed	Change	FY 2017 Projected	Change	FY 2018 Projected	Change	FY 2019 Projected	Change
Personal Income Tax	42,961	43,813	2.0%	46,768	6.7%	49,508	5.9%	51,754	4.5%	53,084	2.6%
Consumption/Use Taxes	15,099	15,454	2.4%	16,041	3.8%	16,610	3.5%	17,131	3.1%	17,701	3.3%
Business Taxes	8,259	7,777	-5.8%	8,143	4.7%	8,025	-1.4%	8,174	1.9%	8,329	1.9%
Other Taxes	2,167	2,208	1.9%	2,161	-2.1%	2,127	-1.6%	2,132	0.2%	2,138	0.3%
Payroll Tax	1,204	1,260	4.7%	1,337	6.1%	1,397	4.5%	1,467	5.0%	1,544	5.2%
Total State Taxes	**69,690**	**70,512**	**1.2%**	**74,450**	**5.6%**	**77,667**	**4.3%**	**80,658**	**3.9%**	**82,796**	**2.7%**
Miscellaneous Receipts	24,233	30,426	25.6%	25,075	-17.6%	24,146	-3.7%	23,524	-2.6%	23,681	0.7%
Federal Receipts	43,789	47,035	7.4%	49,763	5.8%	50,433	1.3%	52,099	3.3%	52,868	1.5%
Total All Fund Receipts	**137,712**	**147,973**	**7.5%**	**149,288**	**0.9%**	**152,246**	**2.0%**	**156,281**	**2.7%**	**159,345**	**2.0%**

Total All Funds receipts in FY 2015 are estimated at $148 billion, 7.5 percent above FY 2014 results. State tax receipts are expected to increase 1.2 percent in FY 2015. This modest increase is due to tax cuts enacted in 2014 and the partial repayment of tax credits deferred in tax years 2010-2012. Miscellaneous receipts growth in FY 2015 is primarily due to the windfall from one-time monetary settlements with financial institutions. In addition, the FY 2015 General Fund total includes a deposit of $1 billion from the SIF reserve release in connection with Workers' Compensation law changes included in the FY 2014 Enacted Budget, which is an increase of $750 million from the amount of the reserve released in FY 2014. In other State funds, FY 2015 miscellaneous receipts are driven by year-to-year variations to health care surcharges and other HCRA resources, licensing fees associated with commercial gaming, bond proceeds, atypical fines and the phase-out of the temporary utility assessment.

Consistent with the projected growth in the New York economy over the multi-year Financial Plan period, the personal income and consumption/use tax categories are expected to grow. Business taxes and other taxes are expected to decline in some or all years due to tax cuts and reforms enacted in 2014.

Not reflected in the prior table is a base tax revenue growth scenario. If controlling for the impact of tax law changes and income shifting by individuals with respect to income tax payments, base tax revenue would be projected to increase by 3.5 percent for FY 2015 and 4.6 percent for FY 2016.

Personal Income Tax

PERSONAL INCOME TAX
(millions of dollars)

	FY 2014 Results	FY 2015 Updated	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change	FY 2019 Projected	Change
STATE/ALL FUNDS	**42,961**	**43,813**	**2.0%**	**46,768**	**6.7%**	**49,508**	**5.9%**	**51,754**	**4.5%**	**53,084**	**2.6%**
Gross Collections	51,575	52,189	1.2%	56,005	7.3%	59,601	6.4%	62,593	5.0%	64,464	3.0%
Refunds (Incl. State/City Offset)	(8,614)	(8,376)	2.8%	(9,237)	-10.3%	(10,093)	-9.3%	(10,839)	-7.4%	(11,380)	-5.0%
GENERAL FUND[1]	**28,864**	**29,486**	**2.2%**	**31,845**	**8.0%**	**33,915**	**6.5%**	**35,658**	**5.1%**	**36,715**	**3.0%**
Gross Collections	51,575	52,189	1.2%	56,005	7.3%	59,601	6.4%	62,593	5.0%	64,464	3.0%
Refunds (Incl. State/City Offset)	(8,614)	(8,376)	2.8%	(9,237)	-10.3%	(10,093)	-9.3%	(10,839)	-7.4%	(11,380)	-5.0%
STAR	(3,357)	(3,374)	-0.5%	(3,231)	4.2%	(3,216)	0.5%	(3,157)	1.8%	(3,098)	1.9%
RBTF	(10,740)	(10,953)	-2.0%	(11,692)	-6.7%	(12,377)	-5.9%	(12,939)	-4.5%	(13,271)	-2.6%

[1]Excludes Transfers.

All Funds income tax receipts for FY 2015 are projected to be $43.8 billion, an increase of $852 million (2 percent) from FY 2014 results. This primarily reflects increases in withholding and estimated payments attributable to the 2014 tax year, partially offset by a substantial decline in tax year 2013 extension payments.

Withholding in FY 2015 is projected to be $1.6 billion (4.9 percent) higher compared to FY 2014, due mainly to moderate wage growth. Extension payments are estimated to decline by $1.8 billion (34.9 percent) due to reduced tax year 2013 capital gains realizations (relative to tax year 2012). The capital gains acceleration into tax year 2012 at the expense of tax year 2013 and thereafter, which was done in anticipation of the increase in Federal income tax rates between 2012 and 2013 inflated extension payments. This income shifting was coupled with unusually high tax year 2012-related (FY 2014) extension overpayments, leading to a significant tax year 2013-related (FY 2015) extension payments decline. Estimated payments for tax year 2014 are projected to be $905 million (9.6 percent) higher. Final return payments and delinquencies are projected to be $219 million (9.2 percent) lower and $106 million (9 percent) higher, respectively.

The decline in total refunds of $238 million (2.8 percent) reflects a $328 million (15.8 percent) decrease in current (tax year 2014) refunds, a $405 million (7.5 percent) decrease in prior (tax year 2013) refunds, a $90 million (16.3 percent) decrease in previous (tax year 2012 and earlier) refunds, and a $27 million (4.4 percent) decline in the State-City offset, partially offset by $612 million in advanced payments for the Family Tax Relief credit and the newly enacted Real Property Tax Freeze credit. These advance payments serve to increase refunds.

General Fund income tax receipts are net of deposits to the STAR Fund, which provides property tax relief, and the Revenue Bond Tax Fund ("RBTF"), which supports debt service payments on State PIT revenue bonds. General Fund income tax receipts for FY 2015 of $29.5 billion are expected to increase by $622 million (2.2 percent) from the prior year, mainly reflecting the increase in All Funds receipts noted above. RBTF deposits are projected to be $11 billion and the STAR transfer is projected to be $3.4 billion.

The following table summarizes, by component, actual receipts for FY 2014 and forecast amounts through FY 2019.

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

	FY 2014 Results	FY 2015 Current	FY 2016 Proposed	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Receipts						
Withholding	33,368	34,999	37,290	39,371	40,850	42,648
Estimated Payments	14,637	13,733	14,996	16,289	17,578	17,401
Current Year	9,454	10,359	11,348	12,219	13,133	12,510
Prior Year*	5,183	3,374	3,648	4,070	4,445	4,891
Final Returns	2,395	2,176	2,378	2,555	2,726	2,919
Current Year	250	224	254	265	277	277
Prior Year*	2,145	1,952	2,124	2,290	2,449	2,642
Delinquent	1,175	1,281	1,341	1,386	1,439	1,496
Gross Receipts	51,575	52,189	56,005	59,601	62,593	64,464
Refunds						
Prior Year*	5,367	4,962	5,678	7,000	8,062	8,578
Previous Years	554	464	488	513	539	564
Current Year*	2,078	1,750	1,750	1,700	1,700	1,700
Advanced Credit Payment	0	612	783	342	0	0
State/City Offset*	615	588	538	538	538	538
Total Refunds	8,614	8,376	9,237	10,093	10,839	11,380
Net Receipts	**42,961**	**43,813**	**46,768**	**49,508**	**51,754**	**53,084**

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

All Funds income tax receipts for FY 2016 of $46.8 billion are projected to increase by nearly $3 billion (6.7 percent) from the prior year. This primarily reflects increases of $2.3 billion (6.5 percent) in withholding, $989 million (9.5 percent) in estimated payments related to tax year 2015, and $274 million (8.1 percent) in extension payments related to tax year 2014, partially offset by an $861 million (10.3 percent) increase in total refunds. The growth in withholding is the result of projected wage growth of 4.8 percent. The moderate growth in extension payments represents a rebound following a decline in FY 2015. The growth in total refunds is primarily attributable to growth in prior (tax year 2014) refunds, following a deflated FY 2015 base which would have been $328 million higher absent the increase in the administrative cap on refunds between January and March 2014. Legislation included as part of the FY 2015 Enacted Budget (the Enhanced Real Property Tax Circuit Breaker Credit, the Manufacturing Property Tax Credit, and the length of service awards for volunteer firefighters and ambulance workers deduction) contributes an additional $101 million to the growth in tax year 2014-related prior refunds. Payments from final returns are expected to increase $202 million (9.3 percent), while delinquencies are projected to increase $60 million (4.7 percent) from the prior year. The increase in delinquencies is inclusive of $27 million attributable to Executive proposals.

General Fund income tax receipts for FY 2016 of $31.8 billion are projected to increase by $2.4 billion (8 percent). The RBTF deposits are projected to be $11.7 billion, and the STAR transfer is projected to be $3.2 billion.

All Funds income tax receipts of $49.5 billion in FY 2017 are projected to increase $2.7 billion (5.9 percent) from the prior year. Gross receipts are projected to increase 6.4 percent, reflecting withholding that is projected to grow by $2.1 billion (5.6 percent) and estimated payments related to tax year 2016 that are projected to grow by $871 million (7.7 percent). Payments from extensions for tax year 2015 are projected to increase by $422 million (11.6 percent) and final returns are expected to increase $177 million (7.4 percent). Delinquencies are projected to increase $45 million (3.4 percent) from the prior year. Total refunds are projected to increase by $856 million (9.3 percent) from the prior year.

General Fund income tax receipts for FY 2017 of $33.9 billion are projected to increase by $2.1 billion (6.5 percent).

All Funds income tax receipts are projected to increase by $2.2 billion (4.5 percent) in FY 2018 to reach $51.8 billion, while General Fund receipts are projected to be $35.7 billion.

Consumption/Use Taxes

CONSUMPTION/USE TAXES (millions of dollars)											
	FY 2014 Results	FY 2015 Updated	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change	FY 2019 Projected	Change
STATE/ALL FUNDS	**15,099**	**15,454**	**2.4%**	**16,041**	**3.8%**	**16,610**	**3.5%**	**17,131**	**3.1%**	**17,701**	**3.3%**
Sales Tax	12,588	13,094	4.0%	13,664	4.4%	14,280	4.5%	14,829	3.8%	15,423	4.0%
Cigarette and Tobacco Taxes	1,453	1,282	-11.8%	1,283	0.1%	1,232	-4.0%	1,193	-3.2%	1,153	-3.4%
Motor Fuel Tax	473	487	3.0%	484	-0.6%	485	0.2%	482	-0.6%	478	-0.8%
Highway Use Tax	136	136	0.0%	145	6.6%	139	-4.1%	141	1.4%	150	6.4%
Alcoholic Beverage Taxes	250	251	0.4%	256	2.0%	261	2.0%	266	1.9%	271	1.9%
Taxicab Surcharge	85	85	0.0%	85	0.0%	85	0.0%	85	0.0%	85	0.0%
Auto Rental Tax	114	119	4.4%	124	4.2%	128	3.2%	135	5.5%	141	4.4%
GENERAL FUND[1]	**6,561**	**6,700**	**2.1%**	**7,009**	**4.6%**	**7,291**	**4.0%**	**7,547**	**3.5%**	**7,822**	**3.6%**
Sales Tax	5,885	6,130	4.2%	6,385	4.2%	6,675	4.5%	6,935	3.9%	7,215	4.0%
Cigarette and Tobacco Taxes	426	319	-25.1%	368	15.4%	355	-3.5%	346	-2.5%	336	-2.9%
Alcoholic Beverage Taxes	250	251	0.4%	256	2.0%	261	2.0%	266	1.9%	271	1.9%

[1] Excludes Transfers.

All Funds consumption/use tax receipts for FY 2015 are estimated to be $15.5 billion, a $355 million (2.4 percent) increase from FY 2014 results. Sales tax receipts are expected to increase $506 million (4 percent) from FY 2014, resulting from 5.9 percent base (i.e., absent law changes) growth, partially offset by law changes enacted with the FY 2015 and previous fiscal year budgets. Cigarette and tobacco tax collections are estimated to decline $171 million (11.8 percent), primarily reflecting large declines in taxable cigarette consumption (particularly in NYC) and cigar tax refunds, resulting in part from a nonbinding Administrative Law Judge Determination (*Matter of Davidoff of Geneva, Inc.*). Resources have been devoted to the Tax Department enforcement unit to more aggressively pursue sale of untaxed cigarettes. Motor fuel tax collections are expected to increase $14 million (3 percent), reflecting a rebound from a FY 2014 decline caused by severe winter weather.

General Fund consumption/use tax receipts for FY 2015 are estimated to total $6.7 billion, an increase of $139 million (2.1 percent) from FY 2014. This increase largely reflects increased sales tax collections offset by greater than trend declines in cigarette collections and cigar tax refunds.

All Funds consumption/use tax receipts for FY 2016 are projected to be $16 billion, an increase of $587 million (3.8 percent) from the prior year. The $570 million (4.4 percent) increase in sales tax receipts reflects sales tax base growth of 3.9 percent due to strong projected disposable income growth. Highway use tax receipts are expected to increase $9 million (6.6 percent) as FY 2016 is a triennial renewal year.

General Fund consumption/use tax receipts are projected to total $7 billion in FY 2016, a $309 million (4.6 percent) increase from the prior year. The projected increase results from increases in sales, cigarette and tobacco, and alcoholic beverage tax receipts. The projected increase in cigarette and tobacco tax receipts is the result of an artificially low FY 2015 base created by the cigar tax refunds mentioned earlier.

All Funds consumption/use tax receipts are projected to increase to nearly $16.6 billion (3.5 percent) in FY 2017 and to $17.1 billion (3.1 percent) in FY 2018, largely representing base growth in sales tax receipts, offset slightly by trend declines in cigarette tax collections.

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

General Fund consumption/use tax receipts are projected to increase to $7.3 billion (4 percent) in FY 2017 and $7.5 billion (3.5 percent) in FY 2018, reflecting the All Funds trends noted above.

Business Taxes

BUSINESS TAXES
(millions of dollars)

	FY 2014 Results	FY 2015 Updated	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change	FY 2019 Projected	Change
STATE/ALL FUNDS	**8,259**	**7,777**	**-5.8%**	**8,143**	**4.7%**	**8,025**	**-1.4%**	**8,174**	**1.9%**	**8,329**	**1.9%**
Corporate Franchise Tax	3,812	2,967	-22.2%	4,649	56.7%	4,370	-6.0%	4,552	4.2%	4,671	2.6%
Corporation and Utilities Tax	798	773	-3.1%	805	4.1%	816	1.4%	818	0.2%	835	2.1%
Insurance Tax	1,444	1,524	5.5%	1,604	5.2%	1,581	-1.4%	1,563	-1.1%	1,637	4.7%
Bank Tax	1,050	1,373	30.8%	(10)	-100.7%	203	2130.0%	190	-6.4%	143	-24.7%
Petroleum Business Tax	1,155	1,140	-1.3%	1,095	-3.9%	1,055	-3.7%	1,051	-0.4%	1,043	-0.8%
GENERAL FUND	**6,046**	**5,576**	**-7.8%**	**5,894**	**5.7%**	**5,765**	**-2.2%**	**5,867**	**1.8%**	**5,970**	**1.8%**
Corporate Franchise Tax	3,245	2,428	-25.2%	3,880	59.8%	3,563	-8.2%	3,703	3.9%	3,772	1.9%
Corporation and Utilities Tax	615	590	-4.1%	619	4.9%	624	0.8%	622	-0.3%	631	1.4%
Insurance Tax	1,298	1,370	5.5%	1,433	4.6%	1,405	-2.0%	1,380	-1.8%	1,445	4.7%
Bank Tax	888	1,188	33.8%	(38)	-103.2%	173	555.3%	162	-6.4%	122	-24.7%
Petroleum Business Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%

All Funds business tax receipts for FY 2015 are estimated at $7.8 billion, a $482 million (6.6 percent) decrease from prior year results. The estimate reflects a decline resulting from the first year of the tax year 2010-2012 tax credit deferral payback to taxpayers (an incremental refund increase of $273 million) and enacted tax reductions for manufacturers which are estimated to reduce All Funds receipts by $223 million. Growth in the bank and insurance taxes is offset by declines in the corporate franchise tax (for the reasons stated below), the corporation and utilities tax and the petroleum business tax.

Corporate franchise tax receipts are estimated to decrease $845 million (22.2 percent) in FY 2015, reflecting the credit deferral payback ($273 million), and tax cuts for manufacturers enacted in the FY 2014 and FY 2015 budgets. The FY 2014 Enacted Budget phased-in a 25 percent tax cut on all four manufacturing tax bases beginning in tax year 2014. Additionally, the FY 2015 Enacted Budget reduced the entire net income tax rate to zero percent for qualified manufacturers effective for tax year 2014. The impact of these two actions is estimated to reduce FY 2015 receipts by a total of $223 million compared to FY 2014 receipts. In addition to these actions, audit receipts are expected to decline $633 million (45.4 percent). Corporate franchise tax receipts for FY 2015 will also include the mandatory first installment for former bank taxpayers due in March 2015. Since this represents the first payment towards 2015 liability, payments made by former bank taxpayers will be recorded under the corporate franchise tax as a result of corporate tax reform.

Corporation and utilities tax receipts are expected to decline $25 million (3.1 percent) in FY 2015. Both gross receipts and audits are expected to decline from the prior year while refunds are expected to be much lower in FY 2015 due to an atypically large refund that was paid in FY 2014. The decrease in gross receipts is mainly attributable to the loss of revenue from payments imposed by Section 186 of the Tax Law due to the Long Island Power Authority (“LIPA”) restructuring enacted in the 2013 legislative session.

Insurance tax receipts are expected to increase $80 million (5.5 percent) in FY 2015. Strength in premiums growth from authorized insurers as well as unauthorized (excess line brokers) insurers will be partially offset by the impact of the State's transition of the prescription drug, hospital and mental health portions of the Empire Plan to self-insurance on January 1, 2014. This transition reduces insurance tax receipts since State and local governments no longer remit the insurance tax as part of premium payments.

Bank tax receipts are estimated to increase $323 million (30.8 percent) in FY 2015. A nearly $676 million increase in audit receipts (based on receipts to date) is partially offset by higher refunds and lower gross receipts. Gross receipts are lower in FY 2015 than FY 2014 because the March 2015 mandatory first installment of tax payments for bank taxpayers will be recorded in the corporate franchise tax as a result of corporate tax reform.

Petroleum business tax (“PBT”) receipts are expected to decrease $15 million (1.3 percent) in FY 2015, primarily due to the 0.8 percent decrease in PBT tax rates effective January 2014 and the estimated 3.2 percent decrease in PBT tax rates effective January 2015. These declines are partially offset by an expected rebound from FY 2014 in taxable fuel consumption, which was depressed by severe winter weather.

General Fund business tax receipts for FY 2015 of $5.6 billion are estimated to decrease $470 million (7.8 percent) from FY 2014 results, reflecting the All Funds trends discussed above.

All Funds business tax receipts for FY 2016 of $8.1 billion are projected to increase $366 million (4.7 percent) from the prior year. The large decline in bank tax receipts and the commensurate large increase in corporate franchise tax receipts beginning in FY 2016 are the result of the repeal of the bank tax and resultant imposition of the corporate franchise tax on former bank taxpayers effective for tax year 2015. This year-over-year increase primarily reflects better audit results and lower refund payments (the second year of the credit deferral payback to taxpayers is smaller than the amount estimated to be paid out in FY 2015). PBT receipts are expected to decrease $45 million (4 percent) in FY 2016, primarily due to the estimated 3.2 percent decrease in PBT tax rates effective January 1, 2015 noted above, and expected declines in taxable motor fuel consumption due to declining vehicle miles traveled and increases in average vehicle fuel efficiency.

General Fund business tax receipts for FY 2016 of $5.9 billion are projected to increase $318 million (5.7 percent), reflecting the All Funds trends discussed above.

All Funds business tax receipts for FY 2017 and FY 2018 reflect projected trends in corporate profits, taxable insurance premiums, electric utility consumption and prices, the consumption of taxable telecommunications services, and automobile fuel consumption and fuel prices. All Funds business tax receipts are projected to decrease to $8 billion (1.4 percent) in FY 2017, and increase to $8.2 billion (1.9 percent) in FY 2018. General Fund business tax receipts are expected to decrease to $5.8 billion (2.2 percent) in FY 2017 and increase to $5.9 billion (1.8 percent) in FY 2018. The decrease in FY 2017 primarily reflects the reduction of the corporate income tax rate to 6.5 percent from 7.1 percent (effective for tax year 2016) that was implemented as part of corporate tax reform in the FY 2015 Enacted Budget.

Other Taxes

OTHER TAXES
(millions of dollars)

	FY 2014 Results	FY 2015 Updated	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change	FY 2019 Projected	Change
STATE/ALL FUNDS	**2,167**	**2,208**	**1.9%**	**2,161**	**-2.1%**	**2,127**	**-1.6%**	**2,132**	**0.2%**	**2,138**	**0.3%**
Estate Tax	1,238	1,169	-5.6%	1,105	-5.5%	1,012	-8.4%	962	-4.9%	907	-5.7%
Real Estate Transfer Tax	911	1,020	12.0%	1,037	1.7%	1,096	5.7%	1,151	5.0%	1,212	5.3%
Pari-Mutuel Taxes	17	18	5.9%	18	0.0%	18	0.0%	18	0.0%	18	0.0%
All Other Taxes	1	1	0.0%	1	0.0%	1	0.0%	1	0.0%	1	0.0%
GENERAL FUND[1]	**1,256**	**1,188**	**-5.4%**	**1,124**	**-5.4%**	**1,031**	**-8.3%**	**981**	**-4.8%**	**926**	**-5.6%**
Estate Tax	1,238	1,169	-5.6%	1,105	-5.5%	1,012	-8.4%	962	-4.9%	907	-5.7%
Pari-Mutuel Taxes	17	18	5.9%	18	0.0%	18	0.0%	18	0.0%	18	0.0%
All Other Taxes	1	1	0.0%	1	0.0%	1	0.0%	1	0.0%	1	0.0%

[1] Excludes Transfers.

All Funds other tax receipts for FY 2015 are estimated to be nearly $2.2 billion, a $41 million (1.9 percent) increase from FY 2014 results. This reflects a $109 million (12 percent) increase in real estate transfer tax receipts, partially offset by a $69 million (5.6 percent) decrease in estate tax receipts. The estate tax decrease is primarily the result of FY 2015 Enacted Budget legislation that raises the exemption level from $1 million to $5.25 million over a four-year period and an expected return (i.e., reduction) in FY 2015 to a number of super-large estate payments (payments of over $25 million) consistent with long-term trends. The real estate transfer tax estimate reflects both an increase in the volume of transactions in NYC and modest price growth compared to the prior year.

General Fund other tax receipts are expected to be nearly $1.2 billion in FY 2015, an $68 million (5.4 percent) decrease from FY 2014 results, reflecting the estate tax change noted above.

All Funds other tax receipts for FY 2016 are projected to be nearly $2.2 billion, a $47 million (2.1 percent) decrease from FY 2015 projections. This reflects projected growth in real estate transfer tax receipts due to projected growth in both the residential and commercial real estate markets, particularly in NYC, more than entirely offset by a decline in projected estate tax receipts due to the continued phase in of the increased exemption level.

All Funds other tax receipts for FY 2017 and FY 2018 reflect projected trends in household net worth, housing starts and housing prices. All Funds other tax receipts are projected to decrease to $2.1 billion (1.6 percent) in FY 2017, and remain at $2.1 billion in FY 2018. The divergence in growth rates between the All Funds and General Fund projections for other taxes reflects the dedication of the segment exhibiting growth (real estate transfer tax receipts) to other funds, and reflection of the declining portion (estate tax receipts) remaining in the General Fund.

Miscellaneous Receipts and Federal Grants

MISCELLANEOUS RECEIPTS
(millions of dollars)

	FY 2014 Results	FY 2015 Updated	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change	FY 2019 Projected	Change
ALL FUNDS	**24,233**	**30,426**	**25.6%**	**25,075**	**-17.6%**	**24,146**	**-3.7%**	**23,524**	**-2.6%**	**23,681**	**0.7%**
General Fund	3,219	8,874	175.7%	2,926	-67.0%	2,656	-9.2%	2,366	-10.9%	2,277	-3.8%
Special Revenue Funds	16,776	16,263	-3.1%	16,143	-0.7%	15,916	-1.4%	16,072	1.0%	16,152	0.5%
Capital Projects Funds	3,539	4,774	34.9%	5,558	16.4%	5,121	-7.9%	4,633	-9.5%	4,800	3.6%
Debt Service Funds	699	515	-26.3%	448	-13.0%	453	1.1%	453	0.0%	452	-0.2%

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

All Funds miscellaneous receipts are projected to total $30.4 billion in FY 2015, an increase of 25.6 percent from prior year results. This increase is primarily due to the one-time monetary settlements described earlier in this AIS Update. In addition to the monetary settlements, the FY 2015 General Fund total includes a deposit of $1 billion from the SIF reserve release in connection with Workers' Compensation law changes included in the FY 2014 Enacted Budget, which is an increase of $750 million from the amount received during the prior year. In other State funds, FY 2015 miscellaneous receipts are driven by year-to-year variations to health care surcharges and other HCRA resources, bond proceeds, atypical fines and the phase-out of the temporary utility assessment.

All Funds miscellaneous receipts are projected to decrease annually beginning in FY 2016, mainly due to lower payments from SIF, the $5.4 billion in one-time monetary settlements expected to be received in FY 2015, the phase-out of the temporary utility assessment, and bond proceeds available to fund capital improvement projects.

FEDERAL GRANTS
(millions of dollars)

	FY 2014 Results	FY 2015 Updated	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change	FY 2019 Projected	Change
ALL FUNDS	**43,789**	**47,035**	**7.4%**	**49,763**	**5.8%**	**50,433**	**1.3%**	**52,099**	**3.3%**	**52,868**	**1.5%**
General Fund	0	2	0.0%	0	-100.0%	0	0.0%	0	0.0%	0	0.0%
Special Revenue Funds	41,405	44,913	8.5%	48,017	6.9%	48,730	1.5%	50,409	3.4%	51,197	1.6%
Capital Projects Funds	2,313	2,047	-11.5%	1,673	-18.3%	1,630	-2.6%	1,617	-0.8%	1,598	-1.2%
Debt Service Funds	71	73	2.8%	73	0.0%	73	0.0%	73	0.0%	73	0.0%

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

All Funds Federal grants are expected to increase in FY 2015, which is mainly driven by enhanced Federal Medicaid funding associated with the ACA. Federal grants are expected to grow to $52.9 billion by FY 2019, reflecting the continuation of growth in Federal Medicaid spending associated with the ACA, partly offset by the expected phase-down of costs associated with Federal disaster assistance aid.

Disbursements

Total disbursements in FY 2016 are estimated at $70.6 billion in the State's General Fund and $94 billion in total State Operating Funds. Over the multi-year Financial Plan, State Operating Funds spending projections assume Medicaid and School Aid will grow at their statutorily-indexed rates, with the exception of FY 2016. The Executive Budget in FY 2016 proposes a School Aid increase of 4.8 percent on a school year basis, in excess of the indexed rate of 1.7 percent. The Enacted Budgets in FY 2014 and FY 2015 approved increases for School Aid above the indexed rate, as well. Medicaid, education, pension costs, employee and retiree health benefits, and debt service are significant drivers of annual spending growth.

The multi-year disbursements projections take into account various factors, including 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 account for the timing of payments, since not all of the amounts appropriated pursuant to an enacted budget are disbursed in the same fiscal year. Consistent with past years, the aggregate spending projections (i.e., the sum of all projected spending by individual agencies) in State Special Revenue Funds have been adjusted downward in all fiscal years based on typical spending patterns and the observed variance between estimated and actual results over time.

Local Assistance Grants

Local assistance spending includes payments to local governments, school districts, health care providers, and other entities, as well as financial assistance to, or on behalf of, individuals, families and not-for-profit organizations. Local assistance spending in State Operating Funds is estimated at $62.5 billion in FY 2016 and accounts for nearly two-thirds of total State Operating Funds spending. Education and health care spending account for approximately two-thirds of local assistance spending.

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

FORECAST FOR SELECTED PROGRAM MEASURES AFFECTING OPERATING ACTIVITIES
(Dollars in Millions)

				Forecast		
	FY 2014 Results	FY 2015 Updated	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
MEDICAID						
Medicaid Coverage	5,332,648	6,170,304	6,356,115	6,401,031	6,423,489	6,434,718
- Family Health Plus (Caseload)	333,225	0	0	0	0	0
- Child Health Plus (Caseload)	296,089	292,500	295,400	304,200	313,300	322,700
State Takeover of County/NYC Costs	$1,433	$1,701	$2,031	$2,360	$2,680	$2,989
- Family Health Plus	$459	$147	$0	$0	$0	$0
- Medicaid	$974	$1,554	$2,031	$2,360	$2,680	$2,989
EDUCATION						
SY School Aid (Funding)	$21,109	$22,079	$23,142	$24,065	$25,168	26,498
HIGHER EDUCATION						
Public Higher Education Enrollment (FTEs)	569,123	569,200	569,300	569,400	569,400	569,400
Tuition Assistance Program (Recipients)	302,476	302,398	302,669	302,669	302,669	302,669
PUBLIC ASSISTANCE						
Family Assistance Program (Caseload)	261,256	247,629	237,675	230,690	225,303	220,501
Safety Net Program (Families)	118,736	114,643	109,098	105,340	102,501	99,995
Safety Net Program (Singles)	192,857	195,108	193,661	192,374	191,526	191,116
Total Mental Hygiene Community Beds	94,982	97,736	100,168	104,114	105,699	106,215
- OMH Community Beds	39,626	42,050	43,918	47,475	48,655	48,780
- OPWDD Community Beds	41,521	41,722	42,196	42,544	42,843	43,164
- OASAS Community Beds	13,835	13,964	14,054	14,095	14,201	14,271
PRISON POPULATION (CORRECTIONS)	54,300	53,000	53,000	53,000	53,000	53,000

Education

School Aid

School Aid helps support elementary and secondary education for New York pupils enrolled in 695 school districts throughout the State. State funding is provided to districts based on statutory aid formulas and through reimbursement of categorical expenses such as pre-kindergarten programs, education of homeless children, and bilingual education. State funding for schools assists districts in meeting locally defined needs, supports the construction of school facilities, and finances school transportation for nearly three million students statewide.

School Year (July 1 — June 30) Basis

School Aid is expected to total $23.1 billion in school year (SY) 2016, an increase of $1.1 billion (4.8 percent) from SY 2015, conditioned on the implementation of education reforms, including improvements to the systems for teacher evaluation, tenure, certification, and preparation as well as providing new authority to improve failing schools and increased support and accountability to charter schools.

The Executive Budget Financial Plan also continues to reflect $340 million of recurring annual funding to support Statewide Universal Full-Day Pre-Kindergarten programs in order to incentivize and fund state-of-the-art programs and encourage creativity through competition. The programs began in the fall of 2014.

Finally, the Executive Budget proposes maintaining the two-year appropriation that continues Education Law provisions. School Aid is projected to increase by an additional $923 million (4.0 percent) in SY 2017. School Aid is projected to reach an annual total of $26.5 billion in SY 2019.

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

	SY 2015	SY 2016	Change	SY 2017	Change	SY 2018	Change	SY 2019	Change
Total	**22,079**	**23,142**	**1,063**	**24,065**	**923**	**25,168**	**1,103**	**26,498**	**1,330**
			4.8%		4.0%		4.6%		5.3%

School year values reflected in table do not include aid for Statewide Universal Full-Day Pre-Kindergarten programs or the Governor's *New* NY Education Reform Commission.

State Fiscal Year Basis

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

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

SCHOOL AID - STATE FISCAL YEAR BASIS (millions of dollars)	FY 2015 Current	FY 2016 Proposed	Change	FY 2017 Projected	Change	FY 2018 Projected	Change	FY 2019 Projected	Change
TOTAL STATE OPERATING FUNDS	**21,609**	**23,026**	**6.6%**	**24,142**	**4.8%**	**25,226**	**4.5%**	**26,486**	**5.0%**
General Fund Local Assistance	18,393	19,718	7.2%	20,945	6.2%	21,928	4.7%	23,194	5.8%
General Fund Local Aid Guarantee	72	0	n/a	0	0.0%	0	0.0%	0	0.0%
Core Lottery Aid	2,189	2,219	1.4%	2,181	-1.7%	2,173	-0.4%	2,167	-0.3%
VLT Lottery Aid	903	952	5.4%	996	4.6%	892	-10.4%	892	0.0%
Commercial Gaming - VLT Offset	0	0	0.0%	0	0.0%	23	0.0%	23	0.0%
Commercial Gaming	0	137	0.0%	20	-85.4%	210	950.0%	210	0.0%
Prior Year Resources	52	0	n/a	0	0.0%	0	0.0%	0	0.0%

State spending for School Aid is projected to total $23.0 billion in FY 2016. In future years, receipts available to finance this category of aid from core lottery sales are projected to decline. In addition to State aid, school districts receive over $3 billion annually in Federal categorical aid.

It is expected that School Aid spending will be supplemented by commercial gaming revenues, beginning in FY 2016. Three casino resorts were recommended by the State's Gaming Facility Location Board (the "Board") in December 2014, and a fourth casino is presently under possible consideration by the Board. It was previously anticipated that the State's receipt of $160 million in one-time casino licensing fees would be used to supplement School Aid in FY 2016, and casinos would be fully operational by FY 2017. Due to differences in timing and in consideration of applicants chosen by the Board, the State now expects $137 million from one-time licensing fees to supplement School Aid in FY 2016, and it is expected that the casinos will be fully operational by FY 2018.

Other Education Aid

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

The State provides a full range of special education services to approximately 500,000 students with disabilities from ages 3 to 21. Major programs under the Office of Pre-kindergarten through Grade 12 address specialized student needs or reimburse school districts for education-related services, including the school lunch and breakfast program, after-school programs and other educational grant programs. Higher and professional education programs monitor the quality and availability of postsecondary 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.

OTHER EDUCATION (millions of dollars)	FY 2015 Current	FY 2016 Proposed	Change	FY 2017 Projected	Change	FY 2018 Projected	Change	FY 2019 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,138**	**2,104**	**-1.6%**	**2,227**	**5.8%**	**2,400**	**7.8%**	**2,541**	**5.9%**
Special Education	1,487	1,466	-1.4%	1,557	6.2%	1,671	7.3%	1,793	7.3%
All Other Education	651	638	-2.0%	670	5.0%	729	8.8%	748	2.6%

To improve service delivery and program administration, the Executive Budget establishes regional rates for Special Education Itinerant Teacher ("SEIT") providers. SEIT providers are currently reimbursed based on their historical costs, and rates for these services vary significantly, even within the same region. Establishing regional rates will rationalize the current payment structure by ensuring that all providers within a region are paid the same amount for providing these services. Implementation of regional rates will be phased-in over no more than four years. Outyear growth is primarily driven by a projected increase in enrollment and service levels ordered for students in the preschool and summer school special education programs. The decrease in other education spending for FY 2016 relative to FY 2015 is driven primarily by one-time costs associated with the timing of claims-based aid payments, and targeted aid and grants in FY 2015. Outyear growth is primarily driven by increases to supplemental State charter school payments.

School Tax Relief ("STAR") Program

The STAR program provides school tax relief to taxpayers by exempting the first $30,000 of every eligible homeowner's property value from the local school tax levy. Lower-income senior citizens will receive a $65,300 exemption in FY 2016. The Department of Taxation and Finance ("DTF") oversees local property assessment administration, and is responsible for establishing STAR property tax exemption amounts.

The three components of STAR and their approximate shares in FY 2016 are: the basic school property tax exemption for homeowners with income under $500,000 (53 percent); the enhanced school property tax exemption for senior citizen homeowners with incomes under $83,300 (28 percent); and a flat refundable credit and rate reduction for income-eligible resident New York City personal income taxpayers (19 percent).

Spending for the STAR property tax exemption reflects reimbursements made to school districts to offset the reduction in property tax revenues. The annual increase in a qualifying homeowner's STAR exemption benefit is currently limited to 2 percent. New York City personal income taxpayers with annual incomes over $500,000 have a reduced benefit.

SCHOOL TAX RELIEF (STAR) (millions of dollars)	FY 2015 Current	FY 2016 Proposed	Change	FY 2017 Projected	Change	FY 2018 Projected	Change	FY 2019 Projected	Change
TOTAL STATE OPERATING FUNDS	**3,374**	**3,231**	**-4.2%**	**3,216**	**-0.5%**	**3,157**	**-1.8%**	**3,098**	**-1.9%**
Basic Exemption	1,817	1,712	-5.8%	1,718	0.4%	1,655	-3.7%	1,593	-3.7%
Enhanced (Seniors)	930	901	-3.1%	886	-1.7%	871	-1.7%	855	-1.8%
New York City PIT	627	618	-1.4%	612	-1.0%	631	3.1%	650	3.0%

The spending decline is primarily a reflection of the number of STAR exemption recipients who are expected to participate in the program, following implementation of proposed changes to exemption benefits and eligibility requirements. The Executive Budget proposes freezing the STAR exemption to FY 2015 levels; aligning the New York City benefit with the STAR exemption program provided to the rest of the State by restricting the New York City PIT rate reduction to residents with incomes lower than $500,000; and gradually transforming the school tax relief currently provided to taxpayers in the form of a tax exemption to a refundable tax credit beginning with all homeowner applications.[9] Other savings include allowing DTF to recoup savings retrospectively from unlawfully claimed exemptions removed during the reregistration process, and converting the delinquency program into a tax clearance program. In addition to these proposed savings, current STAR spending estimates have been reduced to reflect a reduction in the estimated number of STAR exemption recipients.

Higher Education

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

The State funds CUNY's senior college operations, and works in conjunction with New York City to support CUNY's community colleges. The CUNY system is the largest urban public university system in the nation. Funding for SUNY supports 30 community colleges across multiple campuses. The State also provides a sizeable benefit to CUNY and SUNY through the debt service it pays on bond-financed capital projects at the universities. State debt service payments for capital projects at SUNY and CUNY are expected to total about $1.2 billion in FY 2016 (this is not reflected in the annual spending totals for the universities). HESC administers the Tuition Assistance Program ("TAP"), a program that provides financial awards to income-eligible students. It also provides centralized processing for other student financial aid programs, and offers prospective students information and guidance on how to finance a college education. The financial aid programs that HESC administers are funded by the State and the Federal government.

[9] Transforming the STAR benefit to a refundable tax credit will result in lower STAR spending with comparable decrease in PIT revenues.

HIGHER EDUCATION (millions of dollars)	FY 2015 Current	FY 2016 Proposed	Change	FY 2017 Projected	Change	FY 2018 Projected	Change	FY 2019 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,902**	**2,972**	**2.4%**	**3,031**	**2.0%**	**3,096**	**2.1%**	**3,156**	**1.9%**
City University	**1,394**	**1,410**	**1.1%**	**1,414**	**0.3%**	**1,445**	**2.2%**	**1,488**	**3.0%**
Senior Colleges	1,171	1,189	1.5%	1,192	0.3%	1,223	2.6%	1,266	3.5%
Community College	223	221	-0.9%	222	0.5%	222	0.0%	222	0.0%
Higher Education Services	**1,021**	**1,077**	**5.5%**	**1,134**	**5.3%**	**1,168**	**3.0%**	**1,185**	**1.5%**
Tuition Assistance Program	966	1,008	4.3%	1,029	2.1%	1,032	0.3%	1,032	0.0%
Scholarships/Awards	43	57	32.6%	93	63.2%	124	33.3%	141	13.7%
Aid for Part Time Study	12	12	0.0%	12	0.0%	12	0.0%	12	0.0%
State University	**487**	**485**	**-0.4%**	**483**	**-0.4%**	**483**	**0.0%**	**483**	**0.0%**
Community College	482	480	-0.4%	478	-0.4%	478	0.0%	478	0.0%
Other/Cornell	5	5	0.0%	5	0.0%	5	0.0%	5	0.0%

Annual growth by CUNY across the Updated Financial Plan reflects the net impact of one-time performance incentive funding in FY 2016 and fringe benefit cost increases. Growth in HESC reflects proposed new initiatives to support the DREAM Act and the Get On Your Feet loan forgiveness program, as well as the ongoing implementation of scholarships for STEM included in the FY 2015 Enacted Budget. SUNY local assistance primarily reflects the net impact of enrollment changes at community colleges.

Health Care

Local assistance for health care-related spending includes Medicaid, statewide public health programs and a variety of mental hygiene programs. The State DOH works with local health departments and social services departments, including 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.

Medicaid

Medicaid is a means-tested program that finances health care services for low-income individuals and long-term care services for the elderly and disabled, primarily through payments to health care providers. The Medicaid program is financed jointly by the State, the Federal government, and local governments. Eligible services[10] 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 State funds Medicaid spending to the ten-year rolling average of the medical component of the Consumer Price Index ("CPI"). The statutory provisions of the Medicaid spending cap (or "Global Cap") also allow for flexibility in adjusting Medicaid projections to meet unanticipated costs resulting from a disaster. The Executive Budget reflects the continuation of the Medicaid spending cap through FY 2017, and the Updated Financial Plan assumes that statutory authority will be extended in subsequent years. Allowable growth under the cap is 3.6 percent for FY 2016. Reflecting projected CPI reductions, DOB currently forecasts allowable cap growth at 3.4 percent in FY 2017; 3.2 percent in FY 2018; and 3.0 percent in FY 2019.

MEDICAID GLOBAL CAP FORECAST
(millions of dollars)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Global Medicaid Cap [1]	**16,507**	**17,104**	**17,692**	**18,259**	**18,812**
Annual % Change		3.6%	3.4%	3.2%	3.0%

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

[10] The FY 2014 Enacted Budget eliminated the Family Health Plus ("FHP") program effective January 1, 2015. The majority of the population previously receiving health care benefits through FHP has begun receiving more robust health care benefits through the Medicaid program, resulting from new Medicaid eligibility thresholds and increased Federal payments resulting from the Affordable Care Act. The remainder of the previous FHP population, those above Medicaid levels, are eligible for Federal tax credits in the New York State of Health insurance benefit exchange and a majority will become eligible for the Basic Health Plan.

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

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

	FY 2015 Current	FY 2016 Proposed	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Department of Health Medicaid	16,962	17,571	17,868	18,612	19,330
Local Assistance	16,732	17,347	17,623	18,367	19,085
State Operations[2]	230	224	245	245	245
Other State Agency Medicaid Spending	5,062	4,892	4,742	5,237	5,486
Mental Hygiene	4,927	4,755	4,604	5,097	5,347
Foster Care	85	87	88	90	89
Education	50	50	50	50	50
Total State Share Medicaid (All Agencies)	**22,024**	**22,463**	**22,610**	**23,849**	**24,816**
Annual $ Change		439	147	1,239	967
Annual % Change		2.0%	0.7%	5.5%	4.1%
Basic Health Plan[3]	**0**	**170**	**643**	**649**	**666**

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

[2] Beginning in FY 2014 the Office of Health Insurance Programs was transferred to Medicaid from Public Health as part of the five-year phase-in initiative of the State to assume local administrative functions.

[3] The Basic Health Plan (BHP) is not a Medicaid program; however, State-funded resources for the BHP are managed under the Medicaid Global Cap.

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

DEPARTMENT OF HEALTH MEDICAID[1,2] (millions of dollars)	FY 2015 Current	FY 2016 Proposed	Change	FY 2017 Projected	Change	FY 2018 Projected	Change	FY 2019 Projected	Change
STATE OPERATING FUNDS	16,962	17,741	4.6%	18,511	4.3%	19,261	4.1%	19,996	3.8%
General Fund - DOH Medicaid Local	11,664	12,178	4.4%	12,365	1.5%	13,050	5.5%	13,769	5.5%
DOH Medicaid	10,949	11,263	2.9%	11,260	0.0%	12,162	8.0%	12,881	5.9%
Mental Hygiene Stabilization Fund[3]	715	915	28.0%	1,105	20.8%	888	-19.6%	888	0.0%
General Fund - DOH Medicaid State Ops	230	224	-2.6%	245	9.4%	245	0.0%	245	0.0%
General Fund - Basic Health Plan	0	170	0.0%	643	278.2%	649	0.9%	666	2.6%
Local Assistance	0	134	0.0%	601	348.5%	620	3.2%	639	3.1%
State Operations	0	36	0.0%	42	16.7%	29	-31.0%	27	-6.9%
Other State Funds - DOH Medicaid Local	5,068	5,169	2.0%	5,258	1.7%	5,317	1.1%	5,316	0.0%
HCRA Financing[4]	3,476	3,577	2.9%	3,666	2.5%	3,725	1.6%	3,724	0.0%
Indigent Care Support	792	792	0.0%	792	0.0%	792	0.0%	792	0.0%
Provider Assessment/Other Revenue	800	800	0.0%	800	0.0%	800	0.0%	800	0.0%

1 The Basic Health Plan (BHP) is not a Medicaid program; however, State funded resources for BHP are managed under the Medicaid Global Cap.
2 Does not include Medicaid spending in other State agencies, transfers, or the local government share of total Medicaid program spending.
3 The DOH Medicaid budget includes resources to fund a portion of Medicaid-related Mental Hygiene program costs under the Global Cap.
4 FY 2015 HCRA financing includes $30 million for New York State of Health.

Since FY 2014, certain OPWDD-related Medicaid costs have been financed within available resources under the Global Cap to alleviate the financial impact of reduced Federal revenue associated with the reimbursement of Medicaid costs at State-operated facilities providing developmental disability services. As proposed in the Executive Budget, an additional $200 million in annual OPWDD-related Medicaid costs will be funded under the cap. These costs are funded by $815 million in additional State-funded Medicaid savings which are expected to accrue to the Global Cap in FY 2016 (growing annually to over $900 million by FY 2019). The savings include accelerating the enrollment of certain legally residing immigrants who currently receive State-only Medicaid funding to the BHP, where the cost of insurance premiums for such individuals, and other individuals meeting certain income eligibility standards, will be supplemented by both State and Federal funds. These BHP resources will also be utilized by DOH over the multi-year Financial Plan period to offset fiscal constraints on the Global Cap, and to implement investments and initiatives consistent with MRT principles to improve the effectiveness and efficiency of health care service delivery through the State.

Fluctuation in enrollment, costs of provider health care services, and utilization levels drive higher Medicaid spending that must be managed within the Global Cap. The number of Medicaid recipients in the State is expected to exceed 6.1 million by the end of FY 2015; this represents an 8.9 percent increase from the March 2014 caseload of 5.7 million. This expected growth is mainly attributable to expanded eligibility and enrollment pursuant to the ACA, which became effective in January 2014.

Basic Health Plan

The BHP is a health insurance subsidy program, authorized through the provisions of the ACA. The FY 2015 Enacted Budget authorized the State's option to participate in the BHP. The Executive Budget assumes the State will participate and begin phasing in certain legally residing immigrants currently receiving State-only Medicaid coverage. Individuals who meet the eligibility standards of the BHP will be enrolled through the New York State of Health ("NYSOH") insurance exchange, with the cost of insurance premiums subsidized by the State and Federal governments. When fully implemented, approximately 75 percent of program expenditures are expected to be paid by the Federal government. The State funding for BHP in the FY 2016

Executive Budget is offset by State funds Medicaid program savings, and additional Federal Funds are recognized through the duration of the planning period.

BASIC HEALTH PLAN (millions of dollars)	FY 2015 Current	FY 2016 Proposed	Change	FY 2017 Projected	Change	FY 2018 Projected	Change	FY 2019 Projected	Change
TOTAL ALL FUNDS SPENDING	0	1,679	0.0%	2,660	58.4%	2,730	2.6%	2,810	2.9%
State Operating Funds	0	170	0.0%	643	278.2%	649	0.9%	666	2.6%
Local Assistance	0	134	0.0%	601	348.5%	620	3.2%	639	3.1%
State Operations	0	36	0.0%	42	16.7%	29	-31.0%	27	-6.9%
Federal Operating Funds	0	1,509	0.0%	2,017	33.7%	2,081	3.2%	2,144	3.0%

Public Health/Aging Programs

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

The State Office for the Aging ("SOFA") promotes and administers programs and services for New Yorkers 60 years of age and older. The Office 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 2015 Current	FY 2016 Proposed	Change	FY 2017 Projected	Change	FY 2018 Projected	Change	FY 2019 Projected	Change
TOTAL STATE OPERATING FUNDS	1,853	1,745	-5.8%	1,724	-1.2%	1,758	2.0%	1,787	1.6%
Public Health	1,732	1,619	-6.5%	1,593	-1.6%	1,622	1.8%	1,645	1.4%
Child Health Plus	401	349	-13.0%	288	-17.5%	302	4.9%	318	5.3%
General Public Health Works	193	184	-4.7%	192	4.3%	194	1.0%	196	1.0%
EPIC	124	126	1.6%	132	4.8%	133	0.8%	128	-3.8%
Early Intervention	167	159	-4.8%	159	0.0%	159	0.0%	159	0.0%
HCRA Program	451	380	-15.7%	380	0.0%	380	0.0%	380	0.0%
All Other	396	421	6.3%	442	5.0%	454	2.7%	464	2.2%
Aging	121	126	4.1%	131	4.0%	136	3.8%	142	4.4%

The Executive Budget Financial Plan includes approximately $37 million in annual savings associated with a proposal for DOH to consolidate 43 public health programs into six pools and achieve a 15 percent savings.

Forecasted CHP spending has been revised downward in all years to reflect the actual spending and enrollment trends to date. State funds spending for CHP is projected to decline on an annual basis from current FY 2015 levels as a result of increased Federal funding associated with the ACA.

GPHW spending has been lowered by approximately $15 million to reflect a downward trend in reimbursement claims submitted by local governments, and annual program spending is projected to remain at moderate levels throughout the Financial Plan period.

EPIC program spending has been revised upward to reflect increased pharmaceutical costs which impact Part D premium payment estimates. Program spending for EI is forecasted to be stable through the remainder of the Financial Plan period based on State enrollment and claiming trends.

HCRA Financial Plan

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

HCRA receipts include surcharges and assessments on hospital revenues, a "covered lives" assessment paid by insurance carriers, and a portion of cigarette tax revenues. Beginning in FY 2016, as proposed by the Executive Budget, a new assessment on individual small group and large group health insurers will be implemented and transferred to HCRA in order to sustain the operational costs of NYSOH. In total, HCRA resources are used to fund roughly 30 percent of the State share of Medicaid, as well as CHP, the NYSOH, EPIC, physician excess medical malpractice insurance, and Indigent Care payments, which provide funding to hospitals serving a disproportionate share of individuals without health insurance.

HCRA FINANCIAL PLAN FY 2015 THROUGH FY 2019
(millions of dollars)

	FY 2015 Current	FY 2016 Proposed	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
OPENING BALANCE	**9**	**0**	**0**	**0**	**0**
TOTAL RECEIPTS	**5,422**	**5,507**	**5,532**	**5,555**	**5,585**
Surcharges	2,899	2,937	2,986	3,103	3,168
Covered Lives Assessment	1,095	1,110	1,110	1,045	1,045
Cigarette Tax Revenue	963	915	877	847	817
Hospital Assessments	375	376	393	409	409
NYSOH Exchange Assessment	0	69	69	56	54
NYC Cigarette Tax Transfer/Other	90	100	97	95	92
TOTAL DISBURSEMENTS	**5,431**	**5,507**	**5,532**	**5,555**	**5,585**
Medicaid Assistance Account	3,475	3,578	3,666	3,725	3,725
Medicaid Costs	*2,937*	*3,381*	*3,469*	*3,528*	*3,528*
New York State of Health[1]	*30*	*0*	*0*	*0*	*0*
Family Health Plus	*311*	*0*	*0*	*0*	*0*
Workforce Recruitment & Retention	*197*	*197*	*197*	*197*	*197*
Hospital Indigent Care	792	792	792	792	792
HCRA Program Account	462	393	393	393	393
Child Health Plus	408	358	296	312	328
Elderly Pharmaceutical Insurance Coverage	137	138	143	145	140
SHIN-NY/APCD	50	55	40	0	0
New York State of Health[1]	0	69	69	56	54
All Other	107	124	133	132	153
ANNUAL OPERATING SURPLUS/(DEFICIT)	**(9)**	**0**	**0**	**0**	**0**
CLOSING BALANCE	**0**	**0**	**0**	**0**	**0**

[1] $30 million in FY 2015 spending will be financed from the Medical Assistance Account.

HCRA surcharge and hospital assessment revenue has been revised downward in the Executive Budget Financial Plan, largely to align forecasted revenue collections with recent patterns within the health care services industry which may reflect more cost efficient service delivery settings. Remaining growth in surcharge and hospital assessments is attributable to the expectation of expanded coverage under the ACA. The proposed NYSOH exchange assessment will be dedicated solely to finance the annual administrative costs for nonpublic health insurance programs associated with the NYSOH. The health care industry assessment revenue growth is partly offset by projected declines in cigarette tax collections due to declining tobacco consumption, resulting in total HCRA receipts growth of nearly 1 percent on an average annual basis through FY 2019.

HCRA spending is expected to increase by $76 million in FY 2016 and total $5.5 billion. The most significant areas of growth include additional financing of the State share of Medicaid costs, and accelerated capital costs associated with the Statewide Health Information Network for New York ("SHIN-NY"), which is expected to improve information capabilities and increase efficiency associated with health insurance claiming. Overall HCRA spending growth in FY 2016 is partly offset by the Executive Budget proposal to shift a number of HCRA programs to the General Fund and consolidate the funding for these programs in order to achieve savings and more efficiently administer the delivery of these programs. In addition, lower spending is forecast for CHP, driven by moderating enrollment and increased Federal funding under the ACA.

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

Mental Hygiene

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

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

MENTAL HYGIENE
(millions of dollars)

	FY 2015 Current	FY 2016 Proposed	Change	FY 2017 Projected	Change	FY 2018 Projected	Change	FY 2019 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,934**	**2,582**	**-12.0%**	**2,780**	**7.7%**	**3,250**	**16.9%**	**3,446**	**6.0%**
People with Developmental Disabilities	**1,468**	**1,130**	**-23.0%**	**1,197**	**5.9%**	**1,538**	**28.5%**	**1,663**	**8.1%**
OPWDD Funding[1]	**2,183**	**2,334**	**6.9%**	**2,302**	**-1.4%**	**2,426**	**5.4%**	**2,551**	**5.2%**
Residential Services	1,458	1,557	6.8%	1,569	0.8%	1,618	3.1%	1,700	5.1%
Day Programs	635	678	6.8%	683	0.7%	704	3.1%	740	5.1%
Clinic	21	22	4.8%	23	4.5%	23	0.0%	24	4.3%
All Other Local/Resources	69	77	11.6%	27	-64.9%	81	200.0%	87	7.4%
Other Funding Resources	**(715)**	**(1,204)**	**-68.4%**	**(1,105)**	**8.2%**	**(888)**	**19.6%**	**(888)**	**0.0%**
Mental Hygiene Stabilization Fund	(715)	(915)	-28.0%	(1,105)	-20.8%	(888)	19.6%	(888)	0.0%
Federal BIP Resources (Federal Funds)	0	(289)	0.0%	0	100.0%	0	0.0%	0	0.0%
Mental Health	**1,160**	**1,133**	**-2.3%**	**1,250**	**10.3%**	**1,366**	**9.3%**	**1,425**	**4.3%**
OMH Funding[1]	1,160	1,167	0.6%	1,250	7.1%	1,366	9.3%	1,425	4.3%
Adult Local Services	969	971	0.2%	1,044	7.5%	1,147	9.9%	1,206	5.1%
Children Local Services	191	196	2.6%	206	5.1%	219	6.3%	219	0.0%
Other Funding Resources	0	(34)	0.0%	0	100.0%	0	0.0%	0	0.0%
Federal BIP Resources (Federal Funds)	0	(34)	0.0%	0	100.0%	0	0.0%	0	0.0%
Alcohol and Substance Abuse	**305**	**318**	**4.3%**	**332**	**4.4%**	**345**	**3.9%**	**357**	**3.5%**
Outpatient/Methadone	123	128	4.1%	134	4.7%	139	3.7%	144	3.6%
Residential	118	123	4.2%	128	4.1%	133	3.9%	138	3.8%
Prevention and Program Support	52	54	3.8%	57	5.6%	59	3.5%	61	3.4%
Crisis	12	13	8.3%	13	0.0%	14	7.7%	14	0.0%
Justice Center	**1**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**

[1] Program funding detail for OPWDD and OMH includes new multi-year spending investments which will be financed with additional Federal resources through the Balancing Incentive Program (BIP).

Local assistance spending accounts for over 40 percent of total mental hygiene spending from State Operating Funds, and is projected to grow by an average rate of 4.1 percent annually. The main factor driving this level of growth is enhancement of community mental health services, right-sizing and improving State-operated inpatient services, utilizing less costly and more programmatically appropriate in-state community residential programs enhancing employment opportunities for individuals with disabilities, and maximizing payments from third-party payers.

The Executive Budget proposal includes additional annual statewide Medicaid savings of $200 million through the continued shift of certain OPWDD-related Medicaid costs to the Department of Health (DOH), whereby the costs will be funded within the existing Medicaid Global Cap at no increased cost to the Updated Financial Plan, and without impact to overall service delivery. In FY 2015, the Medicaid budget supported $715 million of OPWDD's Medicaid-eligible expenses, which will increase to $915 million in FY 2016. To accommodate the funding of these additional costs within the Global Cap, DOH will leverage available BHP resources.

Authorized under the ACA, it is expected that BIP will enable the State to engage a broad network of providers, advocates, and community leaders to develop systematic improvements to delivery systems for individuals with developmental disabilities and mental illness, and enhance community integration. OPWDD and OMH will utilize $323 million in Federal BIP resources in FY 2016 to support new multi-year spending investments. These investments are intended to transform services and supports to more integrated, community-based opportunities; increase employment opportunities for individuals with developmental disabilities; implement electronic health record systems; and support the transition to managed care.

The Executive Budget proposes a partnership between OMH and DOCCS that will revise the process for identifying, assessing, treating, discharging, and supervising mentally ill patients who pose a potential risk of violence in State facilities and the community. The proposal will expand community services, provide additional treatment services in prisons, and create additional capacity for civil confinements in OMH facilities. This proposal will result in new intensive treatment beds and transitional beds, expand in-prison and community treatment services, supportive housing and ACT. The Executive Budget will add $8 million in local assistance support in FY 2016, and $18 million each year from FY 2017 to FY 2019, as well as approximately $12 million annually in additional OMH State operations costs for this initiative.

Current spending estimates do not reflect any actions which may be needed to mitigate potentially adverse impacts to the multi-year Financial Plan as a result of additional Federal Centers for Medicare and Medicaid Services ("CMS") rate disallowances for services provided in State-operated developmental disability institutions. The State had formally requested CMS reconsideration of the proposed $1.26 billion disallowance, but the State was notified by CMS that its request for reconsideration was denied. The State subsequently filed a notice of appeal with the HHS Departmental Appeals Board ("DAB"). The appeal with DAB is still pending and the State is in discussions with CMS to achieve a reasonable resolution to the disallowance over a multi-year period. The State has the option to retain the disallowed funds during the DAB review process, although if the State is unsuccessful, the disallowed amount plus interest will be due to the Federal government. (See "Other Matters Affecting the State Financial Plan - Federal Issues" herein.)

Social Services

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

TEMPORARY AND DISABILITY ASSISTANCE
(millions of dollars)

	FY 2015 Current	FY 2016 Proposed	Change	FY 2017 Projected	Change	FY 2018 Projected	Change	FY 2019 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,232**	**1,199**	**-2.7%**	**1,221**	**1.8%**	**1,232**	**0.9%**	**1,247**	**1.2%**
SSI	653	660	1.1%	670	1.5%	679	1.3%	679	0.0%
Public Assistance Benefits	459	437	-4.8%	437	0.0%	437	0.0%	437	0.0%
Welfare Initiatives	20	12	-40.0%	12	0.0%	12	0.0%	21	75.0%
All Other	100	90	-10.0%	102	13.3%	104	2.0%	110	5.8%

Spending in SSI is projected to increase gradually due to updated caseload projections. In public assistance, DOB projects a spending decline from FY 2015 to FY 2016 due to an expected 3.0 percent annual decrease in average public assistance caseload, projected to total 540,434 recipients in FY 2016. Approximately 237,675 families are expected to receive benefits through the Family Assistance program in FY 2016, a decrease of 4.0 percent from FY 2015. In the Safety Net program an average of 109,098 families are expected to be helped in FY 2016, a decrease of 4.8 percent from FY 2015. The caseload for single adults/childless couples supported through the Safety Net program is projected at 193,661 in FY 2016, a decrease of 0.7 percent from FY 2015.

Office of Children and Family Services

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

CHILDREN AND FAMILY SERVICES
(millions of dollars)

	FY 2015 Current	FY 2016 Proposed	Change	FY 2017 Projected	Change	FY 2018 Projected	Change	FY 2019 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,577**	**1,721**	**9.1%**	**1,846**	**7.3%**	**2,033**	**10.1%**	**2,026**	**-0.3%**
Child Welfare Service	292	454	55.5%	463	2.0%	472	1.9%	482	2.1%
Foster Care Block Grant	436	445	2.1%	453	1.8%	462	2.0%	471	1.9%
Adoption	154	152	-1.3%	152	0.0%	152	0.0%	152	0.0%
Day Care	311	282	-9.3%	283	0.4%	283	0.0%	276	-2.5%
Youth Programs	137	148	8.0%	235	58.8%	373	58.7%	352	-5.6%
Medicaid	85	87	2.4%	88	1.1%	90	2.3%	89	-1.1%
Committees on Special Education	37	39	5.4%	42	7.7%	44	4.8%	46	4.5%
Adult Protective/Domestic Violence	38	38	0.0%	40	5.3%	41	2.5%	42	2.4%
All Other	87	76	-12.6%	90	18.4%	116	28.9%	116	0.0%

OCFS spending in FY 2016 is projected to increase over FY 2015 levels, mainly due to Child Welfare Services spending changes resulting from both a projected increase in claims, and cash management actions which had previously reduced FY 2015 spending. Increased outyear spending is primarily attributable to the "Raise the Age" initiative which will increase the age of juvenile jurisdiction from age 16 to age 18. This will result in fewer youths in the adult criminal justice system but will increase the number of those taking part in OCFS youth programs.

Transportation

In FY 2016, the State will provide $4.8 billion to support the operating costs of the statewide mass transit systems financed from dedicated taxes and fees. The MTA, due to the size and scope of its transit and commuter rail systems, receives the majority of the statewide mass transit operating aid. In addition, the MTA receives operating support from the Mobility Tax and MTA Aid Trust Fund, authorized in May 2009 to collect regional taxes and fees imposed within the Metropolitan Commuter Transportation District ("MCTD"). The State collects these taxes and fees on behalf of, and disburses the entire amount to, the MTA to support the transit and commuter rail systems. Pursuant to legislation enacted in December 2011, the MTA payroll tax was eliminated for all elementary and secondary schools and small business operators within the MCTD. The General Fund now provides additional annual support, subject to appropriation, to the MTA to make up for the resulting loss of revenue.

TRANSPORTATION
(millions of dollars)

	FY 2015 Current	FY 2016 Proposed	Change	FY 2017 Projected	Change	FY 2018 Projected	Change	FY 2019 Projected	Change
TOTAL STATE OPERATING FUNDS	**4,841**	**4,839**	**0.0%**	**4,904**	**1.3%**	**4,974**	**1.4%**	**5,038**	**1.3%**
Mass Transit Operating Aid:	2,161	2,161	0.0%	2,161	0.0%	2,161	0.0%	2,161	0.0%
Metro Mass Transit Aid	2,015	2,023	0.4%	2,023	0.0%	2,023	0.0%	2,023	0.0%
Public Transit Aid	94	86	-8.5%	86	0.0%	86	0.0%	86	0.0%
18-b General Fund Aid	27	27	0.0%	27	0.0%	27	0.0%	27	0.0%
School Fare	25	25	0.0%	25	0.0%	25	0.0%	25	0.0%
Mobility Tax and MTA Aid Trust	1,949	1,976	1.4%	2,054	3.9%	2,126	3.5%	2,193	3.2%
Dedicated Mass Transit	685	656	-4.2%	643	-2.0%	641	-0.3%	638	-0.5%
AMTAP	45	45	0.0%	45	0.0%	45	0.0%	45	0.0%
All Other	1	1	0.0%	1	0.0%	1	0.0%	1	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.

Not reflected in the above table is authorization included in the FY 2016 Executive Budget proposal to transfer $121 million in additional dedicated transit revenues on an annual basis from the Metropolitan Mass Transportation Operating Assistance Account ("MMTOA") to the newly established Metropolitan Transit Assistance for Capital Investment Fund ("MTACIF"), which will be used to support infrastructure needs of the MTA and other downstate transit systems. In addition, the Updated Financial Plan assumes that $20 million in MMTOA resources will be available to offset MTA-related debt service costs on an annual basis from FY 2016 to FY 2019.

Local Government Assistance

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

LOCAL GOVERNMENT ASSISTANCE - AIM PROGRAM (millions of dollars)									
	FY 2015 Current	FY 2016 Proposed	Change	FY 2017 Projected	Change	FY 2018 Projected	Change	FY 2019 Projected	Change
Total AIM:									
Big Four Cities	429	429	0.0%	429	0.0%	429	0.0%	429	0.0%
Other Cities	218	218	0.0%	218	0.0%	218	0.0%	218	0.0%
Towns and Villages	68	68	0.0%	68	0.0%	68	0.0%	68	0.0%
Restructuring/Efficiency	22	23	4.5%	42	82.6%	48	14.3%	48	0.0%

Spending for AIM efficiency incentive grants increases over the multi-year period reflecting potential awards from the Financial Restructuring Board for Local Governments. All Other aid under AIM is expected to be maintained in each year of the multi-year Financial Plan.

Other Local Assistance

All other local assistance spending includes aid for economic development, financial services, environmental quality, criminal justice programs and community project funding. The projected decline in the level of all other local assistance grant spending is attributable to a reclassification of the Healthy NY program, from the insurance program of DFS to the DOH State of Health insurance benefit exchange; the reduction in discretionary funding from the Community Projects Fund, and reduced spending for criminal justice programs following the one-time funding included with the FY 2015 Enacted Budget.

Agency Operations

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

Approximately 94 percent of the State workforce is unionized. The largest unions include CSEA, which represents office support staff and administrative personnel, machine operators, skilled trade workers, and therapeutic and custodial care staff; the Public Employees Federation ("PEF"), which represents professional and technical personnel (i.e., attorneys, nurses, accountants, engineers, social workers, and institution teachers); the United University Professions ("UUP"), which represents faculty and nonteaching professional staff within the State University system; and the New York State Correctional Officers and Police Benevolent Association ("NYSCOPBA"), which represents security personnel (correction officers, safety and security officers).

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

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING PERSONAL SERVICE AND FRINGE BENEFITS

		Forecast				
	FY 2014 Results	FY 2015 Updated	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Negotiated Base Salary Increases [1]						
CSEA/NYSCOPBA/Council 82/UUP/DC-37/GSEU	0%	2%	2%	TBD	TBD	TBD
PEF / NYSPBA	0%	2%	TBD	TBD	TBD	TBD
PBA[2]	0%	2%	2%	1.5%	1.5%	TBD
State Workforce[3]	118,492	118,379	119,235	TBD	TBD	TBD
ERS Pension Contribution Rate[4]						
Before Amortization (Normal/Admin/GLIP)	21.5%	20.4%	18.5%	18.6%	18.8%	19.0%
After Amortization	12.5%	13.5%	14.5%	15.5%	16.5%	17.5%
PFRS Pension Contribution Rate						
Before Amortization (Normal/Admin/GLIP)	29.9%	28.1%	25.0%	25.2%	25.4%	25.6%
After Amortization	20.5%	21.5%	22.5%	23.5%	24.5%	25.5%
Employee/Retiree Health Insurance Growth Rates	3.8%	1.8%	4.2%	6.6%	5.4%	5.6%
PS/Fringe as % of Receipts (All Funds Basis)	14.4%	13.6%	13.9%	14.1%	14.1%	14.1%

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

[2] Reflects settlement with the commissioned and noncommissioned officers unit only.

[3] Reflects workforce that is Subject to Direct Executive Control.

[4] As Percent of Salary.

The majority of State agencies are expected to hold personal service and non-personal service spending constant over the Plan period. Costs from collective bargaining agreements, which include 2 percent salary increases in FY 2015 and FY 2016 (for certain unions), applicable lump sum payments, and repayment of a portion of the deficit reduction adjustment made to employee salaries, are expected to be funded from operational savings.

Gaming, health care, OCFS, and SUNY are four areas expected to experience limited programmatic growth. The growth in gaming is attributable to activities related to casino development and oversight. Increases in DOH are primarily driven by the State's implementation of the New York State of Health insurance benefit exchange, the State's insurance marketplace program under the ACA. Beginning in FY 2015, program costs for New York State of Health insurance benefit exchange are partially offset by Federal grants; however, DOH must fully absorb the start-up costs by FY 2016. OCFS costs include implementation of the "Raise the Age" program to reform New York State's juvenile justice system by treating individuals aged 16 and 17 in juvenile justice facilities, rather than in correctional facilities. SUNY spending is driven by tuition funding and reflects anticipated operating needs.

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

Other year-over-year increases are technical in nature and reflect funding reclassifications or administrative reconciliations. For example, growth in Temporary and Disability Assistance reflects the reclassification of local assistance contracts to agency operation spending. In addition, the State's workforce is paid on a bi-weekly basis; weekly pay cycles alternate between administrative and institutional payrolls. There are typically 26 pay periods in a fiscal year. In FY 2016, employees on the institution pay schedule will have one additional payroll.

STATE OPERATING FUNDS - AGENCY OPERATIONS (millions of dollars)	FY 2015 Updated	FY 2016 Proposed	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
SUBJECT TO DIRECT EXECUTIVE CONTROL	**10,035**	**10,276**	**10,243**	**10,527**	**10,388**
Mental Hygiene	2,871	2,799	2,794	2,814	2,857
Corrections and Community Supervision	2,636	2,610	2,632	2,632	2,632
State Police	651	636	651	651	651
Public Health	429	477	471	459	458
Tax and Finance	338	330	330	331	331
Children and Family Services	275	284	326	432	442
Environmental Conservation	235	238	238	216	217
Information Technology Services[1]	421	513	524	524	535
Financial Services	202	212	210	210	210
Medicaid Admin/BHP	230	260	287	274	272
Parks, Recreation and Historic Preservation	178	176	177	177	177
Gaming	157	156	156	157	157
Temporary and Disability Assistance	137	143	143	143	143
General Services	154	161	165	165	165
Workers' Compensation Board	148	142	142	142	143
Extra Bi-Weekly Institutional Pay Period	0	167	0	0	0
New York Power Authority Repayment	18	21	21	236	22
All Other	955	951	976	964	976
UNIVERSITY SYSTEMS	**5,882**	**5,826**	**5,988**	**6,127**	**6,268**
State University	5,784	5,735	5,895	6,032	6,173
City University	98	91	93	95	95
INDEPENDENT AGENCIES	**309**	**309**	**311**	**312**	**313**
Law	168	168	170	171	172
Audit & Control	141	141	141	141	141
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	**16,226**	**16,411**	**16,542**	**16,966**	**16,969**
Judiciary	1,926	1,958	1,968	1,968	1,968
Legislature	219	219	219	219	219
Statewide Total	**18,371**	**18,588**	**18,729**	**19,153**	**19,156**
Personal Service	12,596	12,886	12,901	13,054	13,163
Non-Personal Service	5,775	5,702	5,828	6,099	5,993

[1] Reflects consolidation of IT costs within ITS; no net growth to State All Funds spending.

In FY 2016, $12.9 billion or 13.7 percent of the State Operating Funds budget is projected to be spent on personal service costs. This funding supports roughly 99,150 Full-Time Equivalent ("FTE") employees under direct Executive control as well as those employed by the University System (43,900), Independent Agencies (18,100), and employees paid on a non-annual salaried basis. Roughly 75 percent of all personal service spending occurs in four areas: SUNY, the Mental Hygiene agencies, the Department of Corrections and Community Supervision ("DOCCS"), and Judiciary.

STATE OPERATING FUNDS
FY 2016 FTEs[1] AND PERSONAL SERVICE SPENDING BY AGENCY
(millions of dollars)

	Dollars	FTEs
Subject to Direct Executive Control	**7,360**	**99,151**
Mental Hygiene Agencies	2,337	34,303
Corrections and Community Supervision	2,173	27,953
State Police	571	5,612
Tax and Finance	277	4,359
Health	264	3,932
Environmental Conservation	182	2,238
Children and Family Services	186	2,561
Financial Services	154	1,390
Parks, Recreation and Historic Preservation	137	1,559
All Other	1,079	15,244
University Systems	**3,631**	**43,911**
State University	3,589	43,575
City University[2]	42	336
Independent Agencies	**1,895**	**18,072**
Law	116	1,577
Audit & Control	109	1,572
Judiciary	1,504	14,922
Legislature[3]	166	1
Total Spending / FTEs	**12,886**	**161,134**

[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 and total additional 13,275 FTEs excluded from the table above.

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

General State Charges

Employee fringe benefit payments, many of which are mandated by statute or collective bargaining agreements, include employer contributions for pensions, the State's share of Social Security, health insurance, workers' compensation, unemployment insurance and dental and vision benefits. The majority of employee fringe benefit costs are paid centrally from statewide appropriations. However, certain agencies, including SUNY and the Judiciary, directly pay all or a portion of their employees' fringe benefit costs from their respective budgets. Employee fringe benefits paid through GSCs are paid from the General Fund in the first instance, and then partially reimbursed by revenue collected from fringe benefit assessments. The largest General Fund reimbursement comes from the mental hygiene agencies. Beginning in July 2015, SUNY will no longer have direct pay fringe benefit costs paid from their General Fund budget. These costs, approximately $220 million annually, will be paid centrally from the GSC budget at no Financial Plan impact to the General Fund.

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

GENERAL STATE CHARGES
(millions of dollars)

	FY 2015 Current	FY 2016 Proposed	Change	FY 2017 Projected	Change	FY 2018 Projected	Change	FY 2019 Projected	Change
TOTAL STATE OPERATING FUNDS	**7,072**	**7,354**	**4.0%**	**7,899**	**7.4%**	**8,290**	**4.9%**	**8,715**	**5.1%**
Fringe Benefits	**6,669**	**6,963**	**4.4%**	**7,503**	**7.8%**	**7,889**	**5.1%**	**8,309**	**5.3%**
Health Insurance	3,311	3,451	4.2%	3,680	6.6%	3,880	5.4%	4,098	5.6%
Employee Health Insurance	1,821	1,898	4.2%	2,024	6.6%	2,134	5.4%	2,254	5.6%
Retiree Health Insurance	1,490	1,553	4.2%	1,656	6.6%	1,746	5.4%	1,844	5.6%
Pensions	2,095	2,237	6.8%	2,471	10.5%	2,665	7.9%	2,894	8.6%
Social Security	949	972	2.4%	987	1.5%	991	0.4%	995	0.4%
All Other Fringe	314	303	-3.5%	365	20.5%	353	-3.3%	322	-8.8%
Fixed Costs	**403**	**391**	**-3.0%**	**396**	**1.3%**	**401**	**1.3%**	**406**	**1.2%**

GSCs are projected to increase at an average annual rate of 5.4 percent over the Financial Plan period, driven primarily by growth in costs for pension contributions and the employer share of costs for employee and retiree health insurance benefits. Pension growth, which is driven almost entirely by the recent implementation (September 2014) of new actuarial assumptions by the New York State and Local Retirement Systems' Actuary, is partly offset by the expectation that a portion of future contributions will be amortized as permissible by law. The Updated Financial Plan includes interest savings of approximately $41 million which are expected by paying the full amount of the 2016 pension bill by July 31, 2015, rather than on the statutorily required date of March 1, 2016.

Growth in health insurance spending are attributable to rising costs associated with health care benefits; however, the Updated Financial Plan includes downward adjustments to forecasted spending for health insurance as a result of revised rate renewal growth assumptions.

Transfers to Other Funds (General Fund Basis)

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

GENERAL FUND TRANSFERS TO OTHER FUNDS (millions of dollars)	FY 2015 Current	FY 2016 Proposed	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
TOTAL TRANSFERS TO OTHER FUNDS	**8,346**	**13,268**	**9,771**	**10,417**	**10,814**
State Share of Mental Hygiene Medicaid	**1,448**	**1,312**	**1,339**	**1,214**	**1,155**
Debt Service	**1,291**	**915**	**1,245**	**1,411**	**1,198**
SUNY University Operations	**980**	**985**	**974**	**969**	**969**
Capital Projects	**888**	**5,991**	**1,823**	**2,042**	**2,290**
Dedicated Highway and Bridge Trust Fund	727	645	737	844	896
Dedicated Infrastructure Investment Fund	0	4,550	0	0	0
All Other Capital	161	796	1,086	1,198	1,394
ALL OTHER TRANSFERS	**3,739**	**4,065**	**4,390**	**4,781**	**5,202**
Mental Hygiene	2,500	2,839	3,189	3,577	3,874
Department of Transportation (MTA Tax)	335	335	335	336	336
SUNY - Medicaid Reimbursement	209	228	228	228	228
Judiciary Funds	107	107	107	107	107
SUNY - Hospital Operations	88	69	69	69	69
Dedicated Mass Transportation Trust Fund	63	63	63	63	63
Banking Services	29	52	54	55	55
Indigent Legal Services	34	35	35	35	35
Mass Transportation Operating Assistance	37	37	37	37	37
Alcoholic Beverage Control	20	20	20	20	20
Information Technology Services	14	8	2	2	2
Public Transportation Systems	15	15	15	15	15
Correctional Industries	12	11	11	11	11
All Other	276	246	225	226	350

A significant portion of the capital and operating expenses of the Department of Transportation ("DOT") and the Department of Motor Vehicles ("DMV") are funded from DHBTF. The Fund receives various dedicated tax and fee revenues, including the petroleum business tax, motor fuel tax, and highway use taxes. The Updated Financial Plan includes transfers from the General Fund that effectively subsidize the expenses of the DHBTF. The subsidy is required because the cumulative expenses of the fund – capital and operating expenses of DOT and DMV, debt service on certain transportation bonds – exceed current and projected revenue deposits and bond proceeds.

General Fund transfers to other funds are expected to total $13.3 billion in FY 2016, a $4.9 billion increase from FY 2015, largely due to the transfer of $4.6 billion in monetary settlement monies to the proposed DIIF. The funding will be used to make targeted investments in various areas, including broadband, municipal restructuring, security and emergency response, the Thruway Stabilization Program, and for competitive grants related to upstate economic revitalization.

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 (e.g., Empire State Development ("ESD"), the Dormitory Authority of the State of New York ("DASNY"), and the New York State Thruway Authority ("NYSTA"), subject to appropriation). Depending on the credit structure, debt service is financed by transfers from the General Fund, dedicated taxes and fees, and other resources, such as patient income revenues.

DEBT SERVICE SPENDING PROJECTIONS
(millions of dollars)

	FY 2015 Current	FY 2016 Proposed	Annual Change	Percent Change
General Fund	**1,291**	**915**	**(376)**	**-29.1%**
Other State Support	4,542	4,611	69	1.5%
State Operating/All Funds Total	**5,833**	**5,526**	**(307)**	**-5.3%**

Total debt service is projected at $5.5 billion in FY 2016, of which approximately $915 million is paid from the General Fund through transfers, and $4.6 billion from other State funds. The General Fund transfer finances debt service payments on General Obligation and service contract bonds. Debt service is paid directly from other State funds, subject to appropriation, for the State's revenue bonds, including PIT and Sales Tax bonds, DHBTF bonds, and mental health facilities bonds.

Updated Financial Plan estimates for debt service spending have been revised to reflect a number of factors, including actual bond sale results to date, assumed debt management savings of $140 million in FY 2016, and increased debt service costs associated with proposed additional capital commitment levels. Also, debt service spending estimates assume the FY 2015 prepayment of $560 million of debt service that is due during FY 2016, as well as a subsequent FY 2016 prepayment of $100 million of debt service due during FY 2017.

GAAP-Basis Results for Prior Fiscal Years

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

The following table summarizes recent governmental funds results on a GAAP basis. The State issued the Basic Financial Statements for FY 2014 on July 29, 2014.

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

Fiscal Year Ended	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	All Governmental Funds	Accum. General Fund Surplus/(Deficit)
March 31, 2014	172	806	369	(146)	1,201	(567)
March 31, 2013	1,129	(308)	(186)	(499)	136	(739)
March 31, 2012	137	56	80	346	619	(1,868)

**SUMMARY OF NET POSITION
(millions of dollars)**

Fiscal Year Ended	Governmental Activities	Business-Type Activities	Total Primary Government
March 31, 2014	27,838	(841)	26,997
March 31, 2013	26,271	(922)	25,349
March 31, 2012	26,333	(658)	25,675

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

State Retirement Systems

General

This section summarizes key information regarding the New York State and Local Retirement System ("NYSLRS" or the "Systems") and the Common Retirement Fund ("CRF"), a pooled investment vehicle in which the assets of the Systems are held and invested. Greater detail, including the independent auditor's report for the fiscal year ending March 31, 2014, is included in NYSLRS' Comprehensive Annual Financial Report ("NYSLRS' CAFR") for the fiscal year ended March 31, 2014. The Systems Actuary's Annual Report to the Comptroller on Actuarial Assumptions - the contents of which explain the methodology used to determine employer contribution rates to the Systems - issued from 2007 through 2014, as well as NYSLRS' CAFR and Asset Listing for 2014 and for each fiscal year since 2004, and benefit plan booklets describing how each of the Systems' tiers works are all available and can be accessed at www.osc.state.ny.us/retire/publications. The Systems' audited Financial Statements for the fiscal year ending March 31, 2014, and the three prior fiscal years, can also be accessed at that web page.

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 Systems. Pursuant to the State's Retirement and Social Security Law and Insurance Law, NYSLRS is subject to the supervision of the Superintendent of the New York State Department of Financial Services. The State Comptroller is also the trustee and custodian of the CRF, a trust created pursuant to the Retirement and Social Security Law to hold the Systems' assets, and, as such, is responsible for investing the assets of the Systems. 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 must sign off on 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 Systems

The Systems provide pension benefits to public employees of the State and its localities (except employees of New York City and teachers, who are covered by separate plans). State employees made up about 32 percent of the membership during FY 2014. There were 3,029 other public employers participating in the Systems, including all cities and counties (except New York City), most towns, villages and school districts (with respect to non-teaching employees), and many public authorities.

As of March 31, 2014, approximately 644,000 persons were members of the Systems and approximately 422,000 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 Systems’ members are categorized into six tiers depending on date of membership. As of March 31, 2014, approximately 79 percent of ERS members were in Tiers 3 and 4 and approximately 86 percent of PFRS members were in Tier 2. Tier 5 was enacted in 2009 and included significant changes to the benefit structure for ERS members who joined on or after January 1, 2010 and PFRS members who joined on or after January 9, 2010. Tier 6 was enacted in 2012 and included further changes to the benefit structure for ERS and PFRS members who joined on or after April 1, 2012.

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

2010 Retirement Incentive Program

Legislation enacted in June 2010 provided the State and local employers with the option to offer a temporary Early Retirement Incentive Program (ERI) for certain ERS members for periods ending no later than December 31, 2010. This program did not apply to PFRS members. Approximately 6,400 State employees and 5,453 members from 610 participating employers retired under the ERI. The cost of the incentive is borne by the State and each participating employer electing the incentive over a five-year period commencing with a payment in FY 2012. In 2014, the State paid in full its non-judiciary retirement incentive liability. The amortized amount receivable relating to the ERI, including accrued interest, from the State as of March 31, 2014 is $41.23 million and the amount due from participating employers is $58.34 million.

Contributions and Funding

Contributions to the Systems 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 83.5 percent of the 1,805 Tier 5 PFRS members are required to contribute 3 percent of their salaries for their career. Members joining on or after April 1, 2012 are in Tier 6, and are required to pay contributions throughout their career on a stepped basis relative to each respective member's wages. Members in Tier 6 of both ERS and PFRS earning $45,000 or less must contribute 3 percent of their gross annual wages; members earning between $45,001 and $55,000 will contribute 3.5 percent; members earning between $55,001 and $75,000 will contribute 4.5 percent; members earning between $75,001 and $100,000 will contribute 5.75 percent; and, those earning in excess of $100,000 will contribute 6 percent of their gross annual salary.

The CRF experienced significant investment losses in FY 2009. These investment losses negatively impacted the value of assets held by the CRF for the Systems. In order to protect employers from potentially volatile contributions tied directly to the value of the Systems' assets held by the CRF, the Systems utilize a multi-year smoothing procedure. One of the factors used to calculate employer contribution requirements is the assumed investment rate of return used by the Systems Actuary, which is currently 7.5 percent[11]. The current actuarial smoothing method recognizes annual gains and losses (investment returns above or below the 7.5 percent assumed return) over a 5-year period. The significant investment losses in FY 2009 substantially caused the increase in contribution rates for FY 2011, FY 2012, FY 2013 and FY 2014. However, rates decreased for FY 2015 and FY 2016 due, in part, to investment gains in years following 2009.

[11] During 2015, the Retirement Systems Actuary will conduct the statutorily required quinquennial actuarial experience study of economic and demographic assumptions. The assumed investment rate of return is the most influential factor in calculating employer contribution rates. The chief investment officer currently is conducting an asset allocation study. The resulting asset allocation and long term asset allocation policy will inform the Actuary's recommendation regarding any revision in the investment rate of return (discount rate).

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 Systems as of each April 1. Final contribution rates for FY 2016 were released on September 2, 2014. The average ERS rate decreased by 9.5 percent from 20.1 percent of salary in FY 2015 to 18.2 percent of salary in FY 2016, while the average PFRS rate decreased by 10.5 percent from 27.6 percent of salary in FY 2015 to 24.7 percent of salary in FY 2016. Information regarding average rates for FY 2016 may be found in the 2014 Annual Report to the Comptroller on Actuarial Assumptions which is accessible at www.osc.state.ny.us/retire/publications.

Legislation enacted in May 2003 realigned the Systems' billing cycle to match participating local governments' budget cycles and also instituted a minimum annual payment of at least 4.5 percent of payroll every year. Chapter 260 of the Laws of 2004 authorized employers to amortize over ten years, at 5 percent interest, a portion of their annual bill for FY 2005, FY 2006 and FY 2007. As of March 31, 2014, the amortized amount receivable, including accrued interest, pursuant to Chapter 260 from the State is $85.7 million and from participating employers is $27.5 million. The State paid approximately $1.934 billion in contributions (including Judiciary) for FY 2014 including amortization payments of approximately $386.42 million associated with Chapter 260 of the Laws of 2004, Chapter 57 of the Laws of 2010 and the 2010 retirement incentive program and two prepayments of the March 1, 2015 State bill. In FY 2014, the State paid off the Judiciary's 2005 amortization liability.

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 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 and FY 2015, the interest rates are 5 percent, 3.75 percent, 3 percent, 3.67 percent, and 3.15 percent respectively. The first payment is due in the fiscal year following the decision to amortize pension costs. When contribution rates fall below legally specified levels and all outstanding amortizations have been paid, employers that elected to amortize will be required to pay additional monies into reserve funds, specific to each employer, which will be used to offset their contributions in the future. These reserve funds will be invested separately from pension assets. Over time, it is expected that this will reduce the budgetary volatility of employer contributions. As of March 31, 2014, the amortized amount receivable, including accrued interest, for the 2011 amortization is $187.78 million from the State and $31.71 million from 45 participating employers; the amortized amount receivable, including accrued interest, for the 2012 amortization is $467.67 million from the State and $171.90 million from 118 participating employers; the amortized amount receivable, including accrued interest, for the 2013 amortization is $712.36 million from the State and

$337.54 million from 136 participating employers; and the amortized amount receivable, including accrued interest, for the 2014 amortization is $939.82 million for the State and $225.16 million from 110 participating employers.

The FY 2014 Enacted Budget included an alternate contribution program (the "Alternate Contribution Stabilization Program") that provides certain participating employers with a one-time election to amortize slightly more of their required contributions than would have been available for amortization under the 2010 legislation. In addition, the maximum payment period was increased from ten years to twelve years. The election is available to counties, cities, towns, villages, BOCES, school districts and the four public health care centers operated in the counties of Nassau, Westchester and Erie. The State is not eligible to participate in the Alternate Contribution Stabilization Program. The amortized amount receivable, including interest, from 29 participating employers is $251.18 million.

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

The total State payment (including Judiciary) related to the FY 2014 bill was approximately $2.744 billion. Multiple prepayments (including interest credit) have reduced this amount by approximately $1.545 billion. The State (including Judiciary) opted to amortize the maximum amount permitted, which reduced the required March 1, 2014 payment by $937.0 million. Amounts amortized are treated as receivables for purposes of calculating assets of the CRF as further described below under "Pension Assets and Liabilities".

The State (including Judiciary) has made $1.987 billion in payments towards the FY 2015 bill. These prepayments credited with $79.6 million in interest are expected to yield a total value of $2.067 billion on March 1, 2015. If the State (including Judiciary) opts to amortize the maximum amount permitted, the total amount due on March 1, 2015 is expected to be $0.6 million. Amounts amortized are treated as receivables for purposes of calculating assets of the CRF as further described below under "Pension Assets and Liabilities".

Pension Assets and Liabilities

The Systems' assets are held by the CRF for the exclusive benefit of members, pensioners and beneficiaries. Investments for the Systems are made by the State Comptroller as trustee of the CRF. The Systems report that the net position restricted for pension benefits as of March 31, 2014 was $181.3 billion (including $5.3 billion in receivables, which consist of employer contributions, amortized amounts, member contributions, member loans, accrued interest and dividends, investment sales and other miscellaneous receivables), an increase of $17.1 billion or 10.4 percent from the FY 2013 level of $164.2 billion. The increase in net position restricted for pension benefits from FY 2013 to FY 2014 reflects, in large part, equity market performance[12]. The valuation used by the Systems Actuary was based on audited net position restricted for pension benefits as of March 31, 2014. The Systems' audited Financial Statement reports a gain of 13.02 percent for FY 2014.

Consistent with statutory limitations affecting categories of investment, the State Comptroller, as trustee of the CRF, establishes a target asset allocation and approves policies and procedures to guide and direct the investment activities of the Division of Pension Investment and Cash Management. The purpose of this asset allocation strategy is to identify the optimal diversified mix of assets to meet the requirements of pension payment obligations to members. In the fiscal year ended March 31, 2010, an asset liability analysis was completed and a long-term policy allocation was adopted. The current long-term policy allocation seeks a mix that includes 43 percent equities (30 percent domestic and 13 percent international); 22 percent bonds, cash and mortgages; 8 percent inflation indexed bonds and 27 percent alternative investments (10 percent private equity, 6 percent real estate, 4 percent absolute return or hedge funds, 4 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[13].

The Systems report that the present value of anticipated benefits for current members, retirees, and beneficiaries increased from $204.5 billion on April 1, 2013 to $216.4 billion (including $101.5 billion for current retirees and beneficiaries) on April 1, 2014. The funding method used by the Systems 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. 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, 2014 in that the determination of actuarial assets utilized a smoothing method that recognized 20 percent of the unexpected gain for FY 2014, 40 percent of the unexpected gain for FY 2013, 60 percent of the unexpected loss for FY 2012, and 80 percent of the unexpected gain for FY 2011[14]. The asset valuation method smoothes gains and losses based on the market value of all

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[12] On February 13, 2015, the State Comptroller released a statement indicating that the value of the Systems' invested assets posted an estimated 1.91 percent return for the three-month period ending December 31, 2014. This report reflects unaudited data for assets invested for the Systems. The value of invested assets changes daily.

[13] More detail on the CRF's asset allocation as of March 31, 2014, long-term policy allocation and transition target allocation can be found on page 80 of the NYSLRS' CAFR for the fiscal year ending March 31, 2014.

[14] The current actuarial smoothing method spreads the impact of gains or losses above or below the 7.5 percent assumed investment rate of return over a 5-year period.

investments. Actuarial assets increased from $155.4 billion on April 1, 2013 to $171.7 billion on April 1, 2014. The funded ratio, as of April 1, 2014, calculated by the Systems Actuary in August 2014 using the entry age normal funding method and actuarial assets, was 92 percent[15].

In June 2012, GASB approved two related Statements that make changes to the accounting and financial reporting of pensions by state and local governments and pension plans. These statements impact neither the Systems' 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. Statement No. 68, Accounting and Financial Reporting for Pensions, establishes new accounting and financial reporting requirements for governments that provide their employees with pensions.

The standards for public plans' financial statements go into effect for fiscal years beginning on or after June 15, 2013 (e.g. NYSLRS March 31, 2015 financial statement). The standards for employers are effective for fiscal years beginning on or after June 15, 2014. For example, it would be effective for the State's fiscal year ending March 31, 2016.

Under the new standards, participating employers will be required to report a new liability (Net Pension Liability) in their financial statements. The Systems are currently evaluating the impact of the new standards and implementation considerations.

Statement 67 replaces 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. Statement 68 replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new Statements also replace the requirements of Statement No. 50, Pension Disclosures, for those governments and pension plans.

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 Systems — Contributions and Funding" above.

[15] Detail on the funded ratios of ERS and PFRS as of April 1 for FY 2014 and for each of the five previous fiscal years can be found on page 58 of the NYSLRS' CAFR for the fiscal year ending March 31, 2014. Detail regarding employers' Annual Required Contribution for FY 2014 and each of the five previous fiscal years can be found on page 59 of the NYSLRS' CAFR for the fiscal year ending March 31, 2014.

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

Fiscal Year Ended March 31	Contributions Recorded				Total Benefits Paid[(3)]
	All Participating Employers[(1)(2)]	Local Employers[(1)(2)]	State[(1)(2)]	Employees	
2005	2,965	1,877	1,088	227	5,691
2006	2,782	1,714	1,068	241	6,073
2007	2,718	1,730	988	250	6,432
2008	2,649	1,641	1,008	266	6,883
2009	2,456	1,567	889	273	7,265
2010	2,344	1,447	897	284	7,719
2011	4,165	2,406	1,759	286	8,520
2012	4,585	2,799	1,786	273	8,938
2013	5,336	3,385	1,950	269	9,521
2014	6,064	3,691	2,373	281	9,978

Sources: State and Local Retirement Systems.

(1) Contributions recorded include the full amount of unpaid amortized contributions.

(2) The annual required contributions (ARC) include the employers' normal costs, the Group Life Insurance Plan amounts, and other supplemental amounts. Additional information on the ARC can be accessed on page 59 of the NYSLRS CAFR for fiscal year ending March 31, 2014.

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

NET ASSETS AVAILABLE FOR BENEFITS OF THE
NEW YORK STATE AND LOCAL RETIREMENT SYSTEMS [(1)]
(millions of dollars)

Fiscal Year Ended March 31	Net Assets	Percent Increase/ (Decrease) From Prior Year
2005	128,038	6.0
2006	142,620	11.4
2007	156,625	9.8
2008	155,846	(0.5)
2009	110,938	(28.8)
2010	134,252	21.0
2011	149,549	11.4
2012	153,394	2.6
2013	164,222	7.0
2014	181,275	10.4

Sources: State and Local Retirement Systems.

(1) Includes relatively small amounts held under Group Life Insurance Plan. Includes some employer contribution receivables. Fiscal year ending March 31, 2014 includes approximately $5.3 billion of receivables.

Authorities and Localities

Public Authorities

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

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

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

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As of December 31, 2013 (with respect to Job Development Authority or "JDA" as of March 31, 2014), each of the 19 authorities listed in the following table had outstanding debt of $100 million or more, and the aggregate outstanding debt, including refunding bonds, was approximately $175 billion, only a portion of which constitutes State-supported or State-related debt. The following table summarizes the outstanding debt of these authorities.

OUTSTANDING DEBT OF CERTAIN AUTHORITIES[(1)]
AS OF DECEMBER 31, 2013[(2)]
(millions of dollars)

Authority	State-Related Debt Bonding	Authority and Conduit Bonding	Total
Dormitory Authority[(3)]	25,277	21,019	46,296
Metropolitan Transportation Authority	346	24,352	24,698
Port Authority of NY & NJ	0	21,876	21,876
Thruway Authority	10,056	4,830	14,886
UDC/ESD	11,090	903	11,993
Housing Finance Agency	859	11,077	11,936
Triborough Bridge and Tunnel Authority	0	8,292	8,292
Job Development Authority[(2)]	12	7,111	7,123
Long Island Power Authority[(4)]	0	6,967	6,967
Environmental Facilities Corporation	645	6,158	6,803
Energy Research and Development Authority	0	3,434	3,434
State of New York Mortgage Agency	0	2,781	2,781
Local Government Assistance Corporation	2,592	0	2,592
Tobacco Settlement Financing Corporation	2,053	0	2,053
Power Authority	0	1,675	1,675
Battery Park City Authority	0	1,059	1,059
Municipal Bond Bank Agency	281	291	572
Niagara Frontier Transportation Authority	0	144	144
Bridge Authority	0	117	117
TOTAL OUTSTANDING	53,211	122,086	175,297

Source: Office of the State Comptroller. Debt classifications by DOB.

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

(2) All Job Development Authority (JDA) debt outstanding reported as of March 31, 2014. This includes $7 billion in conduit debt issued by JDA's blended component units consisting of $6.6 billion issued by New York Liberty Development Corporation ($1.2 billion of which is also included in the amount reported for Port Authority of NY and NJ) and $511 million issued by the Brooklyn Arena Local Development Corporation. In addition, JDA has $12 million in State-guaranteed bonds outstanding.

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

(4) Includes $2.02 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 Scott Nemecek, Investor Relations, (212) 788-6499, or contacting the City Office of Management and Budget, 255 Greenwich Street, 8th Floor, New York, NY 10007. The State assumes no liability or responsibility for any financial information reported by the City of New York. The following table summarizes the debt of New York City and its related issuers.

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

Year	General Obligation Bonds	Obligations of TFA [1]	Obligations of STAR Corp. [2]	Obligations of TSASC, Inc.	Hudson Yards Infrastructure Corporation	Other [3] Obligations	Treasury Obligations	Total
2005	33,903	12,977	2,552	1,283	0	3,745	(39)	54,421
2006	35,844	12,233	2,470	1,334	0	3,500	0	55,381
2007	34,506	14,607	2,368	1,317	2,100	3,394	0	58,292
2008	36,100	14,828	2,339	1,297	2,067	2,556	0	59,187
2009	39,991	16,913	2,253	1,274	2,033	2,442	0	64,906
2010	41,555	20,094	2,178	1,265	2,000	2,444	0	69,536
2011	41,785	23,820	2,117	1,260	2,000	2,590	0	73,572
2012	42,286	26,268	2,054	1,253	3,000	2,493	0	77,354
2013	41,592	29,202	1,985	1,245	3,000	2,394	0	79,418
2014	41,665	31,038	1,975	1,228	3,000	2,334	0	81,240

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.

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

Locality Fiscal Year Ending	Combined New York City Debt[2] Bonds	Combined New York City Debt[2] Notes	Other Localities Debt[3] Bonds[4]	Other Localities Debt[3] Notes[4]	Total Locality Debt[3] Bonds[3][4]	Total Locality Debt[3] Notes[4]
1980	12,995	0	6,835	1,793	19,830	1,793
1990	20,027	0	10,253	3,082	30,280	3,082
2000	39,244	515	19,082	4,005	58,326	4,520
2003	47,376	1,110	23,951	6,429	71,327	7,539
2004	50,265	0	26,684	4,979	76,949	4,979
2005	54,421	0	29,245	4,832	83,666	4,832
2006	55,381	0	30,753	4,755	86,134	4,755
2007	58,192	100	32,271	4,567	90,463	4,667
2008	59,120	67	33,569	5,474	92,689	5,541
2009	64,873	33	34,522	6,908	99,395	6,941
2010	69,536	0	36,103	7,361	105,639	7,361
2011	73,572	0	36,230	7,312	109,802	7,312
2012	77,354	0	36,663	7,178	114,017	7,178
2013	79,418	0	36,299	7,318	115,717	7,318

Source: Office of the State Comptroller.

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 in debtedness 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 entitle "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.

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

Other Localities

Certain localities other than New York City have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. While a relatively infrequent practice, deficit financing by local governments has become more common in recent years. Between 2004 and June 2014, the State Legislature passed 25 special acts authorizing, or amending authorizations for, bond issuances to finance local government operating deficits, most recently for Rockland County, the Cities of Long Beach, Yonkers and Lockport. When local governments are authorized to issue bonds to finance operating deficits, the local government generally is subject to certain additional fiscal oversight during the time the bonds are outstanding, including an annual budget review by OSC. In addition to deficit financing authorizations, the State has periodically enacted legislation to create oversight boards in order to address deteriorating fiscal conditions within a locality.

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

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

Various actions taken by NIFA or Nassau County have been the subject of Federal and State court decisions. For example, NIFA's imposition of a wage freeze has been the subject of litigation, and the New York State Court of Appeals has held that Nassau County could not transfer the responsibility for certain tax refunds to local governments and school districts. During 2014, NIFA has approved labor contracts that include wage increases for various collective bargaining units, ending NIFA's imposition of the wage freeze.

Erie County has a Fiscal Stability Authority, the City of New York has a Financial Control Board, and the City of Troy has a Supervisory Board, all of which presently perform certain review and advisory functions. The City of Newburgh operates under fiscal monitoring by the State Comptroller pursuant to special State legislation. The potential impact on the State of any future requests by localities for additional oversight or financial assistance is not included in the projections of the State's receipts and disbursements for the State's FY 2014 or thereafter.

The City of Yonkers (the "City") no longer operates under an oversight board but must adhere to a Special Local Finance and Budget Act. The Yonkers City School District (the "School District") is fiscally dependent upon the City as it lacks taxing authority. In January 2014, the Yonkers Board of Education identified an improper accrual of State aid that resulted in an unanticipated shortfall in available funds for operation of the School District. In response, the Yonkers City School District Deficit Financing Act was enacted, which authorizes the City, subject to certain requirements, to issue serial bonds, not to exceed $45 million by March 31, 2015, to liquidate current deficits in the School District's general fund as of June 30, 2014. The FY 2015 Enacted Budget also provides $28 million to the City for the support of the School District for the City fiscal year 2015, subject to an Inter-Municipal Agreement being entered into by the City and the School District, with the approval of the State Budget Director. That agreement has been entered into and approved, and consolidates various non-academic District functions under the general management and direction of the City. In July 2014, the City of Yonkers filed suit challenging the constitutionality of the provisions of the Yonkers City School District Deficit Financing Act that require the City Council to adjust the City's budget consistent with recommendations made by the State Commissioner of Education and State Comptroller, contending that the legislation was enacted without a Home Rule request from the City in violation of Article IX of the State Constitution. On February 24, 2015, a stipulation of discontinuance was filed with the Westchester County Clerk's Office ending the litigation with prejudice.

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

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

A total of 50 local governments (10 counties, 7 cities, 17 towns, 16 villages) and 87 school districts have been placed in a stress category based on financial data for their fiscal years ending in 2013. The vast majority of entities (98 percent) are classified in the "No Designation" category.

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

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

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

The following table summarizes the debt of New York City and its related issuers, and other New York State localities, from 1980 to 2013.

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

Locality Fiscal Year Ending	Combined New York City Debt[2] Bonds	Combined New York City Debt[2] Notes	Other Localities Debt[3] Bonds[4]	Other Localities Debt[3] Notes[4]	Total Locality Debt[3] Bonds[3][4]	Total Locality Debt[3] Notes[4]
1980	12,995	0	6,835	1,793	19,830	1,793
1990	20,027	0	10,253	3,082	30,280	3,082
2000	39,244	515	19,082	4,005	58,326	4,520
2003	47,376	1,110	23,951	6,429	71,327	7,539
2004	50,265	0	26,684	4,979	76,949	4,979
2005	54,421	0	29,245	4,832	83,666	4,832
2006	55,381	0	30,753	4,755	86,134	4,755
2007	58,192	100	32,271	4,567	90,463	4,667
2008	59,120	67	33,569	5,474	92,689	5,541
2009	64,873	33	34,522	6,908	99,395	6,941
2010	69,536	0	36,103	7,361	105,639	7,361
2011	73,572	0	36,230	7,312	109,802	7,312
2012	77,354	0	36,663	7,178	114,017	7,178
2013	79,418	0	36,299	7,318	115,717	7,318

Source: Office of the State Comptroller.

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

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

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

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

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

Litigation and Arbitration

Real Property Claims

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

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

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

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

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

There are two cases challenging the settlement agreement. In *Matter of Town of Verona, et al. v. Cuomo, et al*. (Sup. Ct., Albany Co.), the plaintiffs are citizen taxpayers, voters, and two towns. The defendants answered and moved for summary judgment which was granted in a Decision/Order/Judgment on June 27, 2014 dismissing all claims in the complaint and denying plaintiffs' cross-motion to amend. Plaintiffs filed a Notice of Appeal.

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

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

On May 21, 2013, the State, Franklin and St. Lawrence Counties, and the tribe signed an agreement resolving a gaming exclusivity dispute, which agreement provides that the parties will work towards a mutually agreeable resolution of the tribe's land claim. The land claim has been stayed through at least March 11, 2015 to allow for settlement negotiations.

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

In *Shinnecock Indian Nation v. State of New York*, et al. ("EDNY"), plaintiff seeks ejectment, monetary damages, and declaratory and injunctive relief for its claim that approximately 3,600 acres in the Town of Southampton were illegally transferred from its predecessors-in-interest. On December 5, 2006, the District Court granted defendants' motion to dismiss, based on the *Sherrill* and *Cayuga* decisions. Plaintiff moved for reconsideration before the District Court and also appealed to the Second Circuit Court of Appeals. The motion for reconsideration has been withdrawn, and on October 31, 2014, plaintiff also withdrew its motion to amend the complaint. The *Shinnecock* appeal to the Second Circuit has been reinstated and is undergoing briefing.

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.

Depositions have been completed. The discovery deadline was May 3, 2013. The note of issue was filed on May 13, 2013. A pretrial conference was scheduled for December 23, 2014. The trial commenced on January 21, 2015 and is expected to last until mid-March.

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

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

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

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

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

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

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

By letter dated October 27, 2014, plaintiffs withdrew their motion for a preliminary injunction. By order dated November 17, 2014, Supreme Court, New York County, denied defendants' motion to dismiss. By separate order dated November 17, 2014, Supreme Court, New York County also granted the motion of the City of Yonkers to intervene as a plaintiff in the proceeding. Defendants filed Answers to the Amended Complaint and to Yonkers' Intervenor Complaint on February 2, 2015.

Medicaid Nursing Home Rate Methodology

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

Insurance Department Assessments

In New *York Insurance Association, Inc. v. State (Sup. Ct., Albany Co.),* several insurance companies and an association of insurance companies seek a declaration that certain assessments issued against the plaintiff insurance companies by the Insurance Department pursuant to Insurance Law § 332 violate the Insurance Law and the State and Federal Constitutions. The plaintiff insurance companies argue, among other things, that these assessments constitute an unlawful tax because they include amounts for items that are not the legitimate direct and indirect costs of the Insurance Department. Depositions have been completed. The note of issue was filed on June 3, 2013. The parties have moved for summary judgment and the motions were submitted on March 25, 2014. The plaintiffs/intervenor-plaintiffs have served a third amended complaint, which adds a challenge to the 2012-13 assessments, and have supplemented summary judgment papers to address this claim.

Tobacco Master Settlement Agreement (MSA) Litigation

In 1998, the attorneys general of 46 states, including New York, and several territories (collectively the "Settling States") and the then four largest United States tobacco manufacturers (the "Original Participating Manufacturers" or "OPMs"), entered into a Master Settlement Agreement (the "MSA") to resolve cigarette smoking-related litigation between the Settling States and the OPMs. Approximately 30 additional tobacco companies have entered into the settlement (the "Subsequent Participating Manufacturers" or "SPMs"; together they are the "Participating Manufacturers" or "PMs"). The MSA released the PMs from past and present smoking-related claims by the Settling States, and provided for a continuing release of future smoking-related claims, in exchange for certain payments to be made to the Settling States, and the imposition of certain tobacco advertising and marketing restrictions among other things.

Tobacco Master Settlement Agreement Arbitration

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

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

A hearing on issues common to all states took place in Chicago April 16-24, 2012. State-specific hearings commenced in May 2012, with the hearings involving Missouri and Illinois. New York's diligent enforcement hearings took place June 25-29, 2012. The last state-specific "diligent" enforcement hearing took place May 21-24, 2013. The Panel issued its awards on September 11, 2013. New York was found to have diligently enforced its qualifying statute in 2003 and, thus, is not subject to an NPM Adjustment for 2003. Nine states, including New York, were found to be "diligent"; six states were found to have been "not diligent".

In December 2012, during the pendency of the arbitration, the PMs and 19 states (collectively the "Signatory Parties") agreed to a term sheet purportedly settling the NPM Adjustment disputes for 2003-2012 (3 additional states joined later). New York and 31 (later became 28) other states and territories rejected the term sheet. The Signatory Parties then sought the approval of the Panel in order to obtain an early release of MSA annual payments currently being held in a disputed payments account. The non-joining states objected to approval of the term sheet because its terms negatively impact the non-joining states. Under the MSA reallocation provision, every state is either "diligent" or "not diligent" and only "diligent" states are exempt from the NPM Adjustment. For every state found diligent, its allocable share of the NPM Adjustment is shifted to any remaining non-diligent states. The non-joining states sought to have the signatory states treated as non-diligent for purposes of allocation of the NPM Adjustment. The Panel held a status conference on January 22, 2013, and a hearing of March 7, 2013, to discuss the term sheet. On March 13, 2013, the Panel issued a Partial Stipulated Settlement Award ("Partial Award") based on the provisions of the term sheet. In so doing, the Panel deemed the 20 states (collectively, the "Signatory States") "diligent" for purposes of allocation of the NPM Adjustment. The Panel also established a mechanism for reallocating any NPM Adjustment among non-diligent states that alters the terms of the MSA itself. Thus, had New York been found to have been "not diligent" in its enforcement of its escrow statute in 2003, New York would have exposure not only for its share of the NPM adjustment but also for its proportionate share of the NPM Adjustment attributable to the Signatory States. New York, as well as several other states, moved in their respective state courts to vacate or modify the Partial Award notwithstanding the Panel's finding. New York's motion has been adjourned several times. The six states that were found "not diligent" are all actively pursuing motions in their state courts to vacate or modify the Partial Award as well as to vacate the Panel's findings regarding that state's diligence. Courts in two of the non-prevailing states, Missouri and Pennsylvania, have issued decisions vacating and/or modifying the Panel's Partial Award to the extent that the Award unfairly harms each of those states by having the Signatory States deemed diligent for purposes of allocation of the NPM Adjustment. Each of these courts held that the Signatory States should be deemed non-diligent for purposes of allocation of the NPM Adjustment. The court in Maryland denied the state's motion to vacate or modify the Partial Award.

The PMs have indicated their intent to bring a nationwide NPM Adjustment Arbitration for sales year 2004 against New York and the other states that rejected the term sheet.

Financial Plan Tables

The cash financial plan tables listed below appear on the following pages and summarize actual General Fund receipts and disbursements for fiscal year 2014 and projected receipts and disbursements for fiscal years 2015 through 2019 on a General Fund, State Operating Funds and All Governmental Funds basis. The Updated Financial Plan projections for FY 2016 and thereafter, set forth in this AIS Update, reflect the savings that DOB estimates would occur if the Governor continues to propose, and the Legislature continues to enact, balanced budgets in future years that limit annual growth in spending from State Operating Funds to no greater than 2 percent. The estimated savings are labeled in the Updated Financial Plan tables as "Adherence to 2% State Operating Funds Spending Benchmark". Total disbursements in Updated Financial Plan tables and discussion do not assume these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

General Fund - Total Budget

Financial Plan, Annual Change from FY 2014 to FY 2015
Financial Plan Projections FY 2016 through FY 2019
Update to FY 2015
Update to FY 2016
Update to FY 2017
Update to FY 2018

General Fund - Receipts Detail (Excluding Transfers)

Financial Plan Projections FY 2015 through FY 2019

State Operating Funds Budget

FY 2015
FY 2016
FY 2017
FY 2018

All Governmental Funds - Total Budget

FY 2015
FY 2016
FY 2017
FY 2018

Cashflow - FY 2015 Monthly Projections

General Fund

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

	FY 2014 Results	FY 2015 Current	Annual $ Change	Annual % Change
Opening Fund Balance	1,610	2,235	625	38.8%
Receipts:				
Taxes:				
Personal Income Tax	28,864	29,486	622	2.2%
Consumption/Use Taxes	6,561	6,700	139	2.1%
Business Taxes	6,046	5,576	(470)	-7.8%
Other Taxes	1,256	1,188	(68)	-5.4%
Miscellaneous Receipts	3,219	8,874	5,655	175.7%
Federal Receipts	0	2	2	0.0%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	8,822	9,030	208	2.4%
Sales Tax in Excess of LGAC	2,568	2,660	92	3.6%
Sales Tax in Excess of Revenue Bond Debt Service	2,936	2,968	32	1.1%
Real Estate Taxes in Excess of CW/CA Debt Service	705	826	121	17.2%
All Other	891	1,404	513	57.6%
Total Receipts	61,868	68,714	6,846	11.1%
Disbursements:				
Local Assistance Grants	39,940	41,986	2,046	5.1%
Departmental Operations:				
Personal Service	5,563	5,849	286	5.1%
Non-Personal Service	1,746	2,023	277	15.9%
General State Charges	4,899	4,977	78	1.6%
Transfers to Other Funds:				
Debt Service	1,972	1,291	(681)	-34.5%
Capital Projects	1,436	888	(548)	-38.2%
State Share of Mental Hygiene Medicaid	1,576	1,448	(128)	-8.1%
SUNY Operations	971	980	9	0.9%
Other Purposes	3,140	3,739	599	19.1%
Total Disbursements	61,243	63,181	1,938	3.2%
Excess (Deficiency) of Receipts Over Disbursements	625	5,533	4,908	785.3%
Closing Fund Balance	2,235	7,768	5,533	247.6%
Statutory Reserves				
Tax Stabilization Reserve Fund	1,131	1,256	125	
Rainy Day Reserve Fund	350	540	190	
Contingency Reserve Fund	21	21	0	
Community Projects Fund	87	0	(87)	
Reserved For				
Prior-Term Labor Agreements	88	51	(37)	
Debt Management	500	500	0	
J.P. Morgan Settlement Proceeds	58	0	(58)	
Monetary Settlements	0	5,400	5,400	

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
FY 2016 through FY 2019
(millions of dollars)

	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Receipts:				
Taxes:				
Personal Income Tax	31,845	33,915	35,658	36,715
Consumption/Use Taxes	7,009	7,291	7,547	7,822
Business Taxes	5,894	5,765	5,867	5,970
Other Taxes	1,124	1,031	981	926
Miscellaneous Receipts	2,926	2,656	2,366	2,277
Federal Receipts	0	0	0	0
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	9,777	10,219	10,576	10,691
Sales Tax in Excess of LGAC	2,797	2,964	3,176	3,210
Sales Tax in Excess of Revenue Bond Debt Service	2,996	3,045	3,071	3,098
Real Estate Taxes in Excess of CW/CA Debt Service	844	903	962	1,026
All Other	878	740	739	747
Total Receipts	66,090	68,529	70,943	72,482
Disbursements:				
Local Assistance Grants	43,916	46,456	49,149	51,595
Departmental Operations:				
Personal Service	6,064	6,093	6,203	6,234
Non-Personal Service	2,168	2,222	2,480	2,298
General State Charges	5,213	5,710	6,032	6,349
Transfers to Other Funds:				
Debt Service	915	1,245	1,411	1,198
Capital Projects	5,991	1,823	2,042	2,290
State Share of Mental Hygiene Medicaid	1,312	1,339	1,214	1,155
SUNY Operations	985	974	969	969
Other Purposes	4,065	4,390	4,781	5,202
Total Disbursements	70,629	70,252	74,281	77,290
Use (Reservation) of Fund Balance:				
Prior-Term Labor Agreements	(11)	(12)	(10)	(11)
Monetary Settlements	4,550	0	0	0
Total Use (Reservation) of Fund Balance	4,539	(12)	(10)	(11)
Adherence to 2% Spending Benchmark*	0	1,937	4,195	5,486
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	0	202	847	667

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

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
FY 2015
(millions of dollars)

	Enacted	Change	Mid-Year	Change	Exec. (Amended)
Receipts:					
Taxes:					
Personal Income Tax	29,372	0	29,372	114	29,486
Consumption/Use Taxes	6,652	(26)	6,626	74	6,700
Business Taxes	5,438	53	5,491	85	5,576
Other Taxes	1,197	1	1,198	(10)	1,188
Miscellaneous Receipts	3,815	4,520	8,335	539	8,874
Federal Receipts	0	0	0	2	2
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	9,038	0	9,038	(8)	9,030
Sales Tax in Excess of LGAC	2,628	(13)	2,615	45	2,660
Sales Tax in Excess of Revenue Bond Debt Service	2,908	(14)	2,894	74	2,968
Real Estate Taxes in Excess of CW/CA Debt Service	761	0	761	65	826
All Other	1,153	292	1,445	(41)	1,404
Total Receipts	62,962	4,813	67,775	939	68,714
Disbursements:					
Local Assistance Grants	42,118	(116)	42,002	(16)	41,986
Departmental Operations:					
Personal Service	5,890	5	5,895	(46)	5,849
Non-Personal Service	1,960	2	1,962	61	2,023
General State Charges	5,072	4	5,076	(99)	4,977
Transfers to Other Funds:		0		0	
Debt Service	1,081	0	1,081	210	1,291
Capital Projects	930	0	930	(42)	888
State Share of Mental Hygiene Medicaid	1,638	0	1,638	(190)	1,448
SUNY Operations	977	0	977	3	980
Other Purposes	3,476	134	3,610	129	3,739
Total Disbursements	63,142	29	63,171	10	63,181
Use (Reservation) of Fund Balance:					
Tax Stabilization Reserve Fund	0	0	0	(125)	(125)
Rainy Day Reserve Fund	0	0	0	(190)	(190)
Community Projects Fund	87	0	87	0	87
Prior-Term Labor Agreements	(8)	43	35	2	37
J.P. Morgan Settlement Proceeds	58	0	58	0	58
Undesignated Reserve	43	(4,827)	(4,784)	4,784	0
Monetary Settlements	0	0	0	(5,400)	(5,400)
Total Use (Reservation) of Fund Balance	180	(4,784)	(4,604)	(929)	(5,533)
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	0	0	0	0	0

Source: NYS DOB.

CASH FINANCIAL PLAN
GENERAL FUND
FY 2016
(millions of dollars)

	Enacted	Change	Mid-Year	Change	Exec. (Amended)
Receipts:					
Taxes:					
Personal Income Tax	31,643	0	31,643	202	31,845
Consumption/Use Taxes	6,908	0	6,908	101	7,009
Business Taxes	5,728	0	5,728	166	5,894
Other Taxes	1,157	1	1,158	(34)	1,124
Miscellaneous Receipts	2,980	0	2,980	(54)	2,926
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	9,636	0	9,636	141	9,777
Sales Tax in Excess of LGAC	2,743	0	2,743	54	2,797
Sales Tax in Excess of Revenue Bond Debt Service	2,923	0	2,923	73	2,996
Real Estate Taxes in Excess of CW/CA Debt Service	826	0	826	18	844
All Other	819	(6)	813	65	878
Total Receipts	65,363	(5)	65,358	732	66,090
Disbursements:					
Local Assistance Grants	44,827	(47)	44,780	(864)	43,916
Departmental Operations:					
Personal Service	5,986	12	5,998	66	6,064
Non-Personal Service	2,010	0	2,010	158	2,168
General State Charges	5,322	(36)	5,286	(73)	5,213
Transfers to Other Funds:					
Debt Service	1,058	0	1,058	(143)	915
Capital Projects	1,406	0	1,406	4,585	5,991
State Share of Mental Hygiene Medicaid	1,313	0	1,313	(1)	1,312
SUNY Operations	980	0	980	5	985
Other Purposes	4,241	89	4,330	(265)	4,065
Total Disbursements	67,143	18	67,161	3,468	70,629
Use (Reservation) of Fund Balance:					
Prior-Term Labor Agreements	(11)	0	(11)	0	(11)
Monetary Settlements	0	0	0	4,550	4,550
Total Use (Reservation) of Fund Balance	(11)	0	(11)	4,550	4,539
Adherence to 2% State Operating Funds Spending Benchmark*	2,094	(37)	2,057	(2,057)	0
Net General Fund Surplus (Deficit)	303	(60)	243	(243)	0

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

Source: NYS DOB.

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

	Enacted	Change	Mid-Year	Change	Exec. (Amended)
Receipts:					
Taxes:					
Personal Income Tax	33,943	0	33,943	(28)	33,915
Consumption/Use Taxes	7,132	0	7,132	159	7,291
Business Taxes	5,609	0	5,609	156	5,765
Other Taxes	1,062	1	1,063	(32)	1,031
Miscellaneous Receipts	2,790	0	2,790	(134)	2,656
Federal Receipts	0	0	0	0	0
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	10,235	0	10,235	(16)	10,219
Sales Tax in Excess of LGAC	2,880	0	2,880	84	2,964
Sales Tax in Excess of Revenue Bond Debt Service	2,933	0	2,933	112	3,045
Real Estate Taxes in Excess of CW/CA Debt Service	885	0	885	18	903
All Other	777	(6)	771	(31)	740
Total Receipts	68,246	(5)	68,241	288	68,529
Disbursements:					
Local Assistance Grants	47,077	(73)	47,004	(548)	46,456
Departmental Operations:					
Personal Service	5,952	12	5,964	129	6,093
Non-Personal Service	2,004	0	2,004	218	2,222
General State Charges	5,470	263	5,733	(23)	5,710
Transfers to Other Funds:					
Debt Service	1,457	0	1,457	(212)	1,245
Capital Projects	1,761	0	1,761	62	1,823
State Share of Mental Hygiene Medicaid	1,281	0	1,281	58	1,339
SUNY Operations	980	0	980	(6)	974
Other Purposes	4,532	89	4,621	(231)	4,390
Total Disbursements	70,514	291	70,805	(553)	70,252
Use (Reservation) of Fund Balance:					
Prior-Term Labor Agreements	(12)	0	(12)	0	(12)
Total Use (Reservation) of Fund Balance	(12)	0	(12)	0	(12)
Adherence to 2% Spending Benchmark*	3,385	262	3,647	(1,710)	1,937
Net General Fund Surplus (Deficit)	1,105	(34)	1,071	(869)	202

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

Source: NYS DOB.

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

	Enacted	Change	Mid-Year	Change	Exec. (Amended)
Receipts:					
Taxes:					
Personal Income Tax	35,730	0	35,730	(72)	35,658
Consumption/Use Taxes	7,373	0	7,373	174	7,547
Business Taxes	5,729	0	5,729	138	5,867
Other Taxes	1,012	1	1,013	(32)	981
Miscellaneous Receipts	2,215	0	2,215	151	2,366
Federal Receipts	0	0	0	0	0
Transfers from Other Funds:					
PIT in Excess of Revenue Bond Debt Service	10,664	0	10,664	(88)	10,576
Sales Tax in Excess of LGAC	3,087	0	3,087	89	3,176
Sales Tax in Excess of Revenue Bond Debt Service	2,932	0	2,932	139	3,071
Real Estate Taxes in Excess of CW/CA Debt Service	958	0	958	4	962
All Other	750	(6)	744	(5)	739
Total Receipts	70,450	(5)	70,445	498	70,943
Disbursements:					
Local Assistance Grants	49,671	(65)	49,606	(457)	49,149
Departmental Operations:					
Personal Service	5,975	11	5,986	217	6,203
Non-Personal Service	2,052	1	2,053	427	2,480
General State Charges	5,583	556	6,139	(107)	6,032
Transfers to Other Funds:					
Debt Service	1,509	0	1,509	(98)	1,411
Capital Projects	2,006	0	2,006	36	2,042
State Share of Mental Hygiene Medicaid	1,156	0	1,156	58	1,214
SUNY Operations	980	0	980	(11)	969
Other Purposes	4,945	90	5,035	(254)	4,781
Total Disbursements	73,877	593	74,470	(189)	74,281
Use (Reservation) of Fund Balance:					
Prior-Term Labor Agreements	(11)	0	(11)	1	(10)
Total Use (Reservation) of Fund Balance	(11)	0	(11)	1	(10)
Adherence to 2% Spending Benchmark*	4,916	553	5,469	(1,274)	4,195
Net General Fund Surplus (Deficit)	1,478	(45)	1,433	(586)	847

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

Source: NYS DOB.

CASH RECEIPTS
CURRENT STATE RECEIPTS
GENERAL FUND
FY 2015 THROUGH FY 2019
(millions of dollars)

	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Taxes:					
Withholdings	34,999	37,290	39,371	40,850	42,648
Estimated Payments	13,733	14,996	16,289	17,578	17,401
Final Payments	2,176	2,378	2,555	2,726	2,919
Other Payments	1,281	1,341	1,386	1,439	1,496
Gross Collections	52,189	56,005	59,601	62,593	64,464
State/City Offset	(588)	(538)	(538)	(538)	(538)
Refunds	(7,788)	(8,699)	(9,555)	(10,301)	(10,842)
Reported Tax Collections	43,813	46,768	49,508	51,754	53,084
STAR (Dedicated Deposits)	(3,374)	(3,231)	(3,216)	(3,157)	(3,098)
RBTF (Dedicated Transfers)	(10,953)	(11,692)	(12,377)	(12,939)	(13,271)
Personal Income Tax	29,486	31,845	33,915	35,658	36,715
Sales and Use Tax	12,240	12,770	13,350	13,870	14,430
Cigarette and Tobacco Taxes	319	368	355	346	336
Motor Fuel Tax	0	0	0	0	0
Alcoholic Beverage Taxes	251	256	261	266	271
Highway Use Tax	0	0	0	0	0
Auto Rental Tax	0	0	0	0	0
Taxicab Surcharge	0	0	0	0	0
Gross Utility Taxes and Fees	12,810	13,394	13,966	14,482	15,037
LGAC/STBF (Dedicated Transfers)	(6,110)	(6,385)	(6,675)	(6,935)	(7,215)
Consumption/Use Taxes	6,700	7,009	7,291	7,547	7,822
Corporation Franchise Tax	2,428	3,880	3,563	3,703	3,772
Corporation and Utilities Tax	590	619	624	622	631
Insurance Taxes	1,370	1,433	1,405	1,380	1,445
Bank Tax	1,188	(38)	173	162	122
Petroleum Business Tax	0	0	0	0	0
Business Taxes	5,576	5,894	5,765	5,867	5,970
Estate Tax	1,169	1,105	1,012	962	907
Real Estate Transfer Tax	1,020	1,037	1,096	1,151	1,212
Gift Tax	0	0	0	0	0
Real Property Gains Tax	0	0	0	0	0
Pari-Mutuel Taxes	18	18	18	18	18
Other Taxes	1	1	1	1	1
Gross Other Taxes	2,208	2,161	2,127	2,132	2,138
Real Estate Transfer Tax (Dedicated)	(1,020)	(1,037)	(1,096)	(1,151)	(1,212)
Other Taxes	1,188	1,124	1,031	981	926
Payroll Tax	0	0	0	0	0
Total Taxes	42,950	45,872	48,002	50,053	51,433
Licenses, Fees, Etc.	662	638	640	645	645
Abandoned Property	655	655	550	550	550
Motor Vehicle Fees	170	170	218	223	224
ABC License Fee	59	65	61	62	63
Reimbursements	284	279	263	253	262
Investment Income	4	4	4	5	5
Other Transactions	7,040	1,115	920	628	528
Miscellaneous Receipts	8,874	2,926	2,656	2,366	2,277
Federal Receipts	2	0	0	0	0
Total	51,826	48,798	50,658	52,419	53,710

Source: NYS DOB.

CASH FINANCIAL PLAN STATE OPERATING FUNDS BUDGET FY 2015 (millions of dollars)	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	2,235	2,489	65	4,789
Receipts:				
Taxes	42,950	8,236	17,964	69,150
Miscellaneous Receipts	8,874	16,151	515	25,540
Federal Receipts	2	1	73	76
Total Receipts	51,826	24,388	18,552	94,766
Disbursements:				
Local Assistance Grants	41,986	19,114	0	61,100
Departmental Operations:				
Personal Service	5,849	6,747	0	12,596
Non-Personal Service	2,023	3,709	43	5,775
General State Charges	4,977	2,095	0	7,072
Debt Service	0	0	5,833	5,833
Capital Projects	0	0	0	0
Total Disbursements	54,835	31,665	5,876	92,376
Other Financing Sources (Uses):				
Transfers from Other Funds	16,888	8,265	4,570	29,723
Transfers to Other Funds	(8,346)	(1,385)	(17,225)	(26,956)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	8,542	6,880	(12,655)	2,767
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	5,533	(397)	21	5,157
Closing Fund Balance	7,768	2,092	86	9,946

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	45,872	8,237	18,995	73,104
Miscellaneous Receipts	2,926	16,032	448	19,406
Federal Receipts	0	1	73	74
Total Receipts	48,798	24,270	19,516	92,584
Disbursements:				
Local Assistance Grants	43,916	18,603	0	62,519
Departmental Operations:				
Personal Service	6,064	6,822	0	12,886
Non-Personal Service	2,168	3,487	47	5,702
General State Charges	5,213	2,141	0	7,354
Debt Service	0	0	5,526	5,526
Capital Projects	0	1	0	1
Total Disbursements	57,361	31,054	5,573	93,988
Other Financing Sources (Uses):				
Transfers from Other Funds	17,292	7,976	3,928	29,196
Transfers to Other Funds	(13,268)	(943)	(17,801)	(32,012)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	4,024	7,033	(13,873)	(2,816)
Use (Reservation) of Fund Balance:				
Prior-Term Labor Agreements	(11)	0	0	(11)
Monetary Settlements	4,550	0	0	4,550
Total Use (Reservation) of Fund Balance	4,539	0	0	4,539
Net Surplus (Deficit)	0	249	70	319

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	48,002	8,314	20,029	76,345
Miscellaneous Receipts	2,656	15,805	453	18,914
Federal Receipts	0	1	73	74
Total Receipts	50,658	24,120	20,555	95,333
Disbursements:				
Local Assistance Grants	46,456	18,674	0	65,130
Departmental Operations:				
Personal Service	6,093	6,808	0	12,901
Non-Personal Service	2,222	3,559	47	5,828
General State Charges	5,710	2,189	0	7,899
Debt Service	0	0	6,284	6,284
Capital Projects	0	3	0	3
Total Disbursements	60,481	31,233	6,331	98,045
Other Financing Sources (Uses):				
Transfers from Other Funds	17,871	8,250	4,280	30,401
Transfers to Other Funds	(9,771)	(826)	(18,441)	(29,038)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	8,100	7,424	(14,161)	1,363
Use (Reservation) of Fund Balance:				
Prior-Term Labor Agreements	(12)	0	0	(12)
Total Use (Reservation) of Fund Balance	(12)	0	0	(12)
Adherence to 2% Spending Benchmark*	1,937	0	0	1,937
Net Surplus (Deficit)	202	311	63	576

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

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	50,053	8,375	20,906	79,334
Miscellaneous Receipts	2,366	15,961	453	18,780
Federal Receipts	0	1	73	74
Total Receipts	52,419	24,337	21,432	98,188
Disbursements:				
Local Assistance Grants	49,149	18,905	0	68,054
Departmental Operations:				
Personal Service	6,203	6,851	0	13,054
Non-Personal Service	2,480	3,572	47	6,099
General State Charges	6,032	2,258	0	8,290
Debt Service	0	0	6,725	6,725
Capital Projects	0	3	0	3
Total Disbursements	63,864	31,589	6,772	102,225
Other Financing Sources (Uses):				
Transfers from Other Funds	18,524	8,354	4,358	31,236
Transfers to Other Funds	(10,417)	(775)	(18,940)	(30,132)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	8,107	7,579	(14,582)	1,104
Use (Reservation) of Fund Balance:				
Prior-Term Labor Agreements	(10)	0	0	(10)
Total Use (Reservation) of Fund Balance	(10)	0	0	(10)
Adherence to 2% Spending Benchmark*	4,195	0	0	4,195
Net Surplus (Deficit)	847	327	78	1,252

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

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2015
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	2,235	2,364	(629)	65	4,035
Receipts:					
Taxes	42,950	8,236	1,362	17,964	70,512
Miscellaneous Receipts	8,874	16,263	4,774	515	30,426
Federal Receipts	2	44,913	2,047	73	47,035
Total Receipts	51,826	69,412	8,183	18,552	147,973
Disbursements:					
Local Assistance Grants	41,986	59,656	2,238	0	103,880
Departmental Operations:					
Personal Service	5,849	7,379	0	0	13,228
Non-Personal Service	2,023	4,866	0	43	6,932
General State Charges	4,977	2,395	0	0	7,372
Debt Service	0	0	0	5,833	5,833
Capital Projects	0	0	5,757	0	5,757
Total Disbursements	54,835	74,296	7,995	5,876	143,002
Other Financing Sources (Uses):					
Transfers from Other Funds	16,888	7,819	1,086	4,570	30,363
Transfers to Other Funds	(8,346)	(3,340)	(1,497)	(17,225)	(30,408)
Bond and Note Proceeds	0	0	306	0	306
Net Other Financing Sources (Uses)	8,542	4,479	(105)	(12,655)	261
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	5,533	(405)	83	21	5,232
Closing Fund Balance	7,768	1,959	(546)	86	9,267

Source: NYS DOB.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	45,872	8,237	1,346	18,995	74,450
Miscellaneous Receipts	2,926	16,143	5,558	448	25,075
Federal Receipts	0	48,017	1,673	73	49,763
Total Receipts	48,798	72,397	8,577	19,516	149,288
Disbursements:					
Local Assistance Grants	43,916	62,742	3,043	0	109,701
Departmental Operations:					
Personal Service	6,064	7,458	0	0	13,522
Non-Personal Service	2,168	4,500	0	47	6,715
General State Charges	5,213	2,447	0	0	7,660
Debt Service	0	0	0	5,526	5,526
Capital Projects	0	1	6,871	0	6,872
Total Disbursements	57,361	77,148	9,914	5,573	149,996
Other Financing Sources (Uses):					
Transfers from Other Funds	17,292	7,644	6,275	3,928	35,139
Transfers to Other Funds	(13,268)	(2,613)	(1,517)	(17,801)	(35,199)
Bond and Note Proceeds	0	0	704	0	704
Net Other Financing Sources (Uses)	4,024	5,031	5,462	(13,873)	644
Use (Reservation) of Fund Balance:					
Prior-Term Labor Agreements	(11)	0	0	0	(11)
Monetary Settlements	4,550	0	0	0	4,550
Total Use (Reservation) of Fund Balance	4,539	0	0	0	4,539
Net Surplus (Deficit)	0	280	4,125	70	4,475

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
Receipts:					
Taxes	48,002	8,314	1,322	20,029	77,667
Miscellaneous Receipts	2,656	15,916	5,121	453	24,146
Federal Receipts	0	48,730	1,630	73	50,433
Total Receipts	50,658	72,960	8,073	20,555	152,246
Disbursements:					
Local Assistance Grants	46,456	63,644	2,952	0	113,052
Departmental Operations:					
Personal Service	6,093	7,493	0	0	13,586
Non-Personal Service	2,222	4,470	0	47	6,739
General State Charges	5,710	2,508	0	0	8,218
Debt Service	0	0	0	6,284	6,284
Capital Projects	0	3	6,980	0	6,983
Total Disbursements	60,481	78,118	9,932	6,331	154,862
Other Financing Sources (Uses):					
Transfers from Other Funds	17,871	7,912	2,105	4,280	32,168
Transfers to Other Funds	(9,771)	(2,448)	(1,563)	(18,441)	(32,223)
Bond and Note Proceeds	0	0	464	0	464
Net Other Financing Sources (Uses)	8,100	5,464	1,006	(14,161)	409
Use (Reservation) of Fund Balance:					
Prior-Term Labor Agreements	(12)	0	0	0	(12)
Total Use (Reservation) of Fund Balance	(12)	0	0	0	(12)
Adherence to 2% Spending Benchmark*	1,937	0	0	0	1,937
Net Surplus (Deficit)	202	306	(853)	63	(282)

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

Source: NYS DOB.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	50,053	8,375	1,324	20,906	80,658
Miscellaneous Receipts	2,366	16,072	4,633	453	23,524
Federal Receipts	0	50,409	1,617	73	52,099
Total Receipts	52,419	74,856	7,574	21,432	156,281
Disbursements:					
Local Assistance Grants	49,149	65,621	2,832	0	117,602
Departmental Operations:					
Personal Service	6,203	7,546	0	0	13,749
Non-Personal Service	2,480	4,526	0	47	7,053
General State Charges	6,032	2,582	0	0	8,614
Debt Service	0	0	0	6,725	6,725
Capital Projects	0	3	7,020	0	7,023
Total Disbursements	63,864	80,278	9,852	6,772	160,766
Other Financing Sources (Uses):					
Transfers from Other Funds	18,524	8,016	2,273	4,358	33,171
Transfers to Other Funds	(10,417)	(2,272)	(1,601)	(18,940)	(33,230)
Bond and Note Proceeds	0	0	436	0	436
Net Other Financing Sources (Uses)	8,107	5,744	1,108	(14,582)	377
Use (Reservation) of Fund Balance:					
Prior-Term Labor Agreements	(10)	0	0	0	(10)
Total Use (Reservation) of Fund Balance	(10)	0	0	0	(10)
Adherence to 2% Spending Benchmark*	4,195	0	0	0	4,195
Net Surplus (Deficit)	847	322	(1,170)	78	77

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

Source: NYS DOB.

CASHFLOW
GENERAL FUND
FY 2015
(dollars in millions)

	2014 April Results	May Results	June Results	July Results	August Results	September Results	October Results	November Results	December Results	2015 January Results	February Projected	March Projected	Total
OPENING BALANCE	2,235	5,533	4,548	5,131	6,998	6,889	8,053	7,715	6,559	8,254	10,363	10,877	2,235
RECEIPTS:													
Personal Income Tax	4,015	1,576	2,759	1,924	1,793	2,969	1,861	1,352	3,599	2,992	2,516	2,130	29,486
Consumption/Use Taxes	506	507	656	527	520	674	516	525	661	540	454	614	6,700
Business Taxes	148	353	1,243	127	(87)	940	87	2	916	157	37	1,653	5,576
Other Taxes	85	121	70	98	92	107	106	91	98	126	97	97	1,188
Total Taxes	4,754	2,557	4,728	2,676	2,318	4,690	2,570	1,970	5,274	3,815	3,104	4,494	42,950
Abandoned Property	1	0	0	0	0	0	94	135	20	49	85	271	655
ABC License Fee	7	5	5	6	4	5	6	5	5	5	3	3	59
Investment Income	0	0	0	1	0	0	0	0	0	0	1	2	4
Licenses, Fees, etc.	35	57	70	22	54	78	44	43	75	26	60	98	662
Motor Vehicle Fees	37	21	6	20	6	6	24	(1)	21	9	13	8	170
Reimbursements	7	12	45	0	22	48	3	16	27	12	17	75	284
Other Transactions	88	1,722	30	2,271	104	536	340	364	249	46	18	1,272	7,040
Total Miscellaneous Receipts	175	1,817	156	2,320	190	673	511	562	397	147	197	1,729	8,874
Federal Receipts	1	0	0	0	0	0	0	0	0	1	0	0	2
PIT in Excess of Revenue Bond Debt Service	1,338	355	1,063	395	266	1,223	422	191	1,242	875	461	1,199	9,030
Tax in Excess of LGAC	212	87	441	234	179	310	233	235	307	243	3	176	2,660
Sales Tax Bond Fund	208	220	293	226	225	306	219	222	292	253	198	306	2,968
Real Estate Taxes in Excess of CW/CA Debt Service	57	73	78	60	78	69	75	72	74	78	59	53	826
All Other	90	66	57	9	17	93	11	24	(5)	29	88	925	1,404
Total Transfers from Other Funds	1,905	801	1,932	924	765	2,001	960	744	1,910	1,478	809	2,659	16,888
TOTAL RECEIPTS	6,835	5,175	6,816	5,920	3,273	7,364	4,041	3,276	7,581	5,441	4,110	8,882	68,714
DISBURSEMENTS:													
School Aid	282	2,679	1,834	82	597	1,711	771	1,389	1,607	378	513	6,550	18,393
Higher Education	13	14	464	599	139	53	458	28	222	30	344	506	2,870
All Other Education	20	326	15	212	135	478	64	30	164	35	108	539	2,126
Medicaid - DOH	1,100	1,057	897	1,142	770	832	1,013	1,213	699	919	968	1,054	11,664
Public Health	1	75	117	64	78	42	41	32	79	47	85	88	749
Mental Hygiene	5	2	295	1	2	257	2	(2)	491	12	201	126	1,392
Children and Families	27	96	74	157	60	151	167	70	248	108	137	279	1,574
Temporary & Disability Assistance	98	105	158	104	93	96	98	98	93	95	92	102	1,232
Transportation	0	24	0	0	25	0	0	23	13	2	10	1	98
Unrestricted Aid	0	11	390	2	0	102	8	5	182	1	6	71	778
All Other	22	(13)	198	34	22	(6)	22	29	50	130	76	546	1,110
Total Local Assistance Grants	1,568	4,376	4,442	2,397	1,921	3,716	2,644	2,915	3,848	1,757	2,540	9,862	41,986
Personal Service	447	529	447	602	451	448	526	453	591	445	441	469	5,849
Non-Personal Service	83	147	146	133	151	148	169	121	133	133	188	471	2,023
Total Departmental Operations	530	676	593	735	602	596	695	574	724	578	629	940	7,872
General State Charges	504	649	357	703	146	1,125	408	140	306	251	106	282	4,977
Debt Service	401	(152)	(2)	231	(11)	(99)	202	(60)	(32)	393	(19)	439	1,291
Capital Projects	9	31	104	(288)	169	181	172	174	547	123	176	(510)	888
State Share Medicaid	169	42	67	68	261	147	160	40	112	187	132	63	1,448
SUNY Operations	210	210	210	188	0	0	0	163	0	0	0	(1)	980
Other Purposes	146	328	462	19	294	534	98	486	381	43	32	916	3,739
Total Transfers to Other Funds	935	459	841	218	713	763	632	803	1,008	746	321	907	8,346
TOTAL DISBURSEMENTS	3,537	6,160	6,233	4,053	3,382	6,200	4,379	4,432	5,886	3,332	3,596	11,991	63,181
Excess/(Deficiency) of Receipts over Disbursements	3,298	(985)	583	1,867	(109)	1,164	(338)	(1,156)	1,695	2,109	514	(3,109)	5,533
CLOSING BALANCE	5,533	4,548	5,131	6,998	6,889	8,053	7,715	6,559	8,254	10,363	10,877	7,768	7,768

Source: NYS DOB.

State Related Bond Authorizations

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

STATE-RELATED DEBT
FY 2015 BOND CAPS AND DEBT OUTSTANDING
(millions of dollars) (1)

Type of Cap (Gross or Net)*	Program	FY 2015 Bond Caps	Authorized But Unissued (2)	Debt Outstanding (3) As of 3/31/14
Education:				
Gross	SUNY Educational Facilities (4)	10,984	1,837	7,614
Net	SUNY Dormitory Facilities (5)	1,561	68	1,215
Net	SUNY Upstate Community Colleges (5)	776	223	784
Gross	CUNY Educational Facilities (6)	7,273	1,042	4,557
Net	State Ed Department Facilities (7)	0	0	45
Net	SUNY Athletic Facilities	22	0	14
Net	RESCUE	195	0	44
Net	University Facilities (Jobs 2000)	48	1	5
Net	School District Capital Outlay Grants	140	40	0
Net	Judicial Training Institute	16	0	8
Net	Transportation Transition Grants	80	12	0
Net	Public Broadcasting Facilities	15	0	4
Net	Higher Education Capital Matching Grants	180	38	85
Net	EXCEL	2,600	134	1,983
Net	Library Facilities	126	28	70
Net	Cultural Education Storage Facilities	79	69	9
Net	State Longitudinal Data System	20	15	3
Net	SUNY 2020 Challenge Grants	330	270	59
Net	Private Special Education	5	5	0
Environment:				
Net	Environmental Infrastructure Projects (8)	1,398	475	673
Net	Hazardous Waste Remediation	1,200	515	562
Net	Riverbank State Park	78	18	35
Net	Water Pollution Control (SRF)	770	148	107
Net	Pipeline for Jobs (Jobs 2000)	34	2	0
Net	Long Island Pine Barrens	15	0	4
Net	Pilgrim Sewage Plant	11	0	2
State Facilities:				
Net	Empire State Plaza	133	13	0
Net	State Capital Projects (Attica)	200	0	116
Net	Division of State Police Facilities	150	31	106
Net	Division of Military & Naval Affairs	27	9	15
Net	Alfred E. Smith Building	89	0	54
Net	Sheridan Ave. (Elk St.) Parking Garage	25	0	17
Net	State Office Buildings and Other Facilities	318	112	168
Net	Judiciary Improvements	38	1	19
Net	OSC State Buildings	52	0	24
Net	Albany Parking Garage (East)	41	0	25
Net	OGS State Buildings and Other Facilities (9)	140	26	94
Net	Equipment Acquisition (COPs) (10)	784	106	230
Net	Food Laboratory	40	0	35
Net	OFT Facilities	21	18	2
Net	Courthouse Improvements	76	37	29
Gross	Prison Facilities	7,148	565	4,501
Net	Homeland Security	197	139	44
Gross	Youth Facilities	465	66	187
Net	NYRA Land Acquisition/VLT Construction	355	0	110
Net	Storm Recovery Capital	450	450	0
Net	Office of Information Technology Services	182	182	0
Health/Mental Hygiene:				
Net	Department of Health Facilities (inc. Axelrod)	495	3	285
Gross	Mental Health Facilities	7,436	865	3,798
Net	HEAL NY Capital Program	750	220	391
Net	Capital Restructuring Program	1,200	1,200	0
Transportation:				
Gross	Consolidated Highway Improvement Program (CHIPS)	8,121	785	4,202
Net	Dedicated Highway & Bridge Trust	16,500	3,882	7,292
Net	High Speed Rail	22	22	0
Net	Albany County Airport	40	1	13
Net	Transportation Initiatives	465	465	0
Net	MTA Transportation Facilities	770	770	0
N/A	MTA Service Contract	2,005	0	1,700
Net	Transportation (TIFIA)	750	750	0

STATE-RELATED DEBT
FY 2015 BOND CAPS AND DEBT OUTSTANDING
(millions of dollars) (1)

	Type of Cap (Gross or Net)*	Program	FY 2015 Bond Caps	Authorized But Unissued (2)	Debt Outstanding (3) As of 3/31/14
Economic Development:					
	Gross	Housing Capital Programs	2,999	349	1,600
	Net	Community Enhancement Facilities (CEFAP)	424	47	45
	Net	University Technology Centers (incl. HEAT) (11)	248	13	28
	Gross	Onondaga Convention Center	40	0	21
	Net	Sports Facilities	145	0	56
	Net	Child Care Facilities	30	1	11
	Net	Bio-Tech Facilities	10	10	0
	Net	Strategic Investment Program	216	21	22
	Net	Regional Economic Development (Fund 002) (12)	1,190	49	271
	Net	NYS Economic Development (2004) (13)	346	0	207
	Net	Regional Economic Development (2004) (14)	243	221	10
	Net	High Technology and Development	249	73	124
	Net	Regional Economic Development/SPUR	90	28	26
	Net	Buffalo Inner Harbor	50	0	41
	Net	Jobs Now	14	1	0
	Net	Economic Development 2006 (Various) (15)	2,310	356	1,580
	Net	Javits Convention Center (Expansion '06)	350	350	0
	Net	Queens Stadium (Mets)	75	0	49
	Net	Bronx Stadium (Yankees)	75	0	52
	Net	NYS Ec Dev Stadium Parking ('06)	75	69	5
	Net	State Modernization Projects (RIOC Tram, etc.)	50	15	10
	Net	Int. Computer Chip Research and Dev. Center	300	0	130
	Net	2008 and 2009 Economic Development Initiatives	1,269	242	688
	Net	H.H. Richardson Complex/Darwin Martin House	84	8	61
	Net	Economic Development Initiatives	2,203	1,925	301
	Net	State and Municipal Facilities	770	770	0
LGAC	Net	Local Government Assistance Corporation	4,700	0	2,592
GO	Gross	General Obligation (16)	19,185	2,908	3,191
Total State-Supported Debt			**115,181**	**23,115**	**52,460**
Other State Financings:					
	Tobacco Settlement Financing Corporation Bonds				2,053
	MBBA Special Purpose School Aid Bonds				281
	Capital Lease and Mortgage Loan Commitments (17)				303
	Other (18)				370
Total State-Related Debt (19)					**55,467**

** 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, 2014 or have outstanding program balances or both.

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

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

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

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

(6) The amount outstanding includes CUNY Community Colleges bonds for which the State pays debt service. The total amount authorized for CUNY Senior Colleges was unlimited for resolutions adopted prior to 7/1/85 and limited to $7.273 billion for both CUNY Senior and CUNY Community Colleges for resolutions adopted after 7/1/85.

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

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

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

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

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

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

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

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

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

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

(17) Estimated.

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

(19) 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 GENERAL OBLIGATION DEBT *
as of March 31, 2014
(In Millions)

Purpose/Year Authorized	Total Authorized	Authorized but Unissued	Total Debt Outstanding
Transportation Bonds:			
Rebuild and Renew New York Transportation Bonds (2005)			
Highway Facilities/Other Transportation (Excluding MTA)			
Highway Facilities	Note 1	Note 1	$ 826
Mass Transit - DOT	Note 1	Note 1	10
Rail & Port	Note 1	Note 1	75
Canals & Waterways	Note 1	Note 1	13
Aviation	Note 1	Note 1	54
Subtotal Highway Facilities/Other Transportation (Excluding MTA)	$ 1,450	$ 204	978
Mass Transit - Metropolitan Transportation Authority	1,450	386	915
Accelerated Capacity and Transportation Improvements of the Nineties (1988)	3,000	20	226
Rebuild New York Through Transportation Infrastructure Renewal (1983)			
Highway Related Projects	1,064	21	2
Ports, Canals, and Waterways	49	-	-
Rapid Transit, Rail and Aviation Projects	137	-	10
Energy Conservation Through Improved Transportation (1979)			
Local Streets and Highways	100	-	-
Rapid Transit and Rail Freight	400	-	7
Rail Preservation (1974)	250	-	1
Transportation Capital Facilities (1967)			
Highways	1,250	-	-
Mass Transportation	1,000	-	Note 2
Aviation	250	-	11
Total Transportation Bonds	**10,400**	**631**	**2,150**
Environmental Bonds:			
Clean Water/Clean Air (1996)			
Air Quality	230	30	20
Safe Drinking Water	355	-	Note 3
Clean Water	790	91	438
Solid Waste	175	3	49
Environmental Restoration	200	47	81
Environmental Quality (1986)			
Land and Forests	250	2	22
Solid Waste Management	1,200	49	273
Environmental Quality (1972)			
Air	150	12	5
Land and Wetlands	350	10	12
Water	650	2	49
Outdoor Recreation Development (1966)	200	Note 4	-
Pure Waters (1965)	1,000	20	46
Park and Recreation Land Acquisition (1960)	100	1	Note 5
Total Environmental Bonds	**5,650**	**267**	**995**
Education Bonds:			
Smart Schools Bond Act (6)	2,000	2,000	-
Total Education Bonds	**2,000**	**2,000**	**-**
Housing Bonds:			
Low-Income Housing (through 1958)	960	8	24
Middle-Income Housing (through 1958)	150	1	22
Urban Renewal (1958)	25	1	-
Total Housing Bonds	**1,135**	**10**	**46**
TOTAL GENERAL OBLIGATION DEBT	**$ 19,185**	**$ 2,908**	**$ 3,191**

Source: Office of the State Comptroller.

* This table reflects General Obligation Bond Acts where there is a remaining authorized but unissued amount and/or a remaining debt outstanding balance.

(1) 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.
(2) This amount rounds to zero, but there was a debt outstanding balance of $119,119.44 at March 31, 2014.
(3) This amount rounds to zero, but there was a debt outstanding balance of $7,931.54 at March 31, 2014.
(4) This amount rounds to zero, but there was an authorized but unissued balance of $230,000 at March 31, 2014.
(5) This amount rounds to zero, but there was a debt outstanding balance of $12,074.28 at March 31, 2014.
(6) This Bond Act was approved by the voters in November 2014.

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New York State

Annual Information Statement

June 11, 2014

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Introduction

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Introduction

This Annual Information Statement (AIS) is dated June 11, 2014 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 June 19, 2013 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 Enacted Budget Financial Plan (the “Financial Plan” or “Enacted Budget”) for fiscal year 2015[1] (FY 2015), issued by the Division of the Budget (DOB) in May 2014. The Enacted Budget sets forth the State’s official Financial Plan projections for FY 2015 through FY 2018. It includes, among other things, information on the major components of the General Fund gap-closing plan approved for FY 2015, future potential General Fund budget gaps, and multi-year projections of receipts and disbursements in the State’s operating funds.

2. A discussion of risks and uncertainties that may affect the Financial Plan during the State’s current fiscal year or in future years (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. The status of significant litigation and arbitration that has the potential to adversely affect the State’s finances.

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 under the heading entitled “State Retirement Systems” has been furnished by OSC, while information relating to matters described under the heading entitled “Litigation and Arbitration” 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, as updated or supplemented. Investors and other market participants should, however, refer

[1] The State fiscal year is identified by the calendar year in which it ends. For example, FY 2015 is the FY that began on April 1, 2014 and ends on March 31, 2015.

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 complex. This AIS contains forecasts, projections, and estimates that are based on expectations and assumptions, which existed at the time they were prepared, and contains statements relating to future results and economic performance that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Since many factors may materially affect fiscal and economic conditions in the State, the inclusion in this AIS of forecasts, projections, and estimates should not be regarded as a representation that such forecasts, projections, and estimates will occur. The forward-looking statements contained herein are based on the State's expectations and are necessarily dependent upon assumptions, estimates and data that 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", and analogous expressions are intended to identify forward-looking statements in the AIS. Any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially and adversely from those projected. Such risks and uncertainties include, among others, general economic and business conditions; changes in political, social, economic and environmental conditions, including climate change and extreme weather events; impediments to the implementation of gap-closing actions; regulatory initiatives and compliance with governmental regulations; litigation; actions by the Federal government to reduce or disallow expected aid, including Federal aid authorized or appropriated by Congress but subject to sequestration, administrative actions, or other actions that would reduce aid to the State; and various other events, conditions and circumstances, many of which are beyond the control of the State. These forward-looking statements speak only as of the date of this AIS. **Note that all FY 2014 financial results contained within this AIS are unaudited and preliminary.**

The annual independent audit of this State's Basic Financial Statements is expected to be completed by July 29, 2014. 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, 2014, at which time the FY 2014 financial results will be final. Copies may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236. The Basic Financial Statements for FY 2013 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 (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.

Neither this AIS nor any portion thereof may be: (a) 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 (b) considered to be continuing disclosure in connection with any offering unless a CDA relating to the series of bonds or notes has been executed by DOB. Any such use, or incorporation by reference, of this AIS 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.

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Overview of the State Budget Process and Budgetary and Accounting Practices

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Overview of the State Budget Process and Budgetary and Accounting Practices[2]

THE STATE BUDGET PROCESS

The requirements of the State budget process are set forth in Article VII of the State Constitution, the State Finance Law, and the Legislative Law. The annual budget process begins with the Governor's submission of the Executive Budget to the Legislature each January, in preparation for the start of the fiscal year on April 1 (the submission date is February 1 in years following a gubernatorial election). The DOB prepares a multi-year Financial Plan ("State Financial Plan") as part of the Executive Budget. The State Financial Plan sets forth projected receipts and disbursements for the current fiscal year, the "budget" year (i.e., the upcoming fiscal year), and the three subsequent fiscal years ("outyears"). It must be accompanied by bills that: (a) set forth all proposed appropriations and reappropriations, (b) provide for any new or modified revenue measures, and (c) make any other changes to existing law necessary to implement the budget recommended by the Governor. The General Fund must be balanced on a cash basis, as described below.

In acting on the bills submitted by the Governor, the Legislature has certain powers to alter the recommended appropriations and proposed changes to existing law. The Legislature may strike or reduce an item of appropriation submitted by the Governor. The Legislature may add distinct new items of appropriation, provided such additions are stated separately. These additional items are then subject to line-item veto by the Governor. If the Governor vetoes an appropriation separately added by the Legislature or a bill (or a portion thereof) related to the budget, these separately added items of appropriation or bill can be reconsidered in accordance with the rules of each house of the Legislature. If, upon reconsideration, the items are approved by two-thirds of the members of each house, such items will become law notwithstanding the Governor's veto.

Once the appropriation bills and other budget bills become law, DOB revises the State Financial Plan to reflect the Legislature's actions, and begins the process of implementing the enacted budget. Throughout the fiscal year, DOB monitors actual receipts and disbursements, and may adjust the estimates and projections in the State Financial Plan. Adjustments may also be made to the State Financial Plan to reflect changes in the economic outlook, updated data on program activities, new actions taken by the Governor or the Legislature, and other factors. As required by the State Finance Law, DOB updates the State Financial Plan generally issuing reports by July 30, October 30, and as part of the Executive Budget in January or February of each year.

Once the budget is adopted for the fiscal year, the Legislature may enact one multi-purpose appropriation bill and additional single-purpose appropriation bills or revenue measures (including tax law changes) during any regular session or, if called into session for that purpose, any special session. In the event additional appropriation bills or revenue measures are disapproved by the Governor, the Legislature may override the Governor's veto upon the vote of two-thirds of the members of each house of the Legislature. The Governor may present deficiency appropriations to the Legislature in any fiscal year to supplement existing appropriations or provide new appropriations for purposes not covered by the regular and supplemental appropriations.

[2] See "Exhibit A — Selected State Government Summary" herein for more information on budgetary and accounting practices.

SIGNIFICANT BUDGETARY/ACCOUNTING PRACTICES

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

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

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

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

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

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

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

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

The State Financial Plan projections for future years have often shown budget gaps in the General Fund. Budget gaps represent the difference between: (a) the projected General Fund disbursements, including transfers to other funds, needed to maintain current services levels and specific commitments, and (b) the expected level of resources to pay for them. The General Fund gap estimates are based on a number of assumptions and projections developed by the DOB in conjunction with other State agencies. Some projections are based on specific, known information (e.g., a statutory requirement to increase payments to a prescribed level), while others are based on more uncertain or speculative information (e.g., the pace at which a new program will enroll recipients). In addition, the Financial Plan assumes that money appropriated in one fiscal year will continue to be appropriated in future years, even for programs that were not created in permanent law and that the State has no obligation to fund. Funding levels for nearly all State programs are made (or, in the case of two-year appropriations, reviewed) annually, taking into account the current and projected fiscal position of the State. The Financial Plan projections for FY 2016 and thereafter set forth in this AIS reflect the savings that DOB estimates would occur if the Governor continues to propose, and the Legislature continues to enact, balanced budgets in future years that limit annual growth in State Operating Funds spending to no greater than 2 percent. The estimated savings are labeled in the Financial Plan tables as “Adherence to 2 percent State Operating Funds Spending Benchmark”. Total disbursements in Financial Plan tables and discussion do not assume these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

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Financial Plan Overview

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Financial Plan Overview

The following table provides certain Financial Plan information for FY 2014 and FY 2015.

FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES (millions of dollars)	FY 2014		FY 2015	
	Revised [1]	Results	Executive Amended [2]	Enacted
STATE OPERATING FUNDS DISBURSEMENTS				
Size of Budget	$90,498	$90,631	$92,040	$92,234
Annual Growth	1.9%	2.0%	1.6%	1.8%
OTHER DISBURSEMENT MEASURES				
General Fund (with Transfers)	$61,460	$61,243	$63,575	$63,142
	4.2%	3.9%	3.8%	3.1%
State Funds (Including Capital)	$96,624	$96,355	$98,894	$98,995
	2.2%	1.9%	2.6%	2.7%
Capital Budget (Federal and State)	$7,992	$7,751	$8,533	$8,465
	6.0%	2.8%	10.1%	9.2%
Federal Operating Aid (Excluding Extraordinary Federal Aid) [3]	$36,860	$37,492	$36,615	$37,201
	2.0%	3.7%	-2.3%	-0.8%
All Funds (Excluding Extraordinary Federal Aid) [3]	$135,350	$135,874	$137,188	$137,900
	2.1%	2.5%	1.0%	1.5%
Capital Budget (Including "Off-Budget") [4]	$9,431	$9,104	$9,464	$9,393
	5.9%	2.3%	4.0%	3.2%
All Funds (Including "Off-Budget" Capital) [3, 4]	$136,789	$137,227	$138,119	$138,828
	2.2%	2.5%	0.7%	1.2%
INFLATION (CPI)	1.4%	1.5%	1.8%	1.9%
ALL FUNDS RECEIPTS				
Taxes	$69,414	$69,690	$70,794	$70,188
	4.7%	5.1%	1.6%	0.7%
Miscellaneous Receipts	$23,850	$24,234	$25,310	$25,672
	-0.7%	0.8%	4.4%	5.9%
Federal Grants [3]	$41,991	$42,137	$40,819	$41,725
	-0.7%	-0.3%	-3.1%	-1.0%
Total Receipts [3]	$135,255	$136,061	$136,923	$137,585
	2.0%	2.6%	0.6%	1.1%
GENERAL FUND RESERVES	$1,803	$2,235	$1,743	$2,055
Stabilization/Rainy Day Reserve Funds	$1,306	$1,481	$1,306	$1,481
All Other Reserves/Fund Balances	$497	$754	$437	$574
STATE WORKFORCE FTEs (Subject to Direct Executive Control)	119,413	118,492	119,173	118,961
DEBT [5]				
Debt Service as % All Funds Receipts	4.7%	5.0%	4.3%	4.3%
State-Related Debt Outstanding	$55,572	$55,165	$57,126	$55,923
Debt Outstanding as % Personal Income	5.2%	5.2%	5.1%	5.0%

1 Updated as part of the FY 2015 Executive Budget, as amended.

2 The annual percentage change calculations in the FY 2015 "Executive Amended" column have been updated for FY 2014 year-end results.

3 All Funds and Federal Operating Funds receipts and disbursements exclude Federal disaster aid for Superstorm Sandy (estimated at $577 million in FY 2013, $1.2 billion in FY 2014 and $1.5 billion in FY 2015), and additional Federal aid under the Affordable Care Act (estimated at approximately $400 million in FY 2014 and $2.6 billion in FY 2015). Including disbursements for these purposes, All Funds disbursements are expected to total $142 billion in FY 2015, an increase of 3.2 percent.

4 "Off-Budget" represents spending which occurs directly from state-supported bond proceeds held by public authorities.

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

GENERAL FUND CASH-BASIS FINANCIAL PLAN

SUMMARY OF PRELIMINARY UNAUDITED RESULTS FOR FY 2014 (ENDED MARCH 31, 2014)

- The State ended FY 2014 with a General Fund balance of $2.24 billion, which was $432 million above the estimate in the February 2014 AIS Update. General Fund receipts were $215 million higher than planned, largely reflecting stronger than expected tax collections. General Fund disbursements were $217 million below planned levels, due mainly to lower spending in local assistance and agency operations. In addition, DOB made certain payments at the end of FY 2014, in addition to those planned in February 2014, including approximately $350 million in debt service and $150 million of social services payments. This had the effect of making additional resources available for FY 2015 and thereafter.

- The State used $312 million of the $432 million in excess resources to bolster reserves. At the close of FY 2014, $175 million was deposited into the State's rainy day reserves, bringing the balance to $1.5 billion, or 2.4 percent of FY 2014 General Fund spending. Another $137 million was set aside for debt management purposes, bringing the amount designated for this purpose, and available in FY 2015, to $500 million.

- Of the remaining $120 million in excess resources, $62 million is expected to fund disbursements that were originally expected to occur in FY 2014 but are now budgeted for FY 2015, and $58 million has been transferred to a fiduciary fund established with the FY 2015 Budget to account for proceeds realized from a settlement between J.P. Morgan and the State.

- On March 31, 2014, the Legislature completed final action on the State budget for FY 2015. On April 11, 2014, 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 Financial Plan. 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 19, 2014).

- The Enacted Budget Financial Plan for FY 2015 provides for balanced operations on a cash basis in the General Fund, as required by law. The Enacted Budget reflects savings from the continuation of spending controls and cost containment measures put in place in prior years. Funding for agency operations is generally expected to remain level across the Financial Plan period (excluding the timing of cash disbursements in FY 2014). Statutory reserves are expected to remain at the same level as FY 2014.

- During negotiations, the Executive and Legislature agreed to $610 million in gross spending restorations and additions to the Executive Budget proposal described in the February 2014 AIS Update. They also agreed to certain tax law changes that decrease revenues by $220 million in FY 2015, and by lesser amounts in future years, compared to the Executive proposal.

- DOB expects relatively modest economic growth in FY 2015, consistent with other economic forecasters. Total tax receipts in FY 2015, adjusted for the acceleration of certain income tax refunds into FY 2014, are expected to decline by 0.2 percent from FY 2014.

- Personal income tax collections for FY 2014 were inflated by a one-time increase in receipts due to an increase in Federal tax rates beginning in calendar year 2013. This caused taxpayers to realize income in calendar year 2012 to avoid the higher tax rates, which in turn substantially increased the State's tax collections in April 2013. However, it also led to large refund payments by the State throughout the remainder of 2013, as some high income taxpayers realized that they had overpaid in April 2013. DOB anticipated that this situation would reverse itself in 2014. This has occurred but the decline in estimated tax payments in April 2014 was greater than forecast in the February 2014 AIS Update. At the same time, refund payments were lower than expected. DOB expects that the unanticipated portion of the decline in collections observed in April 2014 will reverse itself later in FY 2015. To manage risks and maintain a conservative receipts forecast, however, DOB is making a net downward revision of $343 million to the General Fund receipts estimate for FY 2015, as described below. This revision is anticipated to be fully offset by other savings and is not expected to impinge on the State's ability to fully meet the commitments in the FY 2015 Enacted Budget for FY 2015 or future budget years.

- DOB has identified $1.2 billion in new resources to fully fund the restorations, additions, tax law changes, and revisions to tax receipts. These include savings from a combination of prepayments in FY 2014, above the level planned in the FY 2015 Executive Budget, and reestimates to estimated disbursements and transfers based on a review of FY 2014 results ($643 million); and management of debt and capital resources including reimbursement, from planned bond sales and existing bond proceeds, of first-instance capital transfers made by the General Fund in prior years ($530 million).

- State Operating Funds spending for FY 2014 totaled $90.6 billion, an increase of 2 percent from FY 2013 results. This is consistent with the 2 percent benchmark for annual spending growth in State Operating Funds.

- The Enacted Budget Financial Plan for FY 2015 limits estimated annual growth in State Operating Funds spending to 1.8 percent, consistent with the 2 percent spending benchmark.

- The aggregate Financial Plan projections for FY 2016 and thereafter set forth in this AIS reflect an assumption that the Governor will continue to propose, and the Legislature will continue to enact, balanced budgets in future years that limit annual growth in State Operating Funds to no greater than 2 percent.

- By adhering to the 2 percent spending benchmark, DOB expects that the State is positioned to fully fund the tax reductions and spending commitments in the FY 2015 Enacted Budget and accrue surpluses in future years, based on updated projections. (The savings that would be achieved if the State adheres to the spending benchmark are labeled in the Financial Plan tables as "Adherence to 2 percent State Operating Funds Spending Benchmark.") Total disbursements in Financial Plan tables and discussion do not assume these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

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

	FY 2014 Results	FY 2015 Enacted	Annual $ Change	Annual % Change
Opening Fund Balance	1,610	2,235	625	38.8%
Receipts:				
Taxes:				
Personal Income Tax	28,864	29,372	508	1.8%
User Taxes and Fees	6,561	6,652	91	1.4%
Business Taxes	6,046	5,438	(608)	-10.1%
Other Taxes	1,256	1,197	(59)	-4.7%
Miscellaneous Receipts	3,219	3,815	596	18.5%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	8,822	9,038	216	2.4%
Sales Tax in Excess of LGAC	2,568	2,628	60	2.3%
Sales Tax in Excess of Revenue Bond Debt Service	2,936	2,908	(28)	-1.0%
Real Estate Taxes in Excess of CW/CA Debt Service	705	761	56	7.9%
All Other	891	1,153	262	29.4%
Total Receipts	61,868	62,962	1,094	1.8%
Disbursements:				
Local Assistance Grants	39,940	42,118	2,178	5.5%
Departmental Operations:				
Personal Service	5,563	5,890	327	5.9%
Non-Personal Service	1,746	1,960	214	12.3%
General State Charges	4,899	5,072	173	3.5%
Transfers to Other Funds:				
Debt Service	1,972	1,081	(891)	-45.2%
Capital Projects	1,436	930	(506)	-35.2%
State Share of Mental Hygiene Medicaid	1,576	1,638	62	3.9%
SUNY Operations	971	977	6	0.6%
Other Purposes	3,140	3,476	336	10.7%
Total Disbursements	61,243	63,142	1,899	3.1%
Excess (Deficiency) of Receipts Over Disbursements	625	(180)	(805)	-128.8%
Closing Fund Balance	2,235	2,055	(180)	-8.1%
Statutory Reserves				
Tax Stabilization Reserve Fund	1,131	1,131	0	
Rainy Day Reserve Fund	350	350	0	
Contingency Reserve Fund	21	21	0	
Community Projects Fund	87	0	(87)	
Reserved For				
Prior-Year Labor Agreements (2007-2011)	45	53	8	
Debt Management	500	500	0	
Undesignated Reserve	43	0	(43)	
J.P. Morgan Settlement Proceeds	58	0	(58)	

Source: NYS DOB.

RECEIPTS

General Fund receipts, including transfers from other funds, are expected to total $63 billion in FY 2015, an annual increase of $1.1 billion (1.8 percent). Tax collections, including transfers of tax receipts to the General Fund after payment of debt service, are expected to total $58 billion in FY 2015, an increase of $236 million (0.4 percent). Before accounting for the acceleration of estimated tax refunds into FY 2014 to make surplus resources available in FY 2015, estimated tax collections would decrease by $384 million (-0.7 percent) from FY 2014 levels, primarily due to tax law changes.

General Fund PIT receipts, including transfers after payment of debt service on State PIT Revenue Bonds, are expected to increase by $724 million from FY 2014. This primarily reflects increases in withholding payments and the payment of additional refunds in FY 2014 that were planned for FY 2015, partially offset by a decline in extension payments attributable to the 2013 tax year.

General Fund user taxes and fee receipts, including transfers after payment of debt service on LGAC and Sales Tax Revenue Bonds, are estimated to total $12.2 billion in FY 2015, an increase of $123 million (1.0 percent) from FY 2014, reflecting projected consumer spending increases across a broad range of consumption categories, offset by declines in cigarette consumption.

General Fund business tax receipts are estimated at $5.4 billion in FY 2015, a decrease of $608 million (-10.1 percent) from FY 2014 results. The estimate reflects a decline in corporate franchise tax receipts resulting from the first year of repayment of deferred tax credits and tax law changes, partly offset by base growth in bank and insurance taxes.

Other tax receipts in the General Fund are expected to total nearly $2 billion in FY 2015, a decrease of $3 million (-0.2 percent) from FY 2014. The estimate reflects a decline in expected estate tax receipts, the result of Enacted Budget legislation that reduces the estate tax, partially offset by an increase in real estate transfer tax (RETT) receipts.

General Fund miscellaneous receipts are estimated at $3.8 billion in FY 2015, an annual increase of $596 million. The increase largely reflects the expected deposit of $1 billion from the State Insurance Fund (SIF) reserve release in connection with Workers' Compensation law changes enacted in the FY 2014 budget, partly offset by the accelerated phase-out of the temporary utility assessment and large settlement payments received in FY 2014.

Non-tax transfers to the General Fund are expected to total $1.2 billion, an increase of $262 million, largely due to the timing of transfers from other funds and changes in the level of resources expected to be available from other funds.

General Fund receipts are affected by the deposit of dedicated taxes in other funds for debt service and other purposes, the transfer of balances between funds of the State, and other factors. For 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, see “State Financial Plan Projections Fiscal Years 2015 through 2018” herein.

Disbursements

General Fund disbursements, including transfers to other funds, are expected to total $63.1 billion in FY 2015, an increase of $1.9 billion (3.1 percent) from FY 2014 spending levels.

Local assistance grants are expected to total $42.1 billion in FY 2015, an annual increase of $2.2 billion (5.5 percent). General Fund disbursements are expected to increase by $1.4 billion for School Aid[3] and other education programs. Other local assistance increases include, among other things, payments for a range of social services, public health, and general purpose aid programs, as well as accounting reclassifications that have the effect of moving spending between financial plan categories, mainly for Medicaid payments to State-operated facilities.

State operations disbursements in the General Fund are expected to total $7.9 billion in FY 2015, an annual increase of $541 million (7.4 percent). The largest increases reflect the accounting of Information Technology (IT) services in the General Fund as a result of consolidation, reflected in non-General Fund accounts ($200 million); Medicaid, including the takeover of local administrative functions by the Department of Health (DOH) ($89 million), and increased support for indigent legal services and civil legal services in the Judiciary budget ($60 million).

General State Charges (GSCs) are expected to total $5.1 billion in FY 2015, an annual increase of $173 million (3.5 percent) from FY 2014. Health insurance costs are projected to increase $102 million or 3.1 percent. The State's annual pension payment is expected to increase by $50 million. This growth, which was partly offset by the pre-payment of certain obligations in FY 2014, reflects increased normal costs and repayment of amounts amortized in prior years. The State expects to continue to amortize pension costs in excess of the amortization thresholds established in law. In FY 2015, costs in excess of 13.5 percent of payroll for the Employees' Retirement System (ERS) and 21.5 percent for the Police and Fire Retirement System (PFRS) are expected to be amortized.

General Fund transfers to other funds are expected to total $8.1 billion in FY 2015, a decrease of $993 million from FY 2014. The annual change is attributable to the prepayment in FY 2014 of debt service due in FY 2015 and reduced General Fund support for capital projects spending due to the timing of available bond proceeds. These declines are partly offset by increased support for non-Medicaid Mental Hygiene services.

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. For a more comprehensive discussion of the State's disbursements projections by major activity, presented on a State Operating Funds basis, see "State Financial Plan Projections Fiscal Years 2015 through 2018" herein.

[3] School Aid is reported here on a State Fiscal Year basis.

CLOSING BALANCE

DOB projects that the State will end FY 2015 with a General Fund cash balance of $2.1 billion, a decrease of $180 million from the FY 2014 closing balance. The balance in the Community Projects Fund, which finances discretionary grants allocated by the Legislature and Governor, is expected to be expended in FY 2015, reflecting disbursements from prior-year appropriations ($87 million). In addition, the reduction in the balance includes the transfer of funds received in FY 2014 related to the J.P. Morgan settlement to a new fiduciary fund, the Mortgage Settlement Proceeds Trust Fund ($58 million), and the use of excess resources from FY 2014 ($43 million). These declines are partly offset by an $8 million increase in amounts set aside for the potential costs of prior-year labor agreements, as described below.

Balances in the State’s principal "rainy day" reserves, the Tax Stabilization Reserve Fund and the Rainy Day Reserve Fund, are expected to remain unchanged in FY 2015.

The Financial Plan continues to set aside money in the General Fund balance to cover the costs of potential retroactive labor settlements with unions that have not agreed to terms for contract periods prior to April 2011. This amount is calculated based on the “pattern” settlement for FY 2008 through FY 2011, and is expected to be reduced as labor agreements for prior periods are reached with unsettled unions.

The Enacted Budget reserves $500 million for debt management purposes in FY 2015, unchanged from the level held at the end of FY 2014. DOB will make a decision on the use of these funds based on market conditions, Financial Plan needs, and other factors during the year.

PROJECTED GENERAL FUND BUDGET GAPS

The following table summarizes the projected General Fund receipts and disbursements for FY 2016, FY 2017, and FY 2018. The projections reflect the expected impact of the FY 2015 Enacted Budget gap-closing plan. The Financial Plan projections for FY 2016 and thereafter set forth in this AIS reflect the savings that DOB estimates would occur if the Governor continues to propose, and the Legislature continues to enact, balanced budgets in future years that limit annual growth in State Operating Funds spending to no greater than 2 percent. The estimated savings are labeled in the Financial Plan tables as “Adherence to 2% State Operating Funds Spending Benchmark.” Total disbursements in Financial Plan tables and discussion do not assume these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

GENERAL FUND FINANCIAL PLAN
CASH BASIS
FY 2016 through FY 2018
(millions of dollars)

	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected
Receipts:			
Taxes:			
Personal Income Tax	31,643	33,943	35,730
User Taxes and Fees	6,908	7,132	7,373
Business Taxes	5,728	5,609	5,729
Other Taxes	1,157	1,062	1,012
Miscellaneous Receipts	2,980	2,790	2,215
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	9,636	10,235	10,664
Sales Tax in Excess of LGAC	2,743	2,880	3,087
Sales Tax in Excess of Revenue Bond Debt Service	2,923	2,933	2,932
Real Estate Taxes in Excess of CW/CA Debt Service	826	885	958
All Other	819	777	750
Total Receipts	65,363	68,246	70,450
Disbursements:			
Local Assistance Grants	44,827	47,077	49,671
Departmental Operations:			
Personal Service	5,986	5,952	5,975
Non-Personal Service	2,010	2,004	2,052
General State Charges	5,322	5,470	5,583
Transfers to Other Funds:			
Debt Service	1,058	1,457	1,509
Capital Projects	1,406	1,761	2,006
State Share of Mental Hygiene Medicaid	1,313	1,281	1,156
SUNY Operations	980	980	980
Other Purposes	4,241	4,532	4,945
Total Disbursements	67,143	70,514	73,877
Use (Reservation) of Fund Balance:			
Prior-Year Labor Agreements (2007-2011)	(11)	(12)	(11)
Total Use (Reservation) of Fund Balance	(11)	(12)	(11)
Adherence to 2% State Operating Funds Spending Benchmark [1]	2,094	3,385	4,916
Excess (Deficiency) of Receipts and Use (Reservation) of Fund Balance Over Disbursements	303	1,105	1,478

Source: NYS DOB.

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

EXPLANATION OF THE FY 2015 ENACTED BUDGET GAP-CLOSING PLAN

The table below itemizes the FY 2015 Enacted Budget gap-closing plan and projected impact for FY 2016 through FY 2018.

FY 2015 ENACTED BUDGET GENERAL FUND GAP-CLOSING PLAN
SAVINGS/(COSTS)
(millions of dollars)

	FY 2015	FY 2016	FY 2017	FY 2018
MID-YEAR BUDGET SURPLUS/(GAP) ESTIMATE [1]	**(1,742)**	**(2,889)**	**(2,948)**	**(3,887)**
SPENDING CHANGES	**2,275**	**4,402**	**5,430**	**6,765**
Agency Operations	**494**	**734**	**940**	**1,240**
Executive Agencies	85	194	256	328
Independent Officials	104	233	245	240
Fringe Benefits/Fixed Costs	305	307	439	672
Local Assistance	**1,825**	**1,939**	**2,046**	**1,699**
Human Services Cost of Living Adjustment (COLA)	92	125	127	128
Mental Hygiene	199	368	366	(2)
Health Care	152	98	(43)	(161)
DOH Medicaid	270	448	638	688
Education	450	335	404	526
STAR	172	227	232	286
Social Services/Housing	341	201	228	196
All Other	149	137	94	38
Capital Projects/Debt Management	**671**	**745**	**382**	**409**
Initiatives [2]	**(715)**	**(1,110)**	**(1,323)**	**(1,499)**
Adherence to 2% State Operating Funds Spending Benchmark [3]	**n/a**	**2,094**	**3,385**	**4,916**
SURPLUS AVAILABLE FROM FY 2014	**353**	0	0	0
OTHER RESOURCE CHANGES	**(161)**	**(282)**	**(106)**	**(246)**
Tax Receipts	(450)	(88)	249	311
Other Resource Changes	289	(194)	(355)	(557)
SURPLUS/(GAP) ESTIMATE BEFORE TAX ACTIONS	**725**	**1,231**	**2,376**	**2,632**
Tax Actions	**(725)**	**(928)**	**(1,271)**	**(1,154)**
SURPLUS/(GAP) ESTIMATE AFTER TAX ACTIONS	**0**	**303**	**1,105**	**1,478**

1 All forecast revisions made since the release of the original Executive Budget proposal are accounted for in the appropriate categories of the gap-closing plan (e.g., spending reestimates in the category entitled "Spending Changes").

2 Includes distinct new spending additions to the Executive Budget agreed to during negotiations. Restorations to Executive Budget proposals are reflected in the appropriate "Spending Changes," "Resource Changes" and "Tax Actions" categories.

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

The Enacted Budget reduces spending in FY 2015 by $2.3 billion compared to a baseline forecast before any enacted budget actions. The savings are recurring and are expected to grow in value in subsequent years.

SPENDING CONTROL

AGENCY OPERATIONS

Operating costs for State agencies include salaries, wages, fringe benefits, and non-personal service costs (e.g., supplies, utilities). These costs have declined over the past several years through ongoing State agency redesign and cost-control efforts. Reductions from the prior projections for agency operations contribute $494 million to the General Fund gap-closing plan. Specifically:

- **Executive Agencies:** The Enacted Budget holds personal service and non-personal service spending flat with limited exceptions, such as costs attributable to the phase-in of the New York State of Health marketplace and IT consolidation efforts. Agencies are expected to continue to utilize less costly forms of service deliveries, improve administrative practices and pursue statewide solutions to common problems.

- **Independent Officials:** Spending growth for the Judiciary is expected to support mandated court operations, judicial salary increases, and additional Family Court Judges. Higher spending for the Department of Audit and Control supports additional pre-school special education audits. Spending for the Department of Law is expected to increase in part due to the lower than expected spending in FY 2014. Spending in future years is expected to remain at FY 2015 levels for all independent officials.

- **Fringe Benefits/Fixed Costs:** The FY 2015 and FY 2016 pension costs have been reduced based on a review of FY 2014 operating results and certain pre-payments which decrease spending in these years. Other fringe benefit costs have also been reduced downward based on an analysis of spending trends.

LOCAL ASSISTANCE

Local assistance spending includes financial aid to local governments and non-profit organizations, as well as entitlement payments to individuals. Reductions from the prior projections for local assistance spending are expected to generate $1.8 billion in General Fund savings. Savings are expected from targeted actions, continuation of prior-year cost containment actions, and reestimates based on actual spending data. Specifically:

- **Human Services Cost of Living Adjustment (COLA):** The Enacted Budget provides funding to support a 2 percent salary increase beginning in January 2015 for direct care workers and a 2 percent increase in April 2015 for direct care and clinical workers. This is in lieu of an across-the-board annual COLA in 2015 and 2016.

- **Mental Hygiene:** Program spending is reduced to reflect revised forecasts for community-based bed development and expansion; efforts to return individuals from more costly out-of-state placements; and continued efforts to expand community services to reduce institutional costs.

- **Health Care:** Lower spending reflects a downward trend in reimbursement of claims submitted by local governments under the General Public Health Work (GPHW) program and utilizing other insurance for prenatal care services; and lower expected Child Health Plus (CHP) costs as a result of the one-year moratorium on rate increases.

- **DOH Medicaid:** The Enacted Budget includes annual State-share Medicaid savings beginning in FY 2015 achieved under the Medicaid Global Cap. Projected savings result from the continuation of successful Medicaid Redesign Team (MRT) initiatives, improved cash management, and utilization of Federal resources associated with the Affordable Care Act (ACA). In addition, projected annual spending under the Medicaid Global Cap has been adjusted to reflect updated estimates of the medical component of the Consumer Price Index (CPI).

- **Education:** The Enacted Budget includes special education program reforms targeted to improve fiscal practices and service delivery. Estimated spending has also been revised downward based on revised school district data.

- **School Tax Relief:** Spending has been reduced to reflect a reduction in the estimated number of STAR exemption recipients. As part of the State's review of recipient data to ensure unlawful exemptions are excluded from State payments, existing STAR recipients were also required to re-register for their benefit.

- **Social Services/Housing:** Lower spending is expected in several programs, including Child Welfare Services, Adult Protective and Domestic Violence Services, Public Assistance, and Supplemental Security Income (SSI), based on updated claiming data and revised growth (caseload) assumptions.

- **All Other:** Spending reductions are expected to be achieved across multiple functions and program areas including: elimination of certain miscellaneous financial assistance to local governments; utilization of capital financing for eligible homeland security capital needs; revisions to disaster assistance aid; and elimination of certain legislative grants.

CAPITAL PROJECTS/DEBT MANAGEMENT

- The Enacted Budget assumes savings through continued use of competitive bond sales, refundings, consolidation of debt issuances, the timing of bond sales, and other debt management actions. In addition, the state paid $530 million of capital advances in FY 2014 that are expected to be reimbursed in FY 2015. The savings from debt management in FY 2015 and FY 2016 also reflect actual and planned prepayments of debt service. The Enacted Budget does not reflect the use of the $500 million in General Fund resources designated for debt management. DOB expects to make a decision on using those resources, based on market conditions, Financial Plan needs, and other factors.

- In addition, the Enacted Budget includes the use of $30 million for debt service from the Metropolitan Mass Transportation Operating Assistance (MMTOA) account, with $20 million in resources available from the MMTOA account for the same purpose on an annual basis beginning in FY 2016.

INVESTMENTS/INITIATIVES

- The Enacted Budget includes significant spending additions for School Aid, higher education, and human services. During negotiations, the Executive and Legislature agreed to approximately $550 million in distinct new spending additions to the Executive Budget proposal for FY 2015.

- The Enacted Budget also reflects the costs of new capital initiatives. These include:

  - **Smart Schools Bond Act:** If approved by voters, the $2 billion Smart Schools bond act will fund enhanced education technology in schools, with eligible projects including infrastructure improvements to bring high-speed broadband to schools and their communities and the purchase of classroom technology for use by students. Additionally, Smart Schools will enable long-term investments in full day pre-kindergarten through the construction of new pre-kindergarten classroom space, replace classroom trailers with permanent classroom space and make investments in high-tech school safety programs. The debt service costs of the bond act, if approved, are estimated at $126 million beginning in FY 2017 and $156 million in FY 2018.

  - **Health Care Facility Restructuring:** This $1.2 billion initiative is intended to improve the financial viability and efficiency of the State's health care delivery system. Funding is expected to be targeted to long-term care, hospitals, primary care, and behavioral/substance abuse services. Priority projects will include those that: align hospital and nursing home bed capacity to regional needs, enable facility integration, merge and consolidate facilities, expand primary care, and facilitate transformation to care management models. The debt service costs of this initiative are estimated at $5 million in FY 2015, $24 million in FY 2016, $43 million in FY 2017, and $63 million in FY 2018.

RESOURCES

- **Tax Receipts:** The FY 2015 estimate for annual receipts has been revised to reflect updated economic forecast data, and includes downward adjustments to PIT and cigarette tax collections, partly offset by upward changes to business tax and estate tax collections.

- **Other Resource Changes:** The estimate for miscellaneous receipts has been revised based on a review of FY 2014 collections, the projected receipt of various banking and insurance-related settlements and recoveries, and other transactions. In addition, the timing of certain transfers and other transactions at the end of FY 2014 had the effect of making additional resources available for FY 2015.

TAX ACTIONS

The Enacted Budget contains a set of tax actions that are estimated to result in a net reduction to tax and assessment receipts of $725 million in FY 2015 and $1.3 billion in FY 2016 on an All Funds basis. The most significant tax actions include:

- **Real Property Tax Credit:** The Enacted Budget freezes property taxes for two years, subject to two conditions. In year one, the State will provide tax credits to homeowners outside of New York City with qualifying incomes of $500,000 or less who live in a jurisdiction that stays within the property tax cap. The tax credits will be extended for a second year in jurisdictions which comply with the tax cap and have put forward a plan to save 1 percent of their tax levy per year, over three years. DOB projects that the property tax freeze will reduce revenues to the State by over $1.5 billion and is expected to benefit as many as 2.8 million taxpayers over the three years that the freeze is in effect.

- **New York City "Circuit Breaker" Tax Credit:** The Enacted Budget creates a refundable tax credit against the PIT to provide targeted tax relief to New York City renters and homeowners based on an individual homeowner’s or renter's ability to pay. This program is structured to provide a greater proportion of benefits to those with the highest property tax and rent burdens as a share of their income. The program's cost is valued at $85 million annually and is expected to benefit over 1.4 million taxpayers for two years.

- **Corporate Tax Reform:** The Enacted Budget combines the corporate franchise and bank taxes to reduce and simplify these taxes. The tax rate on net income has been reduced from 7.1 percent to 6.5 percent, the lowest rate since 1968, and the alternative minimum tax has been repealed.

- **Corporate Capital Base Calculation:** The asset tax is phased out over six years, beginning in 2016.

- **Net Income Tax on Corporate Manufacturers:** The Enacted Budget lowers the tax rate on income for corporate manufacturers from the current 5.9 percent to zero in 2014 and thereafter, to encourage the growth of manufacturing.

- **20 Percent Real Property Tax Credit for Manufacturers:** The Enacted Budget provides a statewide credit equal to 20 percent of property taxes paid by manufacturers who own or lease property.

- **Accelerated Phase Out of 18-a Temporary Assessment:** The Enacted Budget accelerates the phase out of the 18-a temporary assessment over the next three years.

- **Estate Tax:** The exclusion threshold of the estate tax will be increased from $1 million to $5.25 million over a four year phase-in period and will conform to the Federal exemption amount (currently $5.34 million) by January 2019, and is indexed to inflation thereafter. The top rate remains at 16 percent. This action will be coupled with a temporary provision that will require the value of gifts to be added back to the estate.

- **Resident Trust Loophole:** New York beneficiaries of exempt resident trusts will be required to pay tax on accumulated income distributed to such trusts. Furthermore, the income of a particular type of exempt resident trust (known as an incomplete gift, non-grantor trusts) will be taxed to the grantor of the trust.

OTHER MATTERS AFFECTING THE FINANCIAL PLAN

GENERAL

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

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

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

BUDGET RISKS AND UNCERTAINTIES

DOB estimates that the Enacted Budget for FY 2015 provides for balanced operations in the General Fund after use of reserves. There can be no assurance, however, that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to, reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid; delays in or suspension of capital maintenance and construction; extraordinary financing of operating expenses; or other measures. In some cases, the ability of the State to implement such actions requires the approval of the Legislature and cannot be implemented solely by the action of the Governor.

The Financial Plan projections for the outyears assume that School Aid and Medicaid disbursements will be limited to the growth in NYS personal income and the ten-year average growth in the Medicaid component of CPI, respectively. However, the FY 2015 Enacted Budget authorized spending for School Aid to increase by 5.3 percent, which is above the 3.1 percent growth in personal income that would otherwise be used to calculate School Aid increases.

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

The forecast contains specific transaction risks and other uncertainties including, but not limited to, the receipt of certain payments from public authorities; the receipt of miscellaneous revenues at the levels expected in the Financial Plan, including payments pursuant to the Tribal-State Compact that had failed to materialize in prior years, but which were received in the FY 2014 as part of an agreement between the State and certain tribal nations; and the achievement of cost-saving measures including, but not limited to, the transfer of available fund balances to the General Fund at the levels currently projected. Such risks and uncertainties, if they were to materialize, could have an adverse impact on the Financial Plan in the current year or future years.

FEDERAL ISSUES

The State receives a substantial amount of Federal aid for health care, education, transportation, and other governmental purposes, as well as Federal funding to address response to and recovery from severe weather events. Any reduction in Federal funding levels could have a materially adverse impact on the Financial Plan. In addition, the Financial Plan may be adversely affected by other actions taken by the Federal government, including audits, disallowances, and changes to Federal participation rates or other Medicaid rules. Issues of particular concern are described below.

MEDICAID REDESIGN TEAM MEDICAID WAIVER

The Federal Centers for Medicare and Medicaid Services (CMS) and the State have reached an agreement in principle authorizing up to $8 billion in Federal funding, over multiple years, for use in transforming New York's health care system. The final terms of this agreement are still being negotiated and upon final CMS approval will be reflected as an amendment to the State's Partnership Plan 1115 Medicaid waiver.

FEDERAL REIMBURSEMENT FOR STATE MENTAL HYGIENE SERVICES

Pursuant to discussions with the Federal government, the State has lowered Medicaid developmental disability center payment rates effective April 1, 2013. Full implementation of this change has reduced Federal funding to the State by approximately $1.1 billion annually, beginning in FY 2014. The 2014 Enacted Budget included a multi-year plan to address the loss in Federal aid, including $90 million in the Office for People with Developmental Disabilities (OPWDD) savings associated with reduced administrative costs, enhanced audit recoveries and improved program efficiencies. The plan is subject to implementation risks and is dependent, in part, on the approval of the Federal government. In addition, as described below, the CMS may seek to retroactively recover Federal funds paid to the State regarding this matter.

AUDIT DISALLOWANCE

In addition to the rate reduction described above, on February 8, 2013, the U.S. Department of Health & Human Services Office of the Inspector General, at the direction of the CMS, began a Fiscal Management Review to determine the allowability of Medicaid costs for services provided in prior years to the Medicaid population in New York State-Operated Intermediate Care Facilities for the Developmentally Disabled (ICF/DD). The initial review period includes claims for services provided from April 1, 2010 through March 31, 2011. As a result of this review, CMS may seek to recover Federal funds for any payments that it determines to have been in excess of Federal requirements. The State has attempted to address CMS's concerns regarding its prospective payments to ICF/DDs with a State plan change effective April 1, 2013, and continues to have discussions with CMS to resolve the concerns related to the April 1, 2010 through March 31, 2011 period. As noted above, the changes begun in FY 2014 resulted in a reduction in Federal aid of an estimated $1.1 billion annually. The State expects to receive a final Fiscal Management Review in the near future.

A comparable amount of Federal aid is at risk for any prior period that may be pursued by CMS, with greater amounts in years with higher Federal Medical Assistance Percentage (FMAP) participation. Matters of this type are sometimes resolved with a prospective solution (as already commenced by the State), and the State is not aware of any similar attempts by the Federal government to retroactively recover Federal aid of this magnitude that was paid pursuant to an approved State plan. The State continues to seek CMS approval to proceed with the development of a sustainable system of service funding and delivery for individuals with developmental disabilities. However, there can be no assurance that Federal action in this matter will not result in materially adverse changes to the Financial Plan.

BUDGET CONTROL ACT

The Federal Budget Control Act (BCA) of 2011 imposed annual caps on Federal discretionary spending over a ten-year period and mandated an additional $1.2 trillion in deficit reduction, which, if not enacted, would be achieved through the sequestration of funds in Federal Fiscal Year (FFY) 2013 and lowered discretionary spending caps in the following years. As the required deficit reduction was not achieved by the March 1, 2013 deadline, an across-the-board 5 percent reduction in FFY 2013 funding for Federal nondefense discretionary programs was implemented. In December 2013, the spending caps for FFY 2014 and FFY 2015 were revised upward by the Bipartisan Budget Act (BBA) of 2013. While the BBA provided minor discretionary cap relief over two years, BCA caps in the remaining years were not addressed. Specific funding levels are expected to be determined through the annual Congressional budget process if the lowered spending caps remain in place. DOB estimates that New York State and its local governments could lose approximately $5 billion in Federal funding over a multi-year period, including reductions in Federal funding that passes through the State budget for school districts, as well as environmental, criminal justice and social services programs.

DEBT CEILING

In October 2013, an impasse in Congress caused a temporary Federal government shutdown and raised concern for a time that the Federal debt ceiling would not be raised in a timely manner. A Federal government default on payments, particularly if it persisted for a prolonged period, could have a materially adverse effect on the national and state economies, financial markets, and intergovernmental aid payments. The specific effects on the Financial Plan of a Federal government payment default in the future are unknown and impossible to predict. However, data from past economic downturns suggest that the State's revenue loss could be substantial if the economy goes into a recession due to a Federal default.

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

HEALTH INSURANCE COMPANY CONVERSIONS

State law permits a health insurance company to convert its organizational status from a not-for-profit to a for-profit corporation (a "health care conversion"), subject to a number of terms, conditions, and approvals. Under State law, the State is entitled to proceeds from the monetization of a health service corporation, from a not-for-profit to a for-profit corporation, and such proceeds must be used by the State for expenses related to health-care. Prior Financial Plans have included proceeds from conversions ($175 million in FY 2014, and $300 million annually in FY 2015, FY 2016, and FY 2017), which have not been realized. For planning purposes, the Financial Plan no longer counts on conversion proceeds.

STATUS OF CURRENT LABOR NEGOTIATIONS (CURRENT CONTRACT PERIOD)

The State has settled collective bargaining agreements with 90 percent of the State workforce for the contract period commencing in FY 2012. Five-year agreements were reached with the Civil Service Employees Association (CSEA), the United University Professions (UUP), the New York State Correctional Officers and Police Benevolent Association (NYSCOPBA), and Council 82. Four-year agreements were reached with the Public Employees Federation (PEF) and the New York State Police Benevolent Association (NYSPBA).

The settled agreements include wage and benefit concessions in exchange for contingent employee job protection through the respective contract periods. Nevertheless, reductions in force may be authorized if the State's fiscal circumstances change materially or unexpectedly, or if such reductions are associated with the closure or restructuring of facilities authorized by legislation or by a Spending and Government Efficiency Commission (SAGE) determination. The agreements have provided: two-year Deficit Reduction Plan (DRP) savings of $300 million; no general salary increases for the three-year period FY 2012 through FY 2014; a 2 percent general salary increase in FY 2015; and a 2 percent general salary increase in FY 2016 for the employees with five-year agreements. Additionally, the agreements provided full-annual health benefit savings of $230 million resulting from increases to employee/retiree premium shares, copays, out of network deductibles and coinsurance.

Two lump sum payments — $775 in FY 2014 and $225 in FY 2015 — were paid to employees represented by CSEA, NYSPBA, NYSCOPBA and Council 82. PEF did not negotiate these lump sum payments, but covered employees will receive repayment for all DRP reductions over an extended time at the end of the contract term. The employees represented by unions which negotiated the lump sum payments will be repaid a portion of their DRP reductions over an extended term at the end of their respective contract terms. UUP employees may receive lump sum payments of similar value in the form of Chancellor's Power of State University of New York (SUNY) Awards and Presidential Discretionary Awards.

The unions representing State Police Troopers, Investigators and Commissioned/Non-Commissioned Officers, as well as employees represented by District Council-37 (Housing) in the New York State Homes and Community Renewal (HCR), continue to have unsettled contracts for the current contract period. The Financial Plan does not include a General Fund reserve for this purpose. The union representing Graduate Students has an unsettled contract for the period starting in FY 2010; there is a reserve for this purpose.

LABOR SETTLEMENTS FOR PRIOR CONTRACT PERIODS

The Financial Plan continues to include a General Fund reserve to cover the costs of a pattern settlement for unsettled contracts prior to FY 2011. There is no assurance this reserve will fully fund these unsettled contracts. In addition, the State's ability to fund all future agreements in FY 2015 and beyond depends on the achievement of balanced budgets in those years.

CURRENT CASH-FLOW PROJECTIONS

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

DOB expects that the State will have sufficient liquidity to make payments as they become due throughout FY 2015, but that the General Fund may, from time to time on a daily basis, need to borrow resources temporarily from other funds in 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. The following table provides an estimate of month-end balances for FY 2015.

PROJECTED ALL FUNDS MONTH-END CASH BALANCES
FY 2015
(millions of dollars)

	General Fund	Other Funds	All Funds
April Results	5,533	2,042	7,575
May	2,652	3,052	5,704
June	2,602	3,063	5,665
July	2,465	3,402	5,867
August	1,840	3,821	5,661
September	4,159	1,196	5,355
October	2,650	1,640	4,290
November	1,104	2,072	3,176
December	3,116	925	4,041
January	5,155	2,495	7,650
February	5,795	2,935	8,730
March	2,055	1,890	3,945

PENSION AMORTIZATION

Under legislation enacted in August 2010, the State and local governments may amortize (defer paying) a portion of their annual pension costs beginning in FY 2011. 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 2010 legislation enacted a formula to set an amortization threshold rate for each year. The amortization rate (the "graded rate") may increase or decrease in the direction of the actuarial contribution rate (the "normal rate") by up to one percentage point annually. Pension contribution costs in excess of the graded rate may be amortized. Amortization is permitted in all years if the normal rate is greater than the graded rate. However, when the graded rate equals or exceeds the normal rate, amortization is not allowed.

In FY 2015, the graded contribution rates for the Employees' Retirement System (ERS) and the PFRS will be 13.5 percent and 21.5 percent, respectively. The Financial Plan assumes the State will continue to amortize its pension costs in FY 2015 at these rates.

Over the past four years, the normal rates and the amortization rates were as follows:

Fiscal Year (FY)	ERS Average Normal Rate	ERS Amortization Rate	PFRS Average Normal Rate	PFRS Amortizaton Rate
FY 2011	11.5	9.5	18.1	17.5
FY 2012	15.9	10.5	21.5	18.5
FY 2013	18.5	11.5	25.7	19.5
FY 2014	20.5	12.5	28.8	20.5

For both ERS and PFRS, DOB projects the FY 2016 graded rates will be equal to, or more than, the normal contribution rates. Under this scenario, consistent with statutory provisions which require that the graded rate be set to the average actuarial rate, amortization is not expected in FY 2016. Furthermore, DOB projects the graded rates will exceed the normal contribution rates in FY 2017 through FY 2020. In these years, amounts that exceed the normal contributions will be used to pay the cost of outstanding prior year amortizations, as required by statute. These projections are based on projected market returns and numerous actuarial assumptions. The next five-year experience study conducted by the Retirement Systems' Actuary is scheduled to take place in 2015 and could change these projections materially.

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

In FY 2014, the State made the minimum required pension payments to the New York State & Local Retirement System (NYSLRS) of $1.62 billion and $814 million was amortized. The total payment included an additional $119.4 million to pay off the 2010 Retirement Incentive and other outstanding liabilities. In addition, the State's Office of Court Administration (OCA) made its minimum required pension payment of $269 million and $123 million was amortized. This included an additional $7 million to pay off the 2005 pension amortization liability. The total deferred amount — $937 million — will be repaid with interest over the next ten years, beginning in FY 2015.

For amounts amortized in FY 2011, FY 2012, FY 2013, and FY 2014, the State Comptroller set interest rates of 5 percent, 3.75 percent, 3 percent, and 3.67 percent, respectively. The Financial Plan assumes that both the State and OCA will also elect to amortize pension costs in FY 2015, consistent with the provisions of the authorizing legislation, and repay such amounts at an interest cost assumed by DOB to be 3.67 percent per annum over ten years from the date of each deferred payment, consistent with the interest rate charged on the FY 2014 amortized amounts.

The following table summarizes pension contributions and projections for GSCs and OCA over the period FY 2011 to FY 2028. The "Normal Costs" column shows the amount of the State's pension contribution prior to amortization. The "New Amortized Amounts / Payment on Prior Deferrals" column shows new amounts deferred or payments made on prior deferrals in each fiscal year. The "New Amortization Costs" column provides the aggregate cost of amortization in a given fiscal year (principal and interest on all prior deferrals). The "Total" column provides the State's pension contribution, net of amortization.

EMPLOYEE RETIREMENT SYSTEM AND POLICE AND FIRE RETIREMENT SYSTEM[1]
(millions of dollars)

Fiscal Year	Normal Costs[2]	New Amortized Amounts/Payment on Prior Deferrals	New Amortization Costs	Total
Results:				
2011	1,552.8	(249.6)	0.0	1,303.2
2012	2,041.7	(562.9)	32.3	1,511.1
2013	2,085.3	(778.5)	100.9	1,407.7
2014	2,633.7	(937.0)	192.1	1,888.8
Projections:				
2015	2,373.5	(742.6)	305.8	1,936.7
2016	1,706.2	0.0	395.8	2,102.0
2017	1,477.9	117.3	395.8	1,991.0
2018	1,355.8	171.9	364.1	1,891.8
2019	1,315.7	178.7	363.5	1,857.9
2020	1,312.7	96.6	295.0	1,704.3
2021	1,389.1	3.6	207.2	1,599.9
2022	1,455.0	0.0	203.7	1,658.7
2023	1,523.7	0.0	203.7	1,727.4
2024	1,596.0	0.0	180.8	1,776.8
2025	1,671.1	0.0	90.1	1,761.2
2026	1,749.2	0.0	0.0	1,749.2
2027	1,830.6	0.0	0.0	1,830.6
2028	1,915.3	0.0	0.0	1,915.3

Source: NYS DOB.

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

[2] Normal costs include payments from amortizations prior to FY 2011, which will end in FY 2017.

Consistent with these amortization assumptions, Part TT of Chapter 57 of the Laws of 2010 requires that: (a) the State make additional contributions in upcoming fiscal years, above the actuarially required contribution, as reflected in the following table, and (b) once all outstanding amortizations are paid off, additional contributions be set aside as reserves for rate increases, to be invested by the State Comptroller and used to offset future rate increases.

As noted above, DOB's most recent pension contribution rate forecast assumes that the normal contribution rate will equal the graded rate in FY 2016. Therefore, the State would not have the option to amortize any of its pension costs in 2016, or in the immediately succeeding fiscal years. In addition, this forecast assumes the State will make amortization payments on prior deferrals pursuant to the formula in statute. These payments are projected to occur in FY 2017 through FY 2021. Projections in the following table are based on certain assumptions concerning investment earnings and benefits that DOB believes are reasonable. However, actual results may vary from the projections provided in the following table, and such variances could be substantial.

STATE PENSION COSTS AND AMORTIZATION SAVINGS*
(millions of dollars)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
AMORTIZATION THRESHOLDS								
ERS (%)	9.5	10.5	11.5	12.5	13.5	14.2	13.2	12.2
PFRS (%)	17.5	18.5	19.5	20.5	21.5	20.8	19.8	18.8
PENSION (NET COST)	**1,470**	**1,697**	**1,601**	**2,086**	**2,136**	**2,301**	**2,190**	**2,091**
Gross Pension Costs	1,633	2,141	2,192	2,744	2,499	1,885	1,677	1,555
Amortization Savings	(250)	(563)	(779)	(937)	(743)	0	117	172
Repayment of Amortization (incl. FY 2005 and FY 2006)	87	119	188	279	380	416	396	364

*Includes SUNY Optional Retirement Program and Teachers' Retirement System.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

In accordance with the Governmental Accounting Standards Board (GASB) Statement 45, the State must perform an actuarial valuation every two years for purposes of calculating OPEB liabilities. As disclosed in Note 13 of the State's Basic Financial Statements for FY 2013, the Annual Required Contribution (ARC) represents the projected annual level of funding that, if set aside on an ongoing basis, is anticipated to cover projected normal costs each year and to amortize any unfunded liabilities of the plan over a period not to exceed 30 years. Amounts required but not actually set aside to pay for these benefits are accumulated, with interest, as part of the net OPEB obligation, after adjusting for amounts previously required.

As reported in the State's Basic Financial Statements for FY 2013, the projected unfunded actuarial accrued liability for FY 2013 is $66.5 billion ($54.3 billion for the State and $12.2 billion for SUNY), a decline of $5.5 billion from FY 2012 ($5.4 billion for the State and $0.1 billion for SUNY). The unfunded actuarial accrued liability for FY 2013 used an actuarial valuation of OPEB liabilities as of April 1, 2012 for the State and as of April 1, 2010 for SUNY. These valuations were determined using the Frozen Entry Age actuarial cost method, and are amortized over an open period of 30 years using the level percentage of projected payroll amortization method.

The actuarially determined annual OPEB cost for FY 2013 totaled $3.4 billion ($2.6 billion for the State and $0.8 billion for SUNY), a decline of $520 million from FY 2012 ($490 million for the State and $30 million for SUNY). The actuarially determined cost is calculated using the Frozen Entry Age actuarial cost method, allocating costs on a level basis over earnings. The actuarially determined cost was $2.0 billion ($1.4 billion for the State and $0.6 billion for SUNY) greater than the cash payments for retiree costs made by the State in FY 2013. This difference between the State's PAYGO costs, and the actuarially determined required annual contribution under GASB Statement 45, reduced the State's net asset condition at the end of FY 2013 by $2.0 billion.

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

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

FINANCIAL SETTLEMENTS

The State periodically receives financial settlements that are deposited to the General Fund. Based on recent experience, the Financial Plan includes additional expected receipts from settlement proceeds of approximately $275 million in FY 2015, $250 million in FY 2016, and $100 million each for FY 2017 and FY 2018. There can be no assurance that State settlement proceeds in upcoming fiscal years will be received at the levels assumed in the Financial Plan.

To date, the State has received $785 million in payments related to financial settlement agreements during FY 2015. The majority of these collections were the result of an Order issued by the Department of Financial Services (DFS) requiring Credit Suisse AG to pay DFS a $715 million penalty for violations of law related to the bank's global tax evasion scheme. The Order issued by DFS to Credit Suisse AG occurred after the release of the State's Financial Plan on May 19, 2014, and will be incorporated into the annual receipts forecast as part of the First Quarterly Update to the Financial Plan. Other notable payments received thus far by the State during FY 2015, which were incorporated into the Financial Plan annual receipts forecast, include $50 million from Metropolitan Life Insurance Company for insurance licensing violations by two of its subsidiaries; and $20 million from AXA Equitable Life Insurance Company for violations of the State Insurance Law related to certain variable annuity products.

J. P. Morgan Securities LLC Settlement

Pursuant to a litigation settlement reached on November 19, 2013, J.P. Morgan Securities LLC is required to remit $1 billion to the State of New York. The associated 2012 lawsuit was filed against J.P. Morgan Securities LLC following allegations of the firm's misrepresentation of mortgage-related securities. The settlement stipulated $387 million in direct restitutions to affected State residents and $613 million to the credit of the State Treasury, of which a minimum of 85 percent must be allocated for housing and related purposes, and the balance permitted for general State use.

Consistent with the legal stipulations and legislation adopted in the FY 2015 Enacted Budget, $613 million was deposited in a State escrow account on December 17, 2013 of which $23.5 million was subsequently transferred to the general fund and $589.5 million to the newly created Mortgage Settlement Proceeds Trust Fund. The Enacted Budget authorizes the following distributions of the funds: (1) $440 million in accordance with an approved memorandum of understanding between the Executive and Legislature in consultation with HCR, (2) $81.5 million to be distributed in accordance with a plan developed by the Attorney General, and (3) $91.5 million in transfers to the General Fund over a four-year period.

Litigation

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

Update on Storm Recovery

In recent years, New York State has sustained damage from three powerful storms that crippled entire regions. In August 2011, Hurricane Irene disrupted power and caused extensive flooding to various New York State counties. In September 2011, Tropical Storm Lee caused flooding in additional New York State counties and, in some cases, exacerbated the damage caused by Hurricane Irene two weeks earlier. Little more than one year later, 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 presents economic and financial risks to the State. State claims for reimbursement for the costs of the immediate response are in process, and both recovery and future mitigation efforts have begun, largely supported by Federal funds. In January 2013, the Federal government approved approximately $60 billion in Federal disaster aid for general recovery, rebuilding and mitigation activity nationwide. New York anticipates receiving approximately one-half of this amount over the coming years for response, recovery, and mitigation costs. There can be no assurance that all anticipated Federal disaster aid described above will be provided to the State and its affected entities, or that such Federal disaster aid will be provided on the expected schedule.

CLIMATE CHANGE ADAPTATION

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

FINANCIAL CONDITION OF NEW YORK STATE LOCALITIES

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

BOND MARKET

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

CAPITAL COMMITMENT PLAN

The State continues to implement the best practices put forth by the New York Works Task Force (the "Task Force"). The Task Force was formed in May 2012 to assist in the coordination of long-term capital planning among State agencies and public authorities. Consistent with the long-term planning goals of New York Works, DOB formulated 10-year capital commitment and disbursement projections. The total commitment and disbursement levels permissible over the 10-year capital planning horizon reflect, among other things, projected capacity under the State's debt limit, anticipated levels of Federal aid, and the timing of capital activity based on known needs and historical patterns.

DEBT REFORM ACT LIMIT

The Debt Reform Act of 2000 ("Debt Reform Act") restricts the issuance of State-supported debt to capital purposes only and limits such debt to a maximum term of 30 years. The Debt Reform Act limits the amount of new State-supported debt to 4 percent of State personal income and new State-supported debt service costs to 5 percent of All Funds receipts. The restrictions apply to all new State-supported debt issued since April 1, 2000. The cap on new State-supported debt outstanding began at 0.75 percent of personal income in FY 2001 and was fully phased in at 4 percent of personal income during FY 2011, while the cap on new State-supported debt service costs began at 0.75 percent of All Funds receipts in FY 2001 was fully phased in at 5 percent during FY 2014. For FY 2013, the last year for which a calculation has been completed, the State was in compliance with the statutory caps based on calendar year 2012 personal income and FY 2013 debt outstanding. The FY 2014 calculation is expected to be completed in October 2014.

DOB expects that debt outstanding and debt service will continue to remain below the limits imposed by the Debt Reform Act. Based on the most recent personal income and debt outstanding forecasts, the available room under the debt outstanding cap is expected to decline from $3.3 billion in FY 2014 to $366 million in FY 2017. This includes the estimated impact of the bond-financed portion of the Enacted Budget's increased capital commitment levels included in the 10-year capital planning projections. Debt outstanding and debt service caps continue to include the existing SUNY Dormitory Facilities lease revenue bonds, which are backed by a general obligation pledge of SUNY. Bonds issued under the new SUNY Dormitory Facilities Revenue credit are not included in the State's calculation of debt caps. Capital spending priorities and debt financing practices may be adjusted from time to time to preserve available debt capacity and stay within the statutory limits, as events warrant.

DEBT OUTSTANDING SUBJECT TO CAP (millions of dollars)								TOTAL STATE-SUPPORTED DEBT (millions of dollars)	
Year	Personal Income	Cap %	Cap $	Debt Outstanding Since April 1, 2000	$ Remaining Capacity	Debt as a % of PI	% Remaining Capacity	Debt Outstanding Prior to April 1, 2000	Total State-Supported Debt Outstanding
FY 2014	1,062,391	4.00%	42,496	39,182	3,313	3.69%	0.31%	13,277	52,460
FY 2015	1,115,900	4.00%	44,636	41,841	2,795	3.75%	0.25%	11,756	53,597
FY 2016	1,170,616	4.00%	46,825	46,109	716	3.94%	0.06%	10,276	56,385
FY 2017	1,229,520	4.00%	49,181	48,815	366	3.97%	0.03%	8,842	57,657
FY 2018	1,292,273	4.00%	51,691	50,643	1,047	3.92%	0.08%	7,351	57,995
FY 2019	1,358,927	4.00%	54,357	52,842	1,515	3.89%	0.11%	6,128	58,970

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
FY 2014	137,713	5.00%	6,886	3,855	3,031	2.80%	2.20%	2,533	6,388
FY 2015	141,649	5.00%	7,082	4,062	3,021	2.87%	2.13%	1,555	5,617
FY 2016	145,941	5.00%	7,297	4,381	2,916	3.00%	2.00%	1,498	5,879
FY 2017	150,455	5.00%	7,523	4,900	2,623	3.26%	1.74%	1,753	6,653
FY 2018	153,919	5.00%	7,696	5,296	2,400	3.44%	1.56%	1,698	6,993
FY 2019	157,755	5.00%	7,888	5,654	2,233	3.58%	1.42%	1,552	7,206

SECURED HOSPITAL PROGRAM

Under the Secured Hospital Program, the State entered into service contracts to enable certain financially distressed not-for-profit hospitals to have tax-exempt debt issued on their behalf to pay for the cost of upgrading their primary health care facilities. In the event of shortfalls in revenues to pay debt service on the Secured Hospital bonds (which include hospital payments made under loan agreements between the Dormitory Authority of the State of New York (DASNY) and the hospitals and certain reserve funds held by the applicable trustees for the bonds) the service contracts obligate the State to pay debt service, subject to annual appropriations by the Legislature, on bonds issued by DASNY through the Secured Hospital Program. As of March 31, 2014, there were approximately $351 million of bonds outstanding for this program.

The financial condition of hospitals in the State's Secured Hospital Program continues to deteriorate. Of the five remaining hospitals in the program, two are experiencing significant operating losses that have impaired their ability to remain current on their loan agreements with DASNY. In relation to the Secured Hospital Program, the State's contingent contractual obligation was invoked to pay debt service for the first time in FY 2014, when $12 million was paid. The State also expects to pay debt service costs of approximately $31 million in FY 2015, approximately $29 million in both FY 2016 and FY 2017, and approximately $17 million in FY 2018. These amounts are based on the actual experience to date of the participants in the program, and would cover the debt service costs for two hospitals that currently are not meeting the terms of their loan agreements with DASNY, as well as the debt service costs of a third hospital that is now closed. The State has estimated additional exposure of up to $31 million annually, if all hospitals in the program failed to meet the terms of their agreement with DASNY and if available reserve funds were depleted.

SUNY Downstate Hospital and Long Island College Hospital

In May 2011, the New York State Supreme Court issued an order (the "May 2011 Order") that approved the transfer of real property and other assets of Long Island College Hospital (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 Downstate Hospital ("Downstate Hospital"). In 2012, DASNY issued tax exempt State PIT Revenue Bonds ("PIT Bonds"), to refund approximately $100 million in outstanding debt originally incurred by LICH.

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

In 2013, State Supreme Court Judge Demarest, who issued the May 2011 Order, issued, sua sponte, certain additional orders that could have affected the validity of the May 2011 Order. Also, in 2013, State Supreme Court Judge Baynes issued a series of orders that, effectively, precluded SUNY from awarding the RFP and exiting LICH operations. On February 25, 2014, Judges Demarest and Baynes approved a settlement whereby all parties agreed to discharge their claims and the judges vacated their orders. Pursuant to the settlement, SUNY, together with Holdings, issued a new RFP to increase the likelihood that the healthcare services component of the successful proposal would include a full-service hospital. The structure of the settlement also increases the likelihood that sufficient proceeds from the transaction will be available to support defeasance of the PIT Bonds and other costs associated with SUNY's exit from LICH. However, there have been and continue to be legal proceedings which could affect the outcome of SUNY's efforts to conclude negotiations with a new operator. There can be no assurance that the resolution of the legal and financial issues surrounding LICH, including payment of outstanding liabilities, will not have a materially adverse impact on SUNY.

2014 Legislative Session

The State's 2014 legislative session is expected to end on June 19, 2014. Impacts to the Financial Plan from end-of-session legislative activity are not expected to result in material and adverse differences to the estimates for the current fiscal year contained in this AIS. DOB expects to update its multi-year projections of receipts and disbursements with the first quarterly update to the AIS to reflect the fiscal impact, if any, of all legislation enacted in the remainder of the session.

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State Financial Plan Projections Fiscal Years 2015 Through 2018

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INTRODUCTION

This section presents the State's updated multi-year Financial Plan projections for receipts and disbursements, reflecting the impact of the FY 2015 Enacted Budget actions. The section includes preliminary FY 2014 results and projections for FY 2015 through FY 2018, with an emphasis on the FY 2015 projections.

The State's cash-basis budgeting system, complex fund structure, and practice of earmarking certain tax receipts for specific purposes complicates the discussion of the State's receipts and disbursement 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 latter perspective reflects overall estimated tax receipts before their diversion among various funds and accounts, including tax receipts dedicated to capital projects funds (which fall outside of the General Fund and State Operating Funds accounting perspectives). DOB believes this presentation provides a clearer picture of projected receipts, trends and forecast assumptions, by factoring out the distorting effects of earmarking certain tax receipts.

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

In evaluating the State's multi-year operating forecast, it should be noted that the reliability of the estimates and projections as a predictor of the State's future financial position is likely to diminish the further removed such estimates and projections are from the date of this AIS. Accordingly, in terms of the outyear projections, the first outyear of the FY 2015 budget, FY 2016, is the most relevant from a planning perspective.

SUMMARY

The FY 2015 Enacted Budget limits the annual growth in State Operating Funds spending to 1.8 percent, consistent with the 2 percent spending benchmark. The surplus projections for FY 2016 and thereafter set forth in the Financial Plan reflect the savings that DOB estimates would occur if the Governor continues to propose, and the Legislature continues to enact, balanced budgets in future years that limit annual growth in State Operating Funds spending to no greater than 2 percent. The estimated savings are labeled in the Financial Plan tables as "Adherence to 2 percent State Operating Funds Spending Benchmark." Total disbursements in Financial Plan tables and discussion do not assume these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

The following tables present the 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 2014 Results	FY 2015 Enacted	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected
RECEIPTS					
Taxes (After Debt Service)	57,758	57,994	61,564	64,679	67,485
Miscellaneous Receipts/Federal Grants	3,219	3,815	2,980	2,790	2,215
Other Transfers	891	1,153	819	777	750
Total Receipts	**61,868**	**62,962**	**65,363**	**68,246**	**70,450**
DISBURSEMENTS					
Local Assistance Grants	39,940	42,118	44,827	47,077	49,671
School Aid	17,182	18,456	19,900	20,977	22,155
Medicaid	11,487	11,599	12,381	13,015	13,728
All Other	11,271	12,063	12,546	13,085	13,788
State Operations	7,309	7,850	7,996	7,956	8,027
Personal Service	5,563	5,890	5,986	5,952	5,975
Non-Personal Service	1,746	1,960	2,010	2,004	2,052
General State Charges	4,899	5,072	5,322	5,470	5,583
Transfers to Other Funds	9,095	8,102	8,998	10,011	10,596
Debt Service	1,972	1,081	1,058	1,457	1,509
Capital Projects	1,436	930	1,406	1,761	2,006
State Share of Mental Hygiene Medicaid	1,576	1,638	1,313	1,281	1,156
SUNY Operations	971	977	980	980	980
All Other	3,140	3,476	4,241	4,532	4,945
Total Disbursements	**61,243**	**63,142**	**67,143**	**70,514**	**73,877**
Adherence to 2% State Operating Funds Spending Benchmark [1]	**n/a**	**n/a**	**2,094**	**3,385**	**4,916**
Use (Reservation) of Fund Balance:	**(625)**	**180**	**(11)**	**(12)**	**(11)**
Rainy Day Reserve Fund	(175)	0	0	0	0
Community Projects Fund	6	87	0	0	0
Prior-Year Labor Agreements (2007-2011)	32	(8)	(11)	(12)	(11)
Debt Management	(387)	0	0	0	0
Undesignated Reserve	(43)	43	0	0	0
JP Morgan Settlement Proceeds	(58)	58	0	0	0
BUDGET SURPLUS/(GAP) PROJECTIONS	**0**	**0**	**303**	**1,105**	**1,478**

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

STATE OPERATING FUNDS PROJECTIONS

FY 2015 ENACTED BUDGET - STATE OPERATING FUNDS PROJECTIONS
(millions of dollars)

	FY 2014 Results	FY 2015 Enacted	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected
RECEIPTS					
Taxes	68,335	68,826	72,844	76,454	79,641
Miscellaneous Receipts/Federal Grants	20,592	20,352	19,632	19,325	18,809
Total Receipts	**88,927**	**89,178**	**92,476**	**95,779**	**98,450**
DISBURSEMENTS					
Local Assistance Grants	59,406	61,181	64,141	66,350	69,245
School Aid	20,420	21,671	23,289	24,294	25,502
STAR	3,357	3,429	3,478	3,574	3,616
Other Education Aid	2,003	2,146	2,212	2,365	2,540
Higher Education	2,817	2,916	2,999	3,062	3,123
Medicaid (DOH)	16,241	16,732	17,523	18,282	19,051
Public Health/Aging	2,179	1,868	1,828	1,798	1,827
Mental Hygiene	2,777	2,925	3,063	3,078	3,557
Social Services	3,101	2,777	3,012	3,067	3,134
Transportation	4,722	4,817	4,865	4,936	5,014
Local Government Assistance	756	779	778	789	792
Public Protection	282	342	369	345	309
All Other	751	779	725	760	780
State Operations	17,864	18,199	18,610	18,605	18,684
Personal Service	12,300	12,593	12,831	12,808	12,856
Non-Personal Service	5,564	5,606	5,779	5,797	5,828
General State Charges	6,958	7,206	7,513	7,707	7,854
Pension Contribution	2,086	2,136	2,301	2,190	2,091
Health Insurance (Active Employees)	1,790	1,846	1,959	2,077	2,203
Health Insurance (Retired Employees)	1,463	1,509	1,601	1,698	1,801
All Other	1,619	1,715	1,652	1,742	1,759
Debt Service	6,400	5,648	5,908	6,682	7,011
Capital Projects	3	0	1	2	2
Total Disbursements	**90,631**	**92,234**	**96,173**	**99,346**	**102,796**
Net Other Financing Sources/(Uses)	2,134	2,827	1,944	1,547	1,263
Adherence to 2% State Operating Funds Spending Benchmark [1]	**n/a**	**n/a**	**2,094**	**3,385**	**4,916**
RECONCILIATION TO GENERAL FUND GAP					
Designated Fund Balances:	(430)	229	(38)	(260)	(355)
Available General Fund Balance	(625)	180	(11)	(12)	(11)
Unavailable Special Revenue Funds	50	42	(14)	(233)	(314)
Unavailable Debt Service Funds	145	7	(13)	(15)	(30)
GENERAL FUND BUDGET SURPLUS/(GAP)	**0**	**0**	**303**	**1,105**	**1,478**

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

RECEIPTS

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

Overall base growth in tax receipts is dependent on a multitude of 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 also affect base tax receipts growth. 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, temporary and disability assistance, mental hygiene, education, public health, and other activities, including extraordinary aid.

Where noted, certain tables in the following section display General Fund tax receipts that exclude amounts transferred to the General Fund in excess of amounts needed for certain debt service obligations (e.g., PIT receipts in excess of the amount transferred for debt service on revenue bonds). For a detailed description of revenue sources, see “Exhibit D - Principal State Taxes and Fees” herein.

OVERVIEW OF THE RECEIPTS FORECAST

FY 2014 HIGHLIGHTS:

- Base receipts (adjusted for tax law changes) growth of 6.3 percent;
- A better than expected Tax Year 2012 PIT settlement, mainly the result of capital gains and income shifted from 2013 and other future years into 2012 in anticipation of higher Federal tax rates beginning in 2013;
- December 2013 and January 2014 PIT estimated payments that exceeded expectations, likely the result of stock market results;
- An increase in RETT collections growth, generally from improved conditions downstate;
- Strong estate tax collections, also likely due in some degree to the increase in net worth generated by stock market and real estate gains;
- Robust sales tax collection growth resulting from Superstorm Sandy recovery spending; and

- Weaker business tax results, mainly from the banking sector, whose profits suffered from fines and increased mortgage rates that reduced taxable income.

FY 2015 HIGHLIGHTS:

- Base receipts (adjusted for law changes) growth of 3.2 percent; however, after factoring out the acceleration of tax refunds in 2014, tax receipts would decline on an annual basis;

- PIT growth consistent with the estimated wage and personal income growth discussed above, but tempered by April 2014 settlement results that were lower than the prior year, increased refunds generated by the payback of tax credits deferred in Tax Years 2010-2012, and tax cuts included in the Enacted Budget;

- A return to trend taxable consumption growth after the above average growth experienced in FY 2014;

- Another decline in business tax receipts, due primarily to the credit deferral payback and Enacted Budget tax cuts;

- A decline in estate tax receipts generated by Enacted Budget tax cuts; and

- A slowdown in RETT receipt growth consistent with long-term averages.

All Funds receipts in FY 2015 are projected to total $141.6 billion, an increase of 2.9 percent from FY 2014 results. The table below summarizes the multi-year receipts projections.

ALL FUNDS RECEIPTS (millions of dollars)

	FY 2014 Results	FY 2015 Enacted	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change
Personal Income Tax	42,961	43,735	1.8%	46,829	7.1%	50,023	6.8%	52,461	4.9%
User Taxes and Fees	15,099	15,364	1.8%	15,856	3.2%	16,302	2.8%	16,789	3.0%
Business Taxes	8,259	7,671	-7.1%	7,999	4.3%	7,930	-0.9%	8,101	2.2%
Other Taxes	3,371	3,418	1.4%	3,509	2.7%	3,544	1.0%	3,639	2.7%
Total State Taxes	**69,690**	**70,188**	**0.7%**	**74,193**	**5.7%**	**77,799**	**4.9%**	**80,990**	**4.1%**
Miscellaneous Receipts	24,234	25,672	5.9%	25,214	-1.8%	24,374	-3.3%	23,178	-4.9%
Federal Receipts	43,789	45,789	4.6%	46,534	1.6%	48,283	3.8%	49,750	3.0%
Total All Fund Receipts	**137,713**	**141,649**	**2.9%**	**145,941**	**3.0%**	**150,456**	**3.1%**	**153,918**	**2.3%**

State tax receipts are expected to increase 0.7 percent in FY 2015. This modest increase is due to the factors noted above. Miscellaneous receipts growth is mainly due to the deposit of $1 billion from the SIF reserve release in connection with Workers' Compensation reforms enacted in the FY 2014 budget.

Consistent with the projected growth in the New York economy over the multi-year Financial Plan period, all major tax categories are expected to grow, with the exception of business taxes and Other Taxes. The declines in these categories are the result of the payback of deferred tax credits and recently enacted tax law changes.

GENERAL FUND RECEIPTS
(millions of dollars)

	FY 2014 Results	FY 2015 Enacted	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected
Total All Funds State Taxes	68,486	68,922	72,861	76,396	79,512
Less Dedicated Taxes:					
STAR	(3,357)	(3,429)	(3,478)	(3,574)	(3,616)
Revenue Bond Tax Fund	(10,740)	(10,934)	(11,708)	(12,506)	(13,115)
LGAC/Sales Tax Bond Fund	(5,901)	(6,046)	(6,277)	(6,510)	(6,760)
Cigarette/Tobacco Tax	(1,027)	(970)	(923)	(880)	(842)
Sales Tax	(802)	(854)	(894)	(927)	(956)
User Taxes	(808)	(842)	(854)	(853)	(858)
Business Taxes	(2,213)	(2,233)	(2,271)	(2,321)	(2,372)
Real Estate Transfer Tax	(911)	(955)	(1,020)	(1,079)	(1,149)
Total General Fund Taxes	**42,727**	**42,659**	**45,436**	**47,746**	**49,844**
Miscellaneous Receipts	3,219	3,815	2,980	2,790	2,215
Federal Receipts	0	0	0	0	0
Total General Fund Receipts	**45,946**	**46,474**	**48,416**	**50,536**	**52,059**
Annual $ Change		528	1,942	2,120	1,523
Annual % Change		1.1%	4.2%	4.4%	3.0%

Approximately 60 percent of All Funds tax receipts are deposited into the General Fund. The remaining tax collections are dedicated for various purposes including STAR payments to school districts, debt service reserves, health care, and transportation. General Fund tax receipts are projected to total $42.7 billion in FY 2015, virtually unchanged, from prior year results. General Fund miscellaneous receipts are expected to increase by $596 million (18.5 percent) mainly due to the deposit of funds related to FY 2014 Workers' Compensation reforms, which is partly offset by the phase-out of the temporary utility assessment.

PERSONAL INCOME TAX

PERSONAL INCOME TAX (millions of dollars)	FY 2014 Results	FY 2015 Enacted	Annual % Change	FY 2016 Projected	Annual % Change	FY 2017 Projected	Annual % Change	FY 2018 Projected	Annual % Change
STATE/ALL FUNDS	**42,961**	**43,735**	**1.8%**	**46,829**	**7.1%**	**50,023**	**6.8%**	**52,461**	**4.9%**
Gross Collections	51,575	51,979	0.8%	55,926	7.6%	59,478	6.4%	61,990	4.2%
Refunds (Incl. State/City Offset)	(8,614)	(8,244)	-4.3%	(9,097)	10.3%	(9,455)	3.9%	(9,529)	0.8%
GENERAL FUND[1]	**28,864**	**29,372**	**1.8%**	**31,643**	**7.7%**	**33,943**	**7.3%**	**35,730**	**5.3%**
Gross Collections	51,575	51,979	0.8%	55,926	7.6%	59,478	6.4%	61,990	4.2%
Refunds (Incl. State/City Offset)	(8,614)	(8,244)	-4.3%	(9,097)	10.3%	(9,455)	3.9%	(9,529)	0.8%
STAR	(3,357)	(3,429)	2.1%	(3,478)	1.4%	(3,574)	2.8%	(3,616)	1.2%
RBTF	(10,740)	(10,934)	1.8%	(11,708)	7.1%	(12,506)	6.8%	(13,115)	4.9%

[1]Excludes Transfers.

The PIT is by far New York State's largest source of tax receipts, accounting for approximately 64 percent of estimated FY 2015 State tax receipts. The State's PIT structure conforms closely to the Federal structure, however with modifications for the inclusion or exclusion of certain income. New York allows either a standard deduction or itemized deductions, whichever is greater. Although New York generally conforms to Federal rules pertaining to itemized deductions, the State imposes some additional limitations, mainly for high income taxpayers.

In addition, the PIT structure includes various exclusions, exemptions, tax credits, and other statutory devices designed to adjust State tax liability. These tax expenditures reduce the amount of a taxpayer's liability to the State by providing either economic incentives or tax relief to particular entities to achieve a public purpose.

Overall base growth in PIT receipts is dependent on the forecast of economic changes, including, but not limited to, changes in wages, employment, nonwage income, and capital gains realizations.

All Funds receipts for FY 2015 are projected to be $43.7 billion, an increase of $774 million (1.8 percent) from FY 2014. This primarily reflects increases in withholding and estimated payments attributable to the 2014 tax year, partially offset by a substantial decline in tax year 2013 extension payments.

Withholding in FY 2015 is projected to be $1.8 billion (5.3 percent) higher compared to FY 2014, due mainly to moderate wage growth. Extension payments are estimated to decline by $1.8 billion (35.2 percent) due to a combination of reduced capital gains realizations, relative to tax year 2012, and an adjustment in taxpayer behavior. The capital gains acceleration into tax year 2012 at the expense of tax year 2013 and thereafter, which was done in anticipation of the increase in Federal income tax rates between 2012 and 2013, served to create an inflated extension payments base. This income shifting was coupled with unusually high tax year 2012-related (FY 2014) extension overpayments, leading to a significant tax year 2013-related (FY 2015) extension payments decline. Estimated payments for tax year 2014 are projected to be $604 million (6.4 percent) higher. Final return payments and delinquencies are projected to be $230 million (9.6 percent) lower and $71 million (6 percent) higher, respectively.

The decline in total refunds of $370 million (4.3 percent) reflects a $328 million (15.8 percent) decrease in current (tax year 2014) refunds, a $625 million (11.6 percent) decrease in prior (tax year 2013) refunds, a $36 million decrease in previous (tax year 2012 and earlier) refunds, and a $167 million (27.2 percent) decline in the State-City offset, partially offset by $785 million in advanced payments for the Family Tax Relief credit and the newly enacted Real Property Tax Freeze credit.

General Fund income tax receipts are net of deposits to the STAR Fund, which provides property tax relief, and the Revenue Bond Tax Fund (RBTF), which supports debt service payments on State PIT revenue bonds. General Fund income tax receipts for FY 2015 of $29.4 billion are expected to increase by $508 million (1.8 percent) from the prior year, mainly reflecting the increase in All Funds receipts noted above. RBTF deposits are projected to be $10.9 billion and the STAR transfer is projected to be $3.4 billion.

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

	FY 2014 Results	FY 2015 Enacted	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected
Receipts					
Withholding	33,368	35,149	37,410	39,491	40,905
Estimated Payments	14,637	13,418	14,895	16,119	17,058
Current Year	9,454	10,059	10,947	11,749	12,463
Prior Year*	5,183	3,359	3,948	4,370	4,595
Final Returns	2,395	2,166	2,328	2,530	2,636
Current Year	2,145	1,924	2,074	2,265	2,359
Prior Year*	250	242	254	265	277
Delinquent	1,175	1,246	1,293	1,338	1,391
Gross Receipts	51,575	51,979	55,926	59,478	61,990
Refunds					
Prior Year*	5,367	4,742	5,578	6,377	6,792
Previous Years	554	519	538	538	539
Current Year*	2,078	1,751	1,751	1,750	1,750
Advanced Credit Payment	0	785	783	342	0
State/City Offset*	615	448	448	448	448
Total Refunds	8,614	8,244	9,097	9,455	9,529
Net Receipts	**42,961**	**43,735**	**46,829**	**50,023**	**52,461**

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

USER TAXES AND FEES

USER TAXES AND FEES (millions of dollars)	FY 2014 Results	FY 2015 Enacted	Annual % Change	FY 2016 Projected	Annual % Change	FY 2017 Projected	Annual % Change	FY 2018 Projected	Annual % Change
STATE/ALL FUNDS	**15,099**	**15,364**	**1.8%**	**15,856**	**3.2%**	**16,302**	**2.8%**	**16,789**	**3.0%**
Sales Tax	12,588	12,967	3.0%	13,448	3.7%	13,947	3.7%	14,474	3.8%
Cigarette and Tobacco Taxes	1,453	1,299	-10.6%	1,293	-0.5%	1,236	-4.4%	1,186	-4.0%
Motor Fuel Tax	473	487	3.0%	484	-0.6%	485	0.2%	481	-0.8%
Highway Use Tax	136	136	0.0%	145	6.6%	139	-4.1%	141	1.4%
Alcoholic Beverage Taxes	250	256	2.4%	261	2.0%	266	1.9%	271	1.9%
Taxicab Surcharge	85	100	17.6%	101	1.0%	101	0.0%	101	0.0%
Auto Rental Tax	114	119	4.4%	124	4.2%	128	3.2%	135	5.5%
GENERAL FUND[1]	**6,561**	**6,652**	**1.4%**	**6,908**	**3.8%**	**7,132**	**3.2%**	**7,373**	**3.4%**
Sales Tax	5,885	6,067	3.1%	6,277	3.5%	6,510	3.7%	6,758	3.8%
Cigarette and Tobacco Taxes	426	329	-22.8%	370	12.5%	356	-3.8%	344	-3.4%
Alcoholic Beverage Taxes	250	256	2.4%	261	2.0%	266	1.9%	271	1.9%

[1] Excludes Transfers.

New York imposes certain user taxes and fees, including a 4 percent general sales tax; a $4.35 per package cigarette tax and tax on other tobacco products; an 8 cent per gallon tax on the sale of motor fuel; highway use tax on commercial vehicles; taxes at various rates on liquor, beer, wine and specialty beverages; and a 6 percent auto rental tax.

All Funds user taxes and fees receipts for FY 2015 are estimated to be $15.4 billion, a 1.8 percent ($265 million) increase from FY 2014 results. Sales tax receipts are expected to increase 3 percent ($379 million) from FY 2014, resulting from 3.9 percent base growth (i.e., absent law changes) offset by law changes enacted with this and previous Budgets (vending machine exemption increase and Start-Up New York). Cigarette and tobacco collections are estimated to decline 10.6 percent ($154 million), primarily reflecting greater than trend declines in cigarette consumption (particularly in NYC) and cigar tax refunds resulting from new Department of Taxation and Finance tax guidance resulting, in part, from a non-binding Administrative Law Judge Determination *(Matter of Davidoff of Geneva, Inc.)*. Motor fuel tax collections are expected to increase 3 percent ($14 million), rebounding from FY 2014 losses caused by severe winter weather.

General Fund user taxes and fees receipts for FY 2015 are estimated to total over $6.6 billion, an increase of 1.4 percent ($91 million) from FY 2014. This increase largely reflects increased sales tax collections offset by greater than trend declines in cigarette collections and cigar tax refunds.

All Funds user taxes and fees receipts for FY 2016 are projected to be $15.9 billion, an increase of 3.2 percent ($492 million) from FY 2015 projections. The 3.7 percent ($481 million) increase in sales tax receipts reflects sales tax base growth of 3.6 percent due to strong projected disposable income growth. Highway use tax receipts are expected to increase 6.6 percent ($9 million) as FY 2016 is a triennial renewal year.

General Fund user taxes and fees receipts are projected to total $6.9 billion in FY 2016, a 3.8 percent ($256 million) increase from FY 2015 estimates. The projected increase results from increases in sales, cigarette and tobacco, and alcoholic beverage tax receipts. The projected increase in cigarette and tobacco tax receipts is the result of an artificially low FY 2015 base created by the cigar tax refunds mentioned earlier.

All Funds user taxes and fees are projected to increase to $16.3 billion (2.8 percent) in FY 2017 and $16.8 billion (3 percent) in FY 2018, representing base growth in sales tax receipts, offset slightly by trend declines in cigarette tax collections.

General Fund sales and use tax receipts are net of deposits to the Local Government Assistance Tax Fund (25 percent), and the Sales Tax Revenue Bond Fund (25 percent), which supports debt service payments on State sales and use tax revenue bonds. Receipts in excess of the debt service requirements of the funds and the local assistance payments to New York City, or its assignee, are transferred back to the General Fund. Receipts for both the Local Government Assistance Tax Fund and the Sales Tax Revenue Bond Fund are estimated at $3.0 billion in FY 2015. For more information, see the section on "Capital Program and Financing Plan", which appears later in this AIS.

BUSINESS TAXES

BUSINESS TAXES (millions of dollars)	FY 2014 Results	FY 2015 Enacted	Annual % Change	FY 2016 Projected	Annual % Change	FY 2017 Projected	Annual % Change	FY 2018 Projected	Annual % Change
STATE/ALL FUNDS	**8,259**	**7,671**	**-7.1%**	**7,999**	**4.3%**	**7,930**	**-0.9%**	**8,101**	**2.2%**
Corporate Franchise Tax	3,812	2,798	-26.6%	4,533	62.0%	4,257	-6.1%	4,442	4.3%
Corporation and Utilities Tax	798	790	-1.0%	780	-1.3%	800	2.6%	818	2.3%
Insurance Tax	1,444	1,534	6.2%	1,596	4.0%	1,572	-1.5%	1,553	-1.2%
Bank Tax	1,050	1,409	34.2%	(10)	-100.7%	203	-2130.0%	190	-6.4%
Petroleum Business Tax	1,155	1,140	-1.3%	1,100	-3.5%	1,098	-0.2%	1,098	0.0%
GENERAL FUND	**6,046**	**5,438**	**-10.1%**	**5,728**	**5.3%**	**5,609**	**-2.1%**	**5,729**	**2.1%**
Corporate Franchise Tax	3,245	2,239	-31.0%	3,750	67.5%	3,435	-8.4%	3,578	4.2%
Corporation and Utilities Tax	615	604	-1.8%	590	-2.3%	604	2.4%	618	2.3%
Insurance Tax	1,298	1,375	5.9%	1,426	3.7%	1,397	-2.0%	1,371	-1.9%
Bank Tax	888	1,220	37.4%	(38)	-103.1%	173	-555.3%	162	-6.4%
Petroleum Business Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%

All Funds business tax receipts for FY 2015 are estimated at $7.7 billion, a 7.1 percent ($588 million) decrease from prior year results. The estimate reflects decreases from the first year of the credit deferral payback to taxpayers (an incremental refund increase of $273 million) and FY 2015 Enacted Budget tax changes which are estimated to reduce All Funds receipts by $193 million. Growth in the bank and insurance taxes is offset by declines in the corporate franchise tax (for the reasons stated below), the corporation and utilities tax and the petroleum business tax (PBT).

Corporate franchise tax receipts are estimated to decrease 26.6 percent ($1 billion) in FY 2015, reflecting the refund increment noted above ($273 million), and tax cuts for manufacturers enacted in the FY 2014 and FY 2015 budgets. The FY 2014 Enacted Budget phased-in a 25 percent tax cut on all four manufacturing tax bases beginning in tax year 2014. Additionally, the FY 2015 Enacted Budget reduced the entire net income tax rate to zero percent for qualified manufacturers effective for Tax Year 2014. The impact of these two actions is estimated to reduce FY 2015 receipts by a total of $223 million from FY 2014 receipts. In addition to these actions, audit receipts are expected to be 13.3 percent ($155 million) lower and refunds excluding the credit deferral payback are estimated to increase $214 million.

Corporation and utilities tax receipts are expected to decline 1 percent ($8 million) in FY 2015. Both gross receipts and audits are expected to decline from the prior year. The telecommunications sector is expected to show no growth from the prior year as consumers continue to increase their use of smart phones and social networks to communicate. Based on industry information, data revenue per user exceeded voice revenue per user for the first time at the end of calendar year 2013. Data revenue is nontaxable due to Federal law. It is expected that this trend will continue into calendar year 2014. Utility revenue is expected to increase slightly from the prior year which partially offsets the loss of payments made under section 186 due to the Long Island Power Authority (LIPA) restructuring enacted in the 2013 legislative session. Additionally, refunds are expected to be much lower in FY 2015 due to an atypically large refund that was paid in FY 2014.

Insurance tax receipts are expected to increase 6.2 percent ($90 million) in FY 2015. Strength in premiums growth from authorized insurers as well as unauthorized (excess line brokers) insurers will be only partially offset by the impact of the State's transition of (1) the medical portion of the Empire Plan to self-insurance (effective January 1, 2013) and (2) additional portions of the Empire Plan on January 1, 2014. This transition reduces insurance tax receipts since the State and local governments no longer remit the insurance tax as part of premium payments. Additionally, audits are expected to be higher and refunds lower in FY 2015 than in FY 2014.

Bank tax receipts are estimated to increase 34.2 percent ($359 million) in FY 2015. Gross receipts are expected to grow 27.4 percent in FY 2015 as liability year 2014 rebounds from a weak 2013. Additionally, audit receipts are expected to increase nearly $113 million based on the expected case load and implementation of new audit procedures.

PBT receipts are expected to decrease 1.3 percent ($15 million) in FY 2015, primarily due to the 0.8 percent decrease in PBT tax rates effective January 2014 and the estimated 4 percent decrease in PBT tax rates effective January 2015. These declines are partially offset by an expected rebound in taxable fuel consumption from FY 2014 results that were depressed by severe winter weather.

General Fund business tax receipts for FY 2015 of $5.4 billion are estimated to decrease 10.1 percent ($608 million) from FY 2014 results, reflecting the All Funds trends discussed above.

The massive decline in bank tax receipts and the commensurate large increase in corporate franchise tax receipts beginning in FY 2016 are the result of the repeal of the bank tax and resultant imposition of the corporate franchise tax on former bank taxpayers effective for tax year 2015. All Funds business tax receipts for FY 2016 of $8 billion are projected to increase 4.3 percent ($328 million) from the prior year. FY 2016 includes Enacted Budget legislation that is expected to reduce All Funds tax receipts by $329 million. This year-over-year increase primarily reflects higher audits and lower refunds (the second year of the credit deferral payback to taxpayers is smaller than the amount estimated to be paid out in FY 2014). Additionally, gross receipts are expected to grow 2.3 percent. PBT receipts are expected to decrease 3.5 percent ($40 million) in FY 2016, primarily due to the 4 percent decrease in PBT tax rates noted above and expected declines in taxable motor fuel consumption due to declining vehicle miles traveled and increases in average vehicle fuel efficiency.

General Fund business tax receipts for FY 2016 of $5.7 billion are projected to increase 5.3 percent ($290 million), reflecting the All Funds trends discussed above.

All Funds business tax receipts for FY 2017 and FY 2018 reflect projected trends in corporate profits, taxable insurance premiums, electric utility consumption and prices, the consumption of taxable telecommunications services, and automobile fuel consumption and fuel prices. All Funds business tax receipts are projected to decrease to $7.9 billion (0.9 percent) in FY 2017, and increase to $8.1 billion (2.2 percent) in FY 2018. General Fund business tax receipts are expected to decrease to $5.6 billion (2.1 percent) in FY 2017 and increase to $5.7 billion (2.1 percent) in FY 2018. The decrease in FY 2017 primarily reflects the reduction of the corporate entire net income tax rate to 6.5 percent from 7.1 percent that was implemented as part of corporate tax reform in the FY 2015 Enacted Budget.

OTHER TAXES

OTHER TAXES (millions of dollars)	FY 2014 Results	FY 2015 Enacted	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change
STATE/ALL FUNDS	**2,167**	**2,152**	**-0.7%**	**2,177**	**1.2%**	**2,141**	**-1.7%**	**2,161**	**0.9%**
Estate Tax	1,238	1,179	-4.8%	1,139	-3.4%	1,044	-8.3%	994	-4.8%
Real Estate Transfer Tax	911	955	4.8%	1,020	6.8%	1,079	5.8%	1,149	6.5%
Pari-Mutuel Taxes	17	17	0.0%	17	0.0%	17	0.0%	17	0.0%
All Other Taxes	1	1	0.0%	1	100.0%	1	100.0%	1	100.0%
GENERAL FUND[1]	**1,256**	**1,197**	**-4.7%**	**1,157**	**-3.3%**	**1,062**	**-8.2%**	**1,012**	**-4.7%**
Estate Tax	1,238	1,179	-4.8%	1,139	-3.4%	1,044	-8.3%	994	-4.8%
Pari-Mutuel Taxes	17	17	0.0%	17	0.0%	17	0.0%	17	0.0%
All Other Taxes	1	1	0.0%	1	100.0%	1	100.0%	1	100.0%

[1]Excludes Transfers.

All Funds other tax receipts for FY 2015 are estimated to be nearly $2.2 billion, a 0.7 percent ($15 million) decrease from FY 2014 results. This reflects a 4.8 percent ($59 million) decrease in estate tax receipts, partially offset by a 4.8 percent ($44 million) increase in RETT receipts. The estate tax decrease is primarily the result of Enacted Budget legislation that raises the exemption level from $1 million to $5.25 million over a four-year phase-in period and an expected return in FY 2015 to a number of super-large estate payments (payments of over $25 million) consistent with long-term trends. The FY 2015 RETT estimate reflects a slight drop-off from the record volume of transactions in NYC during FY 2014, combined with modest price growth.

General Fund other tax receipts are expected to be nearly $1.2 billion in FY 2015, a 4.7 percent ($59 million) decrease from FY 2014 results, reflecting the estate tax change noted above.

All Funds other tax receipts for FY 2016 are projected to be $2.2 billion, a 1.2 percent ($25 million) increase from FY 2015 projections. This reflects projected growth in the RETT receipts due to projected continued growth in both the residential and commercial real estate markets, particularly in NYC, partially offset by a decline in projected estate tax receipts due to the continued phase in of the increased exemption level.

General Fund other tax receipts are expected to total nearly $1.2 billion in FY 2016, reflecting the 3.4 percent ($40 million) decrease in estate tax receipts noted above.

All Funds other tax receipts for FY 2017 are projected to decrease to just over $2.1 billion (1.7 percent) from FY 2016, then increase to nearly $2.2 billion (0.9 percent) in FY 2018. This overall change is the result of the continued phase in of the estate tax and the increasing value of property transfers. General Fund other tax receipts for FY 2017 and FY 2018 are projected to decrease by 8.2 percent and 4.7 percent, respectively, due to the projected decline in estate tax receipts noted above.

MISCELLANEOUS RECEIPTS AND FEDERAL GRANTS

MISCELLANEOUS RECEIPTS (millions of dollars)	FY 2014 Results	FY 2015 Enacted	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change
ALL FUNDS	**24,234**	**25,672**	**5.9%**	**25,214**	**-1.8%**	**24,374**	**-3.3%**	**23,178**	**-4.9%**
General Fund	3,219	3,815	18.5%	2,980	-21.9%	2,790	-6.4%	2,215	-20.6%
Special Revenue Funds	16,776	16,189	-3.5%	16,331	0.9%	16,243	-0.5%	16,307	0.4%
Capital Projects Funds	3,540	5,208	47.1%	5,470	5.0%	4,937	-9.7%	4,257	0.0%
Debt Service Funds	699	460	-34.2%	433	-5.9%	404	-6.7%	399	0.0%

All Funds miscellaneous receipts include monies received from the HCRA financing sources, SUNY tuition and patient income, lottery receipts for education, assessments on regulated industries, and a variety of fees and licenses.

All Funds miscellaneous receipts are estimated to total $25.7 billion in FY 2015, an increase of 5.9 percent from prior year results. This increase is primarily due to the expected General Fund deposit of $1 billion from the SIF reserve release in connection with Workers' Compensation law changes in the FY 2014 budget, as well as variations in the level of receipts for health care surcharges and other HCRA resources, licensing fees associated with commercial gaming, bond proceeds, atypical fines and the phase-out of the temporary utility assessment.

All Funds miscellaneous receipts are projected to decrease annually beginning in FY 2016, mainly due to reduced transfers from SIF, the phase-out of the temporary utility assessment, and bond proceeds available to fund capital improvement projects.

FEDERAL GRANTS (millions of dollars)	FY 2014 Results	FY 2015 Enacted	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change
ALL FUNDS	**43,789**	**45,789**	**4.6%**	**46,534**	**1.6%**	**48,283**	**3.8%**	**49,750**	**3.0%**
General Fund	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Special Revenue Funds	41,405	43,654	5.4%	44,776	2.6%	46,569	4.0%	48,005	3.1%
Capital Projects Funds	2,313	2,062	-10.9%	1,685	-18.3%	1,641	-2.6%	1,672	0.0%
Debt Service Funds	71	73	2.8%	73	0.0%	73	0.0%	73	0.0%

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

All Funds Federal grants are expected to increase in FY 2015, which is mainly driven by enhanced Federal Medicaid funding associated with the ACA. Federal grants are expected to grow to $49.8 billion by

FY 2018, reflecting the continuation of growth in Federal Medicaid spending associated with the ACA, partly offset by the expected phase-down of costs associated with Federal disaster assistance aid.

DISBURSEMENTS

Total disbursements in FY 2015 are estimated at $63.1 billion in the State's General Fund and at $92.2 billion in total State Operating Funds. Over the multi-year Financial Plan, State Operating Funds spending projections assume Medicaid and School Aid will grow at their statutorily-indexed rates. Medicaid, education, pension costs, employee and retiree health benefits, and debt service are significant drivers of annual spending growth.

The multi-year disbursements projections take into account various factors, including 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 account for the timing of payments, since not all of the amounts appropriated in the budget are disbursed in the same fiscal year. Consistent with past years, the aggregate spending projections (i.e., the sum of all projected spending by individual agencies) in State Special Revenue Funds have been adjusted downward in all fiscal years based on typical spending patterns and the observed variance between estimated and actual results over time.

LOCAL ASSISTANCE GRANTS

Local Assistance spending includes payments to local governments, school districts, health care providers, and other entities, as well as financial assistance to, or on behalf of, individuals, families and not-for-profit organizations. Local assistance spending in State Operating Funds is estimated at $61.2 billion in FY 2015 and accounts for nearly two-thirds of total State Operating Funds spending. Education and health care spending account for approximately two-thirds of local assistance spending.

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

FORECAST FOR SELECTED PROGRAM MEASURES AFFECTING OPERATING ACTIVITIES

		Forecast			
	FY 2014 Results[1]	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected
MEDICAID					
Medicaid Coverage	5,147,768	5,830,880	5,950,473	5,973,720	5,985,344
- Family Health Plus Caseload	337,632	0	0	0	0
- Child Health Plus Caseload	308,000	314,000	320,000	326,000	332,000
State Takeover of County/NYC Costs	$1,789	$2,067	$2,475	$2,819	$3,164
- Family Health Plus (000s)	$467	$155	$0	$0	$0
- Medicaid (000s)	$1,322	$1,912	$2,475	$2,819	$3,164
EDUCATION					
SY School Aid (000s)	$21,109	$22,237	$23,101	$24,183	$25,388
HIGHER EDUCATION					
Public Higher Education Enrollment (FTEs)	567,219	566,453	565,588	565,390	565,192
Tuition Assistance Program Recipients	305,626	306,129	306,129	306,129	306,129
PUBLIC ASSISTANCE					
Family Assistance Program	258,405	249,131	240,761	234,252	228,911
Safety Net Program - Families	125,424	120,186	115,580	112,047	109,180
Safety Net Program - Singles	196,431	194,850	193,442	192,643	192,157
MENTAL HYGIENE					
Total Mental Hygiene Community Beds	95,608	97,750	99,960	101,670	103,088
- OMH Community Beds	40,248	41,753	43,427	44,827	46,027
- OPWDD Community Beds	41,525	42,033	42,413	42,667	42,790
- OASAS Community Beds	13,835	13,964	14,120	14,176	14,271
PRISON POPULATION (CORRECTIONS)	54,300	54,000	53,800	53,700	53,700

[1] Reflects preliminary results based on State agency information, which is not audited for accuracy.

EDUCATION

SCHOOL AID

School Aid helps support elementary and secondary education for New York pupils enrolled in 674 major school districts throughout the State. State funding is provided to districts based on statutory aid formulas and through reimbursement of categorical expenses. 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 $22.2 billion in SY 2015, an increase of $1.1 billion (5.3 percent) from school year (SY) 2014. This increase is provided largely through $853 million of additional general operating support to school districts, consisting of a $602 million restoration in the Gap Elimination Adjustment (GEA) and a $251 million increase in Foundation Aid. Another $275 million supports increased reimbursement in expense-based aid programs (e.g., transportation, BOCES, school construction) and other miscellaneous aid categories.

The FY 2015 Enacted Budget also provides $340 million of recurring annual funding to support Statewide Universal Full-Day Pre-Kindergarten programs in order to incentivize and fund state-of-the-art programs and encourage creativity through competition. These programs are expected to begin in the fall of 2014.

Based on the final recommendations of the Governor's New NY Education Reform Commission, the FY 2015 Enacted Budget establishes a $20 million Teacher Excellence Fund and provides $5 million for additional Pathways in Technology Early College High School (P-TECH) grants.

Finally, the FY 2015 Enacted Budget maintains the two-year appropriation that continues Education Law provisions. School Aid is projected to increase by an additional $864 million (3.9 percent) in SY 2016 and $1.1 billion (4.7 percent) in SY 2017. School Aid is projected to reach an annual total of $25.4 billion in SY 2018.

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

	SY 2014	SY 2015	Change	SY 2016	Change	SY 2017	Change	SY 2018	Change
Total	21,109	22,237	1,128	23,101	864	24,183	1,082	25,388	1,205
			5.3%		3.9%		4.7%		5.0%

* School year values reflected in table do not include aid for Statewide Universal Full-Day Pre-Kindergarten programs or the Governor's *New* NY Education Reform Commission.

STATE FISCAL YEAR

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

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

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

	FY 2014 Results	FY 2015 Enacted	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change
TOTAL STATE OPERATING FUNDS	**20,420**	**21,671**	**6.1%**	**23,289**	**7.5%**	**24,294**	**4.3%**	**25,502**	**5.0%**
General Fund Local Assistance	17,238	18,456	7.1%	19,900	7.8%	20,977	5.4%	22,155	5.6%
Core Lottery Aid	2,235	2,220	-0.7%	2,252	1.4%	2,210	-1.9%	2,200	-0.5%
VLT Lottery Aid	938	944	0.6%	977	3.5%	918	-6.0%	886	-3.5%
Commerical Gaming - VLT Offset	0	0	N/A	0	N/A	29	N/A	61	110.3%
Commerical Gaming	0	0	N/A	160	N/A	160	0.0%	200	25.0%
Prior Year General Fund/Lottery Resources	9	51	N/A	0	N/A	0	0.0%	0	0.0%

State spending for School Aid is projected to total $21.7 billion in FY 2015. In future years, receipts available to finance this category of aid from core lottery sales are projected to remain stable. Beginning in FY 2016, School Aid spending is expected to be supplemented by commercial gaming revenues. In addition to State aid, school districts receive approximately $3 billion annually in Federal categorical aid.

OTHER EDUCATION FUNDING

In addition to School Aid, the State provides funding and support for various other education-related initiatives. These include: special education services; pre-kindergarten through grade 12 education programs; cultural education; higher and professional education programs; and adult career and continuing education services.

New York State provides a full spectrum of special education services to over 400,000 students with disabilities from ages 3 to 21. Major programs under the Office of Pre-kindergarten through Grade 12 address specialized student needs or reimburse school districts for education-related services, including the school lunch and breakfast program, after school programs and other educational grant programs. Higher and professional education programs monitor the quality and availability of postsecondary education programs and regulate the licensing and oversight of 50 professions. Adult career and continuing education services focuses on the education and employment needs of New York State's adult citizens, including ensuring that such individuals have access to a "one-stop" source for all their employment needs and that they are made aware of the full range of services available in other agencies.

OTHER EDUCATION
(millions of dollars)

	FY 2014 Results	FY 2015 Enacted	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,003**	**2,146**	**7.1%**	**2,212**	**3.1%**	**2,365**	**6.9%**	**2,540**	**7.4%**
Special Education	1,408	1,496	6.3%	1,593	6.5%	1,724	8.2%	1,841	6.8%
All Other Education	595	650	9.2%	619	-4.8%	641	3.6%	699	9.0%

Special education growth is primarily driven by an increase in enrollment and an increase in the level of services ordered for students in the preschool special education and the summer school special education programs. In relation to special education programs, the FY 2015 Enacted Budget advances targeted reforms to improve fiscal practices and service delivery. The decrease in other education spending for FY 2016 relative to FY 2015 is driven primarily by one-time costs associated with the timing of claims-based aid payments, and targeted aid and grants in FY 2015.

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 $64,200 exemption in FY 2015. The Department of Taxation and Finance oversees local property assessment administration, and is responsible for establishing STAR property tax exemption amounts.

The three components of STAR and their approximate shares in FY 2015 are: the basic school property tax exemption for homeowners with income under $500,000 (56 percent); the enhanced school property tax exemption for senior citizen homeowners with incomes under $81,900 (26 percent); and a flat refundable credit and rate reduction for income-eligible resident New York City personal income taxpayers (18 percent).

Spending for the STAR property tax exemption reflects reimbursements made to school districts to offset the reduction in property tax revenues. The annual increase in a qualifying homeowner's STAR exemption benefit is limited to 2 percent. New York City personal income taxpayers with annual incomes over $500,000 have a reduced benefit.

SCHOOL TAX RELIEF (STAR)
(millions of dollars)

	FY 2014 Results	FY 2015 Enacted	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change
TOTAL STATE OPERATING FUNDS	**3,357**	**3,429**	**2.1%**	**3,478**	**1.4%**	**3,574**	**2.8%**	**3,616**	**1.2%**
Basic Exemption	1,879	1,915	1.9%	1,925	0.5%	1,963	2.0%	2,002	2.0%
Enhanced (Seniors)	867	887	2.3%	894	0.8%	948	6.0%	932	-1.7%
New York City PIT	611	627	2.6%	659	5.1%	663	0.6%	682	2.9%

The spending growth is primarily a reflection of the number of STAR exemption recipients who are expected to participate in the program.

HIGHER EDUCATION

Local assistance for higher education spending includes funding for the City University of New York (CUNY), SUNY and the Higher Education Services Corporation (HESC).

The State provides assistance for CUNY's senior college operations, and works in conjunction with New York City to support CUNY's community colleges. The CUNY system is the largest urban public university system in the nation. Funding for SUNY supports 30 community colleges across multiple campuses. The State also provides a sizeable benefit to CUNY and SUNY through the debt service it pays on bond-financed capital projects at the universities. State debt service payments for capital projects at SUNY and CUNY are expected to total about $1.2 billion in FY 2015 (this is not reflected in the annual spending totals for the universities). HESC administers the Tuition Assistance Program (TAP) that provides awards to income-eligible students. It also provides centralized processing for other student financial aid programs, and offers prospective students information and guidance on how to finance a college education. The financial aid programs that HESC administers are funded by the State and the Federal government.

HIGHER EDUCATION
(millions of dollars)

	FY 2014 Results	FY 2015 Enacted	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,817**	**2,916**	**3.5%**	**2,999**	**2.8%**	**3,062**	**2.1%**	**3,123**	**2.0%**
City University	**1,346**	**1,394**	**3.6%**	**1,441**	**3.4%**	**1,490**	**3.4%**	**1,542**	**3.5%**
Senior Colleges	1,130	1,171	3.6%	1,217	3.9%	1,266	4.0%	1,318	4.1%
Community College	216	223	3.2%	224	0.4%	224	0.0%	224	0.0%
Higher Education Services	**990**	**1,034**	**4.4%**	**1,064**	**2.9%**	**1,078**	**1.3%**	**1,087**	**0.8%**
Tuition Assistance Program	944	973	3.1%	994	2.2%	997	0.3%	997	0.0%
Scholarships/Awards	35	49	40.0%	58	18.4%	69	19.0%	78	13.0%
Aid for Part Time Study	11	12	9.1%	12	0.0%	12	0.0%	12	0.0%
State University	**481**	**488**	**1.5%**	**494**	**1.2%**	**494**	**0.0%**	**494**	**0.0%**
Community College	470	481	2.3%	487	1.2%	487	0.0%	487	0.0%
Other/Cornell	11	7	-36.4%	7	0.0%	7	0.0%	7	0.0%

Note: State support for SUNY four-year institutions is funded through State operations rather than local assistance.

Annual growth by CUNY across the multi-year Financial Plan reflects the net impact of additional base operating support at community colleges and fringe benefit cost increases at senior colleges. Growth in HESC reflects the implementation of a new scholarship for Science, Technology, Engineering and Mathematics as well as a $165 increase to the maximum TAP award. SUNY local assistance reflects the net impact of additional base operating aid and enrollment changes at community colleges.

HEALTH CARE

Local assistance for health care-related spending includes Medicaid, statewide public health programs and a variety of mental hygiene programs. The State DOH works with local health departments and social services departments, including 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 many programs are supported through multi-agency efforts.

MEDICAID

Medicaid is a means-tested program that finances health care services for low-income individuals and long-term care services for the elderly and disabled, primarily through payments to health care providers. The Medicaid program is financed jointly by the State, the Federal government, and local governments. Eligible services include inpatient hospital care, outpatient hospital services, clinics, nursing homes, managed care, prescription drugs, home care, the Family Health Plus (FHP)[4] program 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 State funds Medicaid spending to the ten-year rolling average in 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 the event of a natural or other type of disaster. The FY 2015 Enacted Budget reflects the continuation of the Medicaid spending cap for FY 2015 and FY 2016, and the Financial Plan assumes that statutory authority will be extended in subsequent years. Allowable growth under the cap is 3.8 percent for FY 2015. DOB estimates the cap growth at 3.6 percent in FY 2016; 3.4 percent in FY 2017; and 3.3 percent in FY 2018 attributed to projected CPI reductions.

The Global Cap applies to a majority of the State share of Medicaid spending that is budgeted and expended principally through DOH. However, the Global Cap excludes State costs associated with the takeover of local Medicaid growth and the multi-year assumption of local Medicaid Administration, as well as increased Federal financial participation that became effective in January 2014. State share Medicaid spending also appears in the Financial Plan estimates for other State agencies, including the mental hygiene agencies, child welfare programs, education aid, and the Department of Corrections and Community Supervision (DOCCS).

[4] The FY 2014 Enacted Budget eliminated the FHP program effective January 1, 2015. The majority of the population receiving health care benefits through FHP will begin receiving more robust health care benefits through the Medicaid program, pursuant to new Medicaid eligibility thresholds and increased Federal payments pursuant to the ACA. The remaining FHP population, those above Medicaid levels, will be eligible for Federal tax credits in the New York State of Health insurance benefit exchange and the State will pay remaining out-of-pocket costs for these individuals up to previous FHP levels.

TOTAL STATE-SHARE MEDICAID DISBURSEMENTS (millions of dollars)	FY 2014 Results	FY 2015 Enacted	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected
Department of Health [1]	16,382	16,962	17,740	18,511	19,280
Local Assistance	16,241	16,732	17,523	18,282	19,051
State Operations [2]	141	230	217	229	229
Other State Agencies	4,986	5,090	5,323	5,285	5,694
Mental Hygiene	4,842	4,990	5,218	5,177	5,582
Foster Care	88	88	92	95	99
Corrections	0	12	13	13	13
Education	56	0	0	0	0
Total State Share (All Agencies)	**21,368**	**22,052**	**23,063**	**23,796**	**24,974**
Annual $ Change		684	1,011	733	1,178
Annual % Change		3.2%	4.6%	3.2%	5.0%

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

[2] Beginning in FY 2014 the Office of Health Insurance Programs was transferred to Medicaid from Public Health as part of the five-year phase-in initiative of the State to assume local administrative functions.

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

DEPARTMENT OF HEALTH MEDICAID[1] (millions of dollars)	FY 2014 Results	FY 2015 Enacted	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change
STATE OPERATING FUNDS	**16,382**	**16,962**	**3.5%**	**17,740**	**4.6%**	**18,511**	**4.3%**	**19,280**	**4.2%**
Total General Fund - Local	11,487	11,599	1.0%	12,381	6.7%	13,015	5.1%	13,728	5.5%
Department of Health	10,757	10,884	1.2%	11,666	7.2%	12,110	3.8%	13,040	7.7%
Mental Hygiene Stabilization Fund	730	445	-39.0%	267	-40.0%	267	0.0%	0	-100.0%
Financial Plan Relief	0	270	N/A	448	65.9%	638	42.4%	688	7.8%
Total General Fund - State Operations	141	230	63.1%	217	-5.7%	229	5.5%	229	0.0%
Other State Funds Support	4,754	5,133	8.0%	5,142	0.2%	5,267	2.4%	5,323	1.1%
HCRA Financing[2]	3,177	3,556	11.9%	3,565	0.3%	3,690	3.5%	3,746	1.5%
Indigent Care Support	776	792	2.1%	792	0.0%	792	0.0%	792	0.0%
Provider Assessment/Other Revenue	801	785	-2.0%	785	0.0%	785	0.0%	785	0.0%

[1] Does not include Medicaid spending in other State agencies, transfers, or the local government share of total Medicaid program spending.

[2] FY 2015 HCRA financing includes $30 million for New York State of Health.

Beginning in FY 2014, certain OPWDD-related Medicaid costs were financed within available resources under the Global Cap to alleviate the financial impact of reduced Federal revenue associated with the reimbursement of Medicaid costs at State-operated facilities providing developmental disability services. In FY 2015, additional costs were funded under the cap to benefit the State Financial Plan. These costs were accommodated through the State's implementation of the MRT initiatives; cash management improvements; and the utilization of Federal resources associated with the ACA.

Fluctuation in enrollment, costs of provider health care services (particularly in managed care), and utilization levels drive higher Medicaid spending that must be managed within the Global Cap. The number of Medicaid recipients is expected to exceed 5.8 million by the end of FY 2015, a 6.3 percent increase from the current caseload of 5.5 million. This expected growth is mainly attributable to expanded eligibility pursuant to the ACA. Under the provisions of the ACA, which became effective in January 2014, the Federal government is expected to finance a greater share of Medicaid costs, the impact of which is expected to lower growth in the State share of Medicaid.

PUBLIC HEALTH/AGING PROGRAMS

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

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

PUBLIC HEALTH AND AGING
(millions of dollars)

	FY 2014 Results	FY 2015 Enacted	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,179**	**1,868**	**-14.3%**	**1,828**	**-2.1%**	**1,798**	**-1.6%**	**1,827**	**1.6%**
Public Health	**2,067**	**1,747**	**-15.5%**	**1,701**	**-2.6%**	**1,667**	**-2.0%**	**1,693**	**1.6%**
Child Health Plus	401	417	4.0%	374	-10.3%	314	-16.0%	327	4.1%
General Public Health Works	178	192	7.9%	198	3.1%	207	4.5%	207	0.0%
EPIC	126	119	-5.6%	117	-1.7%	122	4.3%	126	3.3%
Early Intervention	163	167	2.5%	167	0.0%	167	0.0%	167	0.0%
HCRA Program	426	453	6.3%	453	0.0%	453	0.0%	453	0.0%
F-SHRP[1]	389	0	-100.0%	0	n/a	0	0.0%	0	0.0%
All Other	384	399	3.9%	392	-1.8%	404	3.1%	413	2.2%
Aging	**112**	**121**	**8.0%**	**127**	**5.0%**	**131**	**3.1%**	**134**	**2.3%**

[1] The Federal-State Health Reform Partnership Program expired March 31, 2014.

The CHP spending is expected to grow in FY 2015 due to forecasted caseload growth under the ACA. As CHP enrollment increases, initial costs will be incurred by the State until enhanced Federal participation rates become effective beginning in FY 2016. The FY 2015 Enacted Budget holds CHP reimbursement rates in FY 2015 at FY 2014 levels.

GPHW spending growth in FY 2015 is primarily attributable to the timing of a one-time recoupment from NYC which resulted in lower FY 2014 spending relative to historical patterns. Beginning in FY 2015, spending growth is expected to be managed at moderate levels in part through lower projected county claiming, as well as through encouraging enrollment in other insurance for clinical prenatal care services currently supported through GPHW.

EPIC program spending is projected to decline through FY 2016 due to enrollment changes. Growth in FY 2017 and FY 2018 reflects the expansion of the EPIC program based on increased income limits for services.

Program growth for EI in FY 2015 is mainly due to additional funding provided with the Enacted Budget to reimburse certain pending claims. This growth will remain flat through the remainder of the Financial Plan, as enrollment is expected to be stable. Increased spending for HCRA programs in FY 2015 is attributable to an additional $25 million annual subsidy for the Roswell Park Cancer Institute (RPCI), which is intended to offset the expiration of capital grant awards in order to maintain the current level of State funding for the RPCI.

HCRA FINANCIAL PLAN

HCRA was established in 1996 to help finance a portion of State health care activities. Extensions and modifications to HCRA have financed new health care programs, including FHP and CHP. HCRA has also provided additional financing for the health care industry, including investments in worker recruitment and retention, and the HEAL NY program for capital improvements to health care facilities (funding was completed during FY 2014). HCRA authorization has been extended through FY 2017, pursuant to legislation included in the 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. These resources are used to fund roughly 20 percent of the State Share of Medicaid, FHP, CHP, HEAL NY, EPIC, physician excess medical malpractice insurance, and Indigent Care payments, which provide funding to hospitals serving a disproportionate share of individuals without health insurance.

HCRA FINANCIAL PLAN FY 2014 THROUGH FY 2018
(millions of dollars)

	FY 2014 Results	FY 2015 Enacted	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected
OPENING BALANCE	**18**	**9**	**0**	**0**	**0**
TOTAL RECEIPTS	**5,320**	**5,507**	**5,646**	**5,684**	**5,683**
Surcharges	2,788	2,962	3,111	3,176	3,263
Covered Lives Assessment	1,039	1,085	1,110	1,110	1,045
Cigarette Tax Revenue	1,027	970	923	880	842
Hospital Assessments	368	400	416	433	449
NYC Cigarette Tax Transfer/Other	98	90	86	85	84
TOTAL DISBURSEMENTS	**5,329**	**5,516**	**5,646**	**5,684**	**5,683**
Medicaid Assistance Account	3,177	3,526	3,565	3,689	3,746
Medicaid Costs	*2,333*	*3,018*	*3,368*	*3,492*	*3,549*
Family Health Plus	*651*	*311*	*0*	*0*	*0*
Workforce Recruitment & Retention	*193*	*197*	*197*	*197*	*197*
Hospital Indigent Care	776	792	792	792	792
HCRA Program Account	433	467	467	467	467
Child Health Plus	406	425	383	323	337
Elderly Pharmaceutical Insurance Coverage	143	132	130	135	139
SHIN-NY/APCD	0	40	65	65	0
New York State of Health[1]	0	30	114	81	75
Public Health Programs	27	0	0	0	0
HEAL NY	266	0	0	0	0
All Other	101	104	130	132	127
ANNUAL OPERATING SURPLUS/(DEFICIT)	**(9)**	**(9)**	**0**	**0**	**0**
CLOSING BALANCE	**9**	**0**	**0**	**0**	**0**

[1] FY 2015 spending will be financed from the Medical Assistance Account.

HCRA receipts are estimated to grow 1.7 percent on average through FY 2018. Surcharge and assessment revenue is expected to increase due to expanded coverage under the ACA, and will be dedicated to finance additional administrative costs associated with the New York State of Health Exchange. This growth is partly offset by projected declines in cigarette tax revenue due to declining tobacco consumption.

HCRA spending is expected to increase by $187 million in FY 2015 and total $5.5 billion. The most significant areas of growth include additional financing of the State share of Medicaid costs; capital costs associated with the implementation of the new All Payers Claims Database (APCD) and Statewide Health Information Network for New York (SHIN-NY), which is expected to improve information capabilities and increase efficiency associated with health insurance claiming; and a $25 million increase in annual funding for RPCI to offset the expiration of other capital grant award funding.

The Enacted Budget is expected to lower costs associated with certain programs financed with HCRA revenue, the most notable of which is a planned freeze of reimbursement rates associated with the CHP program for one year.

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

MENTAL HYGIENE

The Department of Mental Hygiene is comprised of three independent agencies: OPWDD, the Office of Mental Health (OMH), and the Office of Alcoholism and Substance Abuse Services (OASAS). Services are administered to adults with serious and persistent mental illness; children with serious emotional disturbances; individuals with developmental disabilities and their families; persons with chemical dependencies; and individuals with compulsive gambling problems. These agencies provide services directly to their patients through State-operated facilities and indirectly through community service providers. The costs associated with providing these services are funded by reimbursement from Medicaid, Medicare, third-party insurance and State funding. Patient care revenues are pledged first to the payment of debt service on outstanding mental hygiene bonds, which were issued to finance improvements to infrastructure at mental hygiene facilities throughout the State, with the remaining revenue used to support State operating costs.

Legislation enacted in FY 2013 established the Justice Center for the Protection of People with Special Needs, which has the primary responsibility for tracking, investigating and pursuing serious abuse/neglect complaints at facilities and provider settings operated, certified, or licensed by six State agencies.

MENTAL HYGIENE
(millions of dollars)

	FY 2014 Results	FY 2015 Enacted	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,777**	**2,925**	**5.3%**	**3,063**	**4.7%**	**3,078**	**0.5%**	**3,557**	**15.6%**
People with Developmental Disabilities	**1,364**	**1,463**	**7.3%**	**1,533**	**4.8%**	**1,463**	**-4.6%**	**1,812**	**23.9%**
Residential Services	1,372	1,429	4.2%	1,475	3.2%	1,554	5.4%	1,640	5.5%
Day Programs	598	616	3.0%	635	3.1%	669	5.4%	707	5.7%
Clinic	20	21	5.0%	22	4.8%	23	4.5%	24	4.3%
Other Local	104	112	7.7%	116	3.6%	122	5.2%	129	5.7%
Mental Hygiene Stabilization Fund	(730)	(445)	-39.0%	(267)	-40.0%	(267)	0.0%	0	-100.0%
Financial Plan Relief	0	(270)	N/A	(448)	65.9%	(638)	42.4%	(688)	7.8%
Mental Health	**1,101**	**1,143**	**3.8%**	**1,205**	**5.4%**	**1,278**	**6.1%**	**1,396**	**9.2%**
Adult Local Services	920	952	3.5%	1,008	5.9%	1,075	6.6%	1,179	9.7%
Children Local Services	181	191	5.5%	197	3.1%	203	3.0%	217	6.9%
Alcohol and Substance Abuse	**311**	**318**	**2.3%**	**324**	**1.9%**	**336**	**3.7%**	**348**	**3.6%**
Outpatient/Methadone	125	125	0.0%	127	1.6%	131	3.1%	134	2.3%
Residential	120	127	5.8%	130	2.4%	135	3.8%	142	5.2%
Prevention and Program Support	53	53	0.0%	54	1.9%	56	3.7%	58	3.6%
Crisis	13	13	0.0%	13	0.0%	14	7.7%	14	0.0%
CQCAPD/Justice Center[1]	**1**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**

[1] The activities of the Commission on Quality of Care and Advocacy for Persons with Disabilities were subsumed by the Justice Center on June 30, 2013.

Local assistance spending accounts for nearly half of total mental hygiene spending from State Operating Funds, and is projected to grow by an average rate of 6.4 percent annually. The main factor driving this level of growth is the phase-down of the Mental Hygiene Stabilization Fund, whereby certain OPWDD-related Medicaid costs are funded under the Medicaid Global Cap. When adjusting for the phase-down of the Mental Hygiene Stabilization Fund, local program spending is expected to increase by an average annual rate of 4.9 percent, and is mainly attributable to increases in the projected State share of Medicaid costs and projected expansion of the various mental hygiene service systems, including costs associated with developing new OPWDD residential and non-residential services; expansions in community mental health services intended to reduce reliance on inpatient treatment; developing new opiate and heroin treatment and prevention programs; the New York/New York III Supportive Housing agreement; and community beds that are currently under development for adult home and nursing home residents with mental illness. Additional outyear spending is assumed in Financial Plan estimates for costs associated with efforts to move individuals to the least restrictive setting possible, as well as several chemical dependence treatment and prevention initiatives for individuals receiving services through OASAS.

In FY 2015, additional OPWDD-related Medicaid costs were funded under the cap to benefit the State Financial Plan. These costs were accommodated through the State's implementation of the MRT initiatives; cash management improvements; and the utilization of Federal resources associated with the ACA.

The Enacted Budget replaces the statutorily-indexed COLA with a 2 percent increase, beginning in January 2015, to support salary increases for Direct Care and Direct Support workers and payments to Foster/Adoptive parents. Additionally, the Enacted Budget also authorizes another 2 percent increase beginning in April 2015 for the same individuals, with the April 2015 increase expanded to also include Clinical staff. In total, the Enacted Budget commits $13 million in FY 2015, growing to $122 million in FY 2016 to support salary increases for the lowest paid not-for-profit workers and Foster/Adoptive parents.

SOCIAL SERVICES

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

TEMPORARY AND DISABILITY ASSISTANCE
(millions of dollars)

	FY 2014 Results	FY 2015 Enacted	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,351**	**1,232**	**-8.8%**	**1,259**	**2.2%**	**1,270**	**0.9%**	**1,281**	**0.9%**
SSI	739	653	-11.6%	676	3.5%	686	1.5%	695	1.3%
Public Assistance Benefits	487	459	-5.7%	459	0.0%	459	0.0%	459	0.0%
Welfare Initiatives	20	20	0.0%	18	-10.0%	18	0.0%	18	0.0%
All Other	105	100	-4.8%	106	6.0%	107	0.9%	109	1.9%

As of October 1, 2014, the State will assume responsibility for administration of the State's SSI Supplementation program from the Federal government, which will generate savings and result in an annual spending decline. DOB estimates a decline in projected costs for public assistance due to an expected 2.8 percent annual decrease in average public assistance caseload, which is projected to total 564,167 recipients in FY 2015. Approximately 249,131 families are expected to receive benefits through the Family Assistance program in FY 2015, a decrease of 3.6 percent from FY 2014. In the Safety Net program an average of 120,186 families are expected to be helped in FY 2015, a decrease of 4.2 percent from FY 2014. The caseload for single adults/childless couples supported through the Safety Net program is projected at 194,850 in FY 2015, a decrease of 0.8 percent from FY 2014.

The Office of Children and Family Services (OCFS) provides funding for foster care, adoption, child protective services, preventive services, delinquency prevention, and child care. OCFS oversees the State's system of family support and child welfare services administered by social services departments and community-based organizations. Specifically, child welfare services, which are financed jointly by the Federal government, the State, and local districts, are structured to encourage local governments to invest in preventive services intended to reduce 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 2014 Results	FY 2015 Enacted	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,750**	**1,545**	**-11.7%**	**1,753**	**13.5%**	**1,797**	**2.5%**	**1,853**	**3.1%**
Child Welfare Service	635	255	-59.8%	425	66.7%	425	0.0%	426	0.2%
Foster Care Block Grant	436	436	0.0%	436	0.0%	454	4.1%	474	4.4%
Adoption	156	159	1.9%	158	-0.6%	162	2.5%	166	2.5%
Day Care	170	311	82.9%	311	0.0%	311	0.0%	311	0.0%
Youth Programs	113	137	21.2%	159	16.1%	159	0.0%	159	0.0%
Medicaid	88	88	0.0%	90	2.3%	94	4.4%	98	4.3%
Committees on Special Education	43	40	-7.0%	42	5.0%	45	7.1%	47	4.4%
Adult Protective/Domestic Violence	31	32	3.2%	32	0.0%	32	0.0%	32	0.0%
All Other	78	87	11.5%	100	14.9%	115	15.0%	140	21.7%

The OCFS spending in FY 2015 is projected to decline from FY 2014 levels, mainly due to a decrease in spending on Child Welfare Services that is attributable to lower estimated claims. Increased Day Care spending includes a $55 million subsidy increase and a drop in Federal aid that result in State share increase to maintain program funding. In addition, the Committees on Special Education growth is based on the five-year historical average of 4.5 percent pursuant to caseload changes and rate increases for both in-state and out-of-state placements.

TRANSPORTATION

In FY 2015, the Department of Transportation (DOT) will provide $4.8 billion to support the operating costs of the Statewide mass transit systems financed from dedicated taxes and fees. The MTA, due to the size and scope of its transit and commuter rail systems, receives the majority of the statewide mass transit operating aid. In addition, the MTA receives operating support from the Mobility Tax and MTA Aid Trust Fund, authorized in May 2009 to collect regional taxes and fees imposed within the Metropolitan Commuter Transportation District (MCTD). The State collects these taxes and fees on behalf of, and disburses the entire amount to, the MTA to support the transit and commuter rail systems. Pursuant to legislation enacted in December 2011, MTA payroll tax was eliminated for all elementary and secondary schools and small business operators within the MCTD, and the General Fund now provides additional annual support, subject to appropriation, to the MTA to make up for the resulting loss of revenue.

TRANSPORTATION
(millions of dollars)

	FY 2014 Results	FY 2015 Enacted	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change
TOTAL STATE OPERATING FUNDS	**4,722**	**4,817**	**2.0%**	**4,865**	**1.0%**	**4,936**	**1.5%**	**5,014**	**1.6%**
Mass Transit Operating Aid:	2,101	2,161	2.9%	2,161	0.0%	2,161	0.0%	2,161	0.0%
Metro Mass Transit Aid	1,964	2,015	2.6%	2,015	0.0%	2,015	0.0%	2,015	0.0%
Public Transit Aid	85	94	10.6%	94	0.0%	94	0.0%	94	0.0%
18-b General Fund Aid	27	27	0.0%	27	0.0%	27	0.0%	27	0.0%
School Fare	25	25	0.0%	25	0.0%	25	0.0%	25	0.0%
Mobility Tax and MTA Aid Trust	1,898	1,931	1.7%	2,004	3.8%	2,076	3.6%	2,154	3.8%
Dedicated Mass Transit	677	679	0.3%	654	-3.7%	653	-0.2%	652	-0.2%
AMTAP	45	45	0.0%	45	0.0%	45	0.0%	45	0.0%
All Other	1	1	0.0%	1	0.0%	1	0.0%	2	100.0%

Increased operating aid to the MTA and other transit systems reflects the current receipts forecast and the timing of resources due to transactional delays during FY 2014.

The Enacted Budget includes legislative authorization to offset General Fund support for MTA-related debt service costs by transferring $30 million in dedicated resources from the MMTOA account to the General Debt Service Fund. The Financial Plan also assumes that $20 million in MMTOA resources will be available to offset MTA-related debt service costs on an annual basis beginning in FY 2016.

LOCAL GOVERNMENT ASSISTANCE

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

LOCAL GOVERNMENT ASSISTANCE
(millions of dollars)

	FY 2014 Results	FY 2015 Enacted	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change
TOTAL STATE OPERATING FUNDS	**756**	**779**	**3.0%**	**778**	**-0.1%**	**789**	**1.4%**	**792**	**0.4%**
AIM:									
Big Four Cities	429	429	0.0%	429	0.0%	429	0.0%	429	0.0%
Other Cities	218	218	0.0%	218	0.0%	218	0.0%	218	0.0%
Towns and Villages	68	68	0.0%	68	0.0%	68	0.0%	68	0.0%
Restructuring/Efficiency	4	24	500.0%	34	41.7%	45	32.4%	48	6.7%
All Other Local Aid	37	40	8.1%	29	-27.5%	29	0.0%	29	0.0%

Spending for AIM efficiency incentive grants increases over the multi-year period reflecting the anticipated awards from the Financial Restructuring Board for Local Governments.

AGENCY OPERATIONS

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

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

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

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING PERSONAL SERVICE AND FRINGE BENEFITS		Forecast			
	FY 2014 Results	FY 2015 Enacted	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected
Negotiated Base Salary Increases [1]					
CSEA/NYSCOPBA/Council 82/UUP	0%	2%	2%	TBD	TBD
PEF / NYSPBA	0%	2%	TBD	TBD	TBD
State Workforce[2]	118,492	118,961	118,961	118,961	118,961
ERS Pension Contribution Rate[3]					
Before Amortization (Normal/Admin/GLIP)	21.5%	20.6%	14.6%	12.6%	11.2%
After Amortization	12.5%	13.5%	14.2%	13.2%	12.2%
PFRS Pension Contribution Rate					
Before Amortization (Normal/Admin/GLIP)	29.9%	28.5%	20.9%	18.9%	17.1%
After Amortization	20.5%	21.5%	20.8%	19.8%	18.8%
Employee/Retiree Health Insurance Growth Rates	3.8%	3.3%	6.5%	6.5%	6.5%
PS/Fringe as % of Receipts (All Funds Basis)	14.4%	14.4%	14.4%	14.1%	13.9%

[1] Reflects current collective bargaining agreements with settled unions. Does not reflect potential impact of future negotiated labor agreements.
[2] Reflects workforce that is Subject to Direct Executive Control.
[3] As Percent of Salary.

The majority of State agencies are expected to hold personal service and non-personal service spending constant over the plan period. Costs from collective bargaining agreements, which include 2 percent salary increases in FY 2015 and FY 2016 (for certain unions), applicable lump sum payments of $225, and repayment of a portion of the deficit reduction adjustment made to employee salaries, are expected to be funded from operational savings.

Gaming, health care, and SUNY are three areas expected to experience limited programmatic growth over the ensuing four years. The growth in gaming is attributable to activities related to casino development and oversight. Increases in DOH are primarily driven by the State's implementation of the New York State of Health insurance benefit exchange, the State's insurance marketplace program as mandated by ACA. Beginning in FY 2015, program costs for New York State of Health are partially offset by Federal grants; however, DOH must fully absorb the start-up costs by FY 2016. SUNY spending is driven by tuition funding and reflects anticipated operating needs.

Other increases are technical in nature and reflect funding reclassifications or administrative reconciliations. For example, growth in Temporary and Disability Assistance reflects the reclassification of local assistance contracts to agency operation spending; while the consolidation of state agency IT functions into one central agency, IT Services, drives a higher cost in FY 2015 compared to FY 2014. In addition, the State's workforce is paid on a bi-weekly basis, weekly pay cycles that alternate between Administrative and Institutional payrolls. There are typically 26 pay periods in a fiscal year. In FY 2016, employees in the Mental Hygiene and DOCCS facilities will have one additional institutional payroll.

STATE OPERATING FUNDS - AGENCY OPERATIONS (millions of dollars)

	FY 2014 Results	FY 2015 Enacted	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected
SUBJECT TO DIRECT EXECUTIVE CONTROL	**9,741**	**9,924**	**10,216**	**10,074**	**10,045**
Mental Hygiene	2,915	2,878	2,892	2,890	2,890
Corrections and Community Supervision	2,584	2,572	2,576	2,580	2,582
State Police	648	651	647	647	647
Public Health	406	421	530	497	489
Tax and Finance	345	339	332	331	331
Children and Family Services	277	264	252	252	252
Environmental Conservation	235	234	235	235	213
Information Technology Services	220	421	427	427	427
Financial Services	195	202	202	202	202
Medicaid Admin	141	230	217	229	229
Parks, Recreation and Historic Preservation	186	178	178	178	178
Gaming	137	166	165	165	166
Temporary and Disability Assistance	139	150	161	161	161
General Services	164	150	149	149	149
Workers' Compensation Board	148	142	142	142	142
Disaster Assistance	1	(68)	0	0	0
27th Institutional Payroll	0	0	124	0	0
All Other	1,000	994	987	989	987
UNIVERSITY SYSTEMS	**5,777**	**5,821**	**5,940**	**6,077**	**6,185**
State University	5,698	5,731	5,849	5,984	6,090
City University	79	90	91	93	95
INDEPENDENT AGENCIES	**300**	**309**	**309**	**309**	**309**
Law	162	168	168	168	168
Audit & Control	138	141	141	141	141
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	**15,818**	**16,054**	**16,465**	**16,460**	**16,539**
Judiciary	1,838	1,926	1,926	1,926	1,926
Legislature	208	219	219	219	219
Statewide Total	**17,864**	**18,199**	**18,610**	**18,605**	**18,684**
Personal Service	12,300	12,593	12,831	12,808	12,856
	-0.8%	2.4%	1.9%	-0.2%	0.4%
Non-Personal Service	5,564	5,606	5,779	5,797	5,828
	5.4%	0.8%	3.1%	0.3%	0.5%

In FY 2015, $12.6 billion or 13.6 percent of the State Operating Funds Budget is projected to be spent on personal service costs and supports roughly 98,700 full-time equivalent (FTE) employees under direct Executive control and another 15,100 employees of the Legislature and Judiciary. Roughly 75 percent of all personal service spending occurs in four areas: SUNY, the Mental Hygiene agencies, DOCCS, and Judiciary.

STATE OPERATING FUNDS
FY 2015 PERSONAL SERVICE SPENDING BY AGENCY
(millions of dollars)

	Dollars	FTEs
Subject to Direct Executive Control	**7,134**	**98,719**
Mental Hygiene Agencies	2,270	33,961
Corrections and Community Supervision	2,090	28,171
State Police	559	5,439
Tax and Finance	275	4,368
Health	264	3,769
Environmental Conservation	177	2,254
Children and Family Services	158	2,595
Financial Services	147	1,299
Parks, Recreation and Historic Preservation	132	1,592
All Other	1,062	15,271
University Systems	**3,586**	**43,606**
State University	3,545	43,339
City University	41	267
Independent Agencies	**1,873**	**18,229**
Law	114	1,578
Audit & Control	110	1,582
Judiciary	1,483	15,069
Legislature [1]	166	0
Total Spending / FTEs	**12,593**	**160,554**

[1] Excludes employees of the Legislature.

Note: CUNY employees are funded primarily through an agency trust fund. This represents approximately an additional 13,376 FTEs.

GENERAL STATE CHARGES

Fringe benefit payments, many of which are mandated by statute or collective bargaining agreements, include employer contributions for pensions, the State's share of Social Security, health insurance, workers' compensation, unemployment insurance, and dental and vision benefits. The majority of employee fringe benefit costs are paid centrally from statewide appropriations. However, certain agencies, including the Judiciary and SUNY, directly pay all or a portion of their employees' fringe benefit costs from their respective budgets. Employee fringe benefits paid through GSCs are paid from the General Fund in the first instance, and then partially reimbursed by revenue collected from fringe benefit assessments on Federal funds and other special revenue accounts. The largest General Fund reimbursement comes from the mental hygiene agencies.

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

GENERAL STATE CHARGES
(millions of dollars)

	FY 2014 Results	FY 2015 Enacted	Change	FY 2016 Projected	Change	FY 2017 Projected	Change	FY 2018 Projected	Change
TOTAL STATE OPERATING FUNDS	**6,958**	**7,206**	**3.6%**	**7,513**	**4.3%**	**7,707**	**2.6%**	**7,854**	**1.9%**
Fringe Benefits	**6,564**	**6,805**	**3.7%**	**7,115**	**4.6%**	**7,322**	**2.9%**	**7,461**	**1.9%**
Health Insurance	3,253	3,355	3.1%	3,560	6.1%	3,775	6.0%	4,004	6.1%
Employee Health Insurance	1,790	1,846	3.1%	1,959	6.1%	2,077	6.0%	2,203	6.1%
Retiree Health Insurance	1,463	1,509	3.1%	1,601	6.1%	1,698	6.1%	1,801	6.1%
Pensions	2,086	2,136	2.4%	2,301	7.7%	2,190	-4.8%	2,091	-4.5%
Social Security	944	967	2.4%	987	2.1%	1,008	2.1%	1,026	1.8%
All Other Fringe	281	347	23.5%	267	-23.1%	349	30.7%	340	-2.6%
Fixed Costs	**394**	**401**	**1.8%**	**398**	**-0.7%**	**385**	**-3.3%**	**393**	**2.1%**

GSCs are projected to increase at an average annual rate of 3.1 percent over the Financial Plan period due mainly to projected growth in the employer share of cost of employee and retiree health insurance and social security payments, which generally move in tandem with the State's personal service costs. Fixed costs are projected to average approximately $395 million annually over the multi-year plan. The declines in FY 2016 and FY 2017 reflect the expected final litigation payments for certain settlements.

TRANSFERS TO OTHER FUNDS (GENERAL FUND BASIS)

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

GENERAL FUND TRANSFERS TO OTHER FUNDS (millions of dollars)	FY 2014 Results	FY 2015 Enacted	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected
TOTAL TRANSFERS TO OTHER FUNDS	**9,095**	**8,102**	**8,998**	**10,011**	**10,596**
State Share of Mental Hygiene Medicaid	**1,576**	**1,638**	**1,313**	**1,281**	**1,156**
Debt Service	**1,972**	**1,081**	**1,058**	**1,457**	**1,509**
SUNY University Operations	**971**	**977**	**980**	**980**	**980**
Capital Projects	**1,436**	**930**	**1,406**	**1,761**	**2,006**
Dedicated Highway and Bridge Trust Fund	450	719	697	776	848
All Other Capital	986	211	709	985	1,158
ALL OTHER TRANSFERS	**3,140**	**3,476**	**4,241**	**4,532**	**4,945**
Mental Hygiene	2,135	2,216	3,039	3,320	3,732
Department of Transportation (MTA Tax)	329	335	335	335	336
SUNY - Disproportionate Share	173	209	228	228	228
Judiciary Funds	107	107	107	107	107
SUNY - Hospital Operations	67	88	88	88	88
Dedicated Mass Transportation Trust Fund	0	63	63	63	63
Mortgage Settlement Proceeds Trust Fund	0	58	0	0	0
Banking Services	41	50	52	54	55
Indigent Legal Services	28	40	40	40	40
Mass Transportation Operating Assistance	34	37	37	37	37
Alcoholic Beverage Control	18	20	20	20	20
Information Technology Services	40	14	6	0	0
Public Transportation Systems	12	15	15	15	15
Correctional Industries	10	12	11	11	11
All Other	146	212	200	214	213

A significant portion of the capital and operating expenses of DOT and the Department of Motor Vehicles (DMV) are funded from the DHBTF. The Fund receives various dedicated tax and fee revenues, including the petroleum business tax, motor fuel tax, and highway use taxes. The Financial Plan includes transfers from the General Fund that effectively subsidize the expenses of the DHBTF. The subsidy is required because the cumulative expenses of the fund – capital and operating expenses of DOT and DMV, debt service on certain transportation bonds – exceed current and projected 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 bonds issued by State public authorities (e.g., Empire State Development (ESD), DASNY, and the Thruway Authority, subject to an appropriation). Depending on the credit structure, debt service is financed by transfers from the General Fund, dedicated taxes and fees, and other resources, such as patient income revenues.

DEBT SERVICE SPENDING PROJECTIONS
(millions of dollars)

	FY 2014 Results	FY 2015 Enacted	Annual Change	Percent Change
General Fund	**1,972**	**1,081**	**(891)**	**-45.2%**
Other State Support	4,428	4,567	139	3.1%
State Operating/All Funds Total	**6,400**	**5,648**	**(752)**	**-11.8%**

Total debt service is projected at $5.6 billion in FY 2015, of which approximately $1.1 billion is paid from the General Fund through transfers, and $4.6 billion from other State funds. The General Fund transfer finances debt service payments on General Obligation and service contract bonds. Debt service is paid directly from other State funds for the State's revenue bonds, including PIT and Sales Tax bonds, DHBTF bonds, and mental health facilities bonds.

Enacted Budget estimates for debt service spending have been revised to reflect a number of factors, including actual bond sales through FY 2014 and revised estimates for future bonding levels, including increased debt service costs associated with additional capital commitments. Also, FY 2015 spending estimates assume the prepayment of $350 million of debt service that is due during FY 2016. Excluding prepayments, debt service is projected to remain flat year-over-year.

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. The Financial Plan projections for FY 2016 and thereafter, set forth in this AIS, reflect the savings that DOB estimates would occur if the Governor continues to propose, and the Legislature continues to enact, balanced budgets in future years that limit annual growth in State Operating Funds to no greater than 2 percent. The estimated savings are labeled in the Financial Plan tables as "Adherence to 2% State Operating Funds Spending Benchmark." Total disbursements in Financial Plan tables and discussion do not assume these savings. If the 2 percent State Operating Funds spending benchmark is not adhered to, budget gaps may result.

CASH RECEIPTS
ALL GOVERNMENTAL FUNDS
FY 2015 THROUGH FY 2018
(millions of dollars)

	FY 2015 Enacted	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected
Taxes:				
Withholdings	35,149	37,410	39,491	40,905
Estimated Payments	13,418	14,895	16,119	17,058
Final Payments	2,166	2,328	2,530	2,636
Other Payments	1,246	1,293	1,338	1,391
Gross Collections	51,979	55,926	59,478	61,990
State/City Offset	(448)	(448)	(448)	(448)
Refunds	(7,796)	(8,649)	(9,007)	(9,081)
Reported Tax Collections	43,735	46,829	50,023	52,461
STAR (Dedicated Deposits)	0	0	0	0
RBTF (Dedicated Transfers)	0	0	0	0
Personal Income Tax	43,735	46,829	50,023	52,461
Sales and Use Tax	12,967	13,448	13,947	14,474
Cigarette and Tobacco Taxes	1,299	1,293	1,236	1,186
Motor Fuel Tax	487	484	485	481
Alcoholic Beverage Taxes	256	261	266	271
Highway Use Tax	136	145	139	141
Auto Rental Tax	119	124	128	135
Taxicab Surcharge	100	101	101	101
Gross Utility Taxes and Fees	15,364	15,856	16,302	16,789
LGAC/STBF (Dedicated Transfers)	0	0	0	0
User Taxes and Fees	15,364	15,856	16,302	16,789
Corporation Franchise Tax	2,798	4,533	4,257	4,442
Corporation and Utilities Tax	790	780	800	818
Insurance Taxes	1,534	1,596	1,572	1,553
Bank Tax	1,409	(10)	203	190
Petroleum Business Tax	1,140	1,100	1,098	1,098
Business Taxes	7,671	7,999	7,930	8,101
Estate Tax	1,179	1,139	1,044	994
Real Estate Transfer Tax	955	1,020	1,079	1,149
Gift Tax	0	0	0	0
Real Property Gains Tax	0	0	0	0
Pari-Mutuel Taxes	17	17	17	17
Other Taxes	1	1	1	1
Gross Other Taxes	2,152	2,177	2,141	2,161
Real Estate Transfer Tax (Dedicated)	0	0	0	0
Other Taxes	2,152	2,177	2,141	2,161
Payroll Tax	1,266	1,332	1,403	1,478
Total Taxes	70,188	74,193	77,799	80,990
Licenses, Fees, Etc.	757	758	760	760
Abandoned Property	655	655	655	655
Motor Vehicle Fees	1,300	1,300	1,300	1,300
ABC License Fee	56	65	61	62
Reimbursements	299	289	279	269
Investment Income	10	10	10	10
Other Transactions	22,595	22,137	21,309	20,122
Miscellaneous Receipts	25,672	25,214	24,374	23,178
Federal Receipts	45,789	46,534	48,283	49,750
Total	141,649	145,941	150,456	153,918

Source: NYS DOB.

CASH FINANCIAL PLAN STATE OPERATING FUNDS BUDGET FY 2015 (millions of dollars)	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Opening Fund Balance	2,235	2,489	65	4,789
Receipts:				
Taxes	42,659	8,351	17,816	68,826
Miscellaneous Receipts	3,815	16,003	460	20,278
Federal Receipts	0	1	73	74
Total Receipts	46,474	24,355	18,349	89,178
Disbursements:				
Local Assistance Grants	42,118	19,063	0	61,181
Departmental Operations:				
Personal Service	5,890	6,703	0	12,593
Non-Personal Service	1,960	3,603	43	5,606
General State Charges	5,072	2,134	0	7,206
Debt Service	0	0	5,648	5,648
Capital Projects	0	0	0	0
Total Disbursements	55,040	31,503	5,691	92,234
Other Financing Sources (Uses):				
Transfers from Other Funds	16,488	8,104	4,467	29,059
Transfers to Other Funds	(8,102)	(998)	(17,132)	(26,232)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	8,386	7,106	(12,665)	2,827
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	(180)	(42)	(7)	(229)
Closing Fund Balance	2,055	2,447	58	4,560

Source: NYS DOB.

CASH FINANCIAL PLAN STATE OPERATING FUNDS BUDGET FY 2016 (millions of dollars)	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	45,436	8,522	18,886	72,844
Miscellaneous Receipts	2,980	16,145	433	19,558
Federal Receipts	0	1	73	74
Total Receipts	48,416	24,668	19,392	92,476
Disbursements:				
Local Assistance Grants	44,827	19,314	0	64,141
Departmental Operations:				
Personal Service	5,986	6,845	0	12,831
Non-Personal Service	2,010	3,726	43	5,779
General State Charges	5,322	2,191	0	7,513
Debt Service	0	0	5,908	5,908
Capital Projects	0	1	0	1
Total Disbursements	58,145	32,077	5,951	96,173
Other Financing Sources (Uses):				
Transfers from Other Funds	16,947	8,177	4,104	29,228
Transfers to Other Funds	(8,998)	(754)	(17,532)	(27,284)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	7,949	7,423	(13,428)	1,944
Use (Reservation) of Fund Balance:				
Prior-Year Labor Agreements (2007-2011)	(11)	0	0	(11)
Total Use (Reservation) of Fund Balance	(11)	0	0	(11)
Adherence to 2% State Operating Funds Spending Benchmark*	2,094	0	0	2,094
Net Surplus (Deficit)	303	14	13	330

*Savings estimated from limiting annual spending growth in future years to 2 percent. The Governor is expected to propose, and negotiate with the Legislature to enact, budgets that hold State Operating Funds spending growth to 2 percent. Assumes all savings from holding spending growth are made available to the General Fund. Total disbursements in Financial Plan tables and discussion do not assume this spending limit and without adherence to this spending limit, budget gaps may result.

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	47,746	8,732	19,976	76,454
Miscellaneous Receipts	2,790	16,057	404	19,251
Federal Receipts	0	1	73	74
Total Receipts	50,536	24,790	20,453	95,779
Disbursements:				
Local Assistance Grants	47,077	19,273	0	66,350
Departmental Operations:				
Personal Service	5,952	6,856	0	12,808
Non-Personal Service	2,004	3,750	43	5,797
General State Charges	5,470	2,237	0	7,707
Debt Service	0	0	6,682	6,682
Capital Projects	0	2	0	2
Total Disbursements	60,503	32,118	6,725	99,346
Other Financing Sources (Uses):				
Transfers from Other Funds	17,710	8,270	4,454	30,434
Transfers to Other Funds	(10,011)	(709)	(18,167)	(28,887)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	7,699	7,561	(13,713)	1,547
Use (Reservation) of Fund Balance:				
Prior-Year Labor Agreements (2007-2011)	(12)	0	0	(12)
Total Use (Reservation) of Fund Balance	(12)	0	0	(12)
Adherence to 2% State Operating Funds Spending Benchmark*	3,385	0	0	3,385
Net Surplus (Deficit)	1,105	233	15	1,353

*Savings estimated from limiting annual spending growth in future years to 2 percent. The Governor is expected to propose, and negotiate with the Legislature to enact, budgets that hold State Operating Funds spending growth to 2 percent. Assumes all savings from holding spending growth are made available to the General Fund. Total disbursements in Financial Plan tables and discussion do not assume this spending limit and without adherence to this spending limit, budget gaps may result.

Source: NYS DOB.

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

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	49,844	8,892	20,905	79,641
Miscellaneous Receipts	2,215	16,121	399	18,735
Federal Receipts	0	1	73	74
Total Receipts	52,059	25,014	21,377	98,450
Disbursements:				
Local Assistance Grants	49,671	19,574	0	69,245
Departmental Operations:				
Personal Service	5,975	6,881	0	12,856
Non-Personal Service	2,052	3,733	43	5,828
General State Charges	5,583	2,271	0	7,854
Debt Service	0	0	7,011	7,011
Capital Projects	0	2	0	2
Total Disbursements	63,281	32,461	7,054	102,796
Other Financing Sources (Uses):				
Transfers from Other Funds	18,391	8,391	4,417	31,199
Transfers to Other Funds	(10,596)	(630)	(18,710)	(29,936)
Bond and Note Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	7,795	7,761	(14,293)	1,263
Use (Reservation) of Fund Balance:				
Prior-Year Labor Agreements (2007-2011)	(11)	0	0	(11)
Total Use (Reservation) of Fund Balance	(11)	0	0	(11)
Adherence to 2% State Operating Funds Spending Benchmark*	4,916	0	0	4,916
Net Surplus (Deficit)	1,478	314	30	1,822

*Savings estimated from limiting annual spending growth in future years to 2 percent. The Governor is expected to propose, and negotiate with the Legislature to enact, budgets that hold State Operating Funds spending growth to 2 percent. Assumes all savings from holding spending growth are made available to the General Fund. Total disbursements in Financial Plan tables and discussion do not assume this spending limit and without adherence to this spending limit, budget gaps may result.

Source: NYS DOB.

CASH FINANCIAL PLAN ALL GOVERNMENTAL FUNDS FY 2015 (millions of dollars)	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Opening Fund Balance	2,235	2,364	(629)	65	4,035
Receipts:					
Taxes	42,659	8,351	1,362	17,816	70,188
Miscellaneous Receipts	3,815	16,189	5,208	460	25,672
Federal Receipts	0	43,654	2,062	73	45,789
Total Receipts	46,474	68,194	8,632	18,349	141,649
Disbursements:					
Local Assistance Grants	42,118	58,138	2,474	0	102,730
Departmental Operations:					
Personal Service	5,890	7,365	0	0	13,255
Non-Personal Service	1,960	4,822	0	43	6,825
General State Charges	5,072	2,443	0	0	7,515
Debt Service	0	0	0	5,648	5,648
Capital Projects	0	0	5,991	0	5,991
Total Disbursements	55,040	72,768	8,465	5,691	141,964
Other Financing Sources (Uses):					
Transfers from Other Funds	16,488	7,719	1,048	4,467	29,722
Transfers to Other Funds	(8,102)	(3,060)	(1,509)	(17,132)	(29,803)
Bond and Note Proceeds	0	0	306	0	306
Net Other Financing Sources (Uses)	8,386	4,659	(155)	(12,665)	225
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) Over Disbursements	(180)	85	12	(7)	(90)
Closing Fund Balance	2,055	2,449	(617)	58	3,945

Source: NYS DOB.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	45,436	8,522	1,349	18,886	74,193
Miscellaneous Receipts	2,980	16,331	5,470	433	25,214
Federal Receipts	0	44,776	1,685	73	46,534
Total Receipts	48,416	69,629	8,504	19,392	145,941
Disbursements:					
Local Assistance Grants	44,827	60,238	2,635	0	107,700
Departmental Operations:					
Personal Service	5,986	7,528	0	0	13,514
Non-Personal Service	2,010	4,738	0	43	6,791
General State Charges	5,322	2,518	0	0	7,840
Debt Service	0	0	0	5,908	5,908
Capital Projects	0	1	7,115	0	7,116
Total Disbursements	58,145	75,023	9,750	5,951	148,869
Other Financing Sources (Uses):					
Transfers from Other Funds	16,947	7,834	1,545	4,104	30,430
Transfers to Other Funds	(8,998)	(2,425)	(1,508)	(17,532)	(30,463)
Bond and Note Proceeds	0	0	1,120	0	1,120
Net Other Financing Sources (Uses)	7,949	5,409	1,157	(13,428)	1,087
Use (Reservation) of Fund Balance:					
Prior-Year Labor Agreements (2007-2011)	(11)	0	0	0	(11)
Total Use (Reservation) of Fund Balance	(11)	0	0	0	(11)
Adherence to 2% State Operating Funds Spending Benchmark*	2,094	0	0	0	2,094
Net Surplus (Deficit)	303	15	(89)	13	242

*Savings estimated from limiting annual spending growth in future years to 2 percent. The Governor is expected to propose, and negotiate with the Legislature to enact, budgets that hold State Operating Funds spending growth to 2 percent. Assumes all savings from holding spending growth are made available to the General Fund. Total disbursements in Financial Plan tables and discussion do not assume this spending limit and without adherence to this spending limit, budget gaps may result.

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
Receipts:					
Taxes	47,746	8,732	1,345	19,976	77,799
Miscellaneous Receipts	2,790	16,243	4,937	404	24,374
Federal Receipts	0	46,569	1,641	73	48,283
Total Receipts	50,536	71,544	7,923	20,453	150,456
Disbursements:					
Local Assistance Grants	47,077	62,268	2,224	0	111,569
Departmental Operations:					
Personal Service	5,952	7,549	0	0	13,501
Non-Personal Service	2,004	4,578	0	43	6,625
General State Charges	5,470	2,567	0	0	8,037
Debt Service	0	0	0	6,682	6,682
Capital Projects	0	2	6,366	0	6,368
Total Disbursements	60,503	76,964	8,590	6,725	152,782
Other Financing Sources (Uses):					
Transfers from Other Funds	17,710	7,927	1,896	4,454	31,987
Transfers to Other Funds	(10,011)	(2,274)	(1,567)	(18,167)	(32,019)
Bond and Note Proceeds	0	0	415	0	415
Net Other Financing Sources (Uses)	7,699	5,653	744	(13,713)	383
Use (Reservation) of Fund Balance:					
Prior-Year Labor Agreements (2007-2011)	(12)	0	0	0	(12)
Total Use (Reservation) of Fund Balance	(12)	0	0	0	(12)
Adherence to 2% State Operating Funds Spending Benchmark*	3,385	0	0	0	3,385
Net Surplus (Deficit)	1,105	233	77	15	1,430

*Savings estimated from limiting annual spending growth in future years to 2 percent. The Governor is expected to propose, and negotiate with the Legislature to enact, budgets that hold State Operating Funds spending growth to 2 percent. Assumes all savings from holding spending growth are made available to the General Fund. Total disbursements in Financial Plan tables and discussion do not assume this spending limit and without adherence to this spending limit, budget gaps may result.

Source: NYS DOB.

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

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	49,844	8,892	1,349	20,905	80,990
Miscellaneous Receipts	2,215	16,307	4,257	399	23,178
Federal Receipts	0	48,005	1,672	73	49,750
Total Receipts	52,059	73,204	7,278	21,377	153,918
Disbursements:					
Local Assistance Grants	49,671	64,124	1,990	0	115,785
Departmental Operations:					
Personal Service	5,975	7,578	0	0	13,553
Non-Personal Service	2,052	4,570	0	43	6,665
General State Charges	5,583	2,604	0	0	8,187
Debt Service	0	0	0	7,011	7,011
Capital Projects	0	2	6,146	0	6,148
Total Disbursements	63,281	78,878	8,136	7,054	157,349
Other Financing Sources (Uses):					
Transfers from Other Funds	18,391	8,391	2,070	4,417	33,269
Transfers to Other Funds	(10,596)	(2,403)	(1,617)	(18,710)	(33,326)
Bond and Note Proceeds	0	0	392	0	392
Net Other Financing Sources (Uses)	7,795	5,988	845	(14,293)	335
Use (Reservation) of Fund Balance:					
Prior-Year Labor Agreements (2007-2011)	(11)	0	0	0	(11)
Total Use (Reservation) of Fund Balance	(11)	0	0	0	(11)
Adherence to 2% State Operating Funds Spending Benchmark*	4,916	0	0	0	4,916
Net Surplus (Deficit)	1,478	314	(13)	30	1,809

*Savings estimated from limiting annual spending growth in future years to 2 percent. The Governor is expected to propose, and negotiate with the Legislature to enact, budgets that hold State Operating Funds spending growth to 2 percent. Assumes all savings from holding spending growth are made available to the General Fund. Total disbursements in Financial Plan tables and discussion do not assume this spending limit and without adherence to this spending limit, budget gaps may result.

Source: NYS DOB.

CASHFLOW
GENERAL FUND
FY 2015
(dollars in millions)

	2014 April Results	May Projected	June Projected	July Projected	August Projected	September Projected	October Projected	November Projected	December Projected	2015 January Projected	February Projected	March Projected	Total
OPENING BALANCE	2,235	5,533	2,652	2,602	2,465	1,840	4,159	2,650	1,104	3,116	5,155	5,795	2,235
RECEIPTS:													
Personal Income Tax	4,015	1,297	2,696	1,989	1,784	3,067	1,426	1,544	3,311	3,349	2,699	2,195	29,372
User Taxes and Fees	507	473	645	519	506	647	524	520	699	551	457	604	6,652
Business Taxes	148	8	922	73	41	952	116	77	903	154	98	1,946	5,438
Other Taxes	85	101	101	101	102	102	101	101	101	100	100	102	1,197
Total Taxes	4,755	1,879	4,364	2,682	2,433	4,768	2,167	2,242	5,014	4,154	3,354	4,847	42,659
Abandoned Property	1	0	0	1	4	50	20	140	25	35	85	294	655
ABC License Fee	7	5	5	5	5	5	5	5	3	4	3	4	56
Investment Income	0	0	1	0	0	1	0	0	4	0	0	4	10
Licenses, Fees, etc.	31	50	65	50	50	70	50	70	90	75	65	91	757
Motor Vehicle Fees	37	13	13	12	12	12	10	10	10	9	9	8	155
Reimbursements	2	5	45	10	10	50	10	20	55	15	30	47	299
Other Transactions	97	1,011	27	31	11	162	34	15	49	37	19	390	1,883
Total Miscellaneous Receipts	175	1,084	156	109	92	350	129	260	236	175	211	838	3,815
Federal Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0
PIT in Excess of Revenue Bond Debt Service	1,338	262	1,041	417	243	1,241	361	177	1,166	1,112	477	1,203	9,038
Tax in Excess of LGAC	212	57	464	228	177	295	235	236	319	246	3	156	2,628
Sales Tax Bond Fund	208	219	287	220	220	292	221	222	306	232	197	284	2,908
Real Estate Taxes in Excess of CW/CA Debt Service	57	62	66	70	80	75	67	60	52	55	60	57	761
All Other	90	88	57	36	2	113	38	2	35	56	228	408	1,153
Total Transfers from Other Funds	1,905	688	1,915	971	722	2,016	922	697	1,878	1,701	965	2,108	16,488
TOTAL RECEIPTS	6,835	3,651	6,435	3,762	3,247	7,134	3,218	3,199	7,128	6,030	4,530	7,793	62,962
DISBURSEMENTS:													
School Aid	282	2,660	1,748	90	555	1,586	936	1,496	1,662	425	487	6,529	18,456
Higher Education	13	18	836	259	140	60	466	41	191	35	337	488	2,884
All Other Education	20	304	175	206	159	83	248	72	44	293	209	321	2,134
Medicaid - DOH	1,101	1,034	1,037	927	1,149	756	976	1,117	611	1,025	1,091	774	11,598
Public Health	1	106	65	56	84	33	32	35	81	61	90	107	751
Mental Hygiene	5	1	272	1	1	273	157	0	278	121	85	250	1,444
Children and Families	27	122	141	76	76	246	76	76	229	88	62	322	1,541
Temporary & Disability Assistance	98	106	106	161	115	42	98	98	98	98	98	114	1,232
Transportation	0	24	0	0	24	0	0	24	14	0	12	0	98
Unrestricted Aid	0	13	391	1	1	105	8	1	188	1	3	67	779
All Other	22	3	217	50	55	46	102	107	123	111	122	243	1,201
Total Local Assistance Grants	1,569	4,391	4,988	1,827	2,359	3,230	3,099	3,067	3,519	2,258	2,596	9,215	42,118
Personal Service	447	526	445	588	450	448	537	463	614	458	458	456	5,890
Non-Personal Service	83	144	141	142	135	150	175	171	184	164	192	279	1,960
Total Departmental Operations	530	670	586	730	585	598	712	634	798	622	650	735	7,850
General State Charges	504	859	292	617	418	327	623	425	218	521	208	60	5,072
Debt Service	401	(154)	(2)	226	(3)	(99)	140	0	(32)	394	(19)	229	1,081
Capital Projects	9	80	(207)	139	61	161	(113)	0	68	49	106	577	930
State Share Medicaid	169	143	154	148	154	155	108	129	120	119	121	118	1,638
SUNY Operations	210	210	210	188	0	0	0	160	0	0	0	(1)	977
Other Purposes	145	333	464	24	298	443	158	330	425	28	228	600	3,476
Total Transfers to Other Funds	934	612	619	725	510	660	293	619	581	590	436	1,523	8,102
TOTAL DISBURSEMENTS	3,537	6,532	6,485	3,899	3,872	4,815	4,727	4,745	5,116	3,991	3,890	11,533	63,142
Excess/(Deficiency) of Receipts over Disbursements	3,298	(2,881)	(50)	(137)	(625)	2,319	(1,509)	(1,546)	2,012	2,039	640	(3,740)	(180)
CLOSING BALANCE	5,533	2,652	2,602	2,465	1,840	4,159	2,650	1,104	3,116	5,155	5,795	2,055	2,055

Source: NYS DOB.

PART III

STATE OF NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED MARCH 31, 2014

PREPARED BY THE
OFFICE OF THE STATE COMPTROLLER
STATE OF NEW YORK

The Comprehensive Annual Financial Report of the State of New York for the State fiscal year ended March 31, 2014 (FY 2014 CAFR) was issued on July 29, 2014 and is hereby included in this Official Statement by reference. The Basic Financial Statements and Other Supplementary Information of the State of New York, which are included in the FY 2014 CAFR, were prepared by the Office of the State Comptroller in accordance with accounting principles generally accepted in the United States of America (GAAP) and were independently audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The Basic Financial Statements and Other Supplementary Information for the fiscal year ended March 31, 2014 were filed with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system. An official copy of the Basic Financial Statements and Other Supplementary Information may be obtained by contacting the MSRB, or by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236, Tel: (518) 474-4015. An informational copy of the FY 2014 CAFR is available on the Internet at:

http://www.osc.state.ny.us/finance/finreports/2014cafr.pdf

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