UPDATE TO ANNUAL INFORMATION STATEMENT (AIS)
STATE OF NEW YORK

August 28, 2013

This is the first quarterly update (the "AIS Update") to the Annual Information Statement of the State of New York (the "AIS"), dated June 19, 2013. This AIS Update contains information only through August 28, 2013 and should be read in its entirety, together with the AIS. The State expects to issue the next AIS Update in November 2013.

In this AIS Update, readers will find:

1. Extracts from the First Quarterly Update to the Financial Plan for FY 2014 (the "Updated Financial Plan"), issued by the Division of the Budget ("DOB"). The Updated Financial Plan (which is available on the DOB website, www.budget.ny.gov), includes a summary of first quarter operating results for fiscal year 2014, and updates to the State's official Financial Plan projections for FY 2014 through FY 2017[1]. Except for the specific revisions described in these extracts, the projections (and the assumptions upon which these are based) in the Updated Financial Plan are consistent with the projections set forth in the FY 2014 Enacted Budget Financial Plan reflected with the AIS.

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 "Risks and Uncertainties Related to the State Financial Plan").

3. A summary of the Generally Accepted Accounting Principles ("GAAP")-basis results for the prior three fiscal years.

4. Updated information regarding the State Retirement 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 2013 and projected receipts and disbursements for fiscal years 2014 through 2017 on a General Fund, State Operating Funds and All Governmental Funds basis.

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.

[1] The fiscal year is identified by the calendar year in which it ends. For example, fiscal year 2014 ("FY 2014") is the fiscal year that began on April 1, 2013 and will end on March 31, 2014.

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, 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. 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. 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 issuance. 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.

In July 2013, OSC issued the Basic Financial Statements for FY 2013 (ended March 31, 2013). 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 2013 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) and does not create any implication that there have been no changes in the financial position of the State at any time subsequent to its release date. 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.

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.

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BUDGETARY AND ACCOUNTING PRACTICES

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 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 School Tax Relief ("STAR") Fund, 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 (both the General Fund and State Operating Funds exclude spending from capital projects funds and Federal funds). DOB views State Operating Funds to be a more comprehensive measure of State-funded activities for operating purposes that are funded with State resources (i.e., taxes, assessments, fees, tuition) than the General Fund. 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 from State Special Revenue Funds, including Health Care Reform Act 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 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.

OVERVIEW OF THE UPDATED FINANCIAL PLAN

Except for the specific revisions described herein, the projections (and the assumptions upon which these are based) in the Updated Financial Plan are consistent with the projections set forth in the FY 2014 Enacted Budget Financial Plan described in the AIS.

SUMMARY

In the Updated Financial Plan, DOB estimates that the General Fund will remain in balance in FY 2014 on a budgetary (cash) basis of accounting, based on review of operating results through the first quarter of the fiscal year and other information.

General Fund receipts, including transfers from other funds, are now expected to total $61.7 billion in FY 2014, an increase of $434 million from the Enacted Budget Financial Plan reflected in the AIS. In June 2013, the State reached separate financial settlements with a bank and a consultancy that are expected to result in miscellaneous receipts of approximately $260 million above the Enacted Budget estimate. In addition, the State and certain Tribal Nations have resolved several long-standing disputes concerning exclusivity rights related to gaming, which is expected to result in the release of certain payments owed to the State under the Tribal-State Compact. The resolution is expected to provide an estimated $204 million in General Fund receipts in FY 2014 above budgeted levels, and reduce the risk that future compact payments will fall below the levels budgeted (approximately $110 million annually). In FY 2014, the additional resources from the financial settlements and the Tribal-State Compact are expected to be offset in part by an adverse judgment from the Court of Appeals concerning recertification requirements in the Empire Zones program ($20 million) and costs related to the restructuring and oversight of the Long Island Power Authority (LIPA) ($10 million in FY 2014 growing to $32 million thereafter). In addition, the START-UP NY program, which creates certain tax-free zones on or near qualifying university and college campuses, is expected to result in reduced receipts growth, starting in FY 2015.

General Fund disbursements, including transfers to other funds, are expected to total $61.5 billion in the current fiscal year, an increase of $340 million from the Enacted Budget Financial Plan reflected in the AIS. The Updated Financial Plan includes $16 million to assist areas affected by recent flooding. In addition, DOB expects to prepay approximately $318 million in expenses due to be paid in FY 2015. For planning purposes, the Updated Financial Plan assumes the prepayment of debt service, but DOB will determine the specific prepayments that will be made later in the fiscal year. The level of prepayments may change, depending on the State's fiscal position. Lastly, the State reached a labor settlement covering prior contract periods with the State union representing lifeguards. The retroactive costs of the settlement will be funded from the portion of the General Fund balance identified by DOB for this purpose ($6 million in FY 2014).

The General Fund budget gap for FY 2015 is now projected at $1.74 billion, a decrease of $272 million compared to the Enacted Budget Financial Plan. The change in the FY 2015 budget gap reflects the planned prepayment of expenses, offset by factors described above. The budget gaps projected for future years remain at approximately $2.9 billion in both FY 2016 and FY 2017.

DOB expects the State to end FY 2014 with a General Fund closing balance of $1.8 billion, an increase of $94 million from the Enacted Budget Financial Plan. This reflects a $100 million increase in the undesignated fund balance, offset by the use of $6 million to fund the retroactive labor settlement with lifeguards. DOB is evaluating options for the use of this increase in the undesignated fund balance, including a deposit to the State's reserves or a reduction in the amount of pension costs that will be amortized in the current fiscal year.

Operating results through the first quarter of FY 2014 were positive in comparison to the estimate in the Enacted Budget Financial Plan reflected with the AIS. General Fund receipts, including transfers from other funds, totaled $18.2 billion through June 2013, $763 million above the Enacted Budget forecast. The positive variance is mainly due to final 2012 personal income tax collections and 2013 quarterly tax payments ($287 million above planned levels); the financial settlements described above; and the budgeted release of $250 million in reserves from the State Insurance Fund (SIF) to the State in June rather than August 2013. The higher receipts in these areas were partly offset by lower than expected State of New York Mortgage Agency (SONYMA) receipts ($76 million below planned levels) and abandoned property collections ($60 million below planned levels), both of which DOB attributes to timing. DOB will continue to monitor the uncertainties and risks regarding the economic and receipts forecast.

General Fund disbursements, including transfers to other funds, totaled $15 billion through June 2013, approximately $445 million below the level estimated in the Enacted Budget Financial Plan. This mainly reflected lower than anticipated spending in local assistance ($582 million) offset by higher General Fund transfers to other State funds ($181 million). After adjusting for these variances, which DOB believes are timing related, disbursements to date appear to be generally consistent with the Enacted Budget forecast.

FIRST QUARTER OPERATING RESULTS (APRIL - JUNE 2013)

GENERAL FUND RESULTS VERSUS ENACTED BUDGET

This section provides a summary of operating results for April 2013 through June 2013 compared to the initial projections set forth in the FY 2014 Enacted Budget Financial Plan as reflected in the AIS.

The State ended the month of June 2013 with a closing balance of $4.8 billion in the General Fund, $1.2 billion higher than projected in the FY 2014 Enacted Budget Financial Plan. The higher balance reflects the combined impact of higher than planned receipts ($763 million) and lower than planned spending ($445 million).

GENERAL FUND OPERATING RESULTS THROUGH JUNE 2013 (millions of dollars)	Enacted Plan	Results	Above/(Below) $ Variance	% Variance
OPENING BALANCE	**1,610**	**1,610**	**0**	
TOTAL RECEIPTS	**17,431**	**18,194**	**763**	**4.4%**
Taxes:	16,854	17,187	333	2.0%
Personal Income Tax[1]	11,985	12,272	287	2.4%
User Taxes and Fees[1]	3,013	3,097	84	2.8%
Business Taxes	1,427	1,409	(18)	-1.3%
Other Taxes[1]	429	409	(20)	-4.7%
Receipts and Grants	493	896	403	81.7%
Transfers From Other Funds	84	111	27	32.1%
TOTAL SPENDING	**15,444**	**14,999**	**(445)**	**-2.9%**
Education	5,089	4,630	(459)	-9.0%
Health Care	3,118	3,121	3	0.1%
Social Services	725	710	(15)	-2.1%
Higher Education	754	625	(129)	-17.1%
All Other Local Assistance	865	883	18	2.1%
Personal Service	1,376	1,407	31	2.3%
Non-Personal Service	474	382	(92)	-19.4%
General State Charges	1,142	1,159	17	1.5%
Debt Service Transfer	347	320	(27)	-7.8%
Capital Projects Transfer	245	272	27	11.0%
State Share Medicaid Transfer	337	567	230	68.2%
SUNY Operations Transfer	630	629	(1)	-0.2%
All Other Transfers	342	294	(48)	-14.0%
CHANGE IN OPERATIONS	**1,987**	**3,195**	**1,208**	
CLOSING BALANCE	**3,597**	**4,805**	**1,208**	

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

Through June 2013, General Fund receipts, including transfers from other funds, were $763 million above the FY 2014 Enacted Budget Financial Plan projection, reflecting higher tax collections ($333 million) and higher miscellaneous receipts ($403 million).

The variance in tax collections reflects higher PIT collections ($287 million) due to stronger than anticipated 2012 extension and final return payments, and stronger 2013 quarterly tax payments. The higher 2012 payments reflect taxpayer behavior in anticipation of 2013 Federal tax increases and the higher 2013 payments are due to unanticipated processing delays which have resulted in a slower pace of refund payments.

The variance in miscellaneous receipts represents an unanticipated settlement payment of $250 million from BTMU for its violation of banking laws concerning interactions with countries and entities subject to international sanctions; and the early release of $250 million in reserves from the SIF in recognition of the reforms to the Worker's Compensation System that will reduce future liabilities. These receipts are partly offset by lower than expected SONYMA receipts ($76 million) and abandoned property collections ($60 million), both of which are attributable to timing.

Through June 2013, General Fund disbursements, including transfers to other funds, were $445 million lower than the FY 2014 Enacted Budget Financial Plan projection, reflecting lower than anticipated spending in local assistance ($582 million) and higher General Fund transfers to other State funds ($181 million).

The local assistance variance is attributable to lower than estimated education payments, primarily for the School Aid ($403 million) and higher education ($129 million) programs. The lower spending for school aid represents a timing-related variance that is not anticipated to impact the FY 2014 annual amount of disbursements. The lower spending for higher education programs reflects delayed Tuition Assistance Program ("TAP") payments which were disbursed in July.

The variance in General Fund transfers to other funds is due to higher than assumed operational costs for mental hygiene facilities ($230 million), which is a function of the timing of claim submissions.

STATE OPERATING FUNDS RESULTS VERSUS ENACTED BUDGET

The State ended June 2013 with a closing balance of $8.4 billion in State Operating Funds, or $1.4 billion above the FY 2014 Enacted Budget Financial Plan estimate. This reflects the combined impact of higher total receipts ($566 million) and lower total spending ($802 million).

STATE OPERATING FUNDS RESULTS THROUGH JUNE 2013 (millions of dollars)				
	Enacted Plan	Results	Above/(Below) $ Variance	% Variance
OPENING BALANCE	**4,360**	**4,360**	**0**	
TOTAL RECEIPTS	**23,322**	**23,888**	**566**	**2.4%**
Taxes:	18,698	19,026	328	1.8%
Personal Income Tax	12,583	12,870	287	2.3%
User Taxes and Fees	3,555	3,655	100	2.8%
Business Taxes	1,794	1,770	(24)	-1.3%
Other Taxes	766	731	(35)	-4.6%
Miscellaneous/Federal Receipts	4,624	4,862	238	5.1%
TOTAL SPENDING	**21,104**	**20,303**	**(802)**	**-3.8%**
Education	5,408	4,945	(463)	-8.6%
Health Care	4,664	4,523	(141)	-3.0%
Social Services	725	711	(14)	-1.9%
Transportation	1,208	1,114	(94)	-7.8%
Higher Education	754	625	(129)	-17.1%
All Other Local Assistance	1,628	1,602	(26)	-1.6%
Personal Service	3,036	3,103	67	2.2%
Non-Personal Service	1,297	1,259	(38)	-2.9%
General State Charges	1,550	1,585	35	2.3%
Debt Service	834	829	(6)	-0.7%
Capital Projects	0	7	7	0.0%
OTHER FINANCING SOURCES	**499**	**494**	**(5)**	**-1.1%**
CHANGE IN OPERATIONS	**2,717**	**4,079**	**1,362**	
CLOSING BALANCE	**7,077**	**8,438**	**1,362**	

Through June 2013, total receipts in State Operating Funds were $566 million higher than the FY 2014 Enacted Budget Financial Plan projections due to higher tax collections ($328 million) and higher miscellaneous receipts ($238 million).

As noted in the General Fund operating results, the variance in tax receipts is primarily a result of higher PIT collections. The higher miscellaneous receipts reflect the BTMU settlement ($250 million) and the timing of the SIF reserve release ($250 million); the sum of which is offset by lower than anticipated HCRA collections ($123 million) due to the continued progress of the Medicaid Redesign Team (MRT) to implement efficiencies and reduce costs throughout the State's health care industry.

State Operating Funds spending was $802 million below planned levels mainly due to lower than anticipated spending in local assistance ($867 million). In addition to the School Aid ($403 million) and TAP ($129 million) under-spending noted in the General Fund operating results, this variance in local assistance spending reflects lower spending in health-related areas such as HCRA and the Provider Assessment funds ($96 million) and the Federal-State Health Reform Partnership (F-SHRP) Program ($52 million). The Provider Assessment variance mainly reflects timing associated with the availability of resources. Lower spending for the F-SHRP program is attributable to administrative delays associated with the processing of payments. The local assistance variance also reflects lower spending for transit operating aid ($93 million) as a portion of the scheduled Metropolitan Mass Transportation Operating Aid (MMTOA) payment was delayed pursuant to revised cash flow assumptions between the State and the MTA.

ALL GOVERNMENTAL FUNDS RESULTS

All Governmental Funds ended June 2013 with a closing balance of $7.5 billion, $1.1 billion above the Enacted Budget Financial Plan projection, reflecting higher than projected receipts ($343 million) and lower than projected spending ($732 million).

All GOVERNMENTAL FUNDS RESULTS THROUGH JUNE 2013
(millions of dollars)

	Enacted Plan	Results	Above/(Below) $ Variance	% Variance
OPENING BALANCE	**3,876**	**3,876**	**0**	
TOTAL RECEIPTS	**35,047**	**35,390**	**343**	**1.0%**
Taxes:	19,028	19,349	321	1.7%
Personal Income Tax	12,583	12,870	287	2.3%
User Taxes and Fees	3,710	3,800	90	2.4%
Business Taxes	1,957	1,936	(21)	-1.1%
Other Taxes	778	743	(35)	-4.5%
Miscellaneous Receipts	5,409	5,333	(76)	-1.4%
Federal Grants	10,610	10,708	98	0.9%
TOTAL SPENDING	**32,487**	**31,755**	**(732)**	**-2.3%**
State Operating Funds:	21,104	20,303	(801)	-3.8%
Education	5,408	4,945	(463)	-8.6%
Health Care	4,664	4,523	(141)	-3.0%
Social Services	725	711	(14)	-1.9%
Transportation	1,208	1,114	(94)	-7.8%
Higher Education	754	625	(129)	-17.1%
All Other Local Assistance	1,628	1,603	(25)	-1.5%
Personal Service	3,036	3,103	67	2.2%
Non-Personal Service	1,297	1,259	(38)	-2.9%
General State Charges	1,550	1,585	35	2.3%
Debt Service	834	828	(6)	-0.7%
Capital Projects	0	7	7	0.0%
Capital Projects Funds	1,725	1,614	(111)	-6.4%
Federal Operating Funds	9,658	9,838	180	1.9%
OTHER FINANCING SOURCES	**(9)**	**(22)**	**(13)**	**144.4%**
CHANGE IN OPERATIONS	**2,551**	**3,613**	**1,062**	
CLOSING BALANCE	**6,427**	**7,489**	**1,062**	

The tax collection variance is largely due to higher PIT collections, as noted in the General Fund and State Operating Funds results.

The miscellaneous receipts variance reflects the sum of the BTMU settlement ($250 million) and the SIF reserve ($250 million); offset by lower than anticipated HCRA collections ($123 million); and lower receipts from Capital Projects funds ($304 million) due to a temporarily delayed bond financing for SUNY.

The variance in Federal grants is roughly commensurate to the spending pattern of Federally-funded programs across the State, as described in more detail below.

In addition to the General Fund and State Operating Fund spending variances described earlier, spending variances on an All Governmental Funds basis are attributable to factors associated with capital projects, Federal education funding, and Federal health care costs.

Spending from Capital Projects Funds was lower than the Enacted Budget Financial Plan projection by $111 million as a result of lower than anticipated spending across a number of programs, most notably due to timing associated with certain health and economic development projects.

Federal Operating Funds spending through June 2013 was $180 million higher than the Enacted Budget Financial Plan projections, reflecting higher spending in Federal education programs ($367 million) and lower spending for health care services ($196 million). The Federal education variance reflects the processing of additional claims which were unexpectedly delayed during the final months of FY 2013. The health care variance reflects the net impact of lower Medicaid spending ($297 million) and higher spending for various public health programs ($102 million), both a function of timing associated with the disbursement of certain payments.

ALL GOVERNMENTAL FUNDS ANNUAL CHANGE

The All Governmental Funds balance through June 2013 was $7.5 billion, or 2.5 billion higher than the prior year. The higher balance in the current year is attributable to a higher opening balance ($516 million) and higher receipts (5.3 billion); which are partly offset by higher spending ($3.4 billion).

All GOVERNMENTAL FUNDS RESULTS YEAR-OVER-YEAR APRIL THROUGH JUNE (millions of dollars)				
	FY 2013 Results	FY 2014 Results	Increase/(Decrease) $	%
OPENING BALANCE	**3,360**	**3,876**	**516**	
TOTAL RECEIPTS	**30,041**	**35,390**	**5,349**	**17.8%**
Taxes:	16,792	19,349	2,557	15.2%
Personal Income Tax	10,631	12,870	2,239	21.1%
User Taxes and Fees	3,612	3,800	188	5.2%
Business Taxes	1,777	1,936	159	8.9%
Other Taxes	772	743	(29)	-3.8%
Miscellaneous Receipts	4,809	5,333	524	10.9%
Federal Grants	8,440	10,708	2,268	26.9%
TOTAL SPENDING	**28,385**	**31,755**	**3,370**	**11.9%**
State Operating Funds:	19,054	20,303	1,249	6.6%
Education	5,280	4,945	(335)	-6.3%
Health Care	3,927	4,523	596	15.2%
Social Services	681	711	30	4.4%
Transportation	956	1,114	158	16.5%
Higher Education	411	625	214	52.1%
All Other Local Assistance	1,666	1,603	(63)	-3.8%
Personal Service	3,015	3,103	88	2.9%
Non-Personal Service	863	1,259	396	45.9%
General State Charges	1,271	1,585	314	24.7%
Debt Service	982	828	(154)	-15.7%
Capital Projects	2	7	5	250.0%
Capital Projects Funds	1,222	1,614	392	32.1%
Federal Operating Funds	8,109	9,838	1,729	21.3%
OTHER FINANCING SOURCES	**(10)**	**(22)**	**(12)**	
CHANGE IN OPERATIONS	**1,646**	**3,613**	**1,967**	
CLOSING BALANCE	**5,006**	**7,489**	**2,483**	

The $2.6 billion year-over-year increase in tax receipts through June 2013 reflects higher PIT collections ($2.2 billion) as taxpayers accelerated incomes to prepare for 2013 Federal tax increases; higher user tax collections ($188 million) associated with recurring and non-recurring taxable purchases such as auto sales and entertainment activities; and higher business taxes ($159 million) driven by higher audit receipts for corporate franchise taxes in April and May of 2013.

The higher miscellaneous receipts is primarily attributable to the sum of the BTMU settlement payment ($250 million), the SIF reserve release ($250 million), and increased receipt collections by the State University of New York (SUNY) ($249 million), mostly attributable to the prepayment of disproportionate share funding at SUNY's teaching hospitals, and increased tuition and fee collection across SUNY's State-operated campuses. These additional receipts were offset by lower than anticipated receipts from the Capital Projects Fund ($266 million).

The year-over-year increase in Federal Grants ($2.3 billion) is generally a result of increased Federal program spending, as described in greater detail below.

The $3.4 billion year-over-year increase in All Funds spending through June 2013 is a reflection of increased spending across a number of programmatic areas. The growth in comparison to the first quarter of FY 2012 is due in part to the implementation of the Statewide Financial System (SFS) that was implemented in April 2012, which initially resulted in a slower payment processing.

The Federal Operating Funds spending growth of $1.7 billion is due to several factors, including increased Federal disaster assistance spending ($501 million), which is primarily associated with Sandy-related storm recovery activities; higher Federal Medicaid spending ($442 million), which reflects artificially suppressed payments during the first quarter of FY 2013 due to the delayed approval of certain Federal rate packages; and higher public assistance spending ($481 million) which is based on SFS-related reimbursement delays to districts.

The year-over-year spending growth of $1.2 billion in State Operating Funds for the April through June time period appears to be due primarily to the following timing-related factors:

- Spending in April through June of 2012 was abnormally lower across many different functional areas due to persistent difficulties in processing transactions through the newly implemented SFS;

- Medicaid spending, which is estimated to grow at approximately 4 percent on an annual basis, was artificially suppressed through the first months of FY 2013 due to a delay in the approval of various rate packages; and

- Annual pension costs, which in recent years were paid in a single installment in March, have been evenly distributed throughout the year at a monthly cost of approximately $130 million.

The Capital Projects Funds spending growth of $392 million is largely a reflection of limited spending which occurred during the first quarter of FY 2013 as a result of SFS complications.

MULTI-YEAR FINANCIAL PLAN REVISIONS

The following table summarizes the revisions to the Enacted Budget Financial Plan that affect General Fund operating projections. Descriptions of the changes follow the table.

SUMMARY OF REVISIONS TO ENACTED BUDGET FINANCIAL PLAN
GENERAL FUND BUDGETARY BASIS OF ACCOUNTING
SAVINGS/(COSTS)
(millions of dollars)

	FY 2014	FY 2015	FY 2016	FY 2017
ENACTED BUDGET SURPLUS/(GAPS)	**0**	**(2,014)**	**(2,856)**	**(2,920)**
RECEIPTS REVISIONS	**434**	**(46)**	**(33)**	**(28)**
Financial Settlements	260	50	100	150
Bank of Tokyo-Mitsubishi UFJ	250	0	0	0
Deloitte Financial Advisory Services	10	0	0	0
Potential Financial Settlements	0	50	100	150
Tribal-State Compact	204	4	4	4
Empire Zone Recertification Litigation	(20)	0	0	0
Legislative Session	(10)	(100)	(137)	(182)
LIPA	(10)	(32)	(32)	(32)
START-UP NY	0	(68)	(105)	(150)
DISBURSEMENTS REVISIONS	**(334)**	**318**	**0**	**0**
NYS Flood Recovery	(16)	0	0	0
Prepayment of FY 2015 Expenses	(318)	318	0	0
Balance For Fiscal Management Purposes	**(100)**	**0**	**0**	**0**
FIRST QUARTERLY UPDATE BUDGET SURPLUS/(GAPS)	**0**	**(1,742)**	**(2,889)**	**(2,948)**

RECEIPTS REVISIONS

- **Financial Settlements:** In June 2013, the State received two unanticipated payments totaling $260 million as a result of settlements reached by the State's Department of Financial Services (DFS).

  - **Bank of Tokyo-Mitsubishi UFJ ("BTMU")** paid $250 million for violations of New York Banking Law in connection with transactions involving countries and entities subject to international sanctions. Between 2002 and 2007, BTMU moved billions of dollars through New York for government and privately owned entities in Iran, Sudan, and Myanmar, and entities on the Specially Designated Nationals list issued by the U.S. Treasury Department's Office of Foreign Assets Control. BTMU agreed that the conduct at issue involved approximately 28,000 U.S. dollar clearing transactions through New York totaling an estimated $100 billion.

  - **Deloitte Financial Advisory Services ("Deloitte")** and DFS reached an agreement regarding the company's misconduct, violations of law, and lack of autonomy during its consulting work at Standard Chartered Bank on anti-money laundering issues. Under the agreement, Deloitte agreed to a one-year, voluntary suspension from consulting work at financial institutions regulated by DFS, made a $10 million payment to the State, and is implementing a set of reforms designed to help address conflicts of interest in the consulting industry.

- **Potential Financial Settlements:** In light of recent financial settlements, including those with Standard Chartered Bank, BTMU, and Deloitte, the Updated Financial Plan includes estimates of potential future settlements that may be realized by DFS from current or future investigations.

- **Tribal-State Compact:** The State has resolved multi-year disputes with the St. Regis Mohawk Tribe and the Seneca Nation of Indians over tribal nation gaming exclusivity zones and resulting exclusivity payments to the State. As part of the agreements, the State will receive a negotiated amount of the slot machine revenues that were withheld by the tribal nations during the dispute, and on-going exclusivity payments to the State from their casino operations will resume. By statute, the State shares a portion of the exclusivity payments with the localities affected by their proximity to the gaming operations. The State now expects to receive a total General Fund benefit of $308 million in FY 2014 as a result of the agreements, $204 million more than the $104 million that was previously reflected with the Enacted Budget Financial Plan.

- **Empire Zone Recertification Litigation:** Several Empire Zone Program participants sued the State in response to FY 2010 legislation that retroactively decertified them from the Empire Zones Program. These participants contested that retroactive decertification was illegal. In June 2013, the Court of Appeals ruled in their favor. This will result in the State paying $20 million in tax refunds to Empire Zone participants in FY 2014.

- **Legislative Session:** During the 2013 session, the Legislature and Governor approved the following legislation, which will have a fiscal impact on the State, as described below.

  - LIPA Restructuring: LIPA will remit a lower amount of corporation and utilities taxes, and a portion of the additional temporary 18-a assessment formerly directed to the General Fund will be used for regulating the restructured entity.

  - START-UP NY: Provides for the establishment of tax-free zones on or near qualifying university and college campuses. Qualifying businesses operating within such zones are exempt from taxation under the corporation, corporation franchise, personal income, Metropolitan Transportation Authority (MTA) mobility, sales and use and real estate transfer taxes. Qualifying new employees are exempt from New York State and New York City personal income tax on wages earned while working in a tax-free zone.

DISBURSEMENT REVISIONS

- **NYS Flood Recovery:** The Financial Plan has been updated to include $16 million in estimated costs of providing aid to homeowners, business operators and farmers in five flood-stricken counties that were declared disaster areas. Homeowners and renters may apply for up to $31,900 in assistance, and small business owners and farmers may apply for up to $50,000 in assistance.

- **Balance for Fiscal Management Purposes:** DOB is evaluating options for the use of this $100 million balance, including a deposit to the State's reserves or a reduction in the amount of pension costs that will be amortized in the current fiscal year.

PROJECTED CLOSING BALANCES

DOB expects the State to end FY 2014 with a General Fund closing balance of $1.8 billion, an increase of $94 million from the Enacted Budget Financial Plan. This reflects a $100 million increase in the undesignated fund balance, offset by the use of $6 million to fund the retroactive labor settlement with lifeguards.

ESTIMATED GENERAL FUND CLOSING BALANCES
(millions of dollars)

	FY 2014 Enacted	FY 2014 Updated	Change vs. Enacted
GENERAL FUND BALANCE	**1,709**	**1,803**	**94**
STATUTORY RESERVES			
Tax Stabilization Reserve Fund	1,131	1,131	0
Rainy Day Reserve Fund	175	175	0
Contingency Reserve Fund	21	21	0
Community Projects Fund	68	68	0
RESERVED FOR			
Prior-Year Labor Agreements (2007-2011)	51	45	(6)
Debt Management	263	263	0
Undesignated Fund Balance	0	100	100

Balances in the State's principal "rainy day" reserve funds, the Tax Stabilization Reserve Fund and the Rainy Day Reserve Fund, are expected to remain unchanged in FY 2014. The combined balance of the two funds is equal to approximately 2.1 percent of estimated General Fund disbursements in FY 2014. The estimated balance in the Community Projects Fund, which finances discretionary grants allocated by the Legislature and Governor from existing reappropriations, also has not changed since the date of the AIS.

The Financial Plan continues to reserve 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 reserve is calculated based on the pattern settlement for the FY 2008 through FY 2011 period that was agreed to by the State's largest unions. In FY 2014, DOB estimates the reserve will be reduced by a total of $32 million to fund the FY 2014 costs of the labor settlements covering prior contract periods ($26 million for New York State Correctional Officers and Police Benevolent Association (NYSCOPBA) and $6 million for lifeguards represented by the United University Professions (UUP)). The remaining balance is expected to be reduced as labor agreements for prior periods are reached with other unions.

The Financial Plan continues to reserve $263 million for debt management purposes in FY 2014, which is consistent with the Enacted Budget Financial Plan as reflected with the AIS.

ANNUAL SPENDING GROWTH

DOB estimates that State Operating Funds spending will total $90.7 billion in FY 2014, an increase of $1.9 billion (2.1 percent) from FY 2013 results. All Governmental Funds spending, which includes capital projects, Federal Operating fund, and Federal disaster aid, is expected to total $141.0 billion, an increase of $7.9 billion (6.0 percent) from FY 2013 results.

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

ANNUAL STATE SPENDING (millions of dollars)				
			Annual Change	
	FY 2013 Results	FY 2014 Estimated	$	%
LOCAL ASSISTANCE	**58,578**	**59,712**	**986**	**1.7%**
School Aid	20,163	20,471	308	1.5%
DOH Medicaid (Incl Operational Costs) [1]	15,900	16,421	521	3.3%
Transportation	4,303	4,739	436	10.1%
Mental Hygiene	3,602	2,833	(769)	-21.3%
STAR	3,286	3,419	133	4.0%
Social Services	3,031	2,996	(35)	-1.2%
Higher Education	2,629	2,825	196	7.5%
Public Health/Aging	2,040	2,222	182	8.9%
Special/Other Education	1,927	2,032	105	5.4%
Local Government Assistance	754	764	10	1.3%
All Other[2]	943	990	47	5.0%
STATE OPERATIONS/FRINGE BENEFITS	**24,120**	**24,933**	**813**	**3.4%**
State Operations	**17,683**	**17,844**	**161**	**0.9%**
Personal Service:	12,403	12,366	(37)	-0.3%
Executive Agencies	7,112	7,010	(102)	-1.4%
University System	3,468	3,500	32	0.9%
Elected Officials	1,823	1,856	33	1.8%
Non-Personal Service:	5,280	5,478	198	3.8%
Executive Agencies	2,707	2,764	57	2.1%
University System	2,083	2,169	86	4.1%
Elected Officials	490	545	55	11.2%
Fringe Benefits/Fixed Costs	**6,437**	**7,089**	**652**	**10.1%**
Pension Contribution	1,601	2,013	412	25.7%
Employee Health Insurance	3,129	3,315	186	5.9%
Other Fringe Benefits/Fixed Costs	1,707	1,761	54	3.2%
DEBT SERVICE	**6,138**	**6,060**	**(78)**	**-1.3%**
CAPITAL PROJECTS	**8**	**11**	**3**	**37.5%**
TOTAL STATE OPERATING FUNDS	**88,844**	**90,716**	**1,872**	**2.1%**
Capital Projects (State Funds)	**5,679**	**6,146**	**467**	**8.2%**
TOTAL STATE FUNDS	**94,523**	**96,862**	**2,339**	**2.5%**
Federal Aid (Including Capital Grants) [3]	**38,574**	**44,159**	**5,585**	**14.5%**
TOTAL ALL GOVERNMENTAL FUNDS [4]	**133,097**	**141,021**	**7,924**	**6.0%**

[1] Department of Health Medicaid spending only (excludes other State agency spending and transfers). For display purposes, includes Medicaid operational spending that supports contracts related to the management of Medicaid and the costs of administrative takeover.

[2] "All Other" includes an adjustment for Medicaid operational costs to avoid distorting Financial Plan category totals, as well as local aid spending in a number of other programs, including education, parks and the environment, economic development, public safety, and disaster assistance.

[3, 4] Includes Federal disaster aid for Superstorm Sandy, estimated at $577 million in FY 2013 and $5.1 billion in FY 2014, and additional Federal aid under the Affordable Care Act, estimated at approximately $600 million in FY 2014. Excluding disbursements for these purposes, All Funds disbursements are expected to total $135 billion in FY 2014, an increase of 2 percent. Also note that All Governmental Funds disbursements may exceed total receipts in a given fiscal year as the State draws down other available resources held in its various governmental fund balances.

Local assistance spending in FY 2014 is expected to increase by $986 million, or 1.7 percent, over FY 2013 results. On a school year basis, School Aid is expected to increase by 4.9 percent in 2014, which is above the growth rate in personal income. School Aid in the future years of the Financial Plan is assumed to increase at levels based on the growth in New York State (NYS) personal income. State-funded Department of Health (DOH) Medicaid spending is projected to increase by 3.9 percent (not shown on table), excluding the impact of the State's takeover of Medicaid administration, consistent with the statutory growth cap. In addition, the Affordable Care Act (ACA) continues to provide additional Federal resources to finance Medicaid spending. Transportation spending growth is the result of increased dedicated tax receipts and a State subsidy that are passed on to the MTA. Growth in other local assistance includes increases across several programs and activities. In addition, results in FY 2013 fell below planned levels in many areas, which, absent other changes, has the effect of increasing the annual growth rate in FY 2014 in those areas.

Agency spending on personal and non-personal service is expected to remain nearly flat on an annual basis. This reflects ongoing efforts to redesign State agency operations initiated in FY 2013. Spending on fringe benefits is projected to increase by $652 million. This includes an increase of $412 million in the State's annual pension contribution, including repayment of amounts amortized in prior years. The Financial Plan assumes the State will continue to amortize a percentage of its annual pension costs, consistent with legislation approved in 2010.

Consistent with past years, the aggregate spending projections (i.e., the sum of all projected spending by individual agencies) in special revenue funds have been adjusted downward based on typical spending patterns and the observed variance over time between estimated and actual results.

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RISKS AND UNCERTAINTIES RELATED TO 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 forecast in the Updated Financial Plan.

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 the following: national and international events, such as ongoing financial instability in the Euro-zone; changes in consumer confidence, oil supplies and oil prices; continuing or worsening strife in the Middle East; 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; and the levels of household debt, which may adversely affect consumer spending and State tax collections.

The Updated Financial Plan is subject to various other uncertainties and contingencies relating to the extent, if any, to which wage increases for State employees exceed projected annual wage costs; changes in the size of the State's workforce; the actualization 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 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 reflect substantial adverse changes resulting from the occurrence of one or more uncertainties. No assurance can be given that these estimates and projections, which depend in part upon actions the State expects to be taken but that are not within the State's control, will be realized.

BUDGET RISKS AND UNCERTAINTIES

There can be no assurance that the State's General Fund budget gaps will not increase materially 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, additional 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 generally 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 Enacted Budget authorized spending for School Aid to increase in excess of the growth in personal income for SY 2014.

State law grants the Executive 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 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 payments pursuant to the Tribal-State Compact that have failed to materialize in prior years; 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 Updated 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. Any reduction in Federal funding levels could have a materially adverse impact on the Updated Financial Plan. 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.

FEDERAL REIMBURSEMENT FOR STATE MENTAL HYGIENE SERVICES

The Federal government lowered Medicaid developmental disability center payment rates, effective April 1, 2013, which will reduce Federal funding to the State by approximately $1.1 billion annually, beginning in FY 2014. The Financial Plan includes a 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. As described below, the Federal Centers for Medicare and Medicaid Services (CMS) may seek to retroactively recover Federal funds regarding this matter.

AUDIT DISALLOWANCE

In addition to the reductions in rates that commenced on April 1, 2013, on February 8, 2013, the U.S. Department of Health & Human Services Office of the Inspector General, at the direction of the Federal CMS, began a 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 during the period April l, 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 prospectively resolved CMS concerns regarding its payments to ICF/DDs with a State plan change effective April 1, 2013, and continues to have discussions with CMS to resolve these concerns related to the April 1, 2010 through March 31, 2011 period. As noted above, adverse action by the Federal government relative to the allowability of Medicaid costs or services in years prior to FY 2014 is expected to result in a reduction in Federal aid of an estimated $1.1 billion annually. A comparable amount of Federal aid is at risk for any prior period that may be pursued by CMS. 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 Updated 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. If Congress does not act to otherwise achieve the BCA deficit reduction requirements, DOB estimates that New York State and local governments could lose approximately $5 billion in Federal funding over nine years, including reductions in Federal funding that passes through the State budget for school districts, as well as environmental, criminal justice and social services programs.

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 a health care conversion and such proceeds must be used for health care related expenses. The Updated Financial Plan counts on conversion proceeds of $175 million in FY 2014, and $300 million annually in FY 2015, FY 2016, and FY 2017. In recent years, the Updated Financial Plan has counted on similar amounts from conversions, which have not been realized. It is expected that any proceeds received will be deposited into the HCRA account. If estimated proceeds from health care conversions are not realized on the timetable or at the levels assumed in the FY 2014 Enacted Budget, the State may be required to take other actions, such as reducing planned spending in HCRA, or financing additional health care expenses in the General Fund, or both.

STATUS OF CURRENT LABOR NEGOTIATIONS (CURRENT CONTRACT PERIOD)

The State has labor contracts with its three largest employee unions, Civil Service Employees Association (CSEA), Public Employees Federation (PEF), and the United University Professions (UUP), as well as the New York State Police Benevolent Association (NYSPBA) (representing the Agency Police Services Unit (APSU) bargaining unit, formerly Agency Law Enforcement Services (ALES)), NYSCOPBA, and Council 82. The State has labor contracts with approximately 90 percent of unionized State employees. Generally, the contracts provide for no across-the-board salary increases for FY 2012 through FY 2014, increases to employee health insurance contributions, and a temporary reduction in employee compensation through a Deficit Reduction Program ("DRP"). Employees will receive a 2 percent salary increase in both FY 2015 and FY 2016, and, at the end of their contract term, the value of FY 2013 deficit reduction adjustments. The PEF and NYSPBA contracts generally mirror the provisions for the other unions, but cover a four-year period, whereas the others cover a five-year period. PEF and NYSPBA-represented employees will receive a 2 percent salary increase in FY 2015. PEF-represented employees will be repaid all DRP adjustments at the end of their contract in lieu of the $1,000 lump sum payment per employee. Employees represented by the UUP ratified their agreement with the State on June 4, 2013. The agreement contains no general salary increases until 2014 and 2015 when there will be 2 percent general salary increases awarded in each year, payments to be awarded by the Chancellor, and performance incentive lump sum payment awarded by campus presidents. UUP-represented employees will also have a DRP. Employees in the unions that have reached settlements with the State received contingent layoff protection through FY 2013 and continued protection for the remaining term of the agreements. Reductions in force due to management decisions to close or restructure facilities authorized by legislation, Spending and Government Efficiency Commission (SAGE) determinations, or material or unanticipated changes in the State's fiscal circumstances are not covered by this protection.

LABOR SETTLEMENTS FOR PRIOR CONTRACT PERIODS

The Updated Financial Plan continues to identify a portion of the General Fund balance to cover the costs of a pattern settlement with unions that have not agreed to contracts for prior contract periods. The amount is calculated based on the general salary increases agreed to by the State’s largest unions for the same period. There can be no assurance that actual settlements related to prior periods will not exceed the amounts reserved. In addition, the State’s ability to fund the amounts reserved in FY 2014 and beyond depends on the achievement of balanced budgets in those years. The Updated Financial Plan does not include reserves for settlements covering the current contract period (i.e., starting in FY 2012).

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 2014, 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, continues to be set aside as required by law and bond covenants. The following table provides an estimate of month-end balances for FY 2014.

ALL FUNDS MONTH-END CASH BALANCES FY 2014 (millions of dollars)	General Fund	Other Funds	All Funds
April (Results)	6,379	3,175	9,554
May (Results)	3,744	3,765	7,509
June (Results)	4,805	2,684	7,489
July (Projected)	4,417	2,976	7,393
August (Projected)	3,571	3,805	7,376
September (Projected)	5,564	1,511	7,075
October (Projected)	4,852	2,534	7,386
November (Projected)	3,171	2,787	5,958
December (Projected)	4,399	1,212	5,611
January (Projected)	6,057	2,912	8,969
February (Projected)	6,062	3,149	9,211
March (Projected)	1,803	2,306	4,109

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 legislation enacted a formula to set amortization thresholds for each year. The amortization thresholds may increase or decrease by up to one percentage point annually. Pension contribution costs in excess of the amortization thresholds, which, in FY 2014 will be 12.5 percent of payroll for the Employees' Retirement System (ERS) and 20.5 percent for the Police and Fire Retirement System (PFRS), may be amortized.

The Updated Financial Plan forecast assumes that the State will continue to amortize a portion of its pension costs, pursuant to the FY 2011 legislation. The State's minimum ERS pension contribution rate, as a percentage of payroll, was 9.5 percent in FY 2011, 10.5 percent in FY 2012, 11.5 percent in FY 2013, and is expected to be 12.5 percent in FY 2014. DOB projects the rate to be 13.5 percent in FY 2015, 14.5 percent in FY 2016, and 15.5 percent in FY 2017. The FY 2018 amortization threshold is projected by DOB to equal the normal contribution rate of 15.6 percent of payroll. Therefore, no amortization of ERS costs is expected to be applicable for FY 2018 and beyond.

The State's minimum PFRS pension contribution rate was 17.5 percent in FY 2011, 18.5 percent in FY 2012 and 19.5 percent in FY 2013. DOB projects the rate to be 20.5 percent in FY 2014, 21.5 percent in FY 2015, 22.5 percent in FY 2016, and 23.5 percent in FY 2017. The PFRS amortization threshold is also projected to equal the normal contribution rate of 23.7 percent by FY 2018. Therefore, no amortization of ERS costs are expected to be applicable for FY 2018 and beyond. These projected contribution rates, however, are based on projected market returns and numerous actuarial assumptions. The next quinquennial study is scheduled to take place in 2015 and may result in material changes to the projections set forth herein.

The authorizing legislation also permits amortization in all future years if the actuarial contribution rate is greater than the amortization thresholds. In addition, the State is required to begin repayment of the amounts amortized beginning in the fiscal year immediately following the amortizations. Repayment of the amortized amounts is required to be made over a period of not more than ten years at an interest rate to be determined by the State Comptroller annually for amounts amortized in that year and with the rate fixed for the entire term of that amortization.

In FY 2013, the State made pension payments to the New York State Local Retirement System (NYSLRS) of $1.217 billion. The amortized amount receivable, including accrued interest, is $675.8 million. In addition, the State's Office of Court Administration (OCA) made its pension payment of $189.4 million. The amortized amount receivable, including accrued interest, is $104.6 million. The $780.4 million in total deferred payments will be repaid with interest over the next ten years, beginning in FY 2014.

For amounts amortized in FY 2011, FY 2012, and FY 2013, the State Comptroller set interest rates of 5 percent, 3.75 percent and 3 percent, respectively. The Updated Financial Plan forecast assumes that both the State and OCA will elect to amortize pension costs in future years, consistent with the provisions of the authorizing legislation, and repay such amounts at an interest cost assumed by DOB to be 3 percent (per annum) over ten years from the date of each deferred payment, consistent with the interest rate charged on the FY 2013 amortized amounts.

The following table, which summarizes pension contributions and projections for future fiscal years, reflects the "Normal Costs" of pension contributions as the amount the State would contribute to fund pensions before amortization, along with actual "New Amortized Amounts" in prior years and assumed "New Amortized Amounts" in upcoming years. The repayment costs (principal and interest) associated with these amortizations are reflected as the "Amortization Payment." 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, 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 amortization threshold in FY 2018. Therefore, the State would not have the option to amortize any of its pension costs in 2018, or in the immediately succeeding fiscal years. Projections in the following table are based on certain DOB assumptions about actuarial factors on investment earnings and benefits to be paid, and while DOB believes such assumptions to be reasonable, actual results may vary from the projections provided in the following table, and such variances could be substantial.

EMPLOYEE RETIREMENT SYSTEM AND POLICE AND FIRE RETIREMENT SYSTEM[1] PENSION CONTRIBUTIONS AND OUTYEAR PROJECTIONS (millions of dollars)				
Fiscal Year	Normal Costs[2]	New Amortized Amounts	Amortization Payment	Total
2011 Results	1,552.8	(249.6)	0.0	1,303.2
2012 Results	2,041.7	(562.9)	32.3	1,511.1
2013 Results	2,084.3	(778.5)	100.9	1,406.7
2014 Projected	2,481.6	(858.0)	192.1	1,815.7
2015 Projected	2,509.9	(744.0)	292.7	2,058.6
2016 Projected	2,103.4	(262.7)	379.9	2,220.6
2017 Projected	1,883.4	(44.6)	410.7	2,249.5
2018 Projected	1,891.2	0.0	416.0	2,307.2
2019 Projected	1,904.1	0.0	416.0	2,320.1
2020 Projected	1,941.1	0.0	416.0	2,357.1
2021 Projected	1,967.0	0.0	416.0	2,383.0
2022 Projected	1,980.7	0.0	383.6	2,364.3
2023 Projected	1,968.1	0.0	315.1	2,283.2
2024 Projected	1,942.0	0.0	223.8	2,165.8
2025 Projected	1,913.3	0.0	123.2	2,036.5
2026 Projected	1,870.1	0.0	36.0	1,906.1

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 the Financial Plan tables presented in this Updated Financial Plan include such pension disbursements.

[2] Includes payments from amortization prior to FY 2011. Such prior amortization payments will end in FY 2017.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

State employees become eligible for post-employment benefits (i.e., 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 NYSHIP-benefits-eligible service. The cost of providing post-retirement health insurance is shared between the State and the retired employee. Contributions are established by law and may be amended by the Legislature. The State pays its share of costs on a Pay-As-You-Go (PAYGO) basis as required by law.

In accordance with 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 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 2013, the unfunded actuarial accrued liability for FY 2013 is $66.5 billion ($54.3 billion for the State and $12.2 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 annual OPEB cost for FY 2013 totaled $3.4 billion ($2.6 billion for the State and $0.8 billion for SUNY) under the Frozen Entry Age actuarial cost method, allocating costs on a level basis over earnings. This was $2.0 billion ($1.4 billion for the State and $0.6 billion for SUNY) above the 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 State 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 current 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 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.

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 State Financial Plan.

UPDATE ON STORM RECOVERY

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. Major disaster response and recovery activities have been ongoing. In January 2013, the Federal government approved approximately $60 billion in Federal disaster aid for general recovery, rebuilding and mitigation activity nationwide, of which New York anticipates receiving $30 billion. The State expects to receive $5.1 billion in extraordinary Federal assistance during FY 2014 specifically for Superstorm Sandy expenses. 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.

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, 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 AND DEBT REFORM ACT LIMIT

The New York Works Task Force was formed in FY 2013 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, the DOB formulated 10-year capital commitment and disbursement projections for State agencies as part of the FY 2013 capital plan. 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.

The Debt Reform Act of 2000 restricts the issuance of State-supported debt to capital purposes only and limits such debt to a maximum term of 30 years. The Act limits the amount of new State-supported debt to 4 percent of State personal income and new State-supported debt service costs to 5 percent of All Funds receipts. The restrictions apply to all new State-supported debt issued 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 and will be fully phased in at 5 percent during FY 2014. For FY 2012, the last year for which a calculation has been completed, the State was in compliance with the statutory caps based on calendar year 2011 personal income and FY 2012 debt outstanding. The FY 2013 calculation is expected to be completed in October 2013.

Current projections estimate that debt outstanding and debt service will continue to remain below the limits imposed by the 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 2013 to $571 million in FY 2016. This includes the estimated impact of the bond-financed portion of 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 newly created SUNY Dormitory Facilities Revenue credit will not be 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 2013	1,019,514	4.00%	40,781	37,523	3,258	3.68%	0.32%	15,011	52,534
FY 2014	1,063,504	4.00%	42,540	40,432	2,109	3.80%	0.20%	13,661	54,093
FY 2015	1,117,380	4.00%	44,695	43,639	1,057	3.91%	0.09%	11,940	55,579
FY 2016	1,177,216	4.00%	47,089	46,517	571	3.95%	0.05%	10,560	57,077
FY 2017	1,238,572	4.00%	49,543	48,902	641	3.95%	0.05%	9,019	57,921
FY 2018	1,303,221	4.00%	52,129	50,657	1,471	3.89%	0.11%	7,503	58,161

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	Debt Service as a % of Revenue	% Remaining Capacity	Debt Service Prior to April 1, 2000	Total State-Supported Debt Service
FY 2013	133,174	4.98%	6,637	3,678	2,959	2.76%	2.22%	2,460	6,138
FY 2014	140,979	5.00%	7,049	3,925	3,124	2.78%	2.22%	2,122	6,047
FY 2015	143,356	5.00%	7,168	4,211	2,957	2.94%	2.06%	1,563	5,774
FY 2016	148,092	5.00%	7,405	4,594	2,810	3.10%	1.90%	1,859	6,453
FY 2017	153,983	5.00%	7,699	4,988	2,711	3.24%	1.76%	1,766	6,754
FY 2018	155,908	5.00%	7,795	5,328	2,468	3.42%	1.58%	1,711	7,039

DEBT FINANCING CHANGES

SALES TAX REVENUE BOND PROGRAM

Legislation enacted with the FY 2014 Enacted Budget creates a new Sales Tax Revenue Bond Program that will constitute "State-supported debt" and will be subject to the Debt Reform Act debt caps described above. The legislation creates the Sales Tax Revenue Bond Tax Fund, a sub-fund within the General Debt Service Fund that will provide for the payment of these bonds. The new Sales Tax Revenue Bonds will be secured by the pledge of payments from this fund, which will receive 1 percent of the State's 4 percent sales and use tax receipts. With a limited exception, upon the satisfaction of all of the obligations and liabilities of the Local Government Assistance Corporation (LGAC), the amount of sales tax receipts directed to this fund will increase to 2 percent. Tax receipts in excess of debt service requirements will be transferred to the State's General Fund.

DOB expects the first Sales Tax Revenue Bond issue to close in the third quarter of FY 2014 and that the Sales Tax Revenue Bonds will be used interchangeably with PIT bonds to finance most of the State's capital needs. Based on current projections and anticipated coverage requirements, the State expects to issue about $1 billion of Sales Tax Revenue Bonds annually.

SUNY DORMITORY FACILITIES REVENUE BOND PROGRAM

Legislation included in the FY 2014 Enacted Budget creates a new bonding program for SUNY Dormitory Facilities. The new bonding program will be supported solely by third party revenues generated by student rents. All rental revenues will flow to the newly created Dormitory Facilities Revenue Fund held by the Commissioner of Taxation and Finance and owned by the Dormitory Authority of the State of New York (DASNY) for the payment of debt service without an appropriation. Unlike the existing program, the new program will not include a SUNY general obligation pledge, thereby eliminating any recourse to the State. Accordingly, such bonds will not be classified as State-supported debt for purposes of the Debt Reform Act. It is expected that future SUNY Dormitory Facilities capital needs will be funded through the new credit. Under this legislation, the existing SUNY Dormitory Facilities lease revenue bonds and associated debt service will continue to be counted as State-supported debt until they are refunded into the new program or are paid off at maturity.

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 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 the New York State Medical Care Facilities Financing Agency and by DASNY through the Secured Hospital Program. As of March 31, 2013, there was approximately $421 million of bonds outstanding for this program.

The financial condition of hospitals in the State's Secured Hospital Program continues to deteriorate. Of the six 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 expects to pay debt service costs of $13 million in FY 2014, approximately $30 million annually for FY 2015 through FY 2017, and $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 legal 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 $44 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

To address the deteriorating financial condition of SUNY Downstate Hospital, legislation included in the FY 2014 Enacted Budget required the Chancellor of SUNY to submit to the Governor and the Legislature a sustainability plan for the Downstate Hospital on or before June 1, 2013, and upon approval by both the Commissioner of Health and the Director of Budget, for the Chancellor of SUNY to initiate implementation of such plan by June 15, 2013. Specifically, the legislation required the sustainability plan to: 1) set forth recommendations necessary to achieve financial stability for Downstate Hospital, and 2) preserve the academic mission of Downstate Hospital's medical school. In accordance with this legislation, the Chancellor of SUNY submitted a 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. As part of the approved sustainability plan, State financial assistance will be made available based on the implementation of specific initiatives necessary to achieve the financial milestones included in the sustainability plan.

FINANCIAL PLAN PROJECTIONS FISCAL YEARS 2014 THROUGH 2017

INTRODUCTION

This section presents the State's updated multi-year Financial Plan and the projections for receipts and disbursements, reflecting the impact of the revisions to the Enacted Budget Financial Plan described in this AIS Update. This section includes FY 2013 results and projections for 2014 through 2017, with an emphasis on the FY 2014 projections.

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

- **Receipts:** The detailed discussion of tax receipts covers projections for both the General Fund and State Funds (including capital projects). The 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:** Over 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 the Updated Financial Plan. Accordingly, in terms of out-year projections (FY 2015 through FY 2017), FY 2015 is the most relevant from a planning perspective.

SUMMARY

The following tables present the multi-year projections and growth rates for the General Fund and State Operating Funds, as well as a reconciliation between the State Operating Funds projections and the General Fund budget gaps[2]. The tables are followed by an updated economic forecast and a summary of the multi-year receipts and disbursements forecasts.

GENERAL FUND PROJECTIONS
(millions of dollars)

	FY 2013 Results	FY 2014 Updated	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected
RECEIPTS					
Taxes (After Debt Service)	54,568	57,264	58,476	62,050	65,153
Miscellaneous Receipts/Federal Grants	3,566	3,355	3,595	2,776	2,797
Other Transfers	649	1,071	768	723	726
Total Receipts	**58,783**	**61,690**	**62,839**	**65,549**	**68,676**
DISBURSEMENTS					
Local Assistance Grants	39,760	40,274	42,598	45,056	47,276
School Aid	17,110	17,290	18,573	19,390	20,519
Medicaid	11,109	11,232	11,391	12,136	12,631
All Other	11,541	11,752	12,634	13,530	14,126
State Operations	7,856	7,568	7,819	8,117	8,214
Personal Service	6,130	5,686	5,852	6,113	6,129
Non-Personal Service	1,726	1,882	1,967	2,004	2,085
General State Charges	4,550	4,953	5,328	5,604	5,873
Transfers to Other Funds	6,794	8,702	8,861	9,682	10,248
Debt Service	1,647	1,646	1,165	1,452	1,345
Capital Projects	916	1,227	1,384	1,400	1,799
Mental Hygiene State Share Medicaid	2,846	1,813	1,338	1,311	1,279
SUNY Operations	340	971	971	971	971
All Other	1,045	3,045	4,003	4,548	4,854
Total Disbursements	**58,960**	**61,497**	**64,606**	**68,459**	**71,611**
RESERVES/RESERVED FOR:	**(177)**	**193**	**(25)**	**(21)**	**13**
Prior-Year Labor Agreements (2007-11)	(206)	(32)	10	12	13
Community Projects Fund	(9)	(25)	(35)	(33)	0
Debt Management	0	250	0	0	0
Undesignated Fund Balance	38	0	0	0	0
BUDGET SURPLUS/(GAP) PROJECTIONS	**0**	**0**	**(1,742)**	**(2,889)**	**(2,948)**

[2] The annual imbalances projected for the General Fund and State Operating Funds in future years are similar because the General Fund is the financing source of last resort for many State programs. Imbalances in other funds are typically financed by the General Fund.

FY 2014 ENACTED BUDGET - STATE OPERATING FUNDS PROJECTIONS (millions of dollars)	FY 2013 Results	FY 2014 Updated	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected
RECEIPTS					
Taxes	64,932	67,924	69,672	73,883	77,547
Miscellaneous Receipts/Federal Grants	20,141	19,900	20,383	19,542	19,731
Total Receipts	**85,073**	**87,824**	**90,055**	**93,425**	**97,278**
DISBURSEMENTS					
Local Assistance Grants	58,578	59,712	62,219	64,872	67,289
School Aid	20,163	20,471	21,692	22,514	23,641
STAR	3,286	3,419	3,602	3,704	3,805
Other Education Aid	1,927	2,032	2,091	2,197	2,328
Higher Education	2,629	2,825	2,911	2,994	3,066
Medicaid	15,879	16,230	16,780	17,591	18,248
Public Health/Aging	2,040	2,222	1,997	1,989	1,960
Mental Hygiene	3,602	2,833	3,450	3,967	4,173
Social Services	3,032	2,996	3,050	3,146	3,242
Transportation	4,303	4,739	4,831	4,910	4,995
Local Government Assistance	754	764	769	782	794
All Other	963	1,181	1,046	1,078	1,037
State Operations	17,683	17,844	18,275	18,877	19,185
Personal Service	12,403	12,366	12,642	13,078	13,210
Non-Personal Service	5,280	5,478	5,633	5,799	5,975
General State Charges	6,437	7,089	7,533	7,954	8,287
Pension Contribution	1,601	2,013	2,256	2,418	2,446
Health Insurance (Active Employees)	1,720	1,824	1,945	2,060	2,232
Health Insurance (Retired Employees)	1,409	1,491	1,531	1,651	1,788
All Other	1,707	1,761	1,801	1,825	1,821
Debt Service	6,138	6,060	5,805	6,482	6,783
Capital Projects	8	11	5	5	5
Total Disbursements	**88,844**	**90,716**	**93,837**	**98,190**	**101,549**
Net Other Financing Sources/(Uses)	4,283	2,848	2,105	2,052	1,625
NET OPERATING SURPLUS/ (DEFICIT)	**512**	**(44)**	**(1,677)**	**(2,713)**	**(2,646)**
RECONCILIATION TO GENERAL FUND GAP					
Designated Fund Balances:	(512)	44	(65)	(176)	(302)
General Fund	177	(193)	25	21	(13)
Special Revenue Funds	(736)	297	(95)	(204)	(268)
Debt Service Funds	47	(60)	5	7	(21)
GENERAL FUND BUDGET GAP	**0**	**0**	**(1,742)**	**(2,889)**	**(2,948)**

ECONOMIC BACKDROP

THE NATIONAL ECONOMY

The national economy now appears weaker than anticipated in the Enacted Budget forecast completed in April 2013, due in large part to an unusually large revision to the U.S. Bureau of Economic Analysis (BEA) estimate for the first quarter of the 2013 calendar year. Real U.S. Gross Domestic Product (GDP) growth for the first quarter was revised down by 1.9 percentage points to 1.1 percent, following revised 2012 fourth quarter growth of only 0.1 percent. Virtually every major component of GDP was revised downward – from household spending to inventories – indicating a bigger impact from the payroll tax hike, a shrinking government sector, and weaker global growth than was reflected in the original estimate. However, the labor market and pent-up demand for autos remain bright spots, while equity and home prices have continued to advance. Going forward, these factors are expected to offset respective impacts from Federal fiscal policy, supporting DOB's outlook for much stronger growth in the upcoming 2014 calendar year. Real U.S. GDP growth of 1.7 percent is now projected for 2013, followed by growth of 2.9 percent for 2014.

Even after BEA's most recent downward revision, real household spending grew at 2.3 percent in the first quarter of 2013, the strongest growth since the second quarter of 2012. While the expiration of the two-year old payroll tax holiday likely depressed spending among low-income households, accelerating equity market prices may have induced higher-income households to spend more. High-income taxpayers may also have felt richer due to a large shift of taxable income – including dividends and capital gains realizations – from 2013 into late 2012, in advance of rising personal income tax rates at the Federal level. Real consumer spending growth is estimated to have moderated during the second quarter, but with the impact of tax law changes receding, steady household spending growth is expected for the second half of the year supported by a gradually improving labor market and rising wealth, with real spending growth rising to 3 percent by the second quarter of 2014.

Uncertainty surrounding domestic and global demand is expected to restrain private business spending more than anticipated in the Enacted Budget Financial Plan forecast completed in April 2013, and reflected with the AIS released in June 2013. Estimates of real growth in private nonresidential fixed investment have been revised down to 4.1 percent for 2013. Although the euro-zone economies appear to be stabilizing, the outlook for the emerging market economies is weaker, leading to a downward revision to real U.S. export growth to 1.9 percent for the current year. But with the Federal spending sequester taking effect more gradually than expected, the U.S. economy is expected to exhibit second-quarter growth of 1.7 percent, 0.2 percent above the April forecast. Growth is still expected to improve in the second half of the year and into 2014, with real quarterly growth in U.S. GDP remaining above 3 percent for every quarter of next year.

In contrast with weaker output growth, the national labor market has been stronger than reflected in the Enacted Budget Financial Plan forecast. The nation's private sector demonstrated monthly average growth of 195,600 jobs over the first seven months of 2013. As a result, an upward revision has been made to employment growth for 2013, while the outlook for wage growth is largely unchanged. Employment growth of 1.7 percent is projected for all of 2013, accompanied by wage growth of 3.8 percent. Overall, personal income growth of 3.2 percent is projected for 2013, virtually unchanged from the April forecast, with stronger growth in the non-wage components of income offsetting the downward revision to wages. Slightly stronger employment growth of 1.8 percent is projected for 2014, with personal income and wage growth accelerating to 5.8 percent and 6.2 percent, respectively.

Since the conclusion of the Federal Open Market Committee meeting on June 19, 2013 expectations as to when the Federal Reserve will start to reduce its long-term asset purchases have dominated the bond market, resulting in an approximately 40 basis-point increase in the 10-year Treasury yield over the subsequent period. These purchases, commonly known as quantitative easing or QE, have resulted in a near quadrupling of the size of the central bank's balance sheet since 2007. As a result, DOB has revised its outlook for the 10-year Treasury yield upward to an average of 2.7 percent for the fourth quarter of 2013. The growth in consumer prices for 2013 has been revised down to 1.5 percent for 2013, largely due to gasoline price volatility. However, DOB's overall inflation and monetary policy outlook remains unchanged.

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

	2012 (Actual)	2013 (Forecast)	2014 (Forecast)
Real U.S. Gross Domestic Product	2.8	1.7	2.9
Consumer Price Index	2.1	1.5	2.1
Personal Income	4.2	3.2	5.8
Nonagricultural Employment	1.7	1.7	1.8

Source: Moody's Analytics; DOB staff estimates.

DOB's economic outlook calls for weaker growth in 2013 than projected in April, followed by a substantial improvement in 2014. However, there are many risks going forward. The sequester could result in a much larger decline in government spending than anticipated in the coming months, resulting in a greater loss of government jobs or private jobs related to government procurement. The global economy is expected to improve, but the euro-zone and Japanese economies remain extremely weak, while emerging market growth remains slower than in the earlier phase of the recovery. Slower export growth than expected could negatively affect growth in U.S. corporate profits, investment, and jobs. In contrast, faster global growth than expected could result in a faster upturn in the demand for U.S. exports. The response of financial markets to the timing of Federal Reserve "tapering" of its bond purchases may be the strongest headwind facing the US economy, particularly given the lack of experience on which to draw. Energy prices continue to be volatile and a risk to the household consumption forecast, while stronger than anticipated home and equity price growth present upside risks to household spending. Finally, displays of political gridlock at the Federal level surrounding deficit reduction and the debt ceiling could impact overall economic activity well beyond those sectors directly affected by spending cuts.

THE NEW YORK STATE ECONOMY

The pace of New York private sector job growth has remained strong, continuing to exhibit growth in professional and business services, private educational services, and tourism-related leisure and hospitality services. Private sector employment growth of 1.5 percent is projected for the 2013 calendar year, followed by 1.4 percent growth for 2014. These growth rates are above historical averages. In contrast, public sector employment is expected to continue to decline well into 2014, with the ongoing downsizing of the State's finance and government sectors contributing to unusually weak income growth. In advance of Federal tax increases at the start of this year, wages, dividends, and capital gains were accelerated into the fourth quarter of 2012. That shift is expected to depress wage growth for 2013 to 3.1 percent, followed by stronger growth of 4.6 percent for 2014. Similarly, estimated personal income growth of 2.7 percent for 2013 is expected to be followed by much higher growth of 5 percent for 2014.

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

	2012 (Actual)	2013 (Forecast)	2014 (Forecast)
Personal Income	3.2	2.7	5.0
Wages	2.9	3.1	4.6
Nonagricultural Employment	1.4	1.2	1.1

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

All of the risks to the U.S. forecast apply to the State forecast as well, although as the nation's financial capital, the volume of financial market activity and equity market volatility pose a particularly large degree of uncertainty for New York. Federal Reserve policy is likely to approach an inflection point sometime in the next two years and the resulting market volatility is likely to have a greater impact on the State economy than on the nation as a whole. Thus, the recent rise in long-term interest rates adds an additional degree of risk to the finance and insurance sector bonus forecast. In addition, with Wall Street still adjusting its compensation practices in the wake of the passage of financial reform, both the bonus and non-bonus components of employee pay are becoming more difficult to estimate. Securities industry revenues have in the past been a useful predictor of bonus payouts, but that relationship has become much more erratic in recent years. Estimation of taxpayer response to changes in Federal tax law creates an additional layer of uncertainty. A weaker labor market than projected could also result in lower wages, which in turn could result in weaker household consumption. Similarly, should financial and real estate markets be weaker than anticipated, taxable capital gains realizations could be negatively affected. These effects could ripple through the State economy, depressing employment, wage, and household spending growth. In contrast, stronger national and world economic growth, or a stronger upturn in stock prices, along with even stronger activity in mergers and acquisitions and other Wall Street activities, could result in higher wage and bonus growth than projected.

ALL FUNDS RECEIPTS PROJECTIONS

The receipts forecast describes estimates for the State's principal taxes, miscellaneous receipts, and transfers from other funds. Financial Plan receipts comprise a variety of taxes, fees, and charges for State-provided services, Federal grants, and other miscellaneous receipts. The receipts estimates and projections have been prepared by DOB with the assistance of the Department of Taxation and Finance and other agencies responsible for the collection of State receipts. The following tables summarize the current receipts forecast.

TOTAL RECEIPTS (millions of dollars)

	FY 2013 Results	FY 2014 Updated	Annual $ Change	Annual % Change
General Fund	58,783	61,690	2,907	4.9%
State Funds	90,303	93,440	3,137	3.5%
All Funds	133,175	140,979	7,804	5.9%

TOTAL RECEIPTS (millions of dollars)

	FY 2013 Results	FY 2014 Updated	Annual $ Change	Annual % Change	FY 2015 Projected	Annual $ Change	Annual % Change
GENERAL FUND	**58,783**	**61,690**	**2,907**	**4.9%**	**62,839**	**1,149**	**1.9%**
Taxes	43,283	42,453	(830)	-1.9%	43,158	705	1.7%
Miscellaneous Receipts	3,504	3,353	(151)	-4.3%	3,595	242	7.2%
Federal Grants	62	2	(60)	-96.8%	0	(2)	-100.0%
Transfers	11,934	15,882	3,948	33.1%	16,086	204	1.3%
STATE FUNDS	**90,303**	**93,440**	**3,137**	**3.5%**	**95,996**	**2,556**	**2.7%**
Taxes	66,302	69,324	3,022	4.6%	71,101	1,777	2.6%
Miscellaneous Receipts	23,855	24,036	181	0.8%	24,817	781	3.2%
Federal Grants	146	80	(66)	-45.2%	78	(2)	-2.5%
ALL FUNDS	**133,175**	**140,979**	**7,804**	**5.9%**	**143,366**	**2,387**	**1.7%**
Taxes	66,302	69,324	3,022	4.6%	71,101	1,777	2.6%
Miscellaneous Receipts	24,030	24,222	192	0.8%	25,003	781	3.2%
Federal Grants	42,843	47,433	4,590	10.7%	47,262	(171)	-0.4%

After controlling for the impact of tax law changes, base tax revenue is estimated to increase by 4.6 percent for FY 2014 and 4.8 percent for FY 2015.

CHANGE FROM ENACTED BUDGET FINANCIAL PLAN FORECAST

Current year All Funds tax receipt estimates have been decreased by $27 million since the Enacted Budget due to reductions in business taxes associated with Empire Zones refunds and LIPA restructuring. Miscellaneous receipts have been revised up by $601 million due to the receipt of legal settlements related to financial regulation and Tribal-State settlements.

CHANGE FROM ENACTED BUDGET FORECAST
(millions of dollars)

	FY 2014				FY 2015			
	Enacted Budget	First Quarter	$ Change	% Change	Enacted Budget	First Quarter	$ Change	% Change
GENERAL FUND[1]	**45,578**	**45,808**	**230**	**0.5%**	**46,786**	**46,753**	**(33)**	**-0.1%**
Taxes	42,480	42,453	(27)	-0.1%	43,235	43,158	(77)	-0.2%
Miscellaneous Receipts	3,096	3,353	257	8.3%	3,551	3,595	44	1.2%
Federal Grants	2	2	0	0.0%	0	0	0	0.0%
STATE FUNDS	**92,866**	**93,440**	**574**	**0.6%**	**96,035**	**95,996**	**(39)**	**0.0%**
Taxes	69,351	69,324	(27)	0.0%	71,194	71,101	(93)	-0.1%
Miscellaneous Receipts	23,435	24,036	601	2.6%	24,763	24,817	54	0.2%
Federal Grants	80	80	0	0.0%	78	78	0	0.0%
ALL FUNDS	**140,405**	**140,979**	**574**	**0.4%**	**143,405**	**143,366**	**(39)**	**0.0%**
Taxes	69,351	69,324	(27)	0.0%	71,194	71,101	(93)	-0.1%
Miscellaneous Receipts	23,621	24,222	601	2.5%	24,949	25,003	54	0.2%
Federal Grants	47,433	47,433	0	0.0%	47,262	47,262	0	0.0%

[1]Excludes Transfers.

MULTI-YEAR RECEIPTS

TOTAL RECEIPTS
(millions of dollars)

	FY 2014 Updated	FY 2015 Projected	Annual $ Change	FY 2016 Projected	Annual $ Change	FY 2017 Projected	Annual $ Change
General Fund	**61,690**	**62,839**	**1,149**	**65,549**	**2,710**	**68,676**	**3,127**
Taxes	42,453	43,158	705	46,037	2,879	48,502	2,465
State Funds	**93,440**	**95,996**	**2,556**	**99,769**	**3,773**	**102,937**	**3,168**
Taxes	69,324	71,101	1,777	75,332	4,231	79,002	3,670
All Funds	**140,979**	**143,366**	**2,387**	**148,119**	**4,753**	**154,010**	**5,891**
Taxes	69,324	71,101	1,777	75,332	4,231	79,002	3,670

The economic forecast calls for a continuation of the ongoing recovery in employment and wages. This increases the economic base on which the outyear revenue forecast is built. Overall, receipts in the two fiscal years following FY 2015 are expected to grow consistently with the projected moderate growth in both the U.S. and New York economies.

REVENUE RISKS

- Recent earnings reports could cause the stock market to reverse course, resulting in lower than expected revenue from capital gains realizations and financial sector wages.
- If gasoline prices exceed those embodied in the forecast, more disposable consumer income would be diverted to fuel, decreasing consumption of taxable goods and services.
- If European economic growth is more sluggish than expected, exports could fall, causing corporate profits and tax receipts to grow more slowly than expected.
- Consumer purchases and the housing market could be negatively impacted if long-term interest rates rise faster than anticipated.
- Bank and corporate franchise tax revenue streams are contingent on the timing and size of anticipated audit proceeds. Negotiations between the State and taxpayers are subject to unexpected delays, which may force audit proceeds into a subsequent fiscal year.

PERSONAL INCOME TAX

PERSONAL INCOME TAX
(millions of dollars)

	FY 2013 Results	FY 2014 Updated	Change	FY 2015 Projected	Change	FY 2016 Projected	Change	FY 2017 Projected	Change
GENERAL FUND[1]	**26,884**	**28,488**	**6.0%**	**29,397**	**3.2%**	**31,492**	**7.1%**	**33,545**	**6.5%**
Gross Collections	47,443	50,496	6.4%	52,678	4.3%	56,218	6.7%	59,529	5.9%
Refunds (Includes State/City Offset)	(7,216)	(7,953)	10.2%	(8,679)	9.1%	(9,290)	7.0%	(9,729)	4.7%
STAR	(3,286)	(3,419)	4.0%	(3,602)	5.4%	(3,704)	2.8%	(3,805)	2.7%
RBTF	(10,057)	(10,636)	5.8%	(11,000)	3.4%	(11,732)	6.7%	(12,450)	6.1%
STATE/ALL FUNDS	**40,227**	**42,543**	**5.8%**	**43,999**	**3.4%**	**46,928**	**6.7%**	**49,800**	**6.1%**
Gross Collections	47,443	50,496	6.4%	52,678	4.3%	56,218	6.7%	59,529	5.9%
Refunds (Includes State/City Offset)	(7,216)	(7,953)	10.2%	(8,679)	9.1%	(9,290)	7.0%	(9,729)	4.7%

[1]Excludes Transfers.

All Funds PIT receipts for FY 2014 are projected to be $42.5 billion, an increase of $2.3 billion (5.8 percent) from FY 2013. This primarily reflects robust growth in extension (i.e., prior year estimated) payments for tax year 2012 along with moderate growth in withholding, final returns, and delinquent collections, partially offset by a decrease in current estimated payments for tax year 2013 and growth in total 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 personal income tax revenue bonds. General Fund income tax receipts for FY 2014 of $28.5 billion are expected to increase by $1.6 billion (6 percent) from the prior year, mainly reflecting the increase in All Funds receipts noted above. RBTF deposits are projected to be $10.6 billion and the STAR transfer is projected to be $3.4 billion.

All Funds income tax receipts for FY 2015 of $44 billion are projected to increase $1.5 billion (3.4 percent) from the prior year. This increase primarily reflects increases of $2.3 billion (7.1 percent) in withholding and $1.4 billion (16.2 percent) in estimated payments related to tax year 2014 (i.e. current year estimated) partially offset by a $1.6 billion (30.2 percent) decline in extension payments related to tax year 2013 (i.e., prior year estimated) and growth in total refunds of $726 million (9.1 percent). The projection for tax year 2014 estimated payments reflects strong projected capital gains and dividend income growth following a deflated tax year 2013 base. The significant decline in tax year 2013 extension payments stems from the aforementioned acceleration of capital gains that occurred into tax year 2012. These projections are inclusive of revenue losses of $12 million in withholding and $23 million in estimated payments related to the enactment of the START-UP NY program.

General Fund income tax receipts for FY 2015 of $29.4 billion are projected to increase by $909 million (3.2 percent). The RBTF and STAR deposits are projected to be $11 billion and $3.6 billion, respectively.

All Funds income tax receipts for FY 2016 of $46.9 billion are projected to increase $2.9 billion (6.7 percent) from the prior year. This change primarily reflects increases of $2.3 billion (6.5 percent) in withholding, $812 million (8 percent) in estimated payments related to tax year 2015 (i.e., current year estimated), $278 million in extension payments for tax year 2014 (i.e., prior year estimated), and $100 million in final returns payments for tax year 2014 (i.e., current year), partially offset by a $611 million (7 percent) increase in total refunds. Delinquencies are projected to increase $40 million (3.2 percent) from the prior year.

General Fund income tax receipts for FY 2016 of $31.5 billion are projected to increase by $2.1 billion (7.1 percent). RBTF deposits are projected to be $11.7 billion and STAR deposits are projected to be $3.7 billion.

All Funds income tax receipts are projected to increase by $2.9 billion (6.1 percent) in FY 2017 to reach $49.8 billion, while General Fund receipts are projected to be $33.5 billion.

PERSONAL INCOME TAX: CHANGE FROM ENACTED BUDGET FORECAST
(millions of dollars)

	FY 2014				FY 2015			
	Enacted Budget	First Quarter	$ Change	% Change	Enacted Budget	First Quarter	$ Change	% Change
GENERAL FUND[1]	**28,488**	**28,488**	**0**	**0.0%**	**29,423**	**29,397**	**(26)**	**-0.1%**
Gross Collections	50,421	50,496	75	0.1%	52,637	52,678	41	0.1%
Refunds (Includes State/City Offset)	(7,878)	(7,953)	(75)	1.0%	(8,603)	(8,679)	(76)	0.9%
STAR	(3,419)	(3,419)	0	0.0%	(3,602)	(3,602)	0	0.0%
RBTF	(10,636)	(10,636)	0	0.0%	(11,009)	(11,000)	9	-0.1%
STATE/ALL FUNDS	**42,543**	**42,543**	**0**	**0.0%**	**44,034**	**43,999**	**(35)**	**-0.1%**
Gross Collections	50,421	50,496	75	0.1%	52,637	52,678	41	0.1%
Refunds	(7,878)	(7,953)	(75)	1.0%	(8,603)	(8,679)	(76)	0.9%

[1]Excludes Transfers

Compared to the Enacted Budget Financial Plan, FY 2014 All Funds income tax receipts are unchanged. However, final returns and total estimated payments are increased by $125 million and $50 million, respectively. These increases are offset by a $100 million reduction in withholding and an additional $75 million in total refunds. These changes largely reflect actual revenue collections to date.

The increase in total estimated payments is attributable to greater than expected April extension payments for tax year 2012 (i.e., prior year estimated). The improved final payments outlook relates to a processing delay that resulted in May 2013 collections that would typically have occurred in April, in addition to increased expectations for final payments receipts from extension filers in October 2013. Withholding has been reduced in response to unfavorable to-date receipt variances. Total refunds have increased in response to an increased projection for the State/City offset.

Compared to the Enacted Budget Financial Plan, FY 2015 All Funds income tax receipts have declined by $35 million. Projected extension and final payments on tax year 2014 liability have been increased by $50 million and $125 million, respectively, which are partially offset by a $76 million increase in the State/City offset. Projected withholding has been reduced by $112 million, related to costs associated with the START-UP NY program ($12 million) and a lower FY 2014 base ($100 million). The projection for current year estimated payments has declined by $23 million, also related to START-UP NY.

USER TAXES AND FEES

USER TAXES AND FEES
(millions of dollars)

	FY 2013 Results	FY 2014 Updated	Change	FY 2015 Projected	Change	FY 2016 Projected	Change	FY 2017 Projected	Change
GENERAL FUND[1]	**9,112**	**6,548**	**-28.1%**	**6,806**	**3.9%**	**7,085**	**4.1%**	**7,265**	**2.5%**
Sales Tax	8,423	5,866	-30.4%	6,125	4.4%	6,406	4.6%	6,589	2.9%
Cigarette and Tobacco Taxes	443	431	-2.7%	425	-1.4%	418	-1.6%	410	-1.9%
Alcoholic Beverage Taxes	246	251	2.0%	256	2.0%	261	2.0%	266	1.9%
STATE/ALL FUNDS	**14,615**	**15,116**	**3.4%**	**15,674**	**3.7%**	**16,257**	**3.7%**	**16,620**	**2.2%**
Sales Tax	11,989	12,530	4.5%	13,086	4.4%	13,677	4.5%	14,065	2.8%
Cigarette and Tobacco Taxes	1,551	1,491	-3.9%	1,466	-1.7%	1,436	-2.0%	1,405	-2.2%
Motor Fuel Tax	492	500	1.6%	504	0.8%	507	0.6%	510	0.6%
Highway Use Tax	145	140	-3.4%	143	2.1%	151	5.6%	149	-1.3%
Alcoholic Beverage Taxes	246	251	2.0%	256	2.0%	261	2.0%	266	1.9%
Taxicab Surcharge	83	90	8.4%	100	11.1%	101	1.0%	101	0.0%
Auto Rental Tax	109	114	4.6%	119	4.4%	124	4.2%	124	0.0%

[1]Excludes Transfers.

All Funds user taxes and fees receipts for FY 2014 are estimated to be $15.1 billion, an increase of $501 million (3.4 percent) from FY 2013. All Funds sales tax receipts are estimated to be $12.5 billion, an increase of $541 million (4.5 percent) from FY 2013. The underlying sales tax base measured before the impact of law changes is estimated to increase by 3.2 percent. Non-sales tax user taxes and fees are estimated to decrease by $40 million from FY 2013, mainly due to a decline in cigarette tax receipts ($60 million).

General Fund user taxes and fees receipts are expected to total $6.5 billion in FY 2014, a decrease of $2.6 billion (28.1 percent) from FY 2013. This decrease reflects an Enacted Budget accounting change that will first deposit 25 percent of sales tax receipts that were formerly directed to the General Fund into the new Sales Tax Bond Fund. The balance will be transferred to the General Fund after the payment of debt service.

All Funds user taxes and fees receipts for FY 2015 are projected to be $15.7 billion, an increase of $558 million (3.7 percent) from FY 2014. This mainly reflects an expected increase in the sales tax base due to higher consumption partially offset by continued declines in taxable cigarette consumption.

General Fund user taxes and fees receipts are projected to total $6.8 billion in FY 2015, an increase of $258 million (3.9 percent) from FY 2014 and reflect the All Funds changes discussed above.

All Funds user taxes and fees are projected to be $16.3 billion in FY 2016 and $16.6 billion in FY 2017. This predominantly reflects continued projected growth in the sales tax base partially offset by continued projected declines in taxable cigarette consumption. General Fund user taxes and fees are projected to be $7.1 billion in FY 2016 and $7.3 billion in FY 2017.

USER TAXES AND FEES: CHANGE FROM ENACTED BUDGET FORECAST (millions of dollars)

	FY 2014				FY 2015			
	Enacted Budget	First Quarter	$ Change	% Change	Enacted Budget	First Quarter	$ Change	% Change
GENERAL FUND[1]	**6,548**	**6,548**	**0**	**0.0%**	**6,814**	**6,806**	**(8)**	**-0.1%**
Sales Tax	5,866	5,866	0	0.0%	6,133	6,125	(8)	-0.1%
Cigarette and Tobacco Taxes	431	431	0	0.0%	425	425	0	0.0%
Alcoholic Beverage Taxes	251	251	0	0.0%	256	256	0	0.0%
STATE/ALL FUNDS	**15,116**	**15,116**	**0**	**0.0%**	**15,689**	**15,674**	**(15)**	**-0.1%**
Sales Tax	12,530	12,530	0	0.0%	13,101	13,086	(15)	-0.1%
Cigarette and Tobacco Taxes	1,491	1,491	0	0.0%	1,466	1,466	0	0.0%
Motor Fuel Tax	500	500	0	0.0%	504	504	0	0.0%
Highway Use Tax	140	140	0	0.0%	143	143	0	0.0%
Alcoholic Beverage Taxes	251	251	0	0.0%	256	256	0	0.0%
Taxicab Surcharge	90	90	0	0.0%	100	100	0	0.0%
Auto Rental Tax	114	114	0	0.0%	119	119	0	0.0%

[1]Excludes Transfers.

All Funds and General Fund FY 2014 user taxes and fees are unchanged from the Enacted Budget Financial Plan. All Funds user taxes and fees for FY 2015 are projected to be $15.7 billion, a decrease of $15 million (0.1 percent) from the Enacted Budget as a result of lower projected sales tax receipts resulting from the START-UP NY program enacted in June 2013. General Fund user taxes and fees receipts are projected to total $6.8 billion in FY 2015, a decrease of $8 million (0.1 percent) from the Enacted Budget, reflecting the All Funds changes.

BUSINESS TAXES

BUSINESS TAXES (millions of dollars)	FY 2013 Results	FY 2014 Updated	Change	FY 2015 Projected	Change	FY 2016 Projected	Change	FY 2017 Projected	Change
GENERAL FUND	**6,253**	**6,348**	**1.5%**	**5,811**	**-8.5%**	**6,301**	**8.4%**	**6,523**	**3.5%**
Corporate Franchise Tax	2,624	2,914	11.1%	2,220	-23.8%	2,573	15.9%	2,691	4.6%
Corporation and Utilities Tax	686	596	-13.1%	620	4.0%	636	2.6%	652	2.5%
Insurance Tax	1,346	1,418	5.3%	1,468	3.5%	1,523	3.7%	1,540	1.1%
Bank Tax	1,597	1,420	-11.1%	1,503	5.8%	1,569	4.4%	1,640	4.5%
Petroleum Business Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
STATE/ALL FUNDS	**8,465**	**8,611**	**1.7%**	**8,152**	**-5.3%**	**8,702**	**6.7%**	**8,990**	**3.3%**
Corporate Franchise Tax	3,009	3,359	11.6%	2,687	-20.0%	3,063	14.0%	3,204	4.6%
Corporation and Utilities Tax	895	781	-12.7%	807	3.3%	828	2.6%	855	3.3%
Insurance Tax	1,509	1,587	5.2%	1,644	3.6%	1,706	3.8%	1,730	1.4%
Bank Tax	1,912	1,694	-11.4%	1,789	5.6%	1,870	4.5%	1,956	4.6%
Petroleum Business Tax	1,140	1,190	4.4%	1,225	2.9%	1,235	0.8%	1,245	0.8%

All Funds business tax receipts for FY 2014 are estimated to be $8.6 billion, an increase of $146 million (1.7 percent) from the prior year. The estimates reflect growth across all taxes except the corporate and utilities tax and the bank tax.

All Funds corporate franchise tax receipts are estimated to increase $350 million (11.6 percent) from FY 2013. This increase is mainly attributable to higher estimated audit receipts and slightly stronger estimated gross receipts. Audit receipts are expected to increase $273 million from the previous year.

The corporation and utilities tax is expected to decline $114 million (12.7 percent) from FY 2013. Adjusted for the timing of a prior year telecommunications refund ($30 million), the decline in FY 2014 would be 9.3 percent. Two large telecommunications sector audits were received in FY 2013. This is the primary reason for the year-over-year decline in receipts. Gross receipts are expected to show a slight decline from the previous year due to the end-of-session LIPA restructuring legislation.

All Funds insurance tax receipts are estimated to increase $78 million (5.2 percent) from FY 2013. This reflects a return to growth from the improving economy.

The bank tax is estimated to decline $218 million (11.4 percent) in FY 2014. FY 2013 was a record year for bank tax receipts. Gross receipts and audits are estimated to be lower in FY 2014 than FY 2013. The several large audit cases that were settled in FY 2013 and the strong growth in gross receipts (18.1 percent) are not expected to be repeated in FY 2014.

Petroleum business tax receipts are expected to increase $50 million (4.4 percent) in FY 2014 primarily due to the 5 percent increase in the Petroleum Business Tax (PBT) tax rates effective January 2013 and an anticipated 3 percent increase in PBT tax rates effective January 2014.

General Fund business tax receipts for FY 2014 of $6.3 billion are estimated to increase by $95 million (1.5 percent) from FY 2013 results. Business tax receipts deposited to the General Fund reflect the All Funds trends discussed above.

All Funds business tax receipts for FY 2015 of $8.2 billion are projected to decrease $459 million (5.3 percent) from the prior year. This decrease primarily reflects the first year of repayment of deferred tax credits to taxpayers. Excluding this payback, FY 2015 receipts would be virtually unchanged from FY 2014.

General Fund business tax receipts for FY 2015 of $5.8 billion are projected to decrease $537 million (8.5 percent) from the prior year. Business tax receipts deposited to the General Fund reflect the All Funds trends discussed above.

All Funds business tax receipts for FY 2016 and FY 2017 reflect projected trends in corporate profits, taxable insurance premiums, electric utility consumption and prices, the consumption of telecommunications services, and automobile fuel consumption and fuel prices. Business tax receipts are projected to increase to $8.7 billion (6.7 percent) in FY 2016 and to $9 billion (3.3 percent) in FY 2017. General Fund business tax receipts over this period are expected to increase to $6.3 billion (8.4 percent) in FY 2016 and $6.5 billion (3.5 percent) in FY 2017.

BUSINESS TAXES: CHANGE FROM ENACTED BUDGET FORECAST
(millions of dollars)

	FY 2014				FY 2015			
	Enacted Budget	First Quarter	$ Change	% Change	Enacted Budget	First Quarter	$ Change	% Change
GENERAL FUND	**6,375**	**6,348**	**(27)**	**-0.4%**	**5,854**	**5,811**	**(43)**	**-0.7%**
Corporate Franchise Tax	2,934	2,914	(20)	-0.7%	2,237	2,220	(17)	-0.8%
Corporation and Utilities Tax	603	596	(7)	-1.2%	646	620	(26)	-4.0%
Insurance Tax	1,418	1,418	0	0.0%	1,468	1,468	0	0.0%
Bank Tax	1,420	1,420	0	0.0%	1,503	1,503	0	0.0%
Petroleum Business Tax	0	0	0	0.0%	0	0	0	0.0%
STATE/ALL FUNDS	**8,638**	**8,611**	**(27)**	**-0.3%**	**8,195**	**8,152**	**(43)**	**-0.5%**
Corporate Franchise Tax	3,379	3,359	(20)	-0.6%	2,704	2,687	(17)	-0.6%
Corporation and Utilities Tax	788	781	(7)	-0.9%	833	807	(26)	-3.1%
Insurance Tax	1,587	1,587	0	0.0%	1,644	1,644	0	0.0%
Bank Tax	1,694	1,694	0	0.0%	1,789	1,789	0	0.0%
Petroleum Business Tax	1,190	1,190	0	0.0%	1,225	1,225	0	0.0%

Compared to the Enacted Budget Financial Plan, FY 2014 All Funds business tax receipts are $27 million lower than projected. This change is due to reductions in the corporate franchise and the corporation and utilities taxes. The reduction in the corporate franchise tax is the result of litigation that will require the payment of $20 million in Empire Zone program refunds in FY 2014. The corporation and utilities tax change is the result of the end-of-session LIPA restructuring legislation. The bank, insurance, and petroleum business taxes are unchanged from the Enacted Budget.

Compared to the Enacted Budget Financial Plan, FY 2015 All Funds business tax receipts are reduced by $43 million. The reduction is the result of downward revisions in the corporate franchise and the corporation and utilities taxes. The change in the corporate franchise tax is the result of the START-UP NY program enacted at the end of the 2013 legislative session. Businesses that operate in certain tax free zones will pay no corporate franchise tax. The corporation and utilities tax change reflects the end-of-session LIPA restructuring legislation. LIPA will no longer be paying tax under Section 186 of the Tax Law effective January 1, 2014. The remaining business taxes are unchanged from the Enacted Budget.

OTHER TAXES

OTHER TAXES (millions of dollars)	FY 2013 Results	FY 2014 Updated	Change	FY 2015 Projected	Change	FY 2016 Projected	Change	FY 2017 Projected	Change
GENERAL FUND[1]	**1,034**	**1,069**	**3.4%**	**1,144**	**7.0%**	**1,159**	**1.3%**	**1,169**	**0.9%**
Estate Tax	1,014	1,050	3.6%	1,125	7.1%	1,140	1.3%	1,150	0.9%
Gift Tax	1	0	N/A	0	0.0%	0	0.0%	0	0.0%
Real Property Gains Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Pari-Mutuel Taxes	18	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%
STATE/ALL FUNDS	**1,790**	**1,809**	**1.1%**	**1,954**	**8.0%**	**2,044**	**4.6%**	**2,109**	**3.2%**
Estate Tax	1,014	1,050	3.6%	1,125	7.1%	1,140	1.3%	1,150	0.9%
Gift Tax	1	0	N/A	0	0.0%	0	0.0%	0	0.0%
Real Property Gains Tax	0	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Real Estate Transfer Tax	756	740	-2.1%	810	9.5%	885	9.3%	940	6.2%
Pari-Mutuel Taxes	18	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]Excludes Transfers.

All Funds other tax receipts for FY 2014 are estimated to be $1.8 billion, an increase of $19 million (1.1 percent) from FY 2013. This mainly reflects an increase of $36 million (3.6 percent) in estate tax receipts, partially offset by a decline of $16 million (2.1 percent) in real estate transfer tax receipts. The estate tax increase is the result of an expected return in FY 2014 to a number of super-large estate payments (payments of over $25 million) consistent with long-term trends. The FY 2014 real estate transfer tax estimate reflects the shift of transfers from FY 2014 into FY 2013 caused by uncertainty surrounding potential Federal tax law changes, which more than offsets estimated improvements in FY 2014 market pricing.

General Fund other tax receipts are expected to be nearly $1.1 billion in FY 2014, an increase of $35 million (3.4 percent) from FY 2013. This reflects the change in estate tax receipts described above.

All Funds other tax receipts for FY 2015 are projected to be just under $2 billion, an increase of $145 million (8 percent) from FY 2014. This reflects strong projected growth in both the real estate transfer and estate taxes.

General Fund other tax receipts are expected to total more than $1.1 billion in FY 2015. This reflects an increase of $75 million (7.1 percent) in estate tax receipts due to a projected increase in household net worth.

The FY 2016 All Funds receipts projection for other taxes is over $2 billion, an increase of $90 million (4.6 percent) from FY 2015. Growth in the estate tax is projected to follow forecast increases in household net worth. Receipts from the real estate transfer tax are also projected to increase, reflecting continuing growth in the residential and commercial real estate markets.

The FY 2017 All Funds receipts projection for other taxes is $2.1 billion, an increase of $65 million (3.2 percent) from FY 2016. Moderate growth is projected in estate tax collections, following forecast increases in household net worth. Real estate transfer tax collections are projected to grow as a result of increases in the value of real property transfers.

General Fund other tax receipts for FY 2016 are projected to grow by $15 million (1.3 percent) entirely due to the modest growth in the estate tax noted above. General Fund other tax receipts for FY 2017 are projected to increase by $10 million (0.9 percent), also due to the small estate tax growth noted above.

OTHER TAXES: CHANGE FROM ENACTED BUDGET FORECAST (millions of dollars)								
	FY 2014				FY 2015			
	Enacted Budget	First Quarter	$ Change	% Change	Enacted Budget	First Quarter	$ Change	% Change
GENERAL FUND[1]	**1,069**	**1,069**	**0**	**0.0%**	**1,144**	**1,144**	**0**	**0.0%**
Estate Tax	1,050	1,050	0	0.0%	1,125	1,125	0	0.0%
Gift Tax	0	0	0	0.0%	0	0	0	0.0%
Real Property Gains Tax	0	0	0	0.0%	0	0	0	0.0%
Pari-Mutuel Taxes	18	18	0	0.0%	18	18	0	0.0%
All Other Taxes	1	1	0	0.0%	1	1	0	0.0%
STATE/ALL FUNDS	**1,809**	**1,809**	**0**	**0.0%**	**1,954**	**1,954**	**0**	**0.0%**
Estate Tax	1,050	1,050	0	0.0%	1,125	1,125	0	0.0%
Gift Tax	0	0	0	0.0%	0	0	0	0.0%
Real Property Gains Tax	0	0	0	0.0%	0	0	0	0.0%
Real Estate Transfer Tax	740	740	0	0.0%	810	810	0	0.0%
Pari-Mutuel Taxes	18	18	0	0.0%	18	18	0	0.0%
All Other Taxes	1	1	0	0.0%	1	1	0	0.0%

[1]Excludes Transfers.

There are no FY 2014 or FY 2015 revisions to other taxes estimates and projections.

MISCELLANEOUS RECEIPTS AND FEDERAL GRANTS

MISCELLANEOUS RECEIPTS AND FEDERAL GRANTS (millions of dollars)									
	FY 2013 Results	FY 2014 Updated	Change	FY 2015 Projected	Change	FY 2016 Projected	Change	FY 2017 Projected	Change
GENERAL FUND	**3,566**	**3,355**	**-5.9%**	**3,595**	**7.2%**	**2,776**	**-22.8%**	**2,797**	**0.8%**
Miscellaneous Receipts	3,504	3,353	-4.3%	3,595	7.2%	2,776	-22.8%	2,797	0.8%
Federal Grants	62	2	-96.8%	0	N/A	0	0.0%	0	0.0%
STATE FUNDS	**24,002**	**24,116**	**0.5%**	**24,895**	**3.2%**	**24,437**	**-1.8%**	**23,935**	**-2.1%**
Miscellaneous Receipts	23,838	24,036	0.8%	24,817	3.2%	24,359	-1.8%	23,857	-2.1%
Federal Grants	164	80	-51.2%	78	-2.5%	78	0.0%	78	0.0%
ALL FUNDS	**66,875**	**71,655**	**7.1%**	**72,265**	**0.9%**	**72,787**	**0.7%**	**75,008**	**3.1%**
Miscellaneous Receipts	24,036	24,222	0.8%	25,003	3.2%	24,545	-1.8%	24,043	-2.0%
Federal Grants	42,839	47,433	10.7%	47,262	-0.4%	48,242	2.1%	50,965	5.6%

All Funds miscellaneous receipts include moneys received from 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 projected to total $24.2 billion in FY 2014, an annual increase of $186 million from FY 2013 results, or less than one percent annually.

Federal grants help pay for State spending on 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 and Federal allocations. Accordingly, DOB typically plans Federal reimbursement to be received in the State fiscal year that spending occurs, but timing sometimes varies. All Funds Federal grants are projected to total $47.4 billion in FY 2014, an increase of $4.6 billion from FY 2013, driven primarily by additional Federal funding for disaster assistance costs, as well as the annual impact of increased Federal spending associated with the ACA.

All Funds miscellaneous receipts are projected to increase by $781 million in FY 2015, which includes bond proceeds for capital projects. All Funds Federal grants are projected to decrease by $171 million in FY 2015, driven primarily by the timing of Federal disaster assistance costs, the majority of which is expected to be disbursed during FY 2014.

All Funds miscellaneous receipts are projected to decline by $458 million in FY 2016, driven by the decline in General Fund resources transferred from SIF, partially offset by a projected increase in miscellaneous receipts from bond proceeds available to fund capital improvement projects. All Funds miscellaneous receipts decrease by $502 million in FY 2017, driven by a projected decrease in miscellaneous receipts for capital projects, partially offset by increases in SUNY income and HCRA revenue collections.

Annual Federal grants growth of $980 million in FY 2016 and $2.7 billion in FY 2017 is primarily due to growth in Medicaid spending, reflecting the continued impact of spending associated with the ACA.

MISCELLANEOUS RECEIPTS AND FEDERAL GRANTS: CHANGE FROM ENACTED BUDGET FORECAST (millions of dollars)

	FY 2014				FY 2015			
	Enacted Budget	First Quarter	$ Change	% Change	Enacted Budget	First Quarter	$ Change	% Change
GENERAL FUND	**3,098**	**3,355**	**257**	**8.3%**	**3,551**	**3,595**	**44**	**1.2%**
Miscellaneous Receipts	3,096	3,353	257	8.3%	3,551	3,595	44	1.2%
Federal Grants	2	2	0	0.0%	0	0	0	0.0%
STATE FUNDS	**23,515**	**24,116**	**601**	**2.6%**	**24,841**	**24,895**	**54**	**0.2%**
Miscellaneous Receipts	23,435	24,036	601	2.6%	24,763	24,817	54	0.2%
Federal Grants	80	80	0	0.0%	78	78	0	0.0%
ALL FUNDS	**71,054**	**71,655**	**601**	**0.8%**	**72,211**	**72,265**	**54**	**0.1%**
Miscellaneous Receipts	23,621	24,222	601	2.5%	24,949	25,003	54	0.2%
Federal Grants	47,433	47,433	0	0.0%	47,262	47,262	0	0.0%

All Funds miscellaneous receipts have been revised upward by $601 million in FY 2014. The General Fund component of miscellaneous receipts in FY 2014 have been revised upward by $257 million, reflecting the receipt of additional financial settlements related to financial regulation. Increases to miscellaneous receipts in other State funds reflect resolution of disputes related to the Tribal-State Compact. All Funds miscellaneous receipts in FY 2015 have been revised upward by $54 million from the Enacted Budget.

Federal grants projections for FY 2014 and FY 2015 remain unchanged from the FY 2014 Enacted Budget Financial Plan.

DISBURSEMENTS

Total disbursements in FY 2014 are estimated at $61.5 billion in the General Fund and $90.7 billion in 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. The FY 2014 Enacted Budget authorized a School Aid increase in excess of the personal income cap for SY 2014. The projections do not reflect any potential impact of automatic Federal spending reductions that were triggered on March 1, 2013.

The multi-year disbursements projections take into account agency staffing levels, program caseloads, funding formulas contained in State and Federal law, inflation and other factors. 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 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.

Medicaid, education, pension costs, employee and retiree health benefits, and debt service are significant drivers of annual spending growth.

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. State-funded local assistance spending is estimated at $59.7 billion in FY 2014 and accounts for 66 percent of total State Operating Funds spending. Education and health care spending account for approximately two-thirds of local assistance spending.

Selected assumptions used 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 2013 Results	FY 2014 Updated	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected
MEDICAID					
Medicaid Coverage	4,812,715	5,176,084	6,110,639	6,169,418	6,198,080
- Family Health Plus Caseload	446,259	467,246	0	0	0
- Child Health Plus Caseload	344,000	356,000	368,000	380,000	392,000
State Takeover of County/NYC Costs	$1,613	$1,690	$1,665	$1,800	$2,168
- Family Health Plus	$477	$528	$219	$0	$0
- Medicaid	$1,136	$1,162	$1,446	$1,800	$2,168
EDUCATION					
School Aid (School Year)	$20,236	$21,228	$21,950	$22,784	$24,037
Education Personal Income Growth Index			3.4%	3.8%	5.5%
HIGHER EDUCATION					
Public Higher Education Enrollment (FTEs)	567,473	566,707	565,941	565,078	564,880
Tuition Assistance Program Recipients	309,921	310,065	310,065	310,065	310,065
PUBLIC ASSISTANCE					
Family Assistance Program	256,566	249,528	243,345	238,262	233,706
Safety Net Program - Families	122,368	118,706	115,450	112,747	110,279
Safety Net Program - Singles	187,254	185,777	184,815	184,361	184,385
MENTAL HYGIENE					
Total Mental Hygiene Community Beds	90,209	93,162	96,144	99,036	101,000
- OMH Community Beds	38,564	40,888	43,290	45,576	46,954
- OPWDD Community Beds	39,565	40,120	40,650	41,150	41,650
- OASAS Community Beds	12,080	12,154	12,204	12,310	12,396
PRISON POPULATION (CORRECTIONS)	54,617	54,300	54,000	53,800	53,700

Note: Dollar amounts in table are in millions. FY 2013 results are preliminary and are subject to revision.

EDUCATION

SCHOOL AID

School Aid helps support elementary and secondary education for New York pupils enrolled in 676 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 will increase by $992 million in School Year (SY) 2014, a 4.9 percent increase from SY 2013. In addition, $75 million of competitive grant funding is provided for several key initiatives recommended by the *New* NY Education Reform Commission in its Preliminary Report to the Governor, including pre-kindergarten and extended learning, bringing the total annual education aid increase to $1.067 billion. The Enacted Budget also included a new two-year appropriation that continues Education Law provisions to tie future School Aid increases to the rate of growth in New York State personal income.

Projected School Aid funding is a function of both a personal income growth index used to determine allowable growth, and future legislation to allocate the allowable increases. Current law prescribes allowable growth to include spending for new competitive grant programs to reward school districts that demonstrate significant student performance improvements or undertake long-term structural changes to reduce costs and improve efficiency. Allowable growth also includes increases in expense-based aid programs (i.e., Building Aid, Transportation Aid) under existing statutory provisions. Any remaining allowable growth is allocated pursuant to a chapter of law for purposes including, but not limited to, additional spending for competitive grants, increases in Foundation Aid, or restoration of the Gap Elimination Adjustment.

Based on updated estimates of personal income growth, School Aid is projected to increase by an additional $722 million in SY 2015 and $834 million in SY 2016. School Aid is projected to reach an annual total of $24.0 billion in SY 2017.

STATE FISCAL YEAR

SCHOOL AID AND *NEW* NY EDUCATION REFORM INITIATIVES - SCHOOL YEAR BASIS (JULY 1 - JUNE 30)
(millions of dollars)

	SY 2013	SY 2014	Change	SY 2015	Change	SY 2016	Change	SY 2017	Change
School Aid	$20,236	$21,228	$992	$21,950	$722	$22,784	$834	$24,037	$1,253
			4.9%		3.4%		3.8%		5.5%
New NY Education Reform Initiatives	$0	$75	$75	$75	$0	$75	$0	$75	$0
Total	**$20,236**	**$21,303**	**$1,067**	**$22,025**	**$722**	**$22,859**	**$834**	**$24,112**	**$1,253**
			5.3%		**3.4%**		**3.8%**		**5.5%**

The State finances School Aid and *New* NY Education Reform Initiatives 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 REFORM AID - STATE FISCAL YEAR BASIS (millions of dollars)

	FY 2013 Results	FY 2014 Updated	Change	FY 2015 Projected	Change	FY 2016 Projected	Change	FY 2017 Projected	Change
TOTAL STATE OPERATING FUNDS	**20,163**	**20,471**	**1.5%**	**21,692**	**6.0%**	**22,514**	**3.8%**	**23,641**	**5.0%**
General Fund Local Assistance	17,110	17,289	1.0%	18,573	7.4%	19,390	4.4%	20,519	5.8%
General Fund Lottery Aid Guarantee	0	10	N/A	0	N/A	0	0.0%	0	0.0%
Core Lottery Aid	2,217	2,230	0.6%	2,225	-0.2%	2,227	0.1%	2,225	-0.1%
VLT Lottery Aid	857	881	2.8%	894	1.5%	897	0.3%	897	0.0%
VLT Aid Balance Roll	(21)	21	N/A	0	N/A	0	0.0%	0	0.0%
Other Lottery Fund Resources	0	40	N/A	0	N/A	0	0.0%	0	0.0%

State spending for School Aid and *New* NY Education Reform Initiatives is projected to total $20.5 billion in FY 2014. In future years, receipts available to finance this category of aid from core lottery sales are projected to remain stable, while VLT receipts are anticipated to increase through FY 2015 as a result of the recent implementation of the VLT facility at the Aqueduct Racetrack. In addition to State aid, school districts receive approximately $3 billion annually in Federal categorical aid.

OTHER EDUCATION AID

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.

Major programs under the Office of Prekindergarten through Grade 12 address specialized student needs or reimburse school districts for education-related services, including the school breakfast and lunch programs, non-public school aid, and various special education programs. In special education, New York provides a full spectrum of services to over 400,000 students from ages 3 to 21. Higher and professional education programs monitor the quality and availability of postsecondary education programs and regulate the licensing and oversight of 50 professions.

OTHER EDUCATION (millions of dollars)

	FY 2013 Results	FY 2014 Updated	Change	FY 2015 Projected	Change	FY 2016 Projected	Change	FY 2017 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,927**	**2,032**	**5.4%**	**2,091**	**2.9%**	**2,197**	**5.1%**	**2,328**	**6.0%**
Special Education	1,352	1,418	4.9%	1,522	7.3%	1,626	6.8%	1,751	7.7%
All Other Education	575	614	6.8%	569	-7.3%	571	0.4%	577	1.1%

Special education growth is primarily driven by an increase in program costs and enrollment for preschool special education and the summer school special education programs. The increase in other education spending for FY 2014 over FY 2013 is driven primarily by one-time costs associated with targeted aid and grants, which are not projected to continue beyond FY 2014.

In order to enhance oversight of the preschool special education program, the FY 2014 Enacted Budget also supports the expansion of State and county audit capabilities and the development of data systems to enhance analysis of available program data.

SCHOOL TAX RELIEF PROGRAM

The STAR program provides school tax relief to taxpayers. The three components of STAR and their approximate shares in FY 2014 are: the basic school property tax exemption for homeowners with income under $500,000 (55 percent), the enhanced school property tax exemption for senior citizen homeowners with income under $79,050 (27 percent), and a flat refundable credit and rate reduction for income-eligible New York City resident personal income taxpayers (18 percent).

SCHOOL TAX RELIEF (STAR)
(millions of dollars)

	FY 2013 Results	FY 2014 Updated	Change	FY 2015 Projected	Change	FY 2016 Projected	Change	FY 2017 Projected	Change
TOTAL STATE OPERATING FUNDS	**3,286**	**3,419**	**4.0%**	**3,602**	**5.4%**	**3,704**	**2.8%**	**3,805**	**2.7%**
Basic Exemption	1,857	1,896	2.1%	1,997	5.3%	2,052	2.8%	2,106	2.6%
Enhanced (Seniors)	841	912	8.4%	986	8.1%	1,014	2.8%	1,040	2.6%
New York City PIT	588	611	3.9%	619	1.3%	638	3.1%	659	3.3%

The STAR program exempts the first $30,000 of every eligible homeowner's property value from the local school tax levy. Lower-income senior citizens will receive a $63,300 exemption in FY 2014. 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. Homeowners who earn more than $500,000 a year are not eligible for the STAR property tax exemption. New York City personal income taxpayers with annual income over $500,000 have a reduced benefit.

The FY 2014 Enacted Budget established a STAR re-registration and anti-fraud program. This program is expected to eliminate waste, fraud and abuse in the STAR exemption by (1) authorizing the Department of Taxation and Finance to require all recipients of a Basic STAR exemption to be registered with the Department, and (2) strengthening the penalties for fraud while tightening the standards and procedures for determining eligibility.

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 the City of New York 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 SUNY and CUNY through the debt service it pays on bond-financed capital projects at the universities. This is not reflected in the annual spending totals for the universities. State debt service payments for capital projects at SUNY and CUNY are expected to total about $1.4 billion in FY 2014.

HESC administers the TAP program 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 the Corporation administers are funded by the State and the Federal government.

Annual growth by CUNY in FY 2014 reflects the net impact of enrollment changes at community colleges, additional fringe benefit costs, and the timing of aid payments across State fiscal years. Growth in HESC reflects the rising cost of higher education tuition and the consequent demand for increased tuition assistance. SUNY local assistance reflects an increase in community college aid, which fully annualizes in the outyears.

HIGHER EDUCATION
(millions of dollars)

	FY 2013 Results	FY 2014 Updated	Change	FY 2015 Projected	Change	FY 2016 Projected	Change	FY 2017 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,629**	**2,825**	**7.5%**	**2,911**	**3.0%**	**2,994**	**2.9%**	**3,066**	**2.4%**
City University	**1,220**	**1,345**	**10.2%**	**1,401**	**4.2%**	**1,470**	**4.9%**	**1,548**	**5.3%**
City University	1,026	1,130	10.1%	1,185	4.9%	1,254	5.8%	1,332	6.2%
Community College	194	215	10.8%	216	0.5%	216	0.0%	216	0.0%
Higher Education Services	**947**	**1,004**	**6.0%**	**1,018**	**1.4%**	**1,032**	**1.4%**	**1,026**	**-0.6%**
Tuition Assistance Program	893	948	6.2%	959	1.2%	972	1.4%	966	-0.6%
Aid for Part Time Study	14	12	-14.3%	12	0.0%	12	0.0%	12	0.0%
Scholarships/Awards	40	44	10.0%	47	6.8%	48	2.1%	48	0.0%
State University	**462**	**476**	**3.0%**	**492**	**3.4%**	**492**	**0.0%**	**492**	**0.0%**
State University	457	472	3.3%	485	2.8%	485	0.0%	485	0.0%
Other/Cornell	5	4	-20.0%	7	75.0%	7	0.0%	7	0.0%

Note: State support for SUNY four-year institutions is funded through State operations rather than local assistance.

HEALTH CARE

Local assistance for health care-related spending includes Medicaid, statewide public health programs and a variety of mental hygiene programs. The DOH works with the 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. The Medicaid program finances inpatient hospital care, outpatient hospital services, clinics, nursing homes, managed care, prescription drugs, home care, family health plus (FHP) (a State-administered program to provide comprehensive health insurance for low-income families which do not meet certain Medicaid-eligibility thresholds), 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). The State share of Medicaid spending is budgeted and expended principally through DOH, but State share Medicaid spending also appears in the Financial Plan estimates for mental hygiene agencies, child welfare programs and the Department of Corrections and Community Supervision.

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 (including New York City). New York State's Medicaid spending is projected to total approximately $55.7 billion in FY 2014, including the local contribution.

The FY 2014 Enacted Budget includes the continuation of the Medicaid spending cap enacted in FY 2012, and recommends funding consistent with its provisions. The cap is based on the ten-year rolling average of the medical component of the CPI. Statutory changes approved with the FY 2012 Enacted Budget to grant the Executive certain administrative powers to help hold Medicaid spending to the capped level were amended through legislation included in the FY 2014 Enacted Budget to provide flexibility to adjust Medicaid projections to meet unanticipated costs resulting from the event of a natural or other type of disaster. The statutory provisions of the Medicaid spending cap have been extended through FY 2015, pursuant to authorization included in the FY 2014 Enacted Budget. The cap itself remains in place, and the Financial Plan assumes that statutory authority will be extended in subsequent years.

Based on updated data, the allowable growth under the cap is 3.9 percent. The FY 2014 Enacted Budget also 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 Health Benefit Exchange and the State will pay remaining out-of-pocket costs for these individuals up to previous FHP levels. The proposed transition to the Exchange is expected to provide savings to the State of $59.0 million in FY 2015.

TOTAL STATE-SHARE MEDICAID DISBURSEMENTS[1] (millions of dollars)	FY 2013 Results	FY 2014 Updated	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected
Department of Health					
DOH State Share	15,900	16,421	16,977	17,805	18,474
Local Assistance	15,879	16,230	16,780	17,591	18,248
State Operations[2]	21	191	197	214	226
Annual $ Change - DOH Only		521	556	828	669
Annual % Change - DOH Only		3.3%	3.4%	4.9%	3.8%
Other State Agencies					
Mental Hygiene	4,758	4,902	5,429	6,020	6,140
Foster Care	89	87	90	94	98
Education	17	0	0	0	0
Corrections	0	12	12	12	12
Total State Share (All Agencies)	**20,764**	**21,422**	**22,508**	**23,931**	**24,724**
Annual $ Change - Total State Share		658	1,086	1,423	793
Annual % Change - Total State Share		3.2%	5.1%	6.3%	3.3%

[1] Medicaid services growth is indexed to the 10-year average of CPI Medical, currently 3.9 percent. Financial Plan spending is adjusted for the inclusion of Medicaid State Operations spending (formerly outside the Medicaid Cap), which is supporting expanded functions pursuant to the phased-in takeover of local administrative responsibilities, and the decision of Monroe County to participate in the Medicaid local cap program, rather than continuing the sales tax intercept option. Finally, the State Share of Medicaid is adjusted for increased Federal Financial Participation beginning in January 2014.

[2] Increased State Operations costs in FY 2014 reflects the transfer of the Office of Health Insurance Programs to Medicaid from Public Health without new spending.

Factors affecting the level of Medicaid spending growth that must be managed within the cap include Medicaid enrollment, costs of provider health care services (particularly in managed care) and levels of utilization. The number of Medicaid recipients, including FHP, is expected to exceed 5.6 million at the end of FY 2014, an increase of 7.3 percent from the FY 2013 caseload of 5.3 million, a result mainly attributable to expanded eligibility pursuant to the ACA. Under the provisions of the ACA, the Federal government is expected to finance a greater share of Medicaid costs, the impact of which is expected to lower future growth in the State share of Medicaid costs beginning in FY 2014.

Total "state share" Medicaid, which includes Medicaid costs of State agencies in addition to DOH, reflects downward spending adjustments of $820 million in FY 2014, $535 million in FY 2015, and $357 million thereafter. This is attributable to the impact of reduced Federal revenue associated with the reimbursement of Medicaid costs at State-operated facilities providing developmental disability services. To compensate for the reduced Federal reimbursement for services provided, the State is undertaking various actions to reduce overall costs while minimizing any impact on service delivery. These actions include shifting a portion of OPWDD Medicaid costs to DOH, the impact of which is expected to be managed on a neutral Financial Plan basis through the implementation of several actions, including comprehensive program reforms consistent with other states to generate Federal reimbursement for services already being provided, and the management of certain MRT investment initiatives. These savings are valued at $730 million in FY 2014, $445 million in FY 2015, and $267 million in each of FYs 2016 and 2017, and are part of the Mental Hygiene Stabilization Fund within the DOH global spending cap.

The FY 2013 Enacted Budget included authorization for the State to take over administration of the Medicaid program, and to cap spending on local Medicaid administration at FY 2012 appropriation levels. The FY 2013 Enacted Budget also provided Medicaid spending relief for all counties and New York City by reducing growth in local Medicaid payments. These changes are expected to provide fiscal and administrative relief to local governments.

As allowed under the FY 2013 Enacted Budget legislation, Monroe County, which had previously authorized a State intercept of sales tax in lieu of payment for its portion of the local share of Medicaid, chose to enter the Medicaid local cap program effective February 1, 2013. Monroe County is expected to benefit in the long-term from entering the local cap program, as future costs associated with its Medicaid growth will be paid for by the State under the phased-in takeover initiative.

The State share of DOH Medicaid spending is comprised 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]

	FY 2013 Results	FY 2014 Updated	Change	FY 2015 Projected	Change	FY 2016 Projected	Change	FY 2017 Projected	Change
STATE OPERATING FUNDS	**15,900**	**16,421**	**3.3%**	**16,977**	**3.4%**	**17,805**	**4.9%**	**18,474**	**3.8%**
Total General Fund - Local	11,109	11,232	1.1%	11,391	1.4%	12,136	6.5%	12,631	4.1%
Total General Fund - State Operations	21	191	809.5%	197	3.1%	214	8.6%	226	5.6%
Other State Funds Support	4,770	4,998	4.8%	5,389	7.8%	5,455	1.2%	5,617	3.0%
HCRA Financing	3,214	3,437	6.9%	3,812	10.9%	3,878	1.7%	4,040	4.2%
Indigent Care Support	767	776	1.2%	792	2.1%	792	0.0%	792	0.0%
Provider Assessment Revenue	783	785	0.3%	785	0.0%	785	0.0%	785	0.0%
Other	6	0	-100.0%	0	0.0%	0	0.0%	0	0.0%

[1] Does not include Medicaid spending in other State agencies, transfers, or the local government share of total Medicaid program spending.

The FY 2014 Enacted Budget transferred all administrative costs, including those State resources associated with the local Medicaid takeover program, from the Public Health budget to the Medicaid budget. This change will align operational resources with programmatic responsibilities, and provide the necessary flexibility for meeting emerging needs during the course of the year. Using additional efficiencies gained from the local Medicaid takeover, this change is expected to avoid State General Fund costs of approximately $32 million in FY 2014, $50 million in FY 2015, and $67 million annually thereafter, without placing additional fiscal pressure on the Medicaid Global Cap.

Ongoing MRT efforts have identified a variety of other programmatic efficiencies and re-investments which are expected to improve overall service delivery within the health care industry, but which are not expected to have a significant net financial impact on the State's Medicaid program.

PUBLIC HEALTH/AGING PROGRAMS

Public Health includes the Elderly Pharmaceutical Insurance Coverage (EPIC) program that provides prescription drug insurance to low-income seniors, 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 EI program that pays for services to infants and toddlers under the age of three with disabilities or developmental delays, and other HCRA and State-supported programs.

The State Office for the Aging promotes and administers programs and services for New Yorkers 60 years of age and older. The Office primarily oversees community-based services, including but not limited to in-home services and nutrition assistance, provided through a network of county Area Agencies on Aging and local providers.

Many public health programs, such as the Early Intervention (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.

PUBLIC HEALTH AND AGING
(millions of dollars)

	FY 2013 Results	FY 2014 Updated	Change	FY 2015 Projected	Change	FY 2016 Projected	Change	FY 2017 Projected	Change
TOTAL STATE OPERATING FUNDS	**2,040**	**2,222**	**8.9%**	**1,997**	**-10.1%**	**1,989**	**-0.4%**	**1,960**	**-1.5%**
Public Health	**1,927**	**2,108**	**9.4%**	**1,877**	**-11.0%**	**1,862**	**-0.8%**	**1,828**	**-1.8%**
Child Health Plus	364	380	4.4%	446	17.4%	378	-15.2%	304	-19.6%
General Public Health Work	247	215	-13.0%	237	10.2%	233	-1.7%	238	2.1%
EPIC	98	170	73.5%	207	21.8%	237	14.5%	258	8.9%
Early Intervention	144	151	4.9%	167	10.6%	171	2.4%	171	0.0%
HCRA Program Account	442	424	-4.1%	429	1.2%	441	2.8%	441	0.0%
F-SHRP	249	384	54.2%	0	-100.0%	0	0.0%	0	0.0%
All Other	383	384	0.3%	391	1.8%	402	2.8%	416	3.5%
Aging	**113**	**114**	**0.9%**	**120**	**5.3%**	**127**	**5.8%**	**132**	**3.9%**

Spending growth in the CHP program through FY 2015 largely reflects costs associated with the expectation of additional caseload growth under the ACA. As CHP enrollment increases, initial costs to the State are expected; however, these costs are expected to decrease beginning in FY 2016 when enhanced Federal participation rates become effective.

Increased State support for the EPIC program, which was authorized in the FY 2013 Enacted Budget to provide coverage of Medicare Part D co-payments and co-insurance for enrollees outside of the existing coverage gap, is also driving a substantial portion of spending growth, as this change took effect on January 1, 2013. Increased spending for expanded EPIC coverage, as well as growth due to the rising costs of prescription drug medication, is expected to be partly financed by additional revenue generated from rebates received from drug manufacturers.

The F-SHRP program, which is Federal funding provided to the State on a time-limited basis through a Federal waiver under terms and conditions aimed at improving the delivery of health care services, is expected to terminate at the end of FY 2014. Spending growth in FY 2014 reflects the anticipation of peak utilization prior to the expiration of funding.

The year-over-year decrease for GPHW in FY 2014 reflects a reestimate of anticipated spending. Other public health programs are being reduced, which is expected to provide savings to the General Fund of approximately $22 million in each year of the Financial Plan.

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 provided additional funding for the expansion of existing programs such as CHP. HCRA has also provided additional financing for the health care industry, including investments in worker recruitment and retention, and the Health Care Efficiency and Affordability Law for New Yorkers (HEAL NY) program for capital improvements to health care facilities.

HCRA receipts include surcharges and assessments on hospital revenues, a “covered lives” assessment paid by insurance carriers, a portion of cigarette tax revenues, and other revenues dedicated by statute, as well as potential future proceeds from insurance company conversions. Total HCRA revenues are estimated to grow by approximately 3.3 percent on an annual basis during the Financial Plan period.

In addition to FHP, CHP, and HEAL NY, HCRA helps fund Medicaid, EPIC, physician excess medical malpractice insurance, and Indigent Care payments, which provide funding to hospitals serving a disproportionate share of individuals without health insurance.

The FY 2014 Enacted Budget included reductions to various public health programs and the shift of funding for certain programs between HCRA and the General Fund. The shifts are expected to lower spending in HCRA by approximately $145 million in FY 2014 and $175 million thereafter and increase the General Fund spending by the same amount.

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. These spending reductions could potentially affect core HCRA programs. The reauthorizations of HCRA in prior years maintained HCRA’s balance without the need for automatic spending reductions.

Given the inter-relationship between the General Fund and HCRA, any balances in HCRA are typically eliminated by adjusting the level of Medicaid disbursements that HCRA finances. This reduces costs that otherwise would have been paid for by the General Fund. Conversely, any shortfall in HCRA is expected to be financed by the General Fund.

HCRA FINANCIAL PLAN FY 2013 THROUGH FY 2017 (millions of dollars)	FY 2013 Results	FY 2014 Updated	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected
OPENING BALANCE	**3**	**18**	**0**	**0**	**0**
TOTAL RECEIPTS	**5,336**	**5,610**	**5,854**	**5,949**	**6,049**
Surcharges	2,723	2,818	2,918	3,013	3,111
Covered Lives Assessment	1,045	1,045	1,045	1,045	1,045
Cigarette Tax Revenue	1,108	1,060	1,041	1,018	995
Conversion Proceeds	0	175	300	300	300
Hospital Assessments	330	340	360	376	393
NYC Cigarette Tax Transfer/Other	130	172	190	197	205
TOTAL DISBURSEMENTS	**5,321**	**5,628**	**5,854**	**5,949**	**6,049**
Medicaid Assistance Account	3,219	3,437	3,812	3,878	4,040
Medicaid Costs	*1,840*	*2,138*	*2,852*	*3,229*	3,391
Family Health Plus	*682*	*650*	*311*	*0*	0
Workforce Recruitment & Retention	*157*	*197*	*197*	*197*	197
All Other	*540*	*452*	*452*	*452*	452
HCRA Program Account	459	445	444	460	460
Hospital Indigent Care	777	776	792	792	792
Elderly Pharmaceutical Insurance Coverage	105	183	220	250	271
Child Health Plus	372	386	453	385	312
Public Health Programs	128	29	0	0	0
All Other	261	372	133	184	174
ANNUAL OPERATING SURPLUS/(DEFICIT)	**15**	**(18)**	**0**	**0**	**0**
CLOSING BALANCE	**18**	**0**	**0**	**0**	**0**

MENTAL HYGIENE

MENTAL HYGIENE (millions of dollars)	FY 2013 Results	FY 2014 Updated	Change	FY 2015 Projected	Change	FY 2016 Projected	Change	FY 2017 Projected	Change
TOTAL STATE OPERATING FUNDS	**3,602**	**2,833**	**-21.3%**	**3,450**	**21.8%**	**3,967**	**15.0%**	**4,173**	**5.2%**
People with Developmental Disabilities	**2,196**	**1,420**	**-35.3%**	**1,862**	**31.1%**	**2,157**	**15.8%**	**2,220**	**2.9%**
Residential Services	1,551	1,519	-2.1%	1,630	7.3%	1,712	5.0%	1,756	2.6%
Day Programs	560	548	-2.1%	588	7.3%	618	5.1%	635	2.8%
Clinic	22	22	0.0%	23	4.5%	25	8.7%	25	0.0%
Other Local	63	61	-3.2%	66	8.2%	69	4.5%	71	2.9%
Mental Hygiene Stabilization Fund	0	(730)	0.0%	(445)	-39.0%	(267)	-40.0%	(267)	0.0%
Mental Health	**1,094**	**1,097**	**0.3%**	**1,256**	**14.5%**	**1,461**	**16.3%**	**1,590**	**8.8%**
Adult Local Services	913	917	0.4%	1,048	14.3%	1,239	18.2%	1,364	10.1%
Children Local Services	181	180	-0.6%	208	15.6%	222	6.7%	226	1.8%
Alcohol and Substance Abuse	**311**	**315**	**1.3%**	**331**	**5.1%**	**348**	**5.1%**	**362**	**4.0%**
Outpatient/Methadone	134	135	0.7%	142	5.2%	149	4.9%	155	4.0%
Residential	105	106	1.0%	112	5.7%	118	5.4%	123	4.2%
Prevention and Program Support	55	57	3.6%	60	5.3%	63	5.0%	65	3.2%
Crisis	17	17	0.0%	17	0.0%	18	5.9%	19	5.6%
CQCAPD/Justice Center	**1**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**	**1**	**0.0%**

The Department of Mental Hygiene is comprised of three independent agencies: OPWDD, 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 are 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. The activities of the Commission on Quality of Care and Advocacy for Persons with Disabilities were subsumed by the Justice Center when it became operational on June 30, 2013.

Local assistance spending in mental hygiene accounts for nearly half of total mental hygiene spending from State Operating Funds, and is projected to grow by an average rate of 3.7 percent annually. This growth is attributable to increases in the projected State share of Medicaid costs and projected expansion of the various mental hygiene service systems, including: increases primarily associated with developing new OPWDD residential and non-residential services and supports; the New York/New York III Supportive Housing agreement; and community beds that are currently under development in the OMH pipeline. Additional outyear spending is assumed in Financial Plan estimates for costs associated with efforts to move individuals in nursing homes and other settings to the least restrictive setting possible, as well as several chemical dependence treatment and prevention initiatives for individuals receiving services through OASAS.

The Financial Plan achieves lower spending growth by authorizing the elimination of automatic inflationary factors in FY 2014, including the 1.4 percent Human Services Cost of Living Adjustment and Medicaid trend adjustment, which provides rate reimbursement adjustments for eligible providers of services to the developmentally disabled; improved program efficiencies; enhanced audit recoveries; reduced administrative costs reimbursed to OPWDD providers; and revised estimates for mental health community bed funding.

OPWDD's Medicaid-related spending estimates were revised downward in the Enacted Budget Financial Plan by $820 million in FY 2014, $535 million in FY 2015, and $357 million thereafter. These revisions are attributable to the impact of reduced Federal revenue from Medicaid reimbursement at State-operated facilities providing developmental disability services. To compensate for the reduced Federal reimbursement for services provided, the State is undertaking various actions to reduce overall costs in the least disruptive manner possible for service delivery. These actions include shifting a portion of OPWDD Medicaid costs to DOH, the impact of which is expected to be managed on a neutral Financial Plan basis through the implementation of several actions, including comprehensive program reforms consistent with other states to generate Federal reimbursement for services already being provided, and the management of certain MRT investment initiatives. These savings are valued at $730 million in FY 2014, $445 million in FY 2015, and $267 million in each of FY 2016 and FY 2017 and are part of the Mental Hygiene Stabilization Fund within the DOH global spending cap. In addition, $90 million of savings will be achieved by OPWDD through a combination of actions identified in consultation with all relevant parties. These include $50 million in savings from reduced administrative costs, improved efficiencies, and collaborative efforts to utilize lower cost community based supports and services as opposed to more costly settings such as institutions and residential schools. In addition, $40 million in savings will be generated from increased audit recoveries generated by enhanced audit activity by the OMIG related to OPWDD services provided by nonprofit agencies.

SOCIAL SERVICES

TEMPORARY AND DISABILITY ASSISTANCE
(millions of dollars)

	FY 2013 Results	FY 2014 Updated	Change	FY 2015 Projected	Change	FY 2016 Projected	Change	FY 2017 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,540**	**1,392**	**-9.6%**	**1,290**	**-7.3%**	**1,318**	**2.2%**	**1,328**	**0.8%**
SSI	745	766	2.8%	664	-13.3%	691	4.1%	700	1.3%
Public Assistance Benefits	636	502	-21.1%	502	0.0%	502	0.0%	502	0.0%
Welfare Initiatives	36	19	-47.2%	19	0.0%	19	0.0%	19	0.0%
All Other	123	105	-14.6%	105	0.0%	106	1.0%	107	0.9%

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.

The decline in OTDA spending from FY 2013 results to FY 2014 Updated Financial Plan projections is driven primarily by the State's projected costs for public assistance caseload and the fact that there are no longer timing delays for payments. The average public assistance caseload is projected to total 554,011 recipients in FY 2014, a decrease of 2.2 percent from FY 2013 levels. Approximately 249,528 families are expected to receive benefits through the Family Assistance program in FY 2014, a decrease of 2.7 percent from FY 2013. In the Safety Net program an average of 118,706 families are expected to be helped in FY 2014, a decrease of 3.0 percent from FY 2013. The caseload for single adults/childless couples supported through the Safety Net program is projected at 185,777 in FY 2014, a decrease of 0.8 percent from FY 2013.

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. The youth facilities program serves youth directed by family or criminal courts to be placed in residential facilities.

CHILDREN AND FAMILY SERVICES
(millions of dollars)

	FY 2013 Results	FY 2014 Updated	Change	FY 2015 Projected	Change	FY 2016 Projected	Change	FY 2017 Projected	Change
TOTAL STATE OPERATING FUNDS	**1,492**	**1,604**	**7.5%**	**1,760**	**9.7%**	**1,828**	**3.9%**	**1,914**	**4.7%**
Child Welfare Service	334	462	38.3%	493	6.7%	526	6.7%	560	6.5%
Foster Care Block Grant	436	436	0.0%	456	4.6%	473	3.7%	491	3.8%
Adoption	142	162	14.1%	164	1.2%	167	1.8%	171	2.4%
Day Care	216	165	-23.6%	249	50.9%	249	0.0%	249	0.0%
Youth Programs	130	152	16.9%	161	5.9%	163	1.2%	163	0.0%
Medicaid	89	87	-2.2%	90	3.4%	94	4.4%	98	4.3%
Committees on Special Education	37	30	-18.9%	33	10.0%	38	15.2%	43	13.2%
Adult Protective/Domestic Violence	34	31	-8.8%	35	12.9%	41	17.1%	48	17.1%
All Other	74	79	6.8%	79	0.0%	77	-2.5%	91	18.2%

Financial Plan growth is driven by increases in claims-based programs; an increase in General Fund spending on Day Care beginning in FY 2015, in order to keep spending on this program constant after a projected decrease in Federal funding; and the continued implementation of the New York City Close to Home Initiative. Growth in Child Welfare Services and Adult Protective/Domestic Violence reflects anticipated growth in local claims and flat Federal funding.

TRANSPORTATION

In FY 2014, the Department of Transportation (DOT) will provide $4.7 billion in local assistance to support statewide mass transit systems. This funding, financed through the collection of dedicated taxes and fees, is provided to mass transit operators throughout the State to support operating costs. The MTA, due to the size and scope of its transit system, receives the majority of the statewide mass transit operating aid. Additionally, 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. The State collects these taxes and fees on behalf of, and disburses the entire amount to, the MTA to support the transit system. Legislation enacted in December 2011 eliminates the MTA payroll tax for all elementary and secondary schools as well as for certain small businesses. The State is expected to compensate the MTA for the decrease in receipts from this tax reduction.

Operating aid to the MTA and other transit systems is expected to increase in FY 2014 by 10.1 percent, which reflects the impact of timing associated with availability of funding resources and growth assumed in the current receipts forecast.

TRANSPORTATION
(millions of dollars)

	FY 2013 Results	FY 2014 Updated	Change	FY 2015 Projected	Change	FY 2016 Projected	Change	FY 2017 Projected	Change
TOTAL STATE OPERATING FUNDS	**4,303**	**4,739**	**10.1%**	**4,831**	**1.9%**	**4,910**	**1.6%**	**4,995**	**1.7%**
Mass Transit Operating Aid:	1,906	2,105	10.4%	2,101	-0.2%	2,101	0.0%	2,101	0.0%
Metro Mass Transit Aid	1,761	1,964	11.5%	1,960	-0.2%	1,960	0.0%	1,960	0.0%
Public Transit Aid	93	89	-4.3%	89	0.0%	89	0.0%	89	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	1,705	1,909	12.0%	1,986	4.0%	2,061	3.8%	2,143	4.0%
Dedicated Mass Transit	647	680	5.1%	698	2.6%	702	0.6%	706	0.6%
AMTAP	45	45	0.0%	45	0.0%	45	0.0%	45	0.0%
All Other	0	0	0.0%	1	N/A	1	0.0%	0	0.0%

LOCAL GOVERNMENT ASSISTANCE

Direct aid to local governments includes the Aid and Incentive for Municipalities (AIM) program, which was created in FY 2006 to consolidate various unrestricted local aid funding streams; VLT impact aid; and Small Government Assistance and Miscellaneous Financial Assistance. In addition, the State provides incentive grants to local governments. Spending for AIM efficiency incentive grants increases over the multi-year period reflecting the implementation of the Local Government Performance and Efficiency Program enacted in FY 2012 to reward municipal efficiencies and to encourage less duplication among local governments in the delivery of services.

LOCAL GOVERNMENT ASSISTANCE
(millions of dollars)

	FY 2013 Results	FY 2014 Updated	Annual % Change	FY 2015 Projected	Annual % Change	FY 2016 Projected	Annual % Change	FY 2017 Projected	Annual % Change
TOTAL STATE OPERATING FUNDS	**754**	**764**	**1.3%**	**769**	**0.7%**	**782**	**1.7%**	**794**	**1.5%**
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%
Efficiency Incentives	6	11	83.3%	20	81.8%	35	75.0%	47	34.3%
All Other Local Aid	33	38	15.2%	34	-10.5%	32	-5.9%	32	0.0%

ALL OTHER LOCAL ASSISTANCE SPENDING

Other local assistance programs and activities include criminal justice, economic development, aging, and housing. Spending in these areas is not expected to change materially over the Financial Plan period.

AGENCY OPERATIONS

Agency operating costs include personal service, non-personal service, and General State Charges (GSCs). Personal service includes salaries of State employees of the Executive, Legislative, and Judicial branches, as well as overtime payments and costs for temporary employees. Non-personal service generally accounts for the cost of operating State agencies, including real estate rental, utilities, contractual payments (i.e., consultants, information technology, and professional business services), supplies and materials, equipment, and telephone service. GSCs account for the costs 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. In addition, certain agency operations of Transportation and Motor Vehicles are included in the capital projects fund type and not reflected in the State Operating Funds personal service or non-personal service 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 2013 Results	FY 2014 Updated	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected
Negotiated Base Salary Increases [1]					
CSEA/NYSCOPBA/Council 82/UUP	0	0	2%	2%	TBD
PEF / NYSPBA	0	0	2%	TBD	TBD
State Workforce[2]	119,756	120,520	120,460	120,460	120,460
ERS Pension Contribution Rate[3]					
Before Amortization (Normal/Admin/GLIP)	19.4%	21.7%	21.5%	18.0%	16.3%
After Amortization	11.5%	12.5%	13.5%	14.5%	15.5%
PFRS Pension Contribution Rate					
Before Amortization (Normal/Admin/GLIP)	26.6%	30.1%	30.1%	26.2%	24.2%
After Amortization	19.5%	20.5%	21.5%	22.5%	23.5%
Employee/Retiree Health Insurance Growth Rates	3.1%	5.4%	8.5%	8.5%	8.5%
PS/Fringe as % of Receipts (All Funds Basis)	14.5%	14.2%	14.5%	14.6%	14.4%

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

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

[3] As Percent of Salary.

Growth in agency operating spending is concentrated in agencies that operate large facilities, such as the State University, the mental hygiene agencies, and Corrections and Community Supervision. The main causes of growth include inflationary increases in payroll and operating costs expected for food, medical care and prescription drugs, and energy costs in State facilities, offset by expected savings from enterprise procurement efforts. In most years, there are 26 bi-weekly pay periods. In FY 2016, there is one additional State institutional payroll, which results in higher spending mainly in mental hygiene and corrections. In addition, the State will begin repayment to State employees of certain amounts withheld pursuant to the DRP in FY 2012 and FY 2013 beginning in the last pay period in FY 2015.

Prior-year collective bargaining agreements with NYSCOPBA and Council 82 are reflected in the personal service costs in the following table and include retroactive salary increases already paid in FY 2013 for prior years.

STATE OPERATING FUNDS - AGENCY OPERATIONS[1]
(millions of dollars)

	FY 2013 Results	FY 2014 Updated	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected
SUBJECT TO DIRECT EXECUTIVE CONTROL	**9,819**	**9,774**	**9,964**	**10,320**	**10,466**
Mental Hygiene	2,914	2,855	2,874	2,988	2,942
Corrections and Community Supervision	2,741	2,553	2,610	2,746	2,701
State Police	601	651	647	660	666
Public Health	526	422	429	416	417
Tax and Finance	372	349	356	363	371
Children and Family Services	302	262	246	242	247
Environmental Conservation	231	232	231	234	236
Financial Services	193	203	205	208	208
Temporary and Disability Assistance	187	151	160	157	161
Parks, Recreation and Historic Preservation	180	180	178	180	182
Workers' Compensation Board	150	152	152	155	157
Lottery/Gaming	124	161	165	166	166
General Services	145	170	144	145	148
Information Technology Services	60	236	267	271	271
All Other	1,041	1,197	1,300	1,389	1,593
UNIVERSITY SYSTEMS	**5,552**	**5,669**	**5,777**	**5,916**	**6,054**
State University	5,451	5,581	5,687	5,824	5,960
City University	101	88	90	92	94
INDEPENDENT AGENCIES	**297**	**304**	**310**	**319**	**323**
Law	160	165	167	171	173
Audit & Control	137	139	143	148	150
TOTAL, EXCLUDING JUDICIARY AND LEGISLATURE	**15,668**	**15,747**	**16,051**	**16,555**	**16,843**
Judiciary	1,812	1,878	2,000	2,095	2,111
Legislature	203	219	224	227	231
Statewide Total	**17,683**	**17,844**	**18,275**	**18,877**	**19,185**
Personal Service	12,403	12,366	12,642	13,078	13,210
	3.0%	-0.3%	2.2%	3.4%	1.0%
Non-Personal Service	5,280	5,478	5,633	5,799	5,975
	-2.3%	3.8%	2.8%	2.9%	3.0%

[1] Beginning in FY 2013, the Financial Plan reflects the shift of information technology staff from agencies across the State to ITS as well as the transfer of business services staff to OGS.

GENERAL STATE CHARGES

Fringe benefit payments, many of which are mandated by statute or collective bargaining agreements, include employer contributions for pensions, 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 certain fixed costs such as State taxes paid to local governments for certain State-owned lands, and payments related to lawsuits against the State and its public officers.

GENERAL STATE CHARGES
(millions of dollars)

	FY 2013 Results	FY 2014 Updated	Change	FY 2015 Projected	Change	FY 2016 Projected	Change	FY 2017 Projected	Change
TOTAL STATE OPERATING FUNDS	**6,437**	**7,089**	**10.1%**	**7,533**	**6.3%**	**7,954**	**5.6%**	**8,287**	**4.2%**
Fringe Benefits	**6,046**	**6,700**	**10.8%**	**7,132**	**6.4%**	**7,554**	**5.9%**	**7,887**	**4.4%**
Health Insurance	3,129	3,315	5.9%	3,476	4.9%	3,711	6.8%	4,020	8.3%
Employee Health Insurance	1,720	1,824	6.0%	1,945	6.6%	2,060	5.9%	2,232	8.3%
Retiree Health Insurance	1,409	1,491	5.8%	1,531	2.7%	1,651	7.8%	1,788	8.3%
Pensions	1,601	2,013	25.7%	2,256	12.1%	2,418	7.2%	2,446	1.2%
Social Security	942	960	1.9%	978	1.9%	997	1.9%	1,015	1.8%
All Other Fringe	374	412	10.2%	422	2.4%	428	1.4%	406	-5.1%
Fixed Costs	**391**	**389**	**-0.5%**	**401**	**3.1%**	**400**	**-0.2%**	**400**	**0.0%**

GSCs are projected to increase at an average annual rate of 6.5 percent over the Financial Plan period. This is due to projected growth in health insurance and pension costs, offset by revenue collected from fringe benefit assessments, particularly from the mental hygiene agencies.

TRANSFERS TO OTHER FUNDS (GENERAL FUND BASIS)

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

GENERAL FUND TRANSFERS TO OTHER FUNDS (millions of dollars)

	FY 2013 Results	FY 2014 Updated	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected
TOTAL TRANSFERS TO OTHER FUNDS	**6,794**	**8,702**	**8,861**	**9,682**	**10,248**
Mental Hygiene Medicaid State Share	**2,846**	**1,813**	**1,338**	**1,311**	**1,279**
Debt Service	**1,647**	**1,646**	**1,165**	**1,452**	**1,345**
SUNY University Operations	**340**	**971**	**971**	**971**	**971**
Capital Projects	**916**	**1,227**	**1,384**	**1,400**	**1,799**
Dedicated Highway and Bridge Trust Fund	519	551	592	606	720
All Other Capital	397	676	792	794	1,079
ALL OTHER TRANSFERS	**1,045**	**3,045**	**4,003**	**4,548**	**4,854**
Mental Hygiene	0	1,839	2,838	3,400	3,688
Department of Transportation (MTA Tax)	277	332	334	334	334
SUNY - Disproportionate Share	209	228	228	228	228
Judiciary Funds	112	107	108	109	109
SUNY - Hospital Operations	81	67	60	60	60
Banking Services	61	65	65	65	65
Statewide Financial System	48	53	55	55	55
Indigent Legal Services	34	40	40	40	40
Mass Transportation Operating Assistance	38	37	37	37	37
Alcoholic Beverage Control	17	18	20	20	20
Information Technology Services	14	40	14	6	10
Public Transportation Systems	12	12	12	12	12
Correctional Industries	10	10	10	10	10
All Other	132	197	182	172	186

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.

General Fund transfers to other funds are expected to total $8.7 billion in FY 2014 — a $1.9 billion increase from FY 2013. This increase is predominantly a function of the re-categorization of SUNY operating support, and the higher costs associated with operating mental hygiene facilities in lieu of reduced Federal revenue.

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 (i.e., Empire State Development, 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 2013 Results	FY 2014 Updated	Annual Change	Percent Change
General Fund	**1,647**	**1,646**	**(1)**	**-0.1%**
Other State Support	4,491	4,414	(77)	-1.7%
State Operating Funds	**6,138**	**6,060**	**(78)**	**-1.3%**
Capital Projects Funds	**0**	**0**	**0**	**0.0%**
Total All Funds	**6,138**	**6,060**	**(78)**	**-1.3%**

Total debt service is projected at $6.1 billion in FY 2014, of which $1.6 billion is paid from the General Fund through transfers, and $4.4 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 bonds, DHBTF bonds, and mental health facilities bonds.

FY 2014 spending estimates have been revised for the assumed prepayment of $318 million of debt service that is due during FY 2015. Otherwise, debt service spending is unchanged from Enacted Budget estimates.

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 2013 in July 2013.

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, 2013	1,129	(308)	(186)	(499)	136	(739)
March 31, 2012	137	56	80	346	619	(1,868)
March 31, 2011	1,529	742	198	(568)	1,901	(2,009)

SUMMARY OF NET POSITION (millions of dollars)

Fiscal Year Ended	Governmental Activities	Business-Type Activities	Total Primary Government
March 31, 2013	26,271	(922)	25,349
March 31, 2012	26,333	(658)	25,675
March 31, 2011	27,648	(618)	27,030

The Basic Financial Statements (including Other Supplementary Information) and 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 EMMA 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, 2012, is included in NYSLRS' Comprehensive Annual Financial Report (NYSLRS' CAFR) for the fiscal year ended March 31, 2012. 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 2013, as well as NYSLRS' CAFR and Asset Listing, the NYSLRS' CAFR for each of the nine prior fiscal years, 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, 2013 can also be accessed at that web page and the NYSLRS' CAFR for the fiscal year ending March 31, 2013 will be available by September 30, 2013.

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, 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 35 percent of the membership during FY 2013. 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, 2013, approximately 648,000 persons were members of the Systems and approximately 413,000 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, 2013, approximately 83 percent of ERS members were in Tiers 3 and 4 and approximately 90 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 joining on or after January 1, 2010 and PFRS members joining 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 joining 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 Retirement Incentive Program for certain ERS members for periods ending no later than December 31, 2010. This program did not apply to PFRS members. The Program had two distinct parts:

- Part A was a targeted incentive. Employers identified eligible titles. Part A provided one additional month of service credit for each year of credited service an eligible member had at retirement. The maximum additional incentive service credit was three years.

- Part B was not targeted. It was open to all eligible Tier 2, 3 and 4 members unless an employer deemed a member's position critical to the maintenance of public health and safety. Part B allowed members who were at least age 55 and had 25 years or more of service credit to retire without a benefit reduction.

Participating members whose employer offered both parts of the program, and who met the eligibility requirements of both parts, had to choose between the two. The number of State employees who retired under the Early Retirement Incentive (ERI) is approximately 6,400. Three hundred ninety-nine (399) participating employers elected to participate in Part A of the ERI. Two hundred eleven (211) participating employers elected to participate in Part B of the ERI. Five thousand four hundred fifty-three (5,453) members from 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. The amortized amount receivable relating to the ERI, including accrued interest, from the State as of March 31, 2013 is $123.15 million and from participating employers is $85.56 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 are required to contribute 3 percent of their salaries for the first ten years of membership. All ERS members joining after 2009, and most PFRS members joining after January 9, 2010, are members of Tier 5 and are required to contribute 3 percent of their salaries for their career. However, if a participating employer had a collective bargaining agreement in effect when Tier 5 became effective (January 9, 2010) that provided for PFRS members to be non-contributory, individuals who first became Tier 5 members prior to the expiration of the agreement are non-contributory in their plan for their career. Individuals who first became Tier 5 members after the expiration of the current collective bargaining agreement are subject to the 3 percent contribution for their career. Members in Tier 6 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. 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. Thus, because of the significant investment loss in FY 2009, employer contribution rates increased for FY 2011, FY 2012, FY 2013 and FY 2014. 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 2015 were released in late August 2013. The average ERS rate decreased from 20.9 percent of salary in FY 2014 to 20.1 percent of salary in FY 2015, while the average PFRS rate decreased from 28.9 percent of salary in FY 2014 to 27.6 percent of salary in FY 2015. Information regarding average rates for FY 2015 may be found in the 2013 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. The employer contribution for a given fiscal year is based in part on the value of the CRF’s assets and its liabilities on the preceding April 1. 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, 2013, the amortized amount receivable, including accrued interest, pursuant to Chapter 260 from the State is $176.17 million and from participating employers is $47.55 million. The State paid $1,406.67 million in contributions (including Judiciary) for FY 2013 including amortization payments of approximately $235.04 million associated with Chapter 260 of the Laws of 2004, Chapter 57 of the Laws of 2010 and the 2010 retirement incentive program.

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. 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 and FY 2013, the interest rates are 5 percent, 3.75 percent and 3 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, 2013, the amortized amount receivable, including accrued interest, for the 2011 amortization is $209.75 million from the State and $36.73 million from 50 participating employers; the amortized amount receivable, including accrued interest, for the 2012 amortization is $517.03 million from the State and $194.15 million from 133 participating employers; and, the amortized amount receivable, including accrued interest, for the 2013 amortization is $780.43 million from the State and $370.73 million from 139 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 be available for amortization under the 2010 legislation. In addition, the maximum payment period is 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.

Eligible employers have a one-time only option to elect to participate in the Alternate Contribution Stabilization Program, which begins with FY 2014. For those eligible employers electing 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. 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 estimated total State payment (including Judiciary) for FY 2014 is $2,717.7 million. As of August 1, 2013, the State has prepaid $593.63 million and has been credited with the related interest adjustment. If the State (including Judiciary) opts to amortize the maximum amount permitted, it would reduce the required March 1, 2014 payment by $938.0 million. The State payment for FY 2014 is an estimate. If this amount changes, then the amount that can be amortized would also change. Amounts amortized are treated as receivables for purposes of calculating assets of the CRF.

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, 2013 was $164.2 billion (including $4.4 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 $10.8 billion or 7 percent from the FY 2012 level of $153.4 billion. The increase in net position restricted for pension benefits from FY 2012 to FY 2013 reflects, in large part, equity market performance[3]. The valuation used by the Systems Actuary will be based on audited net assets available for benefits as of March 31, 2013 and will be included in the NYSLRS' CAFR for that fiscal year. The audited Financial Statement reports a gain of 10.38 percent for FY 2013.

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.[4]

The Systems report that the present value of anticipated benefits for current members, retirees, and beneficiaries increased from $198.6 billion on April 1, 2012 to $204.5 billion (including $93.7 billion for current retirees and beneficiaries) on April 1, 2013. 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, 2013 in that the determination of actuarial assets utilized a smoothing method which recognized 20 percent of the unexpected gain for FY 2013, 40 percent of the unexpected loss for FY 2012, 60 percent of the unexpected gain for FY 2011 and 80 percent of the unexpected gain for FY 2010[5]. Effective April 1, 2013, the asset valuation method smoothes gains and losses based on the market value of all investments. Prior valuation of non-fixed income assets smoothed gains and losses based on market value, but fixed income assets were based on amortized cost. Actuarial assets increased from $147.8 billion on April 1, 2012 to $155.4 billion on April 1, 2013. The funded ratio, as of April 1,

[3] On August 16, 2013, the State Comptroller released a statement indicating that the value of the Systems' invested assets posted a 0.29 percent return for the quarter ending June 30, 2013. This report reflects unaudited data for assets invested for the Systems. The value of invested assets changes daily.

[4] More detail on the CRF's asset allocation as of March 31, 2012, long-term policy allocation and transition target allocation can be found on page 72 of the NYSLRS' CAFR for the fiscal year ending March 31, 2012.

[5] 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.

2013, calculated by the Systems Actuary in August 2013 using the entry age normal funding method and actuarial assets, was 89 percent[6].

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.

[6] Detail on the funded ratios of ERS and PFRS as of April 1 for each of the 5 years previous to the fiscal year ended March 31, 2012 can be found on page 54 of the NYSLRS' CAFR for the fiscal year ending March 31, 2012. Detail regarding employers' Annual Required Contributions for FY 2012 and each of the five previous fiscal years can be found on page 55 of the NYSLRS' CAFR for the fiscal year ending March 31, 2012.

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 Retirements Systems — Contributions and Funding" above.

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

Fiscal Year Ended March 31	Contributions Recorded: All Participating Employers[1][2]	Contributions Recorded: Local Employers[1][2]	Contributions Recorded: State[1][2]	Contributions Recorded: Employees	Total Benefits Paid[3]
2004	1,287	832	455	222	5,424
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

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 55 of the NYSLRS CAFR for fiscal year ending March 31, 2012.
(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
2004	120,799	24.1
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

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, 2013 includes approximately $4.4 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 moneys from State appropriations to pay for the operating costs of certain programs.

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As of December 31, 2012 (with respect to Job Development Authority or "JDA" as of March 31, 2013), 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 $171 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, 2012[2]
(millions of dollars)

Authority	State-Related Debt Bonding	Authority and Conduit Bonding	Total
Dormitory Authority[3]	25,194	20,963	**46,157**
Metropolitan Transportation Authority	400	22,695	**23,095**
Port Authority of NY & NJ	0	21,898	**21,898**
Thruway Authority	11,121	3,290	**14,411**
Housing Finance Agency	995	10,140	**11,135**
UDC/ESD	8,505	959	**9,464**
Triborough Bridge and Tunnel Authority	0	8,395	**8,395**
Environmental Facilities Corporation	801	6,474	**7,275**
Job Development Authority[2]	15	7,011	**7,026**
Long Island Power Authority[4]	0	6,757	**6,757**
Energy Research and Development Authority[4]	0	3,426	**3,426**
State of New York Mortgage Agency	0	3,019	**3,019**
Local Government Assistance Corporation	2,836	0	**2,836**
Tobacco Settlement Financing Corporation	2,411	0	**2,411**
Power Authority	0	1,746	**1,746**
Battery Park City Authority	0	1,032	**1,032**
Municipal Bond Bank Agency	294	317	**611**
Niagara Frontier Transportation Authority	0	162	**162**
Bridge Authority	0	123	**123**
TOTAL OUTSTANDING	52,572	118,407	**170,979**

Source: Office of the State Comptroller. Debt classifications by Division of the Budget.

(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, 2013. This includes $7 billion in conduit debt issued by JDA's blended component units consisting of $6.5 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 $15 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 $155 million in bonds issued by the Energy Research and Development Authority (ERDA) and included in amounts reported for both Long Island Power Authority and ERDA.

LOCALITIES

Certain localities outside 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 January 2012, the State Legislature passed 21 special acts authorizing, or amending authorizations for, bond issuances to finance local government operating deficits, including a total of four passed during the 2009 and 2010 legislative sessions. Legislation introduced during the regular 2012 legislative session that would have authorized Rockland County and the City of Long Beach to issue bonds to address accumulated deficits did not pass both houses of the legislature. In the 2013 regular session, similar legislation on behalf of these two entities passed both houses of the legislature and is now awaiting submission for gubernatorial action. The legislation relating to Long Beach has a technical defect relating to the timing of the issuance of the bonds, and a bill correcting the defect has been introduced for future consideration by the legislature. 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 has 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 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 and did not prevail. NIFA is now exercising Control Period powers over Nassau County.

On February 14, 2013, the U.S. District Court for the Eastern District of New York issued an opinion in *Carver, et al. v. Nassau County Interim Finance Authority, et al.* granting the plaintiffs' (law enforcement unions) motion for summary judgment seeking to nullify NIFA's imposition of a wage freeze during the control period in 2011. The court stated that the operation of its judgment shall be stayed pending an appeal, by NIFA to the United States Court of Appeals for the Second Circuit. Both NIFA and the County have appealed.

On July 9, 2013, State Supreme Court, Nassau County issued a decision in *Nassau County et al. v Nassau County Interim Finance Authority*, dismissing litigation challenging NIFA's authority to review a plan developed by the County for making real property tax refunds and NIFA's disapproval of certain personal services contracts. To date, the decision has not been appealed.

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 Yonkers no longer operates under an oversight board but must adhere to a Special Local Finance and Budget Act. 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 2013 or thereafter.

Legislation enacted earlier in 2013 created the Fiscal Restructuring Board for Local Governments. 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. The Restructuring Board is also authorized 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. Other portions of the legislation amended and extended for three years the binding arbitration provisions applicable to labor impasses between municipal employers and employee organizations representing police, fire and certain other employees. In the case of a "fiscally eligible municipality," a public arbitration panel must assign a weight of seventy percent to the municipality's ability to pay.

In June of 2013, OSC unveiled its Fiscal Stress Monitoring System—an early warning system that is intended to identify stress conditions in local communities, utilizing a number of fiscal and environmental indicators. 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."

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; 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 all other New York State localities from 1980 to 2011.

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

Locality Fiscal Year Ending	Combined New York City Debt[2]		Other Localities Debt[3]		Total Locality Debt[3]	
	Bonds	Notes	Bonds[4]	Notes[4]	Bonds[3][4]	Notes[4]
1980	12,995	0	6,835	1,793	19,830	1,793
1990	20,027	0	10,253	3,082	30,280	3,082
2000	39,244	515	19,082	4,005	58,326	4,520
2001	40,305	0	20,303	4,745	60,608	4,745
2002	42,721	2,200	21,721	5,184	64,442	7,384
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	69,494	0	36,103	7,361	105,597	7,361
2011	73,538	0	36,214	7,302	109,752	7,302

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 the Transitional Finance Authority, the Municipal Assistance Corporation, STAR Corporation, TSASC, Inc., the Hudson Yards Infrastructure Corporation, (as shown in the table "Debt of New York City" 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 Samurai Funding Corporation, 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.

[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] Does not include the indebtedness of certain localities that did not file annual financial reports with the 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, but is still pending approval, where applicable, by the New York State Office of the Attorney General and the Federal 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, 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.

In *The Onondaga Nation v. The State of New York, et al.* (NDNY), plaintiff seeks a judgment declaring that certain lands allegedly constituting the aboriginal territory of the Onondaga Nation within the State are the property of the Onondaga Nation and the Haudenosaunee, or "Six Nations Iroquois Confederacy," and that conveyances of portions of that land during the period 1788 to 1822 are null and void. The "aboriginal territory" described in the complaint consists of an area or strip of land running generally north and south from the St. Lawrence River in the north, along the east side of Lake Ontario, and south as far as the Pennsylvania border, varying in width from about 10 miles to more than 40 miles, including the area constituting the City of Syracuse. On September 22, 2010, the District Court granted defendants' motion to dismiss the action for laches, based on the *Oneida, Sherrill* and *Cayuga* decisions. That decision was affirmed by the Second Circuit Court of Appeals on October 19, 2012. The Plaintiff's motion for rehearing or rehearing *en banc* was denied by the Second Circuit on December 21, 2012, but on April 24, 2013, a petition for writ of certiorari was filed with the United States Supreme Court.

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, but a motion to amend the complaint remains pending in the District Court and stayed through at least September 1, 2013. The *Shinnecock* appeal to the Second Circuit also remains stayed.

WEST VALLEY LITIGATION

In *State of New York, et al. v. The United States of America, et al*., 06-CV-810 (WDNY), the parties have sought to resolve the relative responsibilities of the State and Federal governments for the cost of remediating the Western New York Nuclear Service Center (the "Center" or "Site"), located in West Valley, Cattaraugus County, New York. The Center was established by the State in the 1960s in response to a Federal call to commercialize the reprocessing of spent nuclear fuel from power reactors. The private company that had leased the Site ceased operations in 1972, leaving behind two disposal areas and lagoons, highly contaminated buildings, and 600,000 gallons of liquid high level radioactive waste (HLRW) generated by reprocessing activities.

Congress enacted the West Valley Demonstration Project Act (the "Act") in 1980, directing the Federal government to solidify the HLRW and transport it to a Federal repository, decontaminate and decommission the facilities and dispose of the low-level waste produced from the Demonstration Project. The Act directed the State to pay 10 percent of the Demonstration Project costs. However, for many years the two governments disputed what additional cleanup is needed; which cleanup activities are covered by the Act (and thus subject to the 90/10 split); who bears the long-term responsibility for maintaining, repairing or replacing and monitoring tanks or other facilities that are decommissioned in place at the Site; and who pays for the offsite disposal fee for the solidified HLRW. The combined Federal and State cost expenditures to date amount to approximately $2.6 billion. The State's expenditures at the Center are now approaching $320 million.

In order to resolve these disputes, the State and the New York State ERDA (which owns the Center on behalf of New York State) filed suit in December 2006, seeking a declaration: (1) that the Federal government (which sent wastes from various Federal facilities to the Center) is liable under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA, or Federal Superfund law) for the State's cleanup costs and for damages to the State's natural resources, and a judgment reimbursing the State for these costs and damages, (2) of the scope of the Federal government's responsibilities under the Act to decontaminate and decommission the Site and for further Site monitoring and maintenance, and (3) that the US is responsible under the Nuclear Waste Policy Act for paying the fees for disposal of solidified HLRW at the Site. After commencement of the action, the parties engaged in court-ordered mediation, as a result of which a Consent Decree was approved and entered on August 17, 2010, resolving several key claims in the litigation.

The Consent Decree identifies a specific cost share for each government for specified facilities and known areas of contamination, and sets forth a process for determining cost shares for contamination that may be identified in the future. The Consent Decree does not select or advocate the selection of any particular cleanup program for the Site-cleanup decisions are being made via the ongoing Environmental Impact Statement (EIS) process.

The Consent Decree also does not resolve two claims raised in the State's lawsuit - the State's natural resource damages claim and its Nuclear Waste Policy Act claim. The first claim, which the Federal government has agreed to toll, will be pursued by the New York State Department of Environmental Conservation (DEC) (as trustee of the State's natural resources) and the Attorney General's office. Regarding the latter claim, the State asserts that the Federal government bears sole responsibility for the cost of disposing of the 275 canisters of vitrified HLRW waste remaining at the Site at a Federal repository once one becomes available. This claim was neither settled nor dismissed and remains in litigation. The parties have agreed on a briefing schedule for competing motions to dismiss the Nuclear Waste Policy Act claim. Opening briefs by New York and the Federal government have been filed with the Court, and reply briefs will be submitted later in 2013.

METROPOLITAN TRANSPORTATION AUTHORITY

There are several cases in which the plaintiffs challenge the constitutionality of Chapter 25 of the Laws of 2009, which imposed certain taxes and fees, including a regional payroll tax, in that portion of the State lying within the Metropolitan Commuter Transportation District. The revenues derived from this statute are intended to assist the Metropolitan Transportation Authority, which a State commission concluded was facing substantial financial pressure. The plaintiffs seek judgments declaring that the enactment of Chapter 25 violated State constitutional provisions relating to the need for a home rule message, supermajority requirements for enactment of special or local laws, single purpose appropriation bill, and liability for the debts of public authorities. Some of the plaintiffs also seek a judgment declaring that the enactment of Chapter 25 violated provisions of Public Authority Law §1266 requiring that the Metropolitan Transportation Authority be self-sustaining. These cases include *Hampton Transportation Ventures, Inc. et al. v. Silver et al. (*transferred to *Sup. Ct., Albany Co.), William Floyd Union Free School District v. State (*transferred to *Sup. Ct., New York Co.), Town of Brookhaven v. Silver, et al.* transferred to *Sup. Ct., Albany Co.), Town of Southampton and Town of Southold v. Silver* transferred to *Sup. Ct. Albany Co.), Town of Huntington v. Silver (*transferred to *Sup. Ct. Albany Co.), Mangano v. Silver (Sup. Ct. Nassau Co.), Town of Smithtown v. Silver (*now part of the *Mangano* case in *Sup. Ct. Nassau Co.),* and *Vanderhoef v. Silver (now in Sup. Ct. Albany Co.)*. Suffolk County, Westchester County, the Orange County Chamber of Commerce, and a number of additional towns and a village also joined the *Mangano* case as plaintiffs.

The defendants sought to change the venue of all of these cases to Albany County or New York County and venue was changed in most of the cases. In *Vanderhoef, Huntington, Floyd, Brookhaven, Southampton/Southold* and *Hampton,* the defendants moved for judgment in their favor. The plaintiffs in *Hampton* then voluntarily stipulated to discontinue their case, as did the plaintiff in *Floyd* after legislative amendment of the applicable statute that exempted school districts from the "mobility tax" imposed by this statute on employers in the Metropolitan Commuter Transportation District. The Supreme Court, Albany County issued decisions granting summary judgment to defendants in *Brookhaven, Huntington, Southampton/Southold* and *Vanderhoef*. The plaintiffs in *Brookhaven*, *Huntington* and *Vanderhoef* appealed from those decisions in their cases but failed to perfect their appeals within nine months after the date of their notices of appeal, which, pursuant to the Rules of the Third Department, means their appeals are deemed abandoned. The plaintiffs in Vanderhoef belatedly attempted to file an appellate brief, which was rejected by the Appellate Division, Third Department, as untimely. They then moved for leave to perfect their appeal notwithstanding their delay and the Appellate Division granted their request; their appeal has been fully briefed and is scheduled for oral argument in November 2013.

In *Mangano*, the Supreme Court, Nassau County denied defendants' motion for change of venue. All parties moved for summary judgment in Supreme Court, Nassau County. By decision dated August 22, 2012, the Supreme Court (a) granted summary judgment to the defendants to the extent of dismissing the claims against certain of the individual State defendants on the ground of legislative immunity, but (b) granted summary judgment to Plaintiffs to the extent that it held the MTA payroll tax unconstitutionally impinged on the home rule powers guaranteed under Article IX of the New York State Constitution. Judgment in accordance with that decision was entered October 1, 2012. All defendants have appealed and in a Decision and Order dated June 26, 2013, the Appellate Division, Second Department, reversed the decision of Supreme Court, Nassau County, held that the Tax Law article in question was constitutional, and granted the defendants' motion for summary judgment. All plaintiffs have appealed to the New York Court of Appeals. In response to that Court's direction that the parties submit letters on whether the case presents a substantial constitutional question, the defendants have argued that it does not because the claims are controlled by existing precedent and that therefore the Court of Appeals lacks jurisdiction. The Court's determination on whether it will accept the case is pending. On or about October 26, 2012, the Towns of Southampton and Southold, whose previous litigation challenging the tax had been decided against them, commenced an action in the New York Court of Claims entitled *The Town of Southampton and the Town of Southold v. The State of New York, et al.,* in which they seek, based on the Supreme Court decision in *Mangano*, refund of all moneys they have paid under the payroll tax, as well as a declaration and injunction barring further collection of the tax from them. The State's motion to dismiss the claim in the Court of Claims has been fully briefed and is awaiting decision, but the Court has adjourned the motion to September 5, 2013, to await the decision of the Court of Appeals whether to accept jurisdiction in the *Mangano* case before deciding the motion.

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 section 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. The trial is scheduled for November 20, 2013.

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. The action remains pending in Supreme Court, New York County.

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, 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.

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 2013 and projected receipts and disbursements for fiscal years 2014 through 2017 on a General Fund, State Operating Funds and All Governmental Funds basis.

GENERAL FUND - TOTAL BUDGET

Financial Plan, Annual Change from FY 2013 to FY 2014
Financial Plan Projections FY 2014 through FY 2017
Update to FY 2014
Update to FY 2015
Update to FY 2016
Update to FY 2017

GENERAL FUND - RECEIPTS DETAIL (EXCLUDING TRANSFERS)

Financial Plan Projections FY 2014 through FY 2017

STATE OPERATING FUNDS BUDGET

FY 2014
FY 2015
FY 2016
FY 2017

ALL GOVERNMENTAL FUNDS - TOTAL BUDGET

FY 2014
FY 2015
FY 2016
FY 2017

CASHFLOW - FY 2014 MONTHLY PROJECTIONS

General Fund

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

	FY 2013 Results	FY 2014 Projected	Annual $ Change	Annual % Change
Opening Fund Balance	1,787	1,610	(177)	-9.9%
Receipts:				
Taxes:				
Personal Income Tax	26,884	28,488	1,604	6.0%
User Taxes and Fees	9,112	6,548	(2,564)	-28.1%
Business Taxes	6,253	6,348	95	1.5%
Other Taxes	1,034	1,069	35	3.4%
Miscellaneous Receipts	3,504	3,353	(151)	-4.3%
Federal Receipts	62	2	(60)	-96.8%
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	8,328	8,840	512	6.1%
Tax in Excess of LGAC	2,416	2,545	129	5.3%
Sales Tax Debt Service	0	2,894	2,894	-
Real Estate Taxes in Excess of CW/CA Debt Service	541	532	(9)	-1.7%
All Other Transfers	649	1,071	422	65.0%
Total Receipts	58,783	61,690	2,907	4.9%
Disbursements:				
Local Assistance Grants	39,760	40,274	514	1.3%
Departmental Operations:				
Personal Service	6,130	5,686	(444)	-7.2%
Non-Personal Service	1,726	1,882	156	9.0%
General State Charges	4,550	4,953	403	8.9%
Transfers to Other Funds:				
Debt Service	1,647	1,646	(1)	-0.1%
Capital Projects	916	1,227	311	34.0%
State Share Medicaid	2,846	1,813	(1,033)	-36.3%
SUNY Operations	340	971	631	185.6%
Other Purposes	1,045	3,045	2,000	191.4%
Total Disbursements	58,960	61,497	2,537	4.3%
Excess (Deficiency) of Receipts Over Disbursements and Reserves	(177)	193	370	209.0%
Closing Fund Balance	1,610	1,803	193	12.0%
Statutory Reserves				
Tax Stabilization Reserve Fund	1,131	1,131	0	
Rainy Day Reserve Fund	175	175	0	
Contingency Reserve Fund	21	21	0	
Community Projects Fund	93	68	(25)	
Reserves/Reserved For:				
Prior-Year Labor Agreements (2007-2011)	77	45	(32)	
Debt Management	13	263	250	
Undesignated Fund Balance	100	100	0	

Source: NYS DOB.

CASH FINANCIAL PLAN GENERAL FUND FY 2014 through FY 2017 (millions of dollars)	FY 2014 Projected	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected
Receipts:				
Taxes:				
Personal Income Tax	28,488	29,397	31,492	33,545
User Taxes and Fees	6,548	6,806	7,085	7,265
Business Taxes	6,348	5,811	6,301	6,523
Other Taxes	1,069	1,144	1,159	1,169
Miscellaneous Receipts	3,353	3,595	2,776	2,797
Federal Receipts	2	0	0	0
Transfers from Other Funds:				
PIT in Excess of Revenue Bond Debt Service	8,840	9,115	9,556	10,041
Tax in Excess of LGAC	2,545	2,661	2,803	2,916
Sales Tax Debt Service	2,894	2,934	2,971	2,955
Real Estate Taxes in Excess of CW/CA Debt Service	532	608	683	739
All Other Transfers	1,071	768	723	726
Total Receipts	61,690	62,839	65,549	68,676
Disbursements:				
Local Assistance Grants	40,274	42,598	45,056	47,276
Departmental Operations:				
Personal Service	5,686	5,852	6,113	6,129
Non-personal Service	1,882	1,967	2,004	2,085
General State Charges	4,953	5,328	5,604	5,873
Transfers to Other Funds:				
Debt Service	1,646	1,165	1,452	1,345
Capital Projects	1,227	1,384	1,400	1,799
State Share Medicaid	1,813	1,338	1,311	1,279
SUNY Operations	971	971	971	971
Other Purposes	3,045	4,003	4,548	4,854
Total Disbursements	61,497	64,606	68,459	71,611
Reserves/Reserved For:				
Community Projects Fund	(25)	(35)	(33)	0
Prior-Year Labor Agreements (2007-2011)	(32)	10	12	13
Debt Management	250	0	0	0
Undesignated Fund Balance	0	0	0	0
Increase (Decrease) in Reserves	193	(25)	(21)	13
Excess (Deficiency) of Receipts Over Disbursements and Reserves	0	(1,742)	(2,889)	(2,948)

Source: NYS DOB.

CASH FINANCIAL PLAN GENERAL FUND FY 2014 (millions of dollars)			
	Enacted	**Change**	**First Quarter**
Receipts:			
Taxes:			
Personal Income Tax	28,488	0	28,488
User Taxes and Fees	6,548	0	6,548
Business Taxes	6,375	(27)	6,348
Other Taxes	1,069	0	1,069
Miscellaneous Receipts	3,096	257	3,353
Federal Receipts	2	0	2
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	8,840	0	8,840
Tax in Excess of LGAC	2,546	(1)	2,545
Sales Tax Debt Service	2,894	0	2,894
Real Estate Taxes in Excess of CW/CA Debt Service	532	0	532
All Other	866	205	1,071
Total Receipts	61,256	434	61,690
Disbursements:			
Local Assistance Grants	40,258	16	40,274
Departmental Operations:			
Personal Service	5,681	5	5,686
Non-Personal Service	1,883	(1)	1,882
General State Charges	4,953	0	4,953
Transfers to Other Funds:			
Debt Service	1,328	318	1,646
Capital Projects	1,227	0	1,227
State Share Medicaid	1,813	0	1,813
SUNY Operations	971	0	971
Other Purposes	3,043	2	3,045
Total Disbursements	61,157	340	61,497
Reserves/Reserved For:			
Community Projects Fund	(25)	0	(25)
Prior-Year Labor Agreements (2007-2011)	(26)	(6)	(32)
Debt Management	250	0	250
Undesignated Fund Balance	(100)	100	0
Increase (Decrease) in Reserves	99	94	193
Excess (Deficiency) of Receipts Over Disbursements and Reserves	0	0	0

Source: NYS DOB.

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

	Enacted	Change	First Quarter
Receipts:			
Taxes:			
Personal Income Tax	29,423	(26)	29,397
User Taxes and Fees	6,814	(8)	6,806
Business Taxes	5,854	(43)	5,811
Other Taxes	1,144	0	1,144
Miscellaneous Receipts	3,551	44	3,595
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	9,124	(9)	9,115
Tax in Excess of LGAC	2,664	(3)	2,661
Sales Tax Debt Service	2,938	(4)	2,934
Real Estate Taxes in Excess of CW/CA Debt Service	608	0	608
All Other	764	4	768
Total Receipts	62,884	(45)	62,839
Disbursements:			
Local Assistance Grants	42,598	0	42,598
Departmental Operations:			
Personal Service	5,850	2	5,852
Non-Personal Service	1,968	(1)	1,967
General State Charges	5,328	0	5,328
Transfers to Other Funds:			
Debt Service	1,483	(318)	1,165
Capital Projects	1,384	0	1,384
State Share Medicaid	1,338	0	1,338
SUNY Operations	971	0	971
Other Purposes	4,003	0	4,003
Total Disbursements	64,923	(317)	64,606
Reserves/Reserved For:			
Community Projects Fund	(35)	0	(35)
Prior-Year Labor Agreements (2007-2011)	10	0	10
Increase (Decrease) in Reserves	(25)	0	(25)
Excess (Deficiency) of Receipts Over Disbursements and Reserves	(2,014)	272	(1,742)

Source: NYS DOB.

CASH FINANCIAL PLAN GENERAL FUND FY 2016 (millions of dollars)			
	Enacted	**Change**	**First Quarter**
Receipts:			
Taxes:			
Personal Income Tax	31,541	(49)	31,492
User Taxes and Fees	7,094	(9)	7,085
Business Taxes	6,349	(48)	6,301
Other Taxes	1,159	0	1,159
Miscellaneous Receipts	2,682	94	2,776
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	9,572	(16)	9,556
Tax in Excess of LGAC	2,808	(5)	2,803
Sales Tax Debt Service	2,976	(5)	2,971
Real Estate Taxes in Excess of CW/CA Debt Service	683	0	683
All Other	719	4	723
Total Receipts	65,583	(34)	65,549
Disbursements:			
Local Assistance Grants	45,056	0	45,056
Departmental Operations:			
Personal Service	6,111	2	6,113
Non-Personal Service	2,005	(1)	2,004
General State Charges	5,604	0	5,604
Transfers to Other Funds:			
Debt Service	1,452	0	1,452
Capital Projects	1,400	0	1,400
State Share Medicaid	1,311	0	1,311
SUNY Operations	971	0	971
Other Purposes	4,548	0	4,548
Total Disbursements	68,458	1	68,459
Reserves/Reserved For:			
Community Projects Fund	(33)	0	(33)
Prior-Year Labor Agreements (2007-2011)	14	(2)	12
Increase (Decrease) in Reserves	(19)	(2)	(21)
Excess (Deficiency) of Receipts Over Disbursements and Reserves	(2,856)	(33)	(2,889)

Source: NYS DOB.

CASH FINANCIAL PLAN GENERAL FUND FY 2017 (millions of dollars)	Enacted	Change	First Quarter
Receipts:			
Taxes:			
Personal Income Tax	33,619	(74)	33,545
User Taxes and Fees	7,275	(10)	7,265
Business Taxes	6,579	(56)	6,523
Other Taxes	1,169	0	1,169
Miscellaneous Receipts	2,653	144	2,797
Transfers from Other Funds:			
PIT in Excess of Revenue Bond Debt Service	10,066	(25)	10,041
Tax in Excess of LGAC	2,921	(5)	2,916
Sales Tax Debt Service	2,960	(5)	2,955
Real Estate Taxes in Excess of CW/CA Debt Service	739	0	739
All Other	722	4	726
Total Receipts	68,703	(27)	68,676
Disbursements:			
Local Assistance Grants	47,276	0	47,276
Departmental Operations:			
Personal Service	6,127	2	6,129
Non-Personal Service	2,086	(1)	2,085
General State Charges	5,873	0	5,873
Transfers to Other Funds:			
Debt Service	1,345	0	1,345
Capital Projects	1,799	0	1,799
State Share Medicaid	1,279	0	1,279
SUNY Operations	971	0	971
Other Purposes	4,853	1	4,854
Total Disbursements	71,609	2	71,611
Reserves/Reserved For:			
Prior-Year Labor Agreements (2007-2011)	14	(1)	13
Increase (Decrease) in Reserves	14	(1)	13
Excess (Deficiency) of Receipts Over Disbursements and Reserves	(2,920)	(28)	(2,948)

Source: NYS DOB.

GENERAL FUND FY 2014 THROUGH FY 2017 (millions of dollars)	FY 2014 Projected	FY 2015 Projected	FY 2016 Projected	FY 2017 Projected
Taxes:				
Withholdings	33,066	35,399	37,709	39,941
Estimated Payments	13,888	13,735	14,825	15,759
Final Payments	2,311	2,276	2,376	2,476
Other Payments	1,231	1,268	1,308	1,353
Gross Collections	50,496	52,678	56,218	59,529
State/City Offset	(498)	(323)	(273)	(223)
Refunds	(7,455)	(8,356)	(9,017)	(9,506)
Reported Tax Collections	42,543	43,999	46,928	49,800
STAR (Dedicated Deposits)	(3,419)	(3,602)	(3,704)	(3,805)
RBTF (Dedicated Transfers)	(10,636)	(11,000)	(11,732)	(12,450)
Personal Income Tax	28,488	29,397	31,492	33,545
Sales and Use Tax	11,734	12,252	12,813	13,178
Cigarette and Tobacco Taxes	431	425	418	410
Motor Fuel Tax	0	0	0	0
Alcoholic Beverage Taxes	251	256	261	266
Highway Use Tax	0	0	0	0
Auto Rental Tax	0	0	0	0
Taxicab Surcharge	0	0	0	0
Gross Utility Taxes and Fees	12,416	12,933	13,492	13,854
LGAC/STBF (Dedicated Transfers)	(5,868)	(6,127)	(6,407)	(6,589)
User Taxes and Fees	6,548	6,806	7,085	7,265
Corporation Franchise Tax	2,914	2,220	2,573	2,691
Corporation and Utilities Tax	596	620	636	652
Insurance Taxes	1,418	1,468	1,523	1,540
Bank Tax	1,420	1,503	1,569	1,640
Petroleum Business Tax	0	0	0	0
Business Taxes	6,348	5,811	6,301	6,523
Estate Tax	1,050	1,125	1,140	1,150
Real Estate Transfer Tax	740	810	885	940
Gift Tax	0	0	0	0
Real Property Gains Tax	0	0	0	0
Pari-Mutuel Taxes	18	18	18	18
Other Taxes	1	1	1	1
Gross Other Taxes	1,809	1,954	2,044	2,109
Real Estate Transfer Tax (Dedicated)	(740)	(810)	(885)	(940)
Other Taxes	1,069	1,144	1,159	1,169
Payroll Tax	0	0	0	0
Total Taxes	42,453	43,158	46,037	48,502
Licenses, Fees, Etc.	681	747	638	644
Abandoned Property	650	655	655	655
Motor Vehicle Fees	26	26	26	26
ABC License Fee	56	52	58	54
Reimbursements	231	231	231	232
Investment Income	5	30	30	30
Other Transactions	1,704	1,854	1,138	1,156
Miscellaneous Receipts	3,353	3,595	2,776	2,797
Federal Receipts	2	0	0	0
Total	45,808	46,753	48,813	51,299

Source: NYS DOB.

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
FY 2014
(millions of dollars)

	General Fund	State Special Revenue Funds	Debt Service Funds	State Operating Funds Total
Receipts:				
Taxes	42,453	8,347	17,124	67,924
Miscellaneous Receipts	3,353	15,675	797	19,825
Federal Receipts	2	1	72	75
Total Receipts	45,808	24,023	17,993	87,824
Disbursements:				
Local Assistance Grants	40,274	19,438	0	59,712
Departmental Operations:				
Personal Service	5,686	6,680	0	12,366
Non-Personal Service	1,882	3,556	40	5,478
General State Charges	4,953	2,136	0	7,089
Debt Service	0	0	6,060	6,060
Capital Projects	0	11	0	11
Total Disbursements	52,795	31,821	6,100	90,716
Other Financing Sources (Uses):				
Transfers from Other Funds	15,882	7,892	5,208	28,982
Transfers to Other Funds	(8,702)	(391)	(17,041)	(26,134)
Net Other Financing Sources (Uses)	7,180	7,501	(11,833)	2,848
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	193	(297)	60	(44)
Designated General Fund Reserves/Reserved For:				
Community Projects Fund	(25)			
Prior-Year Labor Agreements (2007-2011)	(32)			
Debt Management	250			
Undesignated Fund Balance	0			
Increase (Decrease) in Reserves	193			
Net General Fund Deficit	0			

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
Receipts:				
Taxes	43,158	8,697	17,817	69,672
Miscellaneous Receipts	3,595	15,739	976	20,310
Federal Receipts	0	1	72	73
Total Receipts	46,753	24,437	18,865	90,055
Disbursements:				
Local Assistance Grants	42,598	19,621	0	62,219
Departmental Operations:				
Personal Service	5,852	6,790	0	12,642
Non-Personal Service	1,967	3,626	40	5,633
General State Charges	5,328	2,205	0	7,533
Debt Service	0	0	5,805	5,805
Capital Projects	0	5	0	5
Total Disbursements	55,745	32,247	5,845	93,837
Other Financing Sources (Uses):				
Transfers from Other Funds	16,086	8,168	4,288	28,542
Transfers to Other Funds	(8,861)	(263)	(17,313)	(26,437)
Net Other Financing Sources (Uses)	7,225	7,905	(13,025)	2,105
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(1,767)	95	(5)	(1,677)
Designated General Fund Reserves/Reserved For:				
Community Projects Fund	(35)			
Prior-Year Labor Agreements (2007-2011)	10			
Increase (Decrease) in Reserves	(25)			
Net General Fund Deficit	(1,742)			

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	46,037	8,941	18,905	73,883
Miscellaneous Receipts	2,776	15,869	824	19,469
Federal Receipts	0	1	72	73
Total Receipts	48,813	24,811	19,801	93,425
Disbursements:				
Local Assistance Grants	45,056	19,816	0	64,872
Departmental Operations:				
Personal Service	6,113	6,965	0	13,078
Non-Personal Service	2,004	3,755	40	5,799
General State Charges	5,604	2,350	0	7,954
Debt Service	0	0	6,482	6,482
Capital Projects	0	5	0	5
Total Disbursements	58,777	32,891	6,522	98,190
Other Financing Sources (Uses):				
Transfers from Other Funds	16,736	8,503	4,534	29,773
Transfers to Other Funds	(9,682)	(219)	(17,820)	(27,721)
Net Other Financing Sources (Uses)	7,054	8,284	(13,286)	2,052
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(2,910)	204	(7)	(2,713)
Designated General Fund Reserves/Reserved For:				
Community Projects Fund	(33)			
Prior-Year Labor Agreements (2007-2011)	12			
Increase (Decrease) in Reserves	(21)			
Net General Fund Deficit	(2,889)			

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	48,502	9,185	19,860	77,547
Miscellaneous Receipts	2,797	16,068	793	19,658
Federal Receipts	0	1	72	73
Total Receipts	51,299	25,254	20,725	97,278
Disbursements:				
Local Assistance Grants	47,276	20,013	0	67,289
Departmental Operations:				
Personal Service	6,129	7,081	0	13,210
Non-Personal Service	2,085	3,850	40	5,975
General State Charges	5,873	2,414	0	8,287
Debt Service	0	0	6,783	6,783
Capital Projects	0	5	0	5
Total Disbursements	61,363	33,363	6,823	101,549
Other Financing Sources (Uses):				
Transfers from Other Funds	17,377	8,601	4,403	30,381
Transfers to Other Funds	(10,248)	(224)	(18,284)	(28,756)
Net Other Financing Sources (Uses)	7,129	8,377	(13,881)	1,625
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(2,935)	268	21	(2,646)
Designated General Fund Reserves/Reserved For:				
Prior-Year Labor Agreements (2007-2011)	13			
Increase (Decrease) in Reserves	13			
Net General Fund Deficit	(2,948)			

Source: NYS DOB.

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
FY 2014
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	All Funds Total
Receipts:					
Taxes	42,453	8,347	1,400	17,124	69,324
Miscellaneous Receipts	3,353	15,861	4,211	797	24,222
Federal Receipts	2	45,138	2,221	72	47,433
Total Receipts	45,808	69,346	7,832	17,993	140,979
Disbursements:					
Local Assistance Grants	40,274	59,714	2,104	0	102,092
Departmental Operations:					
Personal Service	5,686	7,333	0	0	13,019
Non-Personal Service	1,882	4,628	0	40	6,550
General State Charges	4,953	2,454	0	0	7,407
Debt Service	0	0	0	6,060	6,060
Capital Projects	0	11	5,882	0	5,893
Total Disbursements	52,795	74,140	7,986	6,100	141,021
Other Financing Sources (Uses):					
Transfers from Other Funds	15,882	7,893	1,607	5,208	30,590
Transfers to Other Funds	(8,702)	(3,396)	(1,515)	(17,041)	(30,654)
Bond and Note Proceeds	0	0	338	0	338
Net Other Financing Sources (Uses)	7,180	4,497	430	(11,833)	274
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	193	(297)	276	60	232
Designated General Fund Reserves/Reserved For:					
Community Projects Fund	(25)				
Prior-Year Labor Agreements (2007-2011)	(32)				
Debt Management	250				
Undesignated Fund Balance	0				
Increase (Decrease) in Reserves	193				
Net General Fund Deficit	0				

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**
Receipts:					
Taxes	43,158	8,697	1,429	17,817	71,101
Miscellaneous Receipts	3,595	15,925	4,507	976	25,003
Federal Receipts	0	45,162	2,028	72	47,262
Total Receipts	46,753	69,784	7,964	18,865	143,366
Disbursements:					
Local Assistance Grants	42,598	60,970	1,716	0	105,284
Departmental Operations:					
Personal Service	5,852	7,436	0	0	13,288
Non-Personal Service	1,967	4,583	0	40	6,590
General State Charges	5,328	2,523	0	0	7,851
Debt Service	0	0	0	5,805	5,805
Capital Projects	0	5	6,417	0	6,422
Total Disbursements	55,745	75,517	8,133	5,845	145,240
Other Financing Sources (Uses):					
Transfers from Other Funds	16,086	8,169	1,447	4,288	29,990
Transfers to Other Funds	(8,861)	(2,341)	(1,521)	(17,313)	(30,036)
Bond and Note Proceeds	0	0	306	0	306
Net Other Financing Sources (Uses)	7,225	5,828	232	(13,025)	260
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(1,767)	95	63	(5)	(1,614)
Designated General Fund Reserves/Reserved For:					
Community Projects Fund	(35)				
Prior-Year Labor Agreements (2007-2011)	10				
Increase (Decrease) in Reserves	(25)				
Net General Fund Deficit	(1,742)				

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	46,037	8,941	1,449	18,905	75,332
Miscellaneous Receipts	2,776	16,055	4,890	824	24,545
Federal Receipts	0	46,510	1,660	72	48,242
Total Receipts	48,813	71,506	7,999	19,801	148,119
Disbursements:					
Local Assistance Grants	45,056	62,518	1,405	0	108,979
Departmental Operations:					
Personal Service	6,113	7,643	0	0	13,756
Non-Personal Service	2,004	4,688	0	40	6,732
General State Charges	5,604	2,683	0	0	8,287
Debt Service	0	0	0	6,482	6,482
Capital Projects	0	5	6,615	0	6,620
Total Disbursements	58,777	77,537	8,020	6,522	150,856
Other Financing Sources (Uses):					
Transfers from Other Funds	16,736	8,504	1,463	4,534	31,237
Transfers to Other Funds	(9,682)	(2,269)	(1,525)	(17,820)	(31,296)
Bond and Note Proceeds	0	0	120	0	120
Net Other Financing Sources (Uses)	7,054	6,235	58	(13,286)	61
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(2,910)	204	37	(7)	(2,676)
Designated General Fund Reserves/Reserved For:					
Community Projects Fund	(33)				
Prior-Year Labor Agreements (2007-2011)	12				
Increase (Decrease) in Reserves	(21)				
Net General Fund Deficit	(2,889)				

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	48,502	9,185	1,455	19,860	79,002
Miscellaneous Receipts	2,797	16,254	4,199	793	24,043
Federal Receipts	0	49,276	1,617	72	50,965
Total Receipts	51,299	74,715	7,271	20,725	154,010
Disbursements:					
Local Assistance Grants	47,276	65,655	1,137	0	114,068
Departmental Operations:					
Personal Service	6,129	7,768	0	0	13,897
Non-Personal Service	2,085	4,698	0	40	6,823
General State Charges	5,873	2,752	0	0	8,625
Debt Service	0	0	0	6,783	6,783
Capital Projects	0	5	6,581	0	6,586
Total Disbursements	61,363	80,878	7,718	6,823	156,782
Other Financing Sources (Uses):					
Transfers from Other Funds	17,377	8,602	1,862	4,403	32,244
Transfers to Other Funds	(10,248)	(2,170)	(1,607)	(18,284)	(32,309)
Bond and Note Proceeds	0	0	65	0	65
Net Other Financing Sources (Uses)	7,129	6,432	320	(13,881)	0
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	(2,935)	269	(127)	21	(2,772)
Designated General Fund Reserves/Reserved For:					
Prior-Year Labor Agreements (2007-2011)	13				
Increase (Decrease) in Reserves	13				
Net General Fund Deficit	(2,948)				

Source: NYS DOB.

CASHFLOW
GENERAL FUND
FY 2014
(dollars in millions)

	2013 April Results	May Results	June Results	July Projected	August Projected	September Projected	October Projected	November Projected	December Projected	2014 January Projected	February Projected	March Projected	Total
OPENING BALANCE	1,610	6,379	3,744	4,805	4,417	3,571	5,564	4,852	3,171	4,399	6,057	6,062	1,610
RECEIPTS:													
Personal Income Tax	4,993	1,790	2,448	1,815	1,628	2,868	1,919	1,333	2,879	2,955	1,994	1,866	28,488
User Taxes and Fees	540	431	664	527	489	649	485	475	655	575	452	606	6,548
Business Taxes	355	109	946	88	53	1,165	135	114	1,221	144	96	1,922	6,348
Other Taxes	91	111	75	143	82	82	81	81	81	81	81	80	1,069
Total Taxes	5,979	2,441	4,133	2,573	2,252	4,764	2,620	2,003	4,836	3,755	2,623	4,474	42,453
Abandoned Property	0	0	0	1	35	70	20	130	25	35	80	254	650
ABC License Fee	6	6	5	6	5	4	4	4	4	4	4	4	56
Investment Income	0	0	0	0	1	0	0	1	0	0	1	2	5
Licenses, Fees, etc.	41	82	70	69	40	70	40	40	70	40	40	79	681
Motor Vehicle Fees	28	(24)	(4)	3	0	0	0	0	0	0	10	13	26
Reimbursements	8	1	56	16	5	45	10	8	35	10	10	27	231
Other Transactions	38	2	580	28	63	315	39	16	125	39	19	440	1,704
Total Miscellaneous Receipts	121	67	707	123	149	504	113	199	259	128	164	819	3,353
Federal Receipts	0	0	0	0	0	0	0	0	0	0	0	2	2
PIT in Excess of Revenue Bond Debt Service	1,664	421	956	375	207	1,141	432	173	1,026	1,020	401	1,024	8,840
Tax in Excess of LGAC	214	47	464	228	159	293	213	212	297	254	3	161	2,545
Sales Tax Bond Fund	163	271	302	228	216	294	205	204	290	247	197	277	2,894
Real Estate Taxes in Excess of CW/CA Debt Service	41	57	34	55	52	51	49	40	41	42	39	31	532
All Other	35	59	18	(21)	0	221	34	0	44	65	96	520	1,071
Total Transfers from Other Funds	2,117	855	1,774	865	634	2,000	933	629	1,698	1,628	736	2,013	15,882
TOTAL RECEIPTS	8,217	3,363	6,614	3,561	3,035	7,268	3,666	2,831	6,793	5,511	3,523	7,308	61,690
DISBURSEMENTS:													
School Aid	188	2,489	1,617	169	550	1,460	690	1,180	1,630	285	475	6,557	17,290
Higher Education	19	8	598	450	103	181	344	33	221	55	336	444	2,792
All Other Education	23	261	52	151	161	301	50	65	225	91	187	452	2,019
Medicaid - DOH	973	1,253	803	999	1,091	807	914	1,191	951	1,007	748	495	11,232
Public Health	23	46	23	22	69	82	70	59	52	54	69	144	713
Mental Hygiene	2	0	235	1	1	245	149	1	235	101	121	248	1,339
Children and Families	62	58	170	30	109	230	79	79	125	189	74	395	1,600
Temporary & Disability Assistance	151	105	164	107	107	107	107	107	107	107	42	181	1,392
Transportation	0	23	1	0	24	0	0	24	14	0	11	1	98
Unrestricted Aid	0	11	387	2	1	96	7	1	188	1	1	69	764
All Other	8	19	196	29	59	54	69	113	121	109	127	131	1,035
Total Local Assistance Grants	1,449	4,273	4,246	1,960	2,275	3,563	2,479	2,853	3,869	1,999	2,191	9,117	40,274
Personal Service	447	525	435	577	437	430	507	412	556	428	426	506	5,686
Non-Personal Service	116	154	112	138	139	149	157	160	135	150	153	319	1,882
Total Departmental Operations	563	679	547	715	576	579	664	572	691	578	579	825	7,568
General State Charges	443	603	113	620	538	188	522	569	122	654	508	73	4,953
Debt Service	567	(187)	(61)	397	(4)	(102)	473	0	(2)	389	(18)	194	1,646
Capital Projects	66	111	95	(19)	186	162	(103)	111	13	84	111	410	1,227
State Share Medicaid	40	226	301	45	207	174	166	159	146	113	126	110	1,813
SUNY Operations	210	210	210	182	0	0	0	159	0	0	0	0	971
Other Purposes	110	83	102	49	103	711	177	89	726	36	21	838	3,045
Total Transfers to Other Funds	993	443	647	654	492	945	713	518	883	622	240	1,552	8,702
TOTAL DISBURSEMENTS	3,448	5,998	5,553	3,949	3,881	5,275	4,378	4,512	5,565	3,853	3,518	11,567	61,497
Excess/(Deficiency) of Receipts over Disbursements	4,769	(2,635)	1,061	(388)	(846)	1,993	(712)	(1,681)	1,228	1,658	5	(4,259)	193
CLOSING BALANCE	6,379	3,744	4,805	4,417	3,571	5,564	4,852	3,171	4,399	6,057	6,062	1,803	1,803

Source: NYS DOB.