STATE OF NEW YORK

FINANCIAL CONDITION REPORT

For Fiscal Year Ended March 31, 2016

Office of the New York State Comptroller
Thomas P. DiNapoli, Comptroller

Message from the Comptroller

I am pleased to present the State of New York's Financial Condition Report for the fiscal year ended March 31, 2016.

After closing deep projected budget gaps just a few years ago, New York State's short-term financial condition has improved. The State's General Fund ended SFY 2015-16 with an exceptionally large balance, which enhances budgetary flexibility in the near term and is expected to support increased capital investment and other purposes over multiple years.

While New York has made progress in recent years, real concerns remain about the State's policies and practices with respect to spending, budget reserves, debt, and capital planning.

For example, New York continues to rely on non-recurring and temporary resources to pay for recurring expenses, which may make it harder to balance future budgets. In addition, despite the influx of nearly $9 billion in one-time settlement funds, this year's enacted budget included authorization of more than $8.7 billion in new borrowing, an increase of 7.1 percent from previously authorized levels. At the same time, the State continues to face declining debt capacity under the statutory cap established in the Debt Reform Act of 2000.

As the State's chief financial officer, I have proposed a package of fiscal reforms that would address four key areas of concern — accountability for State spending, sufficiency of reserves, appropriate levels and use of debt, and capital planning and prioritization. Details of these proposals are available on my Office's website.

I encourage every citizen to learn more about the fiscal, economic and social challenges facing New York and to participate fully in the public debate on these vitally important issues. This report is intended to promote an informed dialogue by illustrating key trends in our economy as well as in our State and local budgets.

Such a discussion will help our great State build further on its tremendous assets, and help us promote a strong financial condition to benefit all New Yorkers.

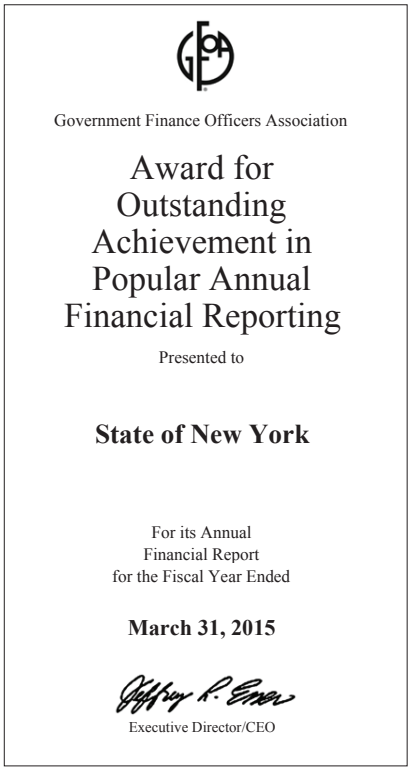
Thomas P. DiNapoli
State Comptroller

ABOUT THIS REPORT

This report provides citizens with an overview of the financial condition of New York State. It presents selected financial, economic, and demographic information in an easy-to-understand format.

The report also presents basic information on trends in State receipts (revenues) and spending (disbursements), the State's financial position as measured by Generally Accepted Accounting Principles (GAAP), and selected economic and demographic trends affecting the State. This report fills an information need not met by the traditional, more detailed financial reports issued by the Office of the New York State Comptroller, and is meant to complement those other reports, not to replace them. Detailed accounting data can be found in reports such as the Comprehensive Annual Financial Report (CAFR).

Financial condition is a broad concept aimed at assessing the ability of a government to meet current and future financial and service obligations. This report examines the State's ability to deliver adequate levels of services at acceptable levels of taxation, while achieving budget balance and making required debt service payments and pension contributions.


Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

State of New York

For its Annual Financial Report for the Fiscal Year Ended

March 31, 2015

Executive Director/CEO

The Office of the New York State Comptroller was honored this past year when it received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for the 2015 Financial Condition Report.

CONTENTS

Government-Wide Financial Data 2

Fund Financial Data 4

Total Receipts 5

Total Spending 6

Capital 7

Public Health 8

Public Welfare 10

Public Safety 12

Transportation 13

Environment 14

Elementary and Secondary Education . . 16

Higher Education 17

Local Government 18

Debt 20

New York's Public Authorities 23

Economic and Demographic Trends . . 24

Taxes 26

Implications for the Future 28

Appendix 1: State Funds Spending by Major Function 32

Appendix 2: Federal Funds Spending by Major Function 33

Appendix 3: State Receipts by Major Source 34

Data Sources 35

Government-Wide Financial Data

Government-wide financial statements provide a long-term view of finances. They record revenue and expenses when the earnings process is complete (full accrual basis), as opposed to when they are actually received or paid (cash basis).

Each statement breaks down the activities of State government into two types:

- Governmental activities: includes most of the State's core services as well as general administrative support.
- Business-type activities: includes activities that are partially or fully supported by user fees.

Statement of Net Position

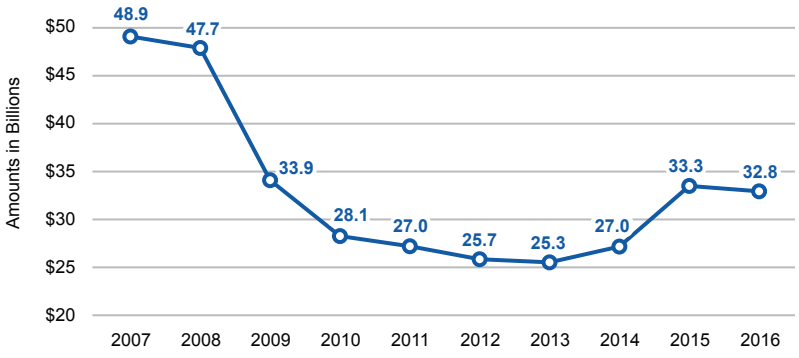
This statement reports:

- assets
- deferred outflows of resources (the consumption of net assets applicable to a future reporting period)
- liabilities
- deferred inflows of resources (the acquisition of net assets applicable to a future reporting period)
- the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in three categories:
  - Net investment in capital assets
  - Restricted net position
  - Unrestricted net position (deficits)

Condensed Statement of Net Position – Primary Government*
As of March 31, 2016 (amounts in millions)

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	$17,952	$7,314	$25,266
Receivables, net	24,881	3,918	28,799
Internal balances	(788)	632	(156)
Net pension asset	-	80	80
Other assets	325	251	576
Capital assets	86,521	15,957	102,478
Total Assets	**128,891**	**28,152**	**157,043**
Deferred outflows of resources	**2,814**	**275**	**3,089**
Liabilities:			
Tax refunds payable	10,448	-	10,448
Payable to local governments	6,304	-	6,304
Accrued liabilities and accounts payable	8,571	2,304	10,875
Other liabilities due within one year	6,349	1,819	8,168
Liabilities due in more than one year	67,092	23,829	90,921
Total Liabilities	**98,764**	**27,952**	**126,716**
Deferred inflows of resources	**402**	**250**	**652**
Net position:			
Net investment in capital assets	69,394	1,589	70,983
Restricted for debt service and other purposes	4,017	3,228	7,245
Unrestricted deficits	(40,872)	(4,592)	(45,464)
Total Net Position	**$32,539**	**$225**	**$32,764**

Primary Government Net Position

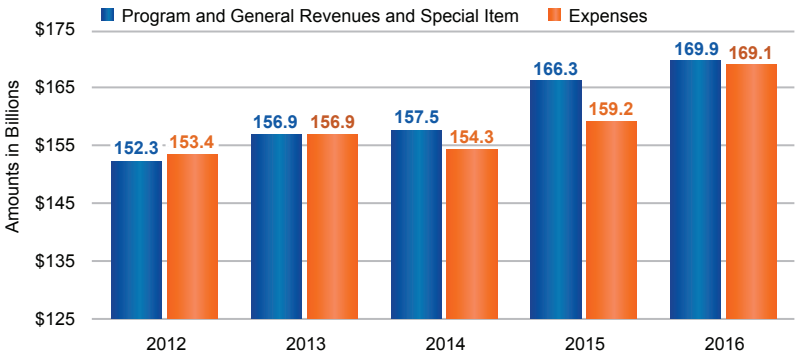


*The primary government includes governmental activities and business-type activities combined.

Condensed Statement of Activities – Primary Government
For the year ended March 31, 2016 (amounts in millions)

Functions/Programs	Expenses	Program Revenues	Net (Expenses) Revenues
Governmental activities:			
Education	$35,175	$4,324	($30,851)
Public health	63,454	42,884	(20,570)
Public welfare	14,722	11,548	(3,174)
Public safety	7,768	2,299	(5,469)
Transportation	10,344	3,555	(6,789)
Environment and recreation	1,413	514	(899)
Support and regulate business	1,555	2,992	1,437
General government	10,234	4,743	(5,491)
Interest on debt	1,618	30	(1,588)
Total governmental activities	**146,283**	**72,889**	**(73,394)**
Business-type activities:			
Lottery	6,442	9,691	3,249
Unemployment insurance	2,403	3,424	1,021
State University of New York	10,700	6,314	(4,386)
City University of New York	3,265	1,568	(1,697)
Total business-type activities	**22,810**	**20,997**	**(1,813)**
Total primary government	**$169,093**	**$93,886**	**(75,207)**
General revenues, net transfers and special item:			
Taxes			73,322
Other			2,412
Net transfers			(454)
Special Item - State Insurance Fund reserve release			250
Total general revenues, net transfers and special item			**75,530**
Change in net position			**$323**

Total Primary Government Revenues and Expenses



Statement of Activities

This statement reports the change in net position, which is calculated by:

- reducing the expenses of each of the State's programs by the revenues generated by those programs to arrive at net program expense; and
- reducing the net program expense by general revenues and other gains and losses.

Program revenues include:

- charges to customers or others for services related to the program;
- grants and contributions that can only be used to pay for the operations of a particular function or segment; and
- capital grants and contributions, including special assessments.

General revenues include internally dedicated resources, taxes and other items not included as program revenues.

For prior years' comparative government-wide data, please see the Statistical Section of the Comprehensive Annual Financial Report (CAFR) (Net Position by Component, Changes in Net Position, and Program Revenues by Function schedules). For an overview of the reasons for changes in revenues and expenses, please see Management's Discussion and Analysis in the CAFR.

Fund Financial Data

Fund financial statements provide a short-term view of finances. As such, these statements only focus on the inflows and outflows of current financial resources—cash or liquid assets that are available to pay current obligations (or will be soon).

Funds represent sources of funding and spending for particular purposes.

- The General Fund is used to report sources of funds and expenditures that are not required to be accounted for in another separate fund.
- In New York State, significant sources of funds that normally would be reported in the General Fund have been pledged or dedicated to other funds for repayment of debt or project funding and are therefore reported in other governmental funds.

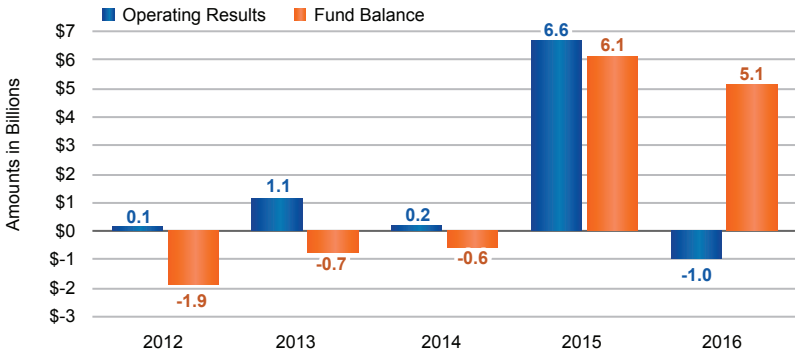
The accumulated fund balance (or deficit) is the amount of funds available at the end of the fiscal year. The operating result is the amount the fund balance increased or decreased during the year.

General Fund Balance Decreases From Prior Year

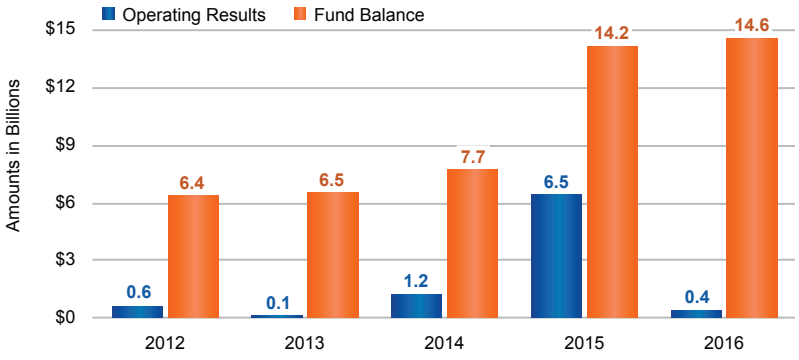
- At the end of State Fiscal Year (SFY) 2015-16, the General Fund balance was $5.1 billion, a decrease from the previous year's surplus of $6.1 billion.
- For SFY 2015-16, governmental funds reported a combined operating surplus of $408 million, increasing the fund balance to $14.6 billion.
- The operating surplus included a $978 million deficit in the General Fund.

For more detail, please see the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) in the Comprehensive Annual Financial Report (CAFR).

General Fund Operating Results Versus Accumulated Fund Balance (Deficit)



Governmental Funds Operating Results Versus Accumulated Fund Balance



Total Receipts

Revenues are affected by economic changes and changes in federal and State policies. Tax base is a measure of the State's ability to generate revenue. A decreasing tax base may force spending reductions, increased taxes, or both. Receipts are revenues that have been recorded on a cash basis.

See Appendix 3 for a breakdown of State receipts by major source for the past five years.

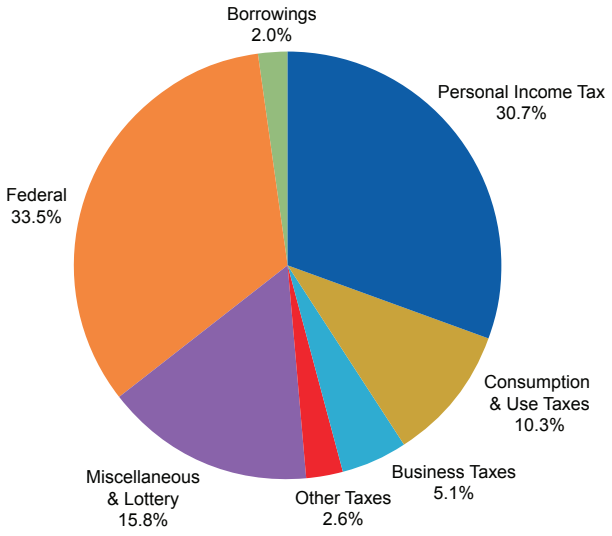
Total State Receipts Have Increased Over the Past Five Years

- From 2012 to 2016:
  - total receipts increased 15.2 percent.
  - tax receipts increased 16.1 percent.
  - federal receipts increased 15.1 percent. Funding is again increasing with:
    - disaster assistance for Superstorm Sandy and Hurricane Irene; and
    - Medicaid funding under the Affordable Care Act.

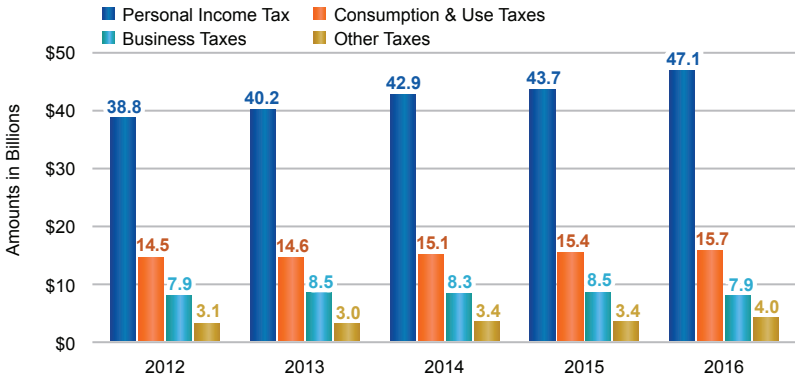
Personal Income Tax and Consumer Tax Receipts Have Increased Over the Past Five Years

- Personal income tax and consumer (consumption and use) taxes:
  - accounted for 41.0 percent of 2016 receipts; and
  - have increased 17.7 percent since 2012.
- In 2016, personal income tax receipts—the State's largest tax revenue source—increased 7.7 percent over the previous year.

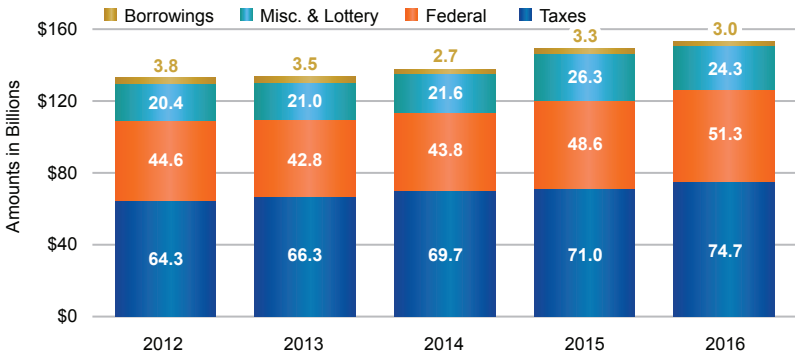
New York's 2016 Receipts by Source



Tax Receipts by Year



Total State Receipts

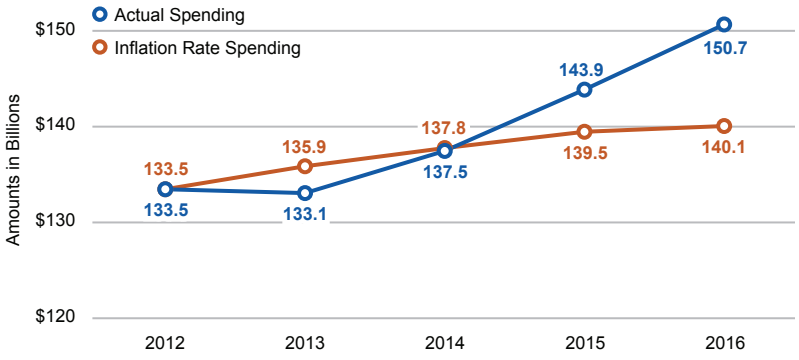


Total Spending

Spending generally reflects the State's program priorities. Comparing spending to revenue provides an indication of the State's ability to support continuing programs. State spending, which includes spending from federal funds, is recorded on a cash basis.

See Appendices 1 and 2 for a breakdown of State spending by major service function and funding source for the past five years.

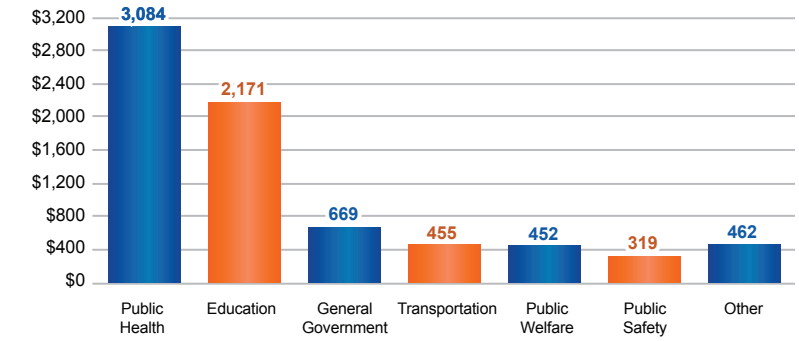
Actual State Spending Versus Spending at the Rate of Inflation



Growth in State Spending Has Exceeded the Rate of Inflation Over the Past Five Years

- Compared to the prior year, State spending increased $6.8 billion (4.7 percent) to $150.7 billion in 2016.
- Since 2012, the growth in State spending (12.9 percent) has exceeded the rate of inflation (Consumer Price Index increase of 4.9 percent).
- State spending has been partially paid for by borrowing $16.2 billion since 2012, including $3.0 billion in 2016.
- In 2016, State spending was $7,612 per person.
- Spending on public health and education represents 69.0 percent of total State spending.

2016 Total State Spending Per Person by Program Area



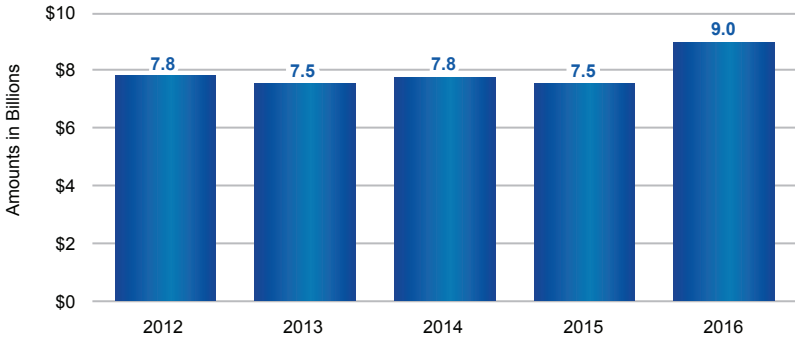
Capital

The deterioration of capital assets can weaken the State's economy and its ability to attract and retain business, while a robust, efficiently managed capital investment program can support economic growth. Capital assets include not only highways and bridges, but also facilities for education, government, health and recreation.

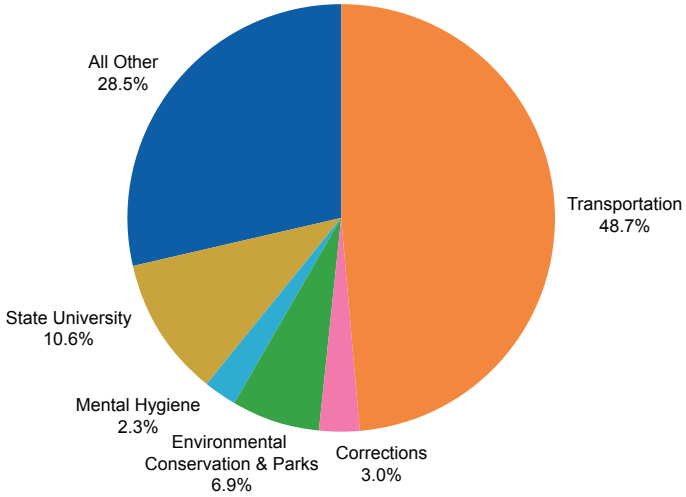
Capital Spending Has Increased Over the Past Five Years

- From 2012 to 2016, capital spending increased overall by nearly $1.2 billion (14.6 percent).
  - Capital spending for transportation increased by $823 million (23.2 percent). The increase is primarily attributable to the Consolidated Highway Improvement Program being shifted to an on-budget accounting structure.
  - Capital spending for All Other purposes increased by $288 million (12.7 percent).
- In 1994, the State financed 51 percent of nonfederal capital spending through current operations on a pay-as-you-go basis. Between 1995 and 2015 the share financed on a pay-as-you-go basis trended mostly downward, averaging 39 percent. In 2016, the State financed 58 percent of nonfederal capital spending on a pay-as-you-go basis in part by utilizing one-time resources (financial settlements) to fund certain capital projects.

New York Spending from Capital Projects Funds



Capital Spending by Functional Area – SFY 2015–16



- For the next five years, the State projects:
  - capital spending to average $12.7 billion per year; and
  - the share of nonfederal capital spending financed on a pay-as-you-go basis to average 36 percent.

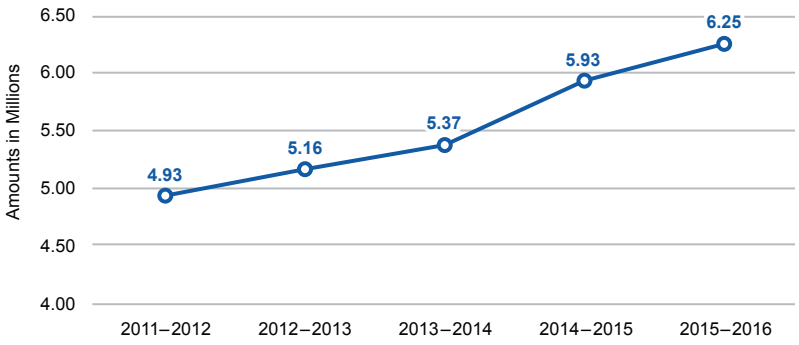
At the end of State Fiscal Year 2015-16, the State reported $102.5 billion in capital assets, an increase of $700 million (0.7 percent) from the prior year.

Public Health

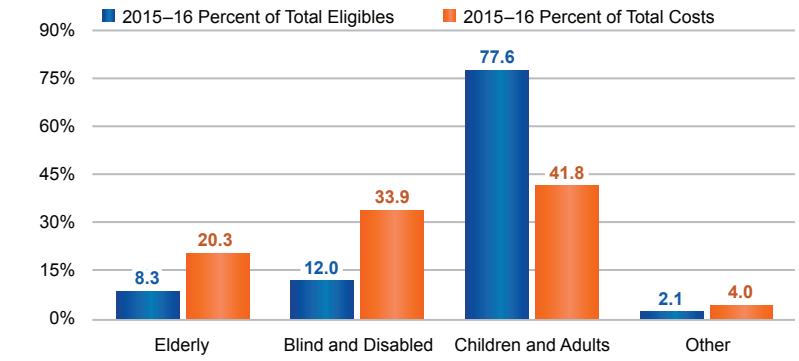
Medicaid Enrollment Increases

- Average monthly enrollment in the State's Medicaid program exceeded 6.2 million in State Fiscal Year (SFY) 2015-16, an increase of 322,237 or 5.4 percent over last year. The increase occurred despite a significant decrease in Medicaid enrollment starting in January 2016, when the State began transitioning legally residing immigrants enrolled in Medicaid to the Essential Plan (see below).
- Compared to last year, average monthly enrollment for:
  - adults increased by 183,395 (7.4 percent) to 2.6 million, accounting for the largest increase in enrollment;
  - children with Medicaid coverage increased by 73,780 (3.5 percent) to 2.2 million;
  - elderly recipients increased by 31,446 (6.5 percent) to 518,021;
  - blind or disabled recipients decreased by 22,689 (2.9 percent) to 750,545; and
  - "other" eligible recipients, largely legal immigrants, increased by 56,305 (75.7 percent) to 130,682.
- Medicaid recipients in managed care plans increased by 285,526 (6.4 percent) to nearly 4.8 million, or 76.0 percent of all recipients. This increase reflects the enrollment of most new recipients into managed care plans and the continued transition of most populations from fee-for-service to Medicaid managed care.

Medicaid Eligibles in New York
Department of Health



Medicaid Costs and Eligible Recipients
Department of Health – Current Claims



Medicaid Spending Increases, Largely Due to Additional Federal Payments From the Federal Affordable Care Act (ACA)

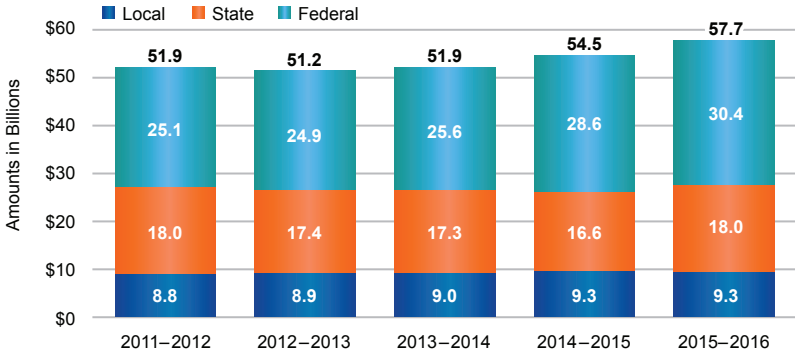
- Compared to last year, combined local, State and federal spending on Medicaid claims increased by $3.1 billion (5.7 percent) to nearly $57.7 billion. This increase largely reflects additional federal Medicaid payments, most of which are associated with the ACA.

- Children and adults represented over three-quarters of all average monthly enrollees, but only 41.8 percent of the overall costs of Medicaid claims for the State. Elderly, blind and disabled enrollees made up less than a quarter of eligible recipients, but accounted for 54.2 percent of Medicaid claims costs.

The State Establishes the Essential Plan

- In 2015, New York State joined Minnesota to become the only states in the nation to establish a Basic Health Program, a new low-cost health insurance option authorized by the ACA and largely funded by the federal government. In New York State, the Basic Health Program is known as the Essential Plan.
- The Essential Plan is available to individuals who are under 65, not eligible for Medicaid or the Child Health Insurance Program, without access to affordable coverage and with incomes at or below 200 percent of poverty.
- While the Essential Plan is not a Medicaid program, the State saved New York Medicaid costs of approximately $1 billion in SFY 2015-16 by transitioning approximately 260,000 legally residing immigrants enrolled in Medicaid but not eligible for federal Medicaid reimbursement to Essential Plan coverage.

Medicaid Costs
Department of Health – Claims



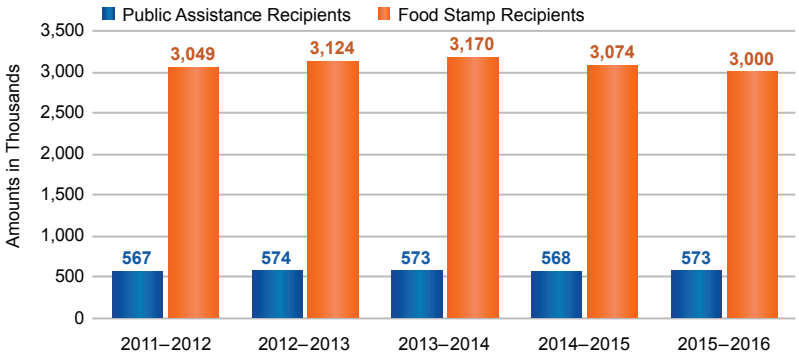
- In SFY 2015-16, federal funds covered 92 percent of Essential Plan costs, with State funds covering the remaining 8 percent. Individuals with incomes greater than 150 percent but at or below 200 percent of poverty pay $20 monthly premiums to private health plans participating in the program. Individuals with incomes at or below 150 percent of poverty have no monthly premium.
- All participating health plans cover inpatient and outpatient care, physician services, diagnostic services and prescription drugs with low out-of-pocket costs and no annual deductible. Enrollees have no out-of-pocket costs for preventive care, including routine office visits and recommended screenings.

Public Welfare

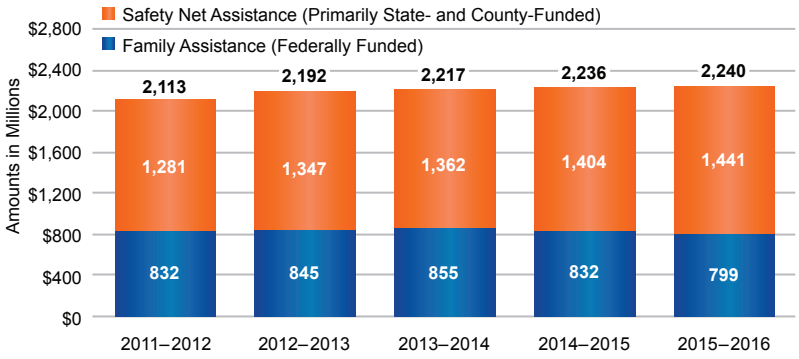
Enrollment in Public Assistance Increases Slightly for the First Time in Three Years

- Family Assistance provides up to 60 months of cash assistance to eligible needy families; Safety Net Assistance provides cash or non-cash assistance to eligible single adults, childless couples, persons who have exceeded the 60-month limit on family assistance, children living apart from adult relatives and certain other individuals.
- Public assistance enrollment in the State increased for the first time in three years, largely due to higher Safety Net Assistance (SNA) enrollment in New York City. Enrollment decreased in areas outside of New York City for the first time in eight years.
- Compared to last year, the average monthly number of recipients of public assistance in:
  - New York State increased by 4,498 (0.8 percent) to 572,720;
  - New York City increased by 17,509 (5.2 percent) to 356,350; and
  - areas outside New York City decreased by 13,011 (5.7 percent) to 216,370.
- Overall Family Assistance (FA) enrollment decreased by 3.0 percent for the second consecutive year, while overall SNA enrollment increased for the second consecutive year, but at a rate—3.8 percent—that was nearly four times higher than in State Fiscal Year 2014-15. Enrollment in FA and SNA increased in New York City, but decreased in areas outside of New York City. SNA is largely funded by the State and the counties, while FA is funded by the federal government.

Recipients of Public Assistance and Food Stamps



Public Assistance Expenditures by Source



Spending for Public Assistance Continues to Increase, But at a Slower Rate

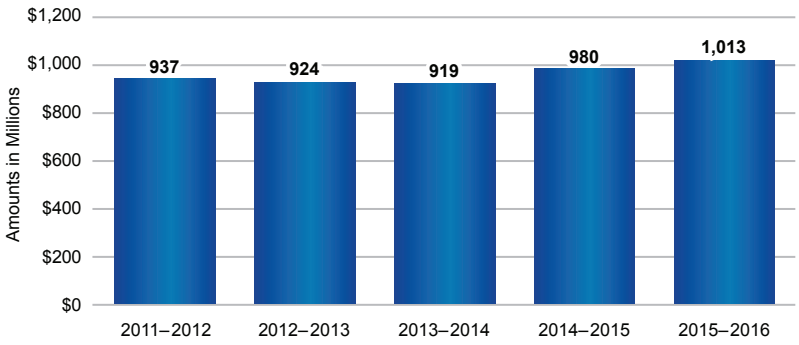
- For the fourth consecutive year, public assistance spending increased, but by less than 1 percent and mainly because of an increase in SNA expenditures in New York City. The increase in public assistance expenditures continues the program's recent spending growth, but it is occurring at a slower rate than in any of the last three years.
- Compared to last year, public assistance expenditures in:
  - New York State increased by $4.3 million (0.2 percent) to $2.24 billion;
  - New York City increased by $50.3 million (3.8 percent) to $1.39 billion; and
  - areas outside New York City decreased by $46.0 million (5.1 percent) to $848.0 million.
- SNA expenditures increased while FA expenditures decreased. For New York City, higher SNA expenditures more than offset lower FA expenditures. SNA expenditures accounted for 64.3 percent of total public assistance spending.

- Compared to last year, SNA expenditures in:
  - New York State increased by $36.7 million (2.6 percent) to $1.44 billion;
  - New York City increased by $54.6 million (6.0 percent) to $968.8 million; and
  - areas outside New York City decreased by $17.8 million (3.6 percent) to $472.3 million.
- Compared to last year, FA expenditures in:
  - New York State decreased by $32.4 million (3.9 percent) to $799.4 million;
  - New York City decreased by $4.3 million (1.0 percent) to $423.7 million; and
  - areas outside New York City decreased by $28.2 million (7.0 percent) to $375.7 million.
- Child Care Block Grant subsidies for low-income families transitioning from public assistance increased by $33.3 million (3.4 percent) to $1.01 billion. These subsidies are financed by a combination of federal, State and local sources.

SNAP Enrollment Decreases for Second Consecutive Year; Spending Decreases for Third Straight Year

- Enrollment in the State's Supplemental Nutrition Assistance Program (SNAP) decreased for the second consecutive year, following more than a decade of steady growth. SNAP, formerly known as the Food Stamp Program, is funded by the federal government.
- Compared to last year, the average monthly number of recipients of SNAP in:
  - New York State decreased by 73,197 (2.4 percent) to 3.0 million;
  - New York City decreased by 47,542 (2.7 percent) to 1.69 million; and
  - areas outside New York City decreased by 25,655 (1.9 percent) to 1.31 million.
- Expenditures for SNAP decreased for the third consecutive year.
- Compared to last year, SNAP expenditures in:
  - New York State decreased by $110.6 million (2.2 percent) to $5.0 billion;
  - New York City decreased by $68.8 million (2.3 percent) to $2.97 billion; and
  - areas outside New York City decreased by $41.8 million (2.0 percent) to $2.04 billion.

Child Care Block Grant (CCBG) Annual Commitments

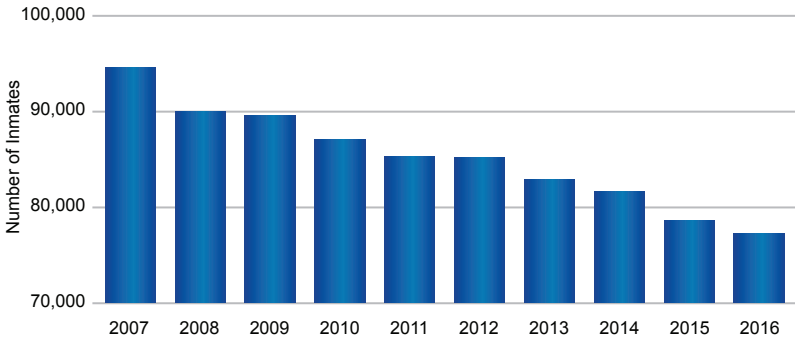


Public Safety

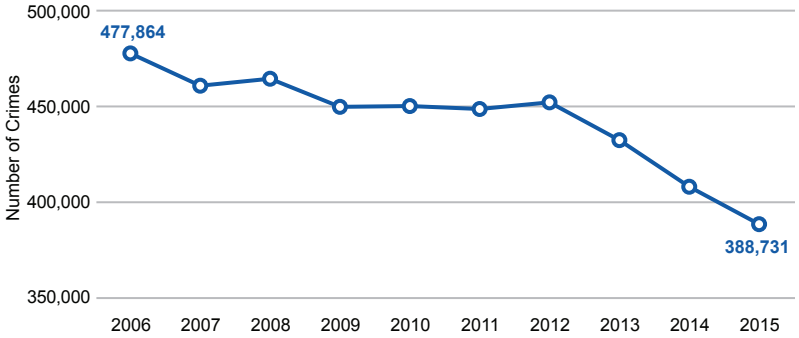
Inmate Populations and Crime Rates Have Declined Over the Past Decade

- As of March 2016, a total of 77,227 inmates were held in 136 State and local correctional facilities, which include:
  - 55 State correctional facilities;
  - 64 county jail facilities; and
  - 17 New York City correctional facilities.
- Since March 2007, the total inmate population has declined by 17,000 (18.3 percent).
- From 2006 to 2015, the total number of crimes reported in New York State declined by 89,133 (18.7 percent). This trend reflects falling crime rates across all major categories of crimes.

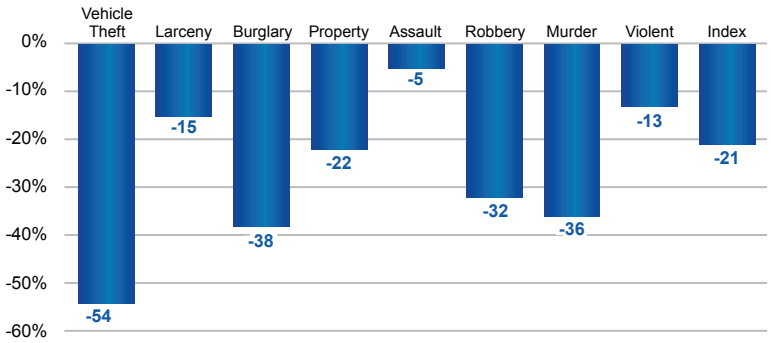
Inmates Held in State and Local Correctional Facilities



New York State Total Crimes Reported



Percentage Change in New York State Crime Rate *from 2006 to 2015*



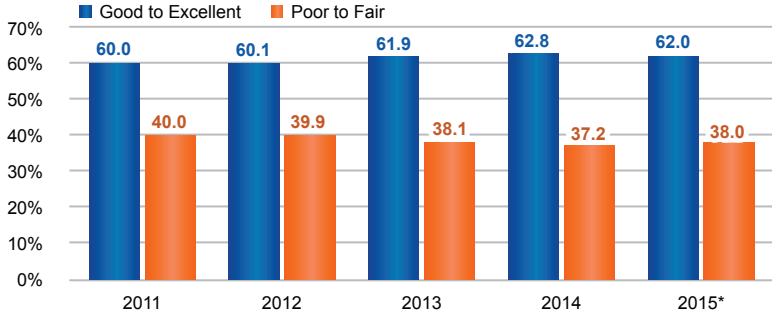
Statistics for the percentage change in rape crimes are not shown separately because of a change in the FBI's definition of rape in 2015 that makes such figures not comparable over the decade. Index and violent crime totals include the number of rapes reported under the expanded definition of the offense. As a result, increases in those crime categories may be attributable in part to the expanded definition.

Transportation

Highway Conditions Have Improved Slightly Since 2011

- The State is responsible for maintaining more than 42,700 lane miles of highway.
- The number of highway lane miles rated poor to fair has decreased by 2.0 percent since 2011.
- In 2015, 62.0 percent of the highways were rated good to excellent, a 2.0 percent increase since 2011.

Highway Condition Ratings in New York
(as a percentage of total lane miles)

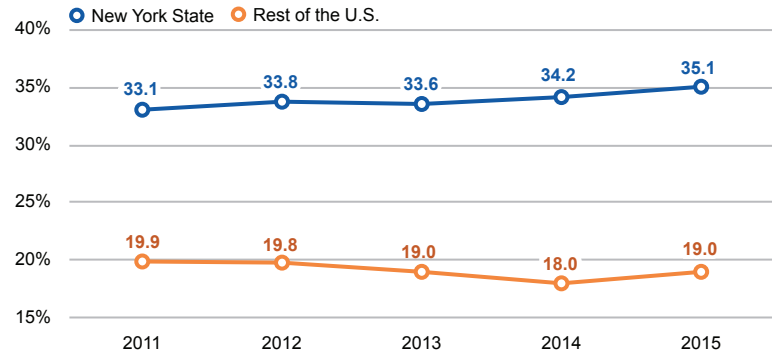


*2015 percentages are based upon draft surface ratings and are subject to change.

Bridge Conditions Have Worsened Since 2011

- The State is responsible for maintaining nearly 7,900 bridges.
- In 2015, 35.1 percent of bridges were rated deficient as compared to 33.1 percent in 2011. A deficient rating means a bridge is either structurally or functionally deficient, but not a current safety threat.
- The State's percentage of deficient bridges compares unfavorably to the nationwide percentage of 19 percent.

Deficient Bridges in New York and the Rest of the U.S.
(as a percentage of total number of bridges)

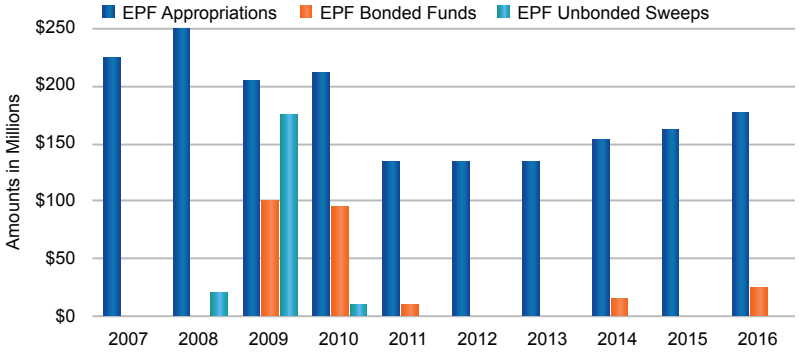


Environment

Environmental Protection Fund (EPF)

- Created in 1993, the EPF:
  - provides an ongoing source of primarily pay-as-you-go funding to address the State's environmental capital spending needs.
  - supports a broad array of environmental programs, such as: State and municipal open space conservation; municipal and agricultural non-point source water pollution control; State and local parks projects; municipal water pollution control and aquatic habitat conservation; support for the State's zoos, botanical gardens and aquaria; waterfront revitalization; and farmland conservation.
  - is primarily funded with a portion of the State's real estate transfer tax.
- Appropriations to the EPF have fluctuated over the life of the fund:
  - from an initial funding level of $31.5 million in State Fiscal Year (SFY) 1994-95;
  - to a low of $0 in SFY 2001-02; and
  - to a high of $250 million in SFY 2002-03 and again in SFY 2007-08.
- In SFY 2015-16, $177 million was appropriated to the EPF.

History of EPF Appropriations and Sweeps Backed by General Fund Repayment Authorization and Bonding



New York Works

- New York Works appropriations in SFY 2015-16 were made to the capital budgets of the:
  - New York State Department of Environmental Conservation for $40 million for various purposes including dam safety, recreational access projects and infrastructure upgrades; and
  - New York State Office of Parks, Recreation and Historic Preservation for $112.5 million to maintain and upgrade infrastructure in State Parks facilities.

New York State Energy, Research and Development Authority (NYSERDA)

- NYSERDA accounts for a significant amount of spending on environmentally-related energy programs.
- In SFY 2015-16, NYSERDA:
  - disbursed $810.3 million for programs including energy efficiency deployment, Green Jobs/Green New York, the Renewable Portfolio Standard, and the Energy Efficiency Portfolio Standard.
  - derived most of its revenue from two sources:
    - approximately $43.6 million was appropriated in the State Budget; and
    - approximately $780.8 million was generated by assessments on energy consumption as ordered by the New York State Public Service Commission and through auction of allowances through the Regional Greenhouse Gas Initiative ($127.4 million).

Energy

According to the U.S. Energy Information Administration:

- In 2015, the State's average electricity prices fell to the eighth highest in the nation.
- In 2014, 23 percent of the State's electricity generation came from renewable resources. Between 2010 and 2014, the capacity of solar electric generation enrolled in a utility net-metering program increased nearly eightfold, from 41.5 megawatts to 312.7 megawatts.
- Among all states, New York State:
  - had the lowest per capita consumption of energy in 2013 (Wyoming consumed the most per capita); and
  - ranked ninth in generation of carbon dioxide emissions in 2013 (Texas ranked first).

Agriculture

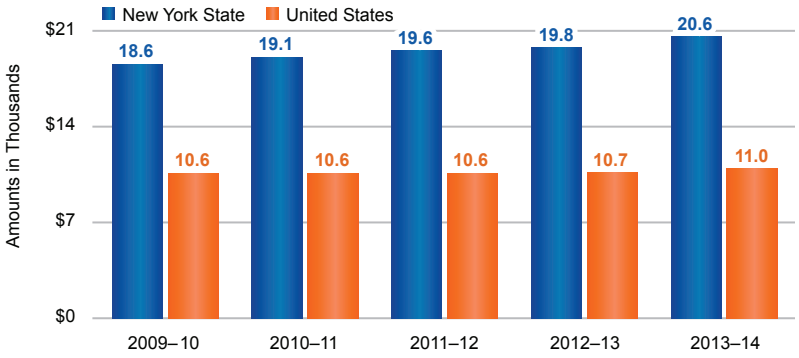
- In 2014, the value of agricultural production in the State was approximately $6.4 billion.
- In 2014, New York State was ranked third among the states in the export of dairy products, valued at $500.3 million.
- The State ranked second among all states in the production of maple syrup in 2014, with 546,000 gallons produced.

Elementary and Secondary Education

New York State Ranks Highest in Nation in Per Pupil Spending

- For the 2013-14 school year,* New York State was the highest among the states in per pupil expenditures for public elementary and secondary education at $20,610, according to the U.S. Census Bureau. This amount is:
  - an increase of 4.0 percent from the previous year; and
  - 87.2 percent higher than the national average of $11,009 per pupil.
- Between 2009-10 and 2013-14, annual per pupil spending has increased an average of 2.6 percent annually in New York State, compared to 0.9 percent for the nation.

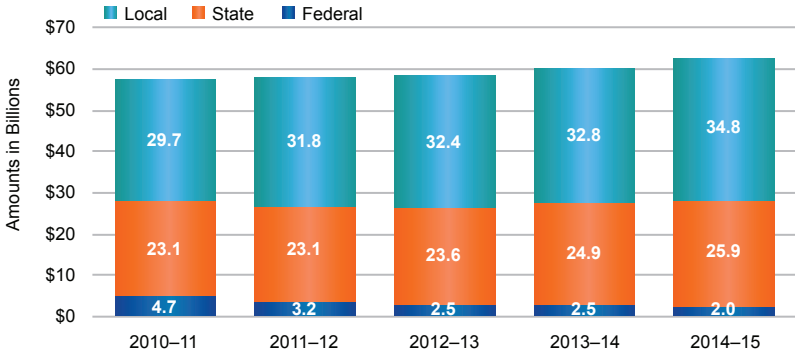
Per Pupil Education Spending



Local Governments Represent the Largest Source of Funding

- In 2014-15, support for public elementary and secondary schools came from the following sources:
  - State, $25.9 billion, including the School Tax Relief Program (STAR) of $3.3 billion;
  - local, $34.8 billion; and
  - federal, just under $2.0 billion.
- In school budgets proposed for the 2016-17 school year, property tax levy increases averaged 0.7 percent, which is lower than the:
  - 1.6 percent average increase last year; and
  - 2.2 percent average annual increase from 2012 to 2017.

Federal, State and Local Funding for Elementary and Secondary Schools

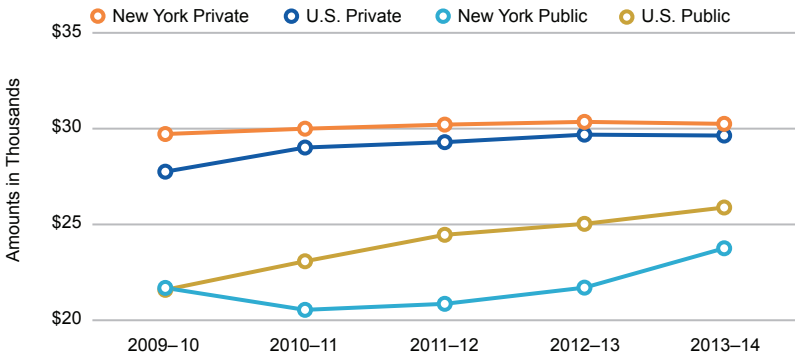


*Most recent available year.

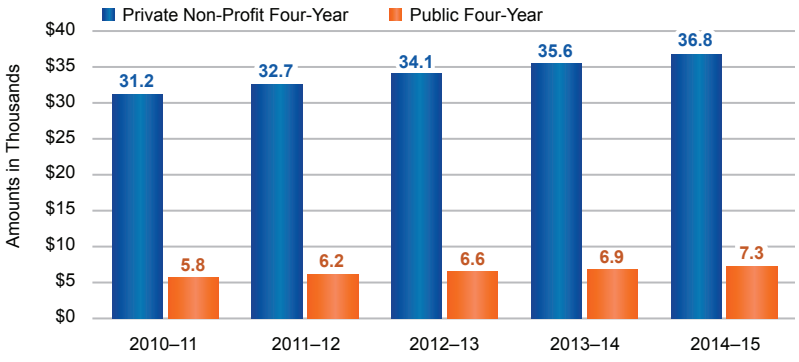
Higher Education

- In calendar year 2015,* New York State higher education institutions had the following students in degree-credit enrollments:
  - 875,688 full-time
  - 371,629 part-time.
- The State has a higher proportion of private colleges than most states, with 195 independent and proprietary colleges accounting for over 44 percent of statewide full-time equivalent (FTE) enrollment.
- In the 2015-16 academic year, average costs of tuition and fees for full-time, in-state students for the State University of New York (SUNY) and the City University of New York (CUNY) were the following:
  - SUNY, $7,980 ($4,820 for two-year colleges); and
  - CUNY, $6,590 ($4,938 for two-year colleges).
- In the 2014-15 academic year, nearly 370,000 students received State Tuition Assistance Program (TAP) awards, totaling $975 million.
- In State Fiscal Year 2015-16, the State spent $282 per resident on higher education, ranking 17th in the nation for higher education spending per capita.
- In 2014, 61 percent of college graduates in the State left school with debt, which is the same share as in 2010. By comparison, the national average was also 61 percent in 2014, which is up from 58 percent in 2010.

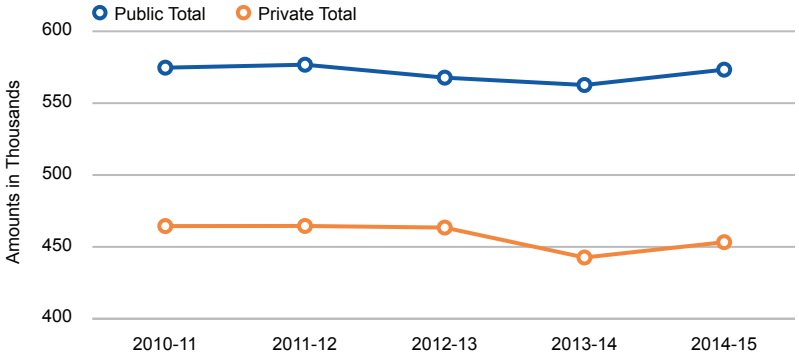
Average Debt of College Graduates



Average Published Tuition and Fees – New York State



Full-Time Equivalent Enrollment – New York State



*Most recent available year.

Local Government

Local governments are facing a range of challenges, even though the broader State economy is much improved over a few years ago.

Local Governments Rely Heavily on Real Property Taxes as a Major Source of Revenue

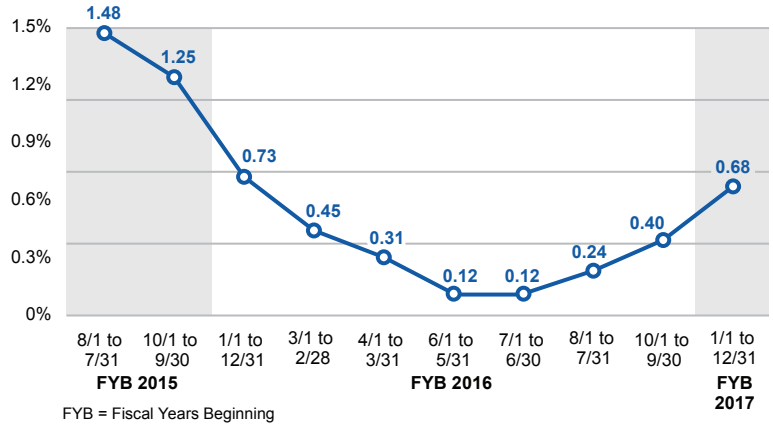
- Real property taxes are the single largest source of local government revenue in the State, making up 44 percent of the total.
- Some governments are even more dependent on the property tax for their revenues, including school districts (57 percent), towns (54 percent) and villages (48 percent).
- Sales taxes are also an important but volatile revenue source (13 percent of total revenue), with strong growth in good economic times and declines in recessions. Recently, sales tax growth declined from about 5 percent a year (2011 through 2013) to around 3 percent a year (2014 and 2015).
- Other sources of revenue include:
  - State aid (23 percent);
  - charges for services (7 percent);
  - federal aid (6 percent); and
  - other local taxes and revenues (7 percent).

Property Tax Cap Shrinks to Nearly Zero for School Districts

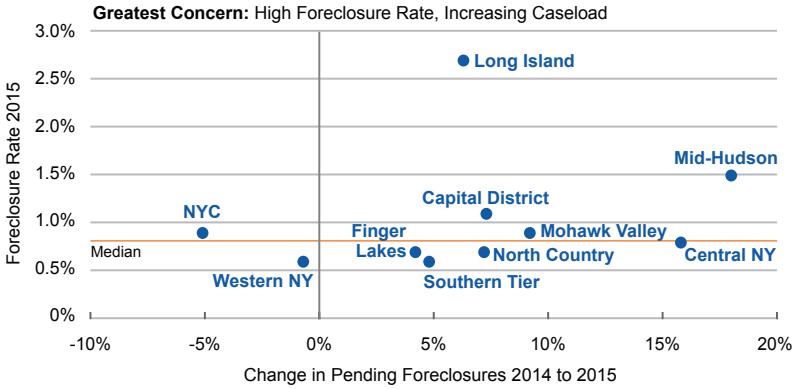
The real property tax levy limit (commonly called the "tax cap"), enacted in 2011, was intended to help address the impact of real property tax increases. The law generally limits levy growth to the lesser of 2 percent or the rate of inflation, with some exceptions. The formula includes a number of other components that can also affect the limit—sometimes by a large amount.

- For villages with fiscal years ending May 31, 2017 and school districts with fiscal years ending June 30, 2017, the allowable levy growth factor declined sharply from the previous year to 0.12 percent—the lowest since the tax cap law was enacted.
- For local governments with fiscal years ending December 31, 2017, the factor declined slightly from the previous year, from 0.73 percent to 0.68 percent, remaining well below 2 percent.

Recent Allowable Levy Growth Factors by Fiscal Year of Local Governments



Foreclosure Rate and Change in Pending Foreclosure Cases by Region



Foreclosures Still Pose a Challenge for Local Governments

Nearly a decade after the collapse of the housing bubble, foreclosure activity remains high in many regions of the State. This trend affects not just the individual homeowners, but also neighborhoods and local governments. Owners sometimes abandon their

properties before the lengthy foreclosure process is complete, leaving vacant "zombie properties" that slowly decay, contributing to blight, reducing property values and eroding local government tax bases.

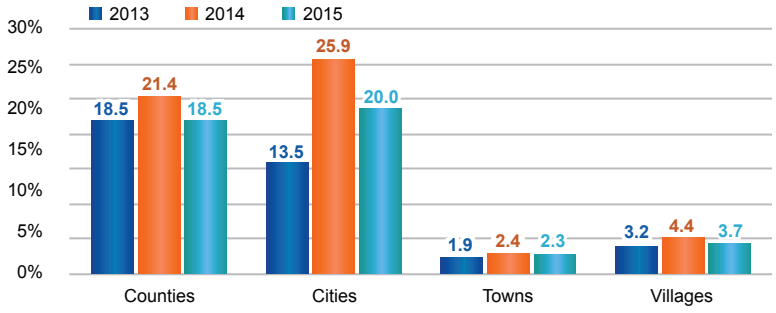
- State foreclosure filings for 2014 totaled 43,868, well above pre-recession levels.
- At the beginning of 2015, the pending statewide foreclosure caseload stood at 92,070.
- The corresponding foreclosure rate (the number of pending foreclosure cases as a percentage of housing units) was 1.13 percent, or 1 in 88 housing units.
- Long Island had the highest regional rate at 2.7 percent, and a growing caseload.
- The Mid-Hudson region had the highest growth in pending cases from 2014 to 2015 at 18 percent.

Fiscal Stress Varies Across Local Governments and School Districts

The Office of the State Comptroller analyzes the financial condition of each municipality and school district through its Fiscal Stress Monitoring System, which combines a number of financial indicators into an overall score intended to measure entities' budgetary solvency. Three full fiscal years of scores have now been released for cities, counties, towns, villages and school districts in the State.

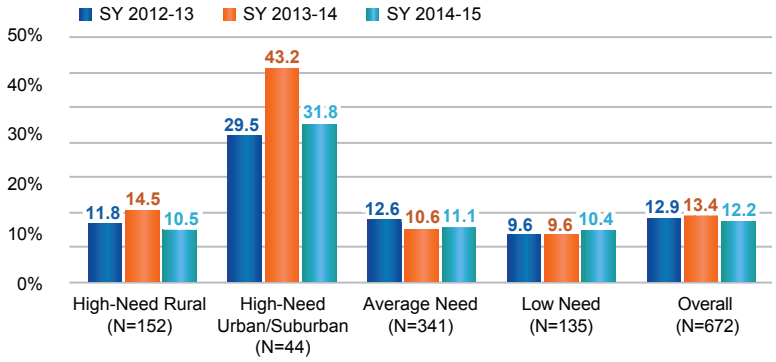
- Over the three years, only 7 percent of local governments and 23 percent of school districts have shown signs of fiscal stress for at least one year. The incidence of stress varies by type of local government.
- Counties and cities are much more likely than towns and villages to be experiencing some level of fiscal stress. For the fiscal year ending (FYE) in 2015, 10 of 57 counties and 11 of 61 cities across the State were rated to be in fiscal stress.
- In contrast, only 18 of 548 villages and 20 of 932 towns were in a fiscal stress category in FYE 2015.
- For each of the last three years, between 12 and 13 percent of school districts overall have shown signs of fiscal stress.
- High-need urban/suburban school districts are much more likely than districts overall to experience fiscal stress (31.8 percent compared to 12.2 percent for the 2014-15 school year).
- A small number of entities are experiencing ongoing, chronic fiscal stress: 19 of 1,598 local governments and 32 of 672 school districts have been identified as being in some level of fiscal stress for three years in a row.

Percentage of Local Governments in Fiscal Stress by Class
Fiscal Years Ending in 2013 through 2015



Note: *This includes all calendar year and non-calendar year municipalities that filed conclusive data with OSC in the indicated period.*

Percentage of School Districts in Fiscal Stress by Need/Resource Category



Note: *District counts are for 2014-15. The need/resource categories used were developed by the New York State Education Department and represent a district's ability to meet student needs using local capacity.*

Debt

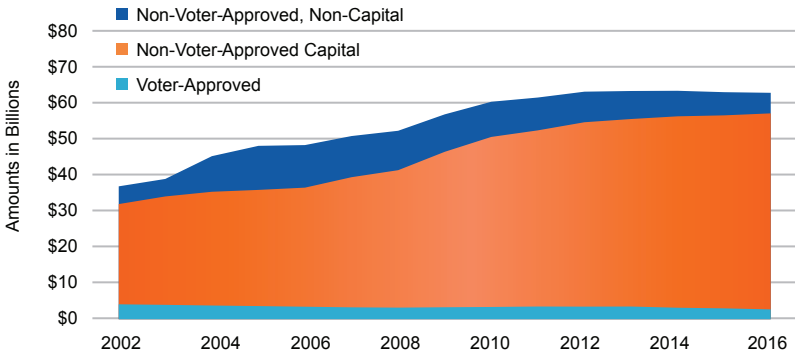
The debt burden of a governmental entity directly affects its ability to provide current services, as well as its long-term fiscal health. Existence of high levels of government borrowing may:

- indicate that the government is unable to support current programs with current revenues.
- force future program reductions, increased taxation or additional borrowing when future resources are needed to repay debt.
- limit capacity to finance capital assets, budgetary deficits and capital grants.

The State Ranks Second Highest in Nation in Outstanding Debt

- At the end of State Fiscal Year (SFY) 2015-16, the State reported the following categories of debt:
  - $2.7 billion in constitutionally recognized (voter-approved) general obligation debt, a decrease of 21.9 percent since SFY 2011-12.
  - $50.2 billion in State-Supported debt as statutorily defined in the Debt Reform Act of 2000, a decrease of 4.8 percent since SFY 2011-12.
  - $56.7 billion in debt reported in accordance with full accrual accounting under Generally Accepted Accounting Principles (GAAP), a decrease of 2.4 percent since SFY 2011-12.

State-Funded Debt Outstanding

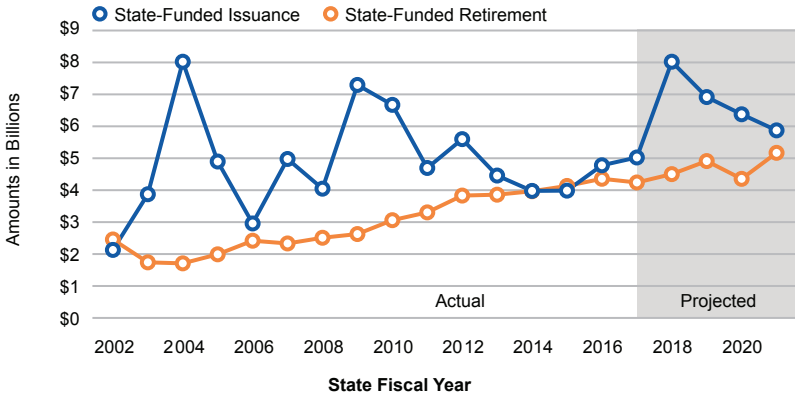


  - $63 billion in State-Funded debt, a decrease of 0.5 percent since SFY 2011-12. This category has been defined by the State Comptroller as a comprehensive measurement of the State's debt burden. It includes instances where the State makes payments with State resources, directly or indirectly, to a public authority, bank trustee or municipal issuer to enable them to make payments on debt issued for State purposes. Approximately 96 percent of the State-Funded debt was issued by public authorities and without voter approval.
- In 2015, New York State was the second most-indebted state behind California, and had nearly 1.5 times as much debt as the third most-indebted state (New Jersey). New York State also ranked fifth among all states in debt per capita.
- At the end of SFY 2015-16, State-Funded debt outstanding per capita was $3,183, which was equal to 5.5 percent of Personal Income.

State Projects Issuing More Debt Than It Will Retire in the Coming Years

- For the next five years, the SFY 2016-17 Enacted Budget Five-Year Capital Program and Financing Plan projects that the State will issue 50 percent more debt than it will retire, with:
  - $30.7 billion in new State-Supported debt issuance; and
  - $20 billion in State-Supported debt retirement.
- The State is experiencing a period of reduced debt capacity due in part to excessive use of debt in the past, as well as recent economic conditions.
- Based upon scheduled repayment dates, the State's accumulated deficit financing ($3.7 billion at the end of SFY 2015-16) will not be fully repaid until fiscal year 2026. The amount outstanding includes bonds issued by the:
  - New York Local Government Assistance Corporation (LGAC);
  - Municipal Bond Bank Agency (MBBA); and
  - Tobacco Settlement Financing Corporation (TSFC).
- An additional $2 billion in debt outstanding is associated with:
  - issuances by the Sales Tax Asset Receivable Corporation (STARC), which will not be fully repaid until 2034; and
  - the sale of Attica Correctional Facility in 1991.
- At times, New York has issued State-Supported debt to fund capital purpose grants to other entities. This practice results in liabilities for the State without creating offsetting State assets.
- In SFY 2015-16, $710 million in State-Supported debt service initially planned for SFY 2016-17 was paid early. With such prepayments, the State sends funds earlier than otherwise planned to the fiscal agent or trustee, who then retains such funds until the regularly scheduled debt service payment is due. Such prepayments do not reduce the State's interest costs. Prepayments that shift spending from one fiscal year to the next deflate reported year-over-year growth in debt service and overall spending.
- In SFY 2015-16, State-Funded debt service totaled almost $6.9 billion. This is expected to grow to $8.4 billion by 2021, based on projected issuance and retirement amounts from New York State and New York City.

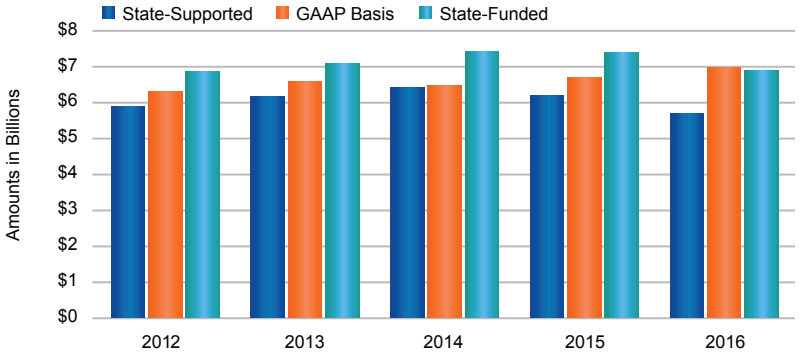
State Debt Issuance and Retirement



State-Funded Debt Differs from Debt Reported Under GAAP

- Significant differences exist between debt reported under the State-Funded category for cash reporting and debt reported under GAAP:
  - State-Funded debt includes certain obligations that are not recognized as a State liability under GAAP, including:
    - $2 billion in STARC bonds originally issued in fiscal year 2005 that will be repaid from future sales tax revenues of the State; and
    - $8 billion in Building Aid Revenue bonds issued by New York City's Transitional Finance Authority (TFA) for education needs since fiscal year 2007 that will be repaid with pledged local assistance payments from the State.
  - State-Funded debt also includes:
    - $985 million in obligations for State University of New York dormitory facilities paid with rental fees assigned to the Dormitory Authority and reported as collateralized borrowing under GAAP; and
    - $181 million for certain contingent-contractual obligations associated with the Secured Hospital Program reported as accrued liabilities under GAAP.*

Debt Service Expenditures in New York



  - Debt reported under GAAP but not counted in the State-Funded debt measurement includes:
    - $4.4 billion in bond premiums;
    - $17 million in accumulated accretion on capital appreciation bonds; and
    - $275 million in certain vendor-financed capital lease obligations and mortgage loan commitments.

State's Bond Ratings

- At the end of SFY 2015-16, the State's general obligation bond ratings were assigned as follows:
  - Aa1 by Moody's Investors Service;
  - AA+ by Fitch Ratings;
  - AA+ by Standard & Poor's (S&P) Rating Services; and
  - AA+ by Kroll Bond Rating Agency, Inc.

  These ratings are one step below AAA, the highest investment grade rating.

*In SFY 2013-14, the State was called on to make approximately $12 million in payments on certain contingent-contractual bonds from the Secured Hospital Program that was enacted in 1985 in which the State issued bonds for certain distressed hospitals. The required payment increased to $24 million in SFY 2014-15 and then decreased to $19 million in SFY 2015-16. As of March 31, 2016, the Secured Hospital Program included contingent-contractual debt obligations totaling approximately $256.5 million, including $181 million related to certain distressed hospitals where the State has previously been called on to make debt service payments.

New York's Public Authorities

Created by the government, public authorities are legally separate entities that provide services to the public as well as to the State and local governments. Public authorities are generally self-supporting through their revenue-generating activities. However, in some cases, governmental financial assistance and support is provided for operating and other expenses. New Yorkers pay for public authorities in a variety of ways including rates, tolls, fees and, in some cases, taxes.

The fiscal stability of the State is related in part to the fiscal stability of certain public authorities closely related to the State. The State's access to public credit markets could be impaired if certain public authorities closely associated with the State were to default on their obligations.

- In addition to issuing debt for their own purposes, public authorities issue debt for which the State provides the funds for repayment. The Enacted Budget for State Fiscal Year (SFY) 2016-17:
  - increased bonding authorizations for 22 programs financed through State-Supported debt issued by public authorities; and
  - provided for a net increase in these State-Supported bonding authorizations of approximately $8.7 billion, an increase of 8.5 percent over prior authorized levels.
- Public authorities and subsidiaries reported more than $64 billion in revenue and capital contributions in 2015.*
- Public authorities and subsidiaries reported making payments of nearly $12 billion pursuant to contracts in 2015.*

For more information on public authorities, please see www.osc.state.ny.us/pubauth/index.htm

Public Authority Data on Expenses, Debt and Employees
For Fiscal Years Ending in 2015

Authority	Expenses (amounts in millions)	Debt (amounts in millions)	Employees
Metropolitan Transportation Authority	$ 16,734	$ 36,475	78,150
Long Island Power Authority**	3,549	7,283	55
Power Authority of the State of New York	2,576	1,563	1,728
Dormitory Authority of the State of New York	2,276	45,665	523
New York State Urban Development Corporation	1,167	11,084	317
New York State Thruway Authority	948	10,977	4,245
New York State Energy Research and Development Authority	675	3,386	337
Environmental Facilities Corporation	482	6,415	114
Tobacco Settlement Financing Corporation	395	1,378	207
Niagara Frontier Transportation Authority	263	140	1,728
Battery Park City Authority	253	1,059	194
State of New York Mortgage Agency	206	2,603	207
New York State Housing Finance Agency	174	13,644	207
New York Local Government Assistance Corporation	96	2,345	25
New York State Bridge Authority	69	104	256
State of New York Municipal Bond Bank Agency	24	506	207
New York Job Development Authority	3	6,437	4
All Other State	*11,197*	*5,220*	*18,897*
Total State	***41,087***	***156,284***	***107,401***
Total Local	***23,767***	***107,697***	***53,076***
Grand Total	***$ 64,854***	***$ 263,981***	***160,477***

* The data reported is submitted by public authorities through the Public Authorities Reporting Information System (PARIS). The data contained in PARIS and used in this section of the report is self-reported by the authorities and has not been verified by the Office of the State Comptroller. As required by Public Authorities Law, certain data submitted is required to be approved by the board of directors and/or have its accuracy and completeness certified in writing by the authority's chief executive officer and chief financial officer. Not all authorities have complied with reporting requirements for 2015.

** Includes Utility Debt Securitization Authority debt outstanding.

Economic and Demographic Trends

The State Falls Behind the Nation in Economic Growth for 2015

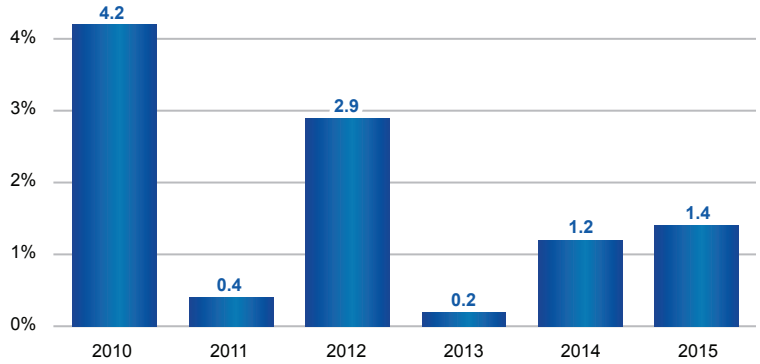
A state's Gross Domestic Product (GDP) is the value of production originating from all industries in the state, as defined by the U.S. Bureau of Economic Analysis. In 2015:

- New York State's GDP was $1.44 trillion.
- the State ranked 32nd in the nation for economic growth, with real GDP growth of 1.4 percent. Oregon and California ranked first with real GDP growth of 4.1 percent.
- the financial activities sector comprised nearly 30 percent of the State's real GDP. The natural resources and mining sector accounted for less than 1 percent.

Wages in the State Increase

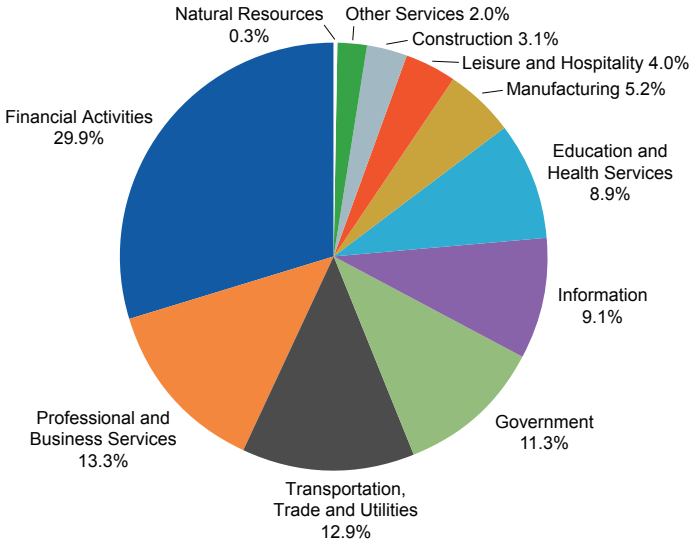
- In 2015, wages in the State increased by 4.1 percent. Outside the finance and insurance sector, wages in all other industries grew by 4.4 percent.
- Personal income increased by 4.0 percent in 2015.

New York Real GDP Growth

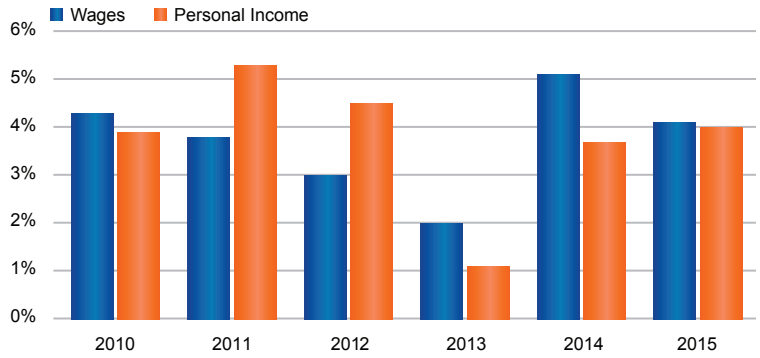


Prior period numbers may have been restated to reflect the most current data available.

Composition of New York GDP



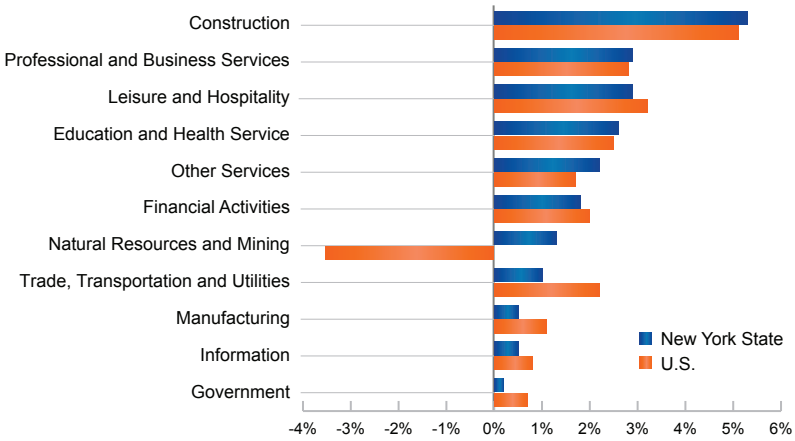
Wage and Personal Income Growth in New York



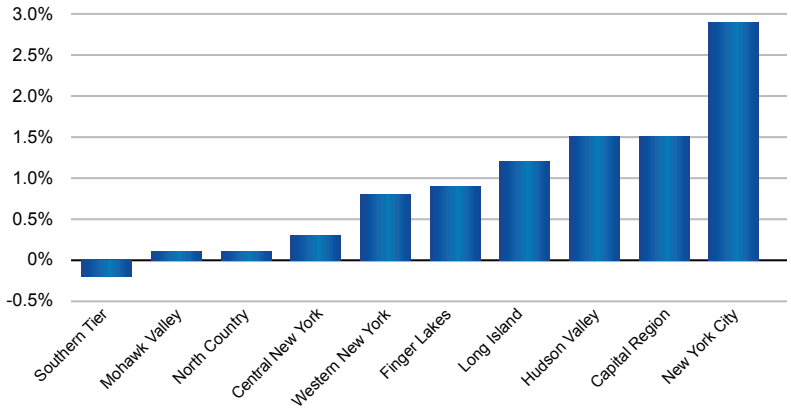
The State Added More Jobs as the Unemployment Rate Declined

- In 2015, the State added over 152,000 jobs, an increase of 1.7 percent.
- The unemployment rate declined from 6.3 percent in 2014 to 5.3 percent in 2015. In addition, the total labor force in the State grew, increasing by 84,000 workers.
- In 2015, the highest rate of employment growth was in the construction industry, with an increase of 5.1 percent. The largest number of jobs added was in the educational and health services sector, with an increase of over 41,000 jobs.
- In 2015, employment growth was uneven across the State. New York City had the highest rate of employment growth, an increase of 2.9 percent, while the Southern Tier experienced an employment decline of 0.2 percent.

2015 Employment Growth by Industry Sector



2015 Employment Growth by Region

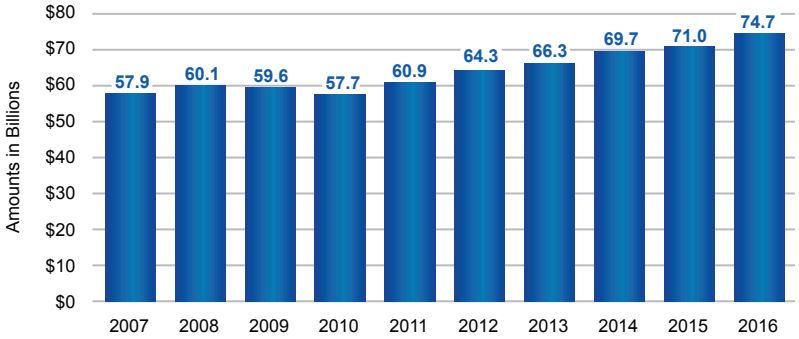


Taxes

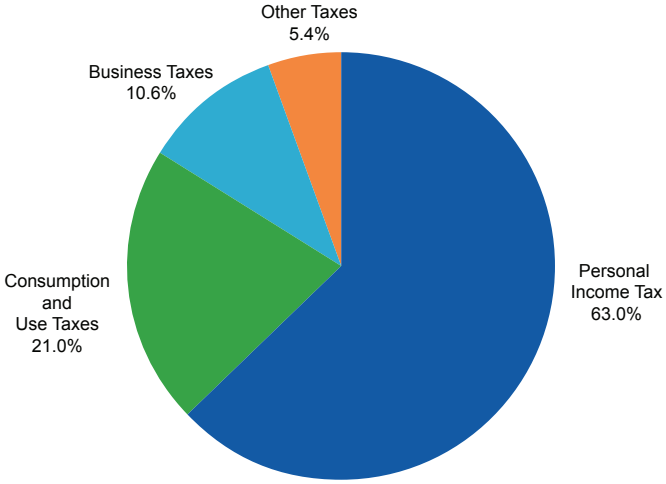
Tax Collections Continue to Rise

- In State Fiscal Year 2015-16, New York State tax collections increased by over 5 percent.
- Over the past five years, New York State tax collections have increased by over 16 percent. In comparison, the inflation rate for the same time period was 5.4 percent and the average wage growth was 16 percent.
- The combined federal, State and local tax burden in New York State was $323 per $1,000 of personal income in fiscal year 2015.
- At the local level, over 60 percent of all property taxes are collected by school districts.

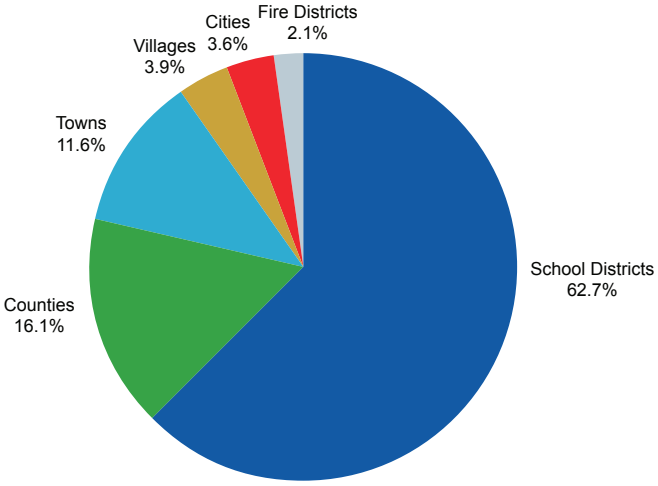
Total State Tax Collections



SFY 2016 State Tax Collections By Tax Type



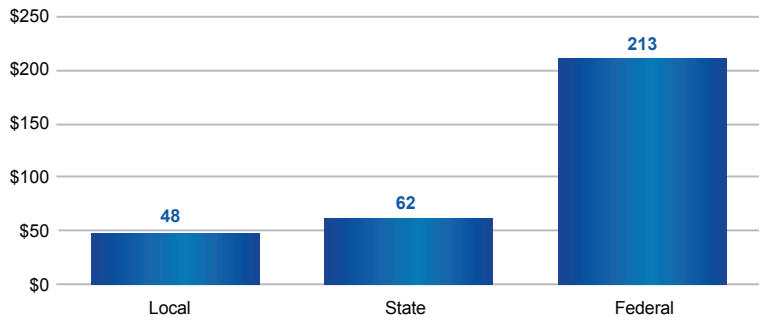
Share of Property Tax by Government Entity in 2014 *(Excluding NYC)*



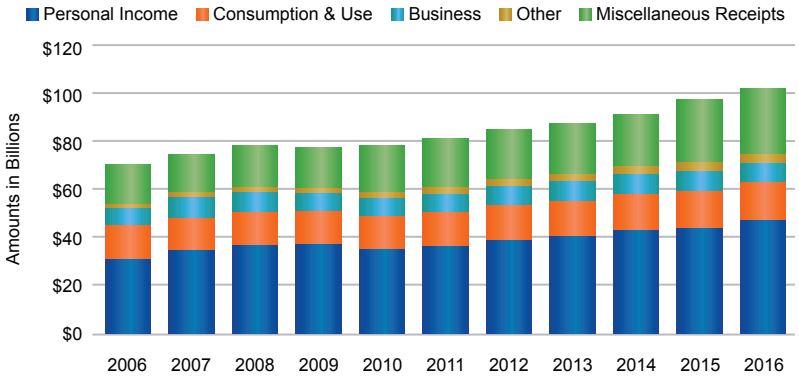
The State Relies Heavily on the Personal Income Tax as a Major Source of Revenue

- Personal income tax:
  - makes up over 60 percent of New York State's tax collections.
  - has increased in collections by more than 21 percent over the past five years.
- Only Oregon has a heavier reliance on the personal income tax than New York State. Nationwide, states rely more heavily on sales and user taxes.
- Collections for consumption and use taxes, New York State's second largest tax revenue source, increased by 8 percent over the past five years.

Taxes of NY Taxpayer per $1,000 of Personal Income
(Fiscal year ending in 2015)



Total State Revenues by Revenue Type



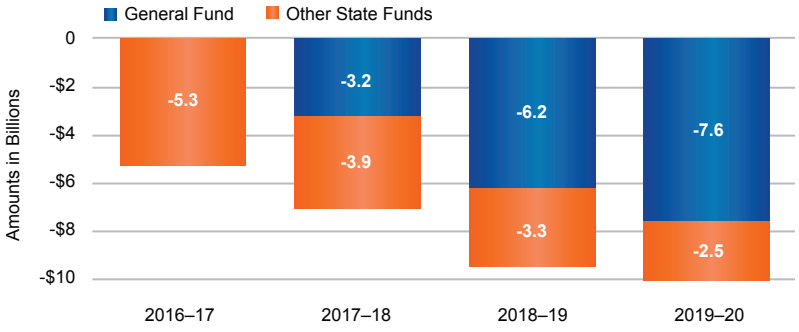
Implications for the Future

Potential Budget Gaps Are Growing

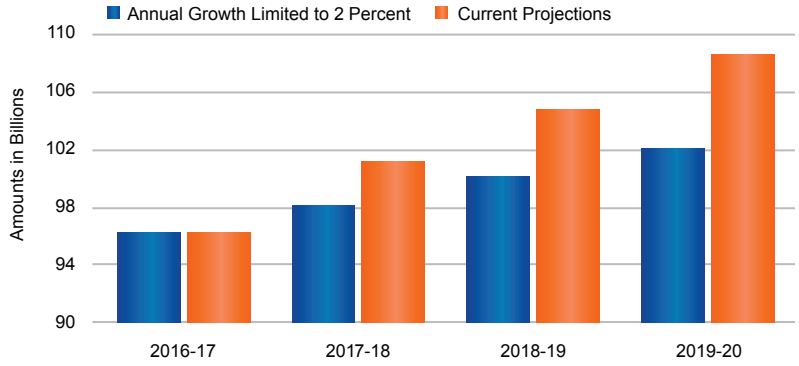
Budgetary actions and economic growth in recent years have reduced the structural imbalance between the State's revenues and its expenditures. However, challenges remain, and potential budget gaps are growing.

The State Fiscal Year (SFY) 2016-17 Enacted Budget includes nearly $6 billion in non-recurring or temporary resources, excluding federal aid. Based on the Division of the Budget's (DOB) most recent projections of receipts and disbursements that include actions taken after the budget was enacted, the Office of the State Comptroller estimates that projected gaps in the coming three years will average nearly $5.7 billion annually, partially reflecting the loss of the various temporary resources used in SFY 2016-17. While these projected gaps are smaller than projected gaps during the Great Recession, they represent an increase from more recent years and remain a cause for concern.

Projected Out-Year Gaps – State Funds*



Spending from State Operating Funds
Current Projections vs. Growth Limited to 2 Percent



The Two Percent Spending Benchmark's Effect Is Unclear

The SFY 2016-17 Enacted Budget Financial Plan again reflects the Executive's 2 percent benchmark for annual spending growth from State Operating Funds. While DOB projects spending growth for State Operating Funds to stay within the 2 percent benchmark, it projects all other measures of State spending—General Fund, State Funds and All Funds—to exceed the 2 percent benchmark. The Office of the State Comptroller estimates that, after adjusting for certain prepayments, State Operating Funds expenditures this year are increasing by 3.6 percent. As a result, the effect of the 2 percent benchmark is unclear.*

Debt Capacity Is Projected to Shrink

Another important issue with regard to both the State's capital needs and its overall financial condition is its debt capacity.

The Executive currently projects that the State's debt capacity, as measured by the statutory cap on State-Supported debt outstanding issued after April 1, 2000, will shrink to just $305 million by SFY 2019-20. This decline is partially due

*The General Fund is the State's main operating fund. State Operating Funds include the General Fund, State-financed special revenue operating funds and debt service funds. State Funds include State Operating Funds and State-financed capital funds. All Funds includes all of the above, as well as federally funded capital and operating funds.

to economic conditions, but also to the increased issuance of debt, especially in the years leading up to and including the Great Recession. Certain actions, such as a change in the financing structure for State University of New York dormitories, have preserved debt capacity under the statutory cap but did not alter the State's debt burden. The challenge of addressing this debt burden remains.

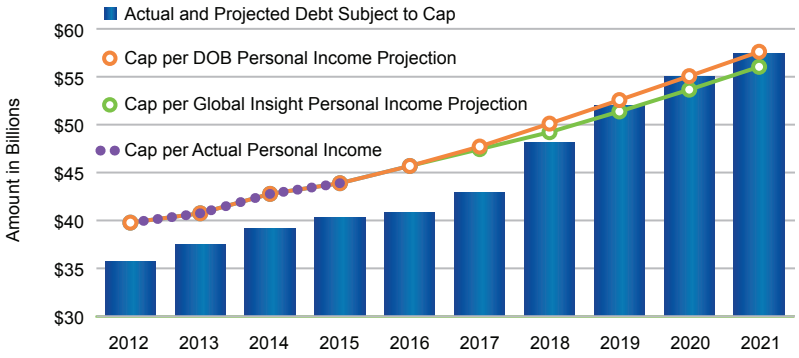
Since statutory debt capacity is partially a function of personal income in New York State, the projected level of such capacity varies with different personal income projections. DOB projects personal income in New York State will increase an average of 4.8 percent annually over the next five years. IHS Global Insight projects a lower figure, an average of 4.2 percent over the same period. If personal income grows at a lower rate than anticipated and additional actions are not undertaken, the State's projected statutory debt capacity would shrink further or, potentially, disappear entirely.

State-Supported debt issuances are projected to be $30.7 billion over the next five years, an average of $6.1 billion annually, compared to an annual average of $3.7 billion over the previous five years. The gap between debt issuances and debt retirement is also projected to grow, with issuances exceeding retirements by over 50 percent on average annually over the next five years, compared to 4 percent over the past five years.

Use of Settlement Resources Remains Unclear

Since April 2014, the State has received over $8.9 billion in monetary settlements from various financial and other institutions for violations of New York State banking,

Actual and Projected Debt Subject to Statutory Cap



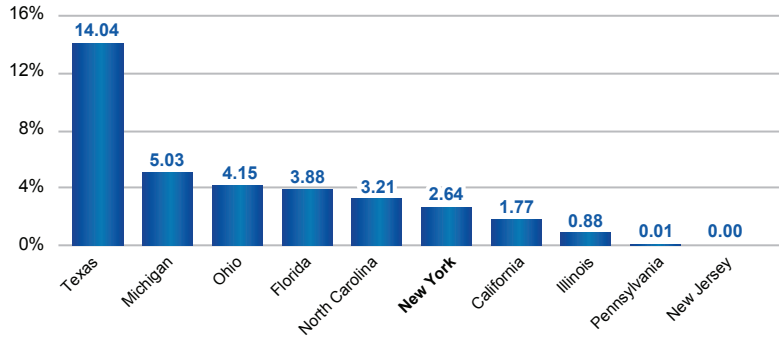
insurance or other laws. Most of these non-recurring resources were intended to be deposited in a dedicated capital projects fund for various appropriated purposes. However, the initial plan for use of these funds has changed and a large portion of these moneys will remain in the State's General Fund until they are needed in the dedicated fund over the next several years, which provides the State with additional budgetary flexibility in the meantime. Also, $2.3 billion of these resources is being used in ways that allow the State to delay new bond issuances and preserve debt capacity in the short-term, while allowing capital spending to continue. This new plan leaves greater uncertainty for the currently appropriated uses of settlement resources than if the transfer and dedication of such resources occurred as initially planned. In addition, some settlement dollars have been appropriated for broadly written purposes. It's not yet clear whether all or the majority of these one-time resources will be used appropriately for capital investments or other one-time purposes. Ensuring that the State meets its needs for essential capital investment, and that it makes appropriate use of one-time resources, such as settlement funds, remain important priorities.

Fund Balance and Reserves Improve, But Long-Term Fiscal Challenges Remain

New York State has long trailed the national average for states, as well as a number of similar-sized states, in fund balance and reserves as a percentage of spending, two key indicators of fiscal condition.

On a positive note, the State has increased its reserves over the last 10 years, largely due to deposits in SFY 2014-15 of over $315 million to the Rainy Day Reserve Fund that was created in 2007. However, no additional deposits were made in SFY 2015-16, and the current Financial Plan doesn't anticipate any this fiscal year, despite the extraordinary settlement resources received in recent years and a comparatively high General Fund balance. The State's General Fund balance as of March 31, 2016 was 13.1 percent of expenditures, primarily because of non-recurring monetary settlement revenue received in SFY 2014-15 and SFY 2015-16. If the monetary settlements were excluded from the balance, the General Fund balance would have been 3.9 percent of General Fund spending, approximately the same as the national average and slightly higher than the average for the other 10 largest states with rainy day funds.

Rainy Day Reserves as Percentage of General Fund Spending – 2016
Largest States with Rainy Day Reserves



Concerns Regarding the State's Economy

Over the course of the Great Recession and into the start of the U.S. economic recovery, employment fared better in New York than nationally. While New York State as a whole has regained all of the jobs it lost during the recession, its job growth has lagged the nation over the course of the expansion. In addition, employment growth has been uneven across the State, with downstate experiencing relatively robust job creation and most upstate regions seeing much more modest, if any, net employment gains.

Along with employment, wage growth is essential to the New York economy as it provides individuals with increased spending power. It's also vital to New York's tax revenues as the personal income tax, particularly the withholding component, is the largest source of State revenue other than federal receipts. Overall wage growth in New York is significantly influenced by the wages of the financial sector, which include annual year-end bonuses. While average annual wage

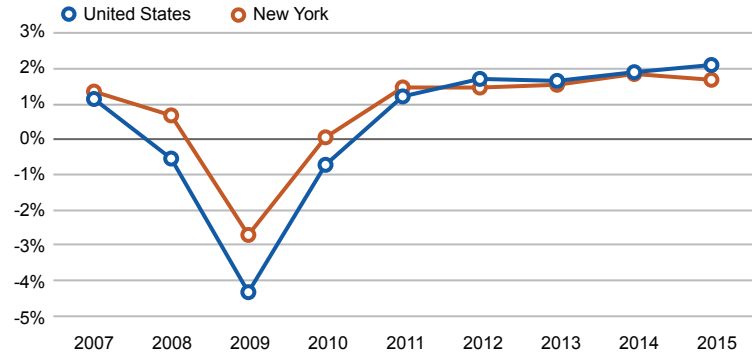
growth in New York outside the financial sector has kept pace with national wage growth since the end of the recession, ups and downs in the financial sector have resulted in volatility in overall wages, making tax revenues less predictable. Potential impacts on the State's revenues from employment, wage and other key economic trends merit continued attention.

Looking Ahead: The Need for Real Fiscal Reform

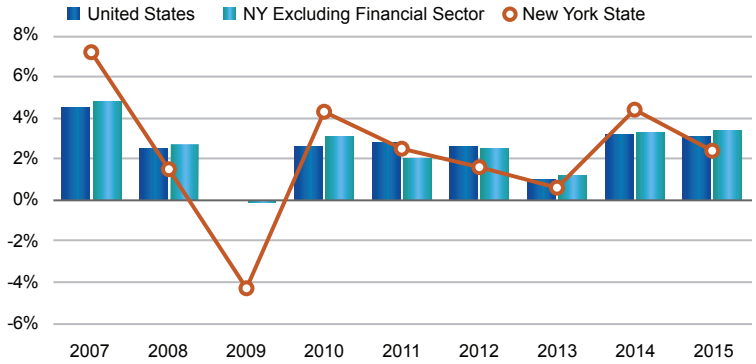
Comptroller DiNapoli has proposed a comprehensive fiscal reform package, including proposed constitutional and statutory amendments, to address four key issue areas and commit New York State to the highest standards of accountable, transparent and effective budgeting, as well as promoting fiscal sustainability. Key components of the plan include:

- State spending reforms to require greater accountability, transparency and oversight for broadly allocated State funds and for public authority spending on behalf of the State, and to enhance transparency with respect to the State's spending plan.
- New rules for budget reserves to require deposits to the State's statutory rainy day reserve funds and to mandate further steps to bring such reserves to maximum statutory levels.
- Reforms to promote more responsible debt practices, including a constitutional and statutory debt cap using a comprehensive definition of State debt, to strengthen the current limits on outstanding debt and broaden the scope of borrowing subject to the cap.
- A comprehensive capital prioritization and planning process to ensure the cost-effective use of billions of dollars in annual infrastructure spending.

Comparison of State and National Employment Growth, 2007–2015



Comparison of Average Annual Wage Growth, 2007–2015



Appendix 1: State Funds Spending by Major Function[1]

(amounts in millions)

State Funds Spending for the Fiscal Year Ended March 31:	2012	2013	2014	2015	2016
EDUCATION	**$33,963**	**$35,050**	**$35,672**	**$37,125**	**$38,784**
Public Schools	21,440	22,231	22,534	23,723	25,355
School Tax Relief (STAR)	3,233	3,286	3,357	3,297	3,335
State University of New York	6,904	7,134	7,242	7,137	7,301
City University of New York	1,335	1,366	1,463	1,505	1,551
Tuition Assistance Program	926	893	944	1,159	966
Higher Education Services Corporation	91	117	106	238	234
Cultural Programs	34	23	26	66	42
PUBLIC HEALTH	**25,384**	**25,365**	**25,236**	**25,149**	**25,530**
Health and Mental Health Services	8,800	7,683	7,636	6,940	6,915
Medical Assistance (Medicaid)	16,584	17,682	17,600	18,209	18,615
PUBLIC WELFARE	**3,945**	**3,934**	**3,903**	**3,626**	**3,756**
Public Welfare	3,561	3,460	3,497	3,227	3,346
Public Housing	180	244	198	197	202
Employment Services	204	230	208	202	208
PUBLIC SAFETY	**3,902**	**4,171**	**3,968**	**4,019**	**4,203**
Criminal Justice and Correctional Alternatives	1,007	968	958	973	1,045
Emergency Management and Security Services	181	263	188	176	172
Prisons and Reformatories	2,714	2,940	2,822	2,870	2,986
TRANSPORTATION	**6,488**	**6,616**	**6,831**	**7,474**	**7,242**
Traffic Safety	205	184	191	183	186
Transportation	6,283	6,432	6,640	7,291	7,056
ENVIRONMENT AND RECREATION	**799**	**899**	**939**	**919**	**962**
Environmental Protection	532	642	627	603	628
Parks, Recreation and Historic Preservation	267	257	312	316	334
SUPPORT AND REGULATE BUSINESS	**1,394**	**1,071**	**1,192**	**1,082**	**1,212**
Commerce, Industry and Agriculture	1,160	577	682	581	856
Regulate Business	234	494	510	501	356
SHARE GENERAL REVENUES WITH LOCAL GOVERNMENTS	**976**	**977**	**1,119**	**1,057**	**1,055**
REPAY BORROWED MONEY AND REDUCE DEBT	**5,864**	**6,138**	**6,437**	**6,221**	**5,635**
GENERAL GOVERNMENT	**10,479**	**10,301**	**11,058**	**11,476**	**12,853**
Executive Agencies	1,045	1,089	1,253	1,525	2,410
Office of the State Comptroller	168	170	169	172	173
Office of the Attorney General	167	159	161	167	170
Legislature	197	203	208	207	215
Court Administration	1,949	1,927	1,942	2,016	2,073
Pension Contributions and Other Employee Benefits	6,530	6,351	6,922	7,014	7,404
Other	423	402	403	375	408
TOTAL STATE FUNDS SPENDING	**$93,194**	**$94,522**	**$96,355**	**$98,148**	**$101,232**

(1) In April 2012, New York State implemented a new central accounting system, the Statewide Financial System (SFS), and chart of accounts structure. Functional categories may not be comparable to prior years.

Appendix 2: Federal Funds Spending by Major Function[1]

(amounts in millions)

Federal Funds Spending for the Fiscal Year Ended March 31:	2012	2013	2014	2015	2016
EDUCATION	**$5,188**	**$3,679**	**$4,193**	**$3,718**	**$4,198**
Public Schools	4,879	3,382	3,883	3,387	3,866
State University of New York	302	291	302	313	318
City University of New York	--	--	3	7	7
Tuition Assistance Program	1	--	--	--	--
Higher Education Services Corporation	4	6	5	11	7
Cultural Programs	2	--	--	--	--
PUBLIC HEALTH	**26,383**	**25,949**	**26,913**	**31,996**	**35,537**
Health and Mental Health Services	1,582	1,812	1,956	2,064	3,689
Medical Assistance (Medicaid)	24,801	24,137	24,957	29,932	31,848
PUBLIC WELFARE	**5,561**	**5,232**	**5,477**	**5,200**	**5,201**
Public Welfare	5,039	4,688	4,944	4,694	4,774
Public Housing	31	38	25	26	22
Employment Services	491	506	508	480	405
PUBLIC SAFETY	**593**	**1,532**	**2,029**	**2,557**	**2,119**
Criminal Justice and Correctional Alternatives	406	112	86	59	70
Emergency Management and Security Services	183	1,420	1,943	2,498	2,027
Prisons and Reformatories	4	--	--	--	22
TRANSPORTATION	**1,530**	**1,521**	**1,746**	**1,639**	**1,766**
Traffic Safety	22	24	26	28	28
Transportation	1,508	1,497	1,720	1,611	1,738
ENVIRONMENT AND RECREATION	**386**	**327**	**352**	**208**	**211**
Environmental Protection	377	319	343	199	198
Parks, Recreation and Historic Preservation	9	8	9	9	13
SUPPORT AND REGULATE BUSINESS	**17**	**19**	**19**	**20**	**24**
Commerce, Industry and Agriculture	15	17	18	18	22
Regulate Business	2	2	1	2	2
SHARE GENERAL REVENUES WITH LOCAL GOVERNMENTS	**317**	**36**	**78**	**27**	**32**
GENERAL GOVERNMENT	**335**	**280**	**364**	**378**	**388**
Executive Agencies	40	12	11	44	70
Office of the Attorney General	25	24	25	25	26
Court Administration	7	5	5	5	5
Pensions Contributions and Other Employee Benefits	263	239	323	304	287
TOTAL FEDERAL FUNDS SPENDING	**$40,310**	**$38,575**	**$41,171**	**$45,743**	**$49,476**

(1) In April 2012, New York State implemented a new central accounting system, the Statewide Financial System (SFS), and chart of accounts structure. Functional categories may not be comparable to prior years.

Appendix 3: State Receipts by Major Source

(amounts in millions)

State Receipts for the Fiscal Year Ended March 31:	2012	2013	2014	2015	2016
TOTAL TAXES	**$64,299**	**$66,300**	**$69,690**	**$71,034**	**$74,673**
Personal Income Tax	**38,768**	**40,227**	**42,961**	**43,710**	**47,055**
Consumer Taxes	**14,571**	**14,616**	**15,100**	**15,385**	**15,725**
Sales and Use	11,875	11,989	12,588	12,992	13,359
Cigarette/Tobacco Products	1,633	1,551	1,454	1,314	1,251
Motor Fuel	502	493	473	487	503
Alcoholic Beverage	238	246	250	251	254
Highway Use	132	145	136	140	159
Auto Rental	104	109	114	119	126
MCTD Taxicab Trip	87	83	85	82	73
Business Taxes	**7,878**	**8,463**	**8,258**	**8,502**	**7,884**
Corporation Franchise	3,176	3,009	3,812	3,548	4,527
Corporation and Utility	797	894	797	727	774
Insurance	1,413	1,508	1,444	1,533	1,580
Bank	1,392	1,912	1,050	1,536	-121
Petroleum Business	1,100	1,140	1,155	1,158	1,124
Other Taxes	**3,082**	**2,994**	**3,371**	**3,437**	**4,009**
Estate and Gift	1,078	1,015	1,238	1,109	1,521
Pari-Mutuel	17	17	17	18	17
Real Estate Transfer	610	756	911	1,038	1,163
Racing and Exhibition	1	1	1	1	2
MCTD Mobility	1,376	1,205	1,204	1,271	1,306
GAMING- LOTTERY INCOME, VLT AND CASINO	**2,975**	**3,213**	**3,848**	**3,386**	**3,704**
FEDERAL RECEIPTS	**44,610**	**42,843**	**43,789**	**48,637**	**51,324**
OTHER RECEIPTS(1)	**17,451**	**17,791**	**17,710**	**22,901**	**20,572**
Student Tuition and Fees (SUNY/CUNY)	2,706	1,935	2,052	2,188	2,334
Patient/Client Care	2,323	--	--	--	--
Revenues of State Departments	--	3,240	3,417	3,478	3,605
Receipts from Municipalities	--	287	134	122	147
Income from Investments	28	27	28	32	47
Abandoned Property	756	725	544	664	539
Unclaimed Bottle Deposits	101	114	111	103	103
Refunds and Reimbursements	1,089	--	--	--	--
Public Benefit Corporations	218	260	251	85	106
Assessments	6,678	6,544	6,767	7,561	6,948
EPIC Fees and Rebates	141	--	--	--	--
Fees, Licenses and Permits	--	3,239	3,130	3,268	3,497
Fines, Penalties and Forfeitures	--	927	967	5,035	2,878
Miscellaneous	3,411	493	309	365	368
BORROWED AND ADDED TO DEBT	**3,762**	**3,461**	**2,676**	**3,312**	**2,992**
Bonds and Notes Issued by the State	352	434	--	161	--
Public Authority Financings	3,410	3,027	2,676	3,151	2,992
TOTAL RECEIPTS	**$133,097**	**$133,608**	**$137,713**	**$149,270**	**$153,265**

(1) In April 2012, New York State implemented a new central accounting system, the Statewide Financial System (SFS), and chart of accounts structure. The Other Receipts section has been restated to reflect this change.

Data Sources

Center for the Study of Education Policy, Illinois State University

City of New York Department of Correction

City University of New York

College Board

Equipment World – Better Roads Bridge Inventory

Fitch Ratings

IHS Global Insight

Institute for College Access and Success

Internal Revenue Service

Moody's Investors Service

National Association of State Budget Officers

NYC Office of Management and Budget

NYS Commission of Correction

NYS Department of Agriculture and Markets

NYS Department of Corrections and Community Supervision

NYS Department of Health

NYS Department of Labor

NYS Department of Taxation and Finance

NYS Department of Transportation

NYS Division of Criminal Justice Services

NYS Division of the Budget

NYS Education Department

NYS Energy Research and Development Authority

NYS Higher Education Services Corporation

NYS Office of Temporary and Disability Assistance

NYS Unified Court System

Office of the New York State Comptroller

Public Authorities Reporting Information System

Standard and Poor's Rating Services

State University of New York

U.S. Commerce Department – Bureau of the Census and Bureau of Economic Analysis

U.S. Department of Agriculture

U.S. Department of Labor – Bureau of Labor Statistics

U.S. Energy Information Administration

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